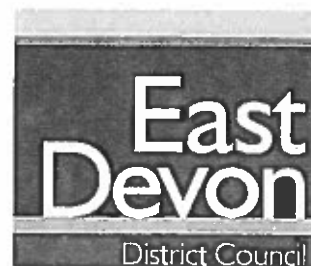


Date: 2 November 2010
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To: Members of the Overview/Scrutiny - Economy Committee
(Councillors: David Atkins, Roger Boote, Peter Halse, Ben Ingham,
John Jeffery, Stuart Luxton, Bob Peachey, Graham Troman,
Tim Wood, Steve Wragg).
Other Members of the Council for information
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Corporate Directors
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Overview/Scrutiny – Economy Committee, Thursday 11 November 2010 at 6.30pm

The above special meeting will be held in the Council Chamber, Knowle, Sidmouth, to consider the matters detailed on the agenda below.

Visitors please note that the doors to the civic suite (meeting rooms) will be opened ¼ hour before the start time of the meeting. Councillors are reminded to bring their key fobs if they wish to access the area prior to that time.

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided to allow members of the public to raise questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of group.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced by the relevant Portfolio Holder and/or officer, the Chairman (Leader of the Council) will ask if any member of the public would like to speak in respect of the matter and/or ask questions.

A hearing loop system will be in operation in the Council Chamber.

AGENDA

1. **Public question time** – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. The process is set out on the front of the agenda.

Councillors also have the opportunity to ask questions of the Chairman and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.

2. To confirm the minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 7 October 2010. 4 - 8
3. To receive any apologies for absence.

4. To receive any declarations of interests relating to items on the agenda.
5. To consider any items, which, in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances.

(Note: such circumstances need to be clearly identified in the minutes; Councillors please notify the Chief Executive in advance of the meeting if you wish to raise a matter under this item. The Chief Executive will then consult with the Chairman).

6. To agree any items to be dealt with after the public (including the press) have been excluded. There are no items that the officers recommend should be dealt with in this way.

7. **Devon Economic Assessment**

Verbal report.

To receive a presentation from Rob Hetherington and Keri Denton from Devon County Council on the Devon Economic Assessment and Local Enterprise Partnerships.

8. **Local Enterprise Partnerships**

9 - 21

To receive an update on the Government's proposals to replace Regional Development Agencies with Local Enterprise Partnerships.

9. **Update from Economy Portfolio Holder**

Verbal report.

To receive an update from Councillor Graham Godbeer, Economy Portfolio Holder on the delivery of the Economic and Development Service Plan 2010/11.

Members remember!

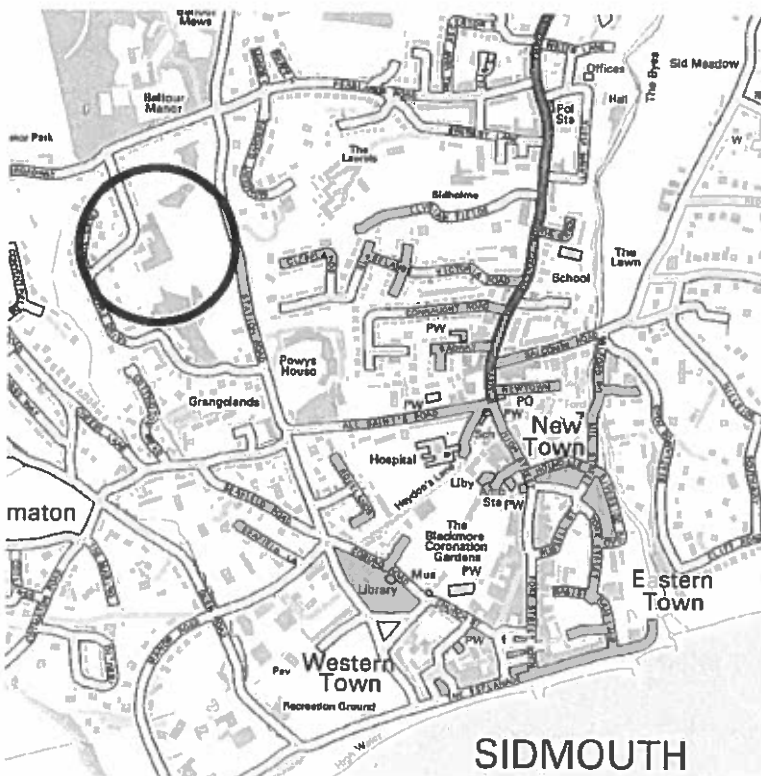
- You must declare the nature of any personal or prejudicial interests in an item whenever it becomes apparent that you have an interest in the business being considered.
- Where you have a personal interest because the business relates to or is likely to affect a body of which you are a member or manager as an EDDC nominee or appointee, then you need only disclose that interest when (and if) you speak on the item. The same rule applies if you have a personal interest in relation to a body exercising functions of a public nature.
- Make sure you say the reason for your interest as this has to be included in the minutes.
- If your interest is prejudicial you must leave the room unless you have obtained a dispensation from the Council's Standards Committee or where Para 12(2) of the Code can be applied. Para 12(2) allows a Member with a prejudicial interest to stay for the purpose of making representations, answering questions or giving evidence relating to the business but only at meetings where the public are also allowed to make representations. If you do remain, you must not exercise decision-making functions or seek to improperly influence the decision; you must leave the meeting room once you have made your representation.
- You also need to declare when you are subject to the party whip before the matter is discussed.

