

Report of Corporate Director of Economy and Place

Local Enterprise Partnerships (LEP) Review - Update

Summary

1. This report provides an update on the current LEP review, the responses made to date and the implications for York.

Background

2. The LEP Network describes LEPs as *“business led partnerships between local authorities and local private sector businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area.”* Importantly, they provide a conduit through which significant national infrastructure and skills funding is channelled by Government.
3. York is part of Leeds City Region (LCR) and York, North Yorkshire and East Riding (YNYER) LEPs. York has enjoyed positive working arrangements and certainly benefited from both. The different priorities and focuses of the two areas have provided support to York in different ways, recognising our strategic position as a key city between two sub-regions and our role bridging two economic geographies. Both LEPs have supported significant investment in York.
4. A review of LEPs was announced in the Industrial Strategy White Paper. It was led by a Ministerial group of Jake Berry (Ministry of Housing, Communities and Local Government), Margot James (Department for Business, Energy and Industrial Strategy) and Andrew Jones (HM Treasury) and included engagement with local authorities, business representation organisation and others through working groups.
5. A confidential briefing was provided to LEP Chairs and Chief Executives on 17 July in London, with the final report - *Strengthened Local*

Enterprise Partnerships - published on 24 July. The link to the report is included in Background papers.

6. The review is a vote of confidence in LEPs, reinforcing their role to be the lead organisation in implementing the Industrial Strategy and through which the UK Shared Prosperity Fund (the key post-Brexit capital infrastructure funding) will be distributed.
7. Annex A summarises the recommendations of the review.
8. The primary issue for York is that:
 - a. Under the proposals, there can be no overlaps in terms of LEP geographies, meaning places may only be members of one LEP.
9. Secondary issues which impact on York relate to:
 - a. Increased private sector membership on boards, and available spaces for council representation
 - b. A secretariat independent of local government
10. This note focuses primarily on the geography as this is the most immediate potential change to existing arrangements.
11. Each LEP was required to submit a response, proposing their plan to meet the new requirements on geography, by 28 September. This was followed by further response on implementation of the other governance issues by 31 October.

Consultation

12. Since the publication of the review, a range of formal and informal discussions have been held between the LEPs, Councils, MPs and businesses. This has been led by the LEPs themselves.
13. The matter has been discussed at LEP and Combined Authority meetings and with the Yorkshire Leaders group.

Options

14. The requirement to remove overlaps will require some changes of LEP membership for authorities. There are a number of other overlaps in our region. These are as follows:
 - a. East Riding in both YNYER and Humber LEPs

- b. North Lincolnshire and North East Lincolnshire in both Humber and Greater Lincolnshire LEPs
 - c. York, Harrogate, Craven and Selby in both YNYER and LCR
 - d. Barnsley in both LCR and Sheffield City Region (SCR)
15. With so many overlaps, the changes regionally might be significant, with each individual change having a knock-on impact on the neighbouring LEPs.
16. Within both LCR and YNYER, the early discussions recognised two possible options:
- a. To get bigger – attempt to merge with neighbouring LEPs, thereby removing overlaps. This manifested itself as a consideration of a merger of LCR and YNYER.
 - b. Get smaller – overlapping authorities to go to one LEP or the other. This was viewed as a York and North Yorkshire LEP, referred to as “York City Region”, with East Riding being part of Humber LEP.
17. It became known some weeks after the publication of the review that some areas of the country had been discussing with Government the possibility of not removing overlaps and maintaining the status quo. This, therefore, presented a third option:
- c. To propose to maintain existing overlaps and submit a non-compliant response, in the hope that Government would remove that requirement.

Analysis

18. With all the above options, there are some associated benefits and challenges.

LCR and YNYER merger

19. This option is attractive to York on the basis that:
- a. It would create a LEP of significant scale (pop. c.3m) and prominence which might help to ensure future investment

- b. There is potential to create a new LEP entity which reflects the diversity of the region and create a solid platform to work collaboratively
- c. It would maintain York's relationships east and west and represent our strategic position at the heart of the region
- d. No decision to withdraw from a LEP would be needed and no complexity of disengaging from existing areas of work

20. The potential challenges are:

- a. Ensuring a large LEP really did represent the diversity of issues across the geography, was not dominated by the larger authorities, and all places had a fair chance of investment.
- b. Ensuring a strong political voice from each place
- c. Identifying the appropriate accountable body for the LEP (which is likely to be West Yorkshire Combined Authority, but which itself does not represent the whole geography).

