

Report of:	Head of Economic Development
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Key Decision:	Yes
Report Track:	Cabinet: 20/07/17

CABINET**20 JULY 2017****UPDATE ON THE COUNCIL'S MEMBERSHIP OF THE STOKE AND STAFFORDSHIRE AND GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIPS SINCE 2010****1 Purpose of Report**

- 1.1 To consider the investment benefits derived from the Council's involvement in the two Local Enterprise Partnerships (LEPs) which cover Cannock Chase District; the Stoke and Staffordshire Local Enterprise Partnerships and the Greater Birmingham and Solihull Local Enterprise Partnerships.

2 Recommendations

2.1 Cabinet are asked to:

- Note the investment of circa £8,816,787 gross (£6,286,281 net - grant drawn down) into the District from the GBSLEP since 2010
- Note the investment of circa £4,263,610 gross (£2,010,810 net - grant drawn down) into the District from the Stoke and Staffs LEP since 2010
- Confirm the Council's continued membership of both the GBSLEP and SSLEP

2.2 Should cabinet decide to change current Local Enterprise Partnership membership arrangements in anyway the Managing Director is delegated, in consultation with the Leader of the Council, to implement the decision.

3 Key Issues and Reasons for Recommendation

- 3.1 There is a marked difference between the Stoke and Staffs and the Greater Birmingham and Solihull Local Enterprise Partnerships in the level of engagement available to the Council and the amount of funding drawn down to achieve economic development objectives.
- 3.2 This report sets out the investments made by both LEPs since the District joined both in 2010 and sets out information on engagement and governance issues.

4 Relationship to Corporate Priorities

- 4.1 The Council's Corporate Plan, adopted in 2015, aspires to lead the local community to deliver better jobs and skills, more and better housing, cleaner and safer environments and better health outcomes. The proposals set out in this report will impact on many of these as well as making best use of limited resources.

5 Report Detail**5.1 Background**

- 5.1 In June 2010 the Coalition Government confirmed that the nine Regional Development Agencies (RDA's) which had been established in April 1999 to promote the economic development of the English Regions would be abolished with effect from 31 March 2012. In the West Midlands Region this decision resulted in the closure of Advantage West Midlands on the same date.
- 5.2 At the end of June a letter to Local Authority Leaders, Chief Executives and Business Leaders was issued by the Government setting out proposals to establish Local Enterprise Partnerships (LEPs) to replace the RDA's. The key elements were as follows:
- The LEPs were central to the Coalition Government's attempts to rebalance the economy towards the private sector through the establishment of local economic priorities and tackling issues such as planning, housing, transport, employment and enterprise to create the conditions for business growth.
 - Equal representation on the LEP Boards from business and civic leaders with a prominent local business leader occupying the chair.
 - Governance structures sufficiently robust and clear enough to ensure proper accountability.
 - Partnerships to better reflect the natural economic geography of the areas they serve and should not be constrained by local and regional boundaries.

- To be sufficiently strategic partnerships should include groups of upper tier authorities.
- 5.3 Outline proposals from partnerships of local authorities and businesses were submitted to the Government for consideration September 2010. As members are aware two LEP proposals emerged of importance to the Cannock Chase District Council area. Firstly, Staffordshire County Council announced their intention to work with Stoke-on-Trent City Council to promote a single LEP based on the Staffordshire sub-regional area. All Districts in the County were invited to participate in the proposed Staffordshire and Stoke-on-Trent LEP. Secondly, a much larger LEP was proposed based upon the Birmingham City Region model which would include Birmingham, the four Black Country Boroughs of Dudley, Sandwell, Walsall and Wolverhampton City, Solihull, parts of North Worcestershire and Southern Staffordshire, including Cannock Chase.
- 5.4 However, proposals for the City Region based LEP were short lived because the four Black Country Boroughs decided instead to propose their own LEP using the existing Black Country Consortium approach as a basis for its governance and delivery mechanisms. As a result, the larger Birmingham City Region based LEP was dropped and was been replaced by a LEP based upon Birmingham and Solihull. From Staffordshire Cannock Chase, East Staffordshire, Lichfield and Tamworth District Councils agreed to become members.
- 5.5 South Staffordshire and Cannock Chase Councils were invited to hold associate membership of the Black Country LEP on the basis of their economic and social connections.
- 5.6 The decision to participate in both LEPs was based on the opportunity to engage in the overlapping functioning economic geographies that impact the area, within which the best interests of the Council and District could be most effectively represented. The main objective being to secure recognition for the economic needs of the District which reflected its location as a Southern Staffordshire District but with strong economic links to the conurbation to the south.
- 5.7 The initial draft submission document which proposed the Staffordshire and Stoke LEP was seen as a reasonably balanced proposal in acknowledging the long-standing problems of North Staffordshire, but also acknowledging some specific concerns within Southern Staffordshire, including Cannock Chase District issues.
- 5.8 However, by the time the formal consultation was nearing an end the proposal had been retitled 'Stoke-on-Trent in Staffordshire' and had a marked bias to the North of the County, especially Stoke. As a consequence of this, formal representations were made to the County Council to express the Council's concerns and disappointment. The Southern Staffordshire Partnership (not now in existence) also sought significant change on behalf of partner Districts.

