

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	Be entirely within Cabinet's powers to decide	YES	
	Discretionary /	Need to be recommendations to Council	NO	
	Operational	Is it a Key Decision	NO	
Lead Member: Cllr Brian Long E-mail: cllr.brian.long@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Peter Hodson		
		Other Members consulted:		
Lead Officer: Ray Harding E-mail: ray.harding@west-norfolk.gov.uk Direct Dial: 01553 616245		Other Officers consulted: Lorraine Gore / Ostap Paparega		
Financial Implications NO	Policy/Personnel Implications YES	Statutory Implications YES	Equal Impact Assessment NO If YES: Pre-screening/ Full Assessment	Risk Management Implications NO

Date of meeting: 18 September 2018

LOCAL ENTERPRISE PARTNERSHIPS – GOVERNMENT REVIEW

Summary

The Government published its LEP review on 24 July 2018 entitled Strengthened Local Enterprise Partnerships. The review sets out government's expectations of the roles and responsibilities of the LEPs and commits to work with them to strengthen leadership and capability, improve accountability and manage risk and provide clarity on geography.

King's Lynn & West Norfolk is currently a member of both the New Anglia LEP which covers Norfolk and Suffolk, and the Greater Cambridgeshire Greater Peterborough LEP which covers the county of Cambridgeshire, Peterborough City and eight neighbouring districts which have an economic relationship with the core area.

The key issue addressed in this report relates to government's aim to provide 'clarity on geography' which translates into a desire to eliminate overlapping LEP boundaries. The LEP review requires LEPs to develop revised proposals for their geography by 28th September.

This report considers the implications for West Norfolk and recommends a preferred course of action for members to consider.

Recommendation

- 1) That Cabinet supports the emerging New Anglia LEP (NALEP) proposal to government that consolidates its existing boundaries removing the overlapping boundaries with Greater Cambridgeshire Greater Peterborough LEP (GC/GPLEP).
- 2) That Cabinet instructs officers to work with NALEP and the Business Board of the Cambridgeshire Peterborough Combined Authority to establish effective

collaboration arrangements between NALEP and GC/GP LEP on major strategic cross border projects.

Reason for Decision

To respond to the government's strengthened Local Enterprise Partnerships Review and meet their submission deadline.

Background

LEPs were established in 2010, following the demise of the Regional Development Agencies. Their focus was on stimulating and supporting economic growth and their geographical footprint was based on functional economic areas. At the time the Borough Council, following a consultation with local businesses, and supported by an analysis of the economic geography of the area, concluded that whilst West Norfolk was a largely self-contained economy, it had important economic links to not only the rest of Norfolk but also to Cambridge and Peterborough. As a consequence it elected to become a member of both LEPs and has been so during the intervening period.

This arrangement has worked well from the perspective of the Borough Council itself and the wider business community. A considerable level of funding has been attracted to the borough amounting to over £14 million including grant support to around 60 individual businesses and the funding to build the University Centre at the College of West Anglia.

The dual membership has also enabled the Borough Council to play a significant role in lobbying for, and moving forward, major infrastructure priorities including the A47 dualling and the Ely Area Rail enhancements.

Strengthening Local Enterprise Partnerships

Following publication of the 'Modern Industrial Strategy', the government committed to review its policy towards LEPs.

In the Industrial Strategy, government committed to work with LEPs to bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries. It concluded that it is critical that LEPs are independent and private sector led partnerships that are accountable to the communities they support. At the same time it is important to set out a model that will underpin future national and local collaboration. The government believes that this will be essential to the development of Local Industrial Strategies and in the context of the future UK Shared Prosperity Fund which will replace European Funding post Brexit and will be channelled through LEPs.

The review (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/655188/Review_of_local_enterprise_partnership_governance_and_transparency.pdf) makes recommendations in relation to:-

- Roles and responsibilities, importantly to develop an evidence-based 'Local Industrial Strategy'

- Leadership and organisational capacity with a particular focus on the robustness of their governance arrangements and their operational independence.
- Accountability and performance, including a revised National Assurance Framework, and a 'legal personality'
- Geography, requiring LEPs to present proposals which 'best reflect real functional economic areas, remove overlaps, and where appropriate propose wider changes such as mergers'. Government in turn commits to support LEPs to collaborate across boundaries where interests are aligned.
- Mayoral combined authorities, government is seeking greater alignment and collaboration between mayoral combined authorities, and LEPs and, in particular to move towards coterminous geographies, where appropriate.

