



LCR Overview and Scrutiny Committee

The LCR Local Enterprise Partnership Review

Final report – February 2020

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1. Introduction by Councillor Tom Crone, Chair of the Overview and Scrutiny Committee

It is with great pleasure that I present the findings and recommendations of the Committee's review into how the Liverpool City Region (LCR) has responded to the evolving role of the LCR Local Enterprise Partnership (LEP) as a consequence of the LEP Review and the establishment of the LCR Combined Authority.

Members chose to undertake this review partly to develop a greater understanding of the work of the LCR Local Enterprise Partnership and to also determine how it contributed towards the economic growth across the Liverpool City Region.

Through the evidence gathering sessions we had an opportunity to speak directly with Government representatives, a LEP Network Ambassador, Chief Executives from two Local Authorities and LCR Combined Authority officers.

In making our recommendations, we recognise the role of the LCR Local Enterprise Partnership in supporting the LCR Combined Authority to achieve economic growth across the City Region. From the evidence we gathered it is clear that the LCR Local Enterprise Partnership is committed towards supporting business growth across the City Region.

We have agreed 17 recommendations which are grouped as follows:-

- Governance
- Business Resilience
- Supporting Climate Change
- Skills
- Communications

Before I finish I would like to thank:

- Members of the Task and Finish Group for their active contributions to the Review.
- Mark Basnett, Managing Director and Tony Wade, Director of Finance from the LCR Local Enterprise Partnership who provided detailed insight into the work of the LCR Local Enterprise Partnership.
- The various witnesses who attended our evidence gathering sessions and gave up their time to share their views on the LCR LEP. From the information they provided we have been able to develop recommendations which are evidence based.
- The LCR Combined Authority officers, who have directly supported the review, organised our activity, responded to our requests for information and provided the evidence upon which we have based our recommendations.

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Membership of the Task and Finish Review

Councillor Tom Crone (Chair)	Councillor Kevan Wainwright (Vice Chair)
Councillor Helen Cameron	Councillor Jean Stapleton
Councillor Robyn Hattersley	Councillor Adrian Jones
Councillor Edna Finneran	Councillor Sam Marshall
Councillor Bill Woolfall	Councillor Tricia O'Brien
Councillor Louise Whitley	Councillor Christine Howard

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2. Background to the Review

At the Committee's first meeting of the 2019 - 20 municipal year, held on the 19 June 2019, the Committee considered its work programme for the year ahead. As part of this process Members identified the work of the LCR Local Enterprise Partnership (LEP) as a topic for a Task and Finish Review, as they wanted to consider the impact and outcomes arising from the work of the LCR Local Enterprise Partnership and to also equip themselves with a greater understanding of its work.

The LCR Local Enterprise Partnership was created in 2012 with the aim of bringing together the private sector and Local Authorities in a business led partnership. The aim of which was to drive forward private-sector led growth and job creation in the City Region. The LCR LEP covers the local authority areas of Liverpool, Halton, Knowsley, St Helens, Wirral and Sefton and is co-terminus with the geography of the LCR Combined Authority.

The LCR LEP has evolved since it was first established. It makes no funding decisions. It advises on the strategic merit of programs and projects in the context of the Strategic Investment Fund and Government has allocated Local Growth Funding to LEPs.

In establishing this Review, it was important for Members to consider the development the LCR LEP had undertaken since its establishment in 2012 and the Framework within which it has operated and now operates

Significantly, for Members it was important to understand the changes in the relationship between the LCR LEP and the LCR Combined Authority, following the LCR Combined Authority taking legal responsibility of the LCR LEP. It was noted that the establishment of a Growth Company was the first activity of this new venture. The Growth Company would focus on four key areas of activity to contribute towards the strategic priorities of the LCR LEP and LCR Combined Authority and included:-

- Sector Development;
- Global Promotion and Inward Investment
- Business Growth
- Talent Development/Careers Hub

3. Developing the scoping document

At a meeting of the Overview and Scrutiny Committee on 4 September 2019, Members considered the initial scoping document of the Task and Finish Review. At this meeting, Members also received a presentation from Mark Basnett, Managing Director, LCR Local Enterprise Partnership, who provided a summary of the following:-

- The role of the LCR LEP;
- The relationship with the LCR Combined Authority;
- The work of the LEP Board and LEP Sub-Boards;
- How the LCR LEP engaged with stakeholders;
- The LCR LEP's priorities; and
- The establishment of the LCR Growth Company.

