

lep
network

BUDGET 2020





We are the only organisation which brings together such a unique partnership to deliver leadership, consensus and value for money economic growth in every region of the country

MARK BRETTON LEP NETWORK CHAIR

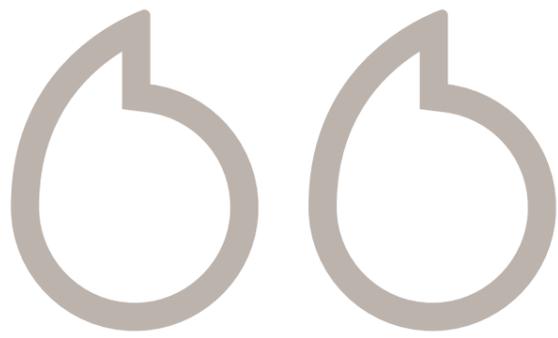
Budget 2020 provides an invaluable opportunity for the government to exploit the unique role of Local Enterprise Partnerships in delivering its key economic objectives.

As the Chair of the LEP Network, I am proud to be part of an organisation driving economic growth and delivering real change for our communities across all parts of England. We now have more than 330 senior business leaders, a third of which are women, and over 180 locally elected councillors committed to working together, along with Higher and Further Education bodies, third sector groups and communities. We are the only organisation which brings together such a unique partnership to deliver leadership, consensus and value for money economic growth in every region of the country.



Our knowledge of place is unequalled and, together with the strength of the local partnerships we have formed over the last 9 years, we have developed ambitious, robust, evidence based economic plans that will drive inclusive growth across all areas as we leave the EU. We understand the challenges in raising productivity, increasing R&D, securing trade and investment opportunities, while also revitalising our towns and communities across the entire country. From rural and coastal communities to urban centres, we are putting Local Industrial Strategies in place to address these challenges across the real economic geography of our areas, as well as identifying the opportunities which will play a key role in levelling up the UK economy.

The devolved freedom that LEPs have gained has already leveraged over **£7.5bn** of private sector investment, as well as creating over **180,000** jobs, and helping build **100,000** homes



These plans are also valued by our local partners, who have all played a key role in their formation. We can see that they are already laying the foundations for the future: investing in electric vehicle technology; utilising decarbonisation as an economic opportunity; boosting green jobs with ambitious local energy plans; investing in biosciences that will change the course of human responses to disease and injury; increasing rural productivity; revitalising town centres and coastal communities; generating major investments in ground-breaking 5G and next generation broadband; helping local people and businesses develop and match the skills they need; building essential local transport infrastructure; and getting homes built.

It is clear to me that we now have the machinery in place to help deliver on the government's primary objective of levelling-up regions and sharing prosperity across all parts of the country. We are experienced and successful in planning for and delivering large capital programmes. We have been directly responsible for the £9bn Local Growth Fund and have overseen the deployment of £6bn European Structural Investment Funds. From design to delivery, we have been responsible for ground-breaking projects that are directly benefitting our local communities.

From the £30m Accelerate skills project in Cheshire, which sees employers directly designing the local curriculum in partnership with local education providers, to the world leading Battery Industrialisation Centre in Coventry, which will change the way vehicles across the UK and the world are powered, the Stevenage Bioscience Catalyst in Hertfordshire that is helping to grow a world-class cell and gene therapy cluster through to the establishment of the Rural Productivity Commission across 4 LEPs in the South West and the National Centre for Agri-Food in Lincolnshire - LEPs are at the forefront of delivering innovative new technologies and new ways of working with local partners. No other organisation does this at the local level.

LEPs have also been key in shaping devolution to our regions. Building on the success of previous devolution deals, we can continue to work with business, local authorities and the government to reignite the devolution process and, above all, ensuring that the voice of local business is heard.

That said, I am clear that any new approach needs to move towards a package of sustainably funded devolved powers that are delivered in accordance with local arrangements. With adequate funding, the right powers and business engagement at the heart of regional economic decision making LEPs, in partnership with their Combined Authorities where they exist, can help the government tackle the challenges facing our national economy and make a huge difference to regional growth by driving innovation, creating jobs and boosting economic growth.

As well as delivering large capital projects and setting the strategic direction for our regions, we are also providing practical business support through our local Growth Hubs. These have proved an invaluable resource in helping businesses up and down the country. Latest government figures show our LEP Growth Hubs have supported a million businesses, including helping over 4,000 individuals start a business, and enabling over 1,300 businesses to move into innovation and R&D programmes. The Growth Hub network is a vital channel in the regions and underpins the government's planning as we leave the EU. Our Growth Hubs now stand ready to provide critical support to local businesses, both through the transition period and beyond.

As Chair of the LEP Network, I am also committed to driving collaboration with our key stakeholders, including the CBI, LGA, FSB, BCC and IoD – we share a like mind on many of the areas outlined above and as we look to the opportunities ahead, that collaboration will only grow stronger. That can only benefit communities and businesses in all parts of our country.