- 5.9 The final Staffordshire-wide LEP proposal submitted to the Government was considered to be a significant improvement on earlier versions albeit noted in the report to Cabinet of 16 September 2010, that it still did not make the most of business growth opportunities in the south of the County, had too much of a focus on Stoke-on-Trent/North Staffordshire and raised concerns about its governance arrangements. Despite some reservation and on balance, Cannock Chase and the other southern Staffordshire Districts gave their support to the Staffordshire and Stoke LEP as well as for LEP's based in the conurbation – Birmingham and Solihull; and the Black Country.
- 5.10 In addition to established partnerships and the inter-relationships which come from being part of the 'administrative geography' of Staffordshire, a fundamental consideration in the establishment of the LEPs was the 'functioning economic geography' within which the best interests of the Council and District could be represented. Cannock Chase District, along with other southern Staffordshire districts, has very strong links with the Birmingham and Black Country area. It was therefore considered important that Cannock Chase Council be an active member of the Birmingham & Solihull LEP proposal. As a consequence the southern Staffordshire Districts of Cannock Chase, East Staffordshire, Tamworth and Lichfield all also gave their support to the Birmingham and Solihull LEP. In 2012, the four South Staffordshire Districts also decided to pool their business rates in the GBSLEP pool rather than the Staffordshire and Stoke on Trent pool.
- 5.11 The Black Country LEP proposal was not confirmed.
- 5.12 The most significant change in the landscape for local authority economic development since the formation of the LEPs was the creation of Combined Authorities and because of the overlapping of agendas is relevant to this report.
- 5.13 Combined Authorities are the primary mechanism identified by central government for the devolution of further powers and funding to local areas. They were introduced in the *Local Democracy, Economic Development and Construction Act 2009*, (sections 103-113).
- 5.14 The seven Metropolitan Councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton made a commitment to establish a West Midlands Combined Authority by 1 April 2016. A Statement of Intent was published on 5 July 2015 setting out how a proposed West Midlands Combined Authority (WMCA) would work across the three Local Enterprise Partnerships of Greater Birmingham & Solihull, Black Country and Coventry & Warwickshire to deliver conditions for business to flourish, creating more skilled and better paid jobs, bringing more investment into the area, improving health outcomes and reforming public services. It set out key objectives to increase competitiveness and productivity and be a driver for growth nationally.

5.15 Cannock Chase Council was invited to join the proposed West Midlands Combined Authority along with all other District and Borough Councils in the Greater Birmingham and Solihull Local Enterprise Partnership and the Coventry & Warwickshire Local Enterprise Partnership (including Hinckley & Bosworth Borough Council in Leicestershire). This was subsequently agreed and implemented (Cabinet report 24 December 2015 – ‘Proposals for a West Midlands Combined Authority’).

5.16 Current Situation and Considerations

5.17 Continuing support for LEPs is signalled in the Conservative Manifesto which states: ‘We will give local enterprise partnerships greater weight by backing them in law’. However, this is locally in the context of the WMCA and its growing role in economic development and related matters.

5.18 Cannock Chase District now has a number of years’ experience of working with both Local Enterprise Partnerships and, over the last 18 months, of the Combined Authority. The fundamentals identified above, of economic geography, of representing the Districts interests on economic development and related matters and of maximising access to funding, still hold good.

