

## **A LEEDS CITY REGION LOCAL ENTERPRISE PARTNERSHIP**

*This proposition has been agreed by the city region local authorities as an outline proposition. We are in the early stages of working with business partners to develop a more detailed proposition and business plan for a city region local enterprise partnership which will be submitted later this year.*

### **1. IN SUMMARY – OUR OUTLINE PROPOSITION**

- 1.1. This paper sets out the Leeds City Region Partnership's commitment to work with the private sector and Government to further develop close collaborative working between the eleven local authorities of the city region, across their administrative boundaries, for the purpose of promoting economic growth and a rebalancing of our local economy.**
- 1.2. Our proposition is being developed in cooperation with the three other functional economic partnerships within Yorkshire and the Humber and, together with our partners and existing regional agencies, we will work with Government to determine the future regional architecture.**
- 1.3. We recognise that for our local economy to grow businesses must succeed and prosper. The success of our proposition therefore depends upon the strength of our partnership between business and their supporting local authorities, acting together to promote investment and remove obstacles to their growth.**
- 1.4. Building on our current pooled and devolved responsibilities, we are keen to take on responsibility for strategy, funding, investment planning and commissioning for a fuller range of economic development, regeneration and related activities. With programme funding in these areas devolved, we will deliver more effectively and more efficiently by utilising our existing local government partnership infrastructure and by working collaboratively with our private sector partners at the level of the functional economy.**
- 1.5. To oversee and direct our efforts at the level of the functional economy, we will move towards the creation of a private sector-chaired Local Enterprise Partnership (LEP) that will bring together the political leadership and democratic accountability of our existing City Region Leaders' Board with the business leaders currently working within our partnership structure (see Figure 1 below) and a range of wider business interests.**
- 1.6. We are currently having open discussions with businesses and business organisations in the area to establish a working relationship with the private sector in order to develop the detail of our proposition. Our Leaders' Board is working to recruit a high profile business figure to lead this LEP, and we are working with our partners to develop a detailed business plan and financial appraisal which we will submit to Government later in the year.**
- 1.7. There is a potential role for a streamlined support agency which could deliver certain outcomes on behalf of the region's LEPs. Therefore, whilst we recognise the imperative to urgently reduce the national deficit, we would urge the Government not to withdraw all the resources and expertise that have been directed to supporting Yorkshire and Humber and its functional economies in recent years. For our part we will ensure greater focus and prioritisation of**

**resources and reduce the amount of organisational infrastructure utilised to deliver a range of key economic outcomes.**

## **2. INTRODUCTION - THE CHALLENGE**

- 2.1. At a time when the UK faces the most difficult economic conditions for generations, the public sector faces very real challenges. As we emerge from the recession, enhancing economic growth will be crucial to creating the momentum for a sustained recovery. At the same time the country's priority to tackle the deficit means that we need to be more efficient and effective in how we utilise public resources and we need to work more closely with our business partners to ensure a rebalancing of our economy.
- 2.2. We recognise that working with business we need to do more to create the conditions for businesses to start, grow and thrive, including the provision of robust infrastructure, enhancing the skills of our workforce, and providing enterprise support that is tailored to the needs of local business.