However, in order to continue to reap the benefits I have outlined, we need to ensure that we have the key fundamentals in place and adequately resourced, namely:

Early engagement on the Devolution White Paper and a commitment to a visible, clear and influential role for business in economic decision making in devolved areas

A two-year extension of £1.5bn a year to the Local Growth Fund through a Growth Deal 4 to cover the fiscal years 2021/22 and 2022/23, to avoid a gap in the delivery of capital projects while the UKSPF is put in place

A doubling of Growth Hub funding to £24m per annum to offer the business support service to more businesses across the country

A multi-year settlement for LEPs to enable them to plan with confidence and surety to deliver growth across all parts of the country

This submission looks to build on the work to date and to go further and faster. With the right resources and responsibilities, I am confident LEPs are uniquely well placed to deliver local inclusive growth and level up the country – in short, we are primed, enthusiastic and ready to go!

MARK BRETTON
LEP NETWORK CHAIR





DEVOLUTION WHITE PAPER

The Devolution White Paper provides the opportunity to set a long-term direction for full devolution across England, building on the successful devolution of powers to city region mayors. As well as providing existing Mayoral Combined Authority (MCAs) areas with further powers and resources to deliver on their ambitions, it is important that government recognises the role LEPs can play in devolution, in areas without MCAs; for example, areas like the North East where the LEP geography is larger than the MCA or areas like the West Midlands where the MCA spans three LEPs. Strong, effective business leadership has helped to bring partners together to collaborate and to engage across local authority boundaries with a focus on what is best for regional economic growth. This brokerage role has enhanced and accelerated the devolution deal process in many areas.

DEVOLUTION

LEPs welcome government's renewed energy in favour of further devolution to local places who know best how to address their challenges and seize their opportunities. Taking decisions over how to deliver local growth closer to local economies is key to increasing growth and driving innovation.

LEPs AS ACTIVE PARTNERS

Greater Manchester, Tees Valley, West of England LEPs and the three West Midlands LEPs, amongst others, played a key role in shaping devolution deals with their combined authorities based on their expertise, knowledge and experience of local economic growth across the wider regional landscape, as well as their ability to bring partners together to broker relationships focused on growth. Some LEPs have an integrated Combined Authority and LEP model which provides a recognisable blueprint for devolution, with the voice of business at the heart of regional decision making. Whilst other LEPs work in partnership with their Combined and Local Authorities, education, VCSE and business communities and offer government a robust, alternative model, particularly for devolved regional economic funding.

LEPs through the LEP Network are keen to play a key role in supporting government to further develop their thinking around devolution across England. The Devolution White Paper presents an opportunity to agree a core set of principles that should underpin future agreements.

LEPs call for early engagement on the Devolution White Paper and a visible, clear and influential role for the business community via LEPs, in economic decision making in devolved areas.

LEPs call for a long-term framework for devolution setting out the broad range of powers to be available to places, which can be drawn down at a time and in a sequence that makes sense for each place. This should include existing powers held across Combined Authorities and open the door to broader reforms such as a broader range of strategic responsibilities.

LEPs call for devolved, long-term, flexible funding. Giving all places the resources and flexibility they need to deliver devolved powers, including multi-year settlements and the flexibility to align different funding lines around agreed local priorities.

LEPs call for a new accountability relationship with government, ensuring there is a clearer relationship between places and Ministers; collaboration in achieving agreed priorities; and clear local accountability arrangements that are open and transparent to the public.

DELIVERING LOCAL GROWTH

LOCAL GROWTH FUND

Over the past five years, LEPs have successfully managed a programme of investment through the Local Growth Fund (LGF) of £9.1 bn. As of September 30th, 2019 this programme has delivered more than 150,000 jobs and secured £5.1bn in additional investment. By the end of the programme it will have delivered more than 500,000 jobs and secured £13bn of additional investment. LEPs have also overseen the deployment of European Structural Investment Funds (ESIF) of £6bn, which has attracted a similar level of match funding.

The two programmes have been focussed on supporting the most deprived areas through regeneration projects, enhancing skills to bring young people into the workforce and helping older people and disadvantaged groups to access the training that they need to become more economically productive and play a fulfilling role in their communities.

It has enabled local areas to prioritise interventions including targeted work to support low carbon initiatives which will provide the best returns for their areas, whilst still having the governance of being part of a national programme.

MAINTAINING THE MOMENTUM OF LOCAL INFRASTRUCTURE DELIVERY

The Local Growth Fund programme will come to an end in March 2021 and the last calls for projects to be funded by ESIF will take place this autumn. This means that there will be no funding available for new projects from the end of 2020.

The manifesto renewed the commitment to replace Structural Funds with a UK Shared Prosperity Fund (UKSPF) so that the people of the UK will not lose out through the loss of the European programmes.

LEPs recognise that a programme of this scale will take time to design and implement, but it is vital that this does not result in a hiatus in spending on vital new infrastructure, or the training of young people or the regeneration of disadvantaged communities.

We therefore urge the government to make an early announcement of funding that, during the time it takes to establish the UKSPF, will allow LEPs and their partners to continue to invest in the success of the UK economy.

LEPs call for a two-year extension to the Local Growth Fund (Growth Deal 4), of £1.5bn a year to cover the fiscal years 2021/22 and 22/23. This will remove the gap in which no new projects will be able to be funded from either the LGF – because of the end of the programme – or ESIF because all funding will have been committed by the end of 2020.

LEPs have demonstrated they have the skills and expertise to effectively manage large scale funding programmes and are best placed to manage the UKSPF.

