

LEP REPRESENTATION 2020 COMPREHENSIVE SPENDING REVIEW

A 5 YEAR BLUEPRINT
TO REBUILD THE ECONOMY



LOCAL ENTERPRISE PARTNERSHIPS SUPPORTING GOVERNMENT TO “REBUILD, LEVEL UP AND INVEST IN PEOPLE AND PLACES, SPREADING OPPORTUNITIES MORE EVENLY ACROSS THE NATION”.

CHANCELLOR OF THE EXCHEQUER, 21 JULY 2020

In July 2020 LEPs launched a **Five Point Recovery Plan** which focused on a ‘ground-up’ approach to help get local economies firmly back on the route to recovery after the immediate economic impacts of COVID-19.

This LEP representation to the 2020 Comprehensive Spending Review (CSR) develops that Plan into a **5 year blueprint** to create a **business-led, local response to recover and rebuild the economy**, seizing the opportunities of the UK’s new global position and working towards net zero carbon emissions.

1. Delivering a place-based rebuilding programme **to level up and close the opportunity gap**.
2. Providing the right fiscal tools and investment to enable a **business-led stimulus programme**, improving productivity and business confidence.
3. Unlocking the power of opportunity, supporting people to achieve **the right skills to get better jobs** and balancing investment in place with investment in people.
4. Harnessing local leadership to accelerate **green innovation** across all aspects of ‘place-based rebuilding’.
5. **Investing in the task** to support LEPs to build on their business-led agile approach, strong local relationships and proven track record to achieve high-impact, cost effective, granular solutions – at pace.

WE HAVE ALREADY MADE A DIFFERENCE AND WE CAN DO MORE...

A 5 YEAR
BLUEPRINT
TO REBUILD
THE ECONOMY

LEPs can unlock real local impact with additional tools...

...increasing the pace and trajectory of economic improvement...



...accelerating green innovation and net zero carbon emissions.

From our rural and coastal areas to our urban heartlands – this is the time for a business-led, local response to support our economy.



This submission to the Comprehensive Spending Review sets out our 5 year blueprint, delivered through a ‘**Recovery & Rebuild Deal**’.

Mark Bretton

LOCAL ENTERPRISE PARTNERSHIPS ESTABLISHED, TRUSTED AND AGILE BUSINESS-LED PARTNERS DRIVING LOCAL GROWTH



> RESPONDING TO THE ECONOMIC IMPACT OF COVID-19

LEPs led a rapid response to the immediate business impact of COVID-19. Our recovery plans are well-advanced and we've already revisited our evidence base.

We have local, regional and national influence and business-led knowledge.

We build on strong foundations from a decade of work in local economic growth and understand first-hand how our areas have been impacted by the pandemic.

> OFFERING PLACE-BASED, COST EFFECTIVE SOLUTIONS

LEPs are led by business and convene other business bodies, academic and public leaders to deliver jobs, skills and economic impact.

We have the most current and accurate understanding of our economies – and operationalise and simplify national policy to best fit local circumstances, ensuring targeted, impactful and valued interventions for economic recovery.

