

Cabinet

16 March 2023

Coventry and Warwickshire Local Enterprise Partnership transition and the future approach to sub-regional economic development

Recommendations

That Cabinet

1. endorses the transition proposals and the approach to sub-regional economic development across Coventry and Warwickshire following the dissolution of the Coventry and Warwickshire Local Enterprise Partnership as set out in paragraph 2.2.
2. confirms the Council's commitment to the continuation of the functions of the Coventry and Warwickshire Growth Hub and requests a future report on the proposals for doing so.

1. Background

- 1.1 Local Enterprise Partnerships (LEPs) were created in 2011, following the abolition of Regional Development Agencies. They were established as strategic partnerships between the private and public sector, focused around functional economic geographies (i.e. areas that covered labour markets, commuting areas, concentrations of key sectors, etc.) which often spread across a number of administrative boundaries. In total, 38 LEPs were formed across England.
- 1.2 The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) was formed in 2011 as a company limited by guarantee (Coventry and Warwickshire Local Enterprise Partnership Limited), with members and a Board formed representing businesses, the two universities and further education colleges, and all the local authorities across the geography. The CWLEP was responsible for developing a Strategic Economic Plan for the area, and was a conduit for a range of national government funding programmes, such as Local Growth Funds, Growing Places, and Getting Building Fund. The CWLEP was responsible for assessing and prioritising applications for funding from these sources for consideration by Government and overseeing the programme management of the funds. A local authority was required to be the official accountable body for these funds, and for Coventry and Warwickshire this function was undertaken by Coventry City Council.

- 1.3 LEPs were subject to annual performance reviews, and the CWLEP were consistently ranked as one of the best performing LEPs through the strength of the partnership working that existed in the area, and ability to deliver and effectively spend the funding allocations awarded to projects.
- 1.4 In 2014, through a partnership between local government, the CWLEP, the Coventry and Warwickshire Chamber of Commerce and the Federation for Small Businesses; the Coventry and Warwickshire Growth Hub (CWGH) was established. The purpose of the CWGH was to reduce the complication and confusion to business through the wide range of different business support programmes, and act as a single front door to businesses, helping assess particular business support needs, and signposting/referring them into the most appropriate source of support. The CWGH formally became a subsidiary of the CWLEP in 2015 as a company limited by shares (Coventry and Warwickshire Growth Hub Limited).
- 1.5 In September 2021, the Government initiated a review of Local Enterprise Partnerships which fed into the Levelling Up White Paper and concluded that the functions and activities should transition to appropriate local democratic institutions as part for a wider approach to devolution. These local democratic institutions were defined as either Combined Authorities (mayoral or non-mayoral) or upper tier authorities as part of wider plans for County Deals.
- 1.6 In March 2022, the Government set out more detailed plans for this transition, and detailed three potential pathways:
- Pathway 1: where the boundary of the LEP is coterminous with, or fully contained within, a Combined Authority Geography or County Deal area, then the LEP functions would transition into that structure.
 - Pathway 2: where the boundary of the LEP is coterminous with a county that will in due course agree a County Deal, then the LEP would continue to exist until it could transition to that new arrangement.
 - Pathway 3: where the boundary of the LEP falls across areas with different devolution arrangements (i.e. partially within a Combined Authority area), then local areas were encouraged to develop bespoke local solutions to be agreed on a case by case basis.
- 1.7 Coventry and Warwickshire therefore clearly falls under Pathway 3, and local partners have been working with the CWLEP to develop an appropriate transition plan.

2. CWLEP Transition Plan

- 2.1 Following the announcement from Government on the plans for LEP transition, officers from Warwickshire County Council have been working with Coventry City Council, the District & Borough Councils, the CWLEP, the CWGH, and other local partners and stakeholders on developing a local transition plan. There is agreement from all parties that Coventry and Warwickshire remains a clear functional economic geography, and that there

is a shared commitment to maintaining a focus and ability to work collectively across the area with respect to economic growth and prosperity.

- 2.2 The guidance from Government in March 2022 (Integrating Local Enterprise Partnerships into local democratic institutions) set out the core functions of LEPs that they identified as needing transition. Not all LEPs operated in the same way, and there were a wide range of structures and ways of working across the country. As such, not everything listed applied to all LEPs, and indeed in some areas, other functions and activities need to be considered as part of transition arrangements. Table 1 below sets out the core functions, how they apply with respect to Coventry and Warwickshire, and the proposed solution as part of the transition arrangements.

