

CREATING INCLUSIVE GROWTH

LOCAL ENTERPRISE

PARTNERSHIPS' ENGAGEMENT

WITH THE VOLUNTARY SECTOR

Key findings and recommendations

This report is based on a survey of England's 38 Local Enterprise Partnerships (LEPs). We carried out the survey to explore the extent to which charities are involved in determining local economic, skills, job creation and other priorities within the local area.

LEPs should consider the voluntary sector as a key strategic and delivery partner. However, the responses to the survey highlighted that:

- approximately two-thirds of LEPs' engagement with the voluntary sector is either inadequate or requires improvement
- many voluntary sector representatives reported that LEPs are remote and hard to engage with in any meaningful way
- voluntary sector membership on LEPs main boards does not automatically translate in meaningful engagement of the voluntary sector, but the absence of sector representation does not necessarily prevent good engagement
- while there are some pockets of good practice, many LEPs have no coherent and consistent approach, or obvious commitment to the development of truly inclusive growth
- many LEPs appear to be preoccupied with private sector growth, at the exclusion of the interrelated social issues that can impede inclusive growth. As a result, improving social inclusion and helping disadvantaged communities appears marginal to many LEP's priorities
- the sector can be sidelined in LEP decision-making processes because it is not viewed as a credible or important business partner. There is often a lack of appreciation of the sector's role in the local community, and of recognition of the part it plays in local economies, including as an employer, taxpayer, and mobiliser of volunteers
- where good engagement does exist, it can often depend on personalities and good relationships.

Recommendations for the Ministry of Housing, Communities and Local Government (MHCLG)

- Conduct a review of LEP boards in each area to determine the extent to which membership reflects the local areas they are intended to represent.
- Where LEPs have been found underperforming, seek to improve their governance culture by providing good practice guidance. This should include guidance on how to ensure meaningful engagement and should be produced in partnership with key stakeholders including the voluntary sector.
- Require underperforming LEPs that have not responded to good practice guidance to design and implement a formal action plan to address any concerns.
- Ensure that if LEPs are chosen to administer the UK Shared Prosperity Fund (UKSPF), they should have a dedicated UKSPF board made up of statutory partners, local voluntary sector infrastructure organisations, skills and training and employment support providers, alongside other partners with specific expertise and knowledge of local and regional needs.
- Centrally publish and regularly update the membership details of all UKSPF boards – whether independent or part of LEPs’ governance structures – on a dedicated GOV.UK webpage. A central website would ensure information is more easily accessible, as well as demonstrating MHCLG oversight.

Recommendations for LEPs and the LEP Network¹:

- LEPs that demonstrate good practice in terms of engagement with the voluntary sector should be encouraged to share their experiences of how this has positively influenced decision making and growth strategies.
- The LEP Network should publish ‘myth-busting’ guidance, debunking misconceptions about the sector. The guidance should include the sector’s contribution to local economies, its role in business and leadership expertise, and the important part it plays as an employer and mobiliser of volunteers.
- LEP board vacancies should be advertised as widely as possible to ensure the best field of candidates possible. In terms of board appointments, LEPs should publish and regularly update all

¹ The LEP Network champions the impact and value of LEPs in building local economic growth and prosperity across the country. It acts as the lead commentator and negotiator for LEPs at a national level with government, advisers, businesses, academia, think tanks and other target audiences. It also acts as a central source of information and data on LEPs at a national level <https://www.lepnetwork.net/>

details of their governance structure, including members of the main board and all sub-boards, in a standardised format.

Recommendations for the voluntary sector:

- While responsibility for engaging with the most appropriate local stakeholders' principally rests with LEPs themselves, local voluntary sector organisations – including the local council for voluntary service (CVS) – should also take steps to build a closer working relationship with their local LEP.

Background

Local Enterprise Partnerships (LEPs) are responsible for a significant amount of public funding used to drive inclusive growth², increase prosperity and improve productivity across 38 regions in England³. They do this by convening local stakeholders to develop evidence-based economic strategies for their area. However, because LEPs are non-statutory bodies, they can look and operate very differently from each other, in terms of size, capacity and governance. While they must be chaired by a someone from the private sector and draw at least half of their members from private business, LEPs are free to choose their membership and structure, resulting in different combinations of sub-boards, business groups or advisory panels⁴. This variation in structure and membership has an impact on how LEPs operate in practice, including their focus on inclusive growth, the importance they place on social infrastructure⁵, and the extent to which they include the voluntary sector in the planning of local economic strategies.

