

## LEP Name: Leeds City Region Enterprise Partnership

Please outline the LEP's plans to address the geography recommendations below, noting the guidance provided by the Unit. In your response, you should outline any key milestones, risks and issues.

Proposals should be submitted to [LEPpolicy@communities.gsi.gov.uk](mailto:LEPpolicy@communities.gsi.gov.uk) **no later than 28 September 2018**, copying in your Area Lead.

## Geography

### Recommendation:

As Local Enterprise Partnerships are central to future economic growth, Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with considered **proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.** ...These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

### Information required in geography proposal:

All LEPs should outline their response to the Government's recommendations on geography no later than **28 September 2018**.

Those LEPs proposing geography changes should provide detail of the proposed changes. In your response you should outline why these changes would be suitable for your local area. These proposals should include timescales for the transition to different geographies. LEPs should work with the LEP Network and neighbouring LEPs to ensure a shared understanding of the geography changes being proposed exists.

For LEPs who are proposing no changes you should respond briefly outlining why no change is required. For LEPs in MCA areas, these proposals should consider the current relationship between the MCA and LEP geographies. All LEPs should aim to have revised geographies (if required), by **spring 2020**.

## LEP response

Please outline the LEP's response to the recommendation. The response should consider the information required, outlined above:

### Context

The Leeds City Region economy is the largest outside of London and, worth £67 billion, is the largest component of the Northern Powerhouse. With over 3 million residents, a workforce of 1.4 million, 126,000 businesses, 14 further education colleges and 9 higher education institutions it has the scale, variety and concentration of assets to be a powerful driver of a successful UK economy.

Leaders of the eleven local authorities<sup>1</sup> have a strong track record coming together to work across the functional economic area because they recognise the value of linking together complementary local economies.

- The Leeds City Region Leaders' Board (a joint committee) was formed in April 2007, the first legally constituted city region body with a remit to work together on economic development and regeneration.
- Building upon this, the Leeds City Region Enterprise Partnership was one of the first wave of LEPs agreed in 2010 based on a compelling case that several local economies genuinely look multiple ways, and are therefore best served by being members of two LEPs.
- The Leeds City Deal was agreed in 2012, securing Government's support for transformative plans to create 60,000 new jobs, accelerate the output growth rate and reduce carbon emissions.
- The LEP was the first to agree its Strategic Economic Plan, unlocking three rounds of local Growth Deal funding amounting to over £1 billion.
- Partners have operated a successful City Region Business Rates Pool since April 2013, which was in December 2017 extended by Government to be a 100% retention pilot for 2018/19. A joint West and North Yorkshire bid for a 2019/20 pool has been submitted, underlining the strong sense of joint working across authorities.
- Six local authorities (those in West Yorkshire and the City of York) worked together to create the West Yorkshire Combined Authority in April 2014.

Therefore, for over a decade, private and public partners have worked together flexibly and pragmatically to pursue a shared vision of a globally-recognised economy where good growth delivers jobs, prosperity and a high quality of life for everyone.

There is absolute commitment that the scale and pace of delivery associated with the agreements and programmes above should not be compromised.

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<sup>1</sup> Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, North Yorkshire, Selby, Wakefield, York.

### LEP approach

The LEP and its partners feel that it has operated very successfully under the current arrangement. Business and local government leaders have combined to take decisions about policies and according to how local economies actually operate – which can include looking multiple ways. This pragmatic approach has delivered:

- the biggest growth deal in the country securing capital investment in local infrastructure, with the LEP and accountable body overseeing that spending as transparently as any in the country
- Stimulating commercial development of nearly 300 acres in Enterprise Zones across the City Region
- Reducing by 2/3<sup>rd</sup>s the number of unemployed young people on our journey to becoming Neet-free
- Securing £4 million to rejuvenate the Bradford Odeon and spark culture-led regeneration in a pivotal Northern Powerhouse city
- Providing business support to 4,600 firms since 2013, with capex grants leveraging £170m of private sector investment, directly creating over 3,000 new jobs
- Winning investment from international brands such as Burberry, Julius Baer, and Reed Smith, and helping local firms export through an agreement with Chinese e-commerce platform kaola.com, with 5 million daily users.

