



LLEP BOARD OF DIRECTORS

3.00pm, 12 APRIL 2022

MIRA Technology Institute
 MIRA Technology Park
 1 Eastern Avenue
 Nuneaton
 CV10 0UX
 Conference Room, Ground Floor

AGENDA

TIME		ITEM	REPORT	DECISION / INFORMATION	LEAD
15:00	1.	Welcome and Apologies			Chair
	2.	Declarations of Interest			All
15.05	3.	Minutes and actions LLEP Board Meeting 17 February 2022	Paper A	Decision	Chair
15.10	4.	Chair and Vice-Chair Appointments	Paper B	Decision	Chair
15.30	5	LEP Review – Levelling Up White Paper	Paper C	Decision	Chair/Alison Greenhill
15.50	6.	LLEP Operational Budget Report	Paper D	Decision	Colin Sharpe/Elizabeth Botmeh
16.10	7	Chief Executive Report (LLEP team report)	Paper E	Information	Sue Tilley
16.20	9.	Enterprise Zone Update	Paper F	Information	Cheryl Maguire
16.25	10.	AOB	Verbal	Information	Chair

Paper A



LLEP Board of Directors

3pm, Thursday, 17 February 2022

Virtual meeting

Organiser: Sharif Chowdhury

Chair: Kevin Harris (KH)

Directors: Emma Anderson (EA), Peter Bedford (PB), Chas Bishop (BP), Lorraine Boorman (LB), Clare James (CJ), Dr Nik Kotecha OBE (NK), Ajmer Kaur Mahal (AKM), Anil Majithia (AM), Neil McGhee (NM), Cllr Jaspal Singh Minhas (JSM), Jonathon Morgan (JM), Cllr Danny Myers (DM), Andy Reed OBE (AR) Cllr Terry Richardson (TR)

In Attendance: Sharif Chowdhury (SC), Alison Greenhill (AG), Stewart Smith (SS), Colin Sharpe (CS), Sue Tilley (ST), Jo Dexter (JD), Adam Holmes (AH)

Apologies: Sonia Baigent (SB), Nishan Canagarajah (NC), Verity Hancock (VH), Anne-Marie Hunt (AH), Mandip Rai (MR)

Minutes Taken By: Sharif Chowdhury (SC)

CC To: All

MINUTES

1.	<u>Welcome and Apologies</u>	
1.1	KH welcomed those present at the meeting.	
1.2	Apologies received from VH, NC, AMH, VH and SB	
2.	<u>Declarations of Interest</u>	
2.1	There were no Declarations of Interest.	
3.	<u>Minutes and Actions LLEP Board of Directors Meeting Held on 23rd November 2021</u>	

<u>Minute</u>		<u>Action</u>
3.1	The Minutes of the Meeting held on 23 rd November 2021 were agreed as a true and accurate record.	
3.2	The action points from the meeting were noted as completed.	
4.	Investment Panel Recommendations	
4.1	AR introduced the recommendations referred to in Paper B for decisions from the Investment Panel on the 20 th of January 2022. JM queried the Forward Funding investment of £100k, AR reiterated at the previous LLEP Board and Investment Panel an agreement was made fund part of the infrastructure for the gatehouse to allow immediate progress to allow for additional investments to be made by parties. KH provided further context to the Forward Funding and acknowledged the shared and balanced investments made by HORIBA MIRA who have invested significant levels of funds to the projects.	
4.2	The LLEP Board AGREED to: <ul style="list-style-type: none"> i. note the key outcomes of the meeting of the Investment Panel on 20 January 2022; ii. approve the interest rate of 3.5% above the Public Works Loan Board rate being sought by LCC on the EZ forward funding as recommended by the Investment Panel; iii. note the project change request for the Place Marketing Accelerator project, funded through the Growing Places Funding repurposed for Covid-19 recovery; iv. note the request for additional pre-construction funding for the MIRA Technology Park Enterprise Zone Phase One Infrastructure project; v. note the update on the progress of the Haywood Estates project funded through the Growing Places Fund. 	
4.3	AR expressed thanks to the Investment Panel members and contributors who brought together the recommendations.	
5.	Levelling Up White Paper / LEP Review	
5.1	KH highlighted the key point from the Levelling Up White Paper which includes the largest commitment to devolution of power from government with increased numbers of mayors.	
5.2	KH informed that Leicestershire, Derbyshire, and Nottinghamshire are all included as part of the nine country areas to discuss a devolution deal with central government. Where no devolution deal exists the LEPs	

<u>Minute</u>		<u>Action</u>
	continue to play a vital role in supporting businesses and the local economy.	
5.3	KH emphasised the large number of lobbying and discussions with ministers reinforced the view that LEPs have played a central role in the economy and have helped significantly during the pandemic through the growth hubs.	
5.4	KH noted that the LEP network expects to receive a letter from Neil O'Brien outlining the core functions, core funding, the LEPs local role in advising and supporting the UK Shared Prosperity Funds and governance arrangements for those transitioning into MCA's.	
5.5	KH reiterated the importance of understanding the relationships and powers between LEPs and Local Authorities and the potential County Deals for Leicester and Leicestershire and the impacts on the LLEP.	
5.6	PB reported discussions are ongoing with the with the leader of the County Council, senior officers, and the leader for the Department for Levelling Up to begin the negotiation process.	
5.7	PB informed that the negotiation discussions will include the delegated powers and governance arrangements concerning the economic and political factors. PB will feedback the views from the LLEP discussed to leaders and report back any further information once available.	PB
5.8	DM assured the LLEP Board that the City Mayor and the County Council leader that practical discussions on governance, previous legislation are being held and reiterated that the County and City are aligned and working well together to ensure appropriate arrangements for the region.	
5.9	DM noted that the UK Shared Prosperity Funding was allocated according to a government formula so there was no opportunity to lobby or influence allocations.	
5.10	NK and LB appealed to the political partners to engage and involve the wide stakeholder groups including the private business community and LEPs who will deliver on many of the allocated budgets as part of discussions and negotiations.	
5.11	AM highlighted the importance for LEPs to deliver a consultation and decision-making framework to take a proactive approach to provide input by collaborating with organisations who represent the business voice despite decisions made by the authorities.	

<u>Minute</u>		<u>Action</u>
5.12	ST expressed that the LLEP operational team need to be involved in discussions to allow the LLEP team to move forward and deliver the Economic Growth Strategy.	
5.13	KH emphasised that we are still awaiting the detail of the LEP review. Once the role of LEPs is clarified and the focus is determined, actions need to be taken to ensure the right people at the right level are within the LLEP structure to deliver on priorities including levelling up and engagement with the business community to ensure the LLEP is heavily involved with other business and private sector organisations.	
5.14	KH also highlighted the importance of the LLEP Board to decide and allocate the appropriate resourcing level once the funding structures are certain in future LLEP Board meetings.	
6.	Sub-Group Updates	
6.1	NK provided background on the Innovation Board which was set up in 2021 and has been serving the government agenda on Innovation to support the 42,000 SMEs, entrepreneurs and innovators throughout the region.	
6.2	Efforts have been made to bring Innovation awareness with delivering the Innovation Week in 2021, which has been amended to the Innovation Festival this year with twenty-four events across two weeks.	
6.3	NK outlined the positive attendance numbers for the opening event at the Space Park Leicester featuring speakers discussing Innovation and Zero Carbon which has also received social media traction on LinkedIn and Twitter.	
6.4	NK announced an Innovation Dashboard has been designed to visualise what Innovation success looks like in future years based including measuring jobs created, R&D tax credits and more.	
6.5	NK encouraged LLEP Board members to join the Innovation Away Day which will drive the Innovation Strategy on the 29 th of March at HORIBA MIRA by getting in touch with Sue Tilley.	
6.6	NK and KH thanked Sue Tilley, Rachel York, Peter Allen and the LLEP team to ensure success of the Innovation Festival.	
6.7	NM updated on the Sustainability Pillar where collaborations with the Growth Hub and the Midlands Engine have resulted to progress towards the 10-point plan to strategize and build a model for the region.	

<u>Minute</u>		<u>Action</u>
6.8	It was agreed to have an Action Point to circulate the Midlands Engine 10-point plan.	CB
6.9	Businesses and advisors have been through the carbon literacy training to help clients to understand and improve on the carbon issues within businesses.	
6.10	CB updated that the City and Counties models will help inform the role of the LEP's in the low carbon agenda.	
6.11	Meeting between NM, CB, NK and ST to discuss crossovers between Low Carbon and Innovation. CB highlighted the Zellar Pilot programme for 100 businesses, and how to reach out to the 42,000 SME's within the region.	CB/ NM/ NK
10.	<u>AOB</u>	
10.1	There was no further business.	
	The meeting closed at 16.16	



LLEP BOARD OF DIRECTORS

12 April 2022

Decision Paper

BOARD APPOINTMENTS

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i. To advise the board of the resignation of the current Chair.
- ii. To re-elect a Deputy Chair for the Leicester and Leicestershire Local Enterprise Partnership, and
- iii. To note that several directors' terms end at the next AGM

2. RECOMMENDATION

2.1 The LLEP Board is recommended to:

- i. To note the process for appointing a new LLEP Chair and to discuss and formally approve the process for recruitment.
- ii. To re-elect the Deputy Chair
- iii. To agree that the Chair speaks to each of the current directors to ascertain their appetite to extending their board membership.

3. BACKGROUND INFORMATION

3.1 Following the formation of the company in 2019, the Articles of association regularised the term for directors and the roles of Chair and Deputy Chair.

3.2 The current Chair of the Board has indicated his wish to formally step down, as the Chair, whilst retaining the role of director.

- 3.3 The process to appoint a new Chair and Deputy Chair for the Leicester and Leicestershire Local Enterprise Partnership is set out in the Articles of Association and Local Assurance Framework
- 3.4 Appendix one sets out the current board membership and the terms of office for all directors.
- 3.5 The board are reminded to note that the LEP is still awaiting the outcome of the LEP review and may wish to delay recruitment until the recommendations of the review are published by government.

4. PROCESS

- 4.1 The Chair and Deputy Chair are appointed for periods of no more than three years, and both must come from the classification of private sector directors, such appointment ending at the board meeting falling closest to the third anniversary of their appointment (or re-appointment).
- 4.2 The Chair and Deputy Chair (as applicable) are entitled to put themselves forward for re-election and the decision lies with the board of directors to appoint them for a further period of three years. However, note that the Chair or Deputy Chair shall not be able to serve more than six years in their respective role.
- 4.3 In addition, the Chair and Deputy Chair shall not be eligible for role reversal after serving two consecutive terms in their respective roles.
- 4.4 The articles state that private sector directors, shall retire from office from the end of the annual General Meeting following the third anniversary of their appointment. However, any Private Sector Director shall be eligible for re-election for further periods of three years.
- 4.5 In addition, any Private Sector Director who has served for a total term of six years shall not be entitled to be re-elected, unless, with approval from the members of the company and then only for a further three years.
- 4.6 Public Sector Directors and Education Sector Directors shall retire from office from the end of the annual General Meeting following the third anniversary of their appointment. Such retiring Public Sector Directors shall be eligible for re-election by the Members at that annual General Meeting

5. THE BOARD IS RECOMMENDED TO

- i. To re-elect the Deputy Chair for a further 3-year term of office.
- ii. Delegate authority to the Deputy Chair, as interim cover arrangements, whilst the board undertake a recruitment exercise for the Chair
- iii. Authorise the Deputy Chair to lead on the recruitment of the Chair.
- iv. Agree that delegated authority is given to the Head of Delivery & Governance to speak to each of the directors to determine appetite for renewal

Summary of appendices

1. Directors Terms

For further information please contact:

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Head of Delivery & Governance
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Directors Terms

Name	Director Class	Term Started	3 Year Anniversary	Additional Office Ends
Kevin Harris	Private Sector	08/04/2019	08/04/2022	08/04/2022
Andy Read	Private Sector	08/04/2019	08/04/2022	08/04/2022
Karen Smart	Private Sector	08/04/2019	08/04/2022	
Emma Anderson	Private Sector	08/04/2019	08/04/2022	
Chas Bishop	Private Sector	08/04/2019	08/04/2022	
Neil McGhee	Private Sector	08/04/2019	08/04/2022	
Jaspal Singh Mihas	Private Sector	08/04/2019	08/04/2022	
Anil K Majithia	Private Sector	08/04/2019	08/04/2022	
Verity Hancock	Education	08/04/2019	08/04/2022	
Dr Nik Kotcecha OBE	Private Sector	21/05/2019	21/05/2022	
Cllr Jonathan Morgan	Local Authority	10/06/2019	10/06/2022	
Cllr Terry Richardson	Local Authority	14/06/2019	14/06/2022	
Anne-Marie Hunt	Private Sector	13/12/2019	13/12/2022	
Ajmer Kaur Mahal	Private Sector	13/12/2019	13/12/2022	
Sonia Baigent	Private Sector	13/12/2019	13/12/2022	
Lorraine Boorman	Private Sector	01/12/2020	01/12/2023	
Clare James	Private Sector	08/12/2020	08/12/2023	
Danny Myres	Local Authority	11/02/2021	11/02/2024	
Peter Bedford	Local Authority	10/06/2021	10/06/2024	
Professor Nishan Canagarajah	Education	01/07/2021	01/07/2024	



LLEP BOARD OF DIRECTORS

12 APRIL 2021

Decision Paper

LEVELLING UP WHITE PAPER – LEP INTEGRATION

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Board on the latest status of the Levelling Up White Paper in respect of LEP integration into local democratic institutions.

