

Report to the Cabinet

Meeting to be held on Thursday, 9 May 2024

Report of the Executive Director of Growth, Environment, Transport and Health

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Supporting economic growth;

Lancashire Enterprise Partnership - Integration of Functions into the County Council

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Brief Summary

This report seeks approval for Lancashire County Council to assume those tasks and financial responsibilities detailed in the Department for Levelling Up, Housing and Communities' guidance on Local Enterprise Partnership integration into local democratic institutions. This is an interim solution, to be reviewed once the planned Combined County Authority is established.

In its guidance, the government suggests that where no combined authority is yet in place, that upper tier authorities determine where on-going responsibilities, programmes and assets of the Lancashire Enterprise Partnership will be absorbed. Given Lancashire's progress towards establishing a Combined County Authority, this would be the obvious ultimate destination for most of these assets and functions, but until it is formed, an interim solution is needed. This report outlines those activities where there remain continued responsibilities beyond the Lancashire Enterprise Partnership's closure, which formally ceased on 31 March 2024, and proposes that Lancashire County Council (the partnership's accountable body and Section 151 link) takes steps to provide that interim hosting in consultation with the other two Upper Tier Local Authorities that were Lancashire Enterprise Partnership company members, i.e. Blackburn with Darwen Borough Council and Blackpool Council.

Recommendation

Cabinet is asked to:



- (i) Approve that Lancashire County Council takes steps to provide the necessary interim hosting of all former Lancashire Enterprise Partnership functions in consultation with Blackburn with Darwen Borough Council and Blackpool Council.
- (ii) Authorise the Executive Director of Growth, Environment, Transport and Health and/or the Executive Director of Resources, in consultation with the Cabinet Member for Economic Development and Growth, to undertake all the residual functions of the former Lancashire Enterprise Partnership including management of continued investment activity through the Growing Places Fund.

Detail

Government first announced its intention to cease core funding for the network of 38 English Local Enterprise Partnership in its Spring 2023 Financial Statement. This decision was predicated on moving decision-making to local democratic institutions, backing-up wider policy intent around Levelling Up and local devolution agendas.

In defining what functions the Lancashire Local Enterprise Partnership has left to integrate into local democratic institutions, it is useful to reference the 'Strengthening Local Enterprise Partnerships' White Paper 2022, in which the Government set out that the Lancashire Enterprise Partnership's main focus had been on the following four activities to support the development and delivery of a Lancashire Industrial Strategy:

- **Strategy:** developing an evidence-based Lancashire Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.
- **Allocation of funds:** identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.
- **Co-ordination:** using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors.
- **Advocacy:** collaborating with a wide-range of local partners to act as an informed and independent voice for their area.

Position of the Lancashire Local Enterprise Partnership

In terms of allocation of funds historically the Lancashire Enterprise Partnership received Growth Deal funding of circa £232m and Getting Building Fund of circa £34m. These have all been spent/allocated and the projects completed, albeit with some reporting requirements ongoing.

The only funding that remains is the circa £19m Growing Places investment fund which is essentially a rolling loan fund that is lent to businesses in Lancashire, paid back with interest, and then loaned out again. The partnership's accountable body,



Lancashire County Council already administers this loan on behalf of the Lancashire Enterprise Partnership as the partnership was established as a dormant company.

The rest of the Lancashire Enterprise Partnership Board's decisions have fallen into the other categories – Strategy, Co-ordination and Advocacy. It has approved items like Lancashire Growing Places Investment Strategy, Innovation Plan, Internationalisation Strategy and Action Plans, its own Annual Business Plan and National Skills Funding allocations via the Skills and Employment Board, a committee of the partnership, where grant funding activity and reporting continues.

Lancashire County Council has always acted as the accountable body for the Lancashire Enterprise Partnership business and provided the Section 151 function, needed to draw down and ensure the proper use of public funds. The Board of Lancashire Enterprise Partnership Limited (always technically a dormant company) would make investment and other decisions and delegate authority for the county council to enter into relevant contractual commitments. Cabinet approved transitioning proposals on 22 June 2023 and 21 December 2023 and Lancashire Enterprise Partnership Limited was wound-up as an independent company in July 2023 with financial decision-making resting with the county council's Executive Director of Resources as the representative of the accountable body.

Consultations

Blackburn with Darwen and Blackpool Councils have also been consulted.

Implications:

This item has the following implications, as indicated:

Financial and Legal

In relation to Growing Places Loans, the power to loan out monies to third parties exists within the Local Government Act 2003 and is included in the council's financial regulations and investment and treasury management strategies and policies. As the purpose for making the loan is the facilitation of the economic development and growth objectives of the Council in Lancashire, there is no legal requirement to conduct these activities through a company.

The money received from the interest on repaid loans will not be material to Lancashire County Council but will be reinvested in Economic growth activity.

Risk Management

The main risk associated with the business is the return of the value of the investments and it is to be noted that there are no third party clawback conditions attaching to it from any external source.

It is proposed that the approval process for the management of the Fund and other partnership activities, will be undertaken under the county council's Scheme of Delegation to Officers in functions delegated to the Executive Director for Growth, Environment, Transport and Health and/or the Executive Director of Resources, in



consultation with the Cabinet Member for Economic Development and Growth, with appropriate investment advice provided. It is proposed that this arrangement be formalised and the county council's Scheme of Delegation to Officers be updated to include specific reference to these former Lancashire Local Enterprise Partnership functions.

It is considered that these governance arrangements will ensure that the Fund will continue to be managed and supervised with the appropriate expertise until consideration is given to incorporating the Growing Places investment fund into the proposed new County Combined Authority structures.

The Fund has never experienced any major default and it is believed that the internal management of the Projects is strong. Overall the current risk associated with the current loan portfolio of the Fund is assessed as low. The risk of loss to the county council beyond the value of the Fund is nil (The county council would not inject further funds to make up any loss). It is therefore considered that there is no overwhelming commercial need for the Fund to be administered through a Company or other limited liability structure.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		

