



## **Lancashire Enterprise Partnership Limited**

**Private and Confidential: NO**

**Date:** Wednesday, 12 September 2018

### **Strengthened Local Enterprise Partnerships – Government Local Enterprise Partnership Review**

(Appendices 'A' and 'B' refer)

#### **Report Author:**

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#### **Executive Summary**

Government has recently published its long awaited Local Enterprise Partnership Review – *Strengthened Local Enterprise Partnerships*. The Review identifies a range of issues which all Local Enterprise Partnerships need to consider and address. This report aims to identify the key issues with implications for the Lancashire Enterprise Partnership, with a view to establishing the response of the Board.

#### **Recommendation**

The Lancashire Enterprise Partnership Board is asked to:

- (i) Note and comment on the key findings of the Government's Local Enterprise Partnership Review, attached at Appendix 'A'.
- (ii) Reflect on the key issues for the Lancashire Enterprise Partnership, as set out in section 2 and Appendix 'B' of this report.
- (iii) Consider and agree that Lancashire Enterprise Partnership Officers scope a transition work programme in response to the Government's Review, in consultation with the Chair, as part of a wider repurposing of the Lancashire Enterprise Partnership. With the work programme used to support the Lancashire Enterprise Partnership's response to the Government's review; and
- (iv) Authorise the Lancashire Enterprise Partnership Chair, with support from officers, to confirm to Government the intention of the Lancashire Enterprise Partnership to continue operating with its current pan-Lancashire geography.



## Background and Advice

### Background and Context

#### 1. Introduction

- 1.1 In November 2017, the Government's Industrial Strategy White Paper announced a national review of the roles and responsibilities of Local Enterprise Partnerships, with a focus on leadership, governance, accountability, financial reporting and geographical boundaries. The Review has been led by Ministry of Housing, Communities and Local Government, the Department for Business, Energy and Industrial Strategy and Her Majesty's Treasury Ministers with additional input from an advisory panel comprising Local Enterprise Partnerships, local authorities and business organisations.
- 1.2 The Ministerial review team published its final report [\*\*\*Strengthened Local Enterprise Partnerships\*\*\*](#) on the 24<sup>th</sup> July 2018 which is attached at Appendix 'A'. The Review re-states the importance of Local Enterprise Partnerships and confirms that Local Enterprise Partnerships will be central to the delivery of prosperous communities in England, moving forward. Local Enterprise Partnerships will continue to drive local growth by leading the development of Local Industrial Strategies and securing funding from the emerging Shared Prosperity Fund.
- 1.3 The Review is presented in terms of a series of issues which need to be addressed to ensure that all Local Enterprise Partnerships remain fit for purpose in the future, each formatted as an outline of the issue with respective actions for Government and Local Enterprise Partnerships. These are summarised in Appendix 'B'.

#### 2. Key Issues for the Lancashire Enterprise Partnership

- 2.1 The key issues for the Board to consider include:

##### *Strategic Purpose and Focus*

- i. The need to re-purpose the Lancashire Enterprise Partnership, including a review of its priorities, programmes, resources, commitments, capacity and governance, in light of planned changes both locally and as a result of the Review.
- ii. The need to continue developing an evidence base to allow for the production of a Local Industrial Strategy by the end of 2019, which will frame Lancashire's productivity and growth priorities, projects and programmes going forward to the emerging Shared Prosperity Fund from 2021.

### *Assurance and Compliance*

- iii. The need to refine existing annual reporting and planning to ensure these arrangements meet the new accountability framework which will be published later this year. For example, the Lancashire Enterprise Partnership is fully compliant with all current assurance requirements, though will need to provide a public Annual General Meeting event in future.

