



**SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP**

Solent Local Enterprise Partnership
Meeting of the Board and Strategy Session to be held on Friday 21st
November 2014, 08.00 – 11.00.
at NATS (National Air Traffic Services), 4000 Parkway, Whiteley, PO15 7FL.

Item	Title	Time
Part A: Solent LEP Board Meeting		
1.	Apologies for absence	08:00 - 08:10
2.	Minutes of meeting held on Friday 26 th September 2014	
3.	Matters Arising	
4.	Panel Updates a) Stuart Hill/Steve Futter - Enterprise / Business Support (20 minutes) to include presentation from UTP b) Russell Kew - Funding, Finance and Performance Management Group (20 minutes)	08:10 - 08:50
5.	Executive Update	08:50 - 09:20
6.	Any Other Business	09:20 - 09:25
Part B: Strategy Session "Making Local Economies Matter"		
1.	Session facilitated by Les Newby, co- author of "Making Local Economies Matter". The session will be structured into two parts: <ul style="list-style-type: none">• An initial presentation and overview• Facilitated discussion	09:30 - 11:00

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21.11.14

Item 4

Solent LEP Budget Update

SOLENT LOCAL ENTERPRISE PARTNERSHIP - CURRENT YEAR EXPENDITURE AND FORECAST TO YEAR END

Strategic Sector	Original Budget 2014/15 £	Slippage / rephasing £	Adjusted Budget 2014/15 £	Expenditure To 30 Sept 2014 £	Variance as at 30 Sept 2014 £	Forecast Variance at 31 March 2015			
						Forecast Outturn 31 March 2015 £	against Adjusted Budget £	Underspend to be carried forward £	Revised Budget 2014/15 £
Enterprise									
<u>Solent RGF - Bridging the Gap:</u>									
Awards	4,650,816	(925,000)	3,725,816	741,767	(2,984,049)	3,725,816	0	0	3,725,816
Due Diligence	107,511	0	107,511	35,120	(72,391)	107,511	0	0	107,511
RGF Solent EZ expansion Fund - Gosport Borough Council - Fund	2,793,000	0	2,793,000	0	(2,793,000)	2,793,000	0	0	2,793,000
RGF Solent EZ expansion Fund - Gosport Borough Council - Due Diligence	103,003	0	103,003	13,838	(89,165)	103,003	0	0	103,003
RGF 3 IOW Private Sector Support - Fund	2,460,000	0	2,460,000	0	(2,460,000)	2,460,000	0	0	2,460,000
RGF 3 IOW Private Sector Support - Due Diligence	97,648	0	97,648	19,536	(78,112)	97,648	0	0	97,648
Improving Digital Capability for SME's	0	90,000	90,000	0	(90,000)	90,000	0	0	90,000
Enterprise Total	10,211,978	(835,000)	9,376,978	810,261	(8,566,717)	9,376,978	0	0	9,376,978
Infrastructure (Land & Property)									
<u>Growing Places Fund:</u>									
CEMAST	825,000	0	825,000	825,000	0	825,000	0	0	825,000
Solent EZ Infrastructure package	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0	3,500,000
Dunham Bush (earmarked)	200,000	(200,000)	0	0	0	0	0	0	0
Red Funnel Ferry (earmarked)	3,000,000	(3,000,000)	0	0	0	0	0	0	0
Griffon Hoverwork (earmarked)	2,000,000	(1,000,000)	1,000,000	0	(1,000,000)	1,000,000	0	0	1,000,000
Welborne	400,000	0	400,000	0	(400,000)	400,000	0	0	400,000
Unallocated Capital Funds	139,210	200,000	339,210	0	(339,210)	0	(339,210)	(339,210)	0
Building Foundations for Growth Capital Grant for EZ	7,009,000	0	7,009,000	0	(7,009,000)	7,009,000	0	0	7,009,000
Capacity funding	50,000	0	50,000	0	(50,000)	20,000	(30,000)	(30,000)	20,000
Infrastructure (Land & Property) Total	17,123,210	(4,000,000)	13,123,210	4,325,000	(8,798,210)	12,754,000	(369,210)	(369,210)	12,754,000
Inward Investment									
Capacity funding	75,000	0	75,000	6,667	(68,333)	50,000	(25,000)	(25,000)	50,000
