

The big economic
picture? We're
here to bring it in
to focus.

Chairs foreword

It is with great pleasure that I set out the Coast to Capital business plan for the year ahead.

I am very proud to be the Chair of the Coast to Capital Local Enterprise Partnership (LEP) at this crucial time for the UK economy as we emerge from the challenges of the COVID-19 crisis.

Along with other LEPs across England, Coast to Capital has a crucial role to play in helping to support economic recovery and new business realities. As a region which has always made a significant net contribution to national prosperity, Coast to Capital focusses on the most important opportunities to deliver our vision of building back smarter, stronger and greener – working with our partners to make a difference to people and places and ensuring that our region is a fantastic place to live, grow and succeed.

Government has confirmed the future value and role that Coast to Capital will play in supporting economic growth across the region. In line with government's commitment, the LEP will continue to deliver key services and programmes that work towards delivering business support, careers education, economic development programmes, investment and multidisciplinary consultancy services. All of these together will help our region's economic strength and growth.

We are embedding a strong, independent, and diverse local business voice in regional decision making by analysing our key sectors and developing economic plans in partnership with local leaders.

We are committed to supporting our upper tier local authorities with securing devolution deals where appropriate. As with all public sector organisations we have had to adapt to declining public funding and are taking positive steps to develop new commercial sources of income to ensure that we can continue to deliver even better services for our region. Our business plan refresh will be published later this year and this will give more detail on our business development plans.

I am committed to leading a LEP that makes bold decisions, aspires to be best in class as well as securing a brilliant future for the region and future generations. We will continue to build diversity and inclusion in everything that we do.

On behalf of the whole Board, we look forward to working closely with our partners across the region in the delivery of this business plan.

Introduction

This business plan sets out our action plan for the year ahead to help support the economy to grow and adapt.

As our organisation adapts to the LEP review conclusions, structural change is inevitable, and we have no time to spare in getting to grips with the opportunities and ongoing challenges that we face. We are refocusing Coast to Capital on new

priorities needed to improve the environment of the region, which is an evolution of our work in recent years.

This approach marks the continuation of our journey to reduce our reliance on our publicly funded business model. We aim to continue to achieve this through the expansion of our consultancy function, wider marketing of our services, development of new products and services and deepening relationships with businesses in the region. This will diversify our income in a way which reflects our values as we remain a not for profit organisation. This year will also mark a more entrepreneurial approach to our work through a new Business Development strategy and commercialisation of value adding services.

We are continuing to develop new products for our customers including project management, business case authorship, research and data analysis tools, business administration, bid writing, grant horizon scanning, property and regeneration business case writing, investment appraisal and digital marketing. These are just a few of the services we are able to offer, on top of our core mission.

This advancement reflects our organisational DNA. We are uniquely placed as a partnership-based organisation, working closely with businesses, local authorities, universities, the FE sector, voluntary & community sector and government.

We are committed to developing our business model to enhance our position and influence by providing leadership to the regional economy in the year ahead.

A high-quality organisation

Coast to Capital is committed to the highest standards in governance, transparency and accountability. We endeavour to go over and above what is required by government's national assurance framework, which sets out how we must operate.

We believe we are a leading LEP in this area. Our actions are informed by our strong corporate values:

Ambitious - We are a high performing, goal orientated team. We are committed to delivering value for the region and being a benchmark of quality for LEPs nationally.

Focused - We are driven by the desire to make a positive impact. Focused on strong leadership, collaboration, and strategic investment to improve the quality and economic performance of the region.

Champion - We are a champion for all businesses and communities in the region. Through working closely with the region's economic hubs and local authorities we can gain a deep understanding. Then we join the dots to secure investment for the region.

Diverse - The region is a diverse one, in every sense - geographically, economically, socially, demographically. We regard this as a major asset. When we bring people together and work inclusively to make the most of their potential, we achieve our best. We continuing to pioneer support to diversity and inclusion projects such as

Trusted - We believe our reputation is forged by what we do, not what we say. Each strategic decision, each investment and every conversation provides an opportunity to build and strengthen trust.

