

lep
network

5 POINT PLAN FOR RECOVERY



INTRODUCTION

'This is going to be a green recovery with concern for our environment at its heart.'

Chancellor of the Exchequer, 8 July 2020

Building a sustained recovery is the single biggest economic challenge we face, but it also presents a significant opportunity to reshape our local economies, giving LEPs the opportunity to focus on key areas of infrastructure, skills, training, and green investment.

For the recovery to be effective at pace, it must take account of local circumstances and seize local opportunities as different sectors are affected in different ways in different places.

From our rural and coastal areas to our urban heartlands, our national recovery is rooted in local recovery – and the local recovery structure already exists in LEPs. They are unique – the glue that bonds local economies together: business; local government; further and higher education; and the third sector, all with one single purpose – inclusive, sustainable economic recovery across a functional economic area.

The Chancellor's 'Plan for Jobs' announced on 8 July, set out his three aims of supporting, creating, and protecting jobs. LEPs are uniquely placed to help make this happen – and our five point plan for recovery goes even further. As well as support for people and jobs, it also puts in place the enabling framework, underpinned with solid local evidence and tailored interventions, that have long been the hallmark of the "LEP Factor".

As LEPs ramp up their delivery of capital projects over the next 18 months, their capacity to underpin the priorities of the Comprehensive Spending Review, as in jobs, skills, and levelling-up economic opportunity across all the regions, will clearly be influenced by funding settlements and a post devolution environment.

- 1** Use LEP recovery plans for a 'ground-up' recovery.
- 2** Double down on capital projects and fiscal tools.
- 3** Put people at the heart of the recovery with an ambitious skills agenda.
- 4** Accelerate green growth innovation.
- 5** Successful devolution and recovery need a multiyear settlement for LEPs.

MARK BRETTON
CHAIR, LEP NETWORK



1 LOCAL RECOVERY

LEPs have an unrivalled understanding and insight of their local economies, from an evidence base built up over years, to real time economic and market intelligence.

Their Local Industrial Strategies already set out the fundamentals and identify local strengths, weaknesses, and future opportunities across a functional economic area – LEPs are well underway with updating and building on that data to forge Economic Recovery Plans that will restart their local economies and invest in greener homes, jobs, and infrastructure.

The updated evidence bases now being developed by LEPs with their stakeholders are vital assets that will be critical to a wide range of immediate decisions that recovery plans require. This is particularly true of skills and training and creating local jobs.

These bring unique domain and sector expertise drawn from 330 business leaders on LEP boards, together with “business thinking” of what works, how to remobilise supply chains, and stimulate demand. To bolster this data, LEPs are also deploying their Growth Hub and communications resource to gather local feedback that will shape local recovery plans.

Bringing together local partners, with a focus on place, and identifying the infrastructure, skills, construction, innovation and clean growth interventions, they can form the basis of a local recovery to underpin the country’s recovery and ensure that levelling up is a holistic approach nationally, helping all deprived areas realise their full potential, whether they are in the North, South, East or West.



2 STIMULUS

'We are doubling down on our ambition to level up with better roads, better schools, better hospitals, better high streets, creating jobs in all four corners of our country.'

Chancellor of the Exchequer, 8 July 2020

Whilst the additional £900m 'Getting Building Fund' is welcomed, LEP bids for it were many times oversubscribed particularly in the critical areas of green recovery, construction and infrastructure delivery. These projects will rapidly feed money into local supply chains, which in turn will generate local jobs and demand across the regions.

For LEPs to underpin a green recovery, and to exploit all of their project bids, it's now vital that we see the early release of Local Growth Funding (LGF), as promised in the last Budget, to ensure that LEPs can continue a seamless delivery of these vital projects at this critical time, and to ensure there are no yawning funding gaps between LGF and a Shared Prosperity Fund. The last major Growth Deal settlement was in 2016 so there is significant pent up demand across the country for what are some very compelling and impactful projects.

