

Executive Report



Delegated Decisions - 9 April 2024

LOCAL ENTERPRISE PARTNERSHIP (LEP) TRANSITION - MILTON KEYNES CITY COUNCIL AGREEMENT ON FUTURE WORKING ARRANGEMENTS

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Exempt / confidential / not for publication	No
Council Plan reference	Council Plan Commitment 31
Wards affected	All wards

Executive Summary

This report outlines the proposal for West Northamptonshire Council (WNC) to take on the role of host authority for the functions of the South East Midlands Local Enterprise Partnership (SEMLEP), from April 2024 on behalf of the six local authorities in the South East Midlands. The functions subject to transfer are the Growth Hub, Careers Hub and Strategic Economic planning function. This follows the Government's decision in August 2023 to integrate LEP functions within local democratic institutions.

The report considers the implications of this approach for Milton Keynes City Council and sets out the decisions and agreement required to confirm the role of West Northamptonshire Council as host authority and accountable body for services previously hosted by the LEP.

1. Proposed Decisions

- 1.1 That in respect of existing Local Enterprise Partnership (LEP) arrangements, and in line with corresponding decisions of the other Central Area Growth Board Member Councils, that the following be agreed from 1 April 2024:
 - (a) assets, rights, loans and liabilities of SEMLEP (relating to the functions of the Growth Hub, Careers Hub and Strategic Economic planning) be transferred to West Northamptonshire Council; and
 - (b) relevant SEMLEP staff be transferred in accordance with TUPE regulations to WNC who will be responsible for any liabilities in relation to staff from the former LEP.
- 1.2 That West Northamptonshire Council be the host authority and accountable body for the delivery of services previously hosted by the LEP (inclusive of the relevant funding and liabilities) and accordingly that:
 - (a) the Draft Heads of Terms for inter authority agreement (attached as an **Annex** to the report) be noted;
 - (b) the Council will enter into an agreement with West Northamptonshire Council in relation to the delivery of the inherited services, the funding and liabilities (with the intention that there will be no cost to Milton Keynes City Council); and
 - (c) authority be delegated to the Director of Planning and Placemaking, in consultation with the Leader of the Council, Monitoring Officer and Section 151 Officer, to finalise arrangements for the integration of the LEP functions, including agreement of the Heads of Terms and completion of the inter authority agreement with the other Growth Board member Councils.
- 1.3 That Milton Keynes City Council, as part of the Central Area Growth Board, retain responsibility for the strategic direction of the former LEP responsibilities, in so far as they relate to Milton Keynes, including the growth hub, careers hub, strategic economic planning and any future specific government future programmes directed through the host authority, but that the Council agrees that West Northamptonshire Council deliver these functions and services on Milton Keynes City Council's behalf.

2. Reasons for the Decision

- 2.1 To deliver on Council Plan delivery plan commitment 31 'Work with partners to agree a new model of delivery for current SEMLEP functions and continue to seek a Level 2 Devolution Deal for the area'.
- 2.2 To secure the transfer of LEP functions from the current external company structure of SEMLEP into local authority management by West Northamptonshire Council in accordance with government guidance issued in August and December 2023.

- 2.3 To ensure the appropriate integration of functions previously delivered by SEMLEP into local democratic institutions across a functional economic geographical area.
- 2.4 To support the management of the assets, liabilities and staff through the transfer by West Northamptonshire Council on behalf of the Central Area authorities.

3 Background to the Decision

- 3.1 UK Government made a decision to withdraw core funding from LEPs in 2023, and subsequently issued guidance relating to the integration of the functions of LEPs into local democratic institutions. South East Midlands Local Enterprise Partnership (SEMLEP) will be wound up from 31 March 2024.
- 3.2 A process ran in summer 2023 for the six local authorities within the SEMLEP area (Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council, Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire Council) to express an interest in running the services previously delivered by the LEP (Growth Hub, Careers Hub and Strategic Economic planning.) Following a process of scoring the proposals, West Northamptonshire Council was ultimately the successful local authority.
- 3.3 The six local authorities within the SEMLEP area (Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council, Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire Council) have endorsed a proposal for West Northamptonshire Council (WNC) to become host authority and accountable body for the Local Enterprise Partnership (LEP) functions from 1 April 2024.
- 3.4 The existing Central Area Growth Board (CAGB), which comprises the six local authority leaders, has provided the governance structure for discussion relating to future delivery of the LEP functions. In October 2023, the Central Area Growth Board resolved that West Northamptonshire Council should take on the role of host authority and accountable body for services previously delivered by the LEP. WNC Cabinet accepted a recommendation to progress the integration of LEP functions and take on the role of host authority and accountable body on 13 February 2024.
- 3.5 It is proposed that the CAGB will continue to exist and consider matters relating to previous LEP services and regional economic planning for the six Councils. However, a review will be required of the existing terms of reference and a formalisation of its structure to streamline decision making with a a joint committee structure the most likely scenario to allow formal decision making to take place on regional matters. Governance will be explored by the partners later in 2024 Milton Keynes City Council is currently the secretariat for the Central Area Growth Board.