LEPs are required by government to identify local challenges and priorities 'based on clear evidence' by engaging deliberately and constructively with local partners. This includes 'third sector representatives' and 'community interest groups'⁶. However, since their inception, there have been widespread concerns within the voluntary sector that LEPs often fail to recognise the importance of meaningful engagement charities and the communities they represent. As a result LEPs can lack a coherent and consistent approach, or obvious commitment to, the development of truly inclusive growth strategies for their area.

In recent years, these concerns have been brought to the fore with the planned launch of the government's UK Shared Prosperity Fund (UKSPF). The UKSPF – scheduled to begin in April 2021 – will replace the money local areas currently receive from the European Union and seek to reduce inequalities between communities across the UK. While the precise details of the UKSPF, including its

² 'Inclusive growth' takes account of pre-existing individual and structural inequalities so **all communities have an opportunity to contribute to, and benefit from economic growth.**

³The government has committed £12 billion to local areas in England between 2015-16 and 2020-21. Of this, £9.1 billion has already been allocated through Growth Deals negotiated between central government and individual LEPs <https://www.nao.org.uk/wp-content/uploads/2019/05/Local-Enterprise-Partnerships-an-update-on-progress-Summary.pdf>

⁴ Some are based on pre-existing local partnerships - for instance under the last government's multi-area agreement partnership approach - and others were created from scratch

⁵ 'Social infrastructure' includes the provision of social resources such as open spaces, sports facilities, healthcare, education and training, childcare centres, social care and youth services, are crucial to people leading healthier lives and participating meaningfully in society and the economy. Charities and community groups are a vital component of a healthy social infrastructure, by providing advice, services and support networks for marginalised communities.

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/768356/National_Local_Growth_Assurance_Framework.pdf

design, operation and priorities are currently unknown⁷, it is widely expected that LEPs will play a role in its administration. If LEPs are chosen as the preferred method of identifying local needs and distributing funding, it is essential that they have sufficient knowledge of disadvantaged communities and the complex and interrelated social issues that impact on the delivery of inclusive growth strategies. The meaningful engagement of local partners, such as voluntary organisations, is key to this. In a companion paper to this report, we propose a set of design principles for how the UKSPF should be designed and delivered.

Why engagement with the voluntary sector is important

Identifying investment opportunities requires drawing on the experience and expertise of a diverse range of economic and social actors across the LEP area. Evidence suggests that the most effective economic strategies integrate all influential economic players into decision-making.⁸ The 2018 government review of LEPs emphasised the importance of meaningful collaboration:

Successful Local Enterprise Partnerships have...worked closely with universities, business representative organisations, further education colleges, the voluntary sector, and other key economic and community stakeholders. It is Government's expectation that Local Enterprise Partnerships continue this collaboration in order to draw on the best local knowledge and insight.⁹

LEPs should consider the voluntary sector as a key strategic and delivery partner. The sector is a major economic player in each LEP area, making it an important partner for identifying local strengths, challenges and opportunities when investment strategies are developed. In 2017/18 the voluntary sector contributed £18.2bn to the UK economy representing around 0.9% of total GDP, employed over 900,000 people, and helped mobilise volunteering activity worth £23.9bn in 2016¹⁰. The scale of this economic contribution filters down to the local level.

The allocation of funding and identifying need must be rigorously scoped out and managed if it is to reach intended beneficiaries. Voluntary organisations are embedded in the communities they serve, allowing them to provide unique insight into local experience and 'what works' when LEPs are designing and commissioning programmes and services. This is particularly important when LEPs are commissioning

⁷ **The government has said that the UKSPF will** 'at a minimum match the size of [EU Structural Funds] in each nation [...] and ensure that £500 million of the UK Shared Prosperity Fund is used to give disadvantaged people the skills they need to make a success of life'. It is hoped more details will be announced before or at the Spending Review 2020.

⁸ <https://www.gov.uk/government/publications/future-cities-comparative-urban-governance>

⁹ Government review of LEPs 2018: <https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships>

¹⁰ <https://data.ncvo.org.uk/>

programmes that seek to promote inclusive growth as social impact outcomes must be central to investment planning.