Inward Investment Total	75,000	0	75,000	6,667	(68,333)	50,000	(25,000)	(25,000)	50,000
Skills									
CEMAST - Fareham College	1,000,000	0	1,000,000	550,000	(450,000)	1,000,000	0	0	1,000,000
CEMAST - Due Diligence	92,561	0	92,561	17,470	(75,091)	45,000	(47,561)	(47,561)	45,000
Capacity funding	97,000	0	97,000	24,665	(72,335)	50,000	(47,000)	(47,000)	50,000
Solent Employer Ownership Programme	500,000	0	500,000	0	(500,000)	500,000	0	0	500,000
Skills Total	1,689,561	0	1,689,561	592,135	(1,097,426)	1,595,000	(94,561)	(94,561)	1,595,000
Strategic Sectors									
<u>Solent Futures RGF Round 3:</u>									
Training Scheme - Awards	4,750,000	(500,000)	4,250,000	0	(4,250,000)	4,250,000	0	0	4,250,000
Training Scheme - Due Diligence	165,373	0	165,373	44,358	(121,015)	165,373	(0)	(0)	165,373
Supply Chain - Awards	3,600,000	600,000	4,200,000	0	(4,200,000)	4,200,000	0	0	4,200,000
Supply Chain - Due Diligence	123,764	0	123,764	21,721	(102,043)	123,764	0	0	123,764
Strategic Sectors Total	8,639,137	100,000	8,739,137	66,079	(8,673,058)	8,739,137	0	0	8,739,137
Innovation									
Capacity Funding	60,000	0	60,000	0	(60,000)	20,000	(40,000)	(40,000)	20,000
Innovation Total	60,000	0	60,000	0	(60,000)	20,000	(40,000)	(40,000)	20,000
Maritime Supplement									
Capacity funding	75,000	0	75,000	0	(75,000)	75,000	0	0	75,000
Maritime Total	75,000	0	75,000	0	(75,000)	75,000	0	0	75,000
Operational Central Costs									
Staffing costs	384,000	0	384,000	178,728	(205,272)	358,000	(26,000)	(26,000)	358,000
Office costs	95,000	0	95,000	54,420	(40,580)	90,000	(5,000)	(5,000)	90,000
Finance costs including forecast costs for Democratic Services for future years	130,000	0	130,000	31,545	(98,455)	100,000	(30,000)	(30,000)	100,000
Legal support	50,000	0	50,000	25,764	(24,236)	50,000	0	0	50,000
Marketing & Communication costs	80,000	0	80,000	18,072	(61,928)	80,000	0	0	80,000
Contingency	461,980	(261,980)	200,000	0	(200,000)	200,000	0	0	200,000
Solent Economic Plan and Structural Investment Fund	120,000	0	120,000	24,033	(95,967)	120,000	0	0	120,000
LEP Network	13,900	0	13,900	8,256	(5,644)	8,256	(5,644)	(5,644)	8,256
Operational Central Costs Total	1,334,880	(261,980)	1,072,900	340,818	(732,082)	1,006,256	(66,644)	(66,644)	1,006,256
Total LEP Budget	39,208,766	(4,996,980)	34,211,786	6,140,960	(28,070,826)	33,616,371	(595,415)	(595,415)	33,616,371

SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2020/21

ENTERPRISE	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Solent RGF - Bridging the Gap:									
Awards	674,184	3,725,816	1,400,000	0	0	0	5,800,000	5,800,000	0
Due Diligence	151,076	107,511	42,847	0	0	0	301,434	301,434	0
RGF Solent EZ expansion Fund - Gosport Borough Council - Fund	0	2,793,000	0	0	0	0	2,793,000	2,793,000	0
RGF Solent EZ expansion Fund - Gosport Borough Council - Due Diligence	43,997	103,003	0	0	0	0	147,000	147,000	0
RGF 3 IOW Private Sector Support - Fund	0	2,460,000	0	0	0	0	2,460,000	2,460,000	0
RGF 3 IOW Private Sector Support - Due Diligence	12,352	97,648	0	0	0	0	110,000	110,000	0
Solent Growth Fund (Growth deal - 2015/16 to 2021)	0	0	2,000,000	2,000,000	2,000,000	6,000,000	12,000,000	12,000,000	0
Solent Growth Hub (Growth deal - 2015/16 to 2021)	0	0	250,000	0	0	0	250,000	250,000	0
Improving Digital Capability for SME's	0	90,000	0	0	0	0	90,000	90,000	0
Enterprise Total	881,609	9,376,978	3,692,847	2,000,000	2,000,000	6,000,000	23,951,434	23,951,434	0