Government is to provide £20 million of additional funding to LEPs to support the implementation of these changes.

Local Position

As indicated above, West Norfolk has benefited considerably from its membership of both LEPs. In terms of grant support to local businesses some 50 firms have received grant support totalling £2,176,182 from NALEP's small grant scheme and growing businesses fund. A further nine businesses have benefited from funding from the joint NALEP/GC/GP Eastern Agri-Tech Initiative totalling £710,867. Other grants and loans to public bodies have included £6.5 million grant for the University Centre at the College of West Anglia's King's Lynn site, £2.5million loan and £500,000 grant for the King's Lynn Innovation Centre, £1 million grant for the Lynnsport Access Road (all NALEP) and £3.4 million for the Institute of Advanced Construction (GC/GP LEP). In addition West Norfolk has benefited from investment by both LEPs in area-wide initiatives such as the In-Collusion Creative Industries Project (GC/GP LEP).

Members will be aware that following the raising of concerns by one of the MPs whose constituency forms part of the core GC/GP area, the GC/GP LEP had its funding frozen by the Ministry for Housing, Communities and Local Government in 2017/18. In April 2018 the GC/GP LEP went into voluntary liquidation. Under the leadership of the Mayoral Combined Authority a new Business Board is being established, taking on the role of the GC/GP LEP. Staff from the LEP have been transferred to the Combined Authority and the LEP is now effectively operating within the framework of the Combined Authority. It is, however (pending the outcome of the submissions made as part of this LEP review process), still responsible for the extended geographical area including West Norfolk. Indeed a draft Growth Prospectus is shortly to be launched with a view to allocating the remaining £50 million of uncommitted (previously frozen) growth funding from 1st October. This will include a new small grants programme for small and medium sized firms, a new business growth programme (loan finance), and a call for major projects focused on employment infrastructure.

Enterprise Zone

The NORA employment site was allocated enterprise zone status through the NALEP Spaces to Innovate programme which offers up to five years free of NNDR for firms which move into the zone by March 2020. It also assists with the funding of the require infrastructure to open up the site. At the present time the Borough Council has made a submission to NALEP for a co-investment in three new speculative units at the Enterprise Zone.

Foreign Direct Investment (FDI) – Enquiries

For the last full year (2017-18) the Council has received seven enquiries via NALEP and two from GCGP. For the first five months of 2018-19 so far the Council has received four from NALEP, and one from GCGP. To put these numbers into context there have been nine inward investment enquiries directly from businesses either self-generated or through introductions through other networks in the same five months of this financial year.

Unfortunately the number of FDI enquiries (which historically formed the majority of the enquiries sent out by LEPs (and before them RDAs) fell after the 2016 Referendum and have remained at a lower level ever since. This is a national issue acknowledged by DIT. The comparative number of enquiries received from the two LEPs has reversed in the last couple of years. Previously GCGP provided the greater volume but this has reversed, perhaps linked to the problems the 'old' LEP experienced prior to its demise on one hand, and the appointment of a dedicated inward investment manager by NALEP on the other.

Devolution

Members will recall that proposals for a combined authority for Norfolk and Suffolk fell following a decision by this council not to participate. However, in Cambridgeshire/Peterborough a full Mayoral Combined Authority has been established covering Peterborough City and Cambridgeshire. There are clear and obvious benefits from association with the Mayoral Combined Authority, not least the ability of the Mayor himself to open doors in Westminster and Whitehall.

LEP Review – Geography

LEP Chairs and other stakeholders are, as indicated above, asked to come forward with considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and where appropriate propose wider changes such as mergers. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this. There does not appear to be a definitive requirement to remove overlaps but this is clearly the desired outcome on the part of government. In turn government commits to supporting LEPs to collaborate across boundaries where interests are aligned.

