



Local Enterprise Partnerships

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Author: Adam Mellows-Facer
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The Government has announced that Regional Development Agencies (RDAs) are to be abolished. It is proposed that some of the responsibilities of RDAs will be taken on by new Local Enterprise Partnerships (LEPs), which are set to be introduced in the forthcoming Decentralisation and Localism Bill.

Further details will be set out in a White Paper later this autumn.

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1 Local Enterprise Partnerships

1.1 Announcement

The Government's proposals for LEPs were set out in a [letter](#) sent by Vince Cable, Secretary of State for Business, and Eric Pickles, Secretary of State for Communities and Local Government, to councils and business leaders on 29 June,¹ together with an accompanying [press release](#).² A [£1 billion Regional Growth Fund](#) was announced on the same day.³ Details so far are limited and will remain so until a White Paper is published later in the summer.

1.2 Timetable

The following timetable for the creation of LEPs has been established:

Summer 2010:	A White Paper on the Government's approach to sub-national growth
6 September 2010:	Deadline for LEP proposals from partnerships of local authorities and businesses
Autumn 2010:	Legislation to abolish RDAs and introduce LEPs to be introduced as part of the Decentralisation and Localism Bill
March 2012:	Possible start date for LEPs ⁴

1.3 Responsibilities of LEPs

The letter states that LEPs "will wish to provide the strategic leadership in their areas to set out local economic priorities." LEPs are described as "central" to the Government's aim for an economy "rebalanced" towards the private sector.

The responsibilities of RDA will not be passed over wholesale to LEPs. The proposals are for a mixture of local and national provision to replace regional provision:

Local enterprise partnerships	National
Planning	Inward investment
Housing	Sector leadership
Local transport and infrastructure	Business support
Employment	Innovation
Enterprise/business start-ups	Access to finance

More details of these responsibilities, including information on how European funding will be distributed in the future, will be set out in the forthcoming White Paper.

1.4 Geography of LEPs

The [letter](#) of 29 June 2010 set out more detail as to the geographical extents the Government envisages for LEPs. It is clear that these could be the same as existing regional boundaries:

¹ [Dep 2010-1363](#)

² Department for Business, Innovation and Skills [press release](#), 29 June 2010

³ Department for Communities and Local Government, [£1 billion fund to help regional business](#), 29 June 2010

⁴ [FT](#), [Business fears rise as RDA is axed](#), 29 June 2010

To be sufficiently strategic, we would expect that partnerships would include groups of upper tier authorities. If it is clearly the wish of business and civic leaders to establish a local enterprise partnership for a functional economic area that matches existing regional boundaries, we will not object.

There are concerns that existing boundaries do not reflect economic reality:

We have been concerned that some local and regional boundaries do not reflect functional economic areas. We wish to enable partnerships to better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas.

The deadline for the submission of proposals was 6 September. The Government have published a full list of the 56 bids received, which include several that overlap:⁵

Bexley, Dartford, and Gravesham
Birmingham and Solihull with East Staffordshire, Lichfield and Tamworth
Bournemouth, Dorset and Poole
Brighton and Hove, Croydon, the Gatwick Diamond and West Sussex - Coast to Capital
Cheshire and Warrington
County Durham
Coventry and Warwickshire
Cumbria
Devon, Plymouth and Torbay
East Anglia (Cambridgeshire, Norfolk, Suffolk and North Essex)
East Sussex
Empowering Enterprise - Cornwall and the Isles of Scilly
Enterprise M3 - Covers parts of Hampshire and Surrey including Andover, Basingstoke, Aldershot, Farnborough, Fleet, Hook and Camberley
Fylde Coast, Lancashire
Gatwick Diamond
Gloucester, Swindon and Wiltshire
Greater Cambridge & Greater Peterborough
Greater Lincolnshire
Greater Manchester
Hampshire
Heart of the South West
Hertfordshire
Hull, East Riding & Scarborough
Humber
Kent and Medway
Kent-Essex
Lancashire
Leeds City Region
Leicester and Leicestershire
Liverpool City Region
Newcastle Gateshead
Norfolk
North East
Northamptonshire
Northumberland and North Tyneside
Nottingham, Nottinghamshire, Derby and Derbyshire