Local Growth Fund has already leveraged in excess of **£5bn** and delivered **150,000 jobs**

GROWTH HUBS

LEPs are uniquely positioned to support government to deliver local growth across all our communities.

Each LEP has a Growth Hub which provides a range of business support shaped around local need, ranging from basic signposting to comprehensive diagnostics. They are rapidly becoming the go to service on the ground, helping local businesses navigate the maze of funding and support being made available.

Some 900,000 businesses were supported by Growth Hubs in 2018/19 alone. This number will be substantially higher in 2019/20 as Growth Hubs have stepped up to the challenge of working with business to support them in planning to leave the EU. A focus on working through 10 clusters of LEPs has been a major success, with almost 24,000 businesses having been engaged in business resilience discussions and over 22,000 attending regional events to help prepare them for leaving the EU, since September 2019. Reaching out to new businesses has also been particularly successful and Growth Hubs have seen a significant uplift in the businesses continuing to seek their help.

BEYOND BUSINESS SUPPORT

As well as providing direct business support, LEP Growth Hubs are also playing a crucial role in providing intelligence from business direct to government, from spotting opportunities to scale up, export and invest, through to flagging early indications of slowdowns. LEPs have also quickly established task forces to support industries facing difficulties, such as in Greater Manchester in the case of Thomas Cook, Swindon and Wiltshire who have rapidly responded to the Honda plant closure, and the Heart of the South West with regard to Appledore Shipyard. Swindon and Wiltshire LEP has also stepped in to support Salisbury partners around the economic consequences flowing from the Novichok incident and other Growth Hubs are supporting businesses in high street revival ventures.

We are also seeing integrated activity through programmes aimed at supply chain development helping business to diversify, such as the work carried out by the North East Growth Hub, export masterclasses developed alongside DiT, such as in Enterprise M3 and access to business funds through joint ventures between authorities and national bodies such as the British Business Bank.

1 million business already supported by Growth Hubs, over **4000** individuals supported to start a business

DELIVERING VALUE FOR MONEY

The government has provided direct investment in Growth Hubs of £12m per annum, with each Growth Hub funded between £205k and £425k. This is proving excellent value for money, with a recent evaluation across 7 Greater Manchester Business Growth services demonstrating a £5.58 return on every £1 invested. However, the majority of Growth Hubs (32 out of 38) have found it necessary to top up these amounts through local contributions or by drawing on EU support, their offer being dependent on the contributions they can secure. By comparison, the EU provides around £300 million a year to businesses in regional development funding, which aims to address imbalances between the regions, as well as supporting research and development and innovation. Growth Hubs have been central in delivering these programmes e.g. OxLEP runs an £11m extensive business support programme mainly utilising EU funds. Given the scale of EU investment and the fact that these programmes end in 2022, large gaps will be left in business support unless a replacement scheme is in place, in time.

LEPs are keen to work with the government to co-design replacement schemes to unleash the full potential of UK business.

LEPs call for a doubling of core funding to £24m per annum to extend the offer of business support services to more businesses across the country.

LEPs call for core funding to be supplemented by scale up funding made available to every Growth Hub, to reflect the success of the Scale up Programme. There are now 36,510 scale ups – a rise of 34% on the previous year. We would look to ramp up a programme where funding is doubled in size from 2022/23 onwards.

LEPs call for the UK Shared Prosperity Fund to include support for local businesses as EU funding ends.

LEPs call on the government to, where local areas are supportive, build on the cluster model and explore how this could be used to brigade other services such as inward investment and export support, enabling the sharing of expertise, resources and supporting others to improve service delivery and achieve economies of scale.



PEOPLE

First, we welcome the recent confirmation of funding to continue the vital work of the Skills Advisory Panels (SAPs) established by each LEP. SAPs have become a vital part of the economic development landscape; their increased analytical capacity has started to enable LEPs to drive locally-evidenced planning and commissioning on the skills agenda.

This has increased the understanding of specific sector and occupational gaps, embedded skills into economic structures e.g. Growth Hubs, increased coherence across local employment support services, and informed the deployment of skills capital funding.

However, LEPs continue to experience skills shortages and mismatches in key places and/or sectors. Local Industrial Strategies recognise these challenges and look to put the right foundations in place – not just in education and skills but also in promoting forward-thinking and inclusive business and employment

practices that support individuals and communities – particularly the most disadvantaged - and help businesses to thrive, grow and future-proof. Given two thirds of the 2030 workforce have already left compulsory education, we are concerned that there remains inadequate support for in-work progression through retraining and up-skilling. This skills mismatch results in lower productivity and higher retraining costs as well as limiting social mobility.

LEPS LEADING THE WAY ON SKILLS

LEPs have been at the forefront of developing a fully responsive skills system in a place, and through that work are clear that local areas need a greater ability to drive skills in a more co-ordinated way that reflects local economic and individual needs. This means having the freedoms and flexibilities to address long-standing challenges and inequalities of opportunity that begin before a child starts school and continues throughout education, work and later life. We need to ensure places have the talent pipeline to encourage inward investment as well as enabling existing businesses to be productive and globally competitive, particularly in the specialisms and priority sectors that are being identified in our emerging Local Industrial Strategies.