5.19 However, concerns raised at the time of the formation of the Stoke and Staffordshire Local Enterprise Partnership still exist; that it is overly focused on the City of Stoke-on-Trent and that procedural arrangements do not allow for full representation of the interests of the District. The district has little or no formal representation on the Local Enterprise Partnership decision making mechanisms and the approach the LEP adopts of minimal engagement, on the basis of reducing bureaucracy, does not create the environment for inclusive and participative membership, essential to any partnership.

5.20 Contrary to the Stoke and Staffordshire experience the GBSLEP has worked hard to engage with all its partners and has created an environment of inclusivity and participation, albeit it sometimes clouded by the scale and complexity of the geography, the range of partners and the scale of work underway. Recently recruited members of staff have already helped in addressing some of these concerns and it is in the context of an openness which is perceived to be lacking in the S&SLEP.

5.21 Whilst the WMCA has yet to properly establish itself (senior managerial posts are currently being recruited) it has adopted much of the ethos and commitment to open partnership that is hallmarks of the GBSLEP. It is important to be clear that key powers and responsibilities will sit with the seven metropolitan authorities that fall under the remit of the WMCA Mayor. The future role of Non-Constituent Members (NCMs) is unclear, particularly for those members who are district councils in a two tier area and so do not have the full range of local authority powers on such matters as transport. As the CA gains prominence and

integrates the economic development work of the LEPs across the area this will become an important factor to consider.

5.22 The emerging draft refresh of the S&SLEP Strategic Economic Plan is being finalised. Whilst final amendments are still being made prior to agreeing the consultation draft the fundamental approach of the original is preserved, with a strong emphasis on the City of Stoke-on-Trent. Little acknowledgement is given of the separate economic geographies of the administrative area of Staffordshire, which may be divided into key relationships to the north-west for Stoke, Newcastle under Lyme and Staffordshire Moorlands (the later also to the north-east), to the east for East Staffordshire and to the south for Cannock, East Staffordshire, Lichfield, Tamworth, and South Staffordshire. Physical, economic, social, cultural and environmental connectivity within the County area is undeniable but it is a major weakness of the emerging SEP that it does not equally recognise, and therefore plan for, the economic areas that most influence its constituent parts. If these matters are not taken into account in the redrafting of the report Cannock Chase Council officers are unlikely to recommend endorsement of the SEP.

5.23 Attached to this report at Appendix 1 is a table which shows the amounts of funding, in so far as can be ascertained, that have been identified for Cannock Chase District and its businesses by the respective LEPs. For GBSLEP this is circa £8,825,787 and for S&SLEP circa £4,263,610.

5.24 The GBSLEP currently consumes more officer time than the S&SLEP, largely due to the wider opportunities for deeper engagement with GBSLEP.

5.25 Findings and Conclusion

5.26 There have been persistent issues for the Council with the S&SLEP throughout its existence and little indication that the approach or processes will change. To the contrary, engagement and an ability to participate in the work of the GBSLEP has been good throughout and is growing deeper. The impact of the WMCA is not yet clear but the Council has experienced good partnership working so far with similar engagement to that for the GBSLEP.

5.27 More investment funding has been received from the GBSLEP when compared to the investment from SSLEP. It should be noted that at least some of this is due to the nature of the projects and the Council's lack of a developed project pipeline. One of the LEPs principle sources of funding from government for supporting projects is the Local Growth Fund. It has been indicated by the Government that the current round three programme will be the last.

5.28 The case for maintaining membership of the GBSLEP is strong, based on the principles noted early in this report and on performance and impact. It also allies

well with participation in the WMCA and involvement in the wider regional agenda that this brings.