For mayoral combined authorities the review emphasises the need to 'ensure that LEPs have a distinctive role in setting strategy and commissioning interventions'. Government also requires LEPs and mayoral combined authorities (MCAs) to develop local agreements, clearly setting out roles, responsibilities and accountabilities. Government also seeks to 'encourage LEPs and MCAs to move

towards coterminous geographies, where appropriate, in line with wider discussions on LEP geographies’.

Taken together there is a clear preference from government that overlapping boundaries should be removed.

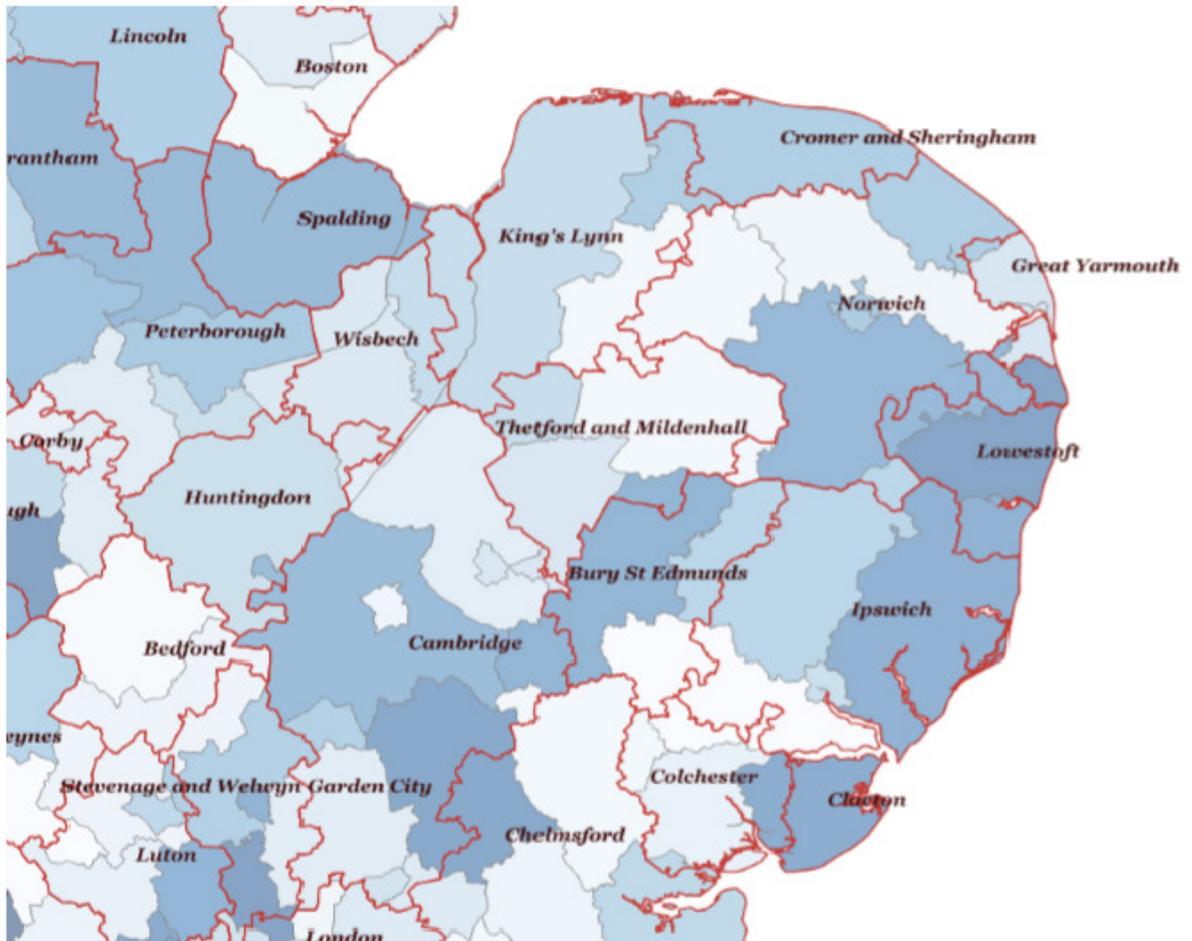
Evidence Base – Functional Economic Areas

