

Divisions Affected - ALL

PERFORMANCE AND CORPORATE SERVICES OVERVIEW AND SCRUTINY COMMITTEE

4 April 2025

LEP INTEGRATION UPDATE

Report by CHIEF EXECUTIVE of Enterprise Oxfordshire

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
 - **NOTE** the report, raise any questions on its contents and **AGREE** any recommendations it wishes to make to Cabinet.

Executive Summary

2. This report provides an update following the integration of LEP functions into the County Council on 1 April 2024. The report notes the implementation of new governance arrangements, appointment of a new board of directors and the agreement of a new budget and business plan for 2025/26.

Background

3. Formally launched in March 2011, the Oxfordshire Local Enterprise Partnership (OxLEP) was initially established as a partnership of the local authorities, businesses and education sector in the area, and was incorporated as a not-for-profit company limited by guarantee on 31 March 2015.
4. Oxfordshire County Council acted as OxLEP's Accountable Body in respect of OxLEP Ltd's core funds and any additional central government funding received.
5. In August 2023, government confirmed that from April 2024, the government's sponsorship and funding of LEPs will cease. The associated guidance stated that the government expects the functions currently delivered by LEPs – described as, business representation, strategic economic planning, and the delivery of government programmes where directed – to be exercised by upper tier local authorities, where they are not already delivered by a combined authority. In Oxfordshire's case this means Oxfordshire County Council.

6. In February 2024 Cabinet agreed that the council would become the controlling member of OxLEP Ltd, exercising its membership functions through Cabinet, while the existing board of directors remained in place, pending the review phase. This change in control was agreed by the OxLEP Board in March 2024 and came in to effect on 1 April 2024 and was reported to the Performance and Corporate Services Overview and Scrutiny Committee in July 2024.
7. The change in ownership formed the basis of the first phase of a three phased approach to LEP transition. These were:

Phase 1 – Transition (By 1 April 2024 - Complete)
Phase 2 – Implementation (1 April – 30 September 2024 - Complete)
Phase 3 – Establishment (1 October 2024 – 31 March 2025 - Complete)
8. The following sections of this report focus on the progress of two phases namely Implementation. and Establishment, following successfully completing the Phase 1 Transition programme by 1 April 2024.

Implementation

9. During phase 2, the model for delivery of economic functions was reviewed. The following principles were developed to evaluate the preferred delivery model.
 - Stakeholder engagement built into the model
 - Demonstrates council control
 - Provides operational flexibility to support commercialisation and income generation
 - Deliverable within timeframes
 - Minimises financial risk for the council
10. These principles informed the assessment criteria for identifying the preferred delivery model.
11. To support LEP transition a joint working group was established with representatives from OxLEP and the council. This working group undertook a detailed options appraisal. The recommendation to Cabinet, agreed in November 2024, was that the council continues to deliver some economic development programmes through the existing council owned company, OxLEP Ltd trading as Enterprise Oxfordshire, and that the Council retains ownership of the company as the sole member. The primary purpose of the company will be to deliver projects and programmes on behalf of the council.

Governance

12. Cabinet also agreed that a Shareholder Committee would be established to provide strategic oversight of the company, and any future council owned entities, and provide assurance to the Cabinet that the company is compliant with the council's constitution, rules and procedures including achieving best value.
13. The Shareholder Committee will also take decisions on any matters that are reserved to the Council as member in the company's Articles of Association or Shareholders Agreement and will receive annual and periodic reports for the company.
14. Whilst the Shareholder Committee is responsible for providing the oversight of the company through the reserved matters set out in the Articles, Cabinet also noted the need for a board of directors to be appointed to comply with company law regulations (Companies Act 2006). Cabinet agreed that the new company board would be a board of three non-executive directors appointed by the Shareholder Committee. This was to include a cabinet member and senior officer from the council alongside an external independent non-executive director who would also chair the company board. The board may also be supported with one or two co-optees and be advised by the company Chief Executive and council Director of Economy and Place.
15. Subsequently, the Shareholder Committee agreed the relevant revisions to the Company's Articles of Incorporation, as recommended by Cabinet, to ensure Council oversight, and appointed a new board of directors, initially comprising of Cllr Dan Levy and Dr Kate Reynolds, Deputy Director of Education and Inclusion.
16. The Shareholder Committee has subsequently met to approve the appointment of Auditors for the company and to agree the business plan for 2025/26, both matters reserved to the Council.
17. The Board has met on two occasions and meetings for the remainder of 2025 have been scheduled, these align with Cabinet/Shareholder Committee meeting cycles to aid effective and timely decision making.
18. A vacancy remains on the Board for an Independent Chair and a Nolan compliant recruitment process is underway.
19. In the interim the Board remains quorate and operationally effective.