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Members discussed how the LCR LEP supported SME's in the City Region, of which there were a high number, recognising the LCR LEP had a role to play in supporting SME's to become more resilient to the local economic climate. Members were also keen for the voice of workers and Trade Unions to be reflected within the LEP Boards membership and welcomed the LCR LEP being a Living Wage employer.

Members considered both how the LCR LEP was funded and the establishment of the Growth Company.

It was agreed that the aim of the review would be as follows:-

To review how the Liverpool City Region (LCR) has responded to the evolving role of LEPs as a consequence of the LEP Review and the LCR Combined Authority.

4. Who did we speak to?

As set out in the scoping document, the review involved three evidence sessions.

Evidence Session One

The aim of this session was to determine whether the LCR LEP is compliant and effective from the perspective of LCR stakeholders, Government and other relevant parties such as the LEP Network or LEP peers. To also understand the programmes delivered by the LEP and assess the impact they have had on the City Region.

The Group heard evidence from:

- Mark Basnett, Managing Director, LCR LEP
- Tony Wade, Finance Director, LCR LEP
- Dr Ann Limb CBE, Chair of the South East Midlands LEP & LEP Ambassador

Evidence Session Two

The aim of this session was to assess the effectiveness of the programmes and projects delivered by the LCR LEP, such as ERDF and the relationship with Local Authorities.

The Group heard evidence from:

- Mark Basnett, Managing Director, LCR LEP
- Tony Wade, Finance Director, LCR LEP
- David Parr OBE, Chief Executive, Halton Borough Council
- Paul Cherpeau, Liverpool Chamber of Commerce
- Mick Allen, Assistant Director, Area Lead and Northern Powerhouse Team, Department of Business, Energy and Industrial Strategy
- Tony Reeves Chief Executive, Liverpool City Council
- Pernille Kousgarrd, EU Policy and Brexit Lead Officer, LCR Combined Authority

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Evidence Session Three

The aim of this session was to look at the long term vision of the LCR LEP and also consider the role of the Inward Investment Team in supporting this vision.

The Group heard evidence from:

- Mr Asif Hamid MBE, Chair of the LCR LEP
- Mr Paul Corcoran, Deputy Chair of the LCR LEP and Chair of the Digital and Creative Board
- Mark Basnett, Managing Director, LCR LEP
- Mark Bousfield, Director of Commercial Development and Investment, LCR Combined Authority
- Rachael Bampton Aitken, Interim Head of Inward Investment, LCR Combined Authority

What did we hear and from whom?

Evidence Session One

Mark Basnett, Managing Director of the LCR LEP, outlined the role and purpose of the LCR LEP and explained how the Annual Performance Review of the LCR LEP was conducted. Members were informed that the Annual Performance Review was undertaken by the Department of Business, Energy and Industrial Strategy and it focused on three areas – Strategy, Governance and Delivery. The LCR LEP had been reviewed in January 2019 and had achieved a Good rating in all three areas.

Dr Ann Limb CBE, explained, from her experience, how a LEP could achieve an exceptional rating. She highlighted how the LCR LEP was making progress towards achieving an exceptional rating in Strategy and Delivery and explained how by broadening the membership of the LEP Board and Sub-Boards this could achieve an exceptional Governance rating.

Members recognised the vital role SME's played in supporting economic growth and explored how the LCR LEP could support SME's in enhancing their resilience. Members recognised that engaging SME's into the work of the Board would be challenging, however, it could also provide an SME with mentoring opportunities from one of the larger organisations and provide valuable insight to inform the priorities and work of the LCR LEP Board and Sub-Boards. Dr Ann Limb CBE noted that to achieve effective engagement of SME's the LCR LEP may need to give consideration as to how it organises its Board meetings so they are relevant to SME's.

On hearing how the Annual Reviews for LEPs were conducted, Members felt there was an opportunity for the Overview and Scrutiny Committee to be engaged in this process. By testing the evidence to be presented at the Annual Review, the Committee would be able to add value to the process.

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Members explored the LCR LEP's role in supporting the LCR Combined Authority's commitment to be net carbon neutral by 2040. From the evidence presented, the LCR LEP were carrying out a number of activities which included a Low Carbon Board to drive forward the clean growth agenda. The Low Carbon Board evolved into the Clean Growth Board and was tasked with focusing on the broader issue of climate change and how SME's can be supported to reduce their energy consumption.

Evidence Session Two

Members considered evidence which explained how the LCR LEP and the LCR Combined Authority were working collaboratively to deliver projects identified within the Local Growth Fund.

At this session, Members explored how the Growth Company of the LCR LEP was interacting with each of the Local Authority Growth Company's. Members were keen to identify whether the establishment of the Growth Companies by the Local Authorities and the LCR LEP had created any duplication. They were also re-assured to learn that the LCR LEP had undertaken discussions with each of the constituent Local Authority Chief Executives to determine their economic priorities and how the LCR LEP could support in the delivery of these priorities.