2. RECOMMENDATIONS

- 2.1 The Board is recommended to decide with regards to the LLEPs role in representing the business community in any devolution deal. The Board should discuss and reach a decision as to what role the Board should take in representing the business community to secure the best outcome for Leicester and Leicestershire.

3. BACKGROUND INFORMATION

- 3.1 The status of the LEPs have been under a national review for some time. The Levelling Up White Paper published in February 2022 provided some indication of travel for LEPs with 9 areas to agree new county deals and others to seek MCA deals, extending devolution across England. The first 9 areas invited to begin negotiations are Cornwall, Derbyshire & Derby, Devon, Plymouth and Torbay, Durham, Hull & East Yorkshire, Leicestershire, Norfolk, Nottinghamshire & Nottingham, and Suffolk. In respect of the bidding process the regional position is as follows:
 - 3.2 Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council have submitted initial proposals to negotiate a combined devolution deal. This is being called East Midlands Mayoral Combined Authority.
 - 3.3 Leicestershire County Council have been invited to agree a new 'county deal'. This is at level 2 and discussions are taking place to see where improvements could be made to improve to potentially see a deal for Leicester, Leicestershire and Rutland.

4. FUNDING

- 4.1 The LLEP received a letter on 31st March 2022 from Neil O'Brien, Minister for Levelling Up, and Paul Scully, Minister for Small Business, providing guidance on integrating Local Enterprise Partnerships into local democratic institutions.
- 4.2 The letter gave confirmation of transition funding of £375,000 for 2022/23 (subject to business case approvals) note this was previously £500,000 which is a 25% reduction on 2021/22.
- 4.3 In addition to the funding letter for the LLEP, we have also received the Growth Hub funding for the Business Gateway, this is a 50% reduction on the previous year allocation of £536,500 to £268,250.

5. SUMMARY OF GUIDANCE

- 5.1 The letter states that the national review into LEPs has now concluded and the offer letter sets out the guidance of more integrated, better aligned and has empowered local institutions with the tools they need to unlock economic growth and level up at a local level.
- 5.2 The letter states that during the recent LEP review their priority has been to balance the accountability of local growth institutions, their objectives on devolution and the need to retain a local and independent business voice.
- 5.3 The guidance states that they will support the integration of LEP functions and roles into the institutions sitting at Levels 2 and 3 of the devolution framework. The model offers three pathways, which are subject to the outcome of local devolution deals.
 - i. Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal.
 - ii. Maintaining LEPs until a devolution deal is agreed; or
 - iii. Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding.
- 5.4 The current proposed devolution deal for the LLEP is a county deal for Leicestershire. This devolution deal cuts across the current LEP geography. In this instance BEIS will engage with local partners and consider the best outcome for local businesses on a case-by-case basis guided by local preferences.
- 5.5 It should be noted that the guidance states it may be viable to maintain the existing LEP subject to a functional economic area (FEA). However, this is subject to integration within an upper tier local authority, a bespoke solution, or the county deal servicing the

outstanding area.

- 5.6 It should be noted that until a devolution deal has been agreed the LLEP will continue broadly as we are, albeit with a reduced funding offer.
- 5.7 The guidance states that democratically accountable local leaders will lead the integration of LEP functions and roles into their respective institutions, working jointly with LEPs and, where necessary, other local stakeholders.
- 5.8 The guidance anticipates that all LEPs will eventually fully integrate into local democratic institutions by 2030.

6. FUTURE ROLE OF LEPs

- 6.1 The guidance expects LEPs continue to embed a strong, independent, and diverse local business voice into the local decision-making they are party to. In addition, they will encourage all local and relevant national partners to engage with LEPs where a private sector and economic perspective can add value to local decision-making and expect LEPs to readily offer advice where requested.
- 6.2 Government broadly expect LEPs or the local democratic institution after LEP functions have been integrated to cover:
 - i. embedding a strong, independent and diverse local business voice into local democratic institutions.
 - ii. carrying out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths.
 - iii. and continue to deliver a number of functions on behalf of government departments, such as Growth Hubs, Careers Hubs, Local Digital Skills Partnerships, and the monitoring and assurance of existing local growth programmes.

7. ECONOMIC GROWTH STRATEGY

- 7.1 LEPs are encouraged to develop local economic strategies and maintain business and economic intelligence for their areas, published by 30th June 2022. Where possible aligned to the levelling up missions set out in the Levelling Up White Paper.
- 7.2 In addition, by the 25th of November we should submit draft delivery plans to government for the following year (2023/24).

8. FINANCIAL IMPLICATIONS

- 8.1 This report contains financial implications throughout.

Summary of appendices:

Appendix 1 - Letter and Guidance on integrating Local Enterprise Partnerships (LEPs) into local democratic institutions

Appendix 2 – Growth Hub Letter of Comfort

For further information please contact:

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Department for Levelling Up,
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Neil O'Brien MP

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Department for
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Paul Scully MP

*Parliamentary Under Secretary of State (Minister for
Small Business, Consumers and Labour Markets)*

**Department for Business, Energy and Industrial
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For all enquires relating to LEP integration, please contact LEP.Integration@levellingup.gov.uk

31 March 2022

Integrating Local Enterprise Partnerships into local democratic institutions

Dear LEP Chairs, combined authority mayors and the Mayor of London,

Ahead of the publication of the landmark Levelling Up White Paper, we were pleased to speak with all Local Enterprise Partnerships (LEPs). We thanked them for the invaluable contribution they make to their local economies. As the White Paper makes clear, the private sector which LEPs represent will be critical to levelling up. To maintain the integrity of this independent voice, the White Paper sets in motion some changes to the roles and functions of LEPs to ensure local areas are in the best possible position to deliver our shared levelling up objectives over the longer term.

The update in the White Paper, and this letter, concludes the LEP review. We acknowledge the review has caused considerable uncertainty over the last year for LEPs and their staff. We would like to thank all local partners for their patience and support as we developed and agreed our policy on the future of LEPs.

We were pleased to set out our guiding vision in the White Paper of more integrated, better aligned and empowered local institutions with the tools they need to unlock economic growth and level up at a local level.

In some areas, LEPs already enjoy a close, collaborative relationship with combined authorities. In others, LEPs retain a high level of independence. Our priority in the recent LEP review has been to balance the accountability of local growth institutions, our objectives on devolution and the need to retain a local, independent, business voice. Within that context the White Paper set out our expectations of even closer integration between LEPs and local democratic institutions. The enclosed guidance sets out further detail on how, when and where we expect that transition to occur.

We want to ensure that businesses outside of devolution areas continue to be able to access the support, insights and representation that LEPs provide, and to ensure that an independent business and stakeholder voice continues to play its vital role supporting growth in all parts of England. Until devolved institutions exist in an area, we will support LEPs as they are currently constituted, subject to future funding decisions.

To provide clarity and certainty to LEPs and local democratic institutions, we can confirm core/transition funding will continue at a rate of £375,000 per LEP for financial year 2022/23, reflecting their revised role and functions and subject to business case approvals.

We encourage you to review this letter and its accompanying guidance (overleaf) in detail. It confirms that we will work with all LEPs, (mayoral) combined authorities, the Greater London Authority, local authorities, the LEP Network, and other local partners to manage as smooth a transition as possible. Where LEP functions and roles are to be integrated, we will invite places to submit an 'integration plan' for development and submission to government by 29 July 2022 or, where more time is needed, by 27 January 2023.

We look forward to working with all of you over the coming months.



NEIL O'BRIEN

Minister for Levelling Up, the Union and Constitution



PAUL SCULLY

Minister for Small Business, Consumers and Labour Markets, and Minister for London

Cc: Local authority leaders and chief executives; LEP chief executives; combined authority chief executives; and the chief executive of the Greater London Authority.

Guidance on integrating Local Enterprise Partnerships into local democratic institutions

1. Local Enterprise Partnerships (LEPs) have played a valuable role in supporting local economic growth since their inception in 2011. LEPs have brought businesses, education and local government together, delivered large capital investment schemes, provided vital support to businesses during COVID-19, hosted impactful programmes on behalf of government departments and developed economic strategies for their areas. Government values the contribution LEPs have made and continue to make to their local economies. We thank them and their staff for their hard work to date.
2. The publication of the Levelling Up White Paper marks a turning point for local growth policy. It set out a series of ambitious missions to level up by, for example, increasing pay, employment, skills and productivity, ensuring every area has a globally competitive city, and offering every part of England a devolution deal that wants one within the new devolution framework. The missions will be cross-government, cross-society efforts, and it will be vital that the private sector plays a role in delivering against them. We recognise the strategic value of involving business leaders and other stakeholders in local decision-making, and of locally-led economic strategies covering functional economic areas. To this end, we will be re-wiring the system to ensure it is fit for purpose, including by integrating the functions and roles of LEPs into our plans for devolution.
3. This letter builds on the White Paper and LEP review and outlines government's plans for the evolution of LEPs. We are grateful to the extensive range of local partners who took part in the review and thank them for their patience as we reflected on its findings. This letter marks the beginning of the transition of LEPs' functions and roles into local democratic institutions. It sets out the principles of future LEP policy but allows some flexibility to accommodate local circumstances. These local circumstances will, in turn, shape the immediate next steps for LEPs as well as their future role. The letter does not set out how integration will play out for individual LEPs, but it does establish parameters and principles to guide LEPs and local democratic institutions, working with government, through the transition. We will work closely with the LEPs, the LEP Network, combined authorities and, where required, local authorities, to ensure the forthcoming period of change is as smooth as possible.

Levelling Up White Paper

For the last decade, LEPs have acted as important organisational means of bringing together businesses and local leaders to drive economic growth across England. They have also been responsible for the delivery of a number of major funding streams. It is important to retain the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK government's new devolution plans.

To that end, the UK government is encouraging the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy. Where devolution deals cover part of a LEP, this will be looked at on a case-by-case basis. Further detail on this transition will be provided in writing to LEPs as soon as possible.

Principles

Integrating LEPs into our plans for devolution

4. We will support the integration of LEP functions and roles into the institutions sitting at Levels 2 and 3 of the devolution framework: single institutions such as a (mayoral) combined authority ((M)CA), a county council or a unitary authority across a functional economic area with (Level 3) or without (Level 2) a directly elected mayor. LEP functions and roles will be integrated into institutions with devolved powers for the purpose of hosting a county deal, and the London Economic Action Partnership will be further integrated into the Greater London Authority. Where devolution deals have already been implemented, we expect LEPs' functions and roles can be integrated over the coming year. Where devolution deals are set to be negotiated, the integration of LEP functions, roles and boundaries will be considered as part of those negotiations, with LEPs supporting local leaders, where requested, to embed a private sector perspective into that conversation. Once a future devolution deal is agreed and implemented, or where an institution progresses to at least Level 2 of the devolution framework, LEP functions and roles can be integrated. Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions. Where a devolution deal geography cuts across a current LEP geography, we will engage with local partners and consider the best outcome for local businesses on a case-by-case basis guided by local preferences. Democratically accountable local leaders will lead the integration of LEP functions and roles into their respective institutions, working jointly with LEPs and, where necessary, other local stakeholders.