STRONG TRACK RECORD ON SKILLS

Many LEPs have invested significantly in skills capital funding, including the Skills campus in Nottingham which has received over £30m from D2N2 LEP and the investment in 5 colleges across the Heart of the South West to deliver the skills needed to build Hinkley Point C. Elsewhere, Greater Manchester has generated over £200m funding to match the £79m Local Growth funding and has invested that in the FE estate, with a particular focus on priority sectors highlighted in the Local Industrial Strategy.

In addition, LEPs have been at the forefront of bringing forward Institutes of Technologies and working with local FE Institutions on the delivery of T-Skills.

LEPs are also determined to ensure the success of the apprenticeship system, and in particular to help businesses, learners and training providers to make the maximum local use of the Apprenticeship Levy. A number of LEPs and CAs are already offering brokerage support to ensure that unspent Levy from larger employers can be transferred into other local, normally SME employers. However, this is only one way of supporting apprenticeships and we believe that the Levy could deliver greater impact if LEPs, supported by SAPs and their evidence base, were able to test place-based approaches to maximising use of the Levy (which might include but should not be limited to supporting Levy brokerage/‘matchmaking’ services) and supporting apprenticeships more generally. We would like to work with government to test place-focused ways for Levy payers and other businesses to work with LEPs and CAs to ensure that the Levy, including transfers, is fully supporting priority sectors and enabling sectors in each place and that the impact on businesses of the transfer process is being tracked.

Every LEP has also partnered with the Careers and Enterprise Company on the Enterprise Adviser Network (EAN), directly co-funding 150 Enterprise Co-ordinators across every region transforming the delivery of Information, Advice and Guidance. In 2018/19 this saw the network of Enterprise Advisers working with our schools and colleges grow to more than 2,500 business volunteers from a wide range of employers, from SMEs to organisations like Lloyds Bank, Vodafone, the NHS, Rolls Royce, Laing O’Rourke, BBC, Marriott Hotels and Balfour Beatty. This initiative has built important bridges between the worlds of education and work, enabling industry knowledge exchange and underlining the importance of careers throughout the education journey.

As a result, over 3 million young people in years 7 to 13 are now engaging with employers at least once a year; over half of schools and colleges are now offering experiences of the workplace to every pupil every year; and over 1,500 SMEs are now engaging with schools through the Give an Hour campaign. CEC funding for this vital work is due to end in August but it is essential that we are able to maintain and extend it, continuing to build and develop those important education/ employer relationships.

EVIDENCED BASED POLICY MAKING

Looking ahead, LEPs are keen to ensure that decisions are based on a robust analysis of local labour market and skills landscapes. This means ensuring that every Local Industrial Strategy is driven by compelling evidence, but applies equally to every future funding opportunity including shaping the UKSPF and building resilience in the labour market as we leave the EU.

LEPs call on DfE to provide match funding via CEC for every secondary age state maintained school, college, SEND school and PRU; and for BEIS to gap fund (via LEPs) the equivalent match at a local level so no pupils are left behind.

LEPs call for a two-year extension to skills capital funding (including the equivalent or larger share of ESFA budget) through the Local Growth Fund (Growth Deal 4) to cover the fiscal years 2021/22 and 22/23 to drive LIS priorities in colleges & providers to ensure the highest quality facilities and equipment. This is the gap in which no new skills projects will be able to be funded from either the LGF – because of the end of the programme – or ESIF because all funding will have been committed by the end of 2020.

LEPs call for a dialogue with government around the flexibilities, resources and role LEPs could play in supporting technical education, including trialling tailored approaches for priority cohorts such as older learners.

LEPs call for a dialogue with government around the role that LEPs could play in further supporting apprenticeship growth, with a focus on any flexibilities that could be trialled around place-based approaches to improving the impact of the Apprenticeship Levy.

LEPs call on Government to confirm that there will be no gap in funding for training schemes that the European Social Fund delivers when it ends in July 2021



TRANSPORT INFRASTRUCTURE

LEPs already play a significant role in making transport investment decisions which goes a long way beyond the theory, to real and successful delivery on the ground.

Yet, the theory remains undisputed. Investment in strategic transport infrastructure is essential to unlock economic growth; the link between transport investment and increased productivity is well established.¹ It is also well established that, barring projects of national significance or at a very small scale, transport investment decisions are best made at the functional economic market level.² It is at this spatial level that most transport costs and benefits are realised, thus allowing them to be fully internalised into decision-making. As LEPs were formed on the basis of functional economic areas, we are uniquely well-placed to continue to make transport investment decisions for the longer-term economic benefit of a region. This argument is strengthened further by the private sector voice we bring: LEPs know what and where transport investment is required across a wider area to enable businesses to grow and thrive.

LEPS AS SUCCESSFUL DELIVERY PARTNERS

Since 2015/16 most funding for transport projects to be delivered by local authorities has been overseen by LEPs, predominantly through the Local Growth Fund. LEPs have worked closely with DfT and have held the funds, contributing to and ensuring that a robust and WEB TAG compliant business case has been drawn up. LEPs have also overseen project delivery and monitored the associated outputs of homes, jobs and learners.

This process has seen the delivery of numerous successful transport schemes, such as the dualling of the A421, which will improve connectivity in Central Bedfordshire with Milton Keynes, while also unlocking 5,000 new homes, 40 hectares of employment land and an anticipated 2,500 jobs. To date, this project has been delivered on time and to budget.

