

[Home](#) > [Business and industry](#) > [UK economy](#) > [UK economic growth](#)
> [Guidance for local authorities delivering business representation and local economic planning functions](#)

[Department for
Levelling Up,
Housing &
Communities](#)

Guidance

Guidance for local authorities delivering business representation and local economic planning functions

Published 19 December 2023

Applies to England

Contents

[Introduction](#)

[Business representation](#)

[Local economic planning](#)

[Future geographical coverage](#)

[Funding provision in 2024/25](#)

[Assurance](#)

[Contacts](#)



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/guidance-for-local-authorities-delivering-business-representation-and-local-economic-planning-functions/guidance-for-local-authorities-delivering-business-representation-and-local-economic-planning-functions>

Introduction

1. On 4 August 2023, following an [information gathering exercise](https://www.gov.uk/government/publications/local-enterprise-partnerships-information-gathering-exercise) (<https://www.gov.uk/government/publications/local-enterprise-partnerships-information-gathering-exercise>), government [confirmed](https://www.gov.uk/government/publications/transfer-of-local-enterprise-partnership-lep-core-functions-to-combined-and-local-authorities) (<https://www.gov.uk/government/publications/transfer-of-local-enterprise-partnership-lep-core-functions-to-combined-and-local-authorities>) a 'minded to' decision to withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) meaning that government's sponsorship and funding of LEPs will cease from April 2024.
2. From April 2024, government will instead support local authorities to deliver the core functions currently delivered by LEPs – namely, business representation, local economic planning, and the delivery of government programmes where directed. Government expects these functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed. An area may choose to create an entirely new business board, or commission the function to be delivered by a geographically relevant private sector organisation whilst maintaining effective governance and oversight.
3. The August 2023 [guidance](https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions) (<https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions>) also supports local authorities and LEPs through this policy change and committed to providing final guidance on the core functions currently delivered by LEPs – business representation and local economic planning. This guidance provides that clarity on government expectations on transfer and future delivery of the interrelated functions of business representation and local economic planning. Demonstration of adherence to this guidance may be a factor when determining eligibility for any future funding.
4. This guidance and the [guidance](https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions) (<https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions>) published in August 2023 should be viewed as complementary, with both documents relevant to the integration of LEP functions. As such, any statements in the original guidance are still applicable and should be used by local authorities in developing their integration and delivery plans for 2024/25.
5. Government expects decisions on the transfer and delivery of current LEP functions to be made locally and to be led by upper tier local authorities. Upper tier local authorities should seek input to their integration and future delivery

plans from all relevant partners, including district and borough councils and the LEP, as appropriate.

Business representation

6. The Levelling Up White Paper was clear about the importance of having institutions that are both empowered and accountable to local democratically elected leaders. The principles of effective, independent and diverse business representation, which were a common connection across all LEP functions, should remain in these institutional structures.

7. Private sector and employer perspectives can enhance local economic strategies and interventions, including: shaping business, trade and investment support around local business and economic needs; providing challenge and insight on business impacts of public sector initiatives; and providing delivery expertise. It can also provide market credibility and a strong vehicle for leveraging match funding for public sector programmes and developing effective partnership projects to support growth.

8. Demonstrating a strong business voice is also an eligibility requirement for some government programmes (including Growth Hubs) as well as key principle of the [English Devolution Accountability Framework](https://www.gov.uk/government/publications/english-devolution-accountability-framework/english-devolution-accountability-framework) (<https://www.gov.uk/government/publications/english-devolution-accountability-framework/english-devolution-accountability-framework>). For other areas, including those where devolution is not on the immediate horizon, we expect local authorities to create or continue to engage with an economic growth board (or similar) within their functional geography.