Future role

5. The future role of individual LEPs will differ depending on local circumstances and the status of devolution locally. Broadly, we expect the future role of LEPs – or the local democratic institution after LEP functions have been integrated – will be to:
 - a. Embed a strong, independent and diverse local business voice into local democratic institutions.
 - b. Carry out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths. This should involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors, aligned to the relevant levelling up missions. The nature of this role will depend on individual LEPs' integration pathway. Across all pathways, LEPs, or local democratic institutions where LEP functions and roles have been integrated, should continue to use their convening power to bring together business, education and other local economic stakeholders.
 - c. Continue to deliver a number of functions on behalf of government departments, shaped by the local business voice where relevant. Future programme and funding decisions will be taken by each respective department according to their own decision-making and business planning processes, priorities and timescales. However, at the present juncture we would expect departments to continue to engage with LEPs, or begin to engage with the respective local democratic institution once LEP functions have been integrated, on the delivery of:
 - I. Growth Hubs, on behalf of the Department for Business, Energy and Industrial Strategy;
 - II. International trade and investment activity, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade;

- III. Local Digital Skills Partnerships, on behalf of the Department for Digital, Culture, Media and Sport;
 - IV. Careers Hubs, on behalf of the Department for Education;
 - V. Local skills analysis via Skills Advisory Panels, on behalf of the Department for Education; and
 - VI. Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible.
- d. Where appropriate, LEP business boards can help broker and support new or deeper devolution deals, where requested by local partners. New or deeper devolution deals will not need to be signed off by LEPs.

Future funding

6. For LEPs that are set to be integrated, we term their funding 'transition' funding. For LEPs that are not set to be integrated over the coming year or once their functions and roles have been integrated into local democratic institutions, we term their funding 'core' funding. We can confirm that we will provide core/transition funding of £375,000 for the full financial year 2022/23, subject to business case approvals. As set out in paragraphs 17(a) and 19–21, we will work with local partners to give effect to LEP integration at the earliest possible opportunity, where relevant.
7. Where LEPs are integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal and there are subsequent boundary changes, we will proportionately revise future core/transition funding grants, where required, on an individual basis. We will maintain the expectation that match funding of at least 50% of government's core funding grant must be secured. We will allow a reasonable proportion of LEP core funding to be used to cover essential preparatory work and legal costs associated with the integration process, where necessary. Our expectation is that only one set of external legal advice should be procured for every integration, with all parties agreeing on the legal questions to be resolved, where necessary.

Integration pathways

8. The principles set out above will translate differently into different local contexts, largely depending on the status and outcome of local devolution negotiations. We expect individual LEPs will follow one of three 'integration pathways' (also illustrated in **Annex A**):
- I. Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal;
 - II. Maintaining LEPs until a devolution deal is agreed; or
 - III. Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding.

At the present juncture, we expect most areas will either be on pathway I or II with only a few on pathway III.

Pathway I: Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal

9. We anticipate that all LEPs will eventually fully integrate into local democratic institutions in line with our mission to offer a devolution deal to everywhere that wants one by 2030.

- a. Where LEP geographies are coterminous with existing (M)CAs, we will support the integration of LEPs' functions and roles into those democratically accountable institutions.
- b. Where there are multiple LEPs within a single (M)CA or county deal area and boundaries are coterminous, we expect them to become one integrated institution on the geography of the constituent (M)CA or institution with devolved powers for the purpose of hosting a county deal. Where this involves boundary changes, Ministers will consider the preferred local solution put forward by local partners on a case-by-case basis, considering the guiding principles suggested for pathway III.
- c. Where there is one LEP area but multiple (M)CAs or institutions with devolved powers for the purpose of hosting a county deal which cut across its geography, we expect LEP functions and roles to integrate into those separate institutions.
- d. LEP functions and roles are part of Level 3 (top) and Level 2 (mid) of the devolution framework; they will not be integrated into institutions at Level 1 of the devolution framework, where local authorities are working together across a functional economic area or whole county area (for example, through a joint committee). In Level 1 areas, LEPs will likely follow either integration pathway II or III, or potentially a mixture.
- e. Since the 2018 LEP review, we have had a clear position on geographic boundary overlaps: they dilute LEPs' ability to set clear strategies for places and confuse the local growth landscape. All LEP overlaps must be removed through the process of LEP integration. This will be a 'red line' in our devolution negotiations.

10. We expect the future role of LEPs integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will mirror the principles set out in paragraph 5, with some modifications. LEPs' functions and roles should complement and add value to the wider suite of decision-making powers we are devolving to local leaders, which presents opportunities to further join up activity and drive progress towards the levelling up missions. As set out in paragraphs 17(a) and 19–21, local democratic institutions should submit an 'integration plan' to government before 29 July 2022, or by 27 January 2023 where more time is required.

- a. With regard to the business voice, the LEP board should become, or integrate with, the (M)CA or institution with devolved powers for the purpose of hosting a county deal's business board. The (M)CA or institution with devolved powers for the purpose of hosting a county deal will have the flexibility to preserve the current LEP board as a sub-board or merge the LEP board into an existing or new internal business board(s). Local leaders will also have the flexibility to adjust the membership of the newly integrated business board, including by inviting the participation of local economic partners outside of the business community, and can re-brand as necessary. The business board should be consulted on all relevant economic decisions. Any new business board members must be appointed through an open process. That process should ensure appointees are politically independent and able to provide a constructive check and challenge on local decision-making using their private sector perspective. (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must, in their integration plans and as part of any future devolution negotiations, set out how they will ensure business boards are meaningfully involved in decision making and openly recruited, which will be a prerequisite for the release of further core/transition funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners. Where the LEP is mentioned in statute, in due course we will amend so that it reflects any new arrangements.
- b. With regard to strategic economic planning and maintaining a local economic evidence base, the (M)CA or institution with devolved powers for the purpose of hosting a county

deal will decide the direction and balance of these activities. This role must be additional to any statutory planning obligations, such as apply to the GLA.

- c. With regard to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

11. The principles of future funding for LEPs as set out in paragraphs 6 and 7 apply to all LEPs. Where LEPs are integrated, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will be allocated the core funding LEPs currently receive, subject to integration plan and business case approvals. Any long-term future funding for the integration of LEP functions and roles will be subject to future funding decisions and business planning. Our intention, however, is that any future funding that is provided for the integration of LEP functions and roles will be additional to any capacity funding agreed as part of individual devolution deals.

Pathway II: Maintaining LEPs until a devolution deal is agreed

12. We want to ensure businesses outside of devolution areas are still able to access the support, insights and representation LEPs currently provide. Where no devolved institutions exist in an area, we will support LEPs as they are currently constituted until there is devolution, subject to future funding decisions. This also applies to Level 1 devolved institutions – the lowest tier of the new devolution framework – unless and until they progress onto a higher level. Where a future devolution deal is agreed, or where the devolved institution progresses to a higher level of the devolution framework, LEPs will move onto integration pathway I.

13. The future role of LEPs will mirror the principles set out in paragraph 5 with some modifications.

- a. With respect to business voice, we will support LEPs to continue to embed a strong, independent and diverse local business voice into the local decision-making fora they are party to. Local authorities in England may wish to consult with LEPs, along with other local partners, as part of the development of local plans and applications to local growth funds such as the UK Shared Prosperity Fund (UKSPF) or Levelling Up Fund, where projects have an economic development purpose. We encourage all local and relevant national partners to engage with LEPs where a private sector and economic perspective can add value to local decision-making and expect LEPs to readily offer advice where requested.
- b. With regards to strategic economic planning, we will support LEPs to develop local economic strategies and maintain business and economic intelligence for their areas. LEPs outside of devolution areas should set how they intend to utilise their strategic economic function (alongside the other functions and roles set out here) in their delivery plans (see paragraph 15 for more details). These should be published by 30 June 2022. In considering how to employ their strategic economic development function, LEPs should consider what will add most value to their local area, aligning where possible to the levelling up missions set out in the Levelling Up White Paper, in particular mission 1¹.
- c. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

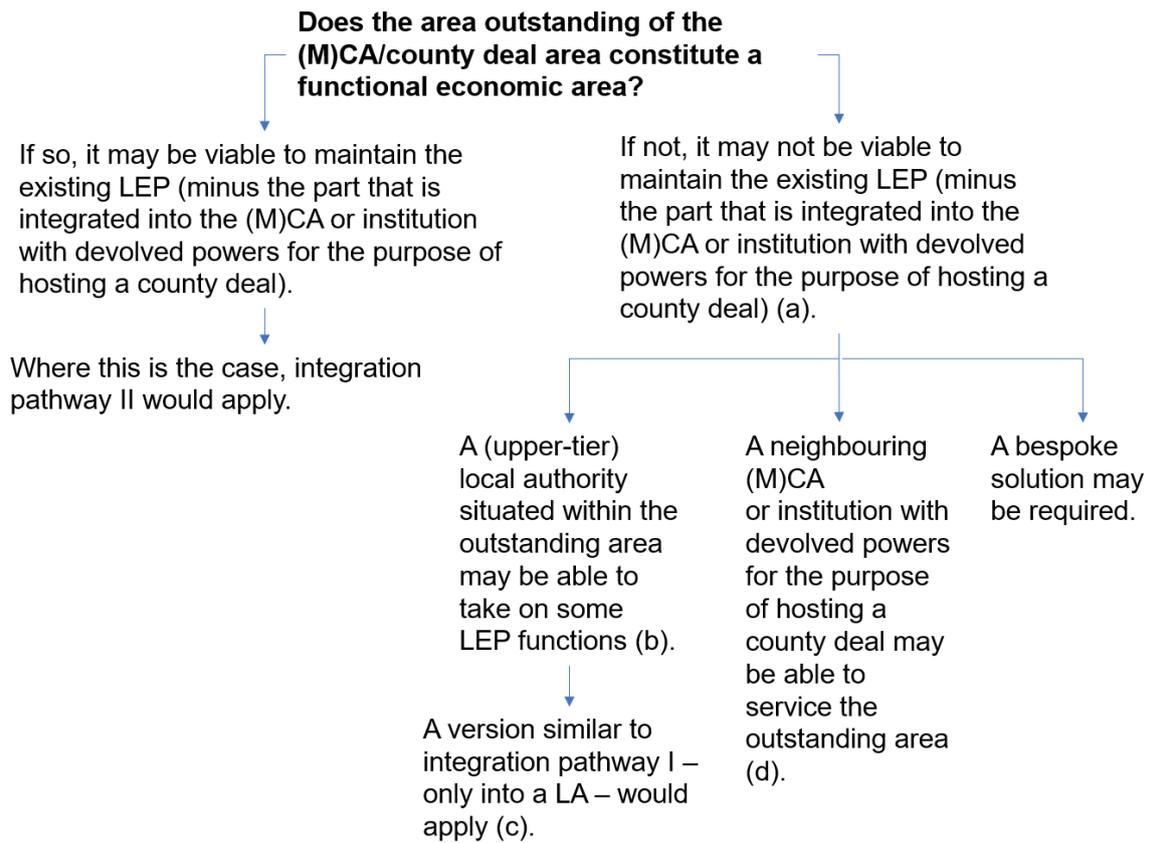
¹ By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

14. The principles of future funding decisions set out in paragraphs 6 and 7 apply to all LEPs. Our position on core funding provides LEPs with clarity for the coming financial year as a whole, with LEPs on pathway II set to receive £375,000. Subject to future business case approvals, LEPs on pathway II will continue to be the recipient of core funding and their respective local authority will remain the accountable body. Devolution is a process and not an event, and we recognise that some areas may need time to decide which if any devolution arrangement is right for them. As above, any long-term future funding for LEPs outside of (M)CA or county deal areas will be subject to future funding decisions and business planning. We will keep this position under review, considering the progress of local devolution negotiations.
15. There will be two parts to our approach to assuring LEPs on pathway II, covering: (a) the coming financial year (2022/23); and (b) the period thereafter.
- a. As part of the current assurance monitoring process, we ask that all LEPs publish their delivery plans for the coming year (2022/23) by 30 June 2022 at the latest. These documents should set out how LEPs intend to use the full range of their core functions and roles (as set out in paragraphs 13a–d) to support their local economies and local decision-making. Government will work with LEPs to develop measures to report against in these plans. These will be considered as part of the annual assurance process. The National Local Growth Assurance Framework (NLGAF) will continue to apply to LEPs as at present.
 - b. For future years, we will ask LEPs on this pathway to agree delivery plans alongside delivery and performance metrics with government in advance of publication. Our current expectation is that LEPs will need to submit draft delivery plans for 2023/24 by 25 November 2022. Future provision of core funding will be subject to agreement of these plans with government and, thereafter, subject to meeting agreed delivery and performance metrics. We intend to amend the NLGAF over the coming year to ensure our future requirements of LEPs remain proportionate to their revised role and functions.