> FLEXING AND SCALING

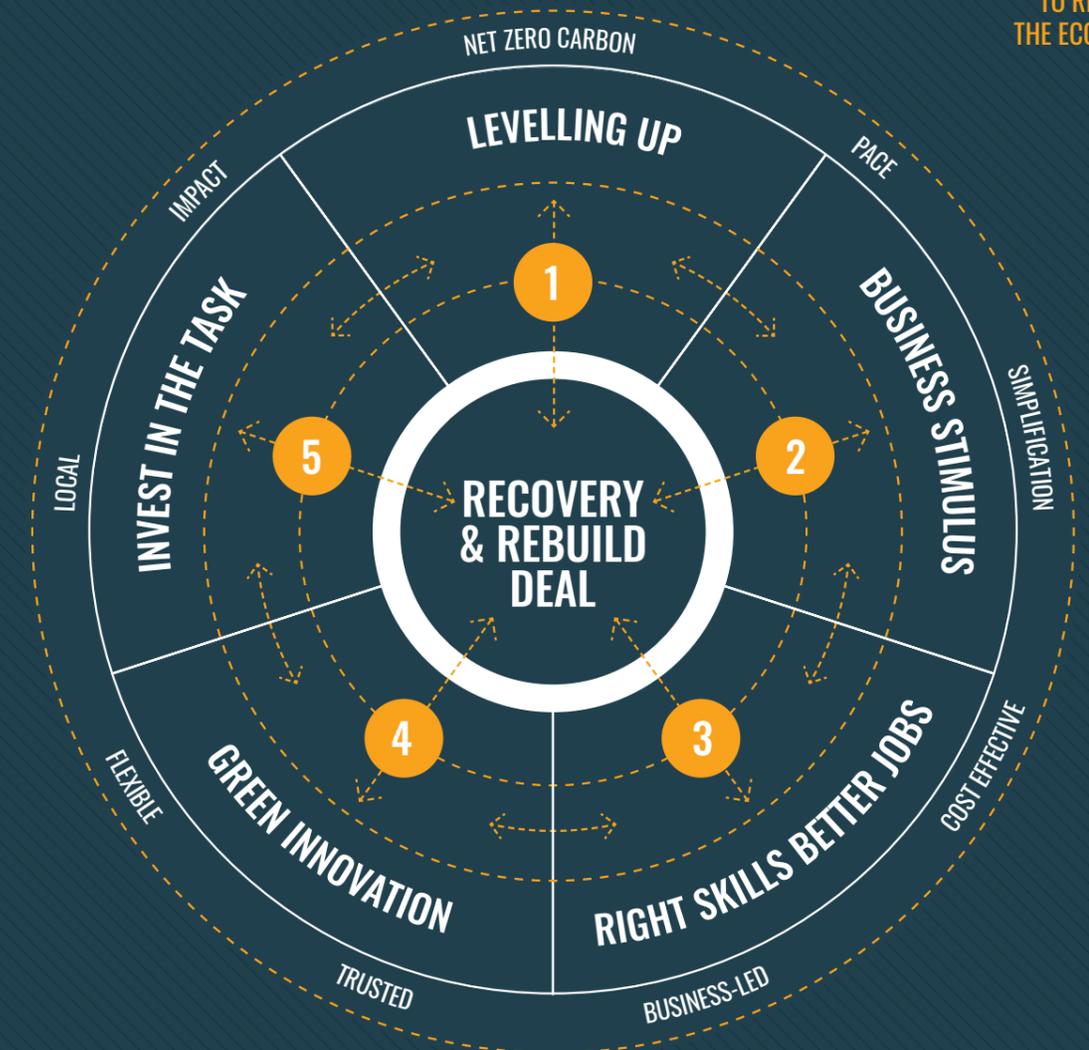
Working at the most appropriate level to achieve impact – from local focus to pan-regional and national impact. LEPs can work collectively through our strong network to best fit requirements.

> AGILE, WORKING AT PACE AND WITH REAL INFLUENCE

LEPs have tested, cost effective structures and processes already in place to respond quickly and with impact.

LEPs are apolitical, not for profit, devolution-friendly, transparent and accountable. We have influence with businesses of all sizes – from direct support to SMEs through to industrial innovation with our larger companies.

A 5 YEAR
BLUEPRINT
TO REBUILD
THE ECONOMY



A 3 year core-funding settlement of
£120m
across all LEPs

A 3 year Government investment across business support and skills of
£7.5bn
and a 4 year capital investment of
£20bn

LEPs will help unlock
£30bn
of private sector leverage and secure a return on investment of
c.£100bn
in additional economic impacts

1 LEVELLING UP

LEPs HAVE:

- > Created over 180,000 jobs.
- > Supported the building of over 100,000 new homes.
- > Leveraged over £15bn investment from the private sector.
- > A pipeline of investments which can be delivered fast.
- > In the last year, all LEPs have undertaken a fundamental assessment of their economic/industrial potential, revisiting evidence to take account of the impact of COVID-19 and repurposing as local recovery plans.

180,000
jobs

Moving quickly to support place-based recovery in the immediate impact of COVID-19 has been a priority for all LEPs. There are many examples of the ways that LEPs have worked alongside their business communities to target effective action. Examples include the Enterprise M3 LEP 'Supporting Town Centre Fund' designed to give confidence to shoppers and high street users; the 'Visitor Economy Restart Plan' launched by New Anglia LEP to support one of its hardest hit sectors; and, the 'PPE4NHS' campaign launched by the D2N2 LEP and business to get PPE to support health and care workers.

100,000
new homes

LEPs are focusing on local priorities up and down the country, including the Lancashire LEP working in close partnership with business and local authority partners to deliver 24,000 new homes and 30,000 new jobs; the Leeds City Region LEP's investment with the Combined Authority to unlock significant brownfield land at Kirkstall Forge to create a sustainable urban village with a new railway station and thriving businesses.

>£15bn
investment from
the private sector

LEPs are also working in partnership to improve local connectivity, such as the Marches LEP's partnership with Wales on a new freight strategy to support transport routes on both sides of the English/Welsh border.