Suggestions for questioning during an Overview and Scrutiny meeting

Below are some prompts which may help you to form your own questions to ask at an Overview and Scrutiny meeting. Your questioning technique is crucial in creating an atmosphere conducive to open answers. Avoid excessive interrogation and treat those being questioned with courtesy and respect; however don't be afraid to ask supplementary questions if you feel that you haven't been given a clear answer.

- **IS IT REQUIRED?** (do we have this, does it make sense to tackle it, do we really need it).
- **IS IT SYSTEMS THINKING?** (is it evidence based and designed around the customer demands)
- **IS THE INTENTION CLEAR?** (what are we actually trying to achieve)
- **ANY REAL OUTCOMES?** (are we actually, and measurably, achieving things for our customers).
- **WHAT IS THE COST?** (both time and money)
- **DOES IT COMPLY?** (have we checked that it meets our obligations, the law, any formal guidance, and any Council policy or resolutions).
- **OTHERS DO WHAT?** (how do other organisations tackle this, best practice)
- **EFFECTIVE AND EFFICIENT?** (how do we know we're doing things well, in a timely fashion, and at "best value")
- **WHAT IS THE RISK?** (any areas of risk for the Council)
- **ANYONE LOSE OUT?** (are there sections of the community who might be disadvantaged by this approach, or be less able to take advantage, than others)
- **DOES IT LINK?** (have we linked this to other, similar, pieces of work within or outside the Council)

Getting to the Meeting – for the benefit of visitors



The entrance to the Council Offices is located on Station Road, Sidmouth. **Parking** is limited during normal working hours but normally easily available for evening meetings.

The following **bus service** stops outside the Council Offices on Station Road:
From Exmouth, Budleigh, Otterton and Newton Poppleford – 157

The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).
From Exeter – 52A, 52B
From Honiton – 52B
From Seaton – 52A
From Ottery St Mary – 379, 387

Please check your local timetable for times.

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The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Economy Overview and Scrutiny Committee held at Knowle, Sidmouth on 7 October 2010

Present:

Councillors:

Graham Troman (Chairman)
Steve Wragg (Vice Chairman)

David Atkins
Roger Boote
Peter Halse

John Jeffery
Stuart Luxton
Tim Wood

Also Present

Councillors:

Ray Bloxham
Paul Diviani
Pat Graham
Steve Hall

Ann Liverton
Graham Liverton
Helen Parr
Tony Reed

Officers:

Karime Hassan - Corporate Director
Nigel Harrison – Economic Development Manager
Chris Lane – Democratic Services Officer
Diccon Pearse – Corporate Director
Tony Collins - Exmouth Town Centre Manager
Richard Eley – Sidmouth Chamber of Commerce
Marcus Hartnell – Seaton Chamber of Commerce
Shane Morgan – Axminster Chamber of Commerce
Greg Page Turner – East Devon Branch of the Federation of Small
Businesses
Phil Gordon – Dorchester BID Company Ltd
Nigel Wilkinson – Exmouth Chamber of Commerce
Colin Wright – Honiton Chamber of Commerce

Apologies:

Councillors:

Iain Chubb
David Cox
Graham Godbeer

Ben Ingham
Andrew Moulding
Bob Peachey

The meeting started at 6.30 pm and ended at 8.20 pm.

***17 Public question time**

There were no questions from the public raised at this point of the meeting.

***18 Minutes**

The minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 9 September 2010, were confirmed and signed as a true record.

*19

Declarations of interest

Councillor/ Officer	Agenda Item	Type of interest	Nature of interest
Councillor Peter Halse	21 – Request for a Business Improvement District for Exmouth	Personal	Chairman of Exmouth Regeneration Board
Councillor Pat Graham	21 – Request for a Business Improvement District for Exmouth	Personal	Member of Exmouth Town Council.
Councillor Steve Hall	22 - Views of the business organizations and Chambers of Commerce on BID's	Personal	Vice Chairman of Chamber of Commerce.

*20

Experience of the Dorchester Business Improvement District

The Chairman welcomed Philip Gordon, Project Director, Dorchester Business Improvement District Ltd who gave a presentation on his experience of the Dorchester Business Improvement District (BID).

Members noted that a BID was an arrangement whereby businesses could get together, decide what improvements they wanted to make, how they were going to manage it, and what it would cost. This informed a business plan which was voted on by all those who had to pay. The plan lasted for a maximum of 5 years with the ultimate aim of improving the trading environment and the public realm.

Members noted that in the Dorchester BID process there had been a 'stock take' of Local Authority services at the start of the BID process. This was to ensure that the BID process was not seen as a way of substituting main stream Local Authority provision by projects emerging from the BID process. However, it was acknowledged that a BID could generally replace the functions of a traditional Town Management Partnership, particularly in towns and smaller city areas. It was acknowledged that as a Town Management arrangement was predominately funded by the local authorities, a successful BID had the ability to significantly reduce the revenue burden to local authorities by allowing the business community to pay for, and take responsibility for delivering a plan that they believed would deliver real results significantly above those that could be expected through existing Town Management arrangements. It was advisable that the local authority retain some input into any scheme, through an agreed financial commitment, to ensure that the delivery was a real partnership between the local authorities and local business.

There were now over 100 BID's across the United Kingdom, which over the next five years would bring in £250,000,000 of new finance to develop their centres. BID's could deliver any projects or services that were agreed by the relevant businesses. In most cases they tended to be marketing and promotion activities, increasing safety and security for business and customers and better public realm maintenance and improvement projects. The important thing was that BID's were operationally focused and were delivering real projects that made difference to the trading environment.