Contract for the provision of services (Joint Services Agreement)

20. The contract for the provision of services is how the Council commissions the delivery of certain initiatives by the company. The contract sets out that the company will deliver the overall strategic objectives for Oxfordshire set annually in the Business Plan as agreed by the Shareholder Committee.
21. Following the change of control of the company to sole membership through the Council, the contract is now the means by which the Council sets out the scope of economic development and business support services that the Teckal company is to deliver for the council, without the need for the council to undertake a procurement process to commission this work.
22. Teckal" refers to a specific legal principle and exemption in EU procurement law, allowing public authorities to contract with a company they own or control without going through a public tender process, provided certain conditions are met.
23. The contract was amended to extend its lifetime for a limited period to April 2025. It now needs further amendment to extend its lifetime even further to provide certainty of commission but also requires amendments to confirm arrangements relating to the Skills Bootcamps initiative.

Appointment of Auditors

24. The County Council has indicated that, as a separate entity, the company should appoint separate external auditors from those who conduct the County Council's statutory audit. Therefore, on 4 February 2025, the Enterprise Oxfordshire company board approved a report recommending the appointment of external auditors for the Financial Year 2024/25. In line with audit best practice, the report also notes that audit services will be retendered for 2025/26.
25. The appointment of External Auditors is a reserved matter and therefore, as noted above, the Shareholder Committee approved a recommendation to appoint auditors at its meeting in February 2025.

Business Plan and Establishment

26. Prior to becoming a county council company OxLEP produced a Corporate Plan that was approved by OxLEP Board. This current Corporate Plan covers 2022-24 and describes strategically the activities the LEP plan to coordinate, support, and deliver over the period to support Oxfordshire's economic recovery and addressing the key challenges that the covid pandemic exposed. It also contains an overview of the LEP's Key Performance

Indicators. A key project which emerged from this work was the concept of an Oxfordshire Inclusive Economy Commission, through working with partner Local Authorities the LEP and the City Council developed the concept into what is now the Oxfordshire Inclusive Economy Partnership Chaired jointly by Jeremy Long (former LEP Chair) and Baroness Jan Royal. The initiatives supported and championed by the OIEP align with and amplify many of the LEP lead delivery programmes across the Business and Skills landscape such as the Social Contract programme.

27. While many of the core themes of the Corporate Plan remain relevant, the plan responded to the former governments policy framework. As such, an interim business plan for 2025/26, aligned to both transfer of LEP functions policy and County Council priorities has been developed and recommended by the Board to the Shareholder Committee for approval on 25 March. During Q1-2 of 2025/26 a revised medium term Business Plan will be developed, recognising the shift in policy direction, County Council priorities, Governments Economic policy direction and Local Government Reform/Devolution direction. This will be developed with the Board, stakeholders and Cabinet/Shareholder Committee for consideration and ultimately a recommendation for approval.
28. In addition to the consideration and approval of the Business plan the Shareholder Committee will also approved the Budget for 2025/26 and 2026/27. The committee is asked to note that the 2-year budget horizon is necessary to demonstrate to the auditors that the company can meet 'going concern' requirements.
29. Alongside the development of the budget and business plan, work to complete the transition arrangements took place between October 2024 and March 2025. This included:
 - a. A renaming exercise to establish the new trading name 'Enterprise Oxfordshire' complete with new logos and other PR materials.
 - b. Changed registered address to that of County Hall on Companies House and relinquish the lease formally held on an office HQ on the Harwell campus
 - c. Updated email addresses to reflect new trading name

Economic Planning

30. In January 2023, OxLEP commissioned a refreshed Strategic Economic Plan (SEP) for Oxfordshire and undertook an Independent Economic Review (IER) to revise the local evidence base. The refreshed SEP was published by OxLEP in December 2023 alongside the detailed evidence base.
31. Guidance subsequently issued by the previous government was that the strategic economic planning functions previously exercised by Local Economic Partnerships should be in the future be exercised by the county

council in those two-tier areas where no combined authority exists. The current government has published its intentions to require all areas to develop Local Growth Plans but has to date issued no guidance or requirements outside of devolved areas.

