

BOROUGH OF KETTERING

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Report Originator	Strategic Management Team	Fwd Plan Ref No: a10/015	
Wards Affected	All	2 September 2010	
Title	LOCAL ENTERPRISE PARTNERSHIPS – SUPPLEMENTARY REPORT		

Portfolio Holders: All

1. PURPOSE OF REPORT

To provide additional information and a set of recommendations for Members' consideration.

2. INFORMATION

- 2.1. Since the report on LEPs was published with the agenda, officers have had the opportunity to evaluate and compare the two LEP proposals, which may be of interest. An assessment of each proposal (and the way they have been developed) is attached to this report.
- 2.2. In the last week, Corby, Daventry, and Northampton Borough Council have indicated that they will be supporting the South East Midlands LEP proposal, and South Northamptonshire Council is meeting on 2nd September to consider its position; the recommendations are to: -
- *To note the latest position on the Crossroads of England LEP Outline Business Case and the South East Midlands LEP Proposal.*
 - *To agree to support in principle the SEMLEP proposal, on the basis that involvement and engagement will ensure the Council can influence the future direction of the LEP in the interests of local communities.*
 - *To work with NCC and Northamptonshire Chamber to encourage their support of the SEMLEP proposal.*
- 2.3. The attached sets out in tabular form criteria against which the two proposals can be considered.
- 2.4. In view of that assessment, the recommendation in respect of the South East Midlands LEP is quite clear cut. The situation in respect of the Northamptonshire proposal is less definite.
- 2.5. There are two issues to consider in respect of the Northamptonshire LEP proposal: -

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- (i) It has been submitted – that submission strongly implies Kettering Borough Council’s formal support.
- (ii) It contains issues which we cannot recommend – see attached table and recommendations.

2.6 These issues would best be debated collectively at the Committee once this report and its enclosures have been properly explained, digested and debated. That might then allow Members to work logically through the recommendations that follow.

3. RECOMMENDATIONS

The Executive Committee are recommended to approve;

A) That Kettering Borough Council supports the LEP proposal for the South East Midlands, subject to us continuing to work with the partner agencies in shaping the bid and finalising details about governance, funding and focus, to ensure it is in the interests of local communities.

B) In respect of the bid submitted by Northamptonshire County Council:-

The Committee clarifies to Northamptonshire County Council the issues within its submission, if any, it cannot support, such as: -

- a. Support for the bid does not include support for the automatic hypothecation or re-direction of funds, either from S106 sources, or from grant or incentive regimes, which would normally fall to the Borough Council to allocate
- b. Support for the bid does not imply support for the translation of the Northamptonshire Arc into a formal planning document in its current form
- c. Support for the bid does not imply support for the abolition of North Northamptonshire Development Company or its absorption into a county-wide delivery body
- d. The Borough Council will expect to be fully involved in discussions regarding the composition of the Board of the LEP

C) The Committee notify the Secretary of State of Kettering’s position on LEPs, by a letter setting out this Committee’s resolutions.

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Background Papers:

Title of Document: LEP Documents
Date: August 2010
Contact Officer: Senior Management Team

Previous Reports/Minutes:

Ref: LEP Executive Report
Date: 21st July 2010

EXECUTIVE COMMITTEE (2 September 2010)