Membership

9. The August 2023 guidance sets out a broad base for membership – a wide range of business types, sizes, and locations relating to local economic strengths and priorities. A board should have a diversity of voices, involve business representative organisations (e.g., local Chamber of Commerce, the Federation of Small Businesses) and there should also be a clear conflict of interest policy (where private interests, both pecuniary and non-pecuniary are declared). Local authorities should consider the following questions to help guide them through this process:

Q: How might membership of the Board be selected and recruited in an open and transparent process, to ensure that they meet the above criteria? How might this be maintained as membership is refreshed?

Q: How would membership of the board be managed? For example, requirements within any Memorandum of Understanding, including conflict of interest and confidentiality, and how these would be managed? Are there time limits, gateway criteria or disqualification/removal procedures?

Q: What links do the members of the business board have to the wider business community and representatives of key economic growth sectors?

Q: Would other local economic partners outside of the business community add value to the board?

Role and responsibilities

10. The [English Devolution Accountability Framework](https://www.gov.uk/government/publications/english-devolution-accountability-framework/english-devolution-accountability-framework) (<https://www.gov.uk/government/publications/english-devolution-accountability-framework/english-devolution-accountability-framework>) sets out that a strong, independent, and diverse business voice should be embedded into their decision-making process. For non-devolved areas, we strongly encourage local authorities to consider similar approaches. It is important to manage the expectation of members through setting out clear roles and responsibilities – both for the board, and for the local authority – and how input will be commissioned, supported, reported on, and used. Local authorities should consider the following questions to help guide these decisions:

Q: How will the business board feed into economic priorities for the local authority(ies)? And what processes might need to be in place?

- consultation on emerging plans – at what stages of development? What is in or out of scope?
- feedback on implementation of economic programmes
- engagement with district councils, [Town Boards](https://www.gov.uk/government/publications/our-long-term-plan-for-towns/our-long-term-plan-for-towns) (<https://www.gov.uk/government/publications/our-long-term-plan-for-towns/our-long-term-plan-for-towns>) and UKSPF programmes (where appropriate)
- endorsement for significant public funding proposals – e.g., competitive funding bids, Growth Hub plans/delivery
- how this might link in to wider economic plans and engagement structures such as Growth Hubs, LSIPs and Careers Hubs (e.g., the inclusion of Careers Hub Cornerstone Employers where relevant)
- any links to wider or pan-regional economic planning organisations (e.g., Midlands Engine, Western Gateway etc.)

Q: LEP Business Boards currently have representation on other local fora, including Town Deal Boards. How might this be continued under new

Model and governance

11. In areas with an agreed devolution deal, we are not expecting any changes to governance arrangements set out in devolution arrangements. In other areas, an upper tier local authority may host a representative business board on behalf of other neighbouring authorities, depending on local agreement on managing former LEP functions, or in some cases it may be appropriate to act independently over functional economic areas.

12. Options might include transferring an existing LEP Business Board into a new institutional home or merging the LEP board into an existing internal business board or set of boards within the local authority or area. An area may choose to create an entirely new business board, or commission the function to be delivered by a geographically relevant private sector organisation, such as the LEP whilst maintaining effective governance and oversight.

13. Any new business board members must be appointed through an open process. That process should ensure appointees are able to provide a constructive check and challenge on local decision making using their private sector perspective. In making decisions on future provision, we expect upper tier local authorities to consider the impact on users of services and demonstrate how any changed structures will deliver effective services. The questions below are for consideration by Local Authorities and should help in making these decisions:

Q: What is the most appropriate and sustainable geography for your area that maximises democratic accountability, efficiency, and effective service delivery?

Q: How will this organisational and governance structure deliver an independent business voice? For example, in choice of Chair and the appointment process, how terms of reference are set, how decisions are made and agreed within the board (and disputes managed), and in managing public communications.

Q: If the Board covers an area with more than one UTLA, what agreements and protocols might you collectively need in place to ensure: a) that the board is representative of the whole geography; b) that its duties are recognised by all parties; and c) effective management of any disagreements between local authority partners on operation of the board?

