

Report to: Overview and Scrutiny Committee

Date: 13 September 2019

Subject: **LEP Review & Merger**

Director(s): Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Katie McLean, Policy & Strategy Project Manager

1. Purpose of this report

- 1.1 To update the Committee how the Leeds City Region Enterprise Partnership (LEP), Combined Authority and partners are addressing the requirements following Government's review of LEPs to position the City Region positively to deliver a local industrial strategy and access future funding.
- 1.2 To share with the Committee what preparations are in place to ensure compliance with all non-geography related regulations.

2. Information

Transition to a new LEP covering West and North Yorkshire

- 2.1 At its 18 January meeting, the Overview and Scrutiny Committee was informed of the steps being taken to meet the requirements of the Government's review of LEPs ("*Strengthened Local Enterprise Partnerships*"), which requires all LEPs to remove overlaps by March 2020 and strengthen private sector leadership and diversity of LEP Boards.
- 2.2 The Committee noted that following Ministerial discussions with LEP Chairs in late 2018, the settled policy position of both the Leeds City Region and York, North Yorkshire and East Riding (YNYER) LEPs is to create a new LEP covering all of West Yorkshire, North Yorkshire and York by March 2020. The proposed geography of a West and North Yorkshire LEP is as follows:



- 2.3 The Committee was advised that a Transition Subgroup had been created, comprising members of both LEPs, to oversee the transition by working collaboratively. The Subgroup's work has been regularly fed back to both LEP Boards. In-principle agreement has been reached on many matters, with outstanding issues subject to further discussion.

Strengthening private sector leadership and diversity of LEP Board

- 2.4 Without prejudicing the outcome of those discussions, both LEP Boards are acting to ensure LEP governance complies with Government's requirements, whether or not the merger goes ahead. For instance, by spring 2020, at least two-thirds of members should come from the private sector, at least a third of members should be women, and the Board should otherwise reflect the diversity of the City Region.
- 2.5 On 6 June 2019 the LEP Board agreed to:
- Procure search and selection recruitment services to help recruit representatives of the private sector that reflect the diversity of the City Region and allow the City Region's LEP to meet gender balance requirements;
 - Procure external expertise to inform a remuneration policy for the Chair and any other appropriate positions.
- 2.6 Work is underway to progress those activities, and it is anticipated that the work would be completed in the autumn. This will allow changes to be made in the new year, ahead of the Government's March 2020 deadline.

- 2.7 Meanwhile, the Transition Subgroup discussed in February 2019 how Government's position on the size and composition of LEP Boards (maximum 20 members, with two-thirds private sector) results in challenges, given the size and diversity of local authorities across West Yorkshire, North Yorkshire and York. As a result the Subgroup agreed, on behalf of both LEPs, to submit a proposal for Board of the new LEP to comprise 27 permanent members, satisfying the equalities and diversity criteria and comprising two-thirds private sector representatives. It also emphasised that the new LEP should effectively receive two-times capacity funding, so there is no disbenefit from the two LEPs coming together. A copy of this letter is attached as **Appendix 1**.
- 2.8 The LEPs have now received Government's answer, after formal consideration by the Minister and Permanent Secretary in accordance with the process for exemption requests from the National/Local Growth Assurance Framework. Government has said that a new Board can be established by April 2020 with a maximum of 27 members, providing the Chair two years (to April 2022) to put in place a Board of no more than 20 members.
- 2.9 With regards to funding, the existing LEPs will be funded separately for 2019/20, including the additional funding that all LEPs receive to support the development of Local Industrial Strategies. No assurances have been given for funding beyond 2019-20.
- 2.10 The next meeting of the Transition Subgroup is expected to be held in October to reflect on progress and next steps.

3. Financial Implications

- 3.1 By meeting the requirements of the LEP Review, the Leeds City Region LEP is able to unlock £200,000 of capacity funding for 2019/20 to support any associated activity and strengthen the evidence base for a future local industrial strategy.
- 3.2 In future years, there is no guarantee that the new proposed LEP covering West Yorkshire, North Yorkshire and York will receive the same capacity funding as two separate LEPs.

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report, but the full implementation of a new LEP will have significant legal implications. These are being identified and addressed through the Transition Subgroup, under the guidance of both LEP Boards.

5. Staffing Implications

- 5.1 There are no direct staffing implications directly arising from this report. The broader delivery of the LEP Review requires significant capacity. Some of this will be covered by Government funding, but other capacity is being reprioritised from other work.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Overview and Scrutiny Committee considers the report and provides any comments or recommendations.

8. Background Documents

The following background reports are referenced in this report:

- 18 January Overview and Scrutiny Committee – LEP Review
- 6 June 2019 LEP Board - Strengthened Local Enterprise Partnerships

9. Appendices

Appendix 1 - Letter to officials on LEP Board composition and funding