Working with our customers & partners

The Coast to Capital area does not fit the regional template. Rather than a single identifiable city region, it is a network of functional economic hubs, one of the most important economic hubs within the area remains the industries supporting and delivering all functions at Gatwick airport, despite the challenges travel and tourism industries have faced over the last two years. The economies of Greater Brighton, West Sussex and East Surrey each have their own distinct sense of identity, offering a powerful draw for businesses, entrepreneurs and visitors from London, across the UK and the rest of the world.

Our private sector-led Board brings together business leaders representing the sectors and companies which operate successfully across the region, alongside local authority leaders and representatives of the Higher and Further Education sectors.

We have built excellent relationships with local authorities over the course of ten years. We are entirely politically neutral, and we engage constructively and openly on economic issues of all kinds. Five of our local authority Leaders are full members of the Board and are active in our sub-committees, ensuring strong democratic accountability and challenge to our work. We want to continue to enhance our transparency to our customers and will be further evolving our engagement model.

We work closely with the large number of Chambers, BIDs, business representative groups and interest groups in the region including the Gatwick Diamond Initiative, Brighton and Hove Economic Partnership, Coastal West Sussex Partnership and Rural West Sussex. This allows us to promote a good understanding of our work and liaise directly with the largest number of small businesses and entrepreneurs.

Changing context to our work

Following the conclusion of the LEP Review, we have received confirmation of our mandate going forward.

Coast to Capital will continue as an individual legal entity, up and until a devolution deal is agreed with our upper tier local authorities. We believe it is likely to be at least two years until the first deal is concluded. When the first devolution deal is agreed, a bespoke consideration of how we might be integrated with the deal authority will occur. Government have set out clear integration pathways for LEP activities, depending upon the level of devolution deals concluded. Further details of these, together with our mandate can be found at Appendix A.

At this point in time and for the foreseeable future, we will continue to operate as is, whilst ensuring we develop new sources of income to ensure we reduce our reliance on public funding, whilst discharging the following specific roles :

- Strategic regional economic planning, which will involve the development of a sector SWOT analysis, aligning with priorities set out in the Levelling Up White Paper.
- We will continue to deliver programmes such as the Growth Hub business support service, support to schools and colleges with their remit around careers education through our Careers Hub; and provision of skills and labour market data and analysis in support of the emerging Local Skills Improvement Plans.
- We will continue to be charged with monitoring and reporting to Government on our Local Growth investment Funds and our Getting Building Fund grant award projects.
- We may be invited to contribute to, and support devolution deals, where our partners decide to pursue these.
- We are charged to support local partners by embedding a business voice into local economic strategy as well as supporting the submission of bids to the UK Shared Prosperity Fund and future rounds of Levelling Up Funding.

Strategic Regional Economic Planning

The missions from the [Levelling Up White Paper](#) will inform our strategic focus this year. We will address these missions within a targeted sector based approach to strategic economic planning.

Following discussions with local authorities, we will focus on the development of sector SWOT profiles, utilising our extensive economic research and analysis database. These profiles will include an analysis of our region's key economic sectors - setting out key challenges and opportunities for sustainable growth. This will allow us to identify additional targeted interventions.

We hope these profiles will provide an evidence base for future funding opportunities and complement partners local economic action plans.

The low carbon and Net Zero agenda offers a significant opportunity for sustainable growth which will be promoted with high priority. The opportunity that this offers to deliver many of the objectives of the levelling up missions will be featured prominently as we develop our strategy.

Leading business engagement and support

The region is fortunate to host many major businesses across a wide range of sectors, which bolster economic activity across the area. Creating the right environment for these businesses to thrive is key to our work. We will deepen our relationships with larger business and key sectors and identify opportunities for growth and access to a skilled workforce.

Whilst our business support funding has been cut by 50%, we intend to commercialise our business support offer through providing as much in-house bespoke business support as possible, minimising the use of third parties. We believe that this will also allow greater opportunity for future revenue growth of our service offer relating to business support, through individual direct commissioned work.

One of the strengths of the region is the diverse range of significant industrial sectors which are based here, many with significant potential for future growth. The diversity of these sectors reflects the depth of economic activity in the region. In the year ahead, we will further prioritise our engagement with these sectors and help provide the support they need through sector SWOT analysis to deliver continued growth.

