

Economic Growth Board

Date	13 May 2022
Report title	Regional Economic Development Functions Part A: LEP Integration
Portfolio Lead	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
Accountable Chief Executive	Laura Shoaf, Chief Executive, WMCA
Accountable Employee	Julie Nugent, Director of Productivity and Skills, WMCA
Report has been considered by	-

Recommendations for decision

The Economic Growth Board is recommended to:

- i. Note work ongoing in the region, to respond to the Levelling Up White Paper, and subsequent guidance from government, to oversee the integration of LEPs within Mayoral Combined Authorities.
- ii. Note that this is in line with the work overseen by the Economic Growth Board's Task and Finish Group, to review the economic functions undertaken by organisations across the West Midlands, with a particular focus on LEP integration.
- iii. Agree that given the subsequent implications for LEPs, all 3 LEP Chairs should be invited to join the Task and Finish Group (currently this is just the Black Country Chair.)
- iv. Agree that we aim to submit a full integration plan to government by January, 2023, with a draft progress report to be submitted by end of July 2022.

1. Purpose

- 1.1 The purpose of this item is to propose an approach to integrating the West Midlands Local Enterprise Partnerships (LEPs) into the WMCA.

2. Background

- 2.1 At its first meeting on 2nd February 2022, the Economic Growth Board agreed to establish a task & finish group (the Economic Functions Task and Finish Group) to develop recommendations for aligning and streamlining economic development activity across organisations.
- 2.2 The Task and Finish Group met on 25th February 2022 and findings were reported to the Economic Growth Board, electronically – the original meeting scheduled for 24th March was unavoidably cancelled. The summary of positions on economic development functions is attached as Appendix A.
- 2.3 On 31st March 2022, all LEPs, Local Authorities and Combined Authorities received a letter from Government providing guidance on integration of LEPs into local democratic institutions. The letter is attached as Appendix B, and a brief summary of key points and how they relate to the West Midlands follows:
- Three pathways for the integration of LEP functions and roles into democratic institutions are set out:
 - Pathway 1 – integration of LEPs into institutions with devolved powers where they already exist: Black Country and Greater Birmingham & Solihull LEPs will follow this pathway whereby key functions will transfer to WMCA
 - Pathway 2 – LEPs to be maintained until a devolution deal is agreed
 - Pathway 3 – Finding a local solution where a (M)CA or institution only covers part of an existing LEP: Coventry & Warwickshire LEP will follow this pathway as only Coventry is a constituent member of the WMCA
 - Where there are multiple LEPs within a single (M)CA, they are expected to become one institution. This means that Government's expectation is that there will be mergers between the existing LEPs.
 - Government will no longer commission services from LEPs where they have integrated.
 - Geographic overlaps will be removed i.e. districts and boroughs from northern Worcestershire and southern Staffordshire will only be part of their county LEPs post-transition.
 - LEP functions relating to Growth Hubs, international trade & investment, local digital skills partnerships, Careers Hubs, local skills analysis, and monitoring and assurance will transfer to democratic institutions, in this case the WMCA.
 - Each LEP Board will decide its own future, including what happens with Enterprise Zones and legacy funded projects/programmes.
 - Core funding will be reduced by 25% to £375,000 in 2022/23, and will transfer to WMCA thereafter.
 - Two deadlines are proposed in the letter for the submission of an Integration Plan – 29th July 2022, and 27 January 2023 where more time is needed.

- 2.4 In addition, a letter on Growth Hubs (Appendix C) was received on 30th March 2022, confirming that Growth Hub funding will be reduced by 50% to in 2022/23. This means Black Country Growth Hub will receive £231,000; Coventry & Warwickshire Growth Hub will receive £271,000; and Greater Birmingham & Solihull Growth Hub will receive £350,000.
- 2.5 One Integration Plan will be developed for the West Midlands' seven Met area, with a potential further plan for Warwickshire (this will depend on local discussions and those with Government). The Plan will be led by WMCA, working in close partnership with LEPs and local authorities, and will set out how functions will be integrated – strengthening the overall offer to businesses and communities.
- 2.6 Government expects swift progress to be made on Pathway 1 and integration will play a key part in the West Midlands' devolution negotiations. However, given the complexities of integrating three LEPs, the January deadline is more practical for formal submission of a detailed plan.
- 2.7 To do so, the Directors of Economic Development agreed at their meeting on Friday 8th April 2022 to convene a LEP Integration Programme Board. This Programme Board will include representatives from all local authorities and LEPs, as well as the Department for Business, Energy and Industrial Strategy, WMCA and WMGC, and will be supported by Nick Glover who has been seconded from WMGC to WMCA to support this work. The Programme Board will meet bi-weekly from 29th April 2022, with recommendations being made to the Economic Growth Board via the Directors of Economic Development and the Economic Functions Task Group, Economic Growth Board. Progress will be shared and consultation undertaken with other fora as deemed appropriate.

3. Financial Implications

- 3.1 There are no direct financial implications as a result of this report. Any future funding decisions will be subject to future reports to the Economic Growth Board and the WMCA Board.

4. Legal Implications

- 4.1 There are no legal implications as a result of this report. The Combined Authority already has a power of general competence which covers its activities on economic development and regeneration. However, legal implications will arise as a result of LEP Integration in future.

5. Equalities implications

- 5.1 There are no equalities implications.

6. Inclusive Growth Implications

- 6.1 The opportunity presented by LEP Integration and the review of economic development functions should enable the region to deliver greater impact against the Levelling Up Missions, which have inclusive growth and living standards at their heart.

7. Geographical Area of Report's Implications

- 7.1 The report primarily covers the WMCA area, which is the geography responsible for submitting a LEP Integration Plan to Government. Further discussions are required with Warwickshire (related to the pathway for integrating the Coventry & Warwickshire LEP), and potentially with Staffordshire and Worcestershire (regarding the assets and liabilities of the Greater Birmingham & Solihull LEP). Further engagement will be undertaken with Non-Constituent Members of the WMCA.

8. Other Implications

- 8.1 None.

9. Schedule of Background Papers

Appendix A – summary of economic development functions

Appendix B – letter on integrating LEPs into local democratic institutions

Appendix C – letter on Growth Hub funding