

Forest Heath District Council

(This report is not a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Cabinet Member for Economic Development and Tourism

CABINET
18 FEBRUARY 2014
CAB14/135

STRATEGIC ECONOMIC PLANS FOR THE NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP AND GREATER CAMBRIDGE/GREATER PETERBOROUGH LOCAL ENTERPRISE PARTNERSHIP (Decisions Plan Reference: FEB14/06)

1. Summary and reasons for recommendation(s)

- 1.1 Following Lord Heseltine's *'No Stone Unturned'* review, the Government confirmed its commitment to negotiating a Growth Deal with every Local Enterprise Partnership (LEP).
- 1.2 Through Growth Deals, the 39 LEPs can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund (LGF) to spend on the delivery of their priorities.
- 1.3 The LGF is set at £2 billion for 2015/16, with a commitment to at least maintain this level to 2020/21.
- 1.4 The Government has asked LEPs to set out their Growth Deal in a Strategic Economic Plan (SEP) that brings together all the resources at their disposal so that each LEP has one plan driving its approach to investing in local priorities.
- 1.5 It is only through the LGF (via the LEPs) that local authorities will be able to access Government funding towards these priorities.
- 1.6 The development of the SEP is an iterative process, enabling LEPs to make their best case, and enabling Government to better understand and test the underlying capacity and commitment of partners.
- 1.7 The SEPs are expected to:
 - (a) be based on the drivers and barriers to growth specific to each LEP area; and
 - (b) have regard to national policy on growth, including for example housing, transport, skills, industrial strategy and rural economies.
- 1.8 The Government has also given LEPs responsibility for producing European Structural and Investment Funds 2014-20 Strategies (ESIFS) to cover their area and to illustrate how they intend to allocate their share of the European funding. These strategies are closely linked to the SEPs.

- 1.9 Greater Cambridge and Greater Peterborough LEP (GCGP) and New Anglia LEP (NALEP) submitted their first draft SEPs to Government in December 2013.
- 1.10 Both LEPs are keen to stress that these documents are just initial drafts (please note that the NALEP document, attached as Appendix B, is an amended version of the draft NALEP submitted to Government in December 2013). They acknowledge that there are improvements to be made, taking into consideration comments from stakeholders, before the final submission in March 2014.
- 1.11 Officers have already received feedback from Members and these comments (plus any further comments) will be submitted, along with Officer comments, to GCGP and NALEP during February 2014.

2. Recommendations

2.1 It is RECOMMENDED that:

- (a) **The content of the Greater Cambridge Greater Peterborough Local Enterprise Partnership's draft Strategic Economic Plan, as contained in Exempt Appendix A, be noted.**
- (b) **The content of the New Anglia Local Enterprise Partnership's draft Strategic Economic Plan, as contained in Appendix B, be noted.**
- (c) **Comments on the Greater Cambridge Greater Peterborough Local Enterprise Partnership's draft Strategic Economic Plan (as contained in Exempt Appendix A) and the New Anglia Local Enterprise Partnership's draft Strategic Economic Plan (as contained in Appendix B), be submitted to the Head of Economic Development and Growth by 23 February 2014, to enable a coordinated West Suffolk response.**
- (d) **The Head of Economic Development and Growth, in consultation with the Portfolio Holder for Economic Development and Tourism, be given delegated authority to approve the final versions of the Greater Cambridge Greater Peterborough Local Enterprise Partnership and New Anglia Local Enterprise Partnership Strategic Economic Plans.**

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3. How will the recommendations help us meet our strategic priorities?

3.1 The recommendations meet the following, as contained within the Strategic Plan:

(a) A stronger local economy which is capable of growing; and

4. Key issues

4.1 Following Lord Heseltine's *No Stone Unturned* review, the Government confirmed its commitment to negotiating a Growth Deal with every Local Enterprise Partnership (LEP).

4.2 Through Growth Deals, the 39 LEPs can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund (LGF) to spend on the delivery of their priorities. The Government will respond to the offers made by LEPs in pursuit of the shared objective of growth.

4.3 The LGF is set at £2 billion for 2015/16, with a commitment to at least maintain this level to 2020/21.

4.4 The Government has asked LEPs to set out their Growth Deal in a Strategic Economic Plan (SEP) that brings together all the resources at their disposal, not least from the private sector, so that each LEP has one plan driving its approach to investing in local priorities, whether that is in skills, priority growth sectors, business support, or infrastructure. It is only through the LGF (via the LEPs) that local authorities will be able to access Government funding towards these priorities.

4.5 The development of the SEP is an iterative process, enabling LEPs to make their best case, and enabling Government to better understand and test the underlying capacity and commitment of partners.

4.6 The Government provided LEPs with some guidance for the preparation of the SEPs in July 2013, however a set format for the SEPs was not provided. The SEPs are expected to:

- (a) be based on the drivers and barriers to growth specific to each LEP area; and
- (b) have regard to national policy on growth, including for example housing, transport, skills, industrial strategy and rural economies.