Local economic planning

14. LEPs are currently responsible for producing economic strategies in their area and have delivered both Strategic Economic Plans and Local Industrial Strategies that brought together local businesses, authorities, and individuals to develop a long-term economic strategy for the respective areas. There are also examples of collaboration – looking beyond individual authority boundaries – to make strategic connections and address shared challenges over regional corridors. Government recognises and appreciates the work of LEPs over the last decade in supporting local economic growth and the local business landscape. It is important that this work is built upon through the efficient transfer of their functions into local and combined authorities.

15. From April 2024, government encourages areas to produce (or update) economic strategies on an ongoing basis to support local decision making, furthering the work previously undertaken by LEPs. Government expects areas to publish their (existing, new, or updated) strategy within six months of receiving funding. The strategy should be published on the combined authority website or where multiple upper tier local authorities are working together, the authority appointed to be the accountable body^{[\[footnote 1\]](#)} should publish the strategy on their website.

16. Where possible we suggest building on the Local Industrial Strategies or any other similarly relevant strategies or documents already in place, with appropriate adjustments made in line with the geographical preferences set out below. These strategies should be underpinned by a strong evidence base and look to identify: the local economic opportunities (including areas of comparative advantage); challenges; and where there are opportunities for strategic connections across regions. Local authorities should consider the following questions when developing their local strategies:

Q. What should the local economic strategy include?

- analysis of the main underlying competitive advantages and strengths of your area, as well as opportunities for strategic connections across regions
- opportunities for growth over the next 10 years, and your vision for what would happen if these opportunities were successfully grasped in this period
- your top public and private sector investment priorities

17. Government recognises that it may be the case that an existing local economic/industrial strategy meets the above criteria. If so, there is no requirement to produce a new strategy, but government encourages areas to review existing strategies on an ongoing basis and update as required.

18. Updated strategies should be informed by and, where possible, be developed alongside other local plans that have the ability to contribute to economic growth (such as Local Visitor Economy Partnerships, local transport plans, and those plans addressing local planning and skills provision). Where the upper tier local authority is not responsible for developing or delivering these plans (e.g., developed at a different level of local government) then they should work in partnership with those responsible. This will help ensure decisions are aligned and consider the full economic picture of the area.

19. The delivery of strategic economic planning is expected to give direction to local economic policies and help coordinate the institutions with an ability to drive local economic growth. Furthermore, as stated in the August 2023 guidance, areas bidding for local growth funding in future may be asked to demonstrate how a proposal fits into their local economic strategy. Areas should consider, and can use 2024/25 revenue funding to support, how their strategies are laying the groundwork and building capacity for future devolution and deeper devolution agreements.

Contributing partners

20. Government expects upper tier local authorities to engage with their district and borough councils on the development of economic strategies, including in those areas where individual upper tier local authorities are contributing to a strategy developed by the authority appointed as the accountable body. All upper tier authorities may wish to consider working with other areas across a larger geography where there are mutual interests and cross-border considerations.

21. Further contributors will be at the discretion of the combined authority or upper tier local authority appointed as the accountable body - but it is expected that this will include organisations, businesses, and individuals with the ability to identify and respond to local economic challenges and opportunities. This could include but is not limited to: educational establishments; Employer Representative Bodies; Police and Crime Commissioners; the existing LEP if it continues to operate; transport providers; as well as the expectation around business representation as set out in this guidance.

Timeline of delivery

22. The strategies cover an appropriate long-term timeframe as to allow for challenges to be addressed and for opportunities to be acted upon. The authority or authorities may revise the strategy at any time to reflect noteworthy

changes to the local, regional, or national economic environment and should, as good practice, review plans annually.

