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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 25 February 2020

**Subject:** **Strengthened Local Enterprise Partnerships**

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## **1. Purpose of this report**

- 1.1 To update the Board on work underway to ensure that the LEP complies with the Government's requirements set out in *Strengthened LEPs*.
- 1.2 To seek agreement from the Board on principles and mechanisms designed to ensure that collaborative partnership work continues across the functional economic area of the region with minimal impact on the delivery of core projects.

## **2. Information**

- 2.1 The LEP Board has previously taken decisions so the City Region has a LEP that fulfils the requirements of the Government's requirements in '*Strengthened Local Enterprise Partnerships*', including on geographic footprint: government has mandated that overlaps between LEP areas must be removed.
- 2.2 At its meeting on 16 January the Board agreed to change its geography so that from 31 March 2020 onwards, the LEP will formally cover the districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield. The LEP will continue to be known as Leeds City Region Enterprise Partnership, and membership is set out for agreement and endorsement in item 6, Governance.
- 2.3 When taking this decision, the Board agreed to seek strong partnership arrangements with neighbouring LEPs and partner authorities (namely Barnsley, Craven, Harrogate, Selby and York) to ensure that the region's economic priorities continue to be delivered and future investment is aligned to create the greatest possible benefits for all.
- 2.4 Whilst taking the decision to revise the LEP's formal geographic footprint, the LEP Board acknowledged several risks that would require mitigation:
  - **Economic geography:** 93% of the resident workforce work within the boundaries of the city region in a three-tier labour market. Each urban centre in the city region draws labour from a strong local catchment, and

Leeds draws labour from across the entire City Region and, as such, it is the strongest economic centre, though there are strong cross-boundary commuting flows in all districts of the City Region. Overall, around 25% of residents in employment commute across local authority boundaries to work. Reducing the footprint will mean that the geography of the LEP does not reflect the full economic geography of the City Region.

- **Recognition:** Partnership working across the Leeds City Region might not be as strong in 'formal' terms as it needs to be and might not be recognised by Government.
- **Scale:** A smaller LEP might be less able to work at scale with partners. This could affect operational efficiency.
- **Strategy and decision-making:** Those areas which are in the Leeds City Region economic geography, but which will no longer be part of the Leeds City Region LEP could lose influence on strategy development, decision-making and involvement in funding applications.
- **Programmes:** The LEP provides programmes and services which continue to be funded in 2020-21 covering the whole City Region, but for which funding is then undecided. If the geography is changed, then those areas that are no longer part of the LEP might not be able to receive those services in the future.

#### *Partnerships and Collaboration*

- 2.5 Our objective is to continue working together as effectively as possible given that the relationship with some wider City Region authorities is changing. Every effort will be made to minimise disruption to ways of working, delivery of existing programmes, and achievement of the objectives of the LEP and the wider City Region.
- 2.6 Both the Leeds City Region LEP and York, North Yorkshire and East Riding LEP are committed to working in partnership to achieve shared objectives, and core priorities, suggested as the following where work is already shared:
  - Leeds City Region Climate Coalition to tackle the climate emergency
  - Leeds City Region Duty to Cooperate and Statement of Common Ground
  - Future Leeds City Region Transforming Cities Fund bids
  - Marketing of the Leeds City Region to inward investors
- 2.7 Consideration has been given to formal governance arrangements and pragmatic ways of delivering effective solutions to ensure continued economic prosperity across the functional economic geography of the region. One possible mechanism to ensure this is the creation of a cross LEP committee and this is being explored in the context of devolution discussions in the region.
- 2.8 Any formal mechanism for cross LEP work could be underpinned by a formal collaboration agreement and this is in development. An updated position on collaboration will be brought to a future LEP Board.

- 2.9 Also of relevance to the work of the LEP is the potential evolution of the Combined Authority through a mayoral devolution deal. Negotiations are ongoing and an update will be brought to a future meeting of the LEP Board.

#### *Broader Regional Membership*

- 2.10 In support of the desire to maintain business as usual, it is also proposed that while the LEP's formal membership encompasses the five West Yorkshire Districts and private sector Panel Chairs, representatives of the four 'hinge' authorities (Craven, Harrogate, Selby and York) could continue to be invited to attend Board meetings on a non-voting basis. This would allow discussion, debate and decisions to be taken with the benefit of a regional understanding of impact, benefits and opportunities.
- 2.11 A district authority ceasing to be a formal member of the Leeds City Region LEP does not preclude the continuation of strong partnership working across the economic geography, including access to future funding bids (subject to any restrictions imposed by Government).
- 2.12 It is proposed that all ten former Leeds City Region authorities continue to be welcome to attend LEP Panels, in particular where the Panel is overseeing programmes which are being delivered in their area. This arrangement would be in place initially until March 2021 until the end of the current Growth Deal. More information of programme and project funding is set out from 2.15 in this report.

#### *Co-opted Private Sector Membership*

- 2.13 The Strengthened LEPs review also makes provision to appoint up to five co-optees with specialist knowledge at the Annual Meeting on a one year basis. This is addressed as part of item 7, Governance, with a proposal to strengthen representation from business groups on the LEP Board.
- 2.14 No voting rights will be afforded to co-opted members.