In terms of functional economic areas Cambridgeshire and Peterborough Combined Authority, the CA’s Business Board (formerly the GC/GP LEP) and Cambridge Ahead commissioned and funded the ‘Cambridge and Peterborough Independent Economic Review’. Unfortunately the review area, although the Business Board was a co-commissioner, it considered only the Combined Authorities’ core area. Consequently it is only of limited value when considering the relationship between West Norfolk and the three identified ‘economies’ of Cambridge, Peterborough, and the Fens. The latter principally consists of Fenland District, together with parts of Huntingdonshire and East Cambridgeshire. This area is strong in agriculture and the food sector. In terms of commuter flows between West Norfolk and the three economies identified those within the Fens are considerably higher than with either the Peterborough or the Cambridge centred economies. The report also demonstrates that the strongest links in terms of housing markets are also with the Fens economy.

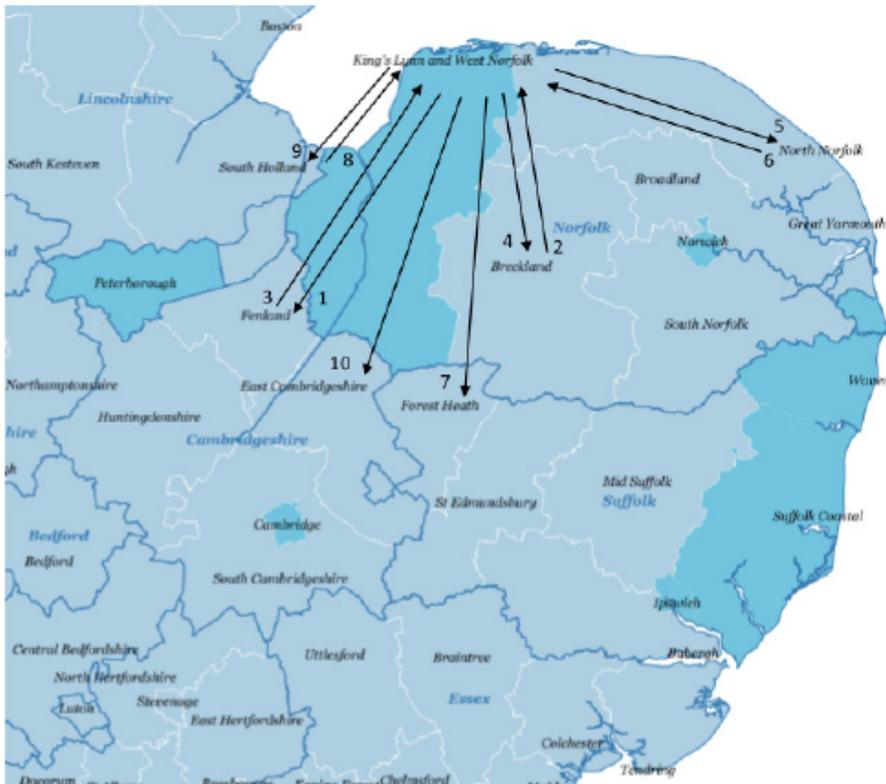
Data from NALEP on travel to work patterns illustrates very clearly the largely self-contained nature of the West Norfolk economy with 91.3% of people who work in West Norfolk living in the New Anglia LEP area and 86.9% of people who live in the authority working in the New Anglia LEP area. The top outward destinations for commuters from West Norfolk are Fenland (3,509) followed by Breckland (1,661), North Norfolk (1,327) and Forest Heath (1,203). The districts with the highest number of in-commuters to West Norfolk are Breckland (2,549), Fenland (2,032), North Norfolk (1,273) and South Holland (1,059). The Travel to Work Area map (source – 2011 census) illustrates much the same point with a TTW area focused on King’s Lynn covering most of West Norfolk but extending into Fenland and the northern part of Breckland. The housing market is similarly self-contained.

The maps below illustrate this graphically.