WHAT NEXT?

Looking to the future, LEPs have the ability not just to build on a track record of successful delivery of transport projects, but to be at the vanguard of innovative thinking about the role of transport in the future prosperity and levelling up of the country, reconnecting left behind communities and unlocking development opportunities. Thanks to the links that LEPs have established with key industrial sectors, universities, business clusters and other innovators, we believe we are uniquely well-placed to consider sustainable transport investment alongside wider trends in the Future of Mobility, including the increased use of low-carbon, connected and autonomous vehicles, and demand-responsive transport. LEPs understand the importance of improving transport links between Universities and businesses to enable access to research facilities and support cross-fertilisation of knowledge; as well as the difference that access to learning and employment opportunities, medical facilities and social engagement can make to health and mental wellbeing and, in turn, productivity whilst ensuring that these are accompanied by improvements to the environment.



LEPs call for confirmation that they will remain at the forefront of working with the Department for Transport (DfT) and Sub-National Transport Bodies to prioritise and manage investment in all forms of transport infrastructure, alongside other infrastructure investment in utilities and broadband

LEPs call for a two-year extension to the Local Growth Fund to cover the fiscal years 2021/22 and 22/23. LEPs already have a pipeline of potential projects that are aligned with our Local Industrial Strategy. This would enable a number of new local transport projects to start during 2020/21. This is the gap in which no new transport projects will be able to be funded from the LGF – because of the end of the programme.

¹ See, for example: the 2006 Eddington Transport Study; Venables, Laird and Overman, (2014), *Transport investment and economic performance: Implications for project appraisal*

² Cheshire, (2007), *Optimal Areas for planning, local economic development and transportation*

DIGITAL INFRASTRUCTURE

LEPs across the country continue to experience poor digital infrastructure, either mobile or broadband and far too often digital connectivity is a barrier to investment and is restricting growth.

LEPs have already played an active role through the LGF and ESIF programmes in developing innovative schemes to upgrade digital infrastructure and to encourage digital enterprise, such as the Digital and Logistics Academy in Boston.

A large proportion of the country already has access to superfast broadband, and roll outs have been heavily supported by government, local authorities, and LEPs. Delivery of next generation access broadband will help to expand coverage into the most difficult to reach places.

ACCELERATING DIGITAL ROLL OUT

LEPs are well placed to work with the government on achieving world class digital connectivity, often developing and implementing digital strategies, and commissioning evidence around the gaps and market failures. LEPs can convene and help prioritise digital infrastructure, ensuring that the maximum impact is reached for businesses and communities.

5G connectivity is a technology that will transform lives, businesses and reinvigorate the digital infrastructure. It has the potential to add real economic value and end the urban and rural divide. These benefits include delivering local economic growth, higher value jobs, inward investment, as well as reducing digital exclusion. 5G pilots can make an impact, however it is not expected to reach many rural areas for at least 5 to 10 years. 4G roll out to deliver blanket coverage must therefore remain a priority.

DIGITAL SKILLS PARTNERSHIPS

LEPs are also piloting local digital skills partnerships, which have been successful in bringing together cross-sector partners to design, develop, and coordinate the delivery of innovative digital skills programmes, tackling digital exclusion, sharing best practice, and raising awareness of digital skills regionally.



LEPs and Combined Authorities trailblazers in areas such as Lancashire, Heart of the South West and the West Midlands are using their convening power to identify what digital skills provision is needed and importantly, encourage partners to work together to address these and emerging needs, as well as attracting and retaining investment and talent. LEPs are at the forefront of developing a strong pipeline of specialist skills – from coding to cyber – to support the tech industry and drive productivity improvements across the economy.

The UK is lagging behind international competitors when it comes to the rate of technological adoption among businesses, especially when it comes to robotics and automation.

A recent CBI report highlighted the economic benefits of innovation adoption, estimating that greater uptake could be worth £100bn and help to reduce income inequality by 5%. This cannot be achieved without bold government action to help British businesses compete in a rapidly changing international market with a supportive digital infrastructure.

LEPs call for confirmation that LEPs will be at the forefront of working with DCMS on the prioritisation of local digital infrastructure and roll out programmes.

LEPs call for 4G blanket coverage as a priority.

LEPs call on government to expand the successful Digital Skills partnerships, ensuring all LEPs have access to a DSP.

LEPs call for government to develop a new tax incentive designed to encourage investment in new technology particularly those aimed at supporting SMEs and driving collaboration.

LEPs call for supplementary funding for Growth Hubs to enable each to provide impartial advice to SME businesses that want to invest in automation.

CLEAN GROWTH

Local action to achieve net zero and capitalise on clean growth opportunities will require collaboration across sectors and boundaries.

For example, bringing forward the deadline for the ending of sales of petrol and diesel cars, will expedite a major reskilling programme for the motor trade workforce, requiring skills providers to step up to the challenge. LEPs are ideally placed to provide leadership of this and co-ordinate action at the local level, whilst ensuring that initiatives are aligned to local industrial strategies. Some LEPs, such as the Humber and Heart of the South West, have already made this a central theme of their Local Industrial Strategy.