A BID could be proposed by any business ratepayer, property owner, local authority or other key stakeholder with an interest in the BID area. Currently all successful BID's were business controlled and managed through Companies Limited by Guarantee. This company

*20 **Experience of the Dorchester Business Improvement District (Cont)**

was responsible for the delivery of the BID projects and services and was directly responsible to all its business members through an elected board.

The Dorchester BID would raise £500,000 over its 5-year period, which was 1% of businesses rateable value. Philip Gordon illustrated projects that had been successful in the town, funded by BID money, these included a deep clean of grime spots in the town and provision of Christmas lights. 42 new businesses had been started in the period that the BID had been operational, 80% of which had been independent and only 22 had closed. Dorchester had also been found to be the best town in the UK to start or run a business. A good website had also been developed which averaged 3 – 3,500 visitors per month. In addition, after two years of negotiation, free evening, overnight and Sunday parking had been agreed with West Dorset District Council. In the ballot for the BID in Dorchester, 82% of businesses out of a 55% turnout had voted for the BID, businesses found they had benefitted greatly from its introduction.

During discussions, the following points and questions were noted:

- How long would a BID take to be established? Work had been going on with the project for the last three years. It was expected that it would take an average of 18 months to two years to establish a BID;
- How many staff were required to establish and run the BID? Philip Gordon reported that he was employed for 25 hours per week and there was also a part time Administrative Assistant;
- There were many big businesses outside the town centre of Exmouth, such as Devon Cliffs and Tesco and the area of the BID would have to be extended to to make it successful;
- Concern expressed that that the “BID levy” would be imposed on all businesses within the BID area, even those who had not voted for it. A minimum of a 1% Rateable Value “Bid Levy” was mandatory for all businesses in the BID area;
- Towns where BID’s had been established had been more successful than those without BID’s;
- That operating costs for the Dorchester BID were £18 – 20,000 for administration;
- Were some of the projects run against the wishes of Town Council’s and how do you proceed with projects against the wishes of Town Council’s? Philip Gordon reported that he would always try to work with Town Council’s and acknowledged that a degree of diplomacy was required;
- BID’s were not necessarily an advantage for businesses on industrial estates, depending on the individual business and it may be the case that businesses on industrial estates voted against BID’s.;
- The Dorchester BID did not include the industrial estates, but there were BIDs that had included areas outside town centres including industrial estates;
- Why had BIDs only just come to the District Council’s attention and would the recent increase in Rateable Value mean businesses were less likely to vote for a BID? The Dorchester BID Steering Board had agreed a subsidy for those businesses that had seen a 70-80% increase in Rateable Value during the recent revaluation;
- Legislation for BIDs had been in place since 2004/05, to facilitate business cooperation, but it was important that a request for a BID came from the business community;
- How did the Dorchester BID persuade West Dorset District Council to introduce free evening and weekend parking for a two year period? It had taken much negotiation and persuasion and had proved to be good PR for the District Council;
- Off street car parking revenue was an essential part of East Devon District Council’s revenue and helped keep the Council Tax to an acceptable level.

Philip Gordon was thanked for his presentation on the experience of the Dorchester BID.

Request for a Business Improvement District for Exmouth

Members discussed the report from Tony Collins, Exmouth Town Centre Manager, on a request from the Exmouth Town Management Partnership for a Business Improvement District (BID) for Exmouth. Members noted that Exmouth Town Council had asked Tony Collins to investigate alternative long-term arrangements for Town Management. He considered that a BID would provide these. The type of projects/services a typical BID delivered would be - Marketing activities, festive lighting, annual events, street washing and additional PCSOs.

Based on the experience and knowledge of similar BID's across the South West it could be assumed that in order to implement a BID for Exmouth the costs would be, £45,000 for a Project Manager for 15 – 18 months and £30,000 for marketing and promotion, a total of £75,000 over 18 months. The estimated income over the lifetime of a BID (assuming a 5 year lifetime and a 1.5% levy) would be between £165,000 and £185,000 per annum. Members noted that Exmouth Town Council had set aside a sum of money to investigate the possibility of a BID for the town.

During discussions, the following points and questions were noted:

- The difficulties of keeping the momentum of a Chamber of Commerce going for a BID, but it was felt that the Town Centre Management arrangements at Exmouth could overcome these problems;
- The value of looking at a BID for not just Exmouth but also other towns in East Devon;
- It would be a significant challenge to deliver a BID for Exmouth;
- The recent S106 agreement for the extension to the Tesco store in Salterton Road, Exmouth had delivered £150,000 for Exmouth Town Centre Management and it was possible that this money could be used to help establish the BID in Exmouth;
- Exmouth was an ideal town in which to start the BID process in East Devon and this was supported by the Economy Portfolio Holder, however, it would be difficult to define the suitable area of a BID for Exmouth;
- Exmouth Chamber of Commerce and Exmouth Town Council were in a position to proceed with a BID but would need support from East Devon District Council and Devon County Council;
- That East Devon District Council had no funding allocated within its budget for this project at present.

RECOMMENDED

that East Devon District Council supports the proposed Business Improvement District for Exmouth on the basis that Exmouth Town Council supported it as well.

***22 Views of the business organizations and Chambers of Commerce on BIDs**

The Chairman welcomed representatives of local business organisations and Chambers of Commerce who gave their views on BIDs.

Richard Eley from Sidmouth Chamber of Commerce reported that he had enjoyed listening to the debate on BIDs and thought that they were a very interesting idea. It was a possible opportunity for the town of Sidmouth and also a way to address the problems town centre's in East Devon as a whole were experiencing. There would be the need for cooperation between the local authorities and BID teams if a successful BID was to be delivered.