- 5.29 The case for maintaining membership of the S&SLEP is arguably less strong in purely financial terms, however, it is considered that there would be little advantage to ceasing membership and would bring a number of risks. Ceasing membership will reduce the potential for funding coming into the District, it could reduce the District's voice on strategic economic matters and create an environment where partnership working on a range of subjects will be more difficult.
- 5.30 Staffordshire County Council officers have over the last year been endeavouring to increase Staffordshire local authorities' ability to influence the LEP and shape its economic agenda. It led on the development of an economic development priorities paper that has been submitted to the LEP for its consideration in the refresh of the SEP. Withdrawing from any LEP immediately removes any opportunity to bid for funding.
- 5.31 European regeneration and economic development funding is in the main distributed through the mechanism of the European Structural and Investment Fund (ESIF), based on the LEP geography. LEPs established Sub-Committees to provide implementation advice to the Managing Authorities for the ESIF Growth Programme in England. Cannock Chase is members on both LEPs' ESIF Sub Committees and has played a key role in representing the Southern Staffordshire Districts. Whilst ESIF Sub Committees exist in their own right working to centrally established terms of reference, ceasing membership of a LEP will require re-evaluation of the Council future role and participation in the work of the relevant ESIF Sub-Committees.

6 Implications

6.1 Financial

Withdrawing from membership of a LEP holds the potential for a loss of funding to support the achievement of Council objectives.

6.2 Legal

None at this stage.

6.3 Human Resources

Some Cannock Chase Council posts in the Economic Development Team are part funded from European Regional Development Fund and it is not known how a decision on LEP membership would impact on EU funding which is delivered and managed through the LEPs. The team also supports the work of the

GBSLEP Employment and Skills Board and the funding for this might cease depending on the decision.

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

Withdrawing from a LEP will bring risk and there will be little that the Council will be able to do to mitigate it.

6.8 Equality & Diversity

There may be an impact on the most disadvantaged communities in Cannock Chase.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: LEP Funding

Previous Consideration

None

Background Papers

Cabinet report of 16 September 2010 - LOCAL ENTERPRISE PARTNERSHIPS

Cabinet report of 24 September 2015 - The Government's Devolution Agenda – Proposals for a West Midlands Combined Authority

LEP Funding Allocations

Name of funding / support scheme	Number of businesses who have received funding / support	Total amount of funding that has been issued to businesses	Number of jobs created	Number of jobs safeguarded	Grant, Loan or Support	Capital or Revenue	Notes
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Greater Birmingham and Solihull LEP (GBSLEP)

Business Development Programme (GBSLEP) old	15	Circa £213,500	Circa 65	0	Grant	Revenue	Scheme ended
Business Dev (Growth) Programme (GBSLEP) NEW	2	£40,000	6	0	Grant	Revenue & Capital	New Scheme
Green Bridge (GBSLEP) old	5	Circa £391,500	Circa 45	0	Grant	Revenue & Capital	Scheme ended
Green Bridge (GBSLEP) NEW	0	0	0	0	Grant	Revenue & Capital	New Scheme
Business Innovation Programme (GBSLEP) old	2	Circa £60k	Circa 7	0	Grant	Revenue & Capital	Scheme ended
Business Innovation Programme (GBSLEP) NEW	2	£24,787	3	0	Grant	Revenue & Capital	New Scheme
HS2 NEW	0	0	0	0	Grant	Revenue & Capital	New Scheme
RGF Debt & Equity Programme Fund (GBSLEP)	1	Circa £500k	0	Circa 45	Loan	Revenue & Capital	
Mezz Fund (GBSLEP)	1	Circa £500k	0	Circa 45	Loan	Revenue & Capital	

ITEM NO. 9.10

Great 200 Leaders (GBSLEP)	7	N/A	N/A	N/A	Support	N/A	Scheme ended. Mentoring programme as part of the Business Development Programme
LGF Funding (GBSLEP)	1	£1.3m (Pentalver) (drawn down 601K)	55	266	Loan	Capital	GBSLEP awarded a further £800K Staffordshire County Council for remediation work at Kingswood Lakeside
Start Up Programme 2013-2015 (GBSLEP) - Old	See notes	N/A	N/A	N/A	N/A	N/A	Scheme ended. 52 people received pre-start support. 10 businesses started. 17 young businesses received post-start support.
Start Up Programme 2013-2015 (GBSLEP) NEW	See notes	N/A	N/A	N/A	N/A	N/A	New Scheme - 9 referrals as at 24.1.17
Enterprise Belt Concept (GBSLEP)	N/A	£75k	N/A	N/A	Grant	Revenue	GBSLEP funded activity for development of concept, branding and marketing

