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To: Local Authority Leaders and Business Leaders
Cc: Local Authority Chief Executive Offices

29 June 2010

Dear colleague,

Local enterprise partnerships

We are writing to you to invite you to work with the Government to help strengthen local economies. The Coalition Government is committed to reforming our system of sub-national economic development by enabling councils and business to replace the existing Regional Development Agencies. The purpose of this letter is to invite local groups of councils and business leaders to come together to consider how you wish to form local enterprise partnerships.

We are working with the Regional Development Agencies (RDAs) to enable this transition. We are reviewing all the functions of the RDAs. We believe some of these are best led nationally, such as inward investment, sector leadership, responsibility for business support, innovation, and access to finance, such as venture capital funds. Some of their existing roles are being scrapped, such as Regional Strategies. The forthcoming White Paper on sub-national economic growth will set out our approach in more detail.

Separate arrangements will apply in London, where discussions are currently underway with the Mayor of London on how we can further decentralise powers, particularly in the context of the abolition of the Government Office for London.

We are determined that the transition from the existing RDAs be orderly, working to a clear timetable.

Meanwhile, we are keen to encourage local businesses and councils to work together to develop their proposals for local enterprise partnerships. We want to encourage a wide range of ideas, and to aid that, we would suggest some parameters.

Role

We anticipate that local enterprise partnerships will wish to provide the strategic leadership in their areas to set out local economic priorities. A clear vision is vital if local economic renewal is to be achieved. The Coalition Government is determined to rebalance the

economy towards the private sector. We regard local enterprise partnerships as being central to this vision.

Partnerships will therefore want to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy. Supporting small business start-ups will therefore be important. They will want to work closely with universities and further education colleges, in view of their importance to local economies, and with other relevant stakeholders. In some areas, tourism will also be an important economic driver. Further details will be set out in the forthcoming White Paper.

Governance

To be effective partnerships, it is vital that business and civic leaders work together. We believe this would normally mean an equal representation on the boards of these partnerships and that a prominent business leader should chair the board. We would, however, be willing to consider variants from this, such as where there is an elected mayor responsible for the area, if that is the clear wish of business and council leaders in the partnership area. The governance structures will need to be sufficiently robust and clear to ensure proper accountability for delivery by partnerships.

Size

We have been concerned that some local and regional boundaries do not reflect functional economic areas. We wish to enable partnerships to better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas.

To be sufficiently strategic, we would expect that partnerships would include groups of upper tier authorities. If it is clearly the wish of business and civic leaders to establish a local enterprise partnership for a functional economic area that matches existing regional boundaries, we will not object. We will welcome proposals that reflect the needs of every part of England, not least areas that are economically more vulnerable. Government is keen to work closely with and through capable local enterprise partnerships which meet these criteria.

Going forward

As set out in the Budget, we will publish a White Paper later in the summer, which will set out the Government's approach to sub-national growth. Legislation to abolish RDAs and enable local enterprise partnerships was announced in the Queen's speech and is expected to be introduced to Parliament in the autumn.

We would therefore welcome outline proposals from partnerships of local authorities and businesses, reflecting the Coalition Government's agenda, as soon as possible, and no later than 6 September.

Yours sincerely



The RT Hon Dr Vince Cable MP
**Secretary of State for Business,
Innovation and Skills
and President of the Board of Trade**



The RT Hon Eric Pickles MP
**Secretary of State for
Communities and Local Government**