CSR REQUIREMENT:



LOCAL GROWTH CAPITAL

Investment in a multi-year local Recover & Rebuild programme.



INFRASTRUCTURE TO REBUILD

Government to work with LEPs to deliver gigabit capable broadband to every home and business.

Maintain a sub-national focus on infrastructure (including transport) investment plans.



LOCAL INVESTMENT STRUCTURES

Government to use existing LEP-based investment structures.

Government to align management of place-based funds through a simplified LEP approach.



LOCAL TARGETING & FOCUS

Government to use existing LEP Strategies/Recovery Plans as the basis for LEP/Pan-Regional economic investment propositions.

Government to support LEPs as they build in net zero carbon emissions across all suitable investments.

LEPs WILL:

- > Deliver a targeted local rebuilding function which is more effective than a 'blanket solution' - levelling up across all communities (urban, rural and coastal) right across the country.
- > Embed green recovery in rebuilding and growth to realise net zero carbon emissions by 2050 or sooner.
- > Ensure the local business community is playing a lead role in shaping and supporting delivery.
- > Simplify place-based investments, identifying economies of scale and opportunities for innovation to achieve a repurposing of our cities, town centres and high streets.
- > Support delivery of the Government 2025 gigabit broadband target.
- > Work to ensure infrastructure is in place before 1 million homes are built.

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BUSINESS STIMULUS

LEPs HAVE:

- > Engaged 1 million businesses through their extensive Growth Hub network – supporting new start-ups, business growth and scale-up, as well as an increase in the percentage of businesses investing in innovation and R&D.
- > Directly supported the most at risk businesses and sectors through COVID-19 economic shock. LEPs responded quickly and decisively to minimise business impacts.
- > Provided insight and intel to the Dept for International Trade across supply chains and new product development.
- > Created thousands of jobs through Enterprise Zones – at a fraction of the usual cost per job rate – creating over £7bn private sector leverage.

1 million
businesses

By focusing on local business-demand for innovation, LEPs have played a vital role in ensuring that the world class knowledge base found across places in the UK, in addition to delivering globally leading innovation support, also focuses on the needs of local geographies, in particular in working with SMEs and supply chain companies.

>£7bn
private sector leverage

There are successes as a result of LEP-enabled investments to be found in all four corners of the country from the advanced materials ecosystem that has risen up in Greater Manchester and linked the discovery of graphene, the North East Technology Park that is now home to two UK Catapult Centres and over 80 R&D-intensive firms, to the emerging space cluster in Cornwall and the Isles of Scilly.

LEPs also work in close partnership with Universities in their areas, including the pioneering partnership between the Hertfordshire LEP and University of Hertfordshire to create a science partnership focused on the dynamic life sciences sector in Hertfordshire; and the Buckinghamshire LEP's support to increase the area's global position in creative industries with investment for the Bafta winning National Film and Television School.

CSR REQUIREMENT:



GROWTH HUBS

Increasing the core funding of Growth Hubs and extending their remit.

Including business support investment in the UKSPF.



FISCAL TOOLS

An extended and refreshed Enterprise Zone Programme alongside Freeports.

Working with the BBB to develop new access to finance initiatives.



TRADE & INVESTMENT

Extending the NP11 approach to all pan-regional areas.

Intensifying a more granular approach to T&I.



INNOVATION

Including LEPs in the Catapult review to improve local business engagement.

Complementing a UK Innovation Strategy with place-based plans, including locally steered investment.

LEPs WILL:

- > Increase business reach through an extension of the Growth Hub offer – and ensuring a simplified approach to achieve scale-up and wider business support, improving productivity and long-term economic recovery.
- > Support business of all sizes and sectors to adapt and respond to climate change, achieving zero carbon emissions ahead of the UK 2050 target.
- > Use fiscal tools and targeted support to increase business confidence to invest across the UK.
- > Help achieve the UK's scientific superpower status – supporting UK innovation targets with place-based R&D plans, underpinned by detailed knowledge of business-led innovation.
- > Identify demonstration accelerator opportunities and align with Sector Deals.
- > Extend DIT reach and understanding across place-based investment and trade to support the UK's new start in the world.



RIGHT SKILLS BETTER JOBS

LEPs HAVE:

- > HE & FE representation at every LEP Board.
- > Skills Advisory Panels (SAPs) and their network of LEP-led Digital Skills Partnerships is growing.
- > Supported 150 Enterprise Co-ordinators and over 2,500 business volunteers to engage with school-age future talent.
- > Helped over 3 million young people to directly engage with business. 1,500 SMEs are working with LEPs in support.
- > Boosted the impact of 3,300 skills programmes supporting all needs from basic skills to leadership and management training and learning.