Future geographical coverage

23. As set out in the August 2023 [guidance](https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions#business-representation--embedding-a-strong-independent-and-diverse-local-business-voice-into-local-democratic-institutions) (<https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-of-lep-functions-into-local-democratic-institutions/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions#business-representation--embedding-a-strong-independent-and-diverse-local-business-voice-into-local-democratic-institutions>), from April 2024, government expects functions to be delivered over current^[footnote 2] or potential devolution^[footnote 3] deal geographies so far as possible. This means whole county geographies or functional economic areas with a minimum population of 500,000, as set out in the [Levelling Up White Paper](https://www.gov.uk/government/publications/levelling-up-the-united-kingdom) (<https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>) [Section 2.3.3]. Where devolution is not desired by the local area, government still expects functions to be delivered over sensible functional economic areas or whole county geographies as a minimum. Where multiple upper tier local authorities operate across a whole county or functional economic area, no upper tier local authority should be left out – there must be no gap in service provision across the area. Additionally, government will not provide funding to areas that intend to deliver these functions at a lower-level geography (i.e., below whole county or functional economic area).

24. Government expects the delivery of government programmes – such as Growth Hubs and Careers Hubs – to be coterminous with the delivery of business representation and economic planning functions. This geography should be sustainable and maximise efficiency and effective service delivery as well as enhance democratic engagement. We will not support plans that lead to a fragmentation of approach or proliferation of unsustainable support services to business.

25. Where multiple upper tier local authorities are working together, one authority should be appointed as the accountable body^[footnote 4]. That authority is responsible for the submission of the overall integration plan, will be considered the accountable body for funding in 2024/25, and is responsible for publishing the economic strategy on their website. That authority will be expected to demonstrate how all upper tier authorities in the area are involved in decision-making and how service provision will be ensured across the whole area.

Funding provision in 2024/25

26. Government will provide up to £240,000 per local or combined authority area delivering functions over a functional economic area that meets the geographical requirements set out in the August guidance and reiterated above. Funding allocations are subject to final business case approval and the approval of integration plans. Funding beyond 2024/25 will be subject to future Spending Review decisions.

27. The authority appointed as the accountable body will be required to submit a short funding application form, ahead of receiving 2024/25 funding (as LEPs were previously required to do annually). Government will provide further details in due course, but it is expected that the application will request:

- a. Brief details of how the area intends to use the funding (in line with this guidance)
- b. Confirmation from the accountable body that all upper tier local authorities in the area are included in delivery plans
- c. Bank account details and S151 or S73 officer details for the accountable body

28. This core funding is separate to any programme funding that may be provided to support the delivery of, for example, Growth Hubs or Careers Hubs. Funding for the delivery of government programmes as directed will be communicated to authorities by the responsible government department or body as per usual processes.

Assurance

29. To secure assurance of responsibilities set out in this guidance and the management of associated funding, government will publish assurance information setting out the assurance process required to be delivered. Government aims to publish the information ahead of core funding payments being made for 2024/25.

30. The authority appointed as the accountable body will collaborate with government over assurance requirements, which will include the S151 / S73 Officer providing a written statement of grant usage to government. This will include written confirmation of continued value for money/best value represented through the delivery of all aspects of this guidance. The authority appointed as the accountable body will provide information within the assurance cycle as set out in the assurance process and collaborate with government if required to support further assurance as needed.

Contacts

31. For any further questions local authorities and LEPs should contact their Area Lead within the Cities and Local Growth Unit in the first instance.

1. The authority appointed as the accountable body is as agreed in the integration plan for 2024/25 and may differ to the current accountable body.
2. Current devolution deal geographies mean areas to which government has agreed or implemented the devolution of powers, either to a combined authority or local authority.
3. Potential devolution geographies mean areas where no devolution agreement or transfer of responsibilities has yet been agreed, but where areas envisage a future devolution deal could sit at that geography.
4. The authority appointed as the accountable body is as agreed in the implementation plan for 2024/25 and may differ to the current LEP accountable body.

[↑ Back to top](#)



All content is available under the [Open Government Licence v3.0](#), except where otherwise stated

[© Crown copyright](#)