



LEPs: A Unique
Partnership
for Economic
Growth
September
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FOREWORD

FROM MARK BRETTON
LEP NETWORK CHAIR



Today's mini-budget and the more substantive budget later this year, present a timely opportunity to set out to government and our stakeholders exactly what the LEP offer is and how England's LEPs can help drive economic growth and support local businesses grappling with the cost of living crisis. I call on government to incorporate this offer into their budget thinking.

At the frontline of delivery, with over 2,000 local business leaders at the helm, Local Enterprise Partnerships (LEPs) are part of the economic armoury that can directly support the government's ambitions: empowering local businesses, unleashing private sector investment, creating investment zones, and Freeports to help boost investment and jobs in towns and cities across the country.

However, recent years have seen LEPs frustrated as drawn out reviews and government introspection has shifted the focus from the needs of regional economies to discussions around the table in Whitehall. We welcome government's endorsement of our role, but we must now agree that we have a single and unified focus: to get the country back on track and support business and local economies through the cost-of-living crisis.

As the Prime Minister made clear, it's now all about the drive to boost business-led growth and investment. LEPs are perfectly placed to support that: through their Growth Hubs, LEPs put in place well over 100 business initiatives throughout the pandemic to support their local SMEs, as well as pivoting to support millions of businesses post-Brexit.

But LEPs also look to the horizon to build the foundations for economic growth, and we continue to deliver strategic economic projects, from Freeports to Enterprise Zones and R&D clusters, providing private sector leadership and expertise at this critical time.

Below we summarise our offer to government to deliver on the Prime Minister's "aspiration nation". In return, we simply ask for certainty of funding in the near to medium term that government can link to that offer, and also that business support, through LEP Growth Hub funding, should be reinstated to previous levels – this would recognise the level of LEP advice and support local SMEs will need in the coming year.

For the past three years we have spent far too long in a constant round of discussions about what government wanted us to do, rather than letting LEP business leaders apply their entrepreneurial zeal and get on with the job of driving up business-led growth.

We look forward to moving on from this introspection and working with the new Government to deliver the economic growth agenda and get that aspiration nation built – just give us the freedom and core funding to do it.

LEPs' OFFER TO GOVERNMENT

LEPs have helped government deal with some of the biggest economic shocks of recent times, supporting local businesses and start-ups through economic upheavals, and ensuring their sustainability from the pandemic and industrial closures to Brexit and now the cost-of-living crisis. Bringing critical partners together around a common goal at the local level, LEPs offer government an unrivalled partnership of local delivery and business support and investment to bolster economic growth at pace.

SUPPORTING BUSINESS

LEP Growth Hubs have proven to be the 'go-to' simplified business support network, translating local and national policy into practical support and growth on the ground. Free at the point of delivery and with the expertise and flexibility to develop and deliver place specific interventions, LEP Growth Hubs have enabled SMEs and start-ups to stay afloat and pivot to different markets to survive. They continue to replicate these successes to combat the cost-of-living crisis as the latest initiatives below demonstrate:

- Greater Birmingham and Solihull LEP Growth Hub (GBSLEP) is currently running a Clean Growth Programme, awarding grants of up to £10K for SMEs towards investment in the most effective energy saving measures (e.g. lighting, heating, heating pumps, solar and wind energy, etc). The programme is complemented by a consultancy service to help SMEs understand where they can make further efficiencies in their energy consumption and bring down costs urgently.
- Greater Manchester LEP Growth Hub is developing a series of workshops under its "Strive & Thrive" initiative to help companies develop a plan to respond to the current



economic challenges including analysis of areas such as operational costs, energy, efficiencies, reducing waste, achieving better returns on investment, staff productivity, payments, etc.

- On a pan LEP level, LEPs are also developing microsites, local campaigns, building business intelligence around cash flow and metrics, supporting local resilience forums, and developing dedicated sources that provide a one-stop-shop for information on the array of support available, working with local Chambers of Commerce, CBI, FSB, NWBLT, trade bodies, and ICAEW.

However, funding for LEP Growth Hubs in 2022/23 was cut by 50% to just £11m per annum across the 38 LEP Growth Hubs, this is despite a successful track record of supporting business growth with demand from over 2m businesses and individuals last year. This position reduces the Networks' ability to proactively translate national and local policy into the right support at the right time to deliver SME sustainability, economic growth and good employment at a place level. Securing future funding and scaling up network investment provides the opportunity at this critical time to unlock capacity to respond to and scale activities to support new HMG policy and address current economic challenges, through offering deeper support to enable businesses to ride out the energy crisis, boost the potential for growth, improve productivity and make progress towards net zero, whilst providing increased intelligence consistently across England.

