

<b>Report Title</b>	Local Enterprise Partnership Integration to the Liverpool City Region Combined Authority
<b>Portfolio Holder</b>	Portfolio Holders for Business Support and Policy, Reform and Resources
<b>Summary of report</b>	The report sets out the approach proposed for managing the integration of the Local Enterprise Partnership (LEP) into the Combined Authority. It also describes the various boards that will enable the 'Business Voice' function of the LEP to become an integral part of the way in which the Combined Authority will manage its approach to economic development in future.
<b>Is this report exempt?</b>	No
<b>Is this a Key Decision</b>	Yes – Community Impact
<b>Is the report urgent</b>	No
<b>Is this decision to be exempt from call in</b>	No
<b>Local Authorities affected</b>	All Local Authorities
<b>Impact and implications of this report</b>	
<b>Financial impact</b>	Yes, see paragraph 4.1
<b>Delegation (s) sought</b>	Yes, see recommendation 2.1 (c)
<b>Supporting the Corporate Plan</b>	A Fairer City Region A Stronger City Region A Cleaner City Region A Connected City Region A Vibrant City Region
<b>Climate Change Implications</b>	Yes, see paragraph 4.3
<b>Equality and Diversity implications</b>	Yes, see paragraph 4.4
<b>Social Value implications</b>	Yes, see paragraph 4.5
<b>Human Resources implications</b>	Yes, see paragraph 4.6
<b>Physical Assets implications</b>	No referenced in paragraph 4.7
<b>Information Technology implications</b>	Yes, see paragraph 4.8

<b>Legal implications</b>	Yes, see paragraph 4.9
<b>Risk and Mitigation</b>	Yes, see paragraph 4.10
<b>Privacy implications</b>	No
<b>Communication and consultation implications</b>	Yes, see paragraph 4.11
<b>Contact Officer(s)</b>	David Anderson, Interim Assistant Director - Investment
<b>Appendices</b>	Yes – Equality Impact Assessment
<b>Background Documents</b>	No

# **LIVERPOOL CITY REGION COMBINED AUTHORITY**

**Friday, 28 April 2023**

## **REPORT OF THE EXECUTIVE DIRECTOR - INVESTMENT AND DELIVERY AND THE PORTFOLIO HOLDERS FOR BUSINESS SUPPORT AND POLICY , REFORM AND RESOURCES**

### **LOCAL ENTERPRISE PARTNERSHIP INTEGRATION TO THE LIVERPOOL CITY REGION COMBINED AUTHORITY**

#### **1. PURPOSE OF REPORT**

This report sets out proposals for managing the integration of the Local Enterprise Partnership (LEP) into the Combined Authority by the 30th of June 2023. It describes the various boards that will enable the 'Business Voice' function of the LEP to become an integral part of the way in which the Combined Authority manages its approach to economic development.

#### **2. RECOMMENDATIONS**

It is recommended that the Liverpool City Region Combined Authority:

- (a) approves the integration of the Local Enterprise Partnership (LEP) functions outlined in this paper into the Combined Authority;
- (b) approves the formation of a Business and Enterprise Board to provide a "voice for business" in the Liverpool City Region;
- (c) notes that the date for achieving (a) and (b) above is 30th June 2023 and grants delegated authority to the Executive Director of Investment and Delivery - in consultation with the Chief Legal Officer and the Executive Director of Corporate Services - to carry out such steps as are considered necessary or appropriate for integration and board formation, including:
  - i. development of Terms of Reference and the membership for the Business and Enterprise Board and any sub-boards;
  - ii. acceptance and application of funding from Government linked to the completion of LEP integration and the delivery of the business voice function; and
  - iii. development of arrangements for an eligible representative of the Liverpool City Region business community to join the Combined Authority as a non-voting member;
- (d) notes that the recommendations set out above will require certain administrative and governance changes as part of their implementation, which will be brought to a future meeting for approval; and
- (e) in relation to Growing Places Fund receipts:
  - (i) notes the previous decision of the LEP Board to apply these funds to costs related to LEP transition,
  - (ii) approves the ongoing use of these funds for this purpose following the transfer of responsibility for their allocation to the Combined Authority as part of LEP integration; and

- (iii) delegates authority to the Executive Director of Investment and Delivery in consultation with the Chief Legal Officer and the Executive Director of Corporate Services to determine how these funds are applied to support LEP integration and transition;
- (f) formally records its thanks and appreciation for the contribution made by all LEP Board members to the economic development of the Liverpool City Region, and considers marking this in a suitable manner at the point of integration.