> **2,500**
business volunteers

Many LEPs have invested significantly in skills capital funding, including the Skills campus in Nottingham which has received over £30m from D2N2 LEP and the investment in 5 colleges across the Heart of the South West to deliver the skills needed to build Hinkley Point C.

> **3 million**
young people

Every LEP has also partnered with the Careers and Enterprise Company on the Enterprise Adviser Network (EAN), directly co-funding 150 Enterprise Co-ordinators across every region transforming the delivery of Information, Advice and Guidance with more than 2,500 business volunteers from a wide range of employers, from SMEs to organisations like Lloyds Bank, Vodafone, the NHS, Rolls Royce, Laing O'Rourke, BBC, Marriott Hotels and Balfour Beatty.

3,300
skills programmes

These initiatives build important bridges between the worlds of education and work, enabling industry knowledge exchange and underlining the importance of careers throughout the education journey.

CSR REQUIREMENT:



LOCAL SKILLS INVESTMENT

Increased investment in demand-led skills.

A multi-year commitment to the Enterprise Advisor Network.

Exploring a LEP role in the Apprenticeship Levy.

Fast-tracking skills capital programmes.

DfE to co-invest with LEPs in economic renewal.



BUSINESS-LED

Extending pre-apprenticeship/ trainee programmes.

Engaging LEPs in the co-ordination of Kickstart to increase business engagement.

Bringing a business lens to ensure courses are shaped to help local people of all ages realise their potential.



DIGITAL SKILLS

Extending Digital Skills Partnerships.



LOCAL TARGETING & FOCUS

Continuing support to SAPs.

Using existing LEP Strategies / Recovery Plans as the basis for LEP/ Pan-Regional skills investment propositions.

LEPs WILL:

- > Join-up and simplify local skills pathways across schools, FE, HE and employers, sharing best practice across the LEP Network, working together to shape courses so that they are focused on helping people of all ages secure jobs and realise their full potential.
- > Address barriers to employment opportunity and target those who may need support to re-train/ up-skill.
- > Provide local-led intelligence to guide Government to support effective, bespoke, demand-led skills.
- > Deliver additional pace and focus in critical digital and 'green' skills, supporting business productivity, access to jobs for more people and decreasing carbon.
- > Develop a joint programme with DfE to 'close the gap' in technical skills and progression in harder to reach young people.
- > Deliver higher impact, better value solutions at pace through local alignment of capital and revenue investment.
- > Work with business to 'ramp-up' their ability to recruit apprentices and offer young people a 'kickstart'.

4 GREEN INNOVATION

LEPs HAVE:

- > Integrated green growth and recovery into local priorities, with many adopting this as a central theme to their Local Industrial Strategies and aligning with UK Sector Deals.
- > Worked closely with industrial clusters in LEP areas with high-carbon industries to support them to decarbonise.
- > Worked with large-scale developers on future energy plans – including battery technology, smart grids and gigafactories.
- > Unlocked new and adapted existing local supply chains to support the transition to decarbonisation and clean energy.

Net ZERO Carbon

LEPs are already working with the private sector in developing responses to future energy challenges including working on large scale plans with companies like Drax, Equinor and others, as well as creating new battery technology centres and working towards future gigafactories.

LEPs are also working closely with Local Nature Partnerships and organisations working to unlock natural capital in their areas. Coast to Capital LEP is investing Local Growth Funding in a nature recovery network in Surrey to enhance the quality of local growth and improve the health of the local population.

A number of LEPs, including Heart of the South West and Dorset, have adopted natural capital strategies which underpin their work to embed biodiversity, environmental improvements and green growth.

CSR REQUIREMENT:



RENEWABLE ENERGY

Enhanced investment in Local Energy Hubs.

Recognising and supporting LEPs to lead on supply chain development and jobs as part of the UK content target.

Giving LEPs early sight of the Energy White Paper to support its development and place-based focus.



INDUSTRIAL DECARBONISATION

Investing in an SME low carbon programme delivered through Growth Hubs.

Working with LEPs to co-ordinate sector-based decarbonisation and adaption programmes in high-carbon industrial clusters.



NATURAL CAPITAL

Investing in LEP capacity to broker place-based approaches to net gain with the development industry.



BUILD BACK BETTER

Working with LEPs to ensure all investments have carbon reduction and/or net gain biodiversity targets.