One immediate measure could be to appoint a cost-of-living and barrier busting 'Tsar' to each and every LEP Growth Hub. These individuals would have the sole focus of working with local SMEs to tackle the cost-of-living challenges as well as acting as bureaucracy busters - helping SMEs negotiate the myriad of regulations, identifying those that seem most egregious locally and, in doing so, informing the design of national solutions.

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UNIQUE BUSINESS INTELLIGENCE

LEPs provide real time evidence based local business intelligence – feeding this real time hard data to government is a unique element of the LEP offer giving Government richer and better data about how businesses are coping and what specific needs they may have. The value of this unique local data cannot be underestimated. It has been proven time and again, through economic industrial shocks, the run up to Brexit and post Brexit arrangements, the pandemic, and now the cost-of-living crisis. Knowing what is happening in local economies, as it is happening, will be vital in enabling the government to pivot to local demands and provide timely, targeted support where it is most needed.

However, recent cuts to LEP Growth Hub funding have jeopardised the provision of this data and local intelligence which will hamper local and national efforts to both understand what is happening and to put in place interventions in a timely manner. Local and national responses will be the poorer for it.

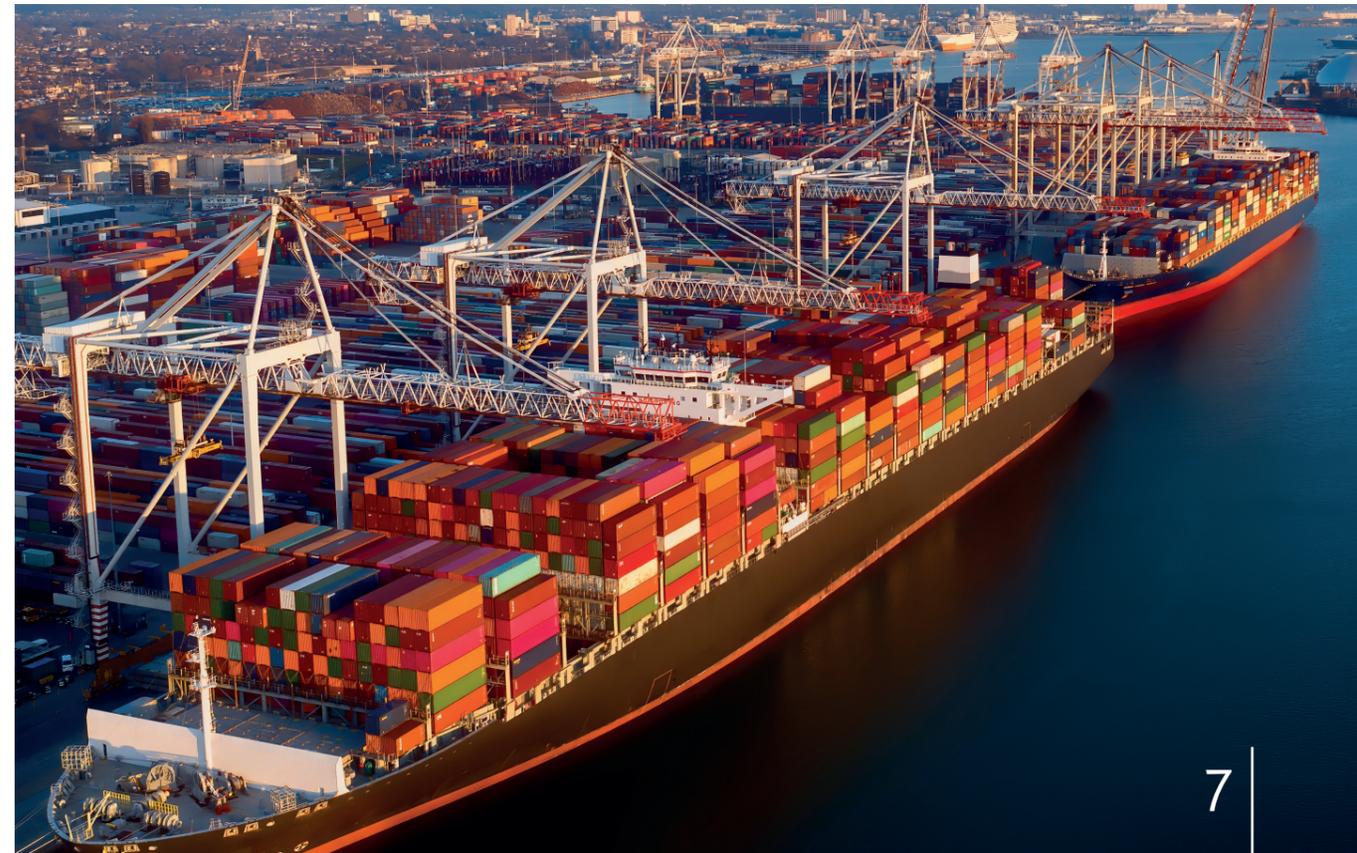
The local evidence-based interventions developed by LEPs have also harnessed the views of less well represented groups such as the self-employed and minority groups, who aren't able to reach into national policy discussions. In addition, LEPs work with organisations such as the What Works Centres on assessing the most effective policy interventions that reflect the strengths and characteristics of their local area.

