

## Annex B: Geography proposal response template

**LEP Name: York, North Yorkshire & East Riding**

Please outline the LEP's plans to address the geography recommendations below, noting the guidance provided by the Unit. In your response, you should outline any key milestones, risks and issues.

Proposals should be submitted to [LEPpolicy@communities.gsi.gov.uk](mailto:LEPpolicy@communities.gsi.gov.uk) **no later than 28 September 2018**, copying in your Area Lead.

# Geography

### Recommendation:

As Local Enterprise Partnerships are central to future economic growth, Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with considered **proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.** ...These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

### Information required in geography proposal:

All LEPs should outline their response to the Government's recommendations on geography no later than **28 September 2018**.

Those LEPs proposing geography changes should provide detail of the proposed changes. In your response you should outline why these changes would be suitable for your local area. These proposals should include timescales for the transition to different geographies. LEPs should work with the LEP Network and neighbouring LEPs to ensure a shared understanding of the geography changes being proposed exists.

For LEPs who are proposing no changes you should respond briefly outlining why no change is required. For LEPs in MCA areas, these proposals should consider the current relationship between the MCA and LEP geographies. All LEPs should aim to have revised geographies (if required), by **spring 2020**.

## LEP response

Please outline the LEP's response to the recommendation. The response should consider the information required, outlined above:

**The York, North Yorkshire & East Riding LEP Board met on 14 September to consider the options and unanimously agreed that the geography that will deliver the best long term outcomes for the local area is to retain the current configuration of York, North Yorkshire & East Riding, including the overlaps with Leeds City Region and Humber LEPS. This arrangement is locally understood, is strongly supported by business and will deliver the best outcomes for the areas concerned.**

### **Our parameters**

In making this response to the LEP review we have carefully considered the following;

- LEPS must reflect functional local economies;
- the geography of the LEP must provide the most distinct compelling strategy to drive prioritisation of investment in the future;
- any proposals fit with future devolution and the geography of Combined Authorities;
- LEPS must have a transparent governance model which ensures independence of the LEP and supports decision making to reflect the geography of the area;
- LEPS should build on the successful partnerships that have been developed over the past few years and that are able to deliver from day one;
- LEPS must be able to deliver the best outcomes for local people, places and UK plc.
- the arrangements must be deliverable

In addition we have been informed by the desired parameters set out within the LEP review, including:

- a. No overlapping geographies
- b. An optimal size of 1m+ population
- c. Ideally don't want a single county geography
- d. A move towards LEPS and Combined Authorities having the same geography.

### **Our current LEP Geography**

The current LEP geography of York, North Yorkshire & East Riding comprises two unitary, one county and seven district councils. The LEP footprint overlaps with Humber LEP (East Riding of Yorkshire Council) and with Leeds City Region LEP (City of York Council, Harrogate Borough Council, Craven District Council and Selby District Council).

Whilst on the face of it slightly complex, this arrangement reflects the demonstrable economic geography of our area, works well and is especially sensitive to the needs of overlapping areas. Our functional economic geographies do not neatly follow Local Authority boundaries (which were constructed many years ago and do not, themselves, always reflect coherent economic entities). Put simply many Local Authorities (and especially the businesses they contain) genuinely look two ways when considering their role in the local economy. The map (fig1) below summarises the actual functional economies within York, North Yorkshire & East Riding demonstrating how invariably, the edge of one functional geography overlaps with another.

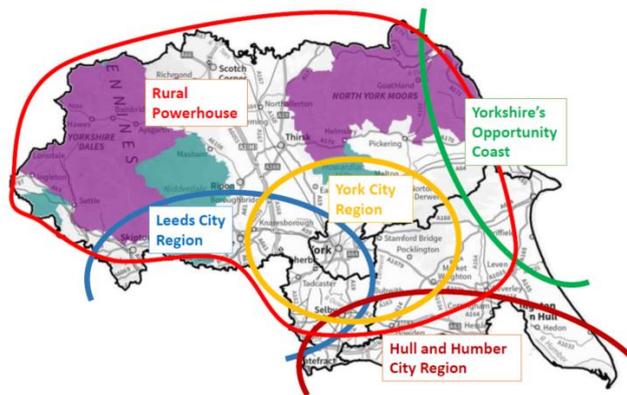


fig 1

Boundaries creates impossible choices for local authority leaders when faced with the need to select one LEP with the possibility in future of reduced performance.

### Our options

In making our recommendation, informed by the parameters set out above we have considered a number of options:

#### Hull, East Riding, York and North Yorkshire LEP area.

- If Government adheres strictly to its position that overlaps will not be allowed, then economically you cannot separate Hull and East Riding. City of Hull is circled by Humber estuary and East Riding of Yorkshire. That, however, potentially significantly underplays the role of East Riding in supporting and driving growth along Yorkshire Coast, in rural areas and within the City of York. This might suggest consideration of including Hull within the current York, North Yorkshire and East Riding LEP.
- However it is concluded that such a configuration would neither be economically desirable or politically deliverable. The importance of a Humber estuary/port economic area which is well understood with an area that is clearly very distinct. It is accepted that if a choice has to be made then East Riding would select to become a member of Humber LEP, leaving York and North Yorkshire.