⁵ Department for Business, Innovation and Skills press release, [New Local Enterprise Partnerships criss-cross the country](#), 7 September 2010

Oxfordshire City Region
Pennine Lancashire
Sheffield City Region
Solent
South East Midlands
South Somerset and East Devon
South Tyneside and Sunderland
Stoke-on-Trent and Staffordshire
Surrey Connects
Tees Valley
Thames Valley Berkshire
Thames Valley Buckinghamshire
The Black Country
The Marches Enterprise Partnership - Shropshire and Herefordshire
The Peel Group - Atlantic Gateway - Liverpool and Manchester⁶
Visitor Economy Southern England
West Midlands
West of England
Worcestershire
York and North Yorkshire

In addition, responses in respect to cross-boundary working arrangements were received from the Peak District, South East England and West Leicestershire/Northern Warwickshire.⁷

Some observers have argued that there is a danger that the large number of LEP bids and the local nature of some proposals could leave some LEPs with limited influence and requiring co-ordination by regional bodies.⁸

2 Regional Growth Fund and funding for LEPs

The announcements on 29 June 2010 also included a “£1 billion Regional Growth Fund to help areas and communities at risk of being particularly affected by public spending cuts.”⁹

This funding is for 2011-12 and 2012-13. It is not clear at this stage exactly how this ties in with LEPs and their funding, though there will be more detail on LEP funding in the White Paper later in the summer:

The White Paper will also consider the most appropriate framework of incentives for local authorities to support growth, including exploring options for business rate and council tax incentives, which would allow local authorities to reinvest the benefits of growth into local communities.

The *FT* has speculated on the role of the fund as a source of funding for the proposed Local Enterprise Partnerships:¹⁰

[...] the [LEP] money is likely to come from existing budgets, including the RDAs' current funding of £1.4bn a year. Local partnerships will have to bid against other private and public-private bodies, with ministers deciding. [...] It is not yet clear whether

⁶ Subsequently withdrawn

⁷ Department for Business, Innovation and Skills press release, [New Local Enterprise Partnerships criss-cross the country](#), 7 September 2010

⁸ See, for example, Eversheds LLP [press release](#), 6 September 2010

⁹ Department for Business, Innovation and Skills [press release](#), 29 June 2010

¹⁰ *FT*, [Business fears rise as RDA is axed](#), 29 June 2010

partnerships will receive any government cash beyond what they can win from the growth fund.

3 Regional Development Agencies

3.1 RDAs – background

Eight RDAs were established under the Regional Development Agencies Act 1998, and were formally launched on 1 April 1999. The ninth, in London, was established in July 2000 following the establishment of the Greater London Authority (GLA). Under the Regional Development Agencies Act 1998, each Agency has five statutory purposes:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance development and application of skill relevant to employment
- To contribute to sustainable development

In practice, this means that the RDAs' agenda includes "regeneration, taking forward regional competitiveness, taking the lead on inward investment and, working with regional partners, ensuring the development of a skills action plan to ensure that skills training matches the needs of the labour market."¹¹

The RDAs have also taken over management of the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE), which both run from 2007-2013 and combined are worth £9 billion over the period.

3.2 RDA Finance

The core activities of RDAs are financed through a Single Budget or "single pot", a fund which pools money from all the contributing Government Departments (BIS, CLG, DECC, DEFRA, DCMS and UK Trade & Investment).

Under the previous Government's plans, RDAs' combined single pot budgets were £1,748 million in 2010-11, compared with £2,263 million in 2009-10.¹² This total was further reduced by cuts of £270 million in "lower value RDA spending" by the new Government.¹³

¹¹ Department for Business, Innovation and Skills [website](#)

¹² Department for Business, Innovation and Skills [website](#)

¹³ HM Treasury press release [04/10](#), 24 May 2010