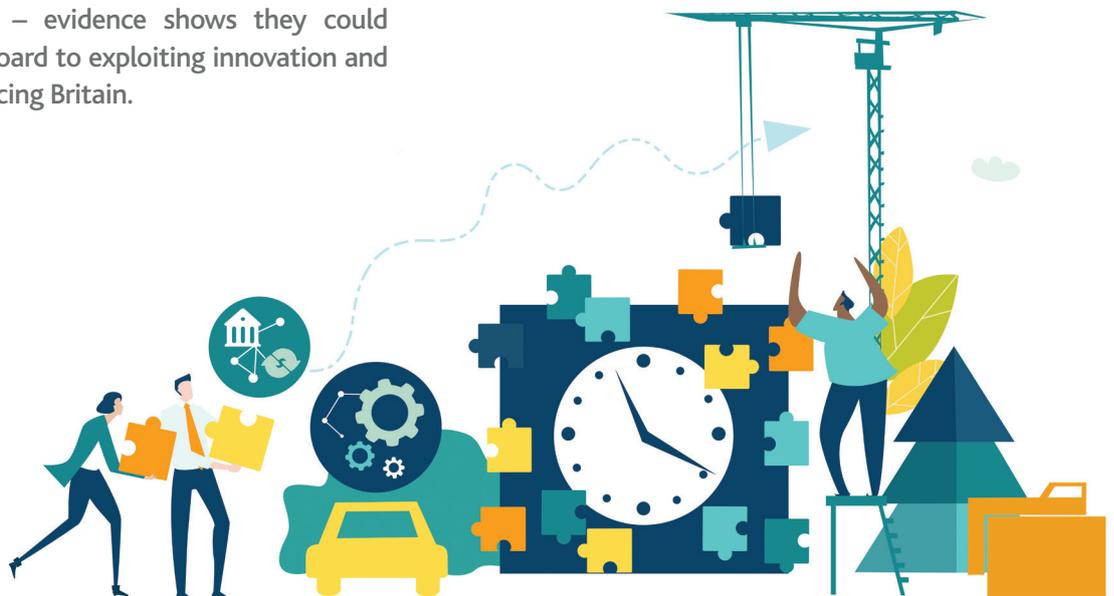
Local recovery also demands some form of early fiscal stimulus that can help boost jobs, and Enterprise Zones (EZs) fit that bill well – evidence shows they could provide a critical springboard to exploiting innovation and technology in a global facing Britain.

They are a tried and tested model, able to hit the ground running and evidence demonstrates they are a significant driver of private sector investment, bringing an estimated £7bn of private investment to the regions.

Moreover, EZs have been key in promoting the formation of innovative clusters, R&D and other sectors key to stimulating regional recovery and going on to become economic engines of the local economy. Standout examples include: Offshore Energy at the Great Yarmouth Enterprise Zone – a centre of excellence on the East's all-energy coastline; the Space to Innovate Enterprise Zone in 10 sites across Norfolk and Suffolk – helping to create 18,500 jobs over the next 25 years; and Ceramic Valley Enterprise Zone, Stoke-on-Trent – winning Regeneration Project of the Year in 2019.

The cost per job is estimated at £8,000 - this compares very favourably with other interventions that are nearer £20,000 per job created. We simply cannot ignore such a vitally valuable recovery stimulus and LEPs stand ready to re-invigorate and extend the current model.

Similarly, investment in more catalysts and catapults could drive an early recovery, if focused on those sectors and capabilities that will have the greatest impact. Investment in the capital equipment in these facilities helps to remove barriers to entry for small firms and gives them faster growth and a more successful trajectory. The Cell and Gene Therapy Catalyst and Catapult in Stevenage are great examples of this approach, delivering global leading cancer treatment capabilities at a pace that could not be achieved without the Government and LEP support provided.



3 SKILLS



LEPs are spearheading skills programmes in their regions that specifically meet the needs of local business, the demands of the local economy, and boost jobs, targeting those hardest hit.

LEPs are also working closely with the nine mayoral authorities, Local Government Association, County Council Network and District Council Network to help prevent further employment collapse and create local jobs.

This is the critical value of skills delivery at the local level – LEPs are having significant success with the six Local Digital Skills Partnerships, designed to increase the digital capability of individuals and organisations across the country. Extending these to all 38 LEPs would significantly accelerate digital skills provision and help fulfil the UK’s Digital Strategy.

LEPs are already finding innovative solutions to these immediate challenges. Skills Advisory Panels funded by DfE are bringing together key partners across the functional economic area and developing evidence-based policy interventions. The influence of Covid-19 on the workplace is increasing the speed at which we support our workforce. LEPs believe the focus in recovery must be on:

- 1) Supporting young people and apprenticeships including flexibility to providers to complete existing apprenticeships
- 2) Developing technical skills, and
- 3) Facilitating digital skills and education.