The sector can support LEPs by providing support and intelligence on the following:

- **Contact with under-represented groups:** voluntary sector organisations can reach and gather insight from marginalised or disadvantaged communities, helping to develop policy responses that have a real and sustainable impact for prosperous communities.
- **Expertise:** by working with and across communities of place and interest, voluntary organisations often have existing working relationships with partners that LEPs can draw on. They also have technical expertise in community-led local development, community grants and social inclusion.
- **Preventative services and multi-agency working:** the sector excels in early intervention and ‘wraparound’ support for people with multiple and interrelated health and wellbeing needs that can impact on the success of inclusive growth strategies, such as housing, mental health and educational needs.
- **Social value:** When making funding decisions, LEPs are required to consider how investments can maximise social value. Voluntary organisations are experts in delivering social value and often provide services that secure wider social, economic and environmental benefits beyond the primary intervention.

Where capacity permits, a senior member of staff from a local voluntary sector infrastructure organisation – or council for voluntary service (CVS) – will often be best placed to represent the views of the voluntary sector on LEP boards and sub-boards. Infrastructure bodies have a good understanding of the voluntary sector landscape in their area and the various – often complex – social issues that charities are working on that can support the delivery of inclusive growth strategies. They are therefore well-placed to convene discussions and gather intelligence from across the sector, or signpost LEPs to specific organisations working on issues that can assist in decision making and priority setting. It is important to note, however, that since LEPs were created there has been a corresponding decrease in funding to support local infrastructure organisations engagement with regional structures¹¹.

¹¹ Recent years has seen a significant reduction in funding for local voluntary infrastructure.
<https://blogs.ncvo.org.uk/2018/01/23/who-needs-local-infrastructure/>

LEPs' engagement with the voluntary sector

We asked each of the 38 LEPs in England to provide feedback on the extent to which the voluntary sector was involved in determining local economic, skills, job creation and other priorities. In particular, we sought examples of where the sector is involved on LEP main boards, themed advisory groups, committees or any other sub-groups that play a part in setting the LEP's priorities and its other work. We received a response from 23 LEPs. For the remaining 15, we relied on information available on LEP websites and voluntary sector feedback for the following summary.

Sector participation on LEP boards and sub-groups

We found 19 LEPs with a voluntary sector representative on their main board. Of these, 13 had a representative from a single-issue charity. Two LEPs had two voluntary sector representatives on their main board (one of these also had a social enterprise delegate). The remaining six included representation from a local infrastructure body (CVS). In most cases, the chief executive of the organisation acted as representative.

16 LEPs with a voluntary sector representative on at least one sub-group or committee (excluding European Structural and Investment Fund (ESIF) committees – see below). The focus of these sub-groups included skills and education, sports and leisure, inclusive growth, health and social care, culture and tourism, nature and rural, social enterprise and transport.¹²

Each LEP currently has an ESIF sub-committee – supporting the delivery of EU funding – which is required to include a voluntary sector representative. According to the government's own data¹³, eight sub-committees do not include sector representation, while the membership of some sector delegates has expired. With some of the information provided by government either outdated, inaccurate¹⁴ or sometimes not supporting what LEPs themselves reported¹⁵, it is difficult to determine with any accuracy the full extent to which the sector is currently represented on ESIF sub-committees¹⁶.

¹² Where a LEP did not respond, we had to rely on their website. The quality, accessibility and clarity of LEP websites varies, so it is possible that a greater number of LEPs include sector representation on sub-groups, but that this information was either not published at all or made easily accessible.

¹³ <https://www.gov.uk/government/groups/local-sub-committees-meeting-documents>

¹⁴ The data ranges from 2016-2019 and includes one example which links to incorrect data: Greater Birmingham and Solihull links to Greater Cambridge Greater Peterborough

¹⁵ A few LEPs neglected to report sector representation on ESIF sub-committees. This may be due to the varying relationships between LEPs and ESIF sub-committees. Some ESIF sub-committees are very close to the LEP (and include LEP representation) while some LEPs take the arms-length nature of their sub-committees very seriously, keeping them very separate and only communicating via managing authorities (like the DWP).

¹⁶ Following the UK's departure from the EU, ESIF committees will become defunct.

Voluntary sector experience of engagement with their LEP

To gain an understanding of sector experience on the ground and verify the information gathered from LEPs, we sought feedback from at least one voluntary sector infrastructure body in each LEP area. We obtained feedback on 36 LEPs (95%), mostly from chief executive officers¹⁷.