INFRASTRUCTURE (Land & Property)	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Growing Places Fund:									
CEMAST	2,175,000	825,000	0	0	0	0	3,000,000	3,000,000	0
Solent EZ Infrastructure package	4,500,000	3,500,000	0	0	0	0	8,000,000	8,000,000	0
<i>Growth deal pre allocated (City Deal and LTB 2015/16 - 2021)</i>									
Local Transport Body Pre-Commitment	0	0	13,778,000	5,422,000	0	0	19,200,000	19,200,000	0
Previously Committed Local Growth Deal Funding to local area	0	0	5,500,000	0	0	0	5,500,000	5,500,000	0
Growth deal provisional allocation for M27 Junction 10 (post 2016)	0	0	0	5,350,000	2,500,000	7,050,000	14,900,000	14,900,000	0
<i>Growth deal competitive (2015/16 - 2021)</i>									
Fareham and Gosport multi year scheme (Phase 1)	0	0	6,000,000	5,250,000	6,725,000	1,725,000	19,700,000	19,700,000	0
Cross-Solent connectivity	0	0	6,000,000	5,804,000	3,196,000	0	15,000,000	15,000,000	0
North Whiteley Transport improvements	0	0	3,700,000	7,057,000	2,608,000	635,000	14,000,000	14,000,000	0
Environmental Mitigation - Flood Alleviation at Itchen Riverside	0	0	0	500,000	1,500,000	1,000,000	3,000,000	3,000,000	0
Environmental Mitigation - Solent Mitigation Disturbance project	0	0	722,000	563,000	215,000	0	1,500,000	1,500,000	0
Dunham Bush (earmarked)	0	0	0	0	0	0	0	0	0
Red Funnel Ferry (earmarked)	0	0	3,000,000	0	0	0	3,000,000	3,000,000	0
Griffon Hoverwork (earmarked)	0	1,000,000	1,000,000	0	0	0	2,000,000	2,000,000	0
Welborne	0	400,000	0	0	0	0	400,000	400,000	0
Unallocated Capital Funds	0	0	339,210	0	0	0	339,210	339,210	0
Building Foundations for Growth Capital Grant for EZ	0	7,009,000	0	0	0	0	7,009,000	7,009,000	0
Capacity funding	0	20,000	30,000	0	0	0	50,000	50,000	0
Growing Places future rounds	0	0	0	1,485,000	3,090,738	9,451,636	14,027,374	14,027,374	0
Infrastructure (Land & Property) Total	6,675,000	12,754,000	40,069,210	31,431,000	19,834,738	19,861,636	130,625,584	130,625,584	0

INWARD INVESTMENT	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Capacity funding	0	50,000	25,000	0	0	0	75,000	75,000	0
Inward Investment Total	0	50,000	25,000	0	0	0	75,000	75,000	0

SKILLS	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
CEMAST - Fareham College	2,000,000	1,000,000	0	0	0	0	3,000,000	3,000,000	0
CEMAST - Due Diligence	7,439	45,000	47,561	0	0	0	100,000	100,000	0
<i>Solent Growth deal FE Capital (2015/16 - 2021)</i>									
Eastleigh College Estates Renewal	0	0	4,400,000	4,600,000	0	0	9,000,000	9,000,000	0
IOW College Composites Centre	0	0	3,800,000	7,100,000	0	0	10,900,000	10,900,000	0
Capacity funding	0	50,000	47,000	0	0	0	97,000	97,000	0
Solent Employer Ownership Programme	0	500,000	500,000	500,000	0	0	1,500,000	1,500,000	0
Skills Total	2,007,439	1,595,000	8,794,561	12,200,000	0	0	24,597,000	24,597,000	0