***22 Views of the business organizations and Chambers of Commerce on BID's on to Small Businesses (Cont)**

Colin Wright from the Honiton Chamber of Commerce reported that he anticipated that Honiton would have difficulty in raising the £45,000 required to establish a BID for his town. He had found the meeting very informative and would report back to both Honiton Town Council and the Chamber of Commerce. He thanked the Committee for inviting him and the other Chamber of Commerce representatives.

Councillor Steve Hall, Vice Chairman of Budleigh Salterton Chamber of Commerce reported that Budleigh Salterton lacked the resources to take a BID forward and did not feel that his Town Council would be supportive. There was the possibility however, that smaller towns could possibly share set up costs.

***23 Date of additional meeting**

Members discussed an additional meeting of the Committee to be held in November.

RESOLVED

that an additional meeting of the Committee be arranged for Thursday 11 November 2010 at 6.30pm in the Council Chamber, Knowle, Sidmouth to discuss the Devon Economic Assessment, Local Enterprise Partnerships and a report from the Economy Portfolio Holder .

Chairman

Date

2

Shifting Power to the Right Levels

By shifting power to the right levels we will increase democratic accountability and transparency, and ensure that public expenditure is more responsive to the needs of local business and people. By abolishing Regional Development Agencies and agreeing to the establishment of the first phase of 24 local enterprise partnerships we will encourage a more responsive approach to the needs of local business, and people by:

- supporting local authorities' existing role in fostering and sustaining growth;
- putting local business leadership at the helm of bodies that represent real economic geographies;
- continuing to support the Capital's role as we rebalance our national economy; and
- managing the wind down and closure of the RDAs to maximise value and take the opportunity to look again at key European funding for economic development.

2.1 Decision-making and delivery mechanisms should operate at the most appropriate geographical levels, based on specific market failures and maximising efficiency and effectiveness. National and strategic infrastructure will always require a national perspective to provide business with the clarity and consistency it needs, which is why we have recently published our National Infrastructure Plan. However, local communities and businesses are in the best position to understand and respond to the opportunities and needs of their own economies and this Government is determined to give them the tools and the incentives to do this.

2.2 The Government will enable and encourage local ownership and leadership of action to address local economic priorities instead of imposing solutions from the centre. Although their role in the community often goes much further, the role of business and local enterprise partnerships is outlined below. Therefore the part of local authorities is critical to successful growth (as set out in Box 2A below). Local authorities determine planning priorities, enforce key regulations and are responsible for the public realm, amongst other important determinants of investment and business success. To support this role, Government is intending to provide, through the forthcoming Localism Bill, a general power of competence for local authorities, giving them real freedom to act in the interests of their local communities.

2.3 We also intend to create directly elected mayors in the 12 largest English cities, subject to confirmatory referendums and full scrutiny by elected councillors. Mayors, with their strong, visible and accountable local leadership, will play an important role in ensuring that our biggest cities are genuine drivers of economic growth. These mayors will also work closely with neighbouring council leaders on issues such as transport, the strategic approach to planning and wider economic priorities. This may include mayors chairing the board of local enterprise partnerships.

Box 2.A: Local Authorities' Role in Supporting Growth

Local authorities have a critical role to play in supporting the economy of their area and have a wide array of levers at their disposal, which can support or indeed inhibit the area's comparative advantages and business' ability to compete. Local authorities are uniquely placed, via politically accountable leadership, to bring stakeholders together from across all sectors. Key roles include:

- leadership and coordination – using their community leadership role and planning powers to set out a clear framework for local development, helping to provide certainty for business and investment, overcome coordination failures and manage externalities and competing interests;
- supporting growth and development through ensuring a responsive supply of land that supports business growth and increases housing supply;
- using their significant land assets to leverage private funding to support growth. In many places, opportunities to include other parts of the public estate in asset-based vehicles exist;
- directly and indirectly influencing investment decisions via the use of statutory powers, particularly through the planning system, which are key determinants of businesses' ability and confidence to invest;
- supporting local infrastructure – transport investment, in particular, is a key enabler of growth. The Spending Review prioritised economically significant local transport projects;
- support for local people and businesses, including regeneration, business support and employment programmes, working with nationally led schemes;
- providing high quality services, such as schools and transport, that directly support businesses' investment confidence and individuals' life chances;
- keep markets fair by maintaining trading standards and provide wider services and investment that increase the attractiveness of an area; and
- leading efforts to support and improve the health and well-being of the local population, promoting independence and rehabilitation to ensure that all individuals have the maximum opportunity to benefit from work, and to contribute to the local economy. ¹

Creating local enterprise partnerships

2.4 The Government has acted quickly on its commitment in the coalition agreement to establish local enterprise partnerships. At Budget, we confirmed our commitment to abolish Regional Development Agencies. In June we invited businesses and councils to come together to form local enterprise partnerships whose geography properly reflects the natural economic areas of England. The Government wishes to see partnerships which understand their economy and are directly accountable to local people and local businesses.

¹ The Coalition Government through the NHS White Paper has signalled a major shift in the role of LAs to secure better life chances for local communities, working in partnership with GPs, social services and Public Health

2.5 The vision is in direct contrast to the previous arrangements, which were based on administrative regions that did not always reflect real functional economic areas. Previous arrangements also involved significant complexity and duplication of responsibilities, which led to increased costs to the public purse.