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CREATING FREEPORTS & INVESTMENT ZONES

LEPs understand the specific advantages and intricacies of creating Freeports having supported the delivery of them across the country, as well as generating private sector investment across Enterprise Zones and exploiting local economic strengths by building industry leading clusters in sector areas as diverse as biosciences, electric vehicle production, agri-tech, and space. This experience and expertise means LEPs are perfectly placed to support the delivery of the government's Investment Zone proposals.

LEPs have been the key delivery agent for over a decade and so have the know how to identify and deliver opportunities, most notably in areas that have been left behind. By borrowing against future business rate receipts, LEPs have been able to put in place the necessary infrastructure up front, de-risking development sites and securing private sector investment in the process. Our calculations suggest we have leveraged in the region of £8bn of private investment across our EZs.



LEPs have also proved a galvanising force creating a variety of innovative cluster activity across England, from growing a burgeoning space industry in Cornwall and building a cyber security specialism in Gloucestershire, to advanced manufacturing in Manchester and exploiting the latest cutting-edge developments in biosciences in Hertfordshire and ceramic technology in Stoke-on-Trent. This sector knowledge, aligned with business know-how and expertise, is what makes these clusters and Freeports actually happen: LEPs are able to identify opportunities and link these to industry needs, delivering productivity gains and innovation, especially across areas like nuclear, decarbonisation, energy, electric vehicle technology, bio-sciences, etc.

Our work on Enterprise Zones has also shown that these clusters tend to be located in disadvantaged locations, where wage levels are below the national average and the range of job opportunities restricted e.g. in coastal communities. In those areas, EZs have played a central role in equalising economic growth opportunities. Alongside EZ incentives, government could also consider targeted tax breaks e.g. by extending the super deduction regime to focus on specific types of regional strengths and investments, particularly linked to energy reduction or local renewable generation.

Recent successes include:

- Stoke: where the LEP drove and backed the award winning Ceramic Valley and the Ceramic Innovation Centre. Ceramics is a high tech industry and this is attracting the best businesses from the advanced manufacturing, technical, ceramics and sustainable energy sectors. The area has been made possible through a strong partnership between the LEP, Stoke-on-Trent City Council and Newcastle Borough Council, with the landowners and developers. It is generating multi-million pounds' worth of investment and thousands of new jobs.

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- Cornwall: Where the LEP is leading on a centre for wavehub and spaceport innovation – a groundbreaking development that will provide a safe, dedicated and responsible way to access space, capable of supporting small satellite launches and connecting people, businesses and ideas. It is leading the way in attracting investment in cleaner technologies, driving positive change and pioneering practices which become the new industry standard. Already, it has notched up a 'first' satellite launch from the UK with two new Ministry of Defence (MoD) satellites due to be launched into space from Cornwall this year.
 - Cheshire: The LEP-led EZ brings together nationally and internationally significant research facilities and science based business including Urenco, Sellafield Ltd, Rolls Royce, Essar, Astra Zeneca and Waters Corporation, to name but a few. The zone covers over 100 hectares and maximises the benefits across all aspects of science and innovation by facilitating collaborations and synergies between businesses, institutions and research establishments.
 - Multiple LEPs have led on developing business cases for shortlisting new areas where Rolls Royce will site their new Small Modular Reactors.
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BUILDING RURAL ECONOMIES & REGIONAL STRENGTHS

LEPs serve the differing demands their local economies face, meeting the challenges of city regions, coastal areas, and rural communities. LEP figures show that the rural economy is 18% less productive than the national average because of its unique challenges and, with the majority of rural businesses being SMEs, (around 98%) LEPs are ideally placed to understand their unique challenges and act urgently to support them.