Such pragmatism means the LEP sees no reason why some form of overlapping geography would be incompatible with Government's aspirations for LEP performance, accountability, capacity and leadership. It is recognised, however, that Government has determined that, on balance, there should be no overlapping areas.

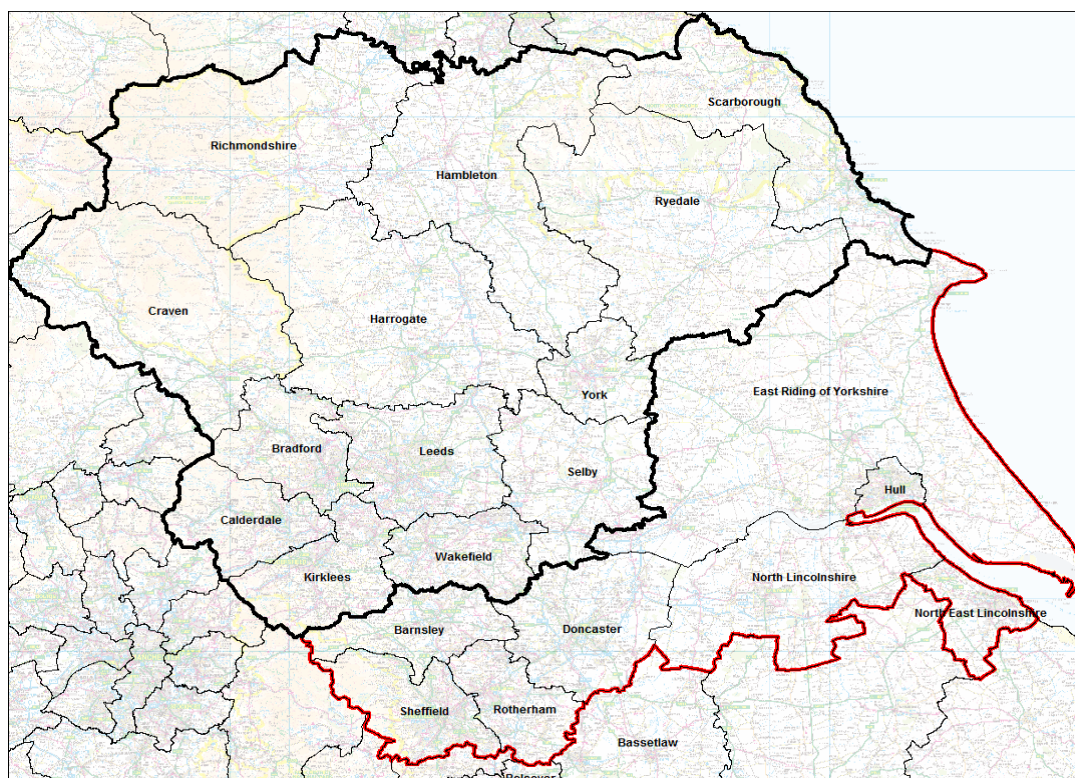
Accordingly, the LEP Board comes forward with a proposal that delivers both the letter and spirit of that approach. In doing so, it positions the residents and businesses of the City Region, via a new LEP, at the heart of discussions on future local industrial strategy and how the UK's Shared Prosperity Fund and 2019 Spending Review should support extraordinary economic growth and sustained social transformation.

This proposal is based upon the presumption that Government will remove all LEP overlaps. Should Government make any exception to its policy position to remove overlaps, the LEP would take that opportunity to review this response.

### Proposed geography to remove overlaps

Whilst it is recognised that there are options for retaining the current geography or having a West Yorkshire only geography, it is proposed that a new LEP is created by combining the York, North Yorkshire and East Riding LEP, except for the East Riding, and the Leeds City Region Enterprise Partnership, except for Barnsley.