Again, we looked for examples of where voluntary organisations were involved in the governance of LEPs, and other mechanisms for feeding the sector's views into setting strategies and local priorities. We also asked respondents whether they felt their LEP was adequately focused on improving social inclusion and helping disadvantaged communities, and if they had any other observations about the way their LEP operates.

For many of the voluntary organisations we spoke to, LEPs are remote and hard to engage with in any meaningful way. While there are some pockets of good practice, many have no coherent and consistent approach. Nor do many have an obvious commitment to the development of truly inclusive growth. Our assessment of the feedback gathered indicates that approximately two-thirds of LEPs' engagement with the voluntary sector is either inadequate or requires improvement. For the remaining third, engagement was assessed to be good, and in a handful of cases, very good. The following analysis explores the common themes identified in the feedback gathered.

Sector representation in LEP governance

One of the most surprising findings from our conversations was that sector membership on main boards does not automatically translate into meaningful engagement with the voluntary sector. In fact, for around half of the LEPs that reported sector representation on their main board, engagement with the local voluntary sector was shown to be either inadequate or requiring improvement.

Often appointments to LEP boards are representatives from single issue charities, with no formal mechanisms for gathering the wider sectors' views beyond the organisations concerned. What therefore might appear to be a 'sector presence' on the LEP can be perceived by others in the sector as tokenistic or unrepresentative, as the views and experiences of the sector and any intelligence it can provide about social inclusion and deprived communities can be neglected. Furthermore, LEP members from single-issue charities do not usually possess the necessary networks needed to provide feedback to the wider sector about the LEPs priorities or future plans, impeding an important feedback loop. Examples include a local charity that is only engaged in tourism, and a careers service spin out appointed to represent the skills and training sector which does not even consider itself to be part of the voluntary sector.

¹⁷Many LEP areas contain more than one infrastructure body and experience may vary. However, it is our view that given their broad understanding of voluntary sector activity and experience in their area, the feedback obtained from infrastructure bodies will more often than not reflect the experience of the sector in that area more generally.

Often board appointments are sector-blind with local infrastructure bodies rarely approached by the LEP when board recruitment is conducted. One example of an infrastructure body representative on a main board that we did encounter was merely an ‘observer’. While they were able to meet with the chair and voice opinions in setting priorities, they had no voting rights like the other directors.

Main board representation is not VCSE representation specific, it is a Board member who happens to be from a VCSE Organisation. The LEP have confirmed this approach.

- CEO of local voluntary sector infrastructure body

A narrow approach to economic growth

Not sufficiently including the sector in decision making processes can mean many LEPs are not fully equipped with the necessary intelligence required for the development of successful inclusive growth strategies. Many LEPs appear to be preoccupied with private sector growth, at the exclusion of the interrelated social issues that can impede inclusive growth. As a result, improving social inclusion and helping disadvantaged communities seems quite marginal to many LEP's priorities and focus, with pockets of ‘lip service’ but no obvious action being taken. We heard that this prevailing mindset is highlighted in many LEP's local economic strategies. Many do not mention ‘social inclusion’, and while others may talk about ‘inclusive growth’ (a phrase borrowed from the government's own Industrial Strategy) the inclusivity element often feels like an afterthought, with the growth of private sector business and infrastructure projects the overriding priority.

[The LEP is] so obsessive about figures and stats but disinterested in any story...behind the data/numbers. - CEO of local voluntary sector infrastructure body

A common attitude among many LEPs is the belief that their approach to investment and development will help the wider area and communities over the long term. However, some of those we heard from felt that beyond EU funding, the work of their LEP and the devotion to a ‘trickle down’ philosophy to regeneration and growth has rarely led to tangible benefits for those most in need, or support for the poorest neighbourhoods. In short, LEPs often fail to give enough priority to addressing the systemic causes of unemployment and the range social challenges that can prevent people from certain communities participating in, and contributing to, inclusive and prosperous communities.

Inclusive Growth is included in Local Industrial Strategy but the [the LEP] thinks inclusive growth means trickle down to everyone, not skills, health, wellbeing. - CEO of local voluntary sector infrastructure body

The inclusion of the voluntary sector as an important part of the business community

The sector can be sidelined in LEP decision-making processes because it is not viewed as a credible or important business partner. In an environment preoccupied with private sector growth and infrastructure development, the voluntary sector is not always embedded in the LEP's broader vision and activity, which

often defaults to the business and statutory sectors. Not only is there a lack of appreciation of the sector's role in the local community, there is often a lack of recognition of the part it plays in local economies, including as an employer, taxpayer, and mobiliser of volunteers. In Brighton alone, the voluntary sector contributed around £170m to the local economy in 2017–18¹⁸. One respondent noted how voluntary sector employment in their area is equal to that of tourism but was not similarly listed as a LEP business priority.