Pathway III: Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding

16. Integrating LEP functions and roles into (M)CAs and institutions with devolved powers for the purpose of hosting a county deal may create boundary issues in some areas. We will engage with local partners to understand the range of possible outcomes for LEP integration in such cases, which we will consider on a case-by-case basis through the integration plan process guided by local preferences. If an (M)CA or institution with devolved powers for the purpose of hosting a county deal cuts across a LEP area and only part of the LEP area is integrated, leaving another part outstanding, we will consider each case against the following guiding principles. We will want to hear from local partners on their preferred local solution for dealing with any outstanding areas. We expect that each local solution will provide a template for other LEPs in similar circumstances to consider. Any outstanding overlaps between LEP geographies must be removed as part of the preferred local solution.

FIGURE 2: Potential guiding principles for dealing with outstanding areas



Further information on guiding principles

- a. It may not make sense in most instances to maintain all LEP functions and roles in geographies that are substantially below the functional economic area level.
- b. Where there are multiple local authorities in the outstanding area, a lead local authority should be appointed, and service agreements signed, to ensure coverage across the LEP area. The host local authority should, where possible, be a UTLA. With regards to the functions and roles of the local authority that absorbs the LEP:
 - i. We encourage the local authority to consider a range of options to maintain an independent business board. The local authority should present its preferred option to government through the process of developing an integration plan. Depending on local context, this may involve using or re-purposing an existing business board function within the local authority or area; creating a new business board; or potentially accessing advice and input from established private sector organisations with a relevant geographic remit. The business board should be consulted on all relevant economic decisions. Local authorities must, in their integration plans, set out how they will ensure business boards are meaningfully involved in decisions and openly recruited or appointed, which will be a prerequisite for the release of future core funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners.
 - ii. In most instances, we would not expect the host local authority to undertake additional strategic economic planning or maintain additional local economic intelligence on behalf of the outstanding area for the reason set out in (a), unless there is a strong strategic and economic case.

- iii. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- c. The process for integrating LEP functions and roles into local authorities would look similar to LEP integration on pathway I, only a local authority would be the 'recipient'. We will similarly expect the local authority to produce an integration plan setting out how it intends to take on the LEP's functions and roles pertaining to the outstanding area, where this is the agreed local solution.
- d. Alternatively, a neighbouring (M)CA or institution with devolved powers for the purpose of hosting a county deal – but not a LEP – may, in some instances, be able to 'serve' the outstanding area. It will be for the (M)CA or institution with devolved powers for the purpose of hosting a county deal to ascertain whether this arrangement is legally feasible, considering, for example, the formal powers conferred by its devolution deal. Where it is feasible, a proportionate mechanism should be agreed for the outstanding area to be able to input into decision-making processes which have a bearing on its local economy. This mechanism should be jointly developed between the (M)CA or institution with devolved powers for the purpose of hosting a county deal and the council(s) covering the outstanding area.

Timescales

17. We expect individual LEPs will need a variable amount of time to integrate into local democratic institutions.

- a. LEPs in areas where there are existing (M)CAs can be integrated over the coming year. Where integration can happen quickly, and if integration plans can be developed, given proper consideration and approved, mitigating any consequences for neighbouring areas and managing any implications for staff, where relevant, we will work with local partners to give effect to the integration of LEP functions and roles at the earliest practicable opportunity, subject to HMT business case approval. This will require submission of an integration plan before 29 July 2022. There will be a second opportunity to submit an integration plan, by 27 January 2023, where more time is needed. We expect that LEP integration into new (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will likely take longer, considering the time required to negotiate, implement and legislate for new deals.
- b. We acknowledge that LEP integration in areas where devolved institutions do not presently exist will depend on the timing of any future devolution deal.
- c. Some LEPs on integration pathway III may need to wait until there is clarity on the outcome of local devolution negotiations to be able to fully consider their options for integration. Where there is uncertainty on local devolution, LEPs should engage with government.

18. Key near-term milestones during this period, which should be treated as illustrative, are outlined in **Annex B**.

Integration plans

19. It is important that LEP functions and roles are considered as part of any deal negotiation process and that integration plans are developed in parallel. Integration plans must, at a minimum, take

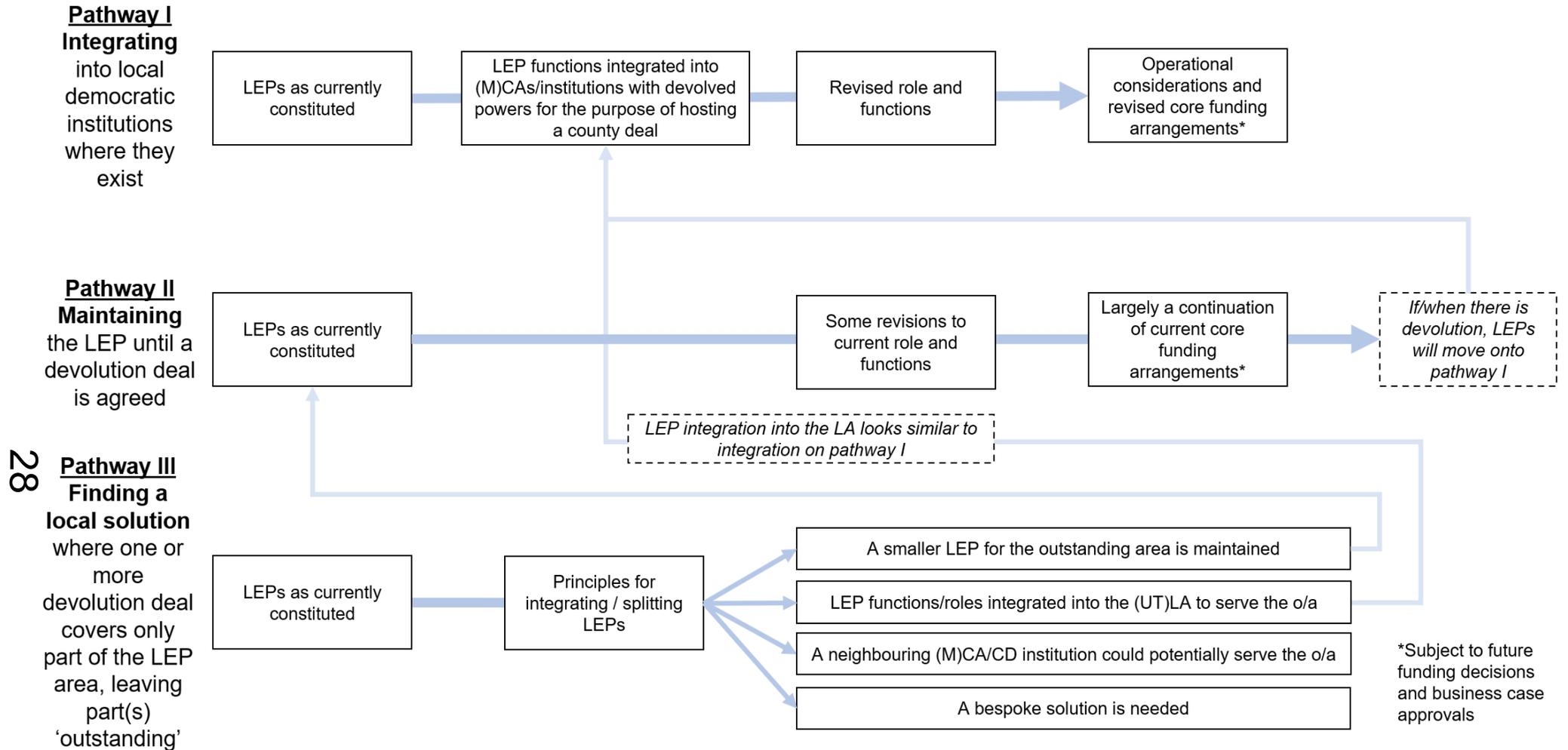
account of all of the above considerations and highlight any additional considerations that are locally specific. The plans must include considerations that are specific to existing LEPs, including how any outstanding liabilities, the transfer (novation) of contractual obligations, any capital underspend and assets will be dealt with. We expect individual LEPs will need to handle each matter differently depending on their present and historic circumstances. Where the LEP is to be integrated, (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must have regard to whether the Transfer of Undertakings (Protection of Employment) (TUPE) principle applies, considering how they intend to discharge their new roles and functions. This matter should be treated with the upmost sensitivity. Should a LEP decide to wind down where its functions and roles are to be integrated, the plans should give regard to all matters and impacts that need to be considered as part of that process. We will provide an illustrative template for integration plans.

20. On integration pathway I, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will lead the development of the plans, setting out how the integration of LEP functions and roles will add value to and align with existing and scheduled activity. LEPs that already have the legal personality of a combined authority should still produce an integration plan, omitting considerations that do not apply. This also applies to the GLA. On integration pathway III, integration plans should be developed by the body that is to take on the LEP's functions and roles pertaining to any outstanding area(s) – i.e., the local authority, (M)CA or institution with devolved powers for the purpose of hosting a county deal, depending on the preferred local solution – led by their democratically accountable local leaders in consultation with other relevant parties. In both instances, the respective local LEP(s) should play a key role in co-developing the plan and should sign it off prior to its submission to government for consideration by the relevant departments. Key local stakeholders should be involved in the development of the plans from an early stage. Commercially sensitive information pertaining to the LEP may be submitted in parallel to the main integration plan. We will not require an integration plan for LEPs on integration pathway II unless and until there is local devolution – see paragraph 15 for the assurance considerations that apply to LEPs on this pathway.
21. The functions and roles agreed as part of the integration plans will form the basis of our core funding grant offer letter pertaining to LEPs on pathways I and III. Performance against these functions and roles will inform future individual core funding decisions. Where a LEP's functions and roles are integrated, individual integration plans will inform our approach to assurance.

Engagement and next steps

22. To ensure as smooth a transition as possible, we will set up a regular rhythm of engagement with the LEP Network. We encourage individual LEPs to cascade initial questions about the transition to the LEP Network. We will pursue a similar arrangement at working level with the M10 group of Mayors for questions pertaining to combined authorities. LEPs that are set to be integrated over the coming year will, in due course, be assigned an 'account manager' within government – an Area Lead within the Cities and Local Growth Unit – who will be able to respond to and escalate locally specific issues and questions pertaining to the development of integration plans where required. Government will provide an illustrative template for these plans. For further information, and to submit integration plans once complete, contact: LEP.Integration@levellingup.gov.uk.