The proposed new LEP area is pictured below (in black outline), in relation to the wider Yorkshire and Humber region. There are no overlaps.



The proposed new LEP would have a population of 3.1 million people and an annual economic output of £70.3 billion with 1.4 million jobs and 137,000 businesses. At almost 4,000 sq miles it covers 8% of England, including the major cities of Leeds, York, Bradford and Wakefield complemented by diverse and distinctive towns and extensive rural and coastal areas (including three national parks). The rich diversity of places within the new geography means that coastal, rural and urban areas can combine to be stronger together, more effectively delivering inclusive growth, and be more influential with national and international partners. It is likely to be the largest LEP economy in the country outside of London.

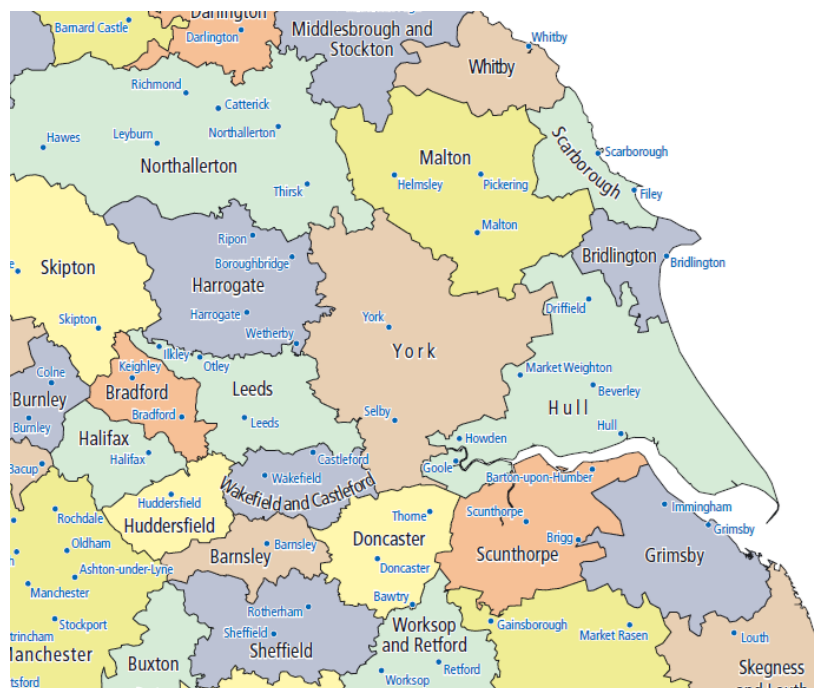
For compliance purposes, it is assumed that Barnsley is within the boundary of the Sheffield City Region LEP area. We would still wish for strong collaborative working with Barnsley (as per the section of working collaboratively below), and would wish to review the inclusion of Barnsley if their formal LEP circumstances change.

#### Economic rationale and impact

In their respective Strategic Economic Plans, both LEPs have **similar visions** to deliver prosperity and inclusive growth by addressing priorities on business support/growth in priority sectors, increasing productivity and skills, and transforming infrastructure.

The new proposed LEP area removes existing overlaps, and represents a **functioning economic area** with 93.8% of residents within new LEP boundary

also working within the area. This draws together a dozen travel to work areas identified by the Office for National Statistics (2011):



This proposal is based on a strong economic rationale that the coming together of **diverse but complementary local economies** creates the significant, international scale to drive economic and social transformation – rebalancing the UK economy so that it genuinely works for all across North and West Yorkshire. It will also strike a balance across urban and rural economy issues, and allow a distinct focus on coastal in collaboration with the Humber and East Riding LEP (if created). Our detailed quantitative analysis, which is available on request, illustrates the fine balance of different arrangements and could justify other viable options.