#### *Existing and Future Funding*

- 2.15 The LEP has three major funding programmes: Growth Deal, West Yorkshire + Transport Fund, and Growing Places Fund (GPF), managed in conjunction with the Combined Authority as the accountable body. The Board considered current arrangements for delivering these, and the mitigating steps to be taken to ensure that these are unaffected as far as possible at their meeting on 16 January, and these are set out in appendix 1.
- 2.16 In addition there are a number of projects and programmes delivered across the former Leeds City Region geography, and consideration of the most pragmatic means of continuing the delivery of these with minimal disruption is as set out below, subject to the ratification of a formal collaboration agreement between the LEPs.

## **Business Support**

- 2.17 There are several business support products currently being delivered across the current Leeds City Region geography, funded in the most part by European Regional Development Fund (ERDF) and Local Growth Fund (LGF), and often a combination of the two.
- 2.18 It is understood that **Growth Hub** funding from Government for 2020/21 will remain at the same level as the previous three years for both current LEP geographies. If this position changes an update will be brought to this Board at the first opportunity. However, the figures are likely to change for future years from April 2021 which will have an impact on the current Leeds City Region ERDF Growth Hub extension project as it relies on Government and all of the City Region's current Local Authorities for match-funding. Consultations will take place with each of the current Local Authorities and constructive discussions have commenced between the two LEP Business Support teams to identify delivery options for April 2021 onwards and to then put in place the most appropriate model.
- 2.19 The LEP/Combined Authority currently uses Local Growth Fund (LGF) to provide the following capital grant programmes to business across the current Leeds City Region geography. The delivery period for these LGF funded projects runs until the end of March 2021
- **Business Growth Programme** – Capital grants to businesses that will lead to new job-creation
  - **#Grow and #Welcome** – Funding for the creative and digital sector to establish new operations within the (current) Leeds City Region geography
  - **Productivity Pilot** – Pilot programme to incentivise productivity improvements within a small cohort of businesses, rather than requiring projects to lead to the creation of new jobs.
- 2.20 The following programmes are delivered using ERDF funding, or a combination of ERDF and LGF funding. These programmes operate across the current Leeds City Region except Barnsley, with the exception of REBiz which operates across an extended geography of Leeds City Region and North Yorkshire.
- **Access Innovation / Connecting Innovation** – Programmes to support SME innovation. Access Innovation finishes at the end of June 2021. Connecting Innovation has not yet been contracted but is expected to start in April 2020 and run until March 2023.
  - **Strategic Business Growth** – support for SMEs with high growth potential. The current programme finishes at the end of March 2020 however a request to extend the project has been submitted to Government to extend the project until the end of March 2023.
  - **Investment Readiness** – providing SMEs with impartial advice and guidance on the full range of finance products available in the market. The current programme finishes at the end of December 2021. A request to extend the project by a further 18 months (to end of June

2023) will be submitted to Government in mid-late 2020 in response to the final call for projects which was issued in mid-2019.

- **REBiz** – Resource efficiency and circular economy SME support programme for the Leeds City Region and North Yorkshire which launched in January 2020 and will run until the end of December 2022.

2.21 In addition, the Business Support team also deliver the **Travel Plan Network (TPN)**. This is part funded by the European Interreg SHARE-North programme and provides its business members with expert advice and guidance on implementing sustainable travel solutions and relocation support. The programme covers only the West Yorkshire geography.

### **Employment & Skills**

2.22 The LEP/Combined Authority currently delivers the following Employment and Skills Services:

- **Futuregoals** – an all-age careers platform, reaching 250,000 people per year to inform and inspire them about careers across the Leeds City Region. We have contract targets across the old Leeds City Region geography and officers will continue to work closely with our neighbouring LEPs to ensure complementarity with their activity.
- **[re]boot** – a part-ESF funded programme supporting re-training for underemployed adults and recent graduates. The programme will deliver across Leeds City Region (excluding Barnsley), until 31 March 2022.
- **Employment Hub** – a part-ESF funded programme delivered in partnership with local authority partners, to broker apprenticeship and employment opportunities for young people aged 15-24. The programme will deliver across Leeds City Region (excluding Barnsley), until 31 March 2022.
- **Enterprise Adviser Network and Careers Hubs** - The LEP is currently co-funded by the Careers and Enterprise Company to deliver activity to improve the destinations of our young people, including by building strategic relationships between businesses and schools. In the overlapping area of York and North Yorkshire, the caseload is split between the two LEPs by agreement. Funding confirmation is awaited beyond August 2020. Final confirmation will follow in due course.
- **Apprenticeship Levy Transfer Service** – this service is currently intended to deliver until March 2021 across the old LEP geography and helps levy-payers to either use their levy funds to recruit their own apprentice or transfer their unspent levy to other businesses seeking apprenticeship funding. Officers will continue to work closely with colleagues in neighbouring LEPs to ensure alignment with their activity and priorities.
- A decision is expected imminently about an application from the LEP/Combined Authority to deliver a part-ESF funded **Skills for Growth** programme which will support businesses to navigate and engage with the full breadth of the education system. Should this application be successful, the programme will deliver across the old LEP geography, excluding Barnsley, as required in the specification.

