

Heart of the South West LEP Scrutiny Committee

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LEP Transition/Integration

Lead Officer: David Ralph, Chief Executive, HotSW LEP

Contact Details: 07543 219390 – david.ralph@heartofswlep.co.uk

Transition/Integration of LEP Functions

Following the Minister's letter in August, a briefing was circulated to all HOTSWS Scrutiny Members .

A letter from the Accountable Body was circulated immediately to a briefing of LEP Board Members indicating that Local Authorities hoped that the transition could be completed by April 1st. - but it is important to reiterate that this is not a requirement of Government.

Paragraph 18 of the guidance states

"Government expects that integration of LEP functions into areas with a devolution deal or into upper tier local authorities will be undertaken as quickly as possible, ensuring a smooth and orderly transition. Decisions, where appropriate, on the transfer of assets should be agreed by the LEP, its Accountable Body, and respective local authorities by March 2024, though government recognises that the practical integration and transfer process may stretch beyond that date

Indeed, many LEP's are continuing to operate for at least another year.

The LEP management team – chaired by the Accountable Body - is now meeting (fortnightly) to prepare transition plans which need to be submitted to the Government in the New Year when at the same time Government has indicated it will provide further guidance on Business boards and potentially Director liabilities. The LEP Network are asking for this further guidance to be accelerated.

Unfortunately, the core issues of TUPE and asset ownership still remain largely unreconciled and therefore it is difficult to bring forward recommendations to the Board at this time. We have asked Plymouth University, as the employer of the core LEP team, for advice over TUPE and the Accountable Body is looking to secure further legal advice on the ownership of assets although as the LEP we think it would simply be easier to go direct to the Regulator on this.

As Scrutiny Board Members will know, all LEP programme funding is overseen by the Assurance Framework and the Freedoms and Flexibilities agreed with Government. All LGF funding is currently allocated and some of it (mostly the Digital programme) will be defrayed next year. Government have consistently required LGF under freedoms & flexibilities to be

defrayed by end December 2024, with final payments and completion of the programme by March 2025.

Directionally, a timeline could be along the lines of the following

- Jan: LEP Board reviews a transition plan (drafted with the local authorities); identifies destination of LEP functions along with linked TUPE and assets
- Jan: LEP Board agrees 24/25 operations budget
- Transition of functions on or after 31st March (working aim is that where a date is beyond end March, transition is as close to 31st March as possible)

Note that some LEP activities particularly the transformational sectors work, are not identified directly by Government as “LEP functions” so transition planning will also need to take these into account.

Devolution

Whilst transition/integration is no longer directly linked to devolution it is still indirectly relevant as the proposed operating model in the future for the HOTSW area. However, real progress of devolution discussions across the HOTSW area and nationally is quite difficult to work-out as it is proceeding at different paces and with different structures across England.

Government is clearly looking to progress the agreed (Level 3) deals in places like Notts/Derbys and Norfolk/Suffolk. Recently it seems to have more appetite for Level 2 Deals although they are constrained by civil servant capacity and the legislative timetable. Moreover, it now seems likely that some single unitary areas may be offered a ‘fixed deal’ perhaps as early as next spring (which would include LEP functions but not very much, if any, funding or powers at this time).

Across Devon discussions continue to be ongoing particularly with DfT about a Local Transport Board for the Combined Authority and funding asks. It looks like there is some agreement for joint work on housing (but no additional money at this stage) and generally any funding commitment is not ongoing as will be subject to the next (and new) Government’s Spending Review.

The LEP Network estimates the many LEPs will continue to operate through the next financial year – either because they will transition later (perhaps in April 2025 or in line with May 2024 or May 2025 local elections if they are establishing MCAs) or that Local Authorities have decided that they continue to have a role perhaps because there is no agreement about a devolution deal at this time or some LEPs fulfil a development company-type role on behalf of local authorities. Although asked for, we have yet to have a response from Local Authorities about why this approach is not appropriate in the HOTSW area (in lieu of any devolution deal).

So in our area, Cornwall look like they are transitioning the LEP to the Council and Dorset LEP will continue to operate to at least April 2025.