[LEP] doesn't seem to see sector as part of the economy. It set up a separate VCSE Forum to talk to sector, despite the sector collectively saying that it wanted to be in the mainstream of their thinking - **CEO of local voluntary sector infrastructure body**

While LEPs are more frequently interested in social enterprise, some view charities as a bit old fashioned. As a result, some LEPs do not define the voluntary sector in their industry analysis or include it within categories like health and social care. The GDP aspect of the sector can therefore go unrecognised. **Similarly, the sector's role in coordinating volunteering which helps build confidence and skills, and improve health and wellbeing outcomes which help people move into the workforce, is not always recognised. Where the value of volunteering is recognised, its** cost in terms of recruitment, management, training and the reimbursement expenses, can be underappreciated.

[the LEP is] really hard to engage with. Again and again we remind them that we are a significant part of the economic landscape, and again and again they forget us and won't engage in a meaningful way

Combined authorities, LEPs and voluntary sector engagement

Both combined authorities and LEPs seek to drive growth at a strategic economic geography, through place-based and locally-controlled policies and funds. The government requires that combined authorities and LEPs work together, along with local and national partners, to respond to future opportunities and challenges¹⁹. However, LEPs in areas where combined authorities have been set up may have a more limited role in local economic development. Where this is the case, meaningful engagement, interaction and co-production can exist via other mechanisms.

One infrastructure body noted that the absence of any sector representation on their LEP board or sub-groups had not prevented good engagement with the sector. The LEP is one part of the governance of the region, which is carried out via a large number of different boards and executives, with sector representatives on many of these. As such things the sector has had influence on economic policy, and involvement in developing key strategies including the Local Industrial Strategy, transport, and health and social care, and employment and skills. Good personal relationships and trust between sectors have been key to this. Many members of the LEP board including the Chair have a good understanding of the

¹⁸ <https://www.bhcommunityworks.org.uk/wp-content/uploads/2019/07/Taking-Account-4-Report.pdf>

¹⁹ <https://www.gov.uk/government/publications/local-enterprise-partnership-national-assurance-framework>

sector, resulting in the chief executive of the infrastructure body actually being part of the selection panel for a new chair of the LEP.

In other areas, however, the relationship between LEPs and combined authorities makes for a more complicated picture. We heard how LEPs in combined authority areas can sometimes have less power, such as where the mayoral office controls most funding decisions. In some cases, LEPs have acquired a lower profile in the area since the creation of the combined authority, increasing their remoteness from the sector. Occasionally, combined authorities should therefore be a higher priority for engagement for the voluntary sector.

Combined Authority has narrow conception of social economy, ie mainly social enterprises, rather than charities [and] unclear on what 'inclusive growth' means or should encompass - CEO of local voluntary sector infrastructure body

The importance of personalities and relationships

The way in which LEP officials communicate with the voluntary sector varies greatly, with implications for effective engagement and constructive dialogue. Sometimes good engagement can be affected by the personality types of the people involved, including those from the voluntary sector. Proper engagement is often built on good personal relationships which take effort and years of building. One infrastructure body noted how their relationship with their LEP is probably aided by staff members who used to work for the council and, as a result, are familiar to the LEP, helping them to identify routes to engagement.

Lack of clarity and need to improve transparency

The government's guidance for LEPs states that websites are a key product to ensure that LEPs are providing the public and stakeholders with key information. They also support transparency. As such, they must be easy to navigate and be updated regularly²⁰. However, we found that LEP websites differ greatly in terms of their clarity and the ease at which information can be located. Some have their governance arrangements clearly signposted and easy to locate via the sites home page, but others have fragmented information scattered around the site. Some sites have comprehensive information on all board and sub-group membership, while others only cover the main board, or do not provide background information on the organisation or job title of the member in question. Not being able to easily determine who is involved in a LEP's governance structure not only hampers general transparency, it can have potential implications for voluntary organisations and other stakeholders wanting to engage with LEP boards, including when they have important intelligence to share. Often, communicating with LEPs was only possible via a general enquiries email address or contact form, which in many cases did not elicit a response to our requests for information or even follow up requests.

