



Business Innovation and Skills Committee
The New Local Enterprise Partnerships Inquiry
response from BT

12 August 2010

Introduction

1. BT is pleased to offer these comments to this Inquiry. We have responded with some brief thoughts against each of the headings in the call for evidence.

Functions of the new Local Enterprise Partnerships and ensuring value for money

2. We believe that the structure of LEPs should reflect economic growth areas rather than what may be convenient but are actually rather arbitrary political boundaries.
3. Although inevitably a result of political decision, it should be made clear that the function of an LEP should be to promote economic growth through a business led rather than a politically led culture.
4. Whilst the size of each LEP may be different in order to reflect sensible economic areas, each of them needs to be of sufficient scale to be able to plan and run with programmes of sufficiently significant size and impact to make a real impact in the areas concerned. In other words, too much fragmentation into smaller areas will not produce the optimum solution for any of the stakeholders involved.

The Regional Growth Fund and funding arrangements under the LEP system

5. The Regional Growth Fund should provide a guaranteed funding stream for delivery at an appropriate LEP level, and should be allocated through a bid system to deliver maximum economic impact. Funds should not be distributed in accordance with other, fixed criteria that may not necessarily bear any relationship to what is needed for economic efficiency (e.g. population, GVA, size of LEP).
6. It is important that programmes should be of sufficient scale both to achieve impact and to attract sizeable matched funding opportunities (e.g. EU, large corporate organisations).
7. For key programmes where a significant investment has been agreed, monies held for these programmes within the regional growth funds should be ring fenced to release matched funding and encourage sufficient private sector commitment. An example is Broadband deployment.
8. We believe that all LEPs should follow a common set of (auditable) procurement principles to facilitate competitive tendering and to ensure contracts are awarded and are seen to be awarded in a fair and equitable way.

Government proposals for ensuring co-ordination of roles between different LEPs

9. A common set of purposes for each LEP will be required. Government should also ensure that a common set of standards are adopted by each LEP to encourage co-ordination and joined up working when appropriate.

10. Consideration should be given to prioritising of funding on the basis of shared programmes between different LEPs. This would encourage more substantive programmes, and facilitate efficiencies and economies of scale through procurement, knowledge and skills sharing.
11. Training and skills are seen by businesses of all sizes as key factors in their commercial success. There should be clear links between the LEPs and local representatives of central Government training and skills agencies or local private sector training bodies, as well as the Sector Skills Councils e.g. eSkills for ICT.

Arrangements for co-ordinating regional economic strategy. Structure and accountability of LEPs

12. A statutory set of purposes for each LEP is required and to ensure accountability, plans should follow relevant and defined consultation processes.
13. A common standard for all LEPs is required to support and provide a framework for the development of economic plans and priorities, which should be readily available and published through electronic and other media. Each LEP should publish electronically its membership, strategy and operating plan and have a detailed consultation and communication plan in place which is updated regularly.
14. Clear success and measurement criteria should be in place for all LEPs with an emphasis on economic impact, and all programmes should have measures and outputs which should be stretching and auditable.
15. LEPs should be business led with a business chair and LEP board representation from all stakeholders including local business, business representative organisations, social enterprises and public sector. Business should represent at least 50% of any LEP Partnership Board.
16. Where common priority areas are identified across more than one LEP, best practice shared learning and existing expertise should be pooled, particularly in key priority areas, to ensure value for money.
17. Consideration also needs to be given to the public accountability of the LEPs. As National Departmental Public Bodies the RDA have followed clear guidance on public expenditure and have had a clearly designated accounting officer. They also have had clear guidance from Ministers on what they were expected to achieve and against what targets and objectives. Similar arrangements for LEPs would be appropriate, with clear reporting lines and accountability processes.

The legislative framework and timetable for converting RDAs to LEPS, the transition arrangements, and the arrangements for residual spending and liability of RDAs.

18. A timely managed transition from RDA to LEPS is desirable to avoid any vacuum, confusion or hiatus and to encourage early progress against the priorities to be set by each LEP.
19. As part of this transition, it is important that clear arrangements are in place to ensure appropriate accountability and management of pre and existing RDA in-life contracts.
20. Residual spending from RDAs should be used to create a ring fenced funding pot for identified and shared priority areas e.g.: Next Generation Broadband.

Means of procuring funding from outside bodies (including EU funding) under the new arrangements.

21. LEPS should be of sufficient size (in economic terms) or working in common with other LEPS on shared agendas, to acquire sufficient, meaningful funding from external bodies such as the EU, public or private sector organisations.
22. LEPS should indicate funding priorities on an annual basis through a documented operating plan clearly identifying their areas of interest for the year ahead so that supporting organisations can budget effectively and engage in discussion in a timely way.
23. Often match funding is required in order to access European funds. That match funding can come from public or private sources and should not be used for business as usual i.e. areas of activity already planned and which will go ahead even if no European funding is available. Therefore some thought needs to be given as to how LEPS can best access match funding - particularly from the public sector - in order to support key additional priorities.

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