LEPs are seeing rural businesses face very specific challenges compared to their urban counterparts – including access to external finances and investment, finding local staff with the right skills, a lack of affordable housing, dispersed poverty, and slow progress with essential business infrastructure like superfast broadband. The current approach to Levelling Up is urban-centric and overlooks the needs and opportunities in rural areas. That's why LEPs are creating the conditions for sustainable growth in rural areas – areas which represent 21% of the country's population and currently contribute 15.9% to England's economy. The task has become all the more urgent given the cost-of-living crisis compounded by the impact of the pandemic on communities, public services, business confidence and people's income. If the country is to become more self-sufficient, rural economic stimulus is vital – and that's what LEPs are working on.



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DELIVERING CURRENT PROJECTS THAT DRIVE ECONOMIC GROWTH

LEPs have many projects that are in the process of delivery and there is a clear need in the near term to continue monitoring the millions invested in previous capital programmes. LEPs are delivering c£900m of projects through the Getting Building Fund alone, as well as significant projects through the Local Growth Fund and Growing Places Fund. LEPs will need to be funded to continue to deliver and monitor these investments.

It is acknowledged that local infrastructure projects generate rapid returns, employing local workers and using local supply chains. Following recent calls for projects e.g. through the GBF, LEPs could rapidly provide a range of projects across the country which have local support and could see spades in the ground within weeks not years, all of which will quickly generate and increase regional economic activity.

THE LEP USP

The uniqueness of LEPs lies in their public private partnership that underpins their convening and brokering capability to get projects delivered. What drives this unique capability are the local business leaders, including SMEs and entrepreneurs, working with public sector leaders, FE Colleges, Third Sector, and universities, united in a common mission. Harnessing the power of the private sector through LEPs will help 'reset' and strengthen the relationship with business, which can drive business-led growth.

LEPs remain committed to working with the new government at a national and local level and will continue to play a central brokering role in convening and supporting partners to deliver change. Local LEP leaders use their local business expertise to pivot and exploit local strengths and opportunities and we must reset a national pro-growth economic plan that recognises and respects the regions as central to producing an immediate blueprint for growth.

WHAT LEPs NEED TO DO THE JOB

Following the government's review of LEPs in 2022, they are due to integrate into Local Authorities by 2030. However, most LEPs will not be in a position to do that in the near term, and indeed some may never be in that position. That means they have multiple roles and project commitments over the coming years which will need them to be stable and sustainable. At the very least that means funding LEPs on time, which has been a long running bugbear that has been exacerbated over the past three years – we simply can't function effectively without this issue being resolved.

LEPs have the capacity across the country to accelerate local economic growth, but that has been overlooked and undermined in recent years, with late funding of LEPs and no multi-year funding settlement as the Treasury sought to deliver local growth centrally. A prime example is the £520m Help to Grow Programme, which calls on SMEs to provide match funding to access the funds. Given the pressures on SMEs this funding will go unspent and could be more effectively deployed through LEP Growth Hubs, to provide advice and support, free at the point of delivery, which could provide a lifeline to many SMEs across the country.

In return for the LEP offer to drive local economic growth and to function effectively, we simply ask:

- 1 For some basic assurance and fairness on **core funding** in the near and medium term that government can link to the LEP offer, effectively a trade with government which secures stable funding.

- 2 That business support, through **Growth Hub funding**, needs to be reinstated to recognise the role SMEs will continue to play in the Government's growth ambitions. The threat to local intelligence and data through recent cuts will damage Government's ability to tailor support when and where it is most needed. **Barrier busting and cost-of-living Tsars** to be appointed to every LEP Growth Hub in the country to directly support the local SME community.

- 3 That government considers unlocking or **accelerating investment funds** and opportunities at a local level. Bringing forward elements of the UKSPF and launching an **immediate call for shovel-ready infrastructure projects** – LEPs identified hundreds of these projects for the Getting Building Fund and have a further list ready to go.

- 4 Task LEPs to identify a **new round of Investment Zones** across the country, developing underutilised brownfield sites and driving innovation and investment in the process. **Extending the benefits and reach of existing Enterprise Zones** would also bring significant benefits to regional economies.