Travel to Work Areas (2011)



King's Lynn & West Norfolk – Community Flows



Number of commuters		
1	to Fenland	3,509
2	from Breckland	2,549
3	from Fenland	2,032
4	to Breckland	1,661
5	to North Norfolk	1,327
6	from North Norfolk	1,273
7	to Forest Heath	1,203
8	from South Holland	1,059
9	to South Holland	901
10	to East Cambridgeshire	713

King's Lynn & West Norfolk – Housing Market

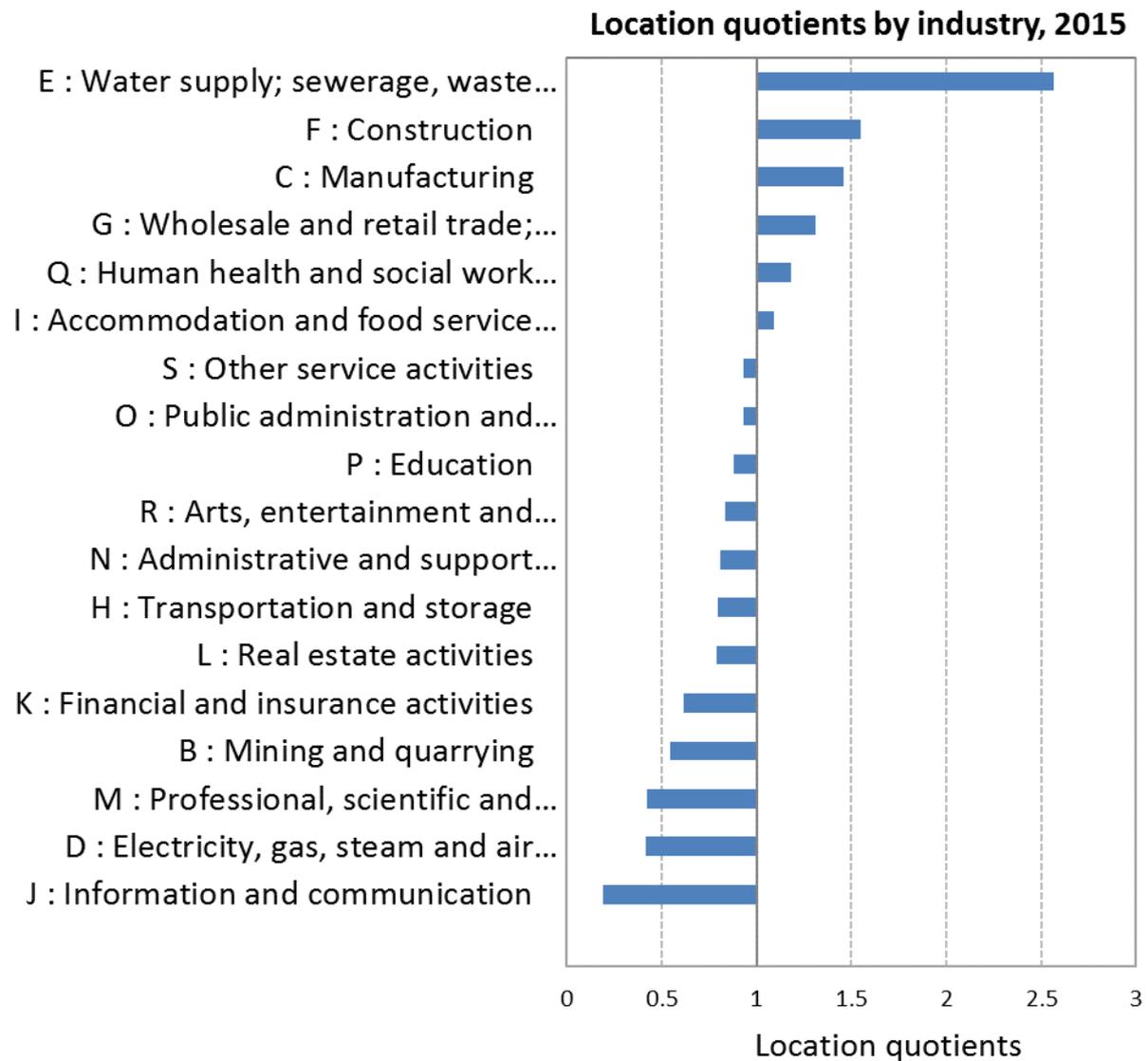


Housing moves		
1	to Fenland	740
2	from Fenland	710
3	to Breckland	500
4	from Breckland	450
5	to South Holland	320
6	to North Norfolk	310
7	from North Norfolk	260
8	from South Holland	210
9	from East Cambs.	200
10	to Norwich	200

