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## Economic & City Development Overview and Scrutiny Committee

25 January 2011

Report of the Director of City Strategy

### Progress Report - Local Enterprise Partnerships

#### Summary

1. This report provides an update on progress with establishing the North Yorkshire/ York and the Leeds City Region Local Enterprise Partnerships.

#### Background

2. The Economic and City Development Overview and Scrutiny Committee considered in September 2010 a progress report on the Future of Yorkshire Forward and the proposed Local Enterprise Partnerships (LEPs). The Committee considered that it would be helpful to receive regular progress reports as the LEPs proceed. January was considered an appropriate time for the next progress report since this was the estimated date when the Business Plans for the LEPs would be available in draft, which would provide the basis for assessing the scope of the LEPs work, and greater clarity should be available on the government's ambitions for LEPs.

#### Progress

3. **LEP Approval.** The Government, last October, as part of the White Paper "Local growth: realising every place's potential" announced the approval of the first 24 LEPs including the Leeds City Region LEP. A handful of local authorities in these LEPs were located in more than one LEP. Whilst there has been a second round of LEP approvals a number of LEP submissions remain with Government for approval including the North Yorkshire and York LEP. The timetable for approval of the North Yorkshire/York LEP remains unclear, although it is not government's aim to ensure total LEP coverage of England.
4. **Roles and Responsibilities.** LEPs can set up their own legal identity or remain as a partnership without any legal entity. The scope of the LEPs remains unclear, reflecting a desire by government for LEPs to carve out their own roles and responsibilities. Appendix 1 to this paper is taken from the White Paper and sets out a range of diverse areas where government expects LEPs to have a possible role. In particular government has emphasised that it would encourage partnerships to take a strong role in overseeing

infrastructure provision, as part of an integrated approach, spanning planning, housing and transport.

5. Without any statutory powers, responsibilities or resources the LEPs are increasingly seen as organisations that will be advocacy or influencing vehicles. The following generally reflect the common view on where LEPs might focus their influencing role:
  - be the conduit for business views on how a successful environment can be created for business development (whether dealing with national issues such as business regulation or local issues such as transport infrastructure provision); and,
  - assist other organisations, including local authorities, to work together on issues which traverse boundaries.
6. If LEPs are to be influential they will need to speak from authority and the government has recently announced the availability of a national £1 million annual LEP Capacity Fund intended to provide small amounts of cash to help LEP chairs pay for analytical work to assess their economic circumstances. Meanwhile the government is hosting a national LEP summit on growth and competitiveness in the Spring which will bring together LEP Chairs from across the country to “prioritise action to stimulate growth at a regional level” and which might provide some clarity on the potential development of LEPs.
7. **Governance.** The Leeds City Region will have announced its private sector chair prior to this meeting, and the recruitment process is underway to establish a Board. Local Authority Leaders have agreed a Board of 15 LEP Members, which would include 7 Local Authority leaders (from the 11 local authority areas that are represented on the LEP).
8. The East Riding of Yorkshire has announced that it has now decided not to join the North Yorkshire/ York LEP (which was an option trailed in the previous progress report) although it has announced a desire to work with the LEP. This decision is unfortunate since the City of York will no longer have the benefit of a formal LEP framework to deal with economic and infrastructure issues which span local authority boundaries. This is particularly important to the east of York with relatively high levels of net in commuting into York and the York housing market extending into the East Riding.
9. **Business Plans.** The Business Planning process is proceeding more slowly than originally envisaged and it is likely to be March/ April when the Business Plans for both LEPs will be available in draft.
10. **The Leeds City Regions (LCR) Business Plan.** The LCR Business Plan will be supported by a revised strategy based on an assessment of the City Region’s opportunities that can drive economic development. This approach will be helpful to York, especially with the need to maximise job and wealth creation but to minimise public expenditure, when York has a disproportionately high supply of assets that can drive economic development.