STRATEGIC SECTORS	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
<i>Solent Futures RGF Round 3:</i>									
Training Scheme - Awards	0	4,250,000	500,000	0	0	0	4,750,000	4,750,000	0
Training Scheme - Due Diligence	29,502	165,373	55,125	0	0	0	250,000	250,000	0
Supply Chain - Awards	0	4,200,000	500,000	0	0	0	4,700,000	4,700,000	0
Supply Chain - Due Diligence	34,981	123,764	41,256	0	0	0	200,000	200,000	0
Strategic Sectors Total	64,483	8,739,137	1,096,380	0	0	0	9,900,000	9,900,000	0

INNOVATION	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Capacity Funding	0	20,000	40,000	0	0	0	60,000	60,000	0
Innovation	0	20,000	40,000	0	0	0	60,000	60,000	0

MARITIME SUPPLEMENT	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Capacity funding	0	75,000	0	0	0	0	75,000	75,000	0
Capacity funding	0	75,000	0	0	0	0	75,000	75,000	0

OPERATIONAL CENTRAL COSTS	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
Staffing costs	293,567	358,000	310,000	305,000	305,000	915,000	2,486,567	2,486,567	0
Office costs	113,989	90,000	95,000	95,000	95,000	285,000	773,989	773,989	0
Finance costs incl forecast costs for Democratic Services for future years	72,710	100,000	100,000	100,000	100,000	300,000	772,710	772,710	0
Legal support	39,152	50,000	60,000	50,000	40,000	120,000	359,152	359,152	0
Marketing & Communication costs	32,314	80,000	50,000	40,000	30,000	90,000	322,314	322,314	0
Contingency	0	200,000	250,000	250,000	250,000	750,000	1,700,000	1,700,000	0
Solent Economic Plan and Structural Investment Fund	157,210	120,000	290,000	0	0	0	567,210	567,210	0
LEP Network	0	8,256	0	0	0	0	8,256	8,256	0
Operational Central Costs Total	708,942	1,006,256	1,155,000	840,000	820,000	2,460,000	6,990,198	6,990,198	0

LEP BUDGET GRAND TOTAL	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget	Total Forecast Expenditure	Variance
	10,337,473	33,616,371	54,872,998	46,471,000	22,654,738	28,321,636	196,274,216	196,274,216	0

FUNDING SUMMARY	Actual Expenditure 2012/13 & 2013/14	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Future Years Budget (to 31 March 2021)	Total Budget
Bridging the Gap Phase 1	716,159	1,940,994	1,442,847	0	0	0	4,100,000
RGF Solent EZ expansion Fund - Gosport Borough Council	43,997	2,896,003	0	0	0	0	2,940,000
RGF 3 IOW SME Support Fund	12,352	2,557,648	0	0	0	0	2,570,000
<i>Solent Growth Deal</i>	<i>0</i>	<i>0</i>	<i>46,150,000</i>	<i>43,646,000</i>	<i>18,744,000</i>	<i>16,410,000</i>	<i>124,950,000</i>
Bridging the Gap Phase 2	109,101	1,892,333	0	0	0	0	2,001,434
Solent Futures RGF Round 3	71,922	8,831,698	1,096,380	0	0	0	10,000,000
Growing Places Fund - Capital	6,675,000	5,725,210	4,339,000	0	0	0	16,739,210
Solent Futures	2,000,000	1,000,000	0	0	0	0	3,000,000
Solent Employer Ownership Programme	0	500,000	500,000	500,000	0	0	1,500,000
Enterprise Zone Capital Grant	0	7,009,000	0	0	0	0	7,009,000
Growing Places Fund - Revenue	0	674,709	696,403	0	0	0	1,371,112
DFT - LTB Funding	62,493	69,087	0	0	0	0	131,580
SEP	160,000	400,000	190,000	0	0	0	750,000
BIS - Capacity Fund	65,900	10,900	0	0	0	0	76,800
BIS - Core Funding	270,549	4,889	278,368	132,194	189,000	0	875,000
PUSH	0	0	30,000	0	0	0	30,000
Growing Places Capital - CEMAST admin fee	0	0	0	0	75,000	0	75,000
LEP Network	0	13,900	0	0	0	0	13,900
Interest earned on funding yet to pay out	0	0	0	707,806	413,738	200,000	1,321,544
Local Authority Funding - PUSH, Hampshire & IOW	150,000	0	150,000	0	0	0	300,000
Growing Places Loan (net revolving fund)	0	0	0	1,485,000	3,233,000	11,711,636	16,429,636
BIS - Digital Capability for SME's	0	90,000	0	0	0	0	90,000
Grant Total - Funding	10,337,473	33,616,371	54,872,998	46,471,000	22,654,738	28,321,636	196,274,216