Over a decade of experience of working on strategic economic issues across local administrative boundaries has illustrated the importance of taking account of complementary places, and how strengthening the links between them stimulates growth. For example:

- Leeds is a core city, with major international profile and strengths in digital and creative industries, financial and professional services and health technologies. Its growing international connections and inward investment successes provide a world-class engine of inclusive growth which depends on and complements its neighbours.
- Key cities and towns like Bradford, Wakefield, York, Huddersfield and Harrogate have industrial strengths in advanced manufacturing, logistics, business administration and world-class research institutions. Each has a high quality ‘place offer’ with global assets like York’s heritage city, Harrogate International Convention Centre, Halifax’s Piece Hall and the Hepworth Gallery.

- Most of the Leeds City Region is rural, exemplified by the Bradford district, which is 2/3<sup>rd</sup>s rural and includes the market towns of Shipley, Keighley and Ilkley. In coming together with the wider North Yorkshire and York economy, there is a valuable opportunity to learn and strengthen how future industrial strategy and projects can be best designed to create a rural powerhouse and capitalise on the Yorkshire coast, tackling shared challenges like rural isolation, stalled wages and housing affordability.
- Our experience of driving inclusive growth has illustrated that increasing opportunity and tackling barriers to social mobility require strong local partnerships. In bringing together a larger footprint, we remain committed that our inclusive growth policies and projects have the needs and goals of individuals at the centre. We think scale brings benefits though, in terms of having greater efficiencies for projects and better opportunities to share learning from different areas.

There is also a strong case that a broader **range of sectors** across North and West Yorkshire provides a strong base for developing a robust and impactful local industrial strategy.

- The biggest sectors in terms of employment are similar across both West and North Yorkshire; health, business administration, education and manufacturing.
- The Northern Powerhouse Independent Economic Review 2016 points to complementary sector specialisms across North and West Yorkshire. For example, North Yorkshire and York's agritech and food manufacturing clusters relate closely with Leeds City Region's food and drink sector. The Leeds City Region's advanced manufacturing strength depends on and influences leading bio-renewables and low carbon activity in York and North Yorkshire. The visitor and leisure economy in Yorkshire is already subject to significant collaborative work through destination management organisation Welcome to Yorkshire and joint work on major international festivals and events. The region's visitor economy is being helped to be even more successful through the West Yorkshire and York Transport Fund improving access from the cities of Leeds, York, Bradford and Wakefield to the Yorkshire coast.
- This synergy between the largest sectors of employment across the two LEPs presents an opportunity for future targeted programmes and policies that will benefit from economies of scale, particularly in business support. This greater diversity of sectors creates more opportunities to tackle cross cutting policy challenges such as automation and post-Brexit trade (including identifying more sustainable supply chains), creating a more resilient economy. Rural post-Brexit changes, such as those to the Common Agricultural Policy, are also likely to provide opportunities around new



supply chains, natural capital and bio-economy and be shared across all rural communities.

Ultimately, expanding the geographic scope of the LEP increases the weight and resilience of the partnership between business and public leaders. By working closely with business and local communities, this means a refreshed LEP is best placed to take the opportunities of the local industrial strategy and UK Shared Prosperity Fund to do even more to improve the lives of residents, improve productivity and strengthen the regional and national economy.

Bringing **prioritisation and decision making** structures together will enable better targeting of shared priorities, effective use of resources, and the opportunity for bolder more transformative policies and projects. It will allow for better use of assets across the region to capitalise on the region's recognised brands and promote exports combined with more intensive and tailored promotion and business support.

#### Local views and support

The LEP acted promptly to proactively seek the views of private and public partners, and on balance there is strong support for the proposed new LEP.