2.6 Local enterprise partnerships will provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. We particularly encourage partnerships working in respect to transport, housing and planning as part of an integrated approach to growth and infrastructure delivery. This will be a major step forward in fostering a strong environment for business growth.

2.7 We envisage that local enterprise partnerships could take on a diverse range of roles, such as:

- working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
- coordinating proposals or bidding directly for the Regional Growth Fund;
- supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs (see Annex B);
- making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- lead changes in how businesses are regulated locally;
- strategic housing delivery, including pooling and aligning funding streams to support this;
- working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- coordinating approaches to leveraging funding from the private sector;
- exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and
- becoming involved in delivery of other national priorities such as digital infrastructure.

Box 2.B: Greater Manchester

Local authorities in Greater Manchester have recognised the power of a collective approach to planning, economic development and resource allocation. There is a shared view that, while not one place, Greater Manchester is one economy with one labour market. Work recently undertaken through its private sector-led Business Leadership Council has deepened the understanding of market demand and the economic relationship between places. Local authorities are using this evidence to put in place a framework so that Greater Manchester can best use planning, investment and other tools to respond to market signals and give confidence to the private sector. This builds on the findings of the Manchester Independent Economic Review, which sets out analysis on a range of significant opportunities and challenges, which Greater Manchester has subsequently sought to address through an integrated strategy.

The framework will be used to ensure investment is targeted at projects that deliver the best returns for the benefit of Greater Manchester as a whole. Greater Manchester has already established the Evergreen Fund, which is supported by JESSICA (European Regional Development Funds) funding, the European Investment Bank and has leveraged at least £300 million of private funding. This is intended to be a new investment model for supporting projects over the next decade across Greater Manchester and in other parts of the North West.

2.8 To secure effective business engagement and ensure a strong focus on the needs of the local economy, it is vital that business and civic leaders work together. The Government will normally expect to see business representatives form half the board, with a prominent business leader in the chair. Partnerships will want to work closely with universities, further education colleges and other key economic stakeholders. This includes social and community enterprises, which play an important role in creating local economic growth through providing jobs and training, delivering services and helping create community wealth in some of the most deprived parts of the country.

2.9 The Government does not intend to define local enterprise partnerships in legislation. Governance structures will need to be sufficiently robust and clear to ensure proper accountability for delivery. Partnerships will differ across the country in both form and functions in order to best meet local circumstances and opportunities. A partnership may need legal personality or a specified accountable body in some circumstances, such as if it wished to own assets or contract to deliver certain functions. The constitution and legal status of each partnership will be a matter for the partners, informed by the activities that they wish to pursue.

The emerging local economic development landscape

2.10 By 6 September the Government had received 62 responses to its request for outline proposals for local enterprise partnerships, covering every part of England outside London. These proposals demonstrated a wide spectrum of ambitious ideas, such as pooling budgets, innovative financing, aligning policies and infrastructure priorities. The Government has been impressed by the quality of many of the proposals and the radical new approaches of some. They identify the variety of challenges facing individual local economies and put forward new ways of tackling them.

2.11 All proposals were reviewed by Ministers against the criteria set out in the initial invitation letter, with a particular focus as follows:

- **Support from business** – this was a particularly important factor, especially whether the proposal demonstrated direct engagement with a broad range of local businesses (including SMEs), not just organisations that represent business and commerce. Sustained business engagement is essential in the long-term if partnerships are to realise the economic potential of the area.
- **Economic geography** – whether the geography proposed represents a reasonable natural economic geography and whether the geography is supported by business and is sufficiently strategic.
- **Local authority support** – whether there is sufficient support from the local authorities whose areas are covered by the partnership proposal.
- **Added value and ambition** – whether the proposal sets out a clear vision in terms of local economic priorities and demonstrate how it will create the right environment for business and growth, over and above that which would otherwise occur.

2.12 Where proposals have met these key benchmarks, the Government is keen that the partnerships concerned maintain momentum and move quickly to formally establish their board as set out in paragraph 2.8 above.

2.13 At this point, they will be formally recognised as a local enterprise partnership. Government has written to all those who put in proposals with feedback against the criteria above. 24 partnerships have been told that they are considered ready to establish their boards. These are shown in Annex A, demonstrating the geographical reach of this first phase of local enterprise partnerships. However, the Government recognises that other places will need longer to build on progress to date and develop their vision and it will welcome revised proposals from such places as they become ready. Government will enter into a discussion with partnerships about delivering the economic vision for their area, in parallel with progress to establish appropriate boards and governance arrangements.

2.14 The Government wishes to encourage cooperation between partnerships where this would result in a more efficient use of resources and secure a better outcome than operating in isolation. This cooperation need not be restricted to neighbouring partnerships and will be particularly important where partnerships share a common interest, such as the need to support important industrial clusters. The aerospace industry, for example, has important clusters in both the North West and the South West. The Government will also encourage groups of partnerships which contain key sector clusters to work collaboratively with the relevant national industry bodies. Likewise it will encourage collaboration around particular themes, for example, tourism.

Funding

2.15 Local enterprise partnerships will be expected to fund their own day-to-day running costs and will also want to consider how they can obtain the best value for public money by leveraging in private sector investment. Local enterprise partnerships and proposed partnerships may wish to submit bids to the Regional Growth Fund, but will not receive preferential treatment against bids from other private or public-private partnerships. Local enterprise partnerships may therefore benefit from joining up with other local partners to submit joint bids, or with neighbouring local enterprise partnerships, to present co-ordinated bids.