²⁰ <https://www.gov.uk/government/publications/local-enterprise-partnership-national-assurance-framework>

Examples of good engagement

Despite the general preponderance of poor engagement, we did encounter examples of good practice. One infrastructure body highlighted how their LEP weaved the voluntary sector's inclusion strategy into their economic plan and the Local Industrial Strategy. All of their LEPs sub-boards have at least one 'inclusion rep' (although not necessarily from the voluntary sector) and there exists a voluntary sector inclusion group – organised by the infrastructure body – which is both a mechanism for strategic conversations between the LEP and the voluntary sector, and for the inclusion reps across all boards to get sector input and shape the LEPs approach. A number of single-issue charities are also directly involved, and voluntary engagement is part of the head of people and skills job description.

[the LEP] is absolutely committed to social inclusion [and has] always been very open to a dialog with the VCSE and very supporting of the work that it delivers

Another respondent noted how their LEP has always taken voluntary sector representation very seriously and is open to engaging with it both through representation on its board and sub-groups. The LEP has a good relationship with the voluntary sector and relies on the infrastructure body to support it in gathering intelligence from the sector. When creating the Local Industrial Strategy, the LEP engaged fully with the sector, resulting in numerous organisations providing information and feedback.

the LEP are sympathetic to the sector, but this is not currently reflected in any of the priorities, research or development activities - **CEO of local voluntary sector infrastructure body**

Improving LEPs' engagement with the voluntary sector

Our assessment of sector feedback indicates that approximately two-thirds of LEPs' engagement with the voluntary sector is either inadequate or requires improvement. Steps should be taken by both government and LEPs themselves to improve engagement with local communities and the organisations that represent them.

Recommendations for the Ministry of Housing, Communities and Local Government (MHCLG)

The government's National Local Growth Assurance Framework which sets out standards for LEPs to follow, states that it is best practice for LEPs to ensure a diverse board that draws on the representation of sectors and all parts of their geography, including representation from the 'voluntary and community sector bodies who will often work with and deliver services on behalf of the most vulnerable in society'²¹. However, our study found disappointing levels of sector representation on LEP boards, and where it did exist, it was often considered tokenistic or unrepresentative of the wider sector, and did not lead to meaningful engagement with the sector. As a result, many LEPs are missing out on vital expertise and local insight.

MHCLG should conduct a review of LEP boards in each area to determine the extent to which membership reflects the local areas they seek to represent. This should include intelligence gathered from local voluntary sector leaders to build a national picture of good and poor engagement. Through stricter enforcement of its 'framework' **MHCLG should seek to improve the governance culture of underperforming LEPs by providing good practice guidance, produced in partnership with the voluntary sector, outlining the merits of meaningful engagement.** This should highlight the importance of engaging with local infrastructure bodies rather than single-issue charities which rarely possess the networks needed for convening discussions and gathering the intelligence required for effective inclusive growth strategies. Where necessary, **this should be accompanied by a programme of financial assistance for LEPs so they can support local infrastructure bodies to sit on boards and conduct engagement on their behalf.** Many infrastructure bodies have faced a significant drop in funding in recent years and could otherwise struggle to meet increased pressure on their workloads.

²¹ National local growth assurance framework for Mayoral Combined Authorities and Local Enterprise Partnerships <https://www.gov.uk/government/publications/national-local-growth-assurance-framework>

Where any subsequent reviews identify underperforming LEPs that have failed to respond to good practice guidance, MHCLG should require them to design and implement a formal action plan to address any concerns.

The UK Shared Prosperity Fund (UKSPF)

Improving LEP's engagement with the sector is all the more pressing with the UK Shared Prosperity Fund (UKSPF) scheduled to begin in April 2021. **Identifying need and the distribution of funding through the UKSPF should be determined by local boards consisting of statutory partners, LEPs, local voluntary sector infrastructure organisations, skills and training and employment support providers,** alongside other partners with specific expertise and knowledge of local and regional needs.

However, should LEPs be appointed as the lead delivery mechanism for the UKSPF, implementing the engagement improvement measures above must be prioritised in order for the UKSPF achieve its aim of levelling up communities and delivering truly inclusive growth. **If LEPs are chosen to administer the UKPF, they should be required by law to have a dedicated UKSPF board with membership that reflects the local socio-economic landscape** by including all relevant economic and community stakeholders, enabling inclusive growth planning to draw on the best local knowledge and insight. **MHCLG should centrally publish and regularly update the membership details of all UKSPF boards - whether independent or part of LEPs' governance structures - on a dedicated GOV.UK webpage** so it is clear who is responsible for deciding how the UKSPF is spent and delivered.