## **3. THE OPPORTUNITY FOR LOCAL ECONOMIC LEADERSHIP**

- 3.1. Although a national challenge, the challenges the UK faces will be tackled within our local economies, and addressing these challenges will require innovative ways of working across these economies to work more effectively together.
- 3.2. Across the Leeds City Region, we have responded to this need for innovative local economic leadership by working collaboratively across functional economic boundaries and across sectors – in order to do more with less – and to create the conditions needed to enable the private sector to lead the recovery.
- 3.3. Our Partnership was formally established in 2004 and was awarded Pilot Status in 2009. We are eleven local authorities working across the single largest functional economy outside of London.<sup>1</sup> We generate 5% of the nation's GVA and 60% of the Yorkshire and Humber region's GVA. We have over 120,000 businesses and a resident workforce of approximately 1.4 million people. 94% of this workforce is employed within the city region making ours the most self-contained of all the major UK city regions.<sup>2</sup>
- 3.4. Working at this level we are able to respond effectively and efficiently to the demands of the economy, using existing local authority infrastructure. We have the "on the ground" knowledge of our economies and engage with businesses more effectively than at any other spatial level.
- 3.5. We recognise that there is now an opportunity to build on this model to bring local authorities and businesses closer together to jointly determine local solutions to the economic challenges we face, and to create a Local Enterprise Partnership (LEP) to take on a wider range of responsibilities and powers to drive economic growth more effectively and efficiently.
- 3.6. We have already established an employer-led Employment and Skills Board, which places the private sector in a position to take decisions on the funding for adult skills

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<sup>1</sup> Centre for Cities (2010). *Cities Outlook 2010*.

<sup>2</sup> Ibid.

provision across our economy. We are also proposing to significantly increase businesses representation on our Economic Drivers and Innovation Panel, where we are developing a private sector-led innovation system that will allow business to directly influence enterprise and innovation support. Private sector transport operators are working within our Transport Panel helping us to plan the delivery of our Transport Strategy. In all cases, we are putting businesses in a position to effectively influence decision making that will impact on the economy.

#### **4. THE VISION**

- 4.1. We will continue to provide the crucial collaborative leadership required to drive sustainable economic growth.
- 4.2. We will work with partners to achieve the following:
  - a sustainable housing offer that responds to the needs of our local populations;
  - a workforce that has the skills that our businesses need;
  - sustainable green infrastructure that supports our economic development;
  - the growth of a range of key economic sectors including the environmental technologies sector;
  - a globally competitive economy in which businesses innovate openly, and our universities operate cooperatively to support a growing and evolving business base;
  - a sustainable and reliable transport system requisite of a globally competitive economy;
  - an economy capable of attracting quality foreign direct investment
- 4.3. In pursuing this vision, we will aim to adhere to a core set of principles. Foremost amongst these principles is a fundamental understanding that decisions should be taken at the lowest level possible.

#### **5. TAKING DECISIONS AT THE RIGHT LEVEL**

- 5.1. In order to achieve our collective vision, we urge Government to work with us to maintain the momentum built up locally and to accelerate the localism agenda by agreeing the devolution of further functions and responsibilities at the level of the economy.
- 5.2. Specifically, we wish to take on responsibility for strategy, funding and investment planning and commissioning for a fuller range of economic development, regeneration and related activities.
- 5.3. Such an approach will call for a more focused role on the part of a streamlined regional agency and will bring control closer to business and local elected members and their communities.