Mick Allen, BEIS, explained how the performance of LEPs was assessed and he confirmed that the LCR LEP was working well and achieving its targets. However, key challenge faced by the LCR LEP was the delivery of the projects within the Local Growth Fund. Mick also explained that the performance measures for LEPs were not available within the public domain. Members reflected upon this information and requested that feedback be provided to BEIS explaining the importance of having such information in the public domain.

Members heard evidence from David Parr OBE, Chief Executive of Halton Borough Council and Tony Reeves, Chief Executive of Liverpool City Council, who explained how the LCR LEP encouraged inclusive growth and summarised how they worked together to mitigate other risks, such as the implications on businesses as a result of a No Deal Brexit.

Evidence Session Three

The final session heard from Mr Asif Hamid MBE, Chair of the LCR LEP Board, who explained in detail the membership of the LCR LEP Board and how, following the LEP Review, the membership of the Board had changed to become more diverse with a higher proportion of private sector representation. Members were also provided with an understanding of the demands and time commitment for individual Board Members. However it was recognised that as Board Members, they would have an opportunity to directly improve the City Region economy, nurture local skills and create inclusive growth.

Members heard evidence of how investment in big ticket projects such as Digital and Tidal had the potential to significantly improve the economy of the City Region. These

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projects were innovative and brought together world class knowledge which was extremely positive for the City Region.

Mark Bousfield explained how projects such as the Cruise Liner Terminal and Shakespeare of the North, could increase visitor numbers to the City Region. It was noted that tourism in the City Region was healthy. Members were informed that there were plans to improve visitor numbers during the working week and also encourage visitors to visit attractions across the City Region, including town centres.

Further insight into the benefits a LEP can bring to an area were shared with Members. Members were informed how the LCR LEP was successful in representing the voice of business to both the LCR Combined Authority and Central Government. Importantly they were also able to engage with businesses who would not ordinarily engage with the public sector.

Mr Asif Hamid MBE, explained how the LCR LEP was encouraging Local Authorities to increase their use of local businesses in line with the 'Keeping it Local' initiative.

The LCR LEP recognised the importance of businesses providing successful apprenticeship programmes. Reflecting upon the levels of deprivation across the City Region, Members identified that further work was required to ensure that any barriers that young people faced in accessing apprenticeships were removed. Members also heard how in his role as Chair of the LCR LEP Board, Mr Asif Hamid MBE, lobbied Central Government on a regular basis to encourage them to change the application of the apprenticeship levy and to also devolve greater powers relating to the Apprenticeship levy to the LCR Combined Authority. Anecdotal evidence was provided of some organisations passing on a percentage of their Levy to smaller businesses. Paul Corcoran informed Members, that there were misconceptions relating to the Apprenticeship Levy which could have a negative impact on its application and there was an opportunity to simplify this message and make it more meaningful for businesses.

Mark Basnett explained to the Group how the LCR LEP was supporting Local Authorities with the regeneration of Town Centres by working closely with the relevant Chamber of Commerce and Local Authority Leadership Teams. LCR LEP Sub-Boards were also considering how to bring innovation into town centres and make them more attractive to tech companies and other businesses. The Sub-Boards were also providing challenge on how Town Centres could look and function in the future.

Members discussed the communications messaging the LCR LEP produced and from the evidence gathered noted how the LCR LEP was gaining traction through its interaction with businesses and other stakeholders. However, Members recognised that ward Councillors may not be aware of the activity the LCR LEP was undertaking and felt it was important that this information be shared more widely. Furthermore, this communication should also be shared more broadly across the City Region.

During this evidence session, Members also learnt about the LCR LEP's role in supporting the Careers Hub and those Schools who had engaged with the Careers Hub had a designated Enterprise Advisor. The evidence demonstrated that if students had 4 or more interactions with business then they were 80% more likely to be

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employed. Schools were also reporting on how they were improving young people's exposure to businesses. At the recent LEP Annual Conference there had been discussion on how to increase school engagement with the business sector, in recognition of the many benefits this could provide and notably on how the engagement can better prepare young people for employment.

The Group also expanded on discussions at previous evidence sessions relating to the clean growth agenda and sought clarity on what activity the LCR LEP was undertaking to encourage the business community to have regard of this in their day to day activity. Members noted that the LCR LEP had established a Clean Growth Board and that the North West Energy Hub was hosted by the LCR LEP. However, it was recognised that a fundamental transformation was required to reduce energy consumption and stimulate green growth.