This includes:

- The LEP Chair, Roger Marsh, personally leading discussions via the LEP's Business Communications Group (6 September) and the Regional Council of the CBI (12 September). Together, they constitute senior business leaders and major business representative groups in the City Region that have expressed:
  - Support for the role of the LEP and its strengthening of governance and leadership as a means of bringing together business and civic leaders to secure investment and prioritise according to local needs.
  - Support for a merged geography covering West and North Yorkshire, reflecting complementary local economies and building upon the respective strengths of the Leeds City Region and York, North Yorkshire and East Riding LEPs – for example, driving inward investment and business growth across priority sectors and diverse local economies including cities, market towns and rural areas.
- The LEP's Employment and Skills Panel (11 September) and Business, Innovation and Growth Panel (13 September) discussed issues of the LEP Review including support, on balance, for a geography covering West and North Yorkshire.
- The West Yorkshire Combined Authority's (as accountable body) scrutiny committee endorsed the primary preference of a West and North Yorkshire geography, with a West Yorkshire LEP as a strong alternative option.
- Seek views directly from businesses and residents on the issue of geography. The 'Your Voice' microsite (<https://www.yourvoice.westyorks-ca.gov.uk/lepreview>) sought views on the broad direction and principles, with the seven responses favouring, on balance, a LEP covering a larger footprint.

### Discussions with neighbouring LEPs

The LEP Chair has personally initiated and led discussions with all neighbouring LEPs, including the York, North Yorkshire and East Riding LEP (with whom the proposal constitutes an effective merger). It is recognised that the position of the YNYER LEP Board is to retain the status quo, with overlaps.

That said, the YNYER LEP in its consideration of geography options considered how it might explore the potential for a North and West Yorkshire LEP as a way to implement Government's policy position. In doing so, the Leeds City Region LEP supports the notion of a cross-LEP working group, working to both LEP Boards, to undertake a fundamental review of decision making within organisations and bring forward a proposal for a new LEP (cognisant of the new national assurance framework). These are addressed in more detail below on key risks.

It is felt that this could be undertaken, without prejudice and subject to Government clarifying its policy position on overlaps without exception, to shape the operations of a new LEP that values the different strengths of the two LEPs that can be brought together and built upon. This can provide a means of ensuring a new LEP, covering the breadth and diversity of North and West Yorkshire does not lose sight of the aims and opportunities for individual places or sectors.

Partners are clear that any new, merged LEP must make an immediate and tangible impact, with a local inclusive industrial strategy agreed with Government in 2020, developed initially under the guidance of a joint shadow Board. This will put the region in a strong position for the new UK Shared Prosperity Fund by capitalising on the expertise developed by both LEPs in serving businesses and communities across West and North Yorkshire on priorities like supporting enterprise in rural areas, securing transformational inward investment and driving productivity and higher level skills that improves the living standards of everyone.

### Working collaboratively

Irrespective of the LEP's footprint, business and civic leaders have long recognised the need to work with neighbours to champion local interests and collaborate on a more successful and inclusive Yorkshire, Northern Powerhouse and UK economy. We are clear about using the new LEP geography to build on a track record of collaboration:

- *Across the North* - Business and civic leaders in the Leeds City Region have always understood that our position at the heart of the North is an enormous opportunity to unlock opportunities and fulfilling the region's exceptional potential. Recently, the LEP has been instrumental in bringing together the **NP11** group of LEPs to pursue mutual interests. Equally, civic leaders have been active in establishing the Convention of the North to champion its needs on the national and international stages. Looking to the future, the



weight of the new LEP and its location at the heart of the North means the Partnership can play an even stronger role to make the North the solution.

- *Across Yorkshire* – the LEPs have regularly come together to liaise on shared issues, while local government leaders have been proactive in establishing the Yorkshire Leaders Board. There are excellent examples of cooperation through joint work on Brexit and energy, and in future partners in the Leeds City Region would be keen to continue with these links, including relationships with Humber LEP on shared coastal matters, and recognising the links between Beverley, Pocklington and Hull to York. Similarly, the LEP understands that the Sheffield City Region LEP intends to maintain its geography which means a new West and North Yorkshire LEP will be proactive in capitalising on the shared opportunities with, for example, Barnsley and neighbours in the Sheffield City Region, because of their similar economic structure to Wakefield and Kirklees.
- *With other areas with shared sectoral interests* – such as places with strengths in health and life sciences, agritech and digital and creative industries, where Leeds hosted the first creative cities convention. Similarly, local government partners are also part of diverse national networks, like the core and key cities groups which focus on shared challenges like those cities with a high proportion of jobs at risk of automation.