2.16 The Government is also introducing strong financial incentives to support growth. Local enterprise partnerships will have a vital role to play in supporting pro-business approaches and

therefore maximising the potential to benefit from this scheme. In recognition of the need to prioritise and work collaboratively across local authority partnerships to realise growth, some local authorities, through a local enterprise partnership, may therefore want to use shared incentive revenue streams to directly support economic development projects.

London – a world city

2.17 The Mayor has a pivotal role to play in ensuring the capital can grow sustainably, particularly given his responsibility for transport and strategic planning, and on economic development issues of pan-London significance. London boroughs also have a key role to play, working together and with the Mayor, in supporting this growth. The future of economic development delivery arrangements in London will take account of the Mayor's democratic mandate and the Government's commitment to localism.

2.18 The Government has already invited the Mayor and partnerships of London Boroughs and business leaders to jointly consider the case for local enterprise partnerships in London, so that any proposals represent a shared vision between the local and Greater London level. The Mayor could work with local enterprise partnerships in making bids to the Regional Growth Fund, either in bidding directly for funding or in coordinating bids from within London. As with local enterprise partnerships elsewhere, this might comprise a package or programme of projects. Any proposals would be considered by Lord Heseltine's Advisory Panel alongside other bids.

2.19 Earlier this summer, the Mayor, London Assembly and London Boroughs also submitted a package of joint proposals for further devolution to London, which included proposals to fold the London Development Agency (LDA) into the Greater London Authority (GLA).

2.20 The Government will also abolish the LDA as part of its response to the joint proposals from the Mayor, London Assembly and London Boroughs earlier this summer for further devolution in London. The GLA will assume responsibility for the bulk of the LDA's activities, gaining new development powers. This will enable the Mayor, working with boroughs and the private sector, to provide clear leadership for the continued regeneration and growth of London, rather than the current fractured arrangements which have led to duplication and confusion. Some activities may cease or be transferred elsewhere reflecting the need for a greater policy lead nationally, and discussions on this will continue with the GLA. We will be responding to the other joint proposals from London shortly.

Box 2.C: The Thames Gateway

The Thames Gateway has long been recognised as having significant growth potential with its proximity to London, good transport links and development opportunities. But we simply can't control everything that happens in such a vast area from Whitehall nor should we. Therefore we are decentralising its leadership: in future, local government, including the Mayor in London, and local enterprise partnerships will drive forward the growth of the area by working with business to unlock the potential of the Thames Gateway. Government will in future be a partner in the Thames Gateway, supporting business and local leaders.

Managing the Transition from Regional Development Agencies

2.21 In taking forward the new framework, including consideration of existing Regional Development Agency (RDA) activity, we will look to devolve functions to the local level wherever it makes sense to do so. There are also some functions which are best co-ordinated or delivered at the national level. These include functions where there are significant economies of scale at that level; where there are national or international market failures; or where consistent national delivery is important. For the activities of national importance, with consequent seriousness of

any failure, only the largest local enterprise partnerships might have the confidence and resources to play a strong role in their future.

2.22 However, the new delivery framework for functions led at the national level will be flexible and take account of the evolving capabilities and priorities of different local enterprise partnerships. Depending on the function, this may include delivery at the national level and by individual local enterprise partnerships or by groups of partnerships. In some cases it will also involve devolving directly to even lower levels, for example, allowing skills funding to follow customer demand. It is important to recognise that leadership can exist at more than one level: national leadership does not necessarily imply a monopoly of power and responsibility, and there will be scope to share and pool power and responsibility between national and local levels.

2.23 There are also a number of current functions provided by the RDAs which will simply stop. These include the provision of new small scale Grant for Business Investment, regional workforce skills strategies and some sectoral activities.

2.24 Based on the principles outlined in this White Paper, we have fully considered the role of local enterprise partnerships in delivering former RDA functions. Although these roles will vary across the country depending on priorities and capability they can be summarised as follows:

RDA Functions

- **Business advice** – local enterprise partnerships could be best placed to provide businesses, especially small and medium sized enterprises, with locally focused information and advice. For example understanding the skill set of the local populace, identifying existing local support networks and working with existing partners' expertise, for example, Jobcentre Plus and Chambers of Commerce, to understand what will deliver growth, what is achievable and how to achieve it.
- **Innovation** – as a BIS sponsored body, the Technology Strategy Board will be the main delivery body for supporting innovation, incentivising business innovation for the national benefit. This will include the establishment of an elite network of Technology and Innovation Centres, based on international models such as the Fraunhofer Institutes in Germany. Local enterprise partnerships may make proposals in relation to other innovation infrastructure in which RDAs had a financial stake, and will play a key role in advocacy and relationship functions.
- **Low carbon** – some local areas have clearer opportunities for delivering low carbon enterprise and growth than others. It will be for local enterprise partnerships to make the most of their areas of strength or comparative advantage through coordination of industry and local partners. Local enterprise partnerships will also need to consider what local green infrastructure issues they can address to enable growth in this area. Where these opportunities and barriers are of national significance the Government will continue to provide a leadership role.
- **Inward investment/international trade** – inward investment can offer significant opportunities for delivering growth. UKTI is presently developing a framework to deliver inward investment activity and it is clear that effective delivery will require strong partnership working between central government and local levels. Local enterprise partnerships can play a key role in these partnerships and may have a role in bidding to be a delivery agent for nationally commissioned trade development support.
- **Tourism** – RDAs have previously played a role in tourism. Going forward a strong emphasis will be put on leadership at the local level, particularly by local tourism businesses. VisitEngland can play a supporting role at the national level. Local

enterprise partnerships, given their local expertise could play a role in co-ordinating this activity and actively engaging with the private sector.