### **3. BACKGROUND**

#### **3.1 Policy Context**

- 3.1.1 LEPs are voluntary partnerships between local / combined authorities and businesses. They were first set up in 2011 by the Department of Business Enterprise Innovation and Skills (BEIS) to help decide local economic priorities and lead economic growth and job creation efforts within their respective areas.
- 3.1.1 Following a government review of LEPs, which culminated in the Levelling Up White Paper of January 2022, the Combined Authority has been asked to integrate the functions of the LEP into the Combined Authority's governance structure, in line with guidance issued by Government.
- 3.1.2 Changes to the funding allocations following the introduction of the UK Shared Prosperity Fund (UKSPF) mean that some of the funding streams that supported the work of the LEP in the past have been reduced.

#### **3.2 LEP Background**

- 3.2.1 The LEP is an unincorporated association whose primary purpose is to act as the voice of business in the region. The term 'business voice' originates from the Department of Levelling Up, Housing and Communities (DLUHC). The LEP has its own Board and several sub-boards (also known as "sector boards") but has no employees of its own. Management, administrative and secretariat services to support the LEP's work have been provided by the LCR Growth Company ("the Growth Platform").
- 3.2.2 In July 2022, a plan to integrate LEP activity into the Combined Authority was consulted upon and approved by the Combined Authority. In December 2022, the plan was endorsed by DLUHC and BEIS, and a date of 30th June 2023 agreed for completing the integration process.
- 3.2.3 Understanding and capturing the 'Business Voice' across the City Region is an important strand of the Plan for Prosperity and how the Combined Authority will work with businesses across the city region to create an environment that supports investment and growth. The Business Voice can inform how the Combined Authority develops policy that reflects the changing nature of the business environment, and the key sectors driving growth as well as changes in products, processes and markets and the opportunities and challenges that these changes present for economic development. LEP integration offers an opportunity to bring

the business voice directly into the Combined Authority's policy making processes and will enable the Combined Authority to work more closely and directly with businesses, especially those in industry clusters that will be of critical importance to the future success of the city region economy.

### 3.3 Options Appraisal

In Autumn 2022 an options appraisal exercise was carried out to explore how the work of the LEP could most effectively be aligned with the Combined Authority's strategic priorities with a view to deciding the best future delivery model. The agreed choice was to integrate the LEP's functions into the Combined Authority and to refresh its board membership and related structures.

### 3.4 Business Voice

#### 3.4.1 As voluntary, non-statutory bodies, LEP's have been pivotal in bringing together the private sector, local authorities, and academic and voluntary institutions to:

- work with government on local investment priorities.
- work with local employers and Job Centres to help people back to work.
- work to support high growth local businesses; and
- help deliver on national priorities such as digital infrastructure and renewable energy.

#### 3.4.2 Several LEP related functions have already moved across to the Combined Authority, for example, the Innovation Board. However, it is recognised that it is important to keep the 'Business Voice' at the forefront of the Combined Authority's work to develop the city region economy in a sustainable and inclusive way. It is therefore proposed to review the current sector boards and set up boards in key industry clusters. This will allow the Combined Authority to retain key industry knowledge and intelligence in established areas while also introducing new business talent and experience from high value, knowledge intensive sectors of industry that are expected to offer major growth opportunities in future.

### 3.5 Proposed Model

Under the proposed integration arrangements there will be three levels of engagement between the business community and the Combined Authority. These are summarised below. In all cases, the Combined Authority will endeavour to ensure that the new boards reflect the communities that the Combined Authority represents across the City Region, including a commitment to achieve gender balance (50% of seats will be for women) on all boards.