5.4. Our proposition is summarised in the following table:

**Table 1. A Joint Commitment to Local Economic Leadership**

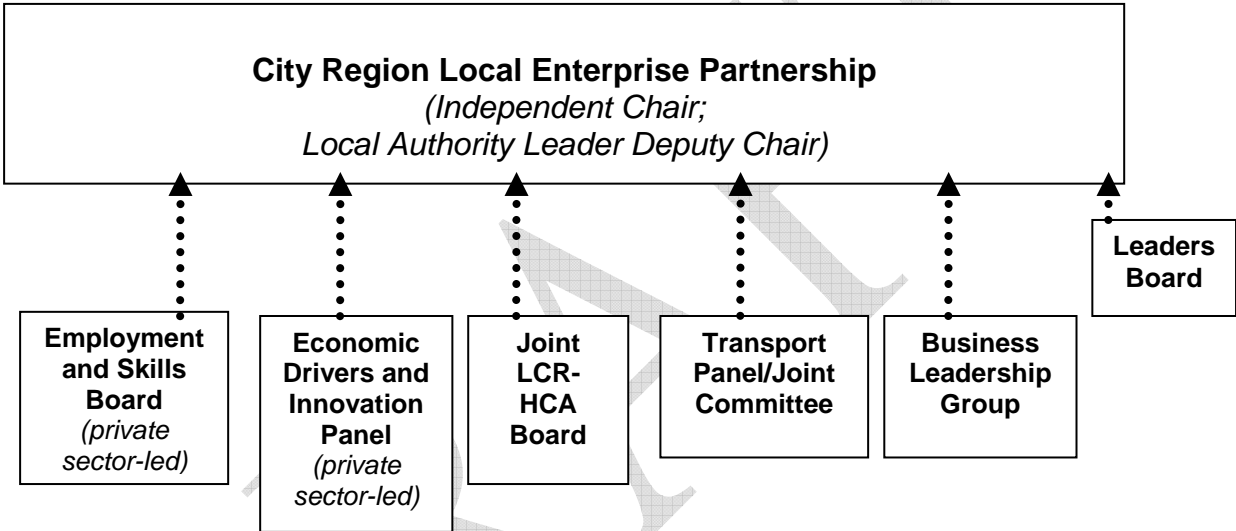
<b>Priority 1. Integrated Strategic Planning</b>	<b>1.1:</b> We will work together to coordinate integrated strategic planning across our authorities
<b>Priority 2. Housing and Regeneration</b>	<b>2.1:</b> The Partnership will continue to collaboratively set strategy and take the tough decisions in investment priorities for housing and regeneration
	<b>2.2:</b> The Government will devolve responsibility to the city region for private sector renewal funding
	<b>2.3:</b> The Government will ensure that regional programmes including Homes and Loans, and Breathing Space is accountable to local authorities
<b>Priority 3. Transport</b>	<b>3.1:</b> The Partnership will continue to collaboratively set strategy and take the tough decisions on investment priorities for transport across our districts
	<b>3.2:</b> The Government will devolve TfL-style powers to the Partnership
<b>Priority 4. Skills and Worklessness</b>	<b>4.1:</b> The Partnership will continue to progress the development of the employer-led ESB to set the strategic framework for skills commissioning in the city region
	<b>4.2:</b> The Government will devolve funding and commissioning powers for worklessness to the Partnership
<b>Priority 5. Innovation and Enterprise</b>	<b>5.1:</b> The Partnership will continue work to deliver a business-led innovation strategy and to set a framework for investment in city region innovation priorities
	<b>5.2:</b> The Government will devolve commissioning responsibility and programme funding for innovation to the Partnership
	<b>5.3:</b> The Government will devolve responsibility for strategy, priorities and commissioning of business support activities to the Partnership
<b>Priority 6. Economic Development</b>	<b>6.1:</b> The Partnership will continue to explore potential efficiencies and greater value through working together on economic development
	<b>6.2:</b> The Government will ensure the alignment of research, economic evidence and futures / forecasting resources currently held by the region to Partnership priorities
	<b>6.3:</b> The Government will devolve responsibility and programme funding for activities to promote inward investment and sector leadership to the Partnership
	<b>6.4:</b> The Government will devolve responsibility and programme funding for economic infrastructure (priorities for investment) at city region level
<b>Priority 7. Environment</b>	<b>7.1:</b> The Partnership will take on responsibility for coordinating activity to support the low carbon, adaptation and green infrastructure agendas at city region level
<b>Priority 8. Finance</b>	<b>8.2:</b> The Partnership will explore financing mechanisms to better and more flexibly support our local economies, including JESSICA funds, prudential borrowing, and the potential for setting up a city region bank
	<b>8.1:</b> The Government will pilot flexible financing mechanisms for infrastructure, including an ADZ, with the Partnership

5.5. We will utilise our existing local government partnership infrastructure and private sector partners to deliver these activities.