Coast to Capital has provided direct support to entrepreneurs and small and medium sized businesses in the region for 10 years through our Growth Hub service. In the year ahead, we will build on the successes of 2021-22, and continue to provide businesses with impartial and free (at the point of access), strategic support – identifying barriers to growth and providing to solutions to help SMEs achieve their growth ambitions.

Skills

We are refining our remit around skills this year in line with contractual changes from the Department for Education. With the introduction of Local Skills Improvement Plans (LSIP) as a part of the new Skills Bill, Coast to Capital will continue to work closely with the Surrey and Sussex Chambers of Commerce to provide the labour market and skills data that will inform development and delivery of the LSIPs.

We will continue to support the Surrey Chamber of Commerce in its application for funding to develop the Surrey Local Skills Improvement Plan and hope to be fully involved in the authorship of the document.

As Skills Advisory Panels, and the associated strategy and action plans, are no longer a requirement, we will repurpose the Skills 360 Board to focus specifically on the growth and successful delivery of the Coast to Capital Careers Hub.

We will continue to be active in secondary schools and colleges across our region and enhance and grow our support for the delivery of careers education. Our Careers Hub will expand to cover the full Coast to Capital geography and by doing so we will improve overall progression of our schools against the Gatsby Benchmarks. Our current position is detailed below and demonstrates the impact of our work. We intend to improve performance further during 2022/2023:

We have offered to Surrey County Council the opportunity to expand the Careers Hub across the whole of Surrey.

Delivery of existing contractual commitments

We will continue to monitor and report to Government on the performance of our existing investment portfolio, which includes more than 120 projects funded by the Local Growth Fund and Getting Building Fund.

An important priority this year is to finalise delivery of our £19.2m Getting Building Fund programme by the end of this fiscal year.

This work is a high priority within our business plan to meet Government's expectations of us, and to demonstrate the region's capacity to deliver effective results from public investment.

We will continue to help delivery partners meet their agreed objectives and will collaborate closely on issues which arise from this. Our Investment Committee will continue to take a close interest in the delivery of agreed outcomes from these investments including, in some cases, intervening to help resolve issues and support delivery partners. Policies exist to recover unspent LGF funds, as a last resort and when it is mutually agreed that objectives are not going to be met.

Growing Places Fund

We continue to manage our successful Growing Places Fund, which was a revolving loan fund available to support scaling businesses who found it otherwise difficult to access funding.

In the year ahead we will be undertaking a review of the fund, to maximise the value that it is adding to regional success.

Investment

We will continue to discharge our monitoring duties to Government ensuring that we continue to uphold the highest and most robust standards in ensuring that investments deliver contracted outcomes. This work covers both Local Growth fund projects and Getting Building fund projects.

We will also be commissioning a study to ensure that any residual funding we have is invested in the best way to both ensure we can adapt to continually declining public funding but also continue to deliver our work to benefit the region's economy.

The way we work

We are committed to good governance, transparency, and accountability to ensure that our partners, stakeholders, and members of the public have confidence in the way that we conduct our business.

We have successfully adapted to remote working over the past two years and will continue as a virtual organisation for the year ahead, maintaining low overhead costs. We will continue to conduct face-to-face meetings where these are required.

Having strong governance structures in place, and government's recent assessment of our compliance with the requirements of the national assurance system confirmed that we are operating at the required level.

Our Accountable Body supports our governance arrangements. Brighton and Hove City Council were appointed to provide Accountable Body services to the LEP in March 2022, and we look forward to continuing working with them.

Our budget and funding

The Board has agreed our indicative balanced budget for 2022/23.

This will be delivered in line with the long-standing principles by which the LEP operates:

- 1) As a company limited by guarantee, we operate in line with the expectations of a limited company and our financial matters are assured by our independent auditors Kreston Reeves.
- 2) The business operates with the aim of raising sufficient revenue to cover its costs, reinvesting any surplus but not aiming to make same. We work closely with our Accountable Body to ensure that what we do is fully consistent with the standards set out in the national LEP assurance framework. Brighton and Hove City Council are our Accountable Body.

The company's financial performance is overseen by our Finance and Resources Committee, whose terms of reference are set out in our Assurance Framework.

Like all LEPs, Coast to Capital is challenged by the inherent constraints of the existing LEP funding model. As a result of the LEP review:

- 1) Historically we have received £500,000 per annum core funding and this has been reduced to **£375,000** for 2022/23 financial year. This is a 25% reduction.
- 2) Our Growth Hub funding has also been reduced by 50% from £536,500 to **£268,250**.