LOCAL ENTERPRISE PARTNERSHIPS – ADDITIONAL ANALYSIS

Issue / Subject	South East Midlands (SEM) LEP	Northamptonshire, Crossroads of England LEP
<p>1. Current Position</p>		
<p>a. The Documents</p>	<p>The draft submission document has been circulated to all local authorities for their consideration and comments, and all potential partners have been able to contribute to its preparation during August. The submission will be sent by the deadline date of 6 September.</p>	<p>The submission was sent to Government on 25 August 2010. Local authorities within the County were not asked to comment or asked to indicate their support for the bid.</p>
<p>b. Support from other local Authorities</p>	<p>The following Councils have indicated their support for the bid –</p> <ul style="list-style-type: none"> ♦ Unitary Authorities - Luton, Milton Keynes, Bedford, Central Bedfordshire ♦ District / Borough Councils - Aylesbury Vale, Cherwell, Daventry, Northampton, and Corby. ♦ South Northants and Kettering have formal committee meetings scheduled for 2 September to discuss the issue. ♦ South Northants' report recommends support for this LEP. 	<p>This is not known - no consultation took place and it is not clear from the submission whether it is supported by any other local authority except the County Council.</p> <p>Page 9 of the submission states <i>'The principle of a Crossroads for England LEP...has the support of both the business community in Northamptonshire and the Northamptonshire Public Service Board. This includes Northamptonshire County Council, the borough and district councils, police, health sector, the voluntary sector and the business community'</i>. It is fair to say the general principle of Northamptonshire sticking together as an area has been discussed and agreed. However, the County have not entered into a dialogue with local authorities about this particular submission – nor does it reflect the draft minutes of the Public Service Board (not that a decision of the PSB would bind this Council).</p>
<p>c. Support from business community</p>	<p>Milton Keynes and Bucks Chamber of Commerce Bedfordshire and Luton Chamber of Commerce North Bucks Institute of Directors North Beds Business Leaders Milton Keynes Federation of Small Businesses</p>	<p>The document is co-signed on behalf of the Northamptonshire Chamber of Commerce and cites the support of the Institute of Directors, Freight Transport association and Northamptonshire Federation of Small Business.</p>

<p>2. Sovereignty</p>	<p>It should be remembered that Local Enterprise Partnerships are intended to be a mechanism for enabling local businesses and councils to work together on economic renewal, on re-balancing the economy and creating the right environment for business and growth. Accordingly, at this moment in time, members are advised that the Council should ensure that whatever decisions it reaches in relation to LEPs, it should ensure that it retains its sovereign position in relation to the following issues;</p> <ul style="list-style-type: none"> ◆ Governance (and decision making) in relation to KBC functions ◆ The Planning Process ◆ Funding (revenue and capital) ◆ The future use of Government Grant Funding and grant incentives ◆ Development Gain (incl. s106 agreements) <p>The above 'principles' are very important and should not be compromised when considering any LEP submission.</p>	
<p>3. Geographical Coverage and population</p>	<p>Milton Keynes and all of Bedfordshire, together with adjacent parts of Oxfordshire and Buckinghamshire, as well as all or part of Northamptonshire</p> <p>At least 1.6m people if most Northamptonshire districts are included; 1.15m without any part of Northamptonshire</p>	<p>Northamptonshire, with potential for some federated or shared arrangements with Warwickshire and Leicestershire.</p> <p>690,000 population – assuming all of Northamptonshire's population.</p>
<p>4. Governance and delivery arrangements</p>	<p>A joint board (private and public sector), the preferred model to be a company limited by guarantee.</p> <p>It is considered to be too early in the process to be prescriptive about what legal form (if any) the LEP should take. At this stage all options should be kept open to ensure that there is flexibility to have a structure that works (once more information is available from the Government about funding and accountabilities etc)</p> <p>The number of local authorities included in this partnership would make it difficult for all authorities to be represented on a single board without making it very large indeed.</p>	<p>A small joint board (private and public sector, plus representation from the academic sector) supported by a "commissioning body" that would be led by the County Council as the accountable body for funding.</p> <p>The local commissioning body would aim to combine economic development and local delivery vehicles across the County e.g., NEL, WNDC, NNDC, to have a single delivery unit for the whole of the county. This would be built on through an 'enterprise hub concept' that could possibly also involve other county areas.</p> <p>Members would need to consider the implications of moving to a county based delivery vehicle and the County Council being the accountable body. The bid implies support for the amalgamation of NNDC into a</p>