- **Skills** – the RDA’s role in skills strategy setting and commissioning training provision will cease and in future all public funding for adult skills provision will be routed through the Skills Funding Agency to its network of approved and quality assured colleges and training organisations. We will encourage local enterprise partnerships to develop effective working relationships with partners to meet local demands.
- **Regeneration** – outside London, the Homes and Communities Agency will continue to have an important role. The Agency will work through local enterprise partnerships to integrate business and local government needs.

2.25 More detail on the Government’s new approach to delivery of interventions to support economic development is set out in Annex B.

Winding down the RDAs

2.26 The closure of the RDAs was confirmed in the June Budget and we are committed to working to ensure an orderly transition from RDAs to the new delivery landscape.

2.27 The RDAs are expected to cease activity by March 2012 and are already winding down their activities. However, it is possible that there may be some residual activity to be managed out beyond that date.

2.28 The RDAs have current commitments of £1.2 billion worth of projects and programmes, as well as approximately £500 million of land assets, many of these balanced by liabilities. Over their lifetime the RDAs have shared a combined single pot budget of £21 billion. Some of the larger RDAs, predominately those in the North of England, have each been responsible for around 6,000 projects since their creation in 1998. The RDAs’ substantial forward commitments reflect the long-term nature of RDA activities which often involve land, property, equity investment and regeneration activities spanning many years, and in some cases decades.

Legislation

2.29 The RDAs were created by primary legislation through the Regional Development Agencies Act in 1998 and legislation will therefore be required to abolish them. For the eight RDAs outside London this will be through the Public Bodies Bill. For the London Development Agency it will be the Localism Bill, since changes to the government of London more generally are also being made through that Bill.

2.30 Where functions have been devolved to the RDAs, subsequent to their formation and where they will continue, it will be possible to ensure future delivery in advance of legislation being passed by revoking the devolution under the existing RDA Act.

Process

2.31 BIS, as the sponsor department of the RDAs, is leading the programme for the closure of the RDAs, working closely with CLG and HM Treasury as well as the other single pot contributing departments. The key strands of the closure programme are managing out the collective RDA assets, liabilities, commitments and staff resources.

Staffing

2.32 The RDAs currently employ around 3,000 staff and we recognise that the transition and closure period will be unsettling for them, and throughout this process we will aim to ensure that all staff are treated fairly. Some of the decisions relating to which RDA functions might

continue and where they will be transferred to, are set out in the previous section and in more detail in Annex B. Some decisions are still to be made and we will aim to clarify these as quickly as possible. Any transfer of staff will be managed in line with TUPE ((Transfer of Undertakings (Protection of Employment) Regulations), and COSOP (Cabinet Office Statement of Practice on Staff Transfers in the Public Sector) processes, as applicable.

2.33 It is also important that we recognise the wealth of knowledge and experience of the staff in the RDAs. We will seek to ensure that the relevant knowledge built up by the RDAs over the years is not lost as this will be an important asset. BIS will be working closely with the RDAs to ensure that this knowledge is captured and that the process for managing the knowledge management handover to successor bodies, including local enterprise partnerships, is managed appropriately.

European funds administered by the RDAs

European Regional Development Fund (ERDF)

2.34 The European Regional Development Fund (ERDF) provides match funding for economic development. The overall ERDF allocation for programmes within England for the period 2007-13 is some €3.3 billion (approximately £2.8 billion), which can be spent up until end 2015. The Government is working on new delivery structures to replace delivery by the RDAs to ensure that the ERDF programmes continue to be implemented with minimal disruption. We will also encourage alignment of the Regional Growth Fund with ERDF, where the aims of bids are eligible for support from both Funds.

2.35 The Government believes that it is important that any new delivery structure increases the local accountability for ERDF investment decisions to improve the impact of the fund in terms of the growth and jobs it supports. Any future delivery structure should also look to increase the private sector leverage of the fund and minimise the administrative burden. We will look at good practice from other countries such as Wales which achieves 60 percent private sector match funding across its ERDF competitiveness programmes.

2.36 Government has announced elsewhere in this white paper its commitment to strengthening the tools that local areas have to promote growth – specifically through new borrowing powers to enable authorities to carry out Tax Increment Financing and changes to the business rate regime. In line with this approach, we have been developing proposals to strengthen the advisory role for local authorities and local enterprise partnerships on the ERDF ‘Programme Monitoring Committees’ for each region. This would provide a clear voice for local areas to consider ERDF bids in light of the needs and priorities for businesses in local areas.

2.37 Government is also seeking to increase the role of the private sector in economic development. ERDF is already being used in this way, for example in the recently launched JEREMIE and JESSICA schemes. Venture capital and loan schemes are important drivers of economic development and key components of the Government’s growth and rebalancing agenda.

2.38 All new structures of management and delivery of ERDF will have to be approved by the UK audit authorities and the European Commission. This is to ensure compliance with the regulations and protect the financial and legal interests of Government and delivery partners, including other private sector investors.

2.39 To inform the new delivery structure, the Government is working with local authorities, universities and other stakeholders to carefully develop the framework within which ERDF will operate. The new delivery structure will be announced at Budget 2011.

Rural Development Programme for England

2.40 The Rural Development Programme for England (RDPE) is a European funding programme aimed at farmers and other rural businesses, which is expected to continue for the rest of the current programme period (2007-2013). The socio-economic elements of the programme, (known as Axis 1 and 3) are currently delivered by RDAs. The Programme applies across rural England and must comply with complex EU (Common Agricultural Policy) rules.

