


The future of Local Enterprise Partnerships

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The transition of functions, obligations and liabilities of Local Enterprise Partnerships has not been smooth and there are a number of issues which remain outstanding. Tiffany Cloynes, Rebecca Gilbert and Chantal Davison consider the present position and how some of those issues may be resolved.

Local Enterprise Partnerships (LEPs) were established in 2011 to replace the nine regional development agencies responsible for promoting local economic development. In total, 38 LEPs were established and covered the entirety of England. Now 13 years on, Central Government funding has ceased and from 1 April 2024 LEP functions have been transferred back to local authority responsibility. However, as private enterprises LEPs may choose to continue operating.

What are Local Enterprise Partnerships?

By way of recap, LEPs are non-statutory bodies which were set up for the purpose of promoting economic and development growth and establishing a closer relationship between the public and the private sector. LEPs brought together businesses, educators, and local government, locally and cross-regionally to work towards the government's ambitions to support regional growth.

Some LEPs have played a significant role in delivering large capital investment schemes in collaboration with local authorities and other public sector bodies. They have helped to develop economic strategies particularly in the context of public and private sector collaboration. Furthermore, the Government has commented that LEPs were a vital source of business support, particularly through EU Exit and the COVID-19 pandemic.

LEPs were funded in a variety of ways; they received almost 12 billion pounds between them in public funding, had access to central pots of money via growth funds and were able to bid for central government grants.

Current position

Following the Levelling Up White paper which set out the government's commitment to extending devolution across England, empowering local leaders, and integrating LEP functions into local democratic institutions, the Government has made strong progress on its devolution ambitions and remains committed to agreeing a devolution deal with every place in England that wants one by 2030.

To continue empowering local leaders, the Government announced in its 2023 Spring Budget that it was "minded to" withdraw all central government support from LEPs and to transfer functions then undertaken by LEPs to local authorities where those functions were not already being delivered by combined authorities.

The Government subsequently confirmed in August 2023 that it had decided that all functions of LEPs were to be transferred back to local authorities on 1 April 2024 and that the money previously ring-fenced for LEP functions was to be re-allocated to local authorities. Guidance was published alongside this on the integration of LEP functions into local democratic institutions and further supplemental guidance was issued in December 2023 on delivering business representation and local economic planning functions.

Process of integration

The guidance provides that, in areas where there is not yet a devolution deal either agreed or under negotiation (which we understand to be the case here) the Government expected LEP functions (business representation, strategic economic planning, and delivery of government programmes) to be exercised by the respective upper tier local authority or authorities.

Decisions on the transfer and delivery of current LEP functions were expected to be made locally and to be led by upper tier local authorities. The agreement to do so and transition arrangements were to be in place by 31 March 2024, albeit the Government recognised that the actual transfer may take place after this date.

The management and transfer of any LEP assets should ideally have been agreed locally between the LEP and its local authority accountable body, in line with any pre-existing arrangements and in accordance with any legal requirements. Where there were no existing arrangements, the Government expected that any reserves and assets built up using public funds would remain within the public domain (i.e. transferred to the relevant local authority or authorities).

If a LEP and its local authority accountable body were unable to reach a consensus, the Government did indicate it would assist, so local authorities should consider involving the Government to ensure transition arrangements are made.

Future of LEPs

As private enterprises, LEPs may also choose to continue operating however government's sponsorship and core funding of LEPs has now ceased. The LEP would be able to contract with whomever it wishes.

Local authorities may wish to continue using LEPs as a vehicle to continue the delivery of the core functions, or they may wish in due course to pursue integration of a LEP – the nature and status of such arrangements would be a decision for each local authority. Any contracting that was not in place before 1 April 2024 would be subject to normal commercial procedures (i.e. the arrangements a local authority would enter into with any private third party to cover for example delivery and funding).

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