

**Manchester City Council
Report for Information**

Report To: Executive – 28 July 2010
Subject: Future of the Regional Development Agencies
Report of: Chief Executive

Summary

In the budget on 22 June 2010 Government confirmed the abolition of the Regional Development Agencies and the creation of Local Enterprise Partnerships. Local authorities, working with business partners, have been invited to submit by 6 September 2010 an outline case to create a LEP.

This paper outlines what we currently know about the direction of Government policy, the status of local and regional negotiations, and the known timeline for future guidance and decisions.

Recommendations

Executive are asked to note the contents of this report and to delegate to the Leader of the Council to approve on behalf of the Council AGMA's proposals for a Greater Manchester LEP and associated strategies to the Government by the 6th September.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Will facilitate further delegation of economic development decisions to the sub-region.
Reaching full potential in education and employment	Devolved decision making on skills, if granted, would enable commissioning to link skills with job opportunities.
Individual and collective self esteem – mutual respect	A focus on business growth, investment, and social enterprise will provide people with best possible chances to both participate and benefit from growth.
Neighbourhoods of Choice	Local control of housing, transport and regeneration decision making will enhance delivery at neighbourhood level.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences – Revenue

None at this stage. It is unlikely that significant, if any, Government funding will be available to support the operation of LEPs. Any organisational costs will likely need to be met through existing partnership organisations. In future it is possible the LEP will lead development work for investment funding.

Financial Consequences – Capital

None at this stage. In future it is possible the LEP will lead development work for investment funding.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1.0 Introduction

1.1 A number of recent announcements begin to give shape to the Government's stated aim to decentralise decision making as far as possible. In the budget on 22 June, Government confirmed that Regional Development Agencies (RDAs) will be abolished with effect from April 2012. Government has also announced that they are reviewing the case for abolishing the regional Government Offices.

2.0 Background

2.1 This report sets out the following:

- The current position where the Combined Authority is concerned now that the statutory public consultation period has been completed.
- The formal invitation which has been issued on behalf of Government to establish a Local Enterprise Partnership (LEP) against a background of the announcement made as part of the Emergency Budget that Regional Development Agencies will be abolished no later than March, 2012.
- Proposals which have been developed in consultation with business representatives for the creation of Greater Manchester LEP, and their relationship with the proposals to establish a Combined Authority.
- Proposals which have emerged following consultation with other sub-regions, 4NW, and business representatives about the creation by LEP's of a small regional body to discharge specific functions; as well as arrangements relating to support effective transition progressively over the coming months to protect the interests of the North West.

3.0 Combined Authority

3.1 The statutory public consultation into AGMA's proposals - which had been agreed in principle by the previous Secretaries of State for CLG and Transport, closed on the 14th July. It is understood that a positive response to the consultation has taken place and at the time of writing this report, the outcome of the consultation was being reported to the current Secretaries of State. The Chief Executive will report orally on any developments at the meeting.

4.0 Local Enterprise Partnerships

4.1 Government see LEP's as being joint local authority and business-led bodies where local authorities are invited to bring forward proposals following consultation with business by the 6th September. A White Paper is due later this year, probably to coincide with the outcome of the Comprehensive Spending Review, and which is expected to inform the terms of legislation which was announced in the Queen's Speech.

4.2 While the functions of LEP's have yet to be defined in detail, it seems clear that they are expected to provide strategic leadership for their areas including the

definition of clear priorities; and create the environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise, and the transition to a local carbon economy. LEP's will be based on functional economic areas which reflect natural economic geography and the partnerships would normally have equal representation on the Board from business and civic leaders. While the Government will consider alternatives, partnerships are expected to be chaired by a prominent business leader. It is also clear that governance arrangements need to be robust and clear.

4.3 It is likely that LEP's are likely to be different across the Country; in Greater Manchester there is the opportunity to focus on the following issues;

- The existing strategic framework provided by the Greater Manchester Strategy and the clear priorities which underpin it. The framework and the priorities are widely supported not only by individual local authorities, but also by all key business and public sector partners.
- The way in which these priorities have created their own distinctive work programmes involving AGMA, its Commissions and a number of business-led bodies, including the Business Leadership Council at a sub-regional level and with local authorities and their partners at very local levels, through the pilots. These priorities underline the requirements to drive skills and employment, business growth, transition to a local carbon economy, and strengthening the efficiency and productivity of the labour market serving Greater Manchester, including of course the need to tackle worklessness and deprivation throughout the area.
- While GMS priorities would become the essential core functional bases of the LEP for Greater Manchester, there is a strong case to explore the opportunities for new partnership arrangements with UKTI and Government on inward investment. This would build on some of the Centres of Excellence which have been established in Greater Manchester and provide new opportunities to align these activities with trade generally; and, following the work undertaken on the outcome of MIER and the city region engagement process, the need to develop relevant and coordinated business support arrangements which reflect the actual needs of local business, and relationships which also help develop a sound understanding of what these businesses need to promote growth. There is also the opportunity to develop a stronger and more integrated focus on skills. We will also want to include tourism within the functions of the LEP – building on the established and successful brand we have developed – and explore how we can influence key areas of policy such as science and research which are currently identified as being the sole responsibility of Government.
- There is also a need to ensure that through sub-regional arrangements there is full accountability for funding decisions, including an oversight of the management of and outcomes from new investment vehicles such as JESSICA.