**6. THE GOVERNANCE TO SUPPORT THE VISION - LOCAL ECONOMIC LEADERSHIP**

6.1. To oversee and direct our efforts we will move towards the creation of a private sector chaired Local Enterprise Partnership (LEP) that will bring together the political leadership and democratic accountability of our existing City Region Leaders' Board together with the business leaders currently working within our partnership structure. Our Leaders' Board will recruit a high profile business figure to lead this Local Enterprise Partnership.

**Figure 1. A Leeds City Region Local Enterprise Partnership**



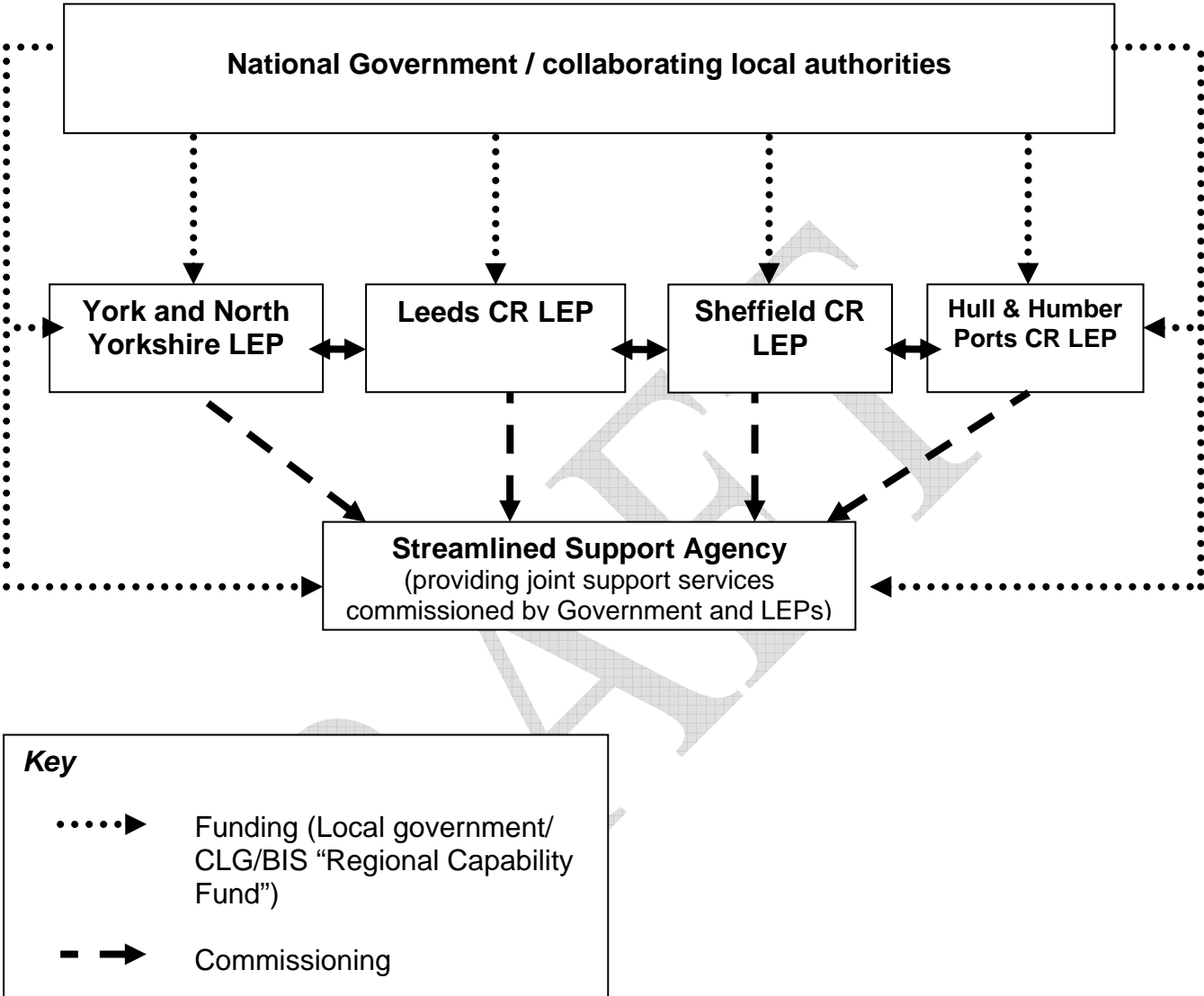
6.2. The Partnership sees a potential role for the higher-level delivery of certain functions commissioned by the LEPs in the region. Such a streamlined support agency would be accountable to the region's LEPs.