Table 1: Functions of CWLEP and Transition Arrangements

Function	How it was undertaken by CWLEP	Future Arrangements
Ensuring a strong voice of business into decision-making	Through a CWLEP Board with majority private sector members and chair, and via a range of Business Groups comprised of business representatives alongside other public partners	Establishment of a C&W Economic Forum (see paragraph 2.3-2.6 below for more details)
Strategic Economic Planning	Two Strategic Economic Plans were developed during the lifetime of the LEP, along with a Recovery Framework during the pandemic.	WCC and CCC will work together to develop a new C&W Economic Strategy, and will engage and liaise with key partners, and utilise the newly formed C&W Economic Forum, to help shape and inform this strategy.
Growth Hubs	Growth Hub was a subsidiary of the CWLEP and provided a front door to business support provision across the sub-region.	Strong local commitment to continue the functions of the CWGH post the CWLEP dissolution, and to explore the best mechanism to do this going forward (see paragraphs 2.7-2.9 below for more details)
International Trade & Investment activity	In C&W, this activity is undertaken directly by the Department for International Trade.	No change.

Function	How it was undertaken by CWLEP	Future Arrangements
Local Digital Skills Partnership	For C&W, this activity was undertaken by the West Midlands Combined Authority.	No change.
Careers Hubs	The CWLEP held a contract with the Careers & Enterprise Company to host and manage the careers hubs for both Coventry and Warwickshire. Funding and delivery in place until end of August 2023	<p>The WMCA will be taking over responsibility for the Careers Hub across the WMCA area, including Coventry.</p> <p>WCC will be working directly with the Careers & Enterprise Company to secure future funding and undertake delivery aligned to wider careers activity undertaken by the County Council. This will likely take effect from September 2023.</p>
Local Skills Analysis	Undertaken on behalf of the CWLEP by WCC and CCC, utilising the employment and skills teams in each respective authority, and data analysis provided by WCC.	No change – will continue to be undertaken by WCC and CCC.
Monitoring and assurance of Local Growth Funds	Coventry City Council acted as the accountable body for the Local Growth Funds secured and overseen by the Programme & Delivery Board of the CWLEP.	Coventry City Council will continue to act as the accountable body, and will monitor outcomes from projects as per contractual arrangements with Government. All spend has occurred, so the focus is now on assurance that investment has delivered the agreed outcomes. CCC will provide regular reports to WCC and the District & Borough Councils on performance.

- 2.3 Of particular interest and importance to Government is the continued engagement and involvement of the private sector to help shape and inform policy decisions being made by local democratic institutions. The “voice of business” was regarded as one of the key strengths of Local Enterprise Partnerships, and therefore a key part of our transition plan must address how this will be undertaken in the future.
- 2.4 To enable a clear and strong voice of business across Coventry and Warwickshire, the proposal is to establish a new Coventry and Warwickshire Economic Forum (CWEF). The aim of the CWEF is to provide a more agile, accessible, engaging and multi-format way of engaging, consulting and listening to the issues and needs of our local business community and key sectors. We do not intend to establish a fixed board. Instead, we want to create a forum where any business, of any size and from any sector, can join and engage with us. The intention is to create a dynamic structure that allows for businesses to enter and exit at will, and to engage on those issues and discussions that are important to them. Warwickshire County Council and Coventry City Council will commit to use this forum as part of their consultation and engagement processes to enable the voice of business to input into our policies, strategies and activities.
- 2.5 Businesses joining the forum will be expected to play an active role, and will be asked to set out their interests/expertise to help identify relevant businesses when issues are raised. Businesses will be notified of issues both generically, and in a targeted way based on their interests/expertise or the particular nature of the issue/ topic which is the subject of discussion (i.e. if it is something around a particular geographic area, or a particular sector, then there would be deliberate targeting of businesses). It is expected that businesses will be able to engage and comment in a variety of ways (workshops, events, surveys, 1:1 discussions etc.) and the outcomes will be collated and presented in the form of a summary report. We will commit to presenting an update on the report detailing how the feedback/comments have been utilised (“you said, we did”).
- 2.6 Warwickshire County Council and Coventry City Council are committed to jointly fund a CWEF co-ordinator post to help manage and direct the work of the CWEF. The Forum, and the co-ordinator, will be expected to work very closely with key business intermediaries such as the Coventry and Warwickshire Chamber of Commerce, Federation of Small Businesses, and CWGH (or its successor).
- 2.7 The CWGH is an important component of the business support ecosystem across Coventry and Warwickshire, providing a clear and visible front door for businesses and enabling effective and appropriate referrals into the most relevant business support programmes. As the CWGH is currently a subsidiary company of the CWLEP, there is a need to consider options for the the functions of the CWGH to continue to be delivered as a separate legal entity.