4.7 The SEPs will be assessed by Government around three core themes:

- (a) Ambition and rationale for intervention for the local area;
- (b) value for money; and
- (c) delivery and risk.

- 4.8 The Government has also given LEPs responsibility for producing European Structural and Investment Funds 2014-20 Strategies (ESIFS) to cover their area and to illustrate how they intend to allocate their share of the European funding. These strategies are closely linked to the SEPs.
- 4.9 The notional seven year European funding allocations are:
- a) *GCGP* - €75.5 million (approximately £64.6 million) for European Social Fund and European Regional Development Fund priorities and €9.2 million (approximately £7.3 million) for European Agricultural Fund for Rural Development priorities.
 - b) *NALEP* - €94.5 million (approximately £80.8 million) for European Social Fund and European Regional Development Fund priorities and €16.2 million (approximately £13 million) for European Agricultural Fund for Rural Development priorities.
- 4.10 *GCGP* and *NALEP* submitted their first draft SEPs to Government in December 2013. They have produced very different documents, which is not surprising considering the fact that a set format was not provided in the Government guidance.
- 4.11 Both LEPs are keen to stress that these documents are just initial drafts (please note that the *NALEP* document, attached as Appendix B, is an amended version of the draft *NALEP* submitted to Government in December 2013). They acknowledge that there are improvements to be made, taking into consideration comments from stakeholders, before the final submission in March 2014.
- 4.12 Due to time constraints before the draft submission deadline, *GCGP* and *NALEP* have been unable to collaborate sufficiently to ensure that their SEPs are supportive of each other and maximise resources; it is hoped that they will now look at this issue, notwithstanding the fact that the allocation of LGF funding is a competitive process.

GCGP Strategic Economic Plan:

- 4.13 The *GCGP* SEP has the following vision:
- a) Building our reputation as the place that invents the technologies of the future;
 - b) continuing to be the home of internationally competitive sectors;
 - c) creating a world-class environment for businesses to invest, locate and grow;
 - d) delivering the support that our diverse range of businesses need to succeed; and
 - e) ensuring that economic growth and its benefits spread out beyond our core cities.
- 4.14 The *GCGP* SEP includes interventions under the following key areas:
- a) To be the UK's exemplar area for digital connectivity;

- b) accelerate the momentum of business growth by facilitating targeted support;
 - c) respond to existing pressure for the growth and retention of businesses by facilitating the provision of additional commercial space;
 - d) remove the skills barriers to continued growth;
 - e) a transport network fit for an economically vital high growth area; and
 - f) Alconbury Weald Enterprise Campus.
- 4.15 The GCGP SEP has requested £250 million from the Local Growth Fund (this is obviously not guaranteed and will be dependent upon the negotiations with Government).
- 4.16 Officers have the following general comments on the GCGP SEP:
- a) The document is relatively concise and easy to read.
 - b) The clear list of prioritised intervention packages, at the start of the document, is useful. However:
 - c) The document would benefit from a Contents page and a Conclusion.
 - d) The Governance section is important and would sit better after Section 1 (perhaps with Section 2: Supporting Evidence being made into an Appendix).
 - e) The document as a whole comes across as far too Cambridge-centric, with not enough emphasis on the wider Greater Cambridge Greater Peterborough area.
 - f) There are several missed opportunities in terms of highlighting Newmarket as the global centre of the horseracing industry.
 - g) Specific West Suffolk requests are not listed (e.g. Eastern Relief Road in Bury St Edmunds), however the SEP appears to have taken the overall stance of providing more generic interventions that are not place-specific.
 - h) It is not always clear whether or not interventions will be carried out across the LEP area. If they are, then this needs to be made clear; if they are not, then we need to know why and rectify this.

NALEP Strategic Economic Plan:

- 4.17 The NALEP SEP has the following vision (leading to more jobs, more businesses and more prosperity by 2025):
- a) Have a highly skilled and flexible workforce that can respond to the changing demands of our leading technology sectors;
 - b) be an international hub for renewable and offshore energy and its supply chains;
 - c) host an internationally significant cluster for research and application of ICT and digital technologies and develop a new strength in agri-tech ICT applications;
 - d) be recognised as a UK cluster for agri-tech, biotechnology and advanced manufacturing;
 - e) have grown its already significant presence in the financial services industries, taking advantage of proximity to London; and
 - f) be a strong net contributor to the UK economy with high earning potential and low unemployment.

4.18 The NALEP SEP includes interventions under the following key areas:

- a) Key sectors;
- b) growth locations;
- c) infrastructure;
- d) enterprise and innovation;
- e) building a 21st century workforce;
- f) enabling housing growth; and
- g) inward investment.

4.19 The NALEP SEP has requested £405.5 million from the LGF (this is obviously not guaranteed and will be dependent upon the negotiations with Government).