In addition, LEPs covering relevant industrial clusters are already working closely with high-carbon industries to support them to decarbonise, including through developing roadmaps. However, the growing importance of this agenda means that LEPs need to build their capacity and skills to manage this adequately.

DELIVERY AT SCALE

LEPs welcome the government's commitment to investing in energy efficiency for homes, schools and hospitals. Our experience has shown that managing multi-site, multi-year construction schemes locally can deliver better outcomes – achieving high value for money whilst developing local skills and supply chains with a long-term legacy. This local management, often through local energy hubs, enables LEPs to work together and support the development of a pipeline of local energy projects. However, these hubs have no resource with which to commission feasibility and development work on projects, meaning they are largely reliant on LEPs' local partners to bring forward projects – but they too lack the resources to do this.

LEPs welcome government recognition to act on the economic and security threats of climate change and we are keen to contribute to the development of the Energy White Paper. In order to co-ordinate and link activity relating to industrial decarbonisation, energy innovation and supply solutions to achieve greater impact.

LEPs call for a five-year commitment to resourcing additional capacity in LEPs with high-carbon industrial clusters to support them to adapt to change, exploit opportunities and secure their long-term sustainability.

LEPs call for feasibility funding for existing local energy hubs to commission project development work in order to accelerate the development of local energy projects.

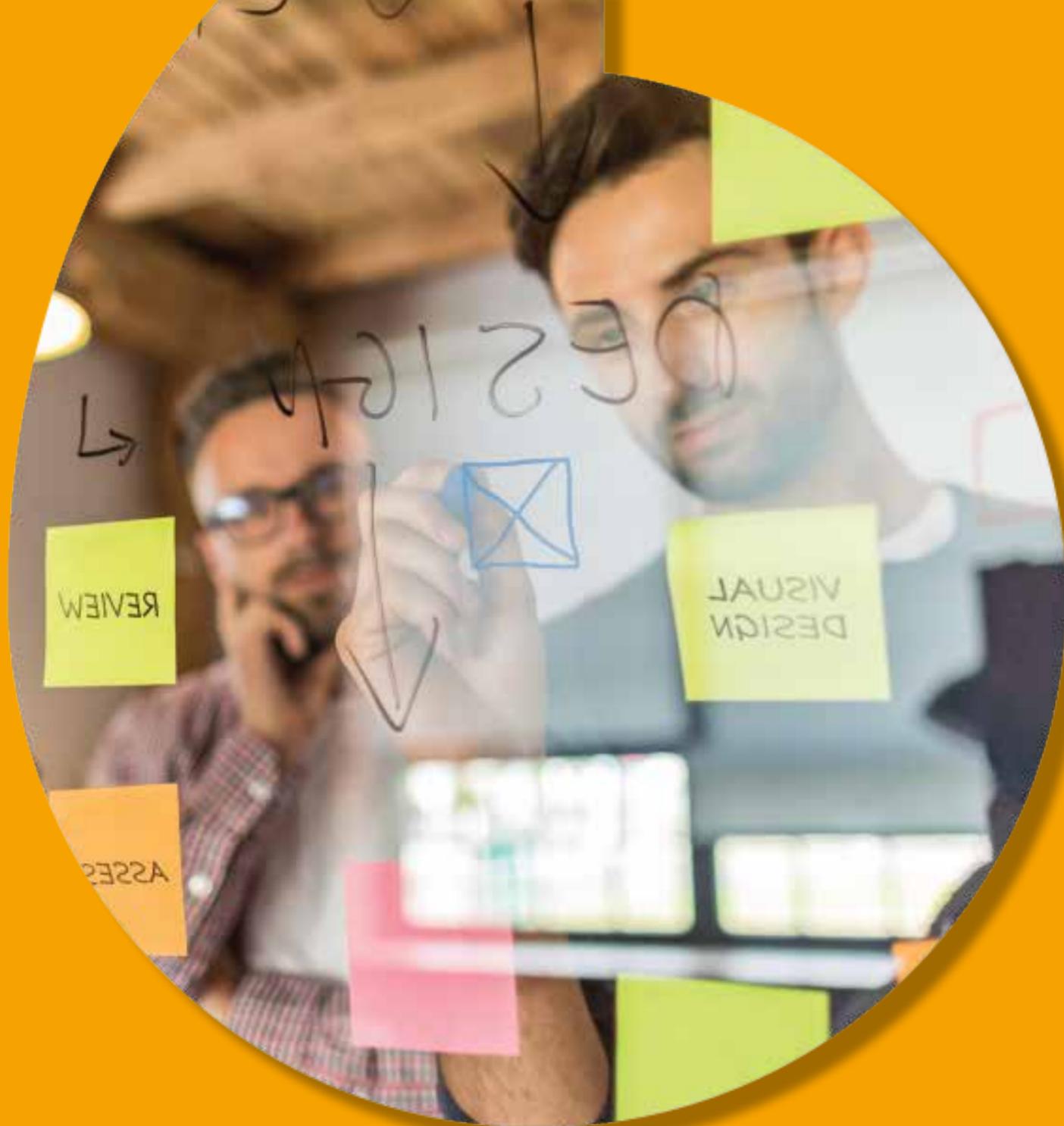
LEPs call for early sight of the energy White Paper so that we can support and provide practical input to the future Energy strategy, building on the work that is being done at local levels through Local Industrial Strategies and coordinated plans being developed at regional levels. LEPs are already working with the private sector in developing responses to future energy challenges including working on large scale plans with companies like Drax, Equinor and others.