#### 3.6 A **Business and Enterprise Board** will form the main strategic mechanism for engagement. This Board will ensure representation from priority industry sectors in the City Region as well as wider business representation. Its purpose will be to articulate business views about the main economic opportunities and challenges facing the City Region so that those can be reflected in policy priorities. The Board will be the primary strategic link between business and the Combined Authority – and its designated representative will become a non-voting member of the Combined Authority. Representation on the Board will be ensured for key industry Cluster Chairs, Higher/Further Education, Social Economy, and the Liverpool Visitor

Economy Partnership. Further representation will be sought from other significant business sectors, such as Port and Maritime Logistics, Professional and Business Services, Third Sector and Built Environment.

- 3.7 Three new **Cluster Boards** will be set up covering -advanced manufacturing, health and life sciences and the digital and creative industries in recognition of key strengths and growth opportunities for the City Region's economy as evidenced in the Plan for Prosperity. Cluster Boards will be action orientated with the scope to set-up task groups to address issues affecting the performance and competitiveness of the sector and wider economy.
- 3.8 A **Stakeholder Convention** will also be established to enable existing business networks, clusters, and the wider business base across the City Region to come together periodically to learn about research and intelligence undertaken and discuss business needs and future business engagement activities. It is proposed there should be an annual event for businesses hosted with the Combined Authority which would review the state of the city region economy. The Stakeholder Convention may also periodically convene conferences and events for businesses covering issues such as future skills, net zero and digitalisation and explore solutions to challenges in such areas.

Figure 1 below shows how the overall governance structure would work.

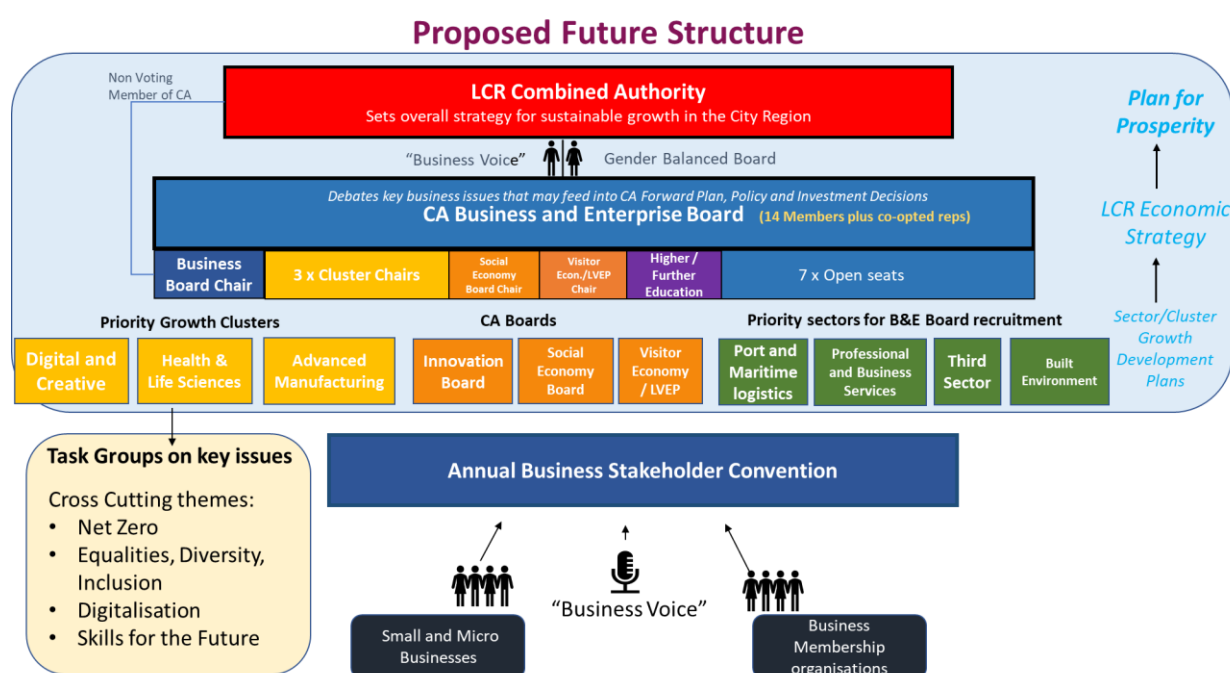


Figure 1: Proposed structure

- 3.9 The Business and Enterprise Board and Cluster Boards would typically be composed of 14 members broadly representing the geography of the City Region but with the flexibility to co-opt members to plug gaps in areas of expertise, local geography or to ensure greater diversity. Each Board will endeavour to reflect the communities that the Combined Authority represents across the City Region, including a commitment to achieve gender balance (50% of seats on boards will be for women). The proposed arrangements for these Boards will need to be

accommodated within the Combined Authority's governance structures and constitution.