Location Quotients

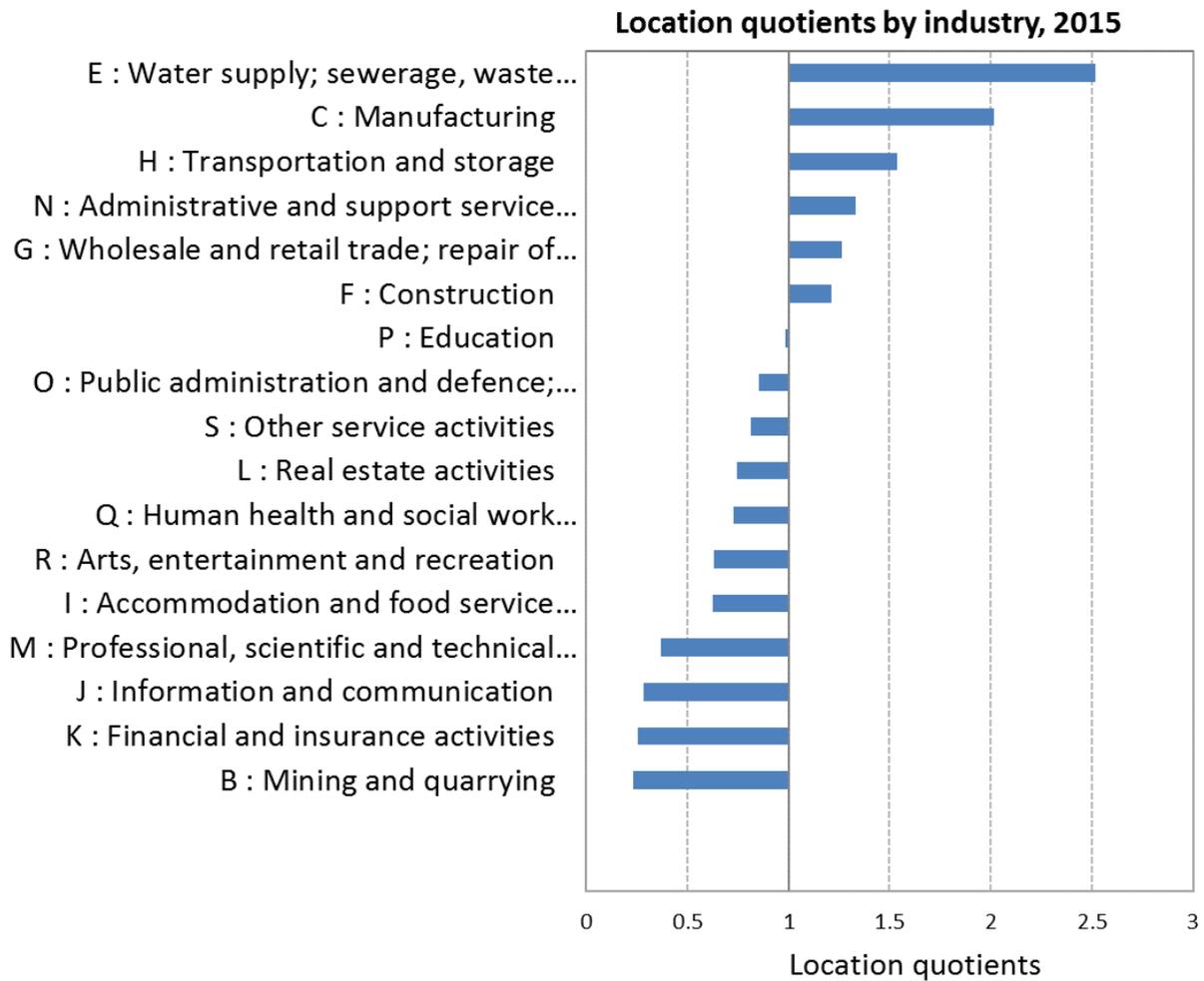
Location quotients provide a measure of geographical concentration of industries. A location quotient of >1 shows a degree of specialisation. A location quotient of 2 suggests there is twice the amount of employees in a sector than it would be expected from a GB average. The diagrams below show that the functional economic areas of West Norfolk and Fenland share the same concentrations of industries with manufacturing, construction and retail in the top five sectors.