### Key milestones

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

- October 2018 – Cross LEP (YNYER and Leeds City Region) working group established to jointly identify and solve issues.
- November 2018 - Government expected to confirm decisions about geography (including whether to maintain its policy position on no overlaps, without exception).
- March 2019 – New LEP Shadow Board established to focus on developing the Local Industrial Strategy and agreeing new governance and assurance processes.
- March 2020 – Full implementation of new LEP.

### Key risks and/or issues

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

Issue 1 – Having a larger and more diverse LEP (including rural, coastal and urban areas) could lead to difficulties in prioritising decisions and investment.

Mitigation: In the light of Government's revised national assurance framework, partners work together to agree a local process that is trusted to prioritise projects effectively, recognising the economic and social needs of all places. This will be structured around a local inclusive industrial strategy that can be developed by a joint Shadow Board during 2019/20 that addresses the issues in rural, coastal and urban areas).

In terms of later-stage decisions, currently both Leeds City Region (via the Investment Committee) and YNYER (via the Infrastructure Board) have prioritisation roles that each include all councils in the area, which is conducive to strong partnership work.

Issue 2 – With Government mandating the balance of LEP Boards, a new LEP will need to strike a balance to ensure appropriate representation of areas and accountability.

Mitigation: Leeds City Region and YNYER and partners work together to explore solutions, including factors like:

- Membership and decision-making at all stages;
- The role of the Combined Authority as accountable body and LEP Board.

Issue 3 – There is a risk that smaller authorities struggle to resource early-stage project development, which can compromise the pipeline of projects meaning they struggle to fully realise the tangible benefits from the Partnership.

Mitigation: That partners agree practical means to use increased capacity funding to focus on early-stage development. Government must assist this by ensuring a single, larger LEP does not result in less capacity funding than two smaller LEPs.

Issue 4 – Agreement of accountable body

Mitigation: The West Yorkshire Combined Authority is the single accountable body for all LEP funding and partners will work together to ensure this arrangement is developed in due course to ensure compliance with Government proposals and local accountability requirements over a wider geography. This will make clear the difference between the role of the LEP and the role of the Combined Authority.

Issue 5 – Strategy does not take account of interests and opportunities in all places

Mitigation: Building on the existing cooperation between LEPs, officers are tasked to work together with a view to developing a single local industrial strategy by April 2020 to drive productivity and inclusive growth. This will begin initially by learning from current policies and evidence bases and reporting to each LEP and, from April 2019, report to a Shadow LEP Board.

Issue 6 – Identity and brand

Mitigation: Partners are clear that the priority remains delivery of each LEPs' current project pipeline, but as part of the implementation plan, partners need to reach agreement on an identity and brand for the new LEP that reflects the diversity and strength of all places.

Should a decision be made to create a new LEP then a cross LEP working group, supported by both LEP Boards, will be developed to undertake a review of decision making in both organisations in order to ensure that decision making involves all parts of the region in an effective and practical way. A new LEP must have a new, shared culture that reflects the economic geography of the region and strengthens links across the business base, including being seen and accessible in all parts of the area.

#### **Recommendation:**

We will **encourage Local Enterprise Partnerships and mayoral combined authorities to move towards coterminous boundaries where appropriate** in line with the wider discussions on Local Enterprise Partnership geographies. These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

#### **Information required in geography proposal:**

For LEPs in MCA areas, these proposals should consider the current relationship between MCA and LEP geographies.

#### **LEP response**

Please outline the LEP's response to the recommendation. The response should consider the information required, outlined above:

The proposal does not relate to a mayoral Combined Authority so partners at this stage have not considered the issue of coterminous boundaries.

In considering the LEP's response to Government's request, partners are clear that this is a separate process to devolution. Consequently, this proposal is not intended to prejudice discussions around any devolution agreement, such as One Yorkshire. Government's confirmation is sought that this is the case.

#### **Key milestones**

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

n/a

#### **Key risks and/or issues**

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

n/a