York City Region

21. This option was suggested to potentially benefit York because it could:

- a. Provide greater prominence of York within its LEP
- b. Potentially give York a larger proportion of investment from the LEP

22. The challenges of this approach are that it could:

- a. Remove or reduce our strategic links into the Leeds City Region
- b. Create a small LEP (pop. c.800k) which might not have the prominence or influence required to attract significant investment
- c. Maintain an existing YNYER LEP priority focus on rural and coastal issues which would not, on their own, represent all York's key areas of priority.

Maintain overlaps

23. This option has the advantage of:

- a. Maintaining a set of arrangements which work effectively and through which York has benefited.
- b. Require no significant transitional activities, no decision to withdraw from a LEP and no complexity of disengaging from existing areas of work
- c. Maintain York's strategic connections east and west

24. The challenges of this approach would be:

- a. The failure to capitalise on a potential opportunity to create a new LEP which better collectively served the interests of the sub-region.

25. On balance, discussions concluded that York's preference would for a merger of LCR and YNYER, based on the potential benefits above. It was considered that the challenges this option would pose could be overcome through the governance arrangements put in place. At a meeting of LCR, this position was echoed by other authorities and the board agreed a submission to government on that basis.

26. YNYER LEP board, however, had a different discussion. There were broader concerns from partners about whether a larger LEP could represent the diverse interests of the region, particularly the rural and coastal aspects. There was uncertainty of how governance arrangements could allow all the voices (including district councils) to be heard. This meant a merged model was not agreed. CYC made it clear that a smaller York City Region model was not preferred as this would not create the scale necessary to ensure investment and profile. This left the only agreeable option as proposing continuation of the status quo, with overlapping geographies. This was unanimously agreed and a submission made on that basis.

27. Because of York's involvement in two submissions which could be viewed as contradictory, a letter was sent to the Secretary of State to clarify CYC's position. This summarised that CYC:

- "are supportive of the proposal for a merged West and North Yorkshire LEP footprint, where a new LEP entity is designed to meet the diverse requirements of a broad geography in such a way that supports growth across the region fairly and equitably;
- recognise that if there is a move away from the Government's stated position of requiring no overlaps in footprints, retaining the existing

overlapping boundaries of LCR and YNYER would continue to serve both York's interests and those of the wider region well;

- would be unlikely to support proposals which resulted in York being in a single smaller LEP, or which excluded us from the LEP arrangements for either of the North or West Yorkshire economic areas.”

28. Both LEPs have subsequently submitted further responses which outline the process for adopting the other (non-geographic) recommendations.
29. The submissions received by Government are clearly not all mutually compatible. For this reason, it is expected that ministers will determine the geography. At the time of writing, no response has yet been received.

Council Plan

30. This discussion is relevant to York's wider economic growth potential and in particular the priority of A Prosperous City for All.

Implications

31. The implications are highlighted within the Analysis section above, but at this stage are high-level. Once the future geography is known, a more detailed assessment of the implications can be made.

Risk Management

32. Given the responses made by both LEPs, York is well positioned in either of the outcomes proposed.
33. A general risk is that any future LEP does not represent the needs of our city. This is mitigated by the good existing relationship with each LEP and the recognition of York's importance across both geographies.

Conclusions

34. Once the geography is known, officers will continue to support the development of the future working protocols and ensure that York's interests are well represented. Given the submissions made, the position for York appears positive with either outcome.

Recommendations

35. Members are asked to:

- 1) Note the progress to date and provide any perspectives on how York's interests can be best represented in future arrangements.

Reason: to support York's economic wellbeing

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Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Strengthening Local Enterprise Partnerships

<https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships>

Annexes

Annex A – Summary of LEP review recommendations

Abbreviations

LEP – Local Enterprise Partnership

YNYER - York, North Yorkshire and East Riding

LCR – Leeds City Region

SCR – Sheffield City Region