### *Governance*

- iv. The need to assess the implications of Government setting a maximum Board number of 20 Directors. The Lancashire Enterprise Partnership currently has 19 Directors and has advertised for three additional Board members but the Review appears firm on the 20 maximum. An additional five co-optees with technical expertise will be allowed but these positions will be time limited to one year. Clarity is needed on these points given the Lancashire Enterprise Partnership's intention to operate with a Board of 22 Directors. It would also be helpful to clarify if co-opted members can have full Director rights for the period they serve.
- v. In terms of Lancashire Enterprise Partnership needing to achieve a two-thirds private sector majority on their Boards, it currently meets this requirement.
- vi. Assuming a maximum Lancashire Enterprise Partnership Board of 20 Directors, the Lancashire Enterprise Partnership must develop a plan to move to a minimum of 33% women Board members (from two to seven) by end of 2019 and 50% (10) by 2023. In order to achieve the required diversity target, it will be necessary to re balance the Lancashire Enterprise Partnership board and we will want to ensure that this happens in an open and transparent manner. All Local Enterprise Partnerships are required to better monitor and address the wider diversity of their Board.
- vii. The Lancashire Enterprise Partnership will need to clarify and test a new appointment processes and apply these in finding a successor for the current Chairn as well as re balancing the Board. Given the changes required by Government, it will also be important to identify and formalise the key skillsets and expertise considered as essential in performing the role of Chair, as well as that of Board Director.

### *Local Authority Influence and Control*

- viii. As implied by the Review, Lancashire County Council's hosting of the Lancashire Enterprise Partnership and executive leadership will have to be reviewed and consider the appointment of a Lancashire Enterprise Partnership Chief Executive Officer with appropriate support.
- ix. To determine a "legal personality" for the Lancashire Enterprise Partnership. The Lancashire Enterprise Partnership operates to an acceptable company structure and model (it is already a Private Company Limited by Guarantee), though many Local Enterprise Partnerships nationally will need to move away from their voluntary partnership arrangements. However, Lancashire County Council's current ownership of the Lancashire Enterprise Partnership company, its role in appointing Directors, and fulfilling statutory roles will all need to be reviewed. To ensure the Lancashire Enterprise Partnership meets the criteria of being fully independent of local authority influence. The revised national assurance framework will provide more detail on these matters though further clarity is being sought from Government officials in the meantime.
- x. These changes are likely to have an impact on the current cost and funding arrangements for the Lancashire Enterprise Partnership.

### *Lancashire Enterprise Partnership Geography*

- xi. The Lancashire Economic Partnership must confirm by 28 September 2018, subject to Board agreement, the current pan-Lancashire geography as the appropriate "functional economic area" for the Lancashire Enterprise Partnership. It should be noted that Government officials are seeking fewer Local Enterprise Partnerships covering a larger area with minimum resident populations of circa 1 million. Government has identified 21 Local Enterprise Partnership boundary overlaps, but there are none in the North West.

Lancashire is a highly self-contained labour market, though naturally we have two-way economic flows with our neighbouring Manchester and Liverpool city-regions, and to a lesser extent relationships with South Cumbria and North and West Yorkshire which link to our sectoral strengths and supply chains. With a strong cultural identity, a growing local economy valued at £30 billion, which is home to 50,000 businesses, and growing population resident base of 1.5m, there is no evidential reason to change the geography of the Lancashire Enterprise Partnership.

Though Lancashire has no economic geography overlaps, Cumbria's size (circa 400,000 population) and adjacency may encourage Government officials to promote "enlargement" with either Lancashire or the North East. On-going dialogue with the Cumbria Local Enterprise



Partnership confirms they have no desire to be merged with others nor any sense that Government officials will force such an outcome on them. However, cross-boundary working on shared priorities – including clean energy, advanced manufacturing and visitor economy – will continue to be encouraged with Cumbria.

### **3. Conclusion**

- 3.1 The Lancashire Enterprise Partnership Board is central to driving, defining and delivering the changes required by the Government's Review.
- 3.2 The special meeting on 12 September 2018 enables the Board to take stock of the current position and consider the way forward on key issues, including the resourcing, mobilisation and definition of an agreed transitional work programme. It is also important to set compliance, governance and local authority control issues, highlighted by the Government's Review, within the wider Board task of repurposing the Lancashire Enterprise Partnership to ensure it is fully focused and resourced to drive forward agreed productivity and growth priorities.
- 3.3 Subject to the view expressed by Directors at the Special Board meeting, the Board are asked to agree that Lancashire Enterprise Partnership Officers scope a transition work programme in response to the Government's Review, in consultation with the Chair, as part of a wider repurposing of the Lancashire Enterprise Partnership.
- 3.4 Given the pace and importance of the emerging transition work programme, further special Board meetings in the coming months will be needed. Additional Board dates will be sought in due course as required.

### **List of Background Papers**

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