Location quotients King's Lynn and West Norfolk¹



¹<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/locationquotientdataandindustrialspecialisationforlocalauthorities>

Location Quotients Fenland²



Evidence base - key socio-economic indicators: the economic area of West Norfolk and Fenland

Gross Added Value (GVA) (Income approach) – ONS 2016

The GVA of West Norfolk’s economy is £2.87 billion and Fenland’s is £2.23 billion giving a combined figure of £5.10 billion for the economic geography covered by the two local authorities.

Table 1 shows that the combined GVA of West Norfolk and Fenland is similar to Cambridge’s and Peterborough’s, higher than Norwich’s and one fifth of the Cambridgeshire and Peterborough Combined Authority’s GVA.

Table 1

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
£5.10bn	£5.38bn	£5.91bn	£3.9bn	£24.21bn

²<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/locationquotientdataandindustrialspecialisationforlocalauthorities>

Number of businesses – UK Business Counts 2017

The number of businesses (local units) in West Norfolk is 6,415 whereas Fenland has 4,140 businesses, giving a combined 10,555 across the two economies.

In terms of number of businesses (local units), West Norfolk is similar to Cambridge and Norwich and the combined areas of West Norfolk and Fenland count for a quarter of all businesses within the Combined Authority (Table 2).

Table 2

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
10,555	8,400	6,670	6,200	41,650

Population – ONS 2016

West Norfolk – 151,600

Fenland – 100,200

Combined – 251,800

The combined population of West Norfolk and Fenland is approximately the same with the combined population of Cambridge and Peterborough and represents one third of the population of the Combined Authority (Table 3).

Table 3

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
251,800	156,407	108,113	141,000	849,000

In conclusion it is fair to say that West Norfolk remains a largely self-contained economic area but with clear links to the Fens areas of Cambridgeshire, and to a lesser degree, with the other adjacent districts. On balance the case for remaining in the two LEP areas is still valid; however, this approach would be going against the grain of the LEP review.

Consultation/Discussion

The Leader and Chief Executive have met with the Combined Authority Mayor, prior to the publication of the LEP review and the Chair and Chief Executive of the NALEP (following the publication of the LEP review). The Portfolio Holder for Systems and Economic Development was also involved in the latter meeting. In addition there have been ongoing officer level discussions since the review was published.

A number of issues have been clarified during these discussions. Further discussions are scheduled to take place prior to the cabinet meeting and members will be updated verbally at the meeting on the implications and outcomes from these conversations.

GC/GP LEP

The governance arrangements for the Combined Authority LEP will be in the form of an 'advisory' Business Board with eight private sector representatives plus the Mayor

and the Combined Authority Portfolio Holder with responsibility for LEPs. Final decisions will be made by an 'extended' Combined Authority Board made up of all of the public sector members of the GC/GP LEP Board. Notwithstanding the pressure to move towards co-terminosity of CAs and LEPs it is not the case that there would be a requirement for the Borough Council to join the CA as an associate member. However, it should be noted that it is not envisaged that the GC/GP LEP would be a separate legal entity to the CA.

There is an emerging view across the two organisations that there would be a strong preference to present an agreed geography to government, and to seek agreement that time be permitted for the two organisations and the relevant councils to work up a collaboration agreement to address areas of mutual interest, key strategic programmes and major 'cross border' infrastructure projects.

Options Considered

There are clearly three options worthy of consideration:-

1) Sole Membership of NALEP

There is a strong case to be made that King's Lynn & West Norfolk should maintain its membership of NALEP and withdraw from membership of the GC/GP LEP. The council and the borough have an excellent working relationship with officers at the LEP. There has been a history of investment in and support for critical infrastructure developments, both those located in the borough and others which are of undoubted benefit to the borough. Many local businesses have received financial support from NALEP, and the NORA Enterprise Zone is part of the NALEP Space to Innovate group of enterprise zones. There are also a number of significant projects currently being discussed and identified with encouragement and support from the LEP including the proposed KLIC move on space, and three speculative units on the enterprise zone. Proposals from the King's Lynn Transport Study will also be submitted to the NALEP Transport Board.