4.20 Officers have the following general comments on the NALEP SEP:

- a) The document is easy to read.
- b) The sectors chosen are the right ones – and the SEP makes it clear why these and not the others, it also explains that other sectors (like Tourism) will continue to be supported anyway. However:
- c) Whilst being easy to read – the document is very long and takes a huge amount of time to read. It is also repetitious in places and Appendices appear to have been used to try to reduce the content in the report but this has not always worked. More use could be made of appendices to free up the main document and keep the message clear.
- d) At times the document is very clear about what the issues are in New Anglia; what we will do about them; and what we ask Government to do – at other times this structure is lost.
- e) From a Suffolk districts' point of view there are insufficient Suffolk examples – or put another way, the Norfolk story comes through much more strongly (particularly in the Transport chapter). Officers will provide the LEP with more examples and evidence as to why investment is needed in Suffolk.
- f) From a West Suffolk point of view, Bury St Edmunds in particular is absent and the fact that Newmarket is a global brand has not been highlighted sufficiently. There are other omissions too (e.g. Brandon/Shepherds Grove in Stanton/Newmarket, etc.). We will be working with the LEP team to correct this.
- g) The Inward Investment piece is too weak. It is a statement of what happens now and is not ambitious enough in explaining what the LEP could do (perhaps this is an opportunity for cross boundary collaboration between LEPs).

Next stages:

4.21 The Government has announced the following timeline:

- a) *January 2014* - Government to provide feedback to LEPs on their SEPs and by the end of the month LEPs must submit their final ESIFS to Government.
- b) *February 2014* - Government to provide feedback and agree the ESIFS.
- c) *March 2014* – LEPs to submit the final version of their SEP to Government and work with partners to develop projects and prepare for implementation of their ESIFS.
- d) *April 2014* - Government to start the formal assessment of the LEP SEPs, with final assessments by June 2014.

- e) *July 2014* – Government makes the Local Growth Fund offer to LEPs; Growth Deal negotiations completed; and spending of ESIF 2014-2020 to begin, subject to approval of the European Commission.
- f) *April 2015* – LEPs and Government to implement Growth Deals.

4.22 Officers have already received feedback from Members and these comments (plus any further comments) will be submitted, along with officer comments, to GCGP and NALEP during February 2014.

5. Other options considered

5.1 None.

6. Community impact

6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 No impact from this report.

6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 No impact from this report.

6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 No impact from this report.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 No impact from this report.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

7.1 GCGP consulted through:

- a) a call for project proposals via their mailing list, social media channels and local business representative organisations (resulting in over 300 projects ideas);
- b) meetings held with their Skills Strategy Group, Business Representatives Group, Voluntary and Social Enterprise sub-group, Science Innovation and Industry sub-group; and Local Authority Leaders, Chief Executives and Economic Development Officers; and
- c) feedback from the above channels was then taken to their LEP Summit in November 2013, where further consultation took place.

7.2 NALEP consulted through:

- a) Suffolk and Norfolk Growth Groups where all 16 local authorities in the area are represented;
- b) quarterly engagement events with district council members;
- c) a series of conferences, bringing together businesses and other stakeholders;

- d) business representatives group – enabling the Federation of Small Businesses, Chambers, Institute of Directors and others to meet regularly with board members;
- e) their Sector Groups, led by business , and Liaison Group (established with college and university principals to ensure the role of higher and further education is embedded in the work of the LEP); and
- f) their website, newsletter, Linked In group and Twitter account.

8. Financial and resource implications *(including asset management implications)*

- 8.1 There have been, and still are, implications in terms of officer and Member time to liaise with both the LEPs and Suffolk County Council during the development of the SEPs.
- 8.2 Whilst the SEPs are being finalised there are not any financial implications. However, after the final SEPs are approved and projects start to be delivered, there may be implications for district councils in terms of providing some match-funding for projects in order to bring funding opportunities into West Suffolk.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The final SEPs have a bias towards Norfolk (for NALEP) and Cambridge (for GCGP), with not enough emphasis on West Suffolk	Medium	Officers to supply the LEPs with more West Suffolk case studies	Low
The final SEPs do not include projects that will benefit West Suffolk	Medium	Officers to work closely with the LEPs and Suffolk County Council to ensure that our West Suffolk needs are taken into account	Low

10. Legal and policy implications

- 10.1 The draft SEPs are linked to our corporate priorities and the West Suffolk Six Point Plan for Jobs and Growth, in addition to being aligned to the Suffolk Growth Strategy.

11. Ward(s) affected

- 11.1 All wards in Forest Heath.

12. Background papers

- 12.1 Report No CAB13/106 (Cabinet – 3 September 2013) - Growth Plans for New Anglia LEP & Greater Cambridge Greater Peterborough LEP.

13. Documents attached

- 13.1 Appendix A (**Exempt**) - Greater Cambridge Greater Peterborough Local Enterprise Partnership's draft Strategic Economic Plan.
- 13.2 Appendix B – New Anglia Local Enterprise Partnership's Draft Strategic Economic Plan.