LEPs call on the government to provide resource, proportionate to the scale of the local challenge, to bring together partners to establish the local pathway to net zero and how this can contribute to local economic growth.

LEPs call for this funding to be accompanied by a remit of creating local economic and social benefit, as well as improving energy efficiency. Working across sectors and with local training providers, we believe that managing this locally would deliver greater social as well as carbon benefits on a larger scale and more quickly than a national provider could achieve.

LEPs call for the £10m funding agreement of the Nuclear Sector Deal – Supply Chain programme to be signed off as soon as possible





IDEAS

Innovation has a key role to play in boosting UK productivity, with firms that innovate known to be 13% more productive.³

The UK is a global leader in science and research but the UK Industrial Strategy identifies that we need to do more to translate this in to real-world applications. Recognising the opportunity for innovation to boost productivity, UK Government is committed to raising R&D investment to 2.4% of GDP by 2027.

THE CHALLENGE AHEAD

Current levels of R&D investment sit at 1.7% of GDP, requiring an uplift in the region of £2.2bn over the next seven years to hit the government's ambition. This is a significant challenge particularly within the context of current policy and funding distribution models set up to prioritise building on existing excellence over and above seizing opportunities of untapped potential.

LEP areas know where the opportunities for innovation lie, building out from local intelligence and known local assets, and can therefore generate a more balanced approach to stimulating and accelerating R&D investment. LEPs have worked closely with business and HE institutions to prepare Strength in Places proposals that underpin the key priorities of their Local Industrial Strategies.

By focusing on local business-demand for innovation, LEPs have played a vital role in ensuring that the world class knowledge base found across places in the UK, in addition to delivering globally leading innovation support, also focuses on the needs of local geographies, in particular in working with SMEs and supply chain companies. There are successes as a result of LEP-enabled investments to be found in all four corners of the country from the advanced materials ecosystem that has risen up in Greater Manchester and linked the discovery of graphene, the North East Technology Park that is now home to two UK Catapult Centres and over 80 R&D-intensive firms, to the emerging Space cluster in Cornwall and the Isles of Scilly.

THE OPPORTUNITIES AHEAD

Innovation has the potential to enable places to respond positively to the disruptive forces of technological, environmental and social change. Translating innovation into productivity and growth is at least equally about adoption as much as it is about invention and discovery. For example, the transition to net-carbon neutrality needs to accelerate the adoption of low carbon technologies and practices, a point reinforced in the recent report of the 2019 Science and Technology Committee.⁴

LEPs call for government to strengthen the ability of LEPs to bring together universities and the business community to drive innovation adoption and diffusion of the most promising products and services to the whole business community.

Government and LEPs to co-develop place-based R&D for growth plans and ensure these are at the heart of decision making on R&D funding by national bodies. These would build on Science and Innovation Audits and be underpinned by LEP-UKRI⁵ partnerships that set out a clear framework for collaboration between local areas and national agencies.

Empower LEPs and pan-LEP bodies to take more control of innovation investment, enabling more local control and true private sector leadership.

LEP level co-decision mechanisms to determine priorities for UKRI investment programmes such as Innovate UK and Strength in Places.

Work with LEPs to review the Catapult Network and wider family of government bodies involved in R&D to identify how they can truly work for all businesses, including by seizing opportunities to physically locate more Catapults and aligned government bodies across all of the regions.

Work with LEPs to identify opportunities for further Grand Challenges and Sector Deals, such as Space, that enable the UK to respond to the full economic benefits of leaving the EU.

³ <https://royalsociety.org/-/media/policy/projects/investing-in-uk-r-and-d/2019/investing-in-UK-r-and-d-may-2019.pdf> p. 2.

⁴ <https://publications.parliament.uk/pa/cm201919/cmselect/cm-sctech/287/287.pdf>

⁵ Note that we also refer here to the body/ies that are designated as leading research and development policy and funding going forwards.

ENTERPRISE ZONES / FREE PORTS



LEPs have seen Enterprise Zones as an important instrument of the local regional delivery toolkit since they were launched in 2011.

They have proved instrumental in providing local areas with a financial tool which can be used to unlock and enable significant economic growth while also creating the conditions to attract and leverage significant private sector investment.

Through the Enterprise Zone scheme, LEPs have identified and prioritised potentially investible sites and made them development ready. They have also played a key role in bringing back into use difficult and unviable sites, which without intervention would otherwise not have been brought to the market.

UNLOCKING POTENTIAL

LEPs have continued to innovate and are also using Enterprise Zones to provide the mechanism to borrow against future retained business rates, so unlocking further funding for investment in the zones and across LEP areas. For example, the Birmingham city centre EZ Investment Plan, outlines £1 billion of investment over a 10-year period to accelerate major development schemes and infrastructure works that will unlock growth and maximise the potential of HS2, an approach also being undertaken by the New Anglia Enterprise Zone sites in Great Yarmouth and Lowestoft.