We have taken significant steps over the last nine months to reduce costs and to prepare for the outcome of the LEP review. This has involved reducing headcount by 30% and exiting from our offices to become a virtual organisation. We have also reduced other overhead costs significantly and have focused on a higher degree of transparency around our finances, together with a shift in perspective toward viewing our contributors as highly valued customers.

We have been fortunate to receive grant support from local authority partners, which has allowed us to deliver core services over the years. We have asked for a further contribution from them this year.

Our goal is to become an exemplar of a new kind of organisation which can deliver stretched goals in terms of public good as well as being competitive and sustainable as a private company run on a not-for-profit basis. This year we will be taking a

number of steps to further enhance our commercial revenues on a journey toward self-sustainability.

Budget 2022/2023

Income	(£)
Core Government Grant	£375k
Growth Hub Grant	£268k
Careers Enterprise Company Grant	£181k
DFE Skills Action Plan Grant	£55k
Brighton & Hove City Council Grant	£75k
Surrey County Council Grant	£37.5k
West Sussex County Council Grant	£82.5k
East Surrey District & Borough's Grants	£40k
West Sussex District & Borough's Grants	£60k
Ringfenced Consultancy	£237k
LGF/GPF/GBF Capitalisation	£184k
Consultancy Income	£100k
Interest	£50k

Total	£1.745million
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Expenditure	(£)
Economic Intelligence & Careers Education	£377k
Business Support, Programmes & Assurance	£540k
Consultancy	£100k
Operations & Finance (inc GPF)	£495k
Legacy Projects & Governance	£148k
Accountable Body	£72k
Accountable Body Treasury Service	£13k
Total	£1.745million

Corporate priorities

This business plan represents a significant evolution of our work, and the executive team continues to evolve to reflect it. As we develop our new commercial proposition we will further align the organisation to match.

We will continue to develop professional skills within the team to support the delivery of this plan with a focus on the following issues:

- Engagement and partnership skills, to ensure that Coast to Capital has an excellent understanding of the challenges facing our businesses.

- Project leadership and delivery skills, to support the development of regional projects to attract further funding into the region.
- Appropriate expertise and knowledge in key issues facing the regional economy, to develop our leadership role with partners.

We prioritise the promotion of Equality, Diversity and Inclusion in our team and our work, and will continue to do so over the coming years with a view to championing this issue within our economy and with our partners. Ensuring that everybody who lives and works in the region can reach their full potential is the only way in which we will ensure that the region meets our objective of being an excellent place to live, grow and succeed.

Consultancy & Commercialisation of our Business Model

Our Offer

During the forthcoming year we will strengthen our commercial offer developing further our range of consultancy services and our economic data driven products. Our growth will be informed by a new Business Development strategy.

In addition to the services already being offered, as set out below, we will introduce the following new services:

Data analytics services

We are developing a subscription-based model for access to our extensive economic database and will provide a tailored data analysis and reporting service to customers who require additional support.

Business Support Services

We will be launching a suite of premium business support services that will focus on supporting growing businesses. These will include:

- Financial advisory services
- Business structuring services
- Marketing and sales support services
- CRM services
- General administration and governance services
- Convenorship and introduction services

Bid writing service

We can provide a bid writing service, commissioned on an individual basis or up to five bids per year (for a one off fixed fee).

Funding search service

Using our specialised funding search capability, we will continue to offer funding search reports, tailored to our customers' strategic objectives and RAG rated according to a risk assessed chances of success.

Business case preparation offer

We will continue to offer a bespoke business case authorship service, which will include the full preparation from options appraisal and financial modelling through to preferred option selection.

Property & regeneration services

We have already been commissioned to prepare a number of regeneration and property led business cases and we will expand this offer to our partners, rooted in delivering value for money, excellent customer focus and innovation.

Economic strategy development services

This service includes strategy development and detailed economic profiling and sector development planning and intervention strategies.

Project Management & development Services

We will continue to offer multi-disciplinary project management services and have a track record of delivering successful projects across the region. We are also able to offer project development services.