- 2.23 As the current ESIF strategy currently covers the former Leeds City Region geography, excluding Barnsley, there is a great deal of employment and skills provision being delivered across this geography, funded through European Social Funding (ESF). This delivery is funded through a wide range of different delivery organisations with different end dates for programmes.

### **Trade & Investment**

- 2.24 There are several existing services operated by the Trade & Investment team at Leeds City Region LEP which work across the York, North Yorkshire and East Riding LEP geography:
- **Investor propositions** are developed using statistics and economic data that incorporates both LEP geographies.
  - Leeds City Region officers provide a full **Investment Promotion Agency** service for the York, North Yorkshire and East Riding LEP. Inward investment enquiries generated via this service are actively encouraged to invest in all districts of the broader LEP geography.
  - An annual strategy that identifies numerous **inward investment opportunities** which stem from core-capabilities in our regions key industrial sectors is coordinated on a cross-LEP basis. Many of these i.e. Food & Drink and Agri-tech derive from industrial capabilities that lie predominantly in the York, North Yorkshire and East Riding LEP geography.
  - **International profile-raising activity** such as attendance at key events such as MIPIIM, SMART Cities, Arab Health currently facilitates opportunities for businesses and local authorities in the York, North Yorkshire and East Riding geography.
  - Leeds City Region LEP receives an annual £200,000 grant award from the Department of International Trade to key account manage circa. **120 foreign-owned businesses** across the broader Leeds City Region geography. Approximately, 30 of these are in the York, North Yorkshire and East Riding LEP region. Future bids for 2020/21 funding had to be submitted on 5 February 2020. Pending a formal collaboration agreement, this bid was submitted on exactly the same terms as previous years, allowing the service to avoid any disruption and continue to meet the needs of the businesses it serves.
  - **Major grant schemes** such as Strategic Inward Investment Fund, #Welcome and #Grow are administered and delivered by the Leeds City Region LEP across the broader LEP geography and currently enable applications from businesses in all districts.
  - **International trade development**, export initiatives, advocacy, collaboration with trade bodies and campaigns all take place across both geographies.
  - The various programmes and initiatives contained within the **Creative Industries Opportunity Programme** are applicable to businesses across both LEP geographies.
  - **International market development** in China and India received funding from the Business Rates Pool in late 2019. Whilst we still await confirmation, it is believed that Harrogate was one of the contributors to BRP and therefore should continue to be a beneficiary of this activity.

- 2.25 It is not proposed that any changes are made to delivery of the above services, programmes and schemes, and that as a starting point of principle, future working is carried out on a cross geography basis subject to agreed ways of working and a formal collaboration agreement to support partnership working.
- 2.26 Any European funded programmes which apply across the City Region will continue until their conclusion.
- 2.27 For current 'hinge' local authorities (Barnsley, Craven, Harrogate, Selby and York), the future impact on available funding will be subject to decisions by Government about funding allocations and rules governing them. This includes the UK Shared Prosperity Fund. Where it makes sense, the default position will be to continue work with colleagues in partner LEPs and authorities across the broader economy.
- 2.28 The implications on other funding streams will be considered in due course, with every effort made to minimise the disruption to delivery and to maximise positive impact on the communities that the LEPs serve.

### **3. Clean Growth Implications**

- 3.1 Through meeting the requirements of Strengthened LEPs, the LEP will be positively working towards meeting its stated corporate priority of combatting climate change through a positive working relationship with Government which will enable future policy making to fulfil the LEP's clean growth ambitions.

### **4. Financial Implications**

- 4.1 In putting in place a LEP that meets the full requirements of *Strengthened Local Enterprise Partnerships*, both LEPs have removed the risk of being penalised in future funding for local growth and infrastructure.
- 4.2 It is expected that the future funding impact for hinge authorities will be neutral. This is because previous funding has been split between two LEPs, with local projects accessing funding from both. The removal of overlaps means local funding will go to only one LEP.
- 4.3 For the period of the current Growth Deal (2014 – 2021) it is intended that these will continue as planned across the former geography.
- 4.4 Government has not yet confirmed its future approach to funding LEP core costs.

### **5. Legal Implications**

- 5.1 The report covers the proactive steps which have been taken in order for the LEP to comply with Government's requirements.

## **6. Staffing Implications**

6.1 There are no direct staffing implications.

## **7. External Consultees**

7.1 Discussions with partner authorities, York, North Yorkshire and East Riding LEP and Government are ongoing.

## **8. Recommendations**

8.1 That the Board notes and supports work to maintain strong partnership working arrangements across the former Leeds City Region geography with LEP and local authority partners.

8.2 That the Board notes that discussions to agree a codified collaboration agreement are ongoing and that proposals will come to a future meeting of LEP Board for endorsement and agreement.

## **9. Background Documents**

None

## **10. Appendices**

Appendix 1 - Funding