Smaller Enterprise Zones have also benefited from such interventions including the SHIP programme in the Humber, and the re-purposing of Alderley Park from Astra Zeneca's research base to a highly successful hub of over 90 life science companies.

FIT FOR THE FUTURE

Looking ahead, Enterprise Zones also form the backbone of delivery of Local Industrial Strategies and meeting the UK Grand Challenges as well as providing a series of world class agglomeration/ inward investment opportunities for future public/ private sector investment'.

LEPs are therefore looking for the Budget to extend the principles of Enterprise Zones, to a future programme of EZs and are also keen to work with government to explore the benefits of establishing Freeports as a further element of the EZ armoury. We believe Freeports offer powerful incentives to firms that are importing parts and exporting finished goods.



LEPs call for a future programme of Enterprise Zones and, in the meantime, for the tax incentives and capital allowances offered on Enterprise Zones to be extended to 2023 – to cover the post EU Exit inward investment marketing opportunities. These have been limited to the first five years after EZ designation, leaving little time for companies to benefit from them given that it has often taken 3 – 4 years to complete investment in on-site infrastructure and site availability.

LEPs call for the business rate uplift generated to be managed by the LEP with flexibility to allow the LEP and partners to re-invest against agreed priorities. This would help to ensure that Enterprise Zone designation offers benefits across a wide area and contribute directly to the levelling up agenda.

LEPs call for the introduction of a Free Ports programme founded on the principles of Enterprise Zones, combining the advantage of proximity to the ports with incentives and infrastructure investment.

LEPs call for the business rate uplift in Freeport areas to be retained for investment in the buildings and infrastructure, in order to create incentives to foreign firms to locate their operations in these areas.

STRATEGIC ROLE OF LEPs

LEPs have played a central role in responding to the challenges set out above and which our different areas have faced since we were created in 2011.

From day one, we have focused on the needs of every economic area in England. We have been business led and remained apolitical, successfully navigating political boundaries, and working with partners to reach decisions that are evidential and deliver priority outcomes. We have done this within a highly efficient resourcing model.

OUR COMMITMENT TO GOVERNMENT

Our goal is to continue to work with government in order to help determine future public investment in our local economies. We believe that the evidence base developed in our Local Industrial Strategies can help to inform the decisions that Ministers take. LEPs are exceptional partners in doing this – bringing together the best of business, the public sector and wider partners to level up England's economy; whilst operating to the highest standards of professionalism and accountability in delivering government's priorities.

I have seen first-hand the power in being brave, bold and aspirational both as a woman in business and Chair of a LEP

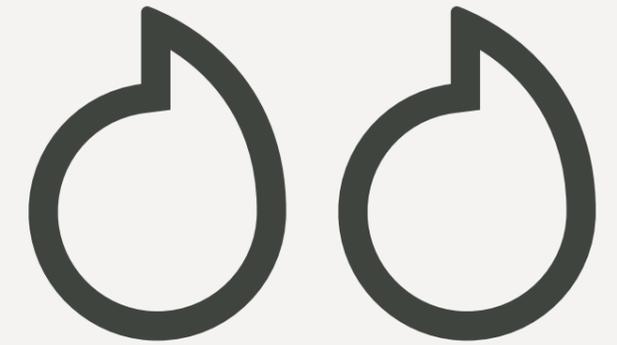
Dr Diane Savory OBE,
Chair, GFirst LEP



LEPs AS STRATEGIC CONVENORS

Our evidence-based and apolitical approach means that we are ideally placed to act as impartial brokers on the development of revised delivery structures, particularly around the devolution agenda. This is particularly important outside of the City Region areas, where the politics may be complex and the number of players significant, requiring careful and considered brokerage to ensure that areas are not distracted from delivering prosperity for all.

However, LEPs continue to be funded on an annual basis with a settlement that has remained largely unchanged for almost the life of the LEPs, whereas the expectations, responsibilities and move to incorporated status has significantly impacted on the LEPs financial base.



LEPs call for a multi-year settlement that is both commensurate to the role and sustainable to enable us to plan with surety and confidence to deliver growth across all parts of the country.

LEPs call for a strong and refreshed mandate from Ministers, underpinned by appropriate responsibilities, that recognises the unique role that we play in aligning the private and public sectors to deliver evidence-based economic growth.

LEP NETWORK

The LEP Network has been instrumental in supporting LEPs across the country, as they have grown and matured over the last 9 years.

From sharing best practice to supporting collaboration and innovation, the LEP Network has provided guidance and advice across all aspects of LEPs operations.

The Network also provides a direct channel of communication with government, working closely with civil servants across Whitehall, looking to align national and local priorities where possible as well as providing intelligence from the front line.

AN APPETITE TO DO MORE

With appropriate resourcing the Network could play a fuller and more active role. With access to a network of over 330 recognised experts across a wide range of disciplines, the Network could play a central role in developing and co-ordinating sectoral initiatives, supporting greater collaboration between regions and developing policy perspectives across a range of issues. This would provide Ministers and Whitehall with a unique and valuable resource.

However, the Network continues to be funded on an annual basis with a settlement of £78k per annum that has remained largely unchanged since it was established.

LEP Network calls on government to increase funding, subject to the Network securing equal match, mandating the Network to nurture and share best practice, support wider collaboration and innovation, as well as providing policy support and advice to government.



lep
network



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