- 3.10 During the next 12 months, it is intended that Growth Platform staff will continue to support the new Business and Enterprise Board and Cluster Board structures and provide secretariat services carried out on behalf of the Combined Authority. The Combined Authority may also provide support for these Boards through its Democratic Services and Communications, Marketing and Engagement functions.

### 3.11 Membership of the Boards

- 3.11.1 Proposals for identifying Board Members are currently being developed. Key principles will include:

- A fair, transparent publicly advertised process.
- The Combined Authority will endeavour to ensure that the boards reflect the communities that it represents across the City Region, including business sector
- Gender balance
- Proper consideration of equalities, diversity, and inclusion (EDI)
- Effective channels for communicating issues to the Business and Enterprise Board
- Board members must be politically independent.

The Combined Authority recognises the good work that has been done by LEP Board Members who have given their time and commitment on a voluntary basis. To allow a degree of continuity and to enable continued contribution from skilled and effective Board Members, it is proposed that whilst existing long serving LEP Board members will be ineligible to put themselves forward for re-appointment, to allow for some continuity those members with an unexpired term of more than one year would be eligible to reapply (although appointment would not be guaranteed). Where boards contain a large number of new members at the outset, the Combined Authority is able to consider co-opting previous LEP Board members for a period of 1 year.

- 3.11.2 It is proposed that Board positions secured during 2023 would see the appointment of Board members for varying periods of 2, 3 and 4 years to ensure that the Board Membership can later revolve on a 3-year rolling term cycle with a third of members standing down each year to allow Boards to be refreshed over time. In exceptional circumstances there may be a need to invite an existing LEP or Sector Board member to join a new Board in the set-up year to ensure a degree of continuity.

## 4 IMPACT AND IMPLICATIONS

### 4.1 Financial

At its Board meeting on 23rd September 2021, the LEP approved the allocation of Growing Places Fund revenue and interest receipts (currently totalling approximately £630,000) to support costs relating to the proposed transition of the LEP functions. As part of LEP integration, responsibility for deciding how Growing Places Fund revenue and interest receipts are used will revert to the Combined

Authority, and any funds remaining following the completion of LEP integration will be applied to support Combined Authority strategic priorities.

Additional support for advertising board positions is currently being explored.

#### 4.2 Supporting the Corporate Plan

The proposed structures will ensure that the independent business voice is heard and considered in the delivery of the Combined Authority's objectives of economic growth and job creation to support a stronger and vibrant City Region.

#### 4.3 Climate Change

The Business and Enterprise Board and its sub-boards will be expected to address environmental issues, and work with the Combined Authority to develop solutions to climate change related challenges and the transition to net zero.

#### 4.4 Equality and Diversity

An Equality Impact Assessment has been completed for the proposed approach which can be found in appendix 1. Existing data sources have been utilised on access to business support by groups with protected characteristics. Existing research highlights the need to increase board representation of Black and Minority Ethnic and female entrepreneurs. However, it should be noted that the current LEP Boards have some diverse representation, and the Combined Authority will build on this foundation. Analysis of existing research suggests several actions that could be taken to improve representation on the proposed boards. These are summarised below:

- Embed Equality, diversity, and inclusion within the membership of all boards to ensure these functions are as diverse and representative as possible moving forward.
- Collect equalities monitoring data for all boards to develop an understanding of representation and diversity of the boards.
- Review communications channels to ensure accessibility. For example, British Sign Language interpreters at events, website accessibility and website translations.
- Create pathways for young people to access and engage with business voice boards.
- Equality, diversity, and inclusion considerations will be at the forefront of the new business voice approach and will be considered by the Business and Enterprise Board and Cluster Boards
- Ensure that the Business and Enterprise Board stays up to date with good practice in relation to equality, diversity, and inclusion.
- Chair of every Board to nominate an Equality, Diversity and Inclusion lead.