6.3. Functions that the agency might deliver across the region's functional economies could include:

- Administration of European funding;
- The promotion and support of tourism;
- Addressing cross - functional economy environmental issues
- Production of economic evidence, research and forecasting;
- Delivery of access to finance products for businesses, including venture capital;
- Working across LEPs on projects of supra - LEP significance (e.g. carbon capture)

6.4. However, the exact functions to be carried out by any support agency would be subject to costing and consultation with neighbouring LEPs.

**Figure 2. Proposed Local Enterprise Partnership Architecture and Streamlined Support Agency<sup>3</sup>**



**7. ALIGNMENT WITH GOVERNMENT POLICY**

- 7.1. The above joint commitment with Government will achieve not only our own ambitions, but will also go some way toward achieving the “radical devolution to local government and communities” that the coalition Government has announced as central to its policy programme.
- 7.2. It is our submission that our existing partnership arrangements present a viable model which we can adapt to deliver the Government’s localism and economic agendas. As a cross-party partnership of local councils, the Leeds City Region

<sup>3</sup> Regional architecture as proposed by Leeds City Region Partnership to be confirmed with neighbouring local enterprise partnerships

Partnership is a locally-driven initiative that has enabled our local authorities better to deliver the real economic growth that is required for a sustainable economic future.

## 8. THE PROCESS

- 8.1. We welcome a dialogue with Government to work together in making the above ambitions a reality.
- 8.2. In order to support the transition to this new model of working, the Partnership will work with stakeholders, particularly the business community, to create the new governance arrangements to support the delivery of devolved responsibilities.
- 8.3. This process has commenced and will continue to be further developed over the summer,<sup>4</sup> during which time we will work with city region stakeholders to agree the details of the city region LEP, as well as the other functional economic partnerships in the region to agree the details of any regional support agency arrangements. We are currently having open discussions with businesses and business organisations in the area to establish a working relationship with the private sector in order to develop the detail of our proposals.
- 8.4. We will then make a further submission to Government later this year once we have a jointly agreed set of proposals and business plan.

**Figure 3. Timetable**

Stage	Milestone	Timescales
1	Development of outline proposition	From May 2010
2	Consultation with city region and regional stakeholders	From June 2010
3	Initial submission of outline proposition to Government, outlining process	Mid July 2010
4	Consultation with wider business interests and other partners on outline proposal	From late July 2010
5	Joint development of business plan for LCR LEP, including technical report, options appraisal and financial appraisal	From September 2010
6	Engagement with relevant Ministers	Sept – Oct 2010
7	Submission final business plan to Government	2010
8	Plan for transition developed	2011
9	Transitional working group established	2011

<sup>4</sup> This activity includes the launch of our Innovation Capital Programme, 29<sup>th</sup> July 2010 in York with 165 attendees; a roundtable event with the Leeds, York and North Yorkshire Chamber of Commerce, 30<sup>th</sup> July 2010 at Pinsent Masons in Leeds with 60 representatives; a meeting with Federation for Small Businesses 30<sup>th</sup> July 2010 with a roundtable to be arranged in August 2010; a meeting with the Institute of Directors on 3<sup>rd</sup> August 2010; a meeting with Financial Leeds 6<sup>th</sup> July 2010 with a roundtable to be arranged in August 2010; and further events with other organisations including Barnsley Business and Innovation Centre in August 2010 and Advanced Digital Institute in Bradford 1<sup>st</sup> September 2010.