Recommendations for LEPs and the LEP Network²²

LEPs should consider the sector as a key strategic and delivery partner, to engage in all aspects of its business. Despite the preponderance of poor engagement, we did identify some pockets of good practice. The government's assurance framework states that LEPs have an essential role in self-regulation and peer review to drive improvement, and encourages LEPs to share and support best practice.

With support from the LEP Network, **LEPs that display good practice in terms of engagement with the voluntary sector should be encouraged to share their experiences of how this has positively influenced decision making and growth strategies.** This programme should be accompanied by 'myth-busting' **guidance from the LEP Network, debunking misconceptions about the sector,** including its contribution to local economies, its role in business and leadership expertise, and the important part it plays as an employer and mobiliser of volunteering.

²² The LEP Network champions the impact and value of LEPs in building local economic growth and prosperity across the country. It acts as the lead commentator and negotiator for LEPs at a national level with government, advisers, businesses, academia, think tanks and other target audiences. It also acts as a central source of information and data on LEPs at a national level <https://www.lepnetwork.net/>

LEPs themselves should ensure that when they recruit new board members, the sector should be invited to nominate representatives to all parts of the governance structure. They should make sure that **vacancies are advertised as widely as possible to ensure the best field of candidates possible**. In terms of board appointments, LEPs should **publish and regularly update all details of their governance structure, including the main board and all sub-boards, in a standardised format**. This should include the job title and organisation of every board member, and be easily accessible via the LEP's home page.

Recommendations for the voluntary sector

While responsibility for engaging with the most appropriate local stakeholders principally rests with LEPs themselves, local voluntary sector organisations – including the local CVS – should also take steps to build a closer working relationship with their local LEP. This should include proactively approaching the most relevant LEP officials – either on the main board or sub-groups – with a clear articulation of the local voluntary sector's contribution to, and role in, the local economy, and how the work of voluntary organisations can support the LEP's plans for delivering its inclusive growth strategy. The recommendations above about promoting the benefits of cross-sector partnership working by providing good practice and myth-busting guidance would help create an environment more conducive to this building of stronger and effective relationships.

APPENDIX A

About Local Enterprise Partnerships (LEPs)

Local Enterprise Partnerships (LEPs) are non-statutory private sector-led partnerships between businesses and local authorities. There are 38 LEPs in England, each operating across more than one local authority area²³, with some working alongside combined authorities²⁴. Working with local partners, LEPs are tasked with producing a strategy for local economic development by identifying barriers and solutions to improving growth in their area.

Main roles and responsibilities of LEPs

LEPs have responsibility for bidding for central government funding, influencing local funding streams, and making sure that these deliver against agreed priorities.

Delivering Local Growth Deals

LEPs have been allocated £9.1bn through Growth Deals²⁵ to drive economic growth in their local areas, with another £3bn allocated via other means²⁶. The types of projects funded vary, but include employment and skills, business support, housing, and transport. LEPs bid for the money by developing multi-year strategic economic plans. These plans determine the level of funding that they will be allocated and what projects it must be spent on.

Developing Local Industrial Strategies

LEPs are tasked by government to develop Local Industrial Strategies²⁷ setting out a long-term economic vision for their area based on local consultation. These strategies seek to promote productivity

²³ The LEP Network provides a function for finding your nearest LEP:

<https://www.lepnetwork.net/aboutleps/location-map>

²⁴ <https://www.local.gov.uk/topics/devolution/devolution-online-hub/devolution-explained/combined-authorities>

²⁵ Between 2015–16 and 2020–21. For a list of growth deals see:

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07120>

²⁶ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news-parliament-2017/local-enterprise-partnerships-progress-review-report-published-17-19/>

²⁷ The first Local Industrial Strategies will be agreed with Government by March 2019, with an aim to agreeing all strategies early 2020. A list of Local Industrial Strategy summaries can be view on the LEP Network website

<https://www.lepnetwork.net/lep-activities/local-industrial-strategies/>

and inclusive growth²⁸ by identifying priorities to improving skills, increasing innovation, enhancing infrastructure and business growth²⁹.