- 2.8 The current proposal under consideration is to maintain the CWGH as a separate company, with Coventry City Council and Warwickshire County Council becoming joint shareholders of the new company that will also ensure the democratic accountability required. The remit of the company and the composition of the Board will need further consideration with a view to ensuring that both public and private sector are represented on the Board, with Warwickshire County Council also having a place on the Board.
- 2.9 Due diligence is currently being undertaken on the CWGH company, and options for the most suitable company structure are being reviewed. A report will come to Cabinet in the near future setting out the detailed proposals for the future of the CWGH.

3. Financial Implications

- 3.1 Government is continuing to provide funding to support the transition work and continuation of key activities. We have recently been informed that Warwickshire County Council will receive a funding allocation of £250,000 for 2023/24 for this purpose (subject to a business case being developed and agreed). It is expected that funding will be used to fund any costs associated with the closedown of the CWLEP, any costs involved in the transitioning of activities, and to help fund the core activities set out in Table 1 above. It cannot be assumed that this funding will continue in future years.
- 3.2 The CWLEP received grant funding from the Department for Business, Energy and Industrial Strategy (now the Department for Business and Trade) for the operation of Growth Hubs in previous years. It is not yet confirmed if this funding will be available in 2023/24. The Council has provided funding of £130,560 in 2022/23 to support the work of CWGH, which is the same funding contribution as Coventry City Council. The District and Borough Councils also fund CWGH on a proportionate basis at a collective level of £80,000 for 2022/23. Both Warwickshire County Council and Coventry City Council have indicated that they are committed to continue to provide funding support for CWGH, given the important role it provides in being a front-door for business support services in the sub-region.
- 3.3 The level of funding from Warwickshire County Council for 2023/24 has not yet been agreed, and it should be noted that there is no formal allocation for this in the 2023/24 budget. Options to fund include making use of some of the £250,000 of funding to support the transition work (as set out in paragraph 3.1 above), a bid into the Revenue Investment Fund (under the “Thriving Economy & Places Objective), existing service budgets, or a mixture of the three. Funding beyond 2023/24 will need to be considered in light of other funding requests as part of the 2024/25 MTFS refresh once the work to determine the best mechanism to do this going forward is completed.
- 3.4 The CWLEP have significant reserves of c. £1m that can be allocated to the any successor of the CWGH, subject to any costs and final dispersals.

4. Environmental Implications

- 4.1 The transition to a low carbon economy, supporting businesses to reduce their environmental impacts, and exploiting the new business opportunities that exist in this space are all key priorities for sub-regional economic development going forward. As we develop our new sub-regional economic strategy, and establish the Coventry and Warwickshire Economic Forum, we will look to identify and promote key measures and activities that can be undertaken to support these priorities and which can be best done across the Coventry and Warwickshire geography to complement and add value to work being done at a regional/WMCA, county and district/borough level.

Background papers

None

	Name	Contact Information
Report Author	David Ayton-Hill – Assistant Director for Communities	davidayton-hill@warwickshire.gov.uk
Assistant Director	David Ayton-Hill – Assistant Director for Communities	davidayton-hill@warwickshire.gov.uk
Strategic Director	Mark Ryder – Strategic Director for Communities	markryder@warwickshire.gov.uk
Portfolio Holder	Martin Watson – Portfolio Holder for Economy	martinwatson@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): N/a – county wide matter

Other members: Chair and Party Spokes of the Communities Overview and Scrutiny Committee