#### 4.5 Social Value

The Combined Authority is committed to maximising social value across all its activities, as outlined in the Social Value Policy and Framework.



As part of the Combined Authority, the Boards will maximise the creation of social value across all activities and utilise the Social Value Measurement approach to monitor and report social value impact.

The Business and Enterprise Board and its sub-boards will be involved in the consideration of how business can support social value objectives in a sustainable manner that also promotes economic growth.

#### 4.6 Human Resources

The Combined Authority's Human Resources and Communications teams will support the process to secure Board Members.

During the next 12 months, it is intended that Growth Platform will continue to support the new board structures and secretariat functions, but this work will be carried out on behalf of the Combined Authority. The Combined Authority may provide additional support for the Business and Enterprise Board and Cluster Boards through its Democratic Services, Communications, Marketing and Engagement functions. Arrangements beyond this are still to be determined. Once the long-term staffing model has been set up further Human Resources implications may be identified during phase 2 of the Integration Project.

#### 4.7 Physical Assets

None. Assets are held by Growth Platform.

#### 4.8 Information Technology

An area on the Combined Authority's website will need to be created to host information about the new business voice model and the process of application. This will be delivered by the Combined Authority's Communications and Marketing team.

#### 4.9 Legal

The integration of the LEP into the Combined Authority is in line with Government guidance published on 31st March 2022 and falls within the Combined Authority's devolved powers.

The LEP Board is an independent, unincorporated association. The LEP Board has confirmed its intention to wind itself up once its functions are transferred to the new Boards if the recommendations in this Report are approved.

There are consequential changes to administrative and governance structures that will have to be made as part of implementing the recommendations in this Report, and approval will be sought for these where required at a future Combined Authority meeting.

#### 4.10 Risks and Mitigation

Key risks associated with the integration of the LEP functions into the Combined Authority are as follows:

- I. *Risk to building consensus on business and economy views from wider business community* – this is being mitigated by the proposal of the Stakeholder Convention to ensure the wider business voice is captured.
- II. *Risk to composition of new boards* – this will be mitigated by the development of a plan which details how representation will be considered in the appointment of members to boards. Board Terms of Reference will outline how representation of gender and other under-represented groups will be ensured. An Equality Impact Assessment (appendix 1) has also been developed to support the development of the Terms of Reference and the membership.
- III. *Risk to Stakeholder buy-in* – this has been mitigated by developing the delivery plan with valued input from Growth Platform colleagues, the LEP Board membership, as representatives of the business community, and local authorities, and socialising the board membership principles with these groups. Stakeholder engagement and communications plans are in place and being monitored actively.
- IV. *Risk of pressured programme* – the programme for the integration of the LEP is tight but achievable. A phased approach to securing the membership of the boards has been suggested. Project Management resource is assigned to the project to ensure quality and prompt delivery of LEP Integration with regular reporting to the LEP Integration Project Board and the Combined Authority's Executive Leadership Team.

#### 4.11 Communication and Consultation

The model for integration of the LEP into the Combined Authority has been developed in consultation with Growth Platform colleagues. The project has engaged with the city region business community to ensure the model is fit for purpose and makes best use of the expertise available.

Key stakeholders such as Local Authorities and current LEP Board members have been consulted throughout the development of the LEP Integration Delivery Plan, and their views have been considered in the structuring of the proposed new model.

The Combined Authority will continue to engage with the business community during the subsequent implementation phase, if approved.

## 5 CONCLUSION

The proposed model satisfies the requirement from the Government to integrate the LEP into the Combined Authority in accordance with the timeline that was presented to Government. The model builds on the LEP's successes and presents an opportunity to embed the business voice into policy making processes and for the Combined Authority to work more closely and directly with businesses, especially those in industry clusters that will be of critical importance to the future success of the City Region economy.

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Appendices:

1. Equality Impact Assessment