- 3.6 A fundamental principle for all six local authorities for the future delivery of the LEP functions is that the service must be financially sustainable. A financial envelope of £1,875,988 has been agreed as a budget for 24/25 which allows for the transfer of Strategic Economic Planning, Growth Hub and Careers Hub, together with support roles. This budget draws on £495,000 of approved LEP reserves. The agreement to use reserves in year one is subject to a requirement for further review after 6 months. The review will be considered by CAGB with a view to reducing the use of reserves and finding a sustainable funding model for the service functions and a budget for 2025/26.
- 3.7 To progress the transition of LEP functions, WNC require an inter authority agreement with all five partner local authorities. The purpose of the agreement will be to confirm governance and to delegate to WNC general powers to deliver LEP functions across each local authority area, and in relation to the delivery of the inherited functions, the funding and the liabilities with the intention that there will be no cost to any Council. Proposed draft Heads of Terms for the agreement are included as an **Annex** to the report.

4. Implications of the Decision

Financial	Y	Human rights, equalities, diversity	N
Legal	Y	Policies or Council Plan	Y
Communication	Y	Procurement	N
Energy Efficiency	N	Subsidy	N
Workforce	N	Other	Y

(a) Financial Implications

The intention is that there will be no cost to Milton Keynes City Council or any of the other partner councils involved in the new ways of working. West Northamptonshire Council will be seeking an agreement around unforeseen liabilities which cannot be met from the existing reserves, government funding or the insurance arrangements of the LEP. Draft heads of terms for the agreement are included as an **Annex**.

(b) Legal Implications

West Northamptonshire will require all five authorities to sign an inter authority agreement. The purpose of the agreement will be to confirm governance and to delegate to WNC general powers to deliver functions / services previously delivered by the LEP across each local authority area.

(c) Other implications

Relevant staff (those previously employed by SEMLEP and in functions that will continue from 1 April) will transfer in accordance with TUPE regulations to WNC and WNC will be responsible for any liabilities in relation to staff from the former LEP.

Work is ongoing to establish a new brand and identity for the Central Area/South East Midlands. This work is expected to conclude by 31 March 2024.

5. Alternatives Considered

To Deliver LEP Services on an Individual LA Footprint

- 5.1 The functions currently delivered by SEMLEP are reliant on funding from UK Government. Government guidance published in 2023 on integrating LEP functions into local democratic institutions made clear that UK Government ‘expects local authorities to work together to deliver LEP functions’. It was therefore not a viable option for Milton Keynes City Council to explore instead delivering these services at a Milton Keynes level, given no government funding for provision of these services would be forthcoming to a single authority. It would also not be cost effective to do so, and would mean the Council would lose out the benefits of regional working. Therefore, this is not considered to be a viable option.

To Do Nothing

- 5.2 Businesses and schools within the Milton Keynes unitary area are currently able to access support and services for free from the South East Midlands Local Enterprise Partnership. These are delivered via the South East Midlands Growth Hub, and the South East Midlands Careers and Enterprise hub. These services are delivered using UK Government funding.
- 5.3 SEMLEP will cease to operate as of 1 April 2024. Were Milton Keynes City Council to do nothing, and not confirm its commitment to be part of the new delivery of services, business and schools in Milton Keynes would lose access to these services. The City Council’s Economic Development work would also lose access to regional economic planning, insight and support.
- 5.4 To do nothing is therefore not considered to be a viable option.

6. Timetable for Implementation

1 April 2024	SEMLEP services and staff formally transfer into West Northamptonshire Council
w/c 15 April 2024	Expected commencement date for launch of Business Board recruitment
Mon 20 May 2024	Business Board recruitment closes
Summer 2024	Work to formalise the Central Area Growth Board as a joint committee

List of Annexes

Annex Draft Heads of Terms for Inter Authority Agreement

List of Background Papers

4 August 2023 – Government guidance on LEP integration - [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK \(www.gov.uk\)](#)

19 October 2023- Central Area Growth Board update on LEP functions [Future of Regional Working and the Local Enterprise Partnership.pdf \(moderngov.co.uk\)](#)

12 December 2023 - CAGB update on the business engagement element of LEP functions - [Update on Business Engagement.pdf \(moderngov.co.uk\)](#)

12 December 2023- CAGB update on LEP functions [Update on Future of LEP Functions.pdf \(moderngov.co.uk\)](#)

19 December 2023 – Government guidance on LEP integration - [Guidance for local authorities delivering business representation and local economic planning functions - GOV.UK \(www.gov.uk\)](#)

13 February 2024 -West Northamptonshire Cabinet, Hosting the functions of the South East Midlands Local Enterprise Partnership, [West Northamptonshire Council \(moderngov.co.uk\)](#)

Appendix A - [Hosting the functions of the South East Midlands Local Enterprise Partnership - Appendix A.pdf \(moderngov.co.uk\)](#)

Appendix B - [Hosting the functions of the South East Midlands Local Enterprise Partnership - Appendix B.pdf \(moderngov.co.uk\)](#)

14 February 2024 = Central Area Growth Board update on LEP Transition [LEP Transition Update.pdf \(moderngov.co.uk\)](#)

14 February 2024 – Central Area Growth Board update on proposed business engagement for LEP functions from 1 April 2024 [Business Engagement Plans.pdf \(moderngov.co.uk\)](#)