In addition to these areas, there also needs to be more rapid progress on the National Retraining Scheme and innovative use of the Apprenticeship Levy and the Adult Skills Fund as tools to aid the recovery. In addition to supporting existing apprenticeships, we are particularly eager to see additional intervention in pre-apprenticeship /traineeship programmes. Employers indicate that a traineeship pathway and/or pre-apprenticeship approach would allow easier integration and give space for businesses to emerge from the downturn.

Measures to support the FE and HE sector would be welcome. Government should fully support bids seeking to extend Skills Capital Programmes or new skills schemes, so that digital and IT infrastructure is fit for purpose and that training centres and community hubs keep local areas included.

Given the government focus on a construction led low-carbon recovery, LEPs believe that specific action on low-carbon and modern methods of construction related skills is necessary. There is also an immediate need for an enhanced package of support to extend the number of digital skills, literacy and numeracy places on offer to those leaving employment.

4 GREEN INNOVATION

'A £3 billion green jobs plan to save money, cut carbon, and create jobs.'

Chancellor of the Exchequer, 8 July 2020

Covid-19 has accelerated behavioural changes across all areas of transport, energy and fuel consumption – this sets the framework for developing new energy models that will build the green recovery the Chancellor is focussing on and building a low carbon future.

LEPs are already driving local action to achieve net zero emissions and capitalising on clean growth opportunities but this will require collaboration across many sectors and boundaries.

LEPs want to see a five-year commitment to resourcing additional capacity in LEPs, including those with high-carbon industrial clusters, to support them to adapt to this new change, exploit local opportunities and create new 'green' jobs.

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.

The potential to rapidly increase the commitment to investing in energy efficiency for homes, schools and hospitals is an opportunity that cannot be missed and we welcome the government's commitment to revisit the current planning regime.

The LEP experience proves that managing multi-site and multi-year construction schemes locally delivers better outcomes – achieving high value for money whilst developing local skills and supply chains. This local management, including through local energy hubs, is the key to enabling LEPs to work together to support the development of a pipeline of local energy projects. LEPs call for additional resource, to commission feasibility and development work on projects, bringing together energy hubs and local partners to bring forward key projects.



5 FUND THE TASK



LEPs act as impartial apolitical brokers to deliver economic growth and recovery planning, particularly in increasingly devolved landscapes.

The first four points of this plan bring together many of the key facets of the role LEPs offer to support the government's intent to grow the economy out of the crisis. They also respond well to the commitments that will be central to the Devolution and Recovery White Paper due in the autumn.

LEPs have a crucial, apolitical role as the devolution agenda plays out. This is particularly important outside the City Region areas and is vital in our rural and visitor economies which face unique challenges. LEPs' responsibilities have grown rapidly since their inception, as has the size of the funds they control – £12bn of Local Growth Funding, £0.9m Getting Building Fund – and oversee the spending of £6bn of European Funding and £7bn from the private sector. LEPs have also gained additional responsibilities with Growth Hubs, the introduction of Skills Advisory Panels, Digital Skills Partnerships, Careers Hubs etc.

To provide these roles requires appropriate funding. However, LEPs' annual settlement has remained largely unchanged for a decade. Just as LEPs welcome the additional

£10m of funding for Growth Hubs announced at Budget 2020 in recognition of the vital support they are giving to business, it's time for LEPs both individually and at the LEP Network level to have similar recognition with a multi-year settlement commensurate with the vital role they are playing in local economic recovery. This role is vital if government is to deliver successful devolution.

As powers are delivered to local areas, effective and meaningful engagement with local partners will be critical to ensure investment decisions continue to follow the evidence and have that business 'bite' that ensures relevance to local economies. However, the lost decade has impacted LEPs, with the Bank of England inflation calculator indicating that in real terms the value of core funding to LEPs has fallen by 30%. At a time when LEPs are ratcheting up their recovery planning and have the biggest cost benefit, their ability to operate is being significantly constrained by the current level of funding.

The current LEP funding model, whereby LEPs receive funds 'just in time' for the year ahead, exposes them to a high degree of fragility. All LEPs and the LEP Network need an appropriate level of future funding to stabilise resources and enable effective planning to support recovery and deliver successful devolution. This means a multi-year settlement, commensurate with the task at hand.



We are the only local organisation which brings together such a unique public/private partnership to deliver value-for-money economic growth in every region of the country.

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