32. Cabinet determined that it would retain the accountability for strategic economic planning directly, rather than delegating to Enterprise Oxfordshire. In doing so Cabinet noted the ongoing need for business and wider stakeholder engagement in the development of economic plans that deliver against the council's and wider partnership priorities, including tackling inequality and addressing the climate emergency.
33. The council is now undertaking a reassessment of the local strategic economic planning framework. This review will ensure that strategic economic plans are fully aligned to agreed priorities, major developments locally, regionally, nationally and internationally. These developments include:
 - The publication of a revised National Planning Policy Framework and the Modern Industrial Strategy
 - Government announcements of their focus on the Oxford-Cambridge Growth Corridor
 - Publication of the English Devolution White paper
 - Most recently, Government's announcement of a requirement on the County Council to deliver a Local Get Britain Working plan
 - Local development of a community wealth building approach and programme of work and a broader definition of social value
 - Commissioning of a Doughnut Economics report
 - The decision to partner with the Institute of Health Equity to develop Oxfordshire as a Marmot Place in order to tackle health inequalities, including through economic interventions
 - On-going uncertainty in the international economic outlook
34. The previous evidence base is available to help frame any new economic strategy in the context of these developments and council priorities and the council will work with partners to deliver a new strategic economic plan early in the new municipal year, led through the recently formed Economy and Place Directorate. The role of Enterprise Oxfordshire will be to support delivery of the objectives of the revised strategy and subsequent iterations of the company's business plan will need to reflect the strategy.

Business Engagement

35. The government guidance issued in August 2023 encouraged upper tier

local authorities to create or continue to engage with a business advisory board (or similar) made up of local business leaders and relevant representative bodies to provide the view of local businesses as part of regional decision making and work with local leaders to create a broad economic strategy for the area. Demonstrating a strong business voice is also an eligibility requirement for some government programmes (including Growth Hubs).

36. The guidance also set 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).
37. As such, Cabinet agreed that The Council would establish an Economic Partnership Board to support the Cabinet in the discharge of its economic development functions. This will invite a range of voices to advise on the development of economic strategy in line with government guidance. The guidance also asks upper tier authorities to consider the inclusion of local economic partners outside of the business community in the membership for the board. This will be important in Oxfordshire given the strength of expertise in the wider system.
38. It is likely membership will include representatives from lower tier authorities, the private sector, further and higher education, health and community and voluntary sector. This broader membership would add significant value to the board.
39. The previous private sector members of the previous LEP Board, who have already been through a Nolan compliant recruitment process, will be invited to join the Economic Partnership Board, alongside the further and higher education leaders. The initial membership of the EPB will also include representation from lower tier authorities. A review and further recruitment will be undertaken to ensure appropriate diversity alongside relevant sector specialisms and geographical representation, including for small businesses and representatives of the rural economy. The December 2023 government guidance states that any new business board members must be appointed through an open process. The process should ensure appointees are able to provide a constructive check and challenge on local decision making using their private sector perspective. This guidance will continue to be followed in making future board member appointments and the appointment process will be owned by Cabinet.

Corporate Policies and Priorities

40. LEP transition aligns with the vision set out in the County Council's Strategic Plan to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county. It also supports the priorities of:
- Put action to address the climate emergency at the heart of our work.
 - Tackle inequalities in Oxfordshire.
 - Invest in an inclusive, integrated and sustainable transport network.
 - Create opportunities for children and young people to reach their full potential.
 - Work with local businesses and partners for environmental, economic and social benefit.

Financial Implications

41. While restating its expectations that functions previously held by LEPs continued, Government confirmed in March 2025 that there will be no further funding for Local Enterprise Partnerships. Income and spending for 2025/26 has been agreed through the Business Plan submitted to the Shareholder Committee in March 2025.
42. From 2024/25 group accounts will be required to incorporate the accounts for the Enterprise Oxfordshire Teckal company into the County Council's Statement of Accounts and as such will be overseen by the County Council's Audit and Governance Committee.

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Legal Implications

43. LEPs were originally established as non-statutory bodies some of which, like OxLEP established themselves as a company to provide a statutory framework and governance for its operations.
44. Oxfordshire Local Enterprise Partnership Limited, referred also in this report as Enterprise Oxfordshire, is a company limited by guarantee of which the Council is the guarantor and sole member.
45. The Council has powers to set up a company under section 95 Local

Government Act 2003 and section 4 Localism Act 2011. Setting up a company enables the Council to trade its discretionary services.

46. The management of companies owned by the Council is an executive function. The Cabinet has constituted a shareholder committee to manage the responsibilities of the Council as guarantor and sole member of Enterprise Oxfordshire. The company is otherwise governed by the various Companies Acts and has additional responsibilities as a local authority owned company.
47. The company has registered its Memorandum and Articles of Association with Companies House. The Articles include several reserved matters which are to be decided by the shareholder committee and cannot be the sole responsibility of the company. The reserved matters include the business and budget of the company which were recently approved by the Shareholder Committee.

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March 2025