Annex A – Integration pathways



Annex B – Illustrative milestones

2022	
31 March	<ul style="list-style-type: none"> LEPs, (M)CAs and local authorities receive and consider this letter and discuss the integration pathway that applies to them.
April	<ul style="list-style-type: none"> LEPs and (M)CAs should now have a sense of which integration pathway applies to them. Integration plans for LEPs that are to be integrated this year should begin to be developed, where local partners are able to move quickly. Government will provide an illustrative template for integration plans. CLGU officials will commence a regular rhythm of engagement with the LEP Network and, at working level, the M10 group of Mayors. LEPs and (M)CAs on integration pathways I and III will be assigned an ‘account manager’ who will support the transition to integration.
30 June	<ul style="list-style-type: none"> LEPs on pathway II should publish their delivery plans for financial year 2022/23, as set out in paragraph 15(a).
29 July	<ul style="list-style-type: none"> LEPs and (M)CAs on pathway I will have an early opportunity to submit their integration plans, as set out in paragraphs 17(a) and 19–21.
Late September	<ul style="list-style-type: none"> Government will respond to the first tranche of integration plans.
October	<ul style="list-style-type: none"> Where government agrees with the integration plans, LEPs and (M)CAs should proceed to implement them as agreed.
25 November	<ul style="list-style-type: none"> LEPs on pathway II should submit draft delivery plans to government for the following year (2023/24), as set out in paragraph 15(b).
2023	
January	<ul style="list-style-type: none"> Government will seek to agree delivery plans for the coming year (2023/24) with LEPs on pathway II.
January 27	<ul style="list-style-type: none"> Combined authorities and LEPs on pathway I will have a second opportunity to submit their integration plan, as set out in paragraphs 17(a) and 19–21.
Late March	<ul style="list-style-type: none"> Government will respond to the second tranche of integration plans.



Department for
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30th March 2022

Dear LEP Chief Executives

Confirmation of Funding for Growth Hubs, Financial Year 2022/23

Firstly, I should like to apologise for confirmation of next year's funding for LEP provision of Growth Hubs not arriving until this close to the end of the Financial Year. We do appreciate the uncertainty and difficulties that this has caused within the network.

I would also like to take this opportunity to thank you and your teams for the work that you have done over the last year - and continue to do - to respond to the ongoing economic challenges and opportunities, including the impact of the situation in Ukraine. Your ability to pivot support and respond to business needs is highly valued across Government.

Following the recent Spending Review, difficult decisions have had to be made across BEIS on a number of programmes in order to safeguard all the department's funding priorities. I can confirm that BEIS core funding to LEPs for their Growth Hubs has now been agreed for the financial year 2022/23, but at a reduced rate of £11m in total (a 50% reduction on the core budget of 2021/22).

As you will appreciate this reduction means we have to revisit individual allocations. These have been decided by reviewing the 2021/22 allocations, acknowledging the reduction in annual funding, but with the aim to maintain the policy approach taken to allocations in 2021/22. In view of this we have taken the decision to halve individual allocations from their 2021/22 levels. We are also maintaining funding for Growth Hub cluster leads and the National Co-ordinator, but again at half the previous level of funding.

With less funding for the network, we therefore intend to base grant agreements around principles of funding, setting out the minimum core provision that we would expect to be delivered under the core funding allocation. We will provide more flexibility to LEPs in the way core funding is used, how it is tailored for local priorities, and how it can dovetail with any broader services that the LEP wishes to provide through its Growth Hub. We will continue to strongly encourage partnership working within clusters and across the network to both maintain the strength and coherence of the network, and to help achieve economies of scale. This will be set out in the grant offer paperwork.



Department for
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Please find at **Annex A** details of the total funding allocations for the 38 LEPs for their Growth Hubs in 2022/23.

We will write to you and your Accountable Bodies as soon as we can to commence the grant awarding process.

If you have any immediate questions, please contact Growth.hubs@beis.gov.uk.

Yours sincerely

Jenny Dibden
Co-Director and Senior Responsible Officer
Funding Delivery Directorate
Cities and Local Growth Unit



ANNEX A

Awards by LEP area – 2022-23

Growth Hub	% VAT/PAYE registered businesses (figures as of March 2021)	Allocation 2021/22 £22M (£k)	Allocation 22/23 £11m inc cluster (£k)
Black Country	1.4%	£462,000	£231,000
Buckinghamshire Business First	1.2%	£462,000	£231,000
Cheshire and Warrington	1.9%	£462,000	£231,000
Coast to Capital	3.1%	£536,500	£268,250
Cornwall and IOS	1%	£542,000	£271,000 inc £40k for cluster
Coventry and Warwickshire	1.5%	£542,000	£271,000 inc £40k for cluster
Cumbria	0.9%	£462,000	£231,000
D2N2	3.1%	£700,000	£350,000
Dorset	1.3%	£462,000	£231,000
Enterprise M3	3%	£616,500	£308,250 inc £40k for cluster
Gloucestershire	1.2%	£542,000	£271,000 inc £40k for cluster
Greater Birmingham & Solihull	3.1%	£700,000	£350,000
Greater Cambridge and Greater Peterborough	1.5%	£536,500	£268,250
Greater Lincolnshire	1.7%	£573,250	£286,625 inc £40k for cluster
Greater Manchester	4.4%	£780,000	£390,000 inc £40k for cluster
Heart of the South West	3%	£536,500	£268,250
Hertfordshire	2.5%	£536,500	£268,250
Hull and East Yorkshire	0.8%	£430,750	£215,375
Lancashire	2.2%	£536,500	£268,250
Leeds City Region	3.4%	£780,000	£390,000 inc £40k for cluster
Leicestershire	1.8%	£536,500	£268,250
Liverpool City Region	1.7%	£780,000	£390,000 inc £40k for cluster
London	21.4%	£880,000	£440,000 inc £40k for cluster
New Anglia	2.7%	£536,500	£268,250
North East	2.6%	£780,000	£390,000



			inc £40k for cluster
Oxfordshire	1.3%	£462,000	£231,000
SEMLEP	3.1%	£616,500	£308,250 inc £40k for cluster
Sheffield City Region	1.4%	£700,000	£350,000
Solent	2.1%	£536,500	£268,250
South East	7.3%	£890,000	£445,000
Stoke and Staffordshire	1.6%	£536,500	£268,250
Swindon & Wiltshire	1.2%	£462,000	£231,000
Tees Valley	0.6%	£462,000	£231,000
Thames Valley Berkshire	2%	£462,000	£231,000
The Marches	1.3%	£462,000	£231,000
West of England	2%	£700,000	£350,000
Worcestershire	1.1%	£462,000	£231,000
York & N.Yorks	1.6%	£536,500	£268,250
		£22,000,000	£11,000,000

	Cluster Leads and National Cluster Coordinator
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LLEP BOARD OF DIRECTORS

12 APRIL 2022

Decision Paper

LLEP OPERATIONAL BUDGET 2022/23

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek the Board's approval of the operational budget for the financial year 2022/23.

2. RECOMMENDATIONS

- 2.1 The Board is recommended to approve the operational budget for 2022/23, noting the inherent risks and uncertainties.

3. OPERATING BUDGET OUTTURN 2021/22

- 3.1 The forecast outturn position for the 2021/22 operational budget is a £382k deficit, against a budget deficit of £390k, an £8k favourable variance. The final outturn position will be presented to the LLEP Board on 14th June. The Board is reminded that the planned deficit was due to programmes, which had been an income source for the LLEP coming to the end of their natural life.

4. OPERATING BUDGET 2022/23

- 4.1 The 2022/23 operational budget has been developed based on the best available information. As with any forecasts, the budget is subject to change and will be updated appropriately. A breakdown of the budget is attached as Appendix 1.

The headlines for the 2022/23 budget are as follows:

- Reduction in Core and Growth Hub funding.
- Reduced programme management fee income due to the closure of all national programmes;

- Reduction in staff costs, due to reduced funding, a headcount freeze recommended by BEIS and posts deleted or held vacant. The budgeted headcount is reduced from 18 to 12. through movement internally within the LLEP to projects or through tasks previously undertaken by LLEP staff which have now been outsourced, such as the communication functions,
 - Reduced delivery costs associated with the Growth Hub.
- 4.2 The proposed budget for 2022/23 balances to zero, in part due to the anticipated interest repayment of the GPF loan from the Gresham Project. It should be noted that there are risks relating to income, which are not allowed for the proposed budget.
- 4.3 Whilst the budget is set as a balanced budget, it will need to be kept under review as further details emerge about the future model for LEPs following the national review. It should be noted that the majority of the LLEP team are on fixed term contracts.

5. OPERATIONAL BUDGET RISKS

5.1 There are risks associated with the Budget for 2022/23 including:

- In order to accommodate the reduction in BEIS funding, for both Core and Growth Hub, the anticipated interest due from the GPF loan to the Gresham Project will be utilised. Although there are no indications to suggest that this will not be received, there is by definition a risk that this income does not materialise.
- The budget assumes that the councils will continue to contribute £250,000 from the business rates pool, which was 50% of core funding. The councils may wish to review this as the core funding is reduced and as the plans for the next tranche of business rates pool funding are developed.
- At present there are unknown costs associated with the LEP review, which have not been accommodated for within the budget.
- CEC funding operates on an academic year basis whilst the LLEP is funded on a financial year. We have recently received a letter of comfort for post-September 2022 funding. However, it should be noted that based on the current funding model a contribution of £188k towards the scheme is from the LLEP core funding.
- Costs are based on current operational arrangements and are forecasted for a full year. 65% of the team are on fixed term contracts which are due to end in September 2022, unless renewed. However, termination costs could be incurred dependent upon individual employment histories.
- Funding is now dependant on a successful business case being submitted to BEIS, to reflect our revised role and function.

6. RESERVES

6.1 The reserves in 2021/22 opened with a balance of £2.102m and are forecast to decrease by £382k by the end of the 2021/22 year. Based on the current forecasted outturn

position, bringing the opening balance in 2022/23 is forecast to be to £1.72m. The proposed budget for 2022/23 would leave this unchanged.

- 6.3 The Board will recall that the previous Finance Strategy and reports to the Board in 2020 stated that £1.4m of reserves could be accounted for by potential staff redundancy costs, pension liabilities, tax liabilities consequent upon incorporation and income received in advance. This calculation was revisited in August 2021, and the fundamental principles and remain the same. However, due to the recent staff turnover the calculation will be revisited in more depth to see if the uncommitted reserves of £300k will increase.

7. FINANCIAL IMPLICATIONS

- 7.1 This report is concerned with financial implications throughout.

Summary of appendices:

1. LLEP Operating budget 2022/23

For further information please contact:

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Operational Budget 2022/23

1. OPERATING BUDGET 2022/23

The budget has been developed based on the best available information. As with any forecasts these are subject to change and will be updated appropriately. A breakdown of the budget is shown below, and detailed project information is provided.

	2021/22 Budget (£)	2022/23 Proposed Budget (£)
Income		
Grants (core funding)	575,000	430,000
Local Authority Contributions (Business Rates Pool)	250,000	250,000
National & Local Project Income	1,499,500	1,162,000
Fees, Interest & Other Income	364,500	486,000
Total Income	2,689,000	2,328,000
Expenditure		
Staffing	1,093,900	550,000
Running Costs	345,100	358,000
Leicester City Council – support services & Accountable Body	170,000	159,000
Project Delivery Costs	1,470,200	1,261,000
Total Expenditure	3,079,200	2,328,000
Net Surplus / (Deficit)	(390,200)	0
Actual Reserves at start of year	2,102,000	1,720,000
Estimated reserves at end of year	1,720,000	1,720,000

The main assumptions are as follows:

1.1 INCOME

Core funding has reduced for 2022/23, with the core grant reducing to £375k from the £500k received in previous years.

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The budget assumes that the councils will continue to contribute £250,000 from the business rates pool, which was 50% of core funding. The councils may wish to review this as the core funding is reduced and as the plans for the next tranche of business rates pool funding are developed.

National and Local Project Income has decreased due to the loss of the funding for the Peer-to-Peer network which was operated through the Business Gateway. In addition, core funding for the Growth Hub has been halved, from £536k in 2021/22 to £268k in 2022/23. In relation to the Enterprise Advisor Network there has been an increase in funding from the CEC; we have been advised that there will be funding in place until August 2023.