Local Industrial Strategies will be used to inform LEP's approach to any further local growth funding allocated through them, as well as helping local areas choose an approach to maximising the long-term impact of the forthcoming UK Shared Prosperity Fund (UKSPF)³⁰

Distributing EU funding

Working with the Managing Authorities, LEPs are responsible for strategies on how EU funding³¹ is spent, finding projects and match funding, and ensuring that the projects deliver against objectives. They do not deliver the projects themselves.

All LEPs currently have a European Structural and Investment Fund (ESIF) Committee, which oversee the development of EU funding in the area and feed into the national ESIF Growth Programme Board. ESIF Committees are made up from key stakeholders in the LEP area, including from the voluntary sector, rural, environment and equality sectors.

The European Social Fund (ESF) is the main funding stream supporting the creation of jobs, helping people into better jobs and ensuring fairer job opportunities for EU citizens. The UK was allocated **€3.5bn in ESF funding for the period from 2014 to 2020 with** three thematic objectives:

- Promoting sustainable and quality employment and supporting labour mobility
- Combating social exclusion, poverty and discrimination
- Investing in education, training and vocational training for skills and lifelong learning

The European Regional Development Fund (ERDF) is worth around €3.6bn and is aimed at enterprises (including social enterprises) and infrastructure investment. The majority of funding is focused on growing and making small and medium enterprises more competitive, innovation and research and low carbon activities, with some more limited funding for ICT and the protection of the environment.

From April 2021, the UK Shared Prosperity Fund (UKSPF) will replace the money local areas currently receive from the European Union. It is expected that LEPs will play a role in its administration.

²⁸ The RSA Inclusive Growth Commission defines inclusive growth as: "enabling as many people as possible to contribute to and benefit from growth" <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission>

²⁹ HM Government, Industrial Strategy: Building a Britain fit for the future, November 2017, pg. 220

³⁰ Local Industrial Strategies- Policy Prospectus

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/744544/local-industrial-strategies-policy-prospectus.pdf

³¹ The UK received £5.3 billion of European Structural and Investment Funds (ESIF) between 2014 and 2020

APPENDIX B – Approach

Throughout late 2019 and early 2020, we approached every LEP in the country to learn more about the extent to which charities and the communities they represent are involved in determining local economic, skills, job creation and other priorities within the local area. In particular, we sought to uncover examples of where the voluntary sector is involved on LEP boards, themed advisory groups, committees or any other sub-boards that play a part in setting priorities and other work that the LEP is doing. We also asked each LEP if they had any codes of practice for engaging with communities or the organisations that represent them. Information was obtained through a mixture of phone conversations and email correspondence. Despite repeated attempts, we failed to receive a reply from 15 LEPs to our requests for information. In these cases, we relied on information obtained from the LEP's website, where available.

During the same period, we approached voluntary sector colleagues in each LEP area to get their thoughts on sector engagement with their LEP to date. In particular, we asked for examples of where the sector is involved on LEP boards, advisory groups, committees, sub-boards or any other mechanisms that feed into priority setting and other work that the LEP is doing.

To help prompt feedback, we asked the following questions.

- Are charities or social enterprises on the main LEP board or any sub-boards in your area? If so, is the representative from a CVS or a single-issue charity?
- Are there other mechanisms for ensuring the sector's views are represented when the LEP determines local priorities? For example, via other public bodies such as a mayor's office.
- Do you feel your LEP is adequately focused on improving social inclusion and helping disadvantaged communities, rather than business priorities alone?
- Do you feel your LEP is adequately prepared and equipped for administering the UK Shared Prosperity Fund which will replace EU funding post-Brexit? If not, why?
- Do you have any other observations about the way your LEP operates?

We only considered our investigation of each LEP area complete where we managed to get feedback from a member of staff – usually a CEO – of a voluntary sector infrastructure body (CVS). These organisations traditionally have a comprehensive understanding of sector practice and experience in a given area. What may appear to be good engagement with the sector – such as visible representation on LEP boards or sub-boards – can end up being tokenistic in nature. It was therefore important to check that the engagement that the LEP was reporting – either via email or their website – reflected the reality on the ground. We have consequently afforded sector feedback greater significance in our investigation as it is based on the real-world experience of charities. We acknowledge that in each LEP area there is more than one CVS, and that experiences across the sector may vary. However, it is our view that given

their broad understanding of voluntary sector activity and experience in their area, the feedback obtained from infrastructure bodies will more often than not reflect the experience of the sector more generally in that area.