Note: The profiling of proposed expenditure for the Growth Deal schemes was sent to Government on 3rd October 2014 however this has yet to be agreed so these schemes are shown in *italics* as the profiles may need to change

21.11.14

Strategy Session
Executive Summary

Executive summary

Executive summary

Our UK economy is the sum of many elements, powered in part by functioning local and regional economies based around big cities and their catchments, labour markets, clusters of businesses, trade flows, natural resources, transport and infrastructure.

In a country where the economic divisions between London and the South East and other regions further from the capital are wide and widening, active policies to promote economic development at local and regional levels are essential. The economic divide between the South of England and the North and West Midlands is now increasing at a far faster rate than between 2000–2010, so a fresh commitment to stronger support for England's local economies is urgent.

Our national economic mission must be a more balanced, productive, successful economy, with the wealth generated more evenly and enjoyed more fairly. This cannot be achieved while economic disparities remain as wide, and cannot be secured by national economic policy-making which is blind to deep-seated local and regional differences. Local and regional economic development is therefore crucial to securing a stronger economic recovery for all and greater long-term prosperity for all. Sustainable growth must be built on productive, profitable businesses and translate into jobs, incomes and opportunities in all areas of our country.

Our report provides the basis for a new generation of economic policies designed to boost local and regional economic development. We review the evidence and experience of the Regional Development Agencies (RDAs), which operated throughout the last decade, and the Local Enterprise Partnerships (LEPs) which were created in 2010 and operate today. Our sources include the 'learning legacy' documents that each RDA produced as they were closed, as well independent audits. Our assessment of LEPs draws on Parliamentary and other independent reports into their performance.

The history of public policy is a litany of now-defunct development agencies, as the policy pendulum has swung from local to regional and from centralism to localism, and to various points in-between. Too often the political reaction is to decry the failings of one type of agency and, when the chance comes, to rip it up and start again. One of the central lessons from the abolition of the RDAs in 2010 is that going back to square one with each change of government is no recipe for success. Despite deep flaws, we do not propose sweeping away the LEPs. Instead, we argue that our

objective look at the experience of both RDAs and LEPs offers policy lessons from the past that mean we can make LEPs fit for the future.

Key policy lessons from the RDAs

- The RDAs succeeded as strong **economic leaders in their regions**. The key factors that enabled them to do so were clarity of purpose, regional strategy, single pot funding, dual-key sign off on other plans (such as skills) and stability. These factors allowed long term planning and delivery. Sizeable **single pot resources and the independence to target them** on local priorities were particularly important in reinforcing the clout and effectiveness of RDAs and helping them to lever additional private sector investment.
- The RDAs were **business led** but with a commitment to serve their regions; they were **neither creatures of central or local government**. This was an advantage but not without challenges. Central government influence on RDAs was both excessive and insufficiently joined up across departments, whilst local government and other groups could feel remote from RDA decisions and operations.
- From the start RDA regions filled a longstanding void between local and national level economic policy making. **Responsibility for a large geographical area enabled transformational action**, brought economies of scale, and helped the country as a whole benefit from improved economic performance. However, a wide geographic scale **could also reduce local ownership** and mean that some places within a region felt little economic connection to one another. As time moved on, RDA administration remained at a regional level but decisions and delivery were often done at an appropriate sub-regional level.