Fees, Interest & Other Income includes the agreed 2.5% management fee to cover the cost of running the Business Rates Pool. These figures also include interest earned on the capital receipts held by the Accountable Body. This line also includes interest earned on the Gresham GPF loan, which has not yet been received

1.2 EXPENDITURE

The staffing costs cover a core team of 13 members, including on-costs and ancillary expenses. Given the significant reduction in Core and Growth Hub grant funding, three recently vacated posts have been removed from the budget. There are currently a further 15 team members funded through Projects. The budget for core staff costs has decreased by nearly 50% from 21/22 and is largely explained by a reduction in posts which have not been recruited to, in line with the funding reductions and the request from BEIS not to increase the headcount at the mid-year data review monitoring.

The budget for running costs has increased by £13k from 21/22 which is largely explained by one off expenditure being incurred in outsourcing the communication functions.

The budget for Accountable body costs have decreased slightly due to a reduction in office costs due to hybrid working.

The budget for Programme Delivery costs has decreased by £209k, which is largely down to the reduction in the Growth Hub core funding offer.

1.3 CORE COSTS

	2022/23 (£)
National Grants	430,000
Contributions	250,000
Fees and other income	486,000
Total Income	1,166,000
Staffing	550,000

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Marketing & Advertising	67,000
Running Costs	291,000
Leicester City Council – support services and Accountable Body	159,000
Total Expenditure	1,067,000
Net Core Expenditure / (Income)	(99,000)

1.4 PROJECT EXPENDITURE

Careers and Enterprise Company

The purpose of the local Enterprise Advisor Network (EAN) is to create powerful, lasting connections between local businesses, schools, and colleges in the area. Enterprise Advisors are volunteers who work directly with the leadership of individual schools and colleges, helping these institutions to develop effective employer engagement plans. The network of Enterprise Advisors (EA) is supported by a team of Enterprise Coordinators who effectively bring the network of schools, colleges and EA's together recruiting, matching, and facilitating the effective relationship between the partners to simplify and stimulate more employer engagement with education.

The programme is part-funded by the Careers and Enterprise Company (CEC). The CEC has provided the LLEP with a Funding Agreement up to August 2022 with a further commitment being provided for funding up to August 2023 (since the project works to academic years).

The next table provides an indicative project spend profile over the next year.

	2022/23 (£)
National Grants (CEC)	385,800
Local Contributions	25,000
Total Income	410,800
Staffing	431,100
Running Costs	161,100
Total Expenditure	592,200
Net Project Expenditure	181,400

The figures are based on the existing team structure of a Careers Hub Lead (Strategy), a Careers Hub Lead (Operations), one Effective Transitions Coordinator, 0.5 Employer Engagement Coordinator and 4.5 Enterprise Coordinators providing 100% coverage of all eligible schools and colleges across Leicester and Leicestershire for the full year.

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1.5 LLEP Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives which were set up to simplify access to business support, to inspire enterprise and drive economic growth. There are 38 Growth hubs covering the whole of the UK.

The Growth Hub is a single point of access across Leicester and Leicestershire, to which businesses and support providers can turn when they have a business need that they do not know how to meet. It is the single point of access for all national and local schemes working with a broad network of providers from the public and private sector, to encourage the take-up of business support and help maximise the growth potential of our businesses.

The Business Gateway offers information, advice, and guidance through a variety of platforms including website, telephone and intensive one to one support via a small team of specialist advisors. The Growth hub has been an important part of the infrastructure in gathering intelligence to feed direct to Government on issues affecting the local economy and business community.

Overall, there has been a reduction the budget in comparison to 21/22, due to the loss of the Peer Networking funding and a reduction in the core grant offer.

The table below provides an indicative project spend profile over the next year:

	2022/23 (£)
National Grants (BEIS & ERDF)	403,800
Local Contributions (BRP)	100,000
Total Income	503,800
Staffing	321,100
Marketing & Advertising	29,000
Running Costs	218,700
Total Expenditure	568,800
Net Project Expenditure	65,000

Growth Hubs receive an annual allocation of funding from the Department for Business, Energy & Industrial Strategy (BEIS), supplemented by European Regional Development Fund (ERDF) Funding.

1.6 Enterprise Zones

Enterprise Zones are a 25-year designation for a specific site in which 100% of rates uplift above a baseline is kept by the local area to fund future economic growth. Zones are exempt from the normal Government rules that allow retention of business rates growth only until the next “reset” date. Given that rates growth retention is guaranteed for a period of 25 years, this provides a financing tool to support prudential borrowing to accelerate the development of the sites as well as supporting other economic priorities. Businesses within the zones can also benefit from up to five years of rates relief and simplified planning.

There are two EZs in the LLEP area, namely MIRA Technology Park Enterprise Zone and the newer Loughborough and Leicester Science and Innovation Enterprise Zone. The investment supported by Business Rates uplift generated / expected to be generated from the EZ’s totalled over £1m.

We will work with partners to strengthen the capture of performance data to monitor the impact of our interventions and highlight opportunities for further activities to facilitate continued development.

The table below provides an indicative project spend profile on EZ development over the next year, it does not include any infrastructure investment that may be agreed:

	2022/23 (£)
LLEP reserves / business rates uplift	100,000
Total Income	100,000
Staffing	54,800
Running Costs	45,200
Total Expenditure	100,000
Net Project Income	0

The identified revenue income is an annual £100,000 from the business rates uplift which is expected to be made available to the LLEP from the Billing Authorities to manage the programme with the sites and government.

1.7 **European Structural and Investment Funds (ESIF) Technical Assistance**

European Structural and Investment Funds (ESIF) are the European Union’s main source of funding for supporting growth and jobs across EU member states. ESIF is composed of three main programmes that combined provide around £6 billion of support over the 2014 to 2020 period.

The table below provides an indicative project income deferred from 2021/22.

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Note that no direct expenditure is shown, as staffing and other costs are part of the LLEP operating budget:

2022/23	
(£)	
ERDF	20,000
ESF	127,500
Total Income	147,500



LLEP Team Report

1. Purpose of the Report

To update Board members on emerging issues not covered by the agenda, PR and comms work and future agenda items

Staff Update: Mandip Rai has now left the LLEP. This was with effect from March 2022. The decision was reached by mutual agreement and was unrelated to ongoing uncertainty over the future of LEP's and the Board thanks Mandip for his contribution over the years.

Sue Tilley, Head of Business and Innovation, will take temporary lead of the Senior Management Team at the LLEP.

1. Enterprise Zones

At the start of the year consultants, ChangePoint Solutions Ltd, were engaged to undertake a refresh of the Implementation Plans for both the MIRA Technology Park and Loughborough and Leicester Science and Innovation Enterprise Zones. The Plans review what has been achieved so far, set aspirations for achievement going forward and the interventions which are needed to reach them, including activity around skills, marketing, and physical development. A refresh of the Plans is required every five years under the terms of the Enterprise Zone Business Rates Agreements. The refreshed Plans will be presented to the EZ Steering Groups in April and will be presented to Board in June.

The Charnwood Campus Medicinal and Synthetic Chemistry Research Centre project is due to fully complete in May 2022. Charnwood Molecular, the end-user for the building, held an opening event on 7th April. The project was funded through £3.4m of EZ Retained Business Rates from LLEP.

Negotiations on the Forward Funding Agreement (FFA) for the EZ Retained Business Rates investment in two projects at MIRA Technology Park, the Low Carbon Innovation Hub and Infrastructure Phase 1, are nearing completion and anticipated to be completed before the end of April. The grant contracts which sit beneath this are agreed and will be signed after the completion of the FFA to enable the projects to start immediately.

2. Business Gateway Growth Hub (BGGH)

Over the last funding year, the BGGH has developed numerous programmes of support including:

- APPEX (Advanced Manufacturing)
- Fashion & Textiles
- Pre-start support (in conjunction with De Montfort University)
- Women in Leadership
- Consultancy

All programmes were highly successful, with many exceeding the number of businesses we hoped to support, such as Fashion & Textiles which aimed to help 14 businesses and ran with 18 on board.

The team have successfully delivered the Peer Networks programme, funded directly by BEIS. This had a value of £320,000 and saw over 300 businesses access this programme. Our achievements have been rewarded by being the focus of the final Peer Networks newsletter created by the Government.

The past year has seen new webinars being created, such as 'Going Green for SMEs' which more than 170 businesses engaged with to actively seek ways to reduce their carbon footprint. Linked to this the BGGH team and the wider Business Advisers have helped to promote and refer 85 businesses to the LLEP's Zellar project, and the extended team ensured that the Start Up Business Support (SUBSs) programme exceeded its target.

The team helped promote the Leicestershire Innovation Festival, in partnership with Universities, Innovate UK, Midlands Engine and the LLEP. The media coverage for this – delivered by in house and external teams – was worth an outstanding £33,000 (ROI of 600%).

Our future plans include expanding our consultancy offer for a bespoke support offer; our own version of Peer Networks and developing sector specific programmes that will have the best impact in the community. We also plan to focus on supporting disabled business owners and developing support that aligns with the net zero Zellar project.

3. Careers Hub and Enterprise Adviser Network

- Full network coverage achieved with all 91 schools and colleges in the region now members of the Careers Hub.
- Currently are 83 Enterprise Adviser (senior business volunteers) in the network. Recent organisations to join the network include Tarmac, EON, Trelleborg and Dunelm. Recruitment continues.

Additional project funding secured over this reporting period with funding to flow as activity delivered.

1. Apprenticeship and T Levels project with two workstreams a) Working with the ESFA and local FE Colleges to build an Apprenticeship Ambassador Network. b) Targeting Year 10 Parents and Carers on Apprenticeships and T-Levels. Currently over 275 parents responding. Value £20k
2. Funding to create an online platform specifically to support young people with Special Education Needs and Disabilities (SEND) to access local labour market information (LMI). Value £4k
3. Funding to work with the East Midlands Chamber of Commerce as part of the Local Skills Improvement Plan (LSIP) trailblazer work. Project will explore how the data around knowledge, skills and behaviours can be used by schools to embed careers in the curriculum. Value £10k

- Independent evaluation underway to highlight the impact of the original 20 Hub Schools. The interim report highlights strengths of the Hub and a set of recommendations which will support the future direction of the Hubs work.
- The two year 'We Discover' SEND project funded by the Careers and Enterprise Company and JP Morgan is now live. There are eight SEND schools in the project to support young people with SEND overcoming barriers to post 16 education, employment, or training.
- In late February, the Hub Team launched a 'Stable Careers Programme' toolkit to the network with over 70 attendees. This is a launchpad to a pilot of initially 10 schools taking part in an intensive careers transformation programme over the coming months.
- The Hub Youth Advisory Board met in person for the first time in March. The group are keen to focus on activities and engaging employers around sustainability and green skills.

4. Economic Growth Strategy

LLEP Economic Growth Strategy

The LLEP continue to work with partners to develop delivery plans and progress the priorities and objectives outlined in the Strategy. For example, collaboration with Active Together towards their recent report on physical activity and sport's contribution to wellbeing, health, economic recovery and growth. The LLEP will also be presenting at an upcoming Active Together conference on how to further strengthen the links between health & wellbeing and the economy.

Health & Wellbeing

An independent review by Public Health England concluded that the LLEP Strategy ranks strongly when rated on their Inclusive and Sustainable Economies (ISE) model which is designed to support place-based action to reduce health inequalities and build back better. The LLEP sits on the Staying Healthy Partnership group, which brings together senior leaders from key partners including local authorities, district authorities, and the NHS to develop actions to tackle some of our long-standing health issues.

Business Tracker Survey

The LLEP has been tracking the experience of local businesses since December 2020, with the aim of using frontline responses to inform local policy and target support where it is needed most. Headline findings from the third wave of surveying include:

- Staffing. More than a third of organisations had experienced difficulties with recruitment. EU transition and Covid were felt to have contributed. There was a shortage of good applicants, while several businesses felt applicants were expecting too much either in pay or flexible working.
- Exports / Imports. Europe remained central to both imports and exports. Three in four of those involved in exporting were experiencing challenges.
- Performance. Businesses remained optimistic. Almost nine in 10 of respondents felt confident about the future (87%). Almost 2 in 3 are predicting growth in next 12 months (63%).