Convenorship and advocacy

Being a business led, politically neutral organisation with expansive networks we are uniquely placed to be able to convene on behalf of the public and private sectors. We will continue to offer a wide-ranging public relations and engagement service.

Strategy Assignments

With a strong multidisciplinary expertise we are able to offer specific strategy consulting work and with a unique understanding of the public sector, we can offer strategy development in each of the main areas of delivery, except health and social care.

Investment or Delivery Plan Development

With significant experience in delivering large investment programmes for many years, Coast to Capital is ready and able to support partners in producing these detailed and tailored plans.

Grant and Loan Scheme operation

We have extensive experience of operating both grant and loan schemes across public and private sectors. We are able to assist in the setup and operation of such schemes and also able to advise on 'leverage' of private sector capital into such funds and optimising investment returns.

Communications, Marketing and Branding

Over the past several years, we have worked to deliver high-profile, integrated communications and marketing campaigns ranging from multi-million pound

investment projects to small business grant schemes. We offer support with a range of activities from social media, website management, stakeholder engagement, PR and branding.

For more information on our consultancy service, email contact@coast2capital.org.uk



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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.

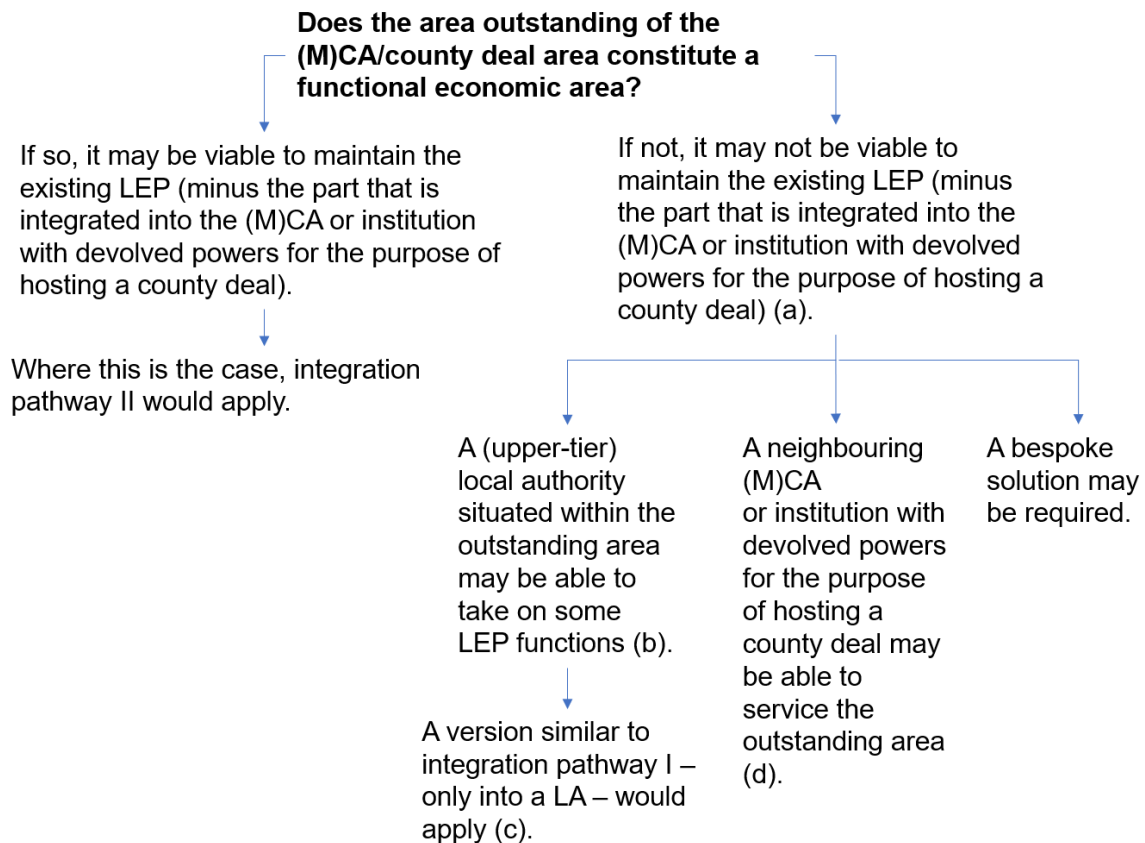
¹ By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