11. **The North Yorkshire/ York Business Plan** is suggesting that the LEP should focus on 9 priorities of which the following are relevant to York:
  - Investing in York as an economic driver for the sub region;
  - Securing investment for the provision of broadband;
  - Promoting enterprise;
  - Investing in business tourism and the visitor economy; and,
  - Enabling the care sector to meet rising needs.
12. If the LEPs are to provide real benefits they will need to demonstrate that they have provided additional benefits for York that would not otherwise exist. For each of the above priorities we are working out what the potential benefits are to York, which will provide a benchmark in assessing the performance of the LEP from a York perspective.
13. **Yorkshire Enterprise Partnership.** The previous paper noted that there might be some areas of economic development, which might be best, delivered at the regional level. Whilst the emerging LEPs recognise that there will be some areas where collaboration will be beneficial (perhaps inward investment) the proposals for the Yorkshire Enterprise Partnership do not appear to have progressed.
14. **Regional Growth Fund (RGF).** Since the previous progress report the Regional Growth Fund has been formally launched as a national competitive fund of £1.4Bn over 3 years, which whilst useful is unlikely to make a substantial difference to York's economy. There are to be several bidding rounds with the first round having a 21 January deadline. The minimum size for a project is £1m of grant assistance and applications need to be submitted by the private sector. Applications which create genuinely new jobs, particularly in those areas of high private sector dependency, will be the priority for approval. The LEPs have an optional role of coordinating and advising on RGF applications.
15. There is likely to be one York specific application in the first round from Science City York for a bio refinery project. In addition, the National Railway Museum is considering a RGF bid to support improvements in order to replace the loss of funding from Yorkshire Forward and to provide a match against Heritage Lottery funds. There are a number of additional pan City Region projects, which, if approved, are likely to benefit York including start-up support, grants for businesses and an initiative aimed at growing creative industries. For subsequent rounds an additional Science City application is being developed aimed at enhancing the mentoring, coach and business advisory work of the Science City and the possibility is being explored of a potential RGF application for York Central.

## **Consultation**

16. Consultation within York has taken place through the York Economic Partnership.

## **Analysis**

17. The LEPs have been developing over the second half of last year, with Government approval being given to that for the Leeds City Region. With respect to the North Yorkshire/ York LEP there is still uncertainty over its approval, membership and governance and exactly what role this would play in supporting the local economy of York. The Draft Business Plans for the LEPs, when completed, will provide a valuable opportunity for the Overview and Scrutiny Committee to comment on the value of the LEPs from a York perspective. This would allow the committee to comment prior to any decision to potentially reconsider our York/ North Yorkshire LEP membership. The decision to belong to the North Yorkshire/ York LEP is subject to review by the Executive following completion of the Business Plan.

## **Corporate Strategy 2009/2012**

18. This would support the economic objectives and priorities of both the Sustainable Community Strategy and the Corporate Strategy.

## **Implications**

### **Financial/Programme Implications**

19. Not applicable as this report is for information only.

### **Human Resources**

20. Not applicable as this report is for information only.

### **Equalities**

21. Not applicable as this report is for information only.

### **Legal**

22. Not applicable as this report is for information only.

### **Crime and Disorder**

23. Not applicable as this report is for information only.

### **Information Technology (IT)**

24. Not applicable as this report is for information only.

### **Property**

25. Not applicable as this report is for information only.

## Risk Management

26. Not applicable as this report is for information only.

## Recommendation

27. That the Overview and Scrutiny Committee:

Note and comment on this report; and, receive a further progress report, in March/ April prior to a decision being taken on the City of York Council's continued membership of the North Yorkshire/York LEP

Reason: To keep the Committee informed of progress

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**Specialist Implications Officer(s)** None

**Wards Affected:**

All

For further information please contact the author of the report.

**Background Papers:** None

**Appendix 1:** Possible LEP Roles (extract from the White Paper: Local growth: realising every place's potential. October 2010)