5. What conclusions did we reach?

From the evidence sessions the following conclusions were reached:

- The LCR LEP was compliant and performing well in accordance with the Annual Review.
- The LCR LEP Board and Sub-Board membership should be further expanded to include more SME representation.
- The LCR LEP was actively working to have regard to the climate emergency.
- The LCR LEP worked collaboratively with Local Authorities.
- The LCR LEP was supporting the City Region in being prepared for the outcome of Brexit.
- The LCR LEP Board had a diverse membership.
- The LCR LEP was successfully contributing towards a healthy visitor economy.
- The LCR LEP's strategies reflected the City Region and were influenced by the evidence from Sub-Boards, research and intelligence.
- The Apprenticeship Levy continued to present challenges, however, the LCR LEP was vocal in its support of the Levy and continued to lobby Central Government to provide the LCR Combined Authority with greater devolved powers to apply the Levy according to local need.
- That the work of the LCR LEP was communicated but often only to interested groups, further work was required to communicate their work and activities to a broader audience.
- The Careers Hub and Enterprise Advisors are an important element as part of the wider service landscape available to support pupils to understand and gain experience of the world of work.

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6. What recommendations are we making?

Governance

- (1) The Committee welcomes the important role and the added value the LCR LEP has in supporting economic growth across the City Region.
- (2) The Committee commends the LCR LEP on achieving a Good status in the Annual Review and recommends that the membership of the LCR LEP Board and Sub-Boards be expanded to include more SME representation and an update on this progress be provided to the Committee.
- (3) The outcome of the 2019 Annual Performance Review be shared with the Committee.
- (4) In the lead up to the 2020 LEP Annual Performance Review (APR), the Committee be engaged in the process to inform the evaluation of the LCR LEP should timing allow in 2020, if not a commitment that this occur from 2021 onwards.
- (5) The LCR LEP write to BEIS, sharing the outcome of this Review and request that they consider publishing the performance data of all 38 LEPs to support transparency of decision making, given that they oversee and direct expenditure of significant sums of public money.
- (6) The LCR LEP produce a performance dashboard which contains key metrics and this be presented to the Overview and Scrutiny Committee every 6 months.
- (7) Members of the LCR Overview and Scrutiny Committee be invited to the LEP Annual Conference and to LCR LEP Board meetings to observe the work of the Board.
- (8) The LCR Overview and Scrutiny Committee receive regular performance information on the impact of the LCR LEP.

Business Resilience

- (9) The Committee recognised the unique role the LCR LEP had and how they could support SMEs in the City Region. The LCR LEP Board and Sub-Boards should consider how they can identify and develop appropriate mechanisms to enhance SME's resilience.

Supporting Climate Change

- (10) In recognising the unique role the LCR LEP has in influencing the business community, they undertake a carbon audit of businesses across the City Region, which could include the following:-
 - (i) A baseline audit using EPC data;

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- (ii) A targeted audit through the North West Energy Hub Team, subject to capacity; and
 - (iii) Co-ordinate the above actions with constituent Local Authorities.
- (11) To encourage the LCR LEP to have the implications of climate change at the forefront of their decision making processes, the Committee asks that Climate Impact be included as an impact assessment on all reports.
- (12) Recognising the role of the LCR LEP's Clean Growth Board and Built Environment Sub-Board, the Committee requests that it be tasked with engaging with the construction industry to determine their current practises and assess how they impact on the climate and identify measures to support the industry in reducing their carbon footprint.

Skills

- (13) The LCR LEP continue to support the LCR Combined Authority to deliver apprenticeship programmes which reflect current and future skills markets across the City Region.
- (14) The LCR LEP continue to work collaboratively with the LCR Combined Authority, businesses, colleges and other stakeholders to promote the Apprenticeship programme. In particular, to work closely with the business community to promote and support the positive impact apprenticeships can have in the work place and the wider City Region.
- (15) The LCR Overview and Scrutiny Committee receive regular performance updates on Apprenticeships.

Communications

- (16) The LCR LEP produce a performance dashboard which sets out their activity and performance at a City Region level and also at the respective constituent Local Authority level. This performance dashboard be circulated to all Councillors from across the City Region on a 6 monthly basis.
- (17) The Committee suggests that the LCR LEP explore how its achievements can be better promoted and celebrated.
- (18) That the LCR LEP give consideration on how to disperse the benefits of the LCR LEP throughout, not just the 6 constituent Local Authorities but also to the local community level.

Social

- (19) That the LCR LEP be requested to undertake an exercise to identify the potential level of 'Social Return on Investment'.