4.4 Where structures are concerned there are two dimensions to the LEP;

- first, the composition of the Partnership Board itself; and
- second, the delivery arrangements for key functions.

4.5 Proposals will be determined by the AGMA Executive Board but is likely that the Partnership Board should consist of a cross-party group of AGMA Leaders, and representatives from the business, including the Business Leadership Council, Chamber of Commerce, Manchester Solutions, MIDAS, Marketing Manchester, CNE and Pro - Manchester. Detailed proposals for business representation will be brought forward following consultation with appropriate business organisations.

4.6 There will of course be a requirement to review the efficiency of sub-regional delivery structures and this will be taken forward as part of the Business Planning process for AGMA later this year.

4.7 The structure described above would build upon the long-standing commitment of AGMA to partnership working, and also on the emergence of the Combined Authority. This will create a single focus for economic development and transport functions; provide greater co-ordination between economic development, planning and transport throughout the conurbation, and facilitate the drive for efficiency amongst the ten local authorities and key partners by removing duplication, sharing services and improving the delivery of front-line services. The LEP will wrap around the Combined Authority; provide private sector leadership and expertise with a sharp focus on creating high value and sustainable jobs, increasing trade and investment, tourism and marketing, and supporting supply chains. The Combined Authority as the primary accountable body will take on responsibility for forging the relationship with the LEP.

4.8 Additionally, because of AGMA's commitment to public sector reform there will also be significant added value captured throughout the area as individual local authorities working with communities and other partners tackle more effectively some of the key GMS priorities at local levels.

5.0 Residual regional body

5.1 Local Authority Leaders and business partners have recognised that the changing nature of regional structures - NWRDA and GO NW - coupled with the outcome of the CSR which is almost certainly to result in one of the most difficult public spending frameworks ever brought forward, creates major challenges around the transfer of some powers and influence from the NW to Whitehall. This requires articulation of a clear strategy for maximising the resources to be allocated to the NW recognising the economic importance of the region to national economic recovery. The basic proposition has been agreed that the NW needs some form of residuary structure, and Chief Executives from each sub-region have been tasked to work with business representatives and develop detailed principles for presentation back to the Leaders Board on the 31st August.

5.2 The Chief Executive has been asked to chair this Group and the intention is to have formal reports available and endorsed by the Regional Leaders Board early in September.

5.3 It is however reasonably clear that there appears to be common ground around the following principles;

- LEP's are a matter for individual sub-regions and their business representatives and stakeholders. All sub-regions should support each others proposals.
- There will be a common narrative in each of the bids about the overall economic context for the NW; and a series of principles associated with collaboration.
- The presumption is that delivery activity should undertaken by individual LEP's ; it will be for individual LEP's to develop their own partnership arrangements with national agencies on business support, inward investment etc having regard to their own priorities and capacity.
- We need to retain existing NWDA assets in the NW to support the LEP's and their delivery vehicles going forward.
- There should be a small body, created by LEP's and accountable to a Leaders Board, to actively promote the interests of the NW in Whitehall and Brussels, oversee those large transformational projects which don't sit solely within one LEP, and generally co-ordinate the activities of LEP's.
- The Leaders Board should engage Chairs of LEPs and the wider economic and social partnerships in appropriate ways to ensure inclusivity in the way residual regional functions are discharged.
- We need strong partnership arrangements with the Agency to oversee the transition; this is where some of our biggest challenges are likely to emerge as significant reductions in current expenditure are required.
- ERDF Administration should remain in the NW; we should also explore what other regional functions eg planning should be assimilated in developing structures as a result of the likely demise of GONW.
- We should explore whether residual regional functional responsibilities can be discharged by individual LEP's reporting to the Leaders Board in able to maximise efficiency.

These principles will govern the development of detailed proposals.

6.0 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

- (b) Reaching full potential in education and employment**
- (c) Individual and collective self esteem – mutual respect**
- (d) Neighbourhoods of Choice**

6.1 Greater Manchester is a natural and genuine economic area. The evidence base of the Manchester Independent Economic Review and the Greater Manchester Strategy provides the strategic framework and clear priorities to drive sub-regional economic growth. The LEP is a natural extension of this work and will enable maximum delegation of functions and related powers to partners locally.

7.0 Key Policies and Considerations

(a) Equal Opportunities

7.1 None.

(b) Risk Management

7.2 None.

(c) Legal Considerations

7.3 None. The legal basis for the LEP will be derived from primary legislation and discussion with Government.