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

**Date:** 20 September 2018

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

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## 1. Purpose of this report

- 1.1 For the LEP Board to reach agreement on the proposed geographical footprint of the LEP, and endorse the position on leadership, capacity, accountability and performance, in order to respond to Government on the issues raised in its 'Strengthened Local Enterprise Partnerships' paper.

## 2. Information

### Government's Review of LEPs

- 2.1 A Review of LEPs was announced in the Industrial Strategy White Paper in November 2017<sup>1</sup>. The Review was led by cross-departmental Ministerial group: Jake Berry MP (Ministry of Housing, Communities and Local Government), Margot James MP (Department of Business, Energy and Industrial Strategy) and Andrew Jones MP (HM Treasury). Engagement with local authorities, business groups and others has been carried out through working groups (Cllr Blake (Leeds City Council) was a member of the stakeholder group).

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<sup>1</sup>"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"

- 2.2 The LEP Review resulted in Government publishing a paper on ‘Strengthened Local Enterprise Partnerships’ on 24 July; a summary of the Review’s proposals is attached as **Appendix 1**.
- 2.3 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 Minister. 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.
- 2.4 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 statement<sup>2</sup> 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.
- 2.5 The review specifies actions required by Government to strengthen LEPs in respect of *Leadership & Capacity* and *Accountability & Performance*. Following steps taken in January 2018 to make the Leeds City Region LEP among the most transparent in the country, it is well placed to address the new requirements. **Appendix 2** provides details of the requirements and how the LEP is positioned.

### Geography

- 2.6 The most pressing aspect of the Review is to respond to the Government’s questions on geographic footprint of LEPs. The Review is very clear that LEP geographies should reflect functional and functioning economic areas, but to ensure clarity of service delivery and accountability, there should be no overlapping areas. This means the Leeds City Region geography must change if it is to comply with the letter and spirit of Government’s proposals. That said, where local economies naturally look in multiple directions, Government stresses that LEPs should develop more effective ways to coordinate across boundaries. This coordination may also apply to non-neighbouring areas (for example, if there are specialist industrial assets or clusters, like the automotive industry), and may cover a variety of scales, from

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<sup>2</sup> 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.

bi-lateral agreements to the NP11 consortium of LEPs across the Northern Powerhouse.

2.7 In the Leeds City Region, views have been sought from partners including:

- Formal discussions with LEP Panels
- Special meeting of the Business Communications Group (6 September)
- Discussions amongst local authority Leaders
- LEP Chair leading discussions with business groups
- Online engagement portal (<https://www.yourvoice.westyorks-ca.gov.uk/lepreview>), giving opportunity for businesses and others chance to comment.

Feedback so far shows that many in the business community see this as a positive step towards giving the region a strong national voice, and building on the strengths of residents, businesses and places across a wider footprint. More detail from these ongoing discussions will be fed-back to LEP Board Members at the meeting.

2.8 All four LEPs in Yorkshire and The Humber have a strong track-record of working together effectively, where overlaps have not hindered progress. In considering the response to the LEP Review, that alliance has provided an opportunity to share intentions, build on existing collaboration and ensure the effective delivery of current LEP programmes is maintained.

2.9 The Leeds City Region and York, North Yorkshire and East Riding (YNYER) LEP have significant overlapping areas<sup>3</sup>. In each area, private and public sector partners have discussed the relative merits of a larger or smaller geography.

2.10 Discussions with partners point towards a preference for a merger to cover the West Yorkshire, North Yorkshire and York footprint, albeit with some points of culture and working practice to address together. This area of 3,992 sq miles covers a population of 3.1 million, where 93.8% of people who live in the area also work in the area, and the economy is worth £70.3 billion with a broad base of sector specialisms providing resilience. The rich diversity of places means that coastal, rural and urban areas can combine to be stronger together, more effectively deliver inclusive growth and be more influential with national and international partners.

2.11 While this would ensure strong partnership work across the vast majority of the City Region's functional economic area, it would see Barnsley operate with its neighbouring authorities in the Sheffield City Region. Strong cooperation would be retained to maintain collaboration across Yorkshire, particularly in respect of inclusive growth in Barnsley and the East Riding.

2.12 There are other options that the Board may wish to take account of in responding to Government on geography, which will be done via a pro-forma (template attached as **Appendix 3**):

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<sup>3</sup> City of York and the North Yorkshire districts of Craven, Harrogate and Selby. This means 44% of the YNYER LEP area 'overlaps' with the Leeds City Region.

- a) If Government softens its position on the removal of overlaps, the LEP and partners may choose to maintain the status quo, reflecting the effectiveness of current operations with neighbouring areas.
- b) Although a West Yorkshire only LEP would be viable under Government's criteria, partners have indicated the benefits of a wider footprint such as the additional influence and resilience of the area mean that is the preferred option. Working closely with business and local communities, a refreshed and larger LEP is well placed to seize the opportunities of the local industrial strategy and UK Shared Prosperity Fund to do even more to improve the lives of residents and contribute to the regional and national economy.

### **3. Financial Implications**

- 3.1 There are no direct financial implications from this report.
- 3.2 Government has, however, been clear that increased funding for LEPs to support implementation of the new requirements is contingent on LEPs coming forward with proposals that are compliant with its Review. This relates both the direct capacity funding and potentially full access to future funding streams such as the UK Shared Prosperity Fund.

### **4. Legal Implications**

- 4.1 There are no direct legal implications from this report.
- 4.2 Whatever preferred option is chosen and implemented will include significant legal implications which will be worked through as part of the implementation plan submission.

### **5. Staffing Implications**

- 5.1 There are no direct staffing implications arising from this report.
- 5.2 There will be staffing implications from a new LEP being established which will be worked through as part of the implementation plan.

### **6. External Consultees**

- 6.1 There has been significant engagement across a variety of partners, and particularly with neighbouring LEPs and Government officials. These conversations have shaped this report.
- 6.2 The LEP has also proactively sought the views of businesses and others via discussions with the Business Communications Group, advisory panels and via a public engagement opportunity.

## **7. Recommendations**

- 7.1 That the LEP Board notes 'Strengthened Local Enterprise Partnerships', the culmination of Government's LEP Review and its links with activity on local industrial strategies and the emerging UK Shared Prosperity Fund.
- 7.2 That the LEP Board endorses the City Region's position on matters of leadership, capacity, accountability and performance as set out in Appendix 2.
- 7.3 That the LEP Board agrees its preferred option on geography, as set out in paragraph 2.10, and delegates authority to the LEP Chair to respond to the Government with that proposed geography by 28 September 2018.
- 7.4 That the LEP Board delegates authority to the LEP Chair to respond to Government, including on the full implementation plan for a new LEP by 31 October 2018.

## **8. Background Documents**

- 8.1 There are no background documents.

## **9. Appendices**

Appendix 1 – Government's summary of 'Strengthened Local Enterprise Partnerships'

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

Appendix 3 – Government's pro-forma for LEPs to make proposals on LEP geography.