Property Investment Programme (GBSLEP)	See notes	See notes	See notes	See notes	Grant	Capital	Yet to be launched, this programme will offer discretionary capital grant funding for refurbishment or new-build of industrial and business premises - available to SME's only.
GBSLEP have helped lobbying for Chase Line Electrification and Pinchpoint (Churchbridge Improvements)	N/A	N/A	N/A	N/A	N/A	N/A	
Growing Places Fund (GBSLEP)	See notes	£1,780,000, & £750,000	See notes	See notes	See notes	See notes	Offers made of support through their Growing Places Fund for Mill Green (£1.78m) & Gallan Park (£750K)

GBSLEP - Opus land	1	£2,160,000	linked to above	N/A	Grant	Capital	
							Kingswood Lakeside
<i>Included due to its links with the project above.</i>							
Unlocking Housing sites	7	£1,721,000	TBC	TBC	Grant	Capital	CCDC - HRA a/c Craig and Watts (Ivy House) (Sycamore W Mens club) Fred Pritchard (Newhall) Jonathan Pritchard (Broad Court Mews) Angelsey Estates (Bridgtown)

Approximate Total	Offered and taken up - circa £6,286,287	Offered and not taken up – circa £3,229,000
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Stoke & Staffordshire LEP (SSLEP)

Jobs & Growth Fund (SSLEP)	3	Circa £52K	Circa 10.5	Circa 4	Grant	Capital	Programme due to end Feb 2017
Small Business Grant (SSLEP) Old	10	Circa £36,900	Circa 21	0	Grant	Revenue & Capital	Scheme ended
Specialist Business Support (SSLEP) Old	3	Circa £8K	Circa 5	0	Grant	Revenue	Scheme ended
Business Enterprise Fund (SSLEP) Old	2	Circa £9,200	Circa 2	0	Grant	Capital	Scheme ended
Staffordshire Leader Programme (SSLEP)	No awards for CCDC as at 5.1.17	N/A	N/A	N/A	Grant	Capital	
Destination Staffordshire Business Assist Programme (SSLEP)	7	N/A	N/A	N/A	See notes	N/A	Scheme ended. Businesses accessed support (customer service training)
Growing Places Fund (SSLEP)	1	£750k	10	53 protected	Loan	Capital	2015 company on Kingswood Lakeside
LGF Funding (SSLEP)	See notes	£1.2m (only £750,000 contracted)	See notes	See notes	Grant	See notes	Rugeley Improvement Package (£750k of this is for the Rugeley Flood scheme)
Staffordshire Business Innovation and Incubation Support (SSLEP)	11	Circa £21,600 (only 4 business have accessed the grant others received support)	1.5	N/A	Grant / Support	See notes	Grants available for new product development up to £5400 at 40% intervention rate. Business can also receive support through this programme (not just grants)

ITEM NO. 9.14

Enterprise Coaches in Stoke on Trent and Staffordshire SME Capital Grant Scheme (SSLEP)	See notes	See notes	See notes	See notes	Grant	Capital	This programme launched in October 2016 and is designed to encourage and support local residents to create their own business. This programme includes a grant element. 16 clients to date; 4 started businesses; 1 received grant.
Growing Places Fund (SSLEP)	See notes	£1,780,000 and £750,000	See notes	See notes	See notes	See notes	Offer of support made through their Growing Places Fund for Mill Green (£1.78m) & Gallan Park (£750K) NOT TAKEN UP
Keele University Research and Innovation Programme KRISP (SSLEP)	1	£1,000	1 Graduate Placement	0	Grant	Capital	INFORMATION REQUESTED 5/1/17 (Chase Solar)
Destination for Staffordshire support for tourism businesses (SSLEP)(Staffordshire)	0	0	0	0	Support	Revenue (training)	launched Feb 2017 - as at 15th March 2017 no beneficiaries
Stoke on Trent and Staffordshire Grants for Growth	2	101910 (+tbc re: ATP)	11	0	Grant	Capital	RSD Pressings Limited ATP in pipeline for support
Rural Enterprise Programme	0	0	0	0	Grant	Capital	as at 15th March 2017 no beneficiaries
BiSU (be inspired Staffordshire University Business Start Up Programme)	1	3,000	2	0	Grant	Capital	

Mentoring for Growth Programme - Lets do mentoring	19	0	5.5 (Tbc)	0	Support	Capital	Support programme
	Approximate Total	Offered and taken up - circa £2,010,810	Offered and not taken up – circa £3,030,000				