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

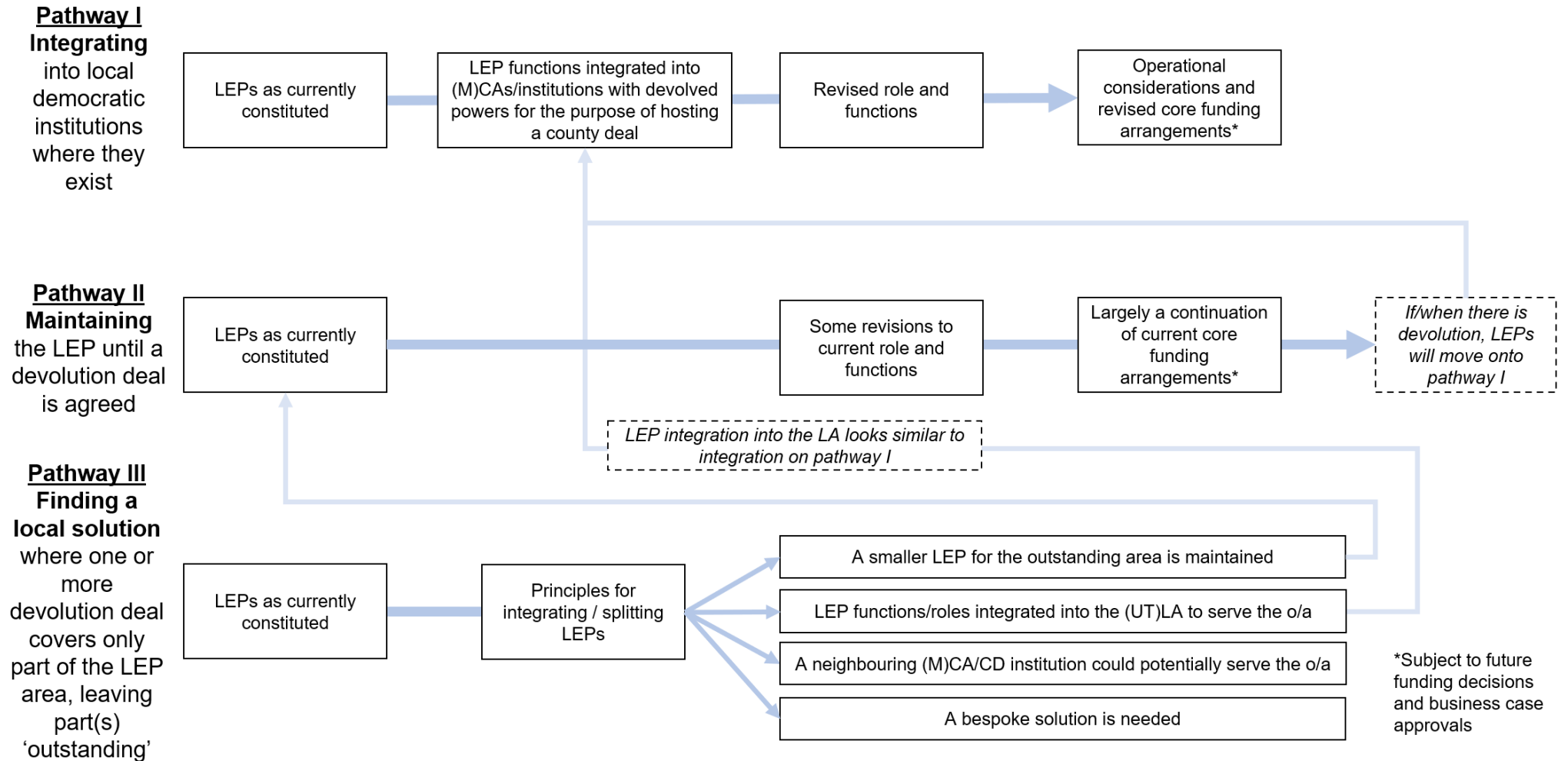
account of all of the above considerations and highlight any additional considerations that are locally specific. The plans must include considerations that are specific to existing LEPs, including how any outstanding liabilities, the transfer (novation) of contractual obligations, any capital underspend 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.