The LLEP continue planning for the fourth wave of the business tracker survey with a view to launching in early May. Further questions will be including to capture the cost of living crisis.

5. Economic Performance -

Annual Economic Profiles 2022 – Currently working on Annual Economic Profiles have been produced since 2013. Their purpose is to bring data that helps provide a snapshot of the local economy and:

- Show how the local economy is performing.
- Demonstrate what businesses support the local economy and employment and where this is changing.
- Show where there are economic strengths and weaknesses.
- Help understand where there has been growth in the economy and how this has changed.

The Business and Economic Intelligence Update and Labour Market profiles are published monthly and include data from national releases such as the Business Registration and Employment Survey (BRES) and intelligence on job postings by sector and geography taken from subscribed data services.

6. Programmes –

Get Building Fund

The LLEP received £20m from the Getting Building Fund programme to deliver jobs, skills and infrastructure to target economic challenges as a result of the pandemic.

The funding was allocated to four projects with completion forecasted for March 2022.

- Junction 23 M1 / A512 Access Improvements - Project completed
- St. Margaret's Gateway - Project forecasted to complete in April 2022
- SportPark Pavilion 4 – Project forecasted to complete in January 2023
- Granby Street and St. George's Street Regeneration Gateway- Project forecasted to complete in September 2022

Business Rates Pooling

This unique fund, which retains and combines the business rates growth funding from all nine local authorities, is administered by the LLEP to invest in economic development priorities, driving productivity and growth across Leicester and Leicestershire.

The funding criteria only allows those who actively contribute to the pool to bid for funds from the pool.

To date over £29.6m has been allocated to 68 projects, grants range from £5k for a feasibility study into a new water taxi service between Leicester City and Everards Meadows to £4m for the development of the Melton Mowbray Distributor Road.

Growing Places Fund

The initial allocation of £12.4m has generated nine loans to the value of £17.5m. There are currently three outstanding loans: Haywood Estates LLP (UK) is anticipated to complete repayments this financial year; Gresham is currently negotiating a refinancing deal which when secured the GPF loan and interest will be repaid in April 2022; and, Norton Motorcycles / Donnington Hall Estates is still subject to administration ongoing court proceedings.

We are currently reviewing the process and procedures with a view to seeking Investment Panel approval to launch a further £10m open call for capital loan funding for currently stalled infrastructure projects within the area.

Re purposed Growing Places Fund

Allocation of £1.674m of the Growing Places Fund to aid Covid recovery.

- £500K Kickstart SME Extension
- £90K establishment of area Digital Skills Partnership, appointment of a Digital Skills Coordinator and procurement of research into digital skills deficits in Leicester and Leicestershire.
- £300k to aid digital poverty, through targeted interventions.
- £100K NEET prevention through intensive targeted support
- £300K additional grant funding for small businesses
- £185K allocated to Invest Leicester to increase and accelerate showcasing of Leicester and Leicestershire as a great place for visiting, investing and living by developing digital and video content and proactive marketing.
- £100K allocated to the development of Low Carbon Action Plan
- £100K allocated to implementation of MIT REAP strategy to enable SMEs to take advantage of advanced technologies, particularly in manufacturing, and to access local expertise available through the three universities in the area

We are in the process on gathering monitoring information with a view to taking an updated paper to the Investment Panel in May.

7. Inclusivity and Skills

- **A Digital Skills Partnership** has been established by the LLEP and has engaged over sixty partners across the county from business, education, the public sector and the voluntary groups. The group is now chaired by Amit Sinha, a Chief Technology Officer from Microsoft. This is already proving an important link with LLEP now being founder member of Microsoft's Get On community to support local projects. Conversations with the Department of Culture, Media and Sport (DCMS) continue as the LLEP aims to become affiliated with the national programme.
- An **Apprenticeship Strategy** was produced and published in March 2022. The strategy outlines actions to be taken to raise awareness of apprenticeships for both young people, adults and businesses. The LLEP Careers Hub have subsequently secured funding to boost the local **Apprenticeship Ambassador** network. Following partner feedback, a LLEP event is being held in early April to **help advisers who support young people and adults** into opportunities to update on apprenticeships and ways to promote them in career conversations across all age groups; 50 people have booked on for this so far.
- The **World of Work Leicestershire guide for adults** was updated in January 2022. This 28 - page summary guide helps to convey the local labour market, key sectors, skills in demand, and where to get careers and job support help.
- The **LLEP labour market film for young people and schools**, filmed in 2020 with Macildowie has been viewed over 1000 times.
- **LLEP Kickstart Extension Scheme**: The LLEP pledged £500,000 to build on the work already done under the Government's Kickstart scheme, which offered paid work placements for 16–24-year-olds. The programme targets disadvantaged learners including those with low levels of qualifications and Special Educational Needs and doubles the duration of Kickstart placements to 12 months.

- **Digital Poverty** – seven projects have been funded to support access to devices; connectivity; and skills. The Digital Poverty projects cover a wide portfolio of ideas including laptop recycling, creation of digital hubs in communities and digital buddies to provide one to one support.

8. Innovation – Re-purposed GPF £100k (as referenced point 6) As part of the MIT REAP challenge the Innovation steering group developed an innovation strategy (Beacons and Bootstraps) to develop the business base encouraging a culture of innovation and engagement with business support. The strategy aims to grow the Leicestershire economy between 5 and 10% over the next 5 years. The findings from the research undertaken for the strategy fed directly into the Covid Recovery cell and ultimately informed the Innovation pillar of the LLEP Economic Growth Strategy and formation of the LLEP Innovation Board.

- **The Innovation Pillar** activities are being developed with the Innovation Board led by Dr Nik Kotecha to drive the agenda, building collaborations, growth and opportunities to safeguard the future prosperity and productivity of our businesses.
- **Dashboard** A dashboard has been developed to track the annual performance of the region's innovation ecosystem . This simplified and robust range of metrics covers the 5 key innovation themes identified by the MIT REAP study.
- **Must Win Battle report** on how to engage with reach the 'hard to reach' businesses to encourage them to innovate agreed in the original MIT REAP Framework has now been finalised (Report to be circulated)
- **Innovation Festival 2022** launched on 18th February with a packed event at Space Park in Leicester. An extended schedule of events for **2022** commenced themed around innovation and sustainability. The festival has been the most successful to date with 25 events attracting 967 registrations and 726 attendees.
- **Innovation Award Winner** Nemaura have been invited and have joined the innovation board
- **MIT REAP** Alumni reunion took place in London on 17th March 2022. It was a global event and provided a good insight into how other regions and countries applying the MIT model. MIT REAP lead Prof Fiona Murray is happy to endorse LLEP Innovation successes and Dr Phil Murray is keen to visit Leicester and especially meet the Innovation Board and visit the Space Park.
- **The Innovation Board Away day** took place on Tuesday 29th March at Mira Technology Park hosted by Horiba Mira. Over 30 delegates including Innovation Board members, and a range of businesses attended. A range of ideas have been generated and will be distilled into five or six options for presentation to the Innovation Board. The implementation the responsibility of the LLEP Innovation Steering Group.
- **Requirement going forward:** The contract with Loughborough University funded by £100,000 repurposed GPF to provide a dedicated Innovation Manager is coming to an end. Innovation is a large body of work for the LLEP which will need a dedicated Innovation Manager within the LLEP to co-ordinate and drive the delivery of this important initiative.

9. Productivity /Made Smarter -IM The LLEP with D2N2 and Greater Lincolnshire LEP has been invited by BEIS to develop a bid and outline business case for the East Midlands Made Smarter Adoption Programme which would support innovation within the manufacturing sector to the tune of £7.5m. We have worked with a range of partners across the region and reached out to other LEP areas that have already been successfully delivering the Made Smarter initiative. We have worked with local manufacturers to build case studies of our engineering companies such as JC Metalworks [JC Metalworks v2 - YouTube](#). One local business leaders Anne Ford MD of PGM Re-ball <https://www.youtube.com/watch?v=-b7J5MFgyKk> a Hinckley based company took part in presenting our case to BEIS. The first formal meeting with BEIS which took place on was judged to have gone positively, we await official confirmation from BEIS as to the outcome and next steps.

10. Sustainability

We are currently working on several key areas as set out in our Economic Recovery Strategy 2021-30, including establishing the pilot digital platform “Zellar”. This has involved attending several business breakfast meetings such as that hosted by Blaby District Council on 16th March to promote and advise businesses on how they can de-carbonise as well as provide information on the types of grants available.

To date, 92 businesses out of a possible 100, have signed up to the Zellar pilot, with 47 already having completed their “profiles”. We held our first Task Group meeting on 3rd February to start to analyse the impact and begin to understand both how businesses respond to this type of intervention but also what the information tells us. The next stage will be to ensure that the BizGateway utilises the information to map out and provide better support to businesses to help them de-carbonise in the future.

In addition, we are also looking at emerging issues such as hydrogen, electric vehicles, heating, sustainable food production, biodiversity, and natural capital. Working with our partners such as the Local Authorities, our local Universities and others including the Midlands Energy Hub, we want to better understand these issues to determine the best path for the LLEP to take.

We held a Local Hydrogen Intelligence meeting on 1st April to talk with a range of partners involved in the hydrogen agenda such as MIRA and our three local Universities. We are also in the process of procuring consultants in partnership with Midlands Connect to produce a feasibility study into an East Midlands Transport Hub near East Midlands Airport. It is hoped that both pieces of work will go out next month (May) and completed by the end of the year.

11. Communications

George Oliver, the former editor of the Leicester Mercury, has been engaged by the LLEP to support communications during the previous quarter. George’s expertise has been invaluable. We are pleased to say that George had been engaged to continue supporting the LLEP over the next six months and is currently concluding a new Communications Strategy for the LLEP. Since George has been commissioned market penetration has increased and reach has trebled. Please see below

LLEP media coverage (March 2022)

OUTLET	NUMBER OF CLIPS	REACH	PUBLICITY VALUE
Love Business	3	3,390	£0.55
East Midlands Business Link	2	16,926	£2.73
In Your Area	2	1,057,728	£170.29
NICHE MAGAZINE	2	0	£0.00
The World News (UK)	1	0	£0.00
Pukaarnews	1	0	£0.00
News Sniffer latest revisions	1	0	£0.00
UK Today News	1	0	£0.00
De Montfort University	1	131,285	£21.14
MediWales	1	1,055	£0.17
Business Live	1	124,706	£20.08
Techregister	1	1,764	£0.28
BBC News Online	1	24,207,801	£18,373.72
MSN UK	1	67,151,557	£50,968.03
Yahoo UK - Yahoo News UK	1	937,516	£711.57

Evening Standard - standard.co.uk	1	3,608,479	£1,908.89
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HEADLINES	OUTLET	REACH
Brexit Britain handed huge boost as new £100m space research hub opens in Leicester	MSN UK	67,151,557
Astronaut Tim Peake to open a huge space park in Leicester	BBC News Online	24,207,801
British astronaut Tim Peake to open £100m space research hub	Evening Standard - standard.co.uk	3,608,479
British astronaut Tim Peake to open £100m space research hub	Yahoo UK - Yahoo News UK	937,516
Leicester space centre launched by famous British astronaut	In Your Area	528,864
New Leicestershire strategy to increase number of apprenticeships in the county	In Your Area	528,864
From vintage Imperial typewriters to digital inclusion via Zoom	De Montfort University	131,285
Two week 2022 Leicestershire Innovation Festival hailed a success	Business Live	124,706
Focus on 'Innovative Leicestershire' must continue all year round to secure future growth of county's economy	East Midlands Business Link	8,463
New LLEP strategy to show SMEs the benefit of taking on apprentices	East Midlands Business Link	8,463
Brexit news: Britain handed huge boost as new £100m space research hub opens	Techregister	1,764
New LLEP strategy will show SMEs the benefit of taking on apprentices	Love Business	1,130
Space Park Leicester launched by British astronaut Tim Peake	Love Business	1,130
Fireworks company hopes to come back from the pandemic with a bang!	Love Business	1,130
Leicestershire Innovation Festival - Thinking Differently for Business Growth, a celebration of our life sciences business, innovation and growth	MediWales	1,055
Two Week 2022 Leicestershire Innovation Festival Hailed A Success	UK Today News	0
Brexit Britain handed huge boost as new £100m space research hub opens in Leicester	The World News (UK),	0
BARONESS MORGAN VISITS LEICESTER SCHOOL TO TALK CAREERS WITH STAFF AND STUDENTS	Pukaarnews	0
Astronaut Tim Peake opens Space Park Leicester	News Sniffer latest revisions	0
British astronaut launches Space Park Leicester	NICHE MAGAZINE	0