2.41 Significant fragmentation of the delivery arrangements for RDPE would be likely to increase the risks and costs of the programme, and a national approach to delivery for the remainder of the programme is therefore envisaged. However, RDPE already includes a strong local element. The Leader approach is focused on community-led delivery of the Programme's priorities, based on local decision-making by community partnerships in rural areas known as Local Action Groups. The Leader approach could provide a basis for further engagement with local enterprise partnerships and local authorities.

2.42 The Government will therefore ensure post-RDA delivery and will minimise disruption for potential beneficiaries, based on a stronger national lead by Defra for the remainder of the programme period (2007-2013) and a sub-national network of delivery support which delivers efficiencies but provides locally accessible support.

RDA Assets and liabilities

2.43 Ensuring effective management of the RDAs ongoing assets and liabilities will be crucial to a successful transition to new arrangements. The Government believes that it will need to draw upon relevant expertise from across the public sector to achieve this ambition.

2.44 The RDA's hold a number of assets and liabilities. These range in type from land and property, to business and technology related assets and loan books. BIS and CLG have a shared interest in disposing of these assets in a way which creates maximum long-term value for the economy and local areas, and maximises receipts to the departments. This will require a collaborative approach and close working relationships between the departments. It will also need a division of labour between departments, with CLG managing the disposal of land and property, and BIS the disposal of the business and technology related assets. This will take place within a strong governance framework for RDA closure, led by BIS with CLG and HM Treasury membership of the Transition Board.

2.45 RDA asset management will be based upon a clear series of shared principles. The primary considerations will be as follows:

- assets will be disposed of together with the associated liabilities wherever possible; and
- the aim will be to achieve the best possible outcome for the region consistent with achieving value for the public purse.

2.46 In considering particular cases the following considerations will also apply:

- the existing statutory framework governing RDAs remains in place and will continue until new legislation comes into force. In practice, this will mean that disposal decisions will continue to reflect the RDAs statutory purposes particularly the need to further the economic development and regeneration within the relevant area;
- in considering the candidates taking over the asset or liability, the planned new owner must be capable of ensuring the asset will prosper within its custody or that any liabilities will be properly handled;

- local demands and ambitions are met, so far as possible, by the proposed approach to disposal/transfer;
- that a reasonable balance is reached as part of disposal/transfer between national deficit reduction, national policy aims and local ambitions/opportunity;
- that an appropriate balance is struck between the purpose behind an asset's purchase and the views of localities on best use; and
- that an appropriate balance between capacity, risk and the Government's commitment to localism is ensured.

2.47 Any disposals will need to take account of the above principles and be State Aid compliant. Government will seek to engage with local partners as part of this process. There will be no automatic presumption in favour of a disposal to any particular local authority or local enterprise partnership.

Legal Commitments

2.48 The RDAs have substantial current and future commitments that will need managing down in order to achieve final closure, as well as an orderly transition to successor bodies. Managing these commitments will be completed within the funding envelope agreed in the Spending Review.

2.49 In order to manage down commitments the RDAs will need to review their current contractual commitments and seek to exit from projects unless doing so will offer poor value for money, or would impact upon key flagship projects which might be continued by local authorities, local enterprise partnerships or other successor bodies.

2.50 It is expected that RDAs will look to exit from contractual commitments by exercising break clauses or through renegotiation. In all instances, we will encourage RDAs to ensure that delivery partners and contractors are involved in any discussions from the outset.

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Mark Williams
Chief Executive, East Devon and South Somerset District Councils

28 October 2010

Dear colleague,

Proposal for a local enterprise partnership - South Somerset and East Devon

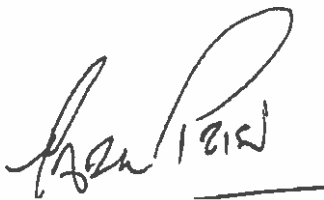
We are writing to thank you for your outline proposal to form a local enterprise partnership. We would like to take this opportunity to acknowledge the considerable efforts that went into the preparation of your proposals over the summer months.

All proposals were reviewed against the key expectations set out in the 29th June 2010 letter:

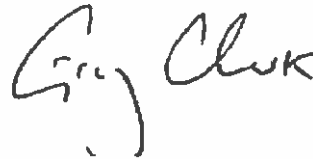
- **Support from business** – this was a particularly important factor, especially whether the proposal demonstrated engagement with a range of local businesses (including SMEs) and reached beyond organisations that represent business and commerce. Sustained business engagement in partnerships is essential in the long term if partnerships are to realise the economic potential of the area.
- **Economic geography** – whether the geography proposed represented a reasonable natural economic geography, wider functional economic linkages and was sufficiently strategic.
- **Local Authority support** – whether there was sufficient support from the local authorities whose areas were covered by the partnership proposal.
- **Added value and ambition** – whether the proposal set out a clear vision in terms of local economic priorities and demonstrated how it would create the right environment for business and growth, over and above that which would otherwise occur.

Having considered your proposal, our assessment is that it would benefit from further discussion between local business and civic leaders, neighbouring partners and Government.

Our officials will be in touch shortly to work with you in these discussions. Contact details of the relevant lead officials from both departments are Duncan Walls at BIS – e-mail: duncan.walls@bis.gsi.gov.uk tel: 020 7215 0234 and Richard Turl at CLG – e-mail: Richard.turl@communities.gsi.gov.uk tel: 0303 444 3216.



MARK PRISK MP



THE RT HON GREG CLARK MP