LEPs WILL:

- > Accelerate the UK Government's commitment to energy via renewable sources – bigger and quicker.
- > Work to bring forward the net zero carbon emissions target by including a carbon reduction target across all LEP projects.
- > Unlock the ability to manage multi-site/multi-year build schemes to achieve local value (supply/labour/skills) and a pipeline of clean energy demand/supply.
- > Create green jobs.
- > Help deliver the 60% UK content target through supply chain development.
- > Support decarbonisation across SMEs and with high-carbon industrial clusters.
- > Achieve demonstrable and measurable increases in the value of natural capital – whilst achieving a rebuilding programme and the goals of the 25 year Environment Plan.

5 INVEST IN THE TASK

LEPs HAVE:

- > Government-backed, Local Assurance Frameworks in place.
- > Worked with Government to review all LEP Local Growth Fund investments – and achieved a ‘clean bill of health’.
- > Some of the very best business people on LEP Boards and groups from across their areas – many of whom provide their expertise pro bono.
- > Provided Government and partners with detailed local intel throughout the COVID-19 pandemic, ensuring that targeted support reached business quickly, minimising detrimental economic impacts as much as possible.

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LEPs

LEPs have continued to innovate and are also using Enterprise Zones to provide the mechanism to borrow against future retained business rates, so unlocking further funding for investment in the zones and across LEP areas.

For example, the Birmingham city centre EZ Investment Plan outlines £1bn of investment over a 10-year period to accelerate major development schemes and infrastructure works that will unlock growth and maximise the potential of HS2, an approach also being undertaken by the New Anglia Enterprise Zone sites in Great Yarmouth and Lowestoft.

Greater Manchester, Tees Valley, West of England LEPs and the three West Midlands LEPs, amongst others, played a key role in shaping devolution deals with their combined authorities based on their expertise, knowledge and experience of local economic growth across the wider regional landscape, as well as their ability to bring partners together to broker relationships focused on growth.

CSR REQUIREMENT:



MULTI-YEAR SETTLEMENT

Investment in a multi-year settlement to LEPs to ensure continuity and capacity to deliver.

Delivering the Recovery & Rebuild Deal through negotiated outputs and outcomes, appropriate to each area.



'MIND THE GAP'

Extending current investment programmes to ensure no gap before new programmes commence (such as UKSPF).



IT'S ALL ABOUT THAT PLACE

Using LEPs and agreed local economic and industrial plans as the primary conduit to place-based rebuilding and growth.

Harnessing the convening power of LEPs and their forensic knowledge and understanding.



SUBSIDIARITY

Supporting LEPs to flex and scale to the most appropriate level to achieve impact – local, pan-regional, national and business clusters.

Investment in the LEP Network to simplify HMG engagement and ensure best practice.

LEPs WILL:

- > Use their local knowledge, influence and convening power to accelerate delivery.
- > Use their business leadership to drive forward an agile approach, working at pace and with real influence.
- > Build on existing recovery plans and growth strategies to achieve tailored, high impact solutions which support Government priorities.
- > Work with Government to maintain a 'real time' update on economic progress and impact across the Recovery & Rebuild Deal.
- > Ensure a value for money, 'flex and scale' approach to all delivery – using the most appropriate level and cost to achieve greatest impact.
- > Build on tested, cost effective structures already in place to respond safely and accountably.
- > Simplify delivery on the ground to improve the speed and scale of economic impact.

ONE YEAR 'FAST TRACK TO RECOVERY' PROPOSITION



LEPs are ready to work alongside Government with a 'fast track to recovery' proposition if required, to take account of any changes to the CSR 2020 timetable.

In the event of these changes taking place, **LEPs can move at pace and are ready with locally targeted recovery plans which already have the support of local partners.**

Each LEP could agree a set of local priorities and targets and, following a similar process to that used with the 'Getting Building Fund' and targeted business support via Growth Hubs, can move rapidly and with impact.

Working towards the wider **Recovery & Rebuild Deal** outlined here, for a one year 'fast track' budget we would require the following:

- > **Core funding: £40m**
- > **Growth Hubs: £30m**

Commence the capital and revenue programmes identified in our CSR proposition, with LEPs bidding into:

- > **Capital:**
Commence the 4 year **£20bn** capital fund.
- > **Revenue:**
Given the scale of recovery required to support future jobs, skills and sectors at risk, we recommend that LEPs utilise the remaining 2020/21 and 2021/22 Apprenticeship Levy budget. We would estimate this would support a circa **£2bn** jobs and skills budget for recovery.



For more information please contact:

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