		<p>single delivery body. The document does not comment on how local authorities would be represented on the Board, but stresses the Board would have to be small in size.</p>
<p>5. Economic focus of a LEP</p>	<p>The LEP will focus on</p> <ul style="list-style-type: none"> - Supporting enterprise and new business formation - Transport and infrastructure planning - Green infrastructure and carbon reductions - Tackling shared challenges of low skills, productivity and employment <p>The LEP will look to be a national centre for excellence for advanced technologies and precision engineering (includes environmental and low carbon technologies, motorsport, aerospace and automotive manufacturing and sustainable construction)</p>	<p>The LEP will focus on</p> <ul style="list-style-type: none"> - improving the infrastructure of the area, including communications networks - distribution and logistics - high performance engineering and motorsport - food and drink, - environmental technologies/waste innovation - creative industries - academia and innovation - international connections and access to overseas markets - the rural economy - tourism - shared sporting connections <p>The LEP seeks to be designated as a national hub, pilot or lead for</p> <ul style="list-style-type: none"> - high performance engineering and motorsport - promoting innovation and a shift to low carbon (usage) in the distribution and logistics sector - as a test bed for sustainable construction and green car technologies - new innovative funding mechanisms - sustainable development - a new national enterprise hub
<p>6. Funding</p>	<p>The document recognises that funding is going to be important – at this stage it highlights a number of issues for consideration further down the process without committing any local authority to any specifics at this stage. The things identified in the document for further consideration include;</p> <ul style="list-style-type: none"> ◆ Exploring all forms of funding to incentivise development, including tax incremental funding 	<p>The submission outlines the need to have one delivery vehicle for the County to deal with funding through the County Council as the accountable body. In this, local commissioning boards would look to establish joint investment funds drawing on or matching other sources of funding – these could include;</p> <ul style="list-style-type: none"> ◆ Any funding devolved as a result of the RDA's including potential revenue streams from

<p>and the new homes bonus scheme</p> <ul style="list-style-type: none"> ♦ Funding models would aim to attract and maximise funds from sources, such as developers' contributions, the new homes bonus scheme, community infrastructure levy, local tariffs, s106, regional growth fund and receipts from public assets. <p>It is important for members to keep in mind the sovereignty issues identified in section 2. At this stage the SEM LEP is not committing local authorities to make any decisions about the above and it will be important that any future decisions are such that a local authority can decide through its own decision making processes which elements (if any) of the above it may wish to take part in.</p>	<p>transferred assets</p> <ul style="list-style-type: none"> ♦ Polling of retained business rate and council tax ♦ Tax incremental funding ♦ Prudential borrowing and top slicing capital budgets ♦ Section 106 funds ♦ Community Infrastructure Funds ♦ Successful bids for Government and European funds ♦ Effective use of public sector land holdings <p><i>The bid asks government to allow the retention and hypothecation of increases in local tax revenues in order to finance capital investment. It is not clear what this will mean in practice.</i></p> <p><i>Although both LEP documents identify broadly the same issue to look into, the Northamptonshire submission gives the general impression that the above are more likely to be part of the LEP then looked into with potential partners.</i></p>
<p>7. Local Delivery Vehicles</p>	<p>The LEP submission states that the LEP would look to combine economic development and local delivery vehicles across the County e.g., NEL, WNDC, NNDC to have a single delivery unit for the whole of the county.</p>
<p>8. Planning consequences.</p>	<p>The submission seeks government support for giving the Northamptonshire Arc Concept' formal planning status as a part replacement for the soon to be abolished regional plan. The document describes the Arc concept as central to the way that the LEP would operate.</p> <p><i>At its meeting on 28th July, the Planning Policy Committee expressed serious reservations about the concept and contents of the Northamptonshire Arc proposals</i></p>

<p>9. Travel to Work Areas</p>	<p>Kettering's residents predominately work in North Northamptonshire, with 3% also working in Northampton. Kettering's workforce is similarly largely drawn from the North Northamptonshire area. Recent trends have shown some changes in flows between town in North Northamptonshire but little increase in out commuting from North Northamptonshire</p> <p>77% of Northamptonshire's residents work in the county; with 10% commuting into Bedfordshire, Oxfordshire and Milton Keynes and 3% into Leicestershire and Warwickshire. Recent trends have shown increases in out commuting from the county into Warwickshire, Milton Keynes and Oxfordshire.</p>
<p>10. Links to Council Objectives / Future Prosperity of the Area</p>	<p>The Council's relevant economic development priorities are concerned with managing the growth agenda, in particular ensuring the creation/attraction of new jobs and infrastructure, developing the educational and jobs offer in the area, and supporting the development of our town centres. The Council is supportive of the creation of higher quality, higher density jobs, and the associated development of sustainable construction and green technology practices.</p> <p>The SEM proposal fits with KBC priorities in that it refers to infrastructure, sustainable construction, low skills and new business creation.</p> <p>The Crossroads bid fits with KBC priorities, in that it refers to infrastructure and sustainable construction, and also refers to distribution and food and drink, both of which are important existing employment sectors for the Borough.</p>