

## **Scrutiny Committee**

**30 September 2016**

### **Update on working with New Anglia Local Enterprise Partnership and early implications of leaving the European Union**

#### **Summary**

1. One of the Council's priorities is supporting the Local Enterprise Partnerships (LEPs) to deliver growth in Suffolk. This report provides an update on how the County Council is working with the New Anglia Local Enterprise Partnership, following previous scrutiny in February 2014 and June 2015, with a particular focus on the early implications of the referendum vote to leave the EU.

#### **Objective of Scrutiny**

2. The objective of this scrutiny item is to provide the Committee with an opportunity to receive an update on work with the New Anglia LEP and to explore what is known to date about the implications of the decision to leave the EU.

#### **Scrutiny Focus**

3. The scope of this scrutiny has been developed to provide the Committee with information to come to a view on the following key questions:
  - a) What is known about the early implications of Brexit for the national economy?
  - b) What is known about the early implications of Brexit for the local economy?
  - c) How will the LEP and its partners maintain an overview of the welfare of the local economy as further implications of Brexit become clear?
  - d) How can local government and business support the LEP in this work?
  - e) What is being done to develop early dialogue with local businesses about the issues raised by Brexit?
  - f) What role can councillors play to support this work?
  - g) What is known about the impact of Brexit on funding received by the LEP from the EU, set in the context of the LEP's wider funding structure
  - h) What projects are currently in progress and how might these be affected?
  - i) What opportunities does Brexit present, and how can we capitalise on this?

- j) What are the potential direct implications for the LEP and other stakeholders?

### How does this relate to County Council priorities?

4. This scrutiny is linked to the County Council's corporate priorities as indicated below. All scrutiny items should consider how well they are delivering against the County Council priorities and Suffolk's Community Strategy.

Suffolk County Council's Corporate Priorities	Link to this Scrutiny
Raise educational attainment and skill levels	✓
Support the Local Enterprise Partnerships (LEPs) to increase economic growth	✓
Maintain roads and developing Suffolk's infrastructure	✓
Support those most vulnerable in our communities	✓
Empower local communities	✓

5. Having considered the information, the Committee may wish to:
- make recommendations to the Leader of the Council and Cabinet member with responsibility for economic development;
  - make recommendations to Director of Resource Management and/or Assistant Director Strategic Development;
  - seek to influence partner organisations;
  - identify issues which may benefit from further scrutiny;
  - seek further information.

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## Background

6. The Scrutiny Committee considered an item on Supporting Economic Growth in Suffolk at its meeting on 4 June 2015 and made a number of recommendations. Further details of the evidence received and conclusions and recommendations of the Committee can be found under the Supporting Information section at the end of this report.
7. The Committee agreed to request a further report in twelve months' time. However, due to pressures on agenda time, it was agreed this report would be presented as an information bulletin update, setting out progress made against the 4 June 2015 recommendations for the meeting on 29 June 2016. A copy of the information presented to the Committee can be found at: <http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=0900271181c97178>.

8. On 23 June 2016, the UK voted to leave the European Union following a nationwide Referendum. Whilst the overall result was close (48% remain / 52% leave) it has been made clear that the decision of the British people to exit the EU will be honoured.
9. Whilst it is currently unclear as to the exact timetable for exit (a process now commonly referred to as “Brexit”), the formal trigger point is the execution of ‘Article 50’ of the Lisbon Treaty which gives a member state a two year period to extricate itself from the Union. There is pressure from the EU for this process to start. However, the Government has confirmed that it will be a matter for the Prime Minister to determine when to commence formal exit negotiations. Most recent indications suggest this will be early in 2017.
10. The key and overriding issue around Brexit is the uncertainty it brings to all sectors. The vast majority of independent economists predicted a British leave vote would have negative consequences for the UK economy and, inevitably, national economic pressures will be reflected at a local level.
11. Local Enterprise Partnerships and local authorities have a key role to play in bringing initial investment to their areas and in encouraging companies both to stay and to invest further in future.
12. Aside from the impact on the economy as a whole, the UK’s decision to leave the EU will also have a direct impact on funding received by the UK from the EU. The scale of funding at risk is significant. England receives almost £5.6 billion to share between its 39 LEPs. This money is allocated to 2020. In terms of scale, funding for science and research and agriculture are the largest and changes to this funding could have a significant impact on Suffolk’s local economy.
13. Whilst appreciating that the consequences of Brexit for Suffolk’s economy may take months, if not years, to become clear, at its meeting on 29 June 2016, the Committee agreed it would be useful to receive an update report from the County Council and the New Anglia LEP on the current position and what is known about the implications of the decision to leave the EU to date.

## **Main body of evidence**

Evidence Set 1 has been provided in response to the key areas for investigation set out at paragraph 3, and is appended to this report.

## **Supporting information**

Scrutiny Committee (12 February 2014); Working with the Local Enterprise Partnerships: Available from

[Scrutiny Committee Meeting 12 February 2014](#)

(see Agenda Item 5 and confirmed minutes)

Further information about the New Anglia LEP can be found on their website at:  
<http://www.newanglia.co.uk/about-us/>.

The New Anglia LEP Strategic Economic Plan; Available from:  
<http://www.newanglia.co.uk/wp-content/uploads/2014/03/New-Anglia-Strategic-Economic-Plan-V2.pdf>

Cabinet (24 February 2015); Suffolk County Council's Role as Accountable Body for the New Anglia Local Enterprise Partnership; Available from:  
[http://committeeminutes.suffolk.gov.uk/meeting.aspx?d=24/Feb/2015&c=The Cabinet](http://committeeminutes.suffolk.gov.uk/meeting.aspx?d=24/Feb/2015&c=TheCabinet) (see Agenda Item 10 and Annex 1)

Scrutiny Committee (4 June 2015); Supporting Economic Growth in Suffolk; Available from: [Scrutiny Committee Meeting 4 June 2015](#)

Scrutiny Committee (29 June 2016); Information Bulletin; Available from:  
<http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=0900271181c97178>

## **Glossary**

Brexit – the process by which the UK is to leave the EU as a result of the June 2016 referendum.

CAP – Common Agricultural Policy

EAFRD – European Agricultural Fund for Rural Development

ERDF – European Regional Development Fund

ESIF – European Structural and Investment Funds

EU – European Union

FDI – Foreign Direct Investment

LEP – Local Enterprise Partnership

MENTA – the Suffolk Enterprise Agency

PMI – Purchasing Manager's Index

SEP – Strategic Economic Plan