

Report to: West Yorkshire Combined Authority

Date: 11 October 2018

Subject: **Strengthened Local Enterprise Partnerships**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To update Combined Authority Members on the Leeds City Region Enterprise Partnership's (the LEP's) response to the Government's 'Strengthened Local Enterprise Partnerships' report. Once Government has responded to this proposal, further reports will be brought forward to Members about the implementation implications for the Combined Authority.

2. Information

Government's Review of LEPs

- 2.1 A Review of LEPs was announced in the Industrial Strategy White Paper in November 2017. The LEP Review resulted in Government publishing a paper on 'Strengthened Local Enterprise Partnerships' on 24 July. The LEP Network welcomed, on behalf of LEPs, the Review's strong endorsement of LEPs as the main drivers of local growth. Roger Marsh OBE, Chair of the Leeds City Region Enterprise Partnership, has similarly welcomed the overall direction of the Review and Government's backing of LEPs, including the Council of LEP

Chairs, chaired by the Prime Minister¹. The formalisation and strengthening of LEPs is set in the context of their evolution from informal partnerships that bring private sector expertise into local decision-making, to bodies with more formal levers and over £9 billion of investment in economic growth.

- 2.2 The Review makes clear the opportunity for those LEPs that are able to move forward in line with its recommendations, in conjunction with strong local political leadership. As well as additional direct capacity funding to implement improvements, the further rollout of local industrial strategies and full access to the UK Shared Prosperity Fund rest on LEPs operating appropriately. At the same time the Review was published, Ministers also published a written statement² on local industrial strategies, a second wave of six places and the intention that there should be local industrial strategies in the remaining areas by 2020.
- 2.3 The Review's headlines were discussed briefly at the last Combined Authority meeting on 3 August according to the three dimensions of:
- Leadership and capacity
 - Accountability and performance
 - Geography, and in particular the requirement to remove overlaps.
- 2.4 The Review requires two responses from LEPs, the first on proposals for the geography requirements and secondly setting out how the LEP will implement the other elements of the Review. It is important that the City Region responds positively to Government, remains at the heart of the debate, and is fully involved in decisions that will shape the future economic success and well-being of the region.

A consensus on geography

- 2.5 The LEP Board resolved at its meeting on 20 September to propose to Government 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

¹"We remain firmly committed to Local Enterprise Partnerships (LEPs). From next year, the Prime Minister will chair a biannual 'Council of LEP Chairs'. This will provide an opportunity for LEP leaders to inform national policy decisions.

While LEPs across the country have played an important role in supporting local growth, feedback suggests that their performance has varied. We are reviewing the roles and responsibilities of LEPs and will bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries. We will work with LEPs to set out a more clearly defined set of activities and objectives in early 2018. These will be driven by influential local leaders, acting as figureheads for their area's economic success, and a clear strategy for local and national partnership. We will agree and implement appropriate structures for holding LEPs to account.

We will work with LEPs to review overlapping geographies and ensure people are clear as to who is responsible for driving growth in their area. We recognise that in order to deliver their role effectively, LEPs need financial support. We will make additional financial resources available to LEPs that demonstrate ambitious levels of reform following the review"

² See: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Lords/2018-07-24/HLWS898/>

In addition to the three 'trailblazing' Local Industrial Strategies in the West Midlands, Greater Manchester and Cambridge-Oxford Arc, the second wave of six more Local Industrial Strategies were announced on 24 July covering LEPs in: Tees Valley, North East, Leicester and Leicestershire; West of England, Cheshire and Warrington and the Heart of the South West.

Enterprise Partnership, except for Barnsley. 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.

- 2.6 The LEP Chair submitted the response on 28 September, which is attached as **Appendix 1**. The appendix describes in more detail how the LEP's position is based on its record of achievement and proactively seeking views from the business community, local authority partners and neighbouring LEPs on which geography best gives the platform for improving productivity and driving inclusive growth. It is also clear that there is absolute commitment to the scale and pace of delivery associated with the current programmes and this should not be compromised.

Implementing improvements on leadership, transparency and performance

- 2.7 The LEP is also asked to respond by the end of October on how it will implement other improvements about leadership, transparency and performance. **Appendix 2** sets out how the LEP is positioned on those elements.
- 2.8 The Combined Authority is the LEP's accountable body, meaning it provides the independent legal basis to implement decisions. Further reports will be brought to the Combined Authority when it is clearer how the relationship between the LEP and Combined Authority will evolve.

Next Steps

- 2.9 The next steps for the LEP and Combined Authority on the LEP Review are:
- Await response from Government on geography (expected November).
 - Step-up joint discussions with partners in the York, North Yorkshire and East Riding LEP to collaboratively identify and develop better ways of working and understand how best practice across both organisations can be emulated. This includes, for example, the Leeds City Region's success in attracting transformative inward investment and how the YNYER LEP has focused on the growth potential of micro and small businesses in rural areas.
 - Strengthen collaboration across all neighbouring LEPs, via the NP11 and with Yorkshire Leaders.

- Set out to Government how the LEP and Combined Authority will implement other improvements around Leadership & Capacity and Performance & Accountability.

3. Inclusive Growth Implications

- 3.1 The ability of the Combined Authority and LEP to drive inclusive growth depends on the powers and resources to make a tangible difference. By responding positively to the LEP Review, partners position the City Region to have the necessary future tools for a transformative local industrial strategy that will improve the quality of life for all, and particularly those facing the greatest disadvantage.

4. Financial Implications

- 4.1 Government has indicated that those LEPs that respond positively to the LEP Review will benefit from modest extra funding to implement changes and strengthen the evidence as they build the basis of a local industrial strategy for 2020.
- 4.2 The Review is also clear that the overall response of LEPs will help shape the development of the UK's Shared Prosperity Fund, which will seek to address regional inequalities using funding repatriated funds following the UK's exit from the European Union.

5. Legal Implications

- 5.1 There are no direct legal implications arising from this report. Further reports will be brought to the Combined Authority when the legal implications are clearer, related to the likely geography and associated discussions with Government and partners.

6. Staffing Implications

- 6.1 There are no staffing implications directly arising from this report.

7. External Consultees

- 7.1 No external consultations have been undertaken directly in relation to this report. The LEP's proposal is based on significant engagement with business, local authority partners and neighbouring LEPs. The detail of that engagement is set out in **Appendix 1**.

8. Recommendations

- 8.1 That the Combined Authority notes and endorses the proposal from the LEP for a new merged LEP to cover the whole of West and North Yorkshire and York, as per the submission at **Appendix 1**.

- 8.2 That the Combined Authority notes how the LEP and Combined Authority are positioned in respect of Government's recommendations on leaderships, capacity, accountability and performance (**Appendix 2**), and that further reports will be brought to Members on the detail of relevant legal changes once known.

9. Background Documents

The following background reports are referenced in this report:

- 2 August 2018 Combined Authority – Devolution and Review of LEPs
- 20 September 2018 LEP Board – Strengthened Local Enterprise Partnerships

10. Appendices

Appendix 1 – LEP Submission to Government on geography proposals.

Appendix 2 – Summary of the LEP's position in relation to the Government's requirements on leadership, capacity, accountability and performance.