2) Sole Membership of GC/GP (CA) LEP

The economic case for maintaining membership of GC/GP LEP and withdrawing from membership of NALEP would be based upon the borough's close economic ties with the Fens economy in Cambridgeshire. There has also historically been a close and positive working relationship with the former GC/GP LEP and funding has been secured for a number of local businesses through the joint LEP Agri-tech fund, as well as a significant capital investment in the Institute for Advanced Construction.

However, it could be argued that the dynamics of the Combined Authority will inevitably result in a focus on the core area of Cambridgeshire and Peterborough. An exclusive arrangement with GC/GP LEP may also complicate access to the Norfolk and Suffolk (NALEP) Transport Board and its funding.

3) Continued Dual LEP Membership

Based on the economic evidence, remaining as members of both organisations would be the natural choice. However, careful reading of the LEP review indicates that this course of action would be a 'hard sell' to government. It could also lead to a need to provide core funding towards the organisational capacity of both organisations. It would also stretch the capacity, as it does at present, of officers in engaging with, responding to, and seeking funding from two separate LEPs.

Conclusion

On balance it is recommended that the borough council remains a full member of NALEP, does not seek continued membership of GC/GP LEP but does work with both organisations to develop a collaboration agreement focusing on areas where interests are aligned, particularly around structure, cross border infrastructure projects and economic sectors which have a strong cross-Fens presence.

Policy Implications

The key policy of participating in a Local Enterprise Partnership is unchanged; a change in policy is represented by the proposal to withdraw from dual LEP membership, mitigated by the associated proposal to develop substantive collaborative arrangements between the two LEPs.

Financial Implications

There are no direct financial implications arising from this report.

Personnel Implications

None

Statutory Considerations

There are no statutory considerations arising from the proposed approach set out in this report.

Equality Impact Assessment (EIA)

(Pre screening report template attached)

There are no equality considerations arising from this report.

Risk Management Implications

The government's LEP review presents councils which are currently participants in more than one LEP with difficult choices to make, against a very constrained deadline, over the summer holiday period. This inevitably enhances the risk associated with seeking to analyse the best option for the authority.

The principle risks associated with each option are set out below.

- 1) Sole Membership of NALEP

The principle risk with this option is that this cuts the borough's current close ties with GC/GP LEP which, at the present time, has the greater level of resources to allocate. It also reduces the council's influence with the regions only Mayoral Combined Authority. This latter risk will be mitigated to some degree by the development of a collaboration agreement between the two LEPs.

2) Sole Membership of GC/GP LEP

The principle risk with this option is that the borough could be perceived to be on the 'fringe' of the LEP's area of interest. Inevitably the Combined Authority Core Area would be the area of primary focus, with many projects and initiatives within the core area supporting the CA's Local industrial Strategy/Economic Strategy, potentially resulting in a more limited level of engagement and influence for 'LEP area' only authorities.

3 Dual LEP Membership

Whilst this would in many ways be the most advantageous option, there is a risk that government may conclude that the case for West Norfolk forming part of two functional economic areas is not sufficiently strong for it to overcome their clear preference for co-terminosity of CAs and LEPs and the removal of overlapping LEP areas. Whilst it is not clear how such a scenario would be resolved there is a risk that government could in this situation in effect make the 'which LEP' decision for us.

Declarations of Interest / Dispensations Granted

None

Background Papers

(Definition: Unpublished work relied on to a material extent in preparing the report that discloses facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

- Cambridge & Peterborough Independent Economic Review



**Pre-Screening Equality Impact
Assessment**

Name of policy/service/function	Economic Development				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	To consider which LEP the council should retain membership of.				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			X	
	Disability			X	
	Gender			X	
	Gender Re-assignment			X	
	Marriage/civil partnership			X	
	Pregnancy & maternity			X	
	Race			X	
	Religion or belief			X	
	Sexual orientation			X	
	Other (eg low income)			X	
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name Ray Harding					
Job title Chief Executive	Date 25 August 2018				

Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.