Link	Purpose	February 8	February 26	March 29
https://bit.ly/LLEPnewsletter	Subscribe to LLEP newsletters	125	237	338
https://bit.ly/LLEPHome	Visit the LLEP website	40	42	45
https://bit.ly/LLEPBizGateway	Visit the Business Gateway Growth Hub	124	244	368

https://bit.ly/LLEPEvents	Book for LLEP events	123	234	341
https://bit.ly/LLEPBizGateway	View the Growth Strategy 21-30	193	341	460
https://bit.ly/LLEPWorldOfWork	View the World of Work report	153	163	168
https://bit.ly/LeicsInnovation22	View the Leicestershire Innovation Festival schedule	9	60	63
https://bit.ly/LLEPApprenticeAmbassadors	Learn about becoming an apprentice ambassador	N/A	125	135
https://bit.ly/LLEPBusinessTracker	View Wave 3 Business tracker survey	N/A	42	45
https://bit.ly/LLEPApprenticeStrategy	View Apprentice strategy	N/A	N/A	76
Total clicks		767	1488	2039

LLEP BOARD OF DIRECTORS

12 April 2022

Information Report

ENTERPRISE ZONES ANNIVERSARY REVIEW

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Board on the progress of the LLEP's two Enterprise Zones on the 10-year anniversary of the designation of MIRA Technology Park Enterprise Zone and the five-year anniversary of the designation of Loughborough and Leicester Science and Innovation Enterprise Zone.

2. RECOMMENDATION

- 2.1 The LLEP Board is recommended to note the report.

3. BACKGROUND INFORMATION

- 3.1 In 2011 Government announced a call for the newly formed LEP's to submit bids for sites to become Enterprise Zones (EZ). These sites would provide tax breaks and Government support to enable businesses to develop and expand supporting local economic growth. Designation also meant that 100% of the business rates generated within these areas would be retained locally. The competitive process resulted in the designation of 24 Enterprise Zones in 2012. A further call for new EZ's and extensions to existing sites was announced in 2014, with 24 additional new Zones becoming operational in 2016 and 2017.
- 3.2 Following the first Government call, at its meeting in June 2011 Board agreed to put forward MIRA Technology Park (MTP) for designation as an Enterprise Zone. The success of the bid was confirmed in August 2011 with the EZ becoming operational 1st April 2012. An application to extend the EZ boundary was approved in 2015 which came online 1st April 2016.
- 3.3 [MIRA Technology Park](#) (MTP) is situated along the A5 in the Hinckley and Bosworth district. The Park enables businesses engaged in research and development within the mobility sector to establish a technical presence in the UK. Comprised of one of the most comprehensive proving grounds in Europe, with over 100km of proving ground test track facilities and 38 major laboratory facilities, it offers a range of serviced office

space, fully equipped serviced workshops, secure workshop/office units and bespoke design and build.

- 3.4 The 2014 call for Enterprise Zone bids encouraged LEP's to submit applications based around rural areas covering multi-sites with an emphasis on high value jobs and increasing productivity through long-term public and private investment in infrastructure, skills and science. It was agreed by Board in September 2015 that three sites, Charnwood Campus and Loughborough Science and Enterprise Park (LUSEP) in Loughborough and Leicester Waterside (including the Waterside Regeneration Area and Pioneer Park), would make up the bid. The new zone received full Government approval in February 2017, and it became operational 1st April 2017.
- 3.5 [Charnwood Campus](#), based in north Loughborough, comprises high quality, modern laboratories, production plants and office space set in 70 acres of landscaped grounds. The facilities create the ideal conditions for start-ups, SMEs and established enterprises within the bioscience, biotechnology and pharmaceutical sector. The first Sciences Opportunity Zone (LSOZ) in the UK, the site builds on the East Midlands legacy of pharmaceutical research and development activities.
- 3.6 [Loughborough University Science and Enterprise Park](#) (LUSEP) brings together high-tech companies from dynamic start-ups to R&D facilities of global brands, with a world-class research-intensive university. Situated just one mile from junction 23 of the M1 it is one of the most accessible science parks in the UK, and at 106 hectares is also one of the largest. The first phase of LUSEP is already home to a thriving science and research community leading the way in energy / low carbon technologies, advanced engineering, and sports technology. Future phases are located within the Enterprise Zone.
- 3.7 Leicester Waterside is located to the north-west of the vibrant city of Leicester. It comprises around 66.5 hectares of land split across two areas, '[Waterside](#)' and '[Pioneer Park](#)'. A gateway to the city centre it has significant potential to be transformed into high-quality employment space including mixed-use neighbourhoods. Waterside is a key regeneration site for the city and a perfect area for high-value employment as well as Grade A office space. Pioneer Park is home to high-tech companies and is fast becoming a thriving innovation-based community through the key National Space Centre, Space Park Leicester, and Dock developments.

4. MIRA TECHNOLOGY PARK ENTERPRISE ZONE INVESTMENT

- 4.1 In the 10 years since designation, LLEP investment in the site has included £9.5m Local Growth Funding for the MIRA Technology Institute which has assisted over 800

learners and £1.25m from EZ Retained Business Rates for market research, business development, marketing and promotion supporting the attraction of over 25 businesses to the site.

- 4.2 Enterprise Zone status has enabled MTP EZ to attract investment directly from Government, including a £17.7m Regional Growth Fund grant (2013) to HBBC for improvements to the A5 and a new primary sub-station for the site and £12.9m Local Infrastructure Funding (2015) for onsite infrastructure improvements and upgrade works to the proving ground test facilities. The site has also unlocked at least £81.1m private sector investment through both HORIBA MIRA's own investment and that of the site tenants.
- 4.3 Recent investments in emerging technologies ensure the site remains at the forefront of mobility solution creation. The newly opened £26m Assured CAV facility, part funded by £13m from Government, and the investment by Octopus Hydrogen and Octopus Renewables to develop a green refuelling forecourt providing hydrogen and EV charging reflect the site's key role within the UK's testbeds for electric, hydrogen and autonomous vehicles.

5. LOUGHBOROUGH AND LEICESTER SCIENCE AND INNOVATION ENTERPRISE ZONE INVESTMENT

- 5.1 Since EZ designation Charnwood Campus has attracted investment from a variety of private sector companies, including multi-nationals such as 3M and Almac, and Medilink Midlands who are key to the life science infrastructure of the UK. The site was also chosen by Government to be a 'Lighthouse Lab' supporting the UK's Covid-19 testing programme. LLEP investment of £3.4m EZ Retained Business Rates for the refurbishment of a building for Charnwood Molecular will generate over 300 jobs and see over 10,000sqm floorspace brought back into use.
- 5.2 The first new build constructed within the Loughborough and Leicester EZ was at LUSEP which created a new headquarters for leading software company, the Access Group. The new 10,126sqm office completed in November 2020 and leveraged £25m private sector investment. The new building has enabled the company to continue its rapid expansion and recruitment for the over 500 jobs facilitated by the development is underway.
- 5.3 Significant development has taken place within Leicester Waterside in the five years since Enterprise Zone designation. Two new office buildings were completed as part of the Friars Mill complex adding 9,290sqm of modern office space to the Waterside area. Construction of the five-storey No.1 Great Central Square scheme completed offering

3,065sqm of office space in a prime location, along with the creation of a 154-bed hotel, a 95-bed aparthotel and the renovation of the Great Central Railway Station building for leisure purposes. Further office space was completed on Great Central Street with a 1,579sqm building now occupied by Yu Energy creating more than 200 new jobs.

- 5.4 LLEP investment through the Local Growth Fund has supported developments in Pioneer Park including a 2,675sqm extension of the Dock workspace facility providing 16 new office and light industrial units supported by £2.614m and the 4,800sqm Space Park Leicester building which formally opened in 2022 creating over 200 new jobs with a £8.4m investment. Additionally, £20m LGF was invested into the Waterside regeneration programme enabling the site's assembly and remediation.

6. ENTERPRISE ZONE PROGRESS

- 6.1 The metrics for measuring the success of EZ's are set out by Government and include attracting new businesses, job creation, physical development (both new and refurbished floorspace), and the generation of business rates. Some metrics are not relevant to all EZ sites. Reporting against these metrics is required every six months and is submitted to the LLEP by the site leads before being submitted to Government by LLEP.
- 6.2 An overview of the progress of the Enterprise Zones is highlighted in the tables below using the metrics which are universal to all our sites. A complete breakdown of the progress by year for each site can be reviewed in the Gantt Charts appended to this paper. The Gantt Charts also show progress against metrics which are site specific. The reporting for October 2021 – March 2022 has yet to be submitted therefore that year's figures are not yet complete.
- 6.3 The Business Rates generated figure is expected to be higher, and more than the forecast figure, for the Loughborough and Leicester EZ when the 2021/22 figures are confirmed. Due to the processes involved in confirming Business Rates figures there is a delay in this information being available from the Billing Authorities. It should also be noted that the linear correlation between the business rates and floorspace figures for this EZ is impacted by the demolition which was undertaken in Leicester Waterside during this period.
- 6.4 The figures used for the forecasts are taken from the original bids submitted to Government for Enterprise Zone status. These are forecasts rather than targets due to the inherent difficulties in predicting development of this nature and scale, and which are subject to known variables such as economic downturns and unknown ones such

as pandemics. An example of this is the unforeseen changes in economic climate, Government priorities, and finance availability during the first 10 years of the MIRA Technology Park EZ which has made completion of the full development of the site in this timescale, as forecast by the bid, unachievable.

MIRA Technology Park Enterprise Zone 2012 - 2022

	Forecast	Achieved
New Businesses Onsite	34	27
Jobs Created	2,552	624
New and Refurbished Floorspace	159,166 sqm	18,946 sqm
Business Rates Generated	£31.83m	£8.22m

Loughborough and Leicester Science and Innovation Enterprise Zone 2017 - 2022

	Forecast	Achieved
New Businesses Onsite	127	23
Jobs Created	2,230	1,573
New and Refurbished Floorspace	94,185sqm	156,334 sqm
Business Rates Generated	£10.7m	£6.8m

7. LOOKING FORWARD

- 7.1 Further LLEP investment of Retained EZ Business Rates in both MIRA Technology Park EZ and Leicester Waterside EZ site is set for 2022. Investment of £8.354m in two projects at MIRA Technology Park, the Low Carbon Innovation Hub and Infrastructure Phase 1, will enable the creation and redevelopment of over 9,000sqm floorspace with 900 jobs created through construction, new, and expanding businesses onsite. Investment of £11.5m in three projects for the Leicester Waterside Enterprise Zone site, 'LCC Workspace Phase 3', 'A6 - From Redhill to Blackbird Road' and 'A50 - Vaughan Way to Five Ways', will enable at least 240 jobs and 3,000sqm new workspace.
- 7.2 Following designation both Enterprise Zones were required to develop Implementation Plans to set out their aspirations for achievement going forward and the interventions needed to reach them, including activity around skills, marketing, and physical development. These Plans are currently undergoing a refresh and the new documents will provide renewed forecast figures for the above metrics, as well as outlining the further interventions required to achieve them. The Plans cover the next five years but will include ambitions for the sites beyond that. The Plans will be presented to Board at a future meeting and will provide direction for the next phase of the Enterprise Zone programme.

Summary of appendices:

1. Gantt Chart MIRA Technology Park EZ
2. Gantt Chart Charnwood Campus EZ
3. Gantt Chart Loughborough Science and Enterprise Park EZ
4. Gantt Chart Leicester Waterside EZ

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