Our review of the LEPs also contains a mixed scorecard, though with more shortcomings than strengths. After a somewhat chaotic start, a number of recent developments (including small scale core resources, a variety of funds to bid for, and EU funding roles) have meant that by 2014 LEPs have become more established and important bodies. Nevertheless they remain inadequately resourced; varied in their size, nature and effectiveness (as far as that can be assessed); and beset by bureaucratic hurdles. They range from small single county areas to large city regions and this spread calls into question how far LEP areas constitute the '*functional economic areas*' they were in principle meant to cover. Analysis of LEP areas further shows that:

- There is a wide variation in LEP area populations - the largest 19 LEPs have nearly three times the total population of the smallest 20.
- The LEP areas with the largest populations cover hotspots with the highest levels of unemployment.
- LEPs in the North tend to be slightly larger by population and land area than elsewhere.
- Core city LEP areas generally have average to poor GVA per capita, and of the top 15 LEP areas on GVA per head, 14 are in the South of England.
- The smaller LEPs are often in more prosperous areas and receive proportionally more core funding than larger areas.

Notwithstanding their variability, many of the LEPs have scored successes against the odds, and they provide a foundation on which to build. But there are serious structural and practical weaknesses that will undermine their performance unless tackled.

Key policy lessons from the LEPs

- The **purpose and accountability of LEPs is too vague**. Whilst local variation and leadership can be a strength, there needs to be more clarity about what LEPs are for, who they report to and how their success is measured.
- **LEP geography is inconsistent and sometimes messy**. Some LEPs are based on natural economic areas that reflect labour markets and are large enough to make a difference. Others have boundaries that are too tightly drawn, which raises costs and hampers effectiveness. The smaller LEPs often cover the wealthiest areas, yet receive more core funding per head than the larger areas.
- **LEPs have suffered from a lack of capacity, funding, independence and certainty**. Whilst they have become more important, better established and stronger during 2013/14, they still lack genuine single pot funding over which they can make independent decisions; they have limited capacity in terms of staff, resources and economic evidence; and constant bidding to central competitive funding schemes in Whitehall makes setting their own strategy and long-term planning difficult to do.

Based on the lessons learned over the last 15 years (from both RDAs and LEPs) there is a strong case to accept that policy-makers should work with what is in place. There is also sufficient evidence to support the belief that **reorganised, properly resourced LEPs based on real economies could become powerful drivers of local growth**

and prosperity. If Ministers are ready to release the powers and funds that LEPs require, then they could create jobs, improve skills and raise productivity and incomes, as well as helping to ensure that the wealth generated is more evenly and fairly enjoyed.

A fresh policy framework is needed both to correct weaknesses within Whitehall and to give business-led LEPs the powers and resources they need to succeed.

Part Three of this report contains more detailed policy discussion and options across a wide range of issues from independent single pot funding to geographical scale and from accountability to value-for-money evidence. Four cornerstone recommendations emerge:

Recommendations for stronger, sustainable and more effective LEPs

- 1. Clarify the purpose and functions of LEPs** in a simple high-level statement that sets out their core remit, but leaves the details and priority for LEP areas themselves to determine. Their purpose should emphasise sustainable economic development which drives business growth, creates jobs, benefits communities and supports low carbon goals.
- 2. Put in place clear governance and accountability for LEPs which balances national and local interests.** At national level, there should be a single sponsor department for LEPs that can ensure co-ordination across central government and make government departments better support local economic development; LEPs have a right to expect tensions between departments to be resolved in Whitehall by Whitehall rather than passed to LEPs to manage. At the local level there should be strong business leadership of LEPs and responsibility for priority setting, strategy and appointments, with joint local government sign-off on the LEP single economic strategy to unlock single pot funds.
- 3. Review and rationalise LEP geography** to create a smaller number of larger and more effective LEPs. This process should build on the foundation of larger and city-region LEPs and provide stability where possible. That is likely to involve ensuring that LEP areas are focused around one or more major centres, reflect a functioning economic area and cover a minimum population size (say at least 1 million people). There must also be clarity and consistency in how a LEP area, City Deal and Combined Authority geography work together.
- 4. Provide LEPs with the certainty and independent single pot resources they need to deliver long term.** With sharpened purpose, accountability and

geography, LEPs and Combined Authorities would be in a position to drive future economic development. Long-term political and financial commitments - a 'new deal for English cities and counties'- would enable them to make the most of this foundation. That should translate into genuinely independent single pot funding with weightier resources, proportionate to the areas covered and their challenges.

In the three parts of this report we aim to provide an objective look at the lessons from the experience of RDAs, the operation of LEPs, and the policy options for the future.