#### York and North Yorkshire LEP area

- Such a configuration has its benefits and, assuming the move of East Riding described above, would reflect the fact that our current remaining overlaps with Leeds City Region LEP are themselves outside the non-mayoral West Yorkshire Combined Authority. A move towards coterminous boundaries between LEPs and Combined Authorities would suggest a West Yorkshire LEP with York, Harrogate, Craven & Selby remaining with York & North Yorkshire.
- However this would be difficult to deliver both politically and operationally with City of York a non-constituent member of West Yorkshire Combined Authority and a member of the West Yorkshire Plus Transport Scheme. Also York, Harrogate and Craven have expressed concerns about losing their connectivity to West Yorkshire and a strong preference for maintaining links to Leeds City Region. Consequently a York and North Yorkshire LEP may be difficult to deliver without some clear collaborative agreements between these areas and West Yorkshire.

#### North and West Yorkshire LEP area

- In order to address the above matters, we also considered a merger with Leeds City Region to create a Super LEP across North & West Yorkshire. This potentially delivers benefits of scale through bringing together rural, coastal and city region agenda's to create a large LEP covering 3.1m people, 3992 square miles and with an economy of £70bn LEP. However it also presents significant political and operation risks that might weaken both current LEPs.
  - **Loss of local engagement:** Local Enterprise Partnerships are most successful where they engage effectively with local partners, creating opportunities, attracting investment and delivering impact on the ground. The operating and business environment in a large rural area is very different to a metropolitan region and both York, North Yorkshire & East Riding LEP and Leeds City Region LEP have developed successful, yet very different, operating models to reflect their local environment. Indeed a criticism of the former Regional Development Agencies was their perceived concentration of decision making in a single urban centre remote from local places.

For example, York, North Yorkshire & East Riding have developed a strong private sector led and highly integrated model with local partners across the region. A series of secondments straddle the LEP and local authority partners, whilst private sector LEP Board members actively work with local partners to develop new opportunities and commercial and investable propositions. This public/private partnership approach has been significant in delivering a high performing LEP and real outcomes, locally across the region and its style of working has attracted national plaudits

There is concern a merger will undermine both these positions.

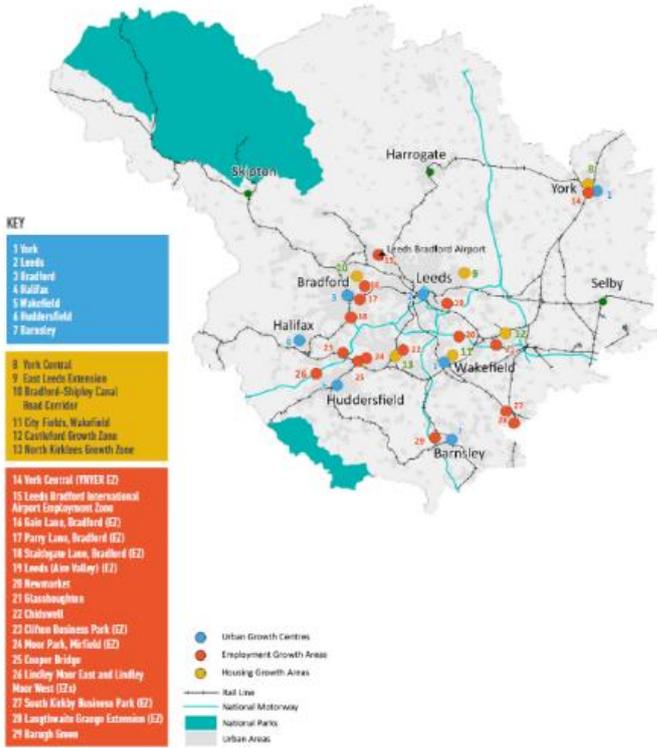
- **Difference in scale resulting in risk to investment:** The spatial priorities for Leeds City Region and York, North Yorkshire & East Riding illustrate this issue perfectly. 'Big' in York, North Yorkshire & East Riding would be considered small in Leeds City Region and this presents real challenges in ensuring investment in rural and coastal areas is not compromised through creating a Super LEP. The diagrams below (fig 2 and fig 3) show how major growth corridors for YNYER are in the overlapping geography and yet these are not considered spatial priorities for Leeds City Region.

## Spatial Priorities for Leeds City Region

### APPROACH

WE HAVE BUILT ON AND DEVELOPED THE CITY REGION'S PLACE-BASED FOCUS, WHICH IS TO BE BASED ON AN INTEGRATED SET OF 'SPATIAL PRIORITY AREAS'. THE SPATIAL PRIORITY AREA APPROACH IS TO TAKE A 'WHOLE-PLACE' VIEW OF THE INFRASTRUCTURE NEEDS AND OPPORTUNITIES OF THE DISTINCT CENTRES AND DEVELOPMENT LOCATIONS ACROSS THE CITY REGION.

### LEEDS CITY REGION SPATIAL PRIORITY AREAS



77 LEEDS CITY REGION STRATEGIC ECONOMIC PLAN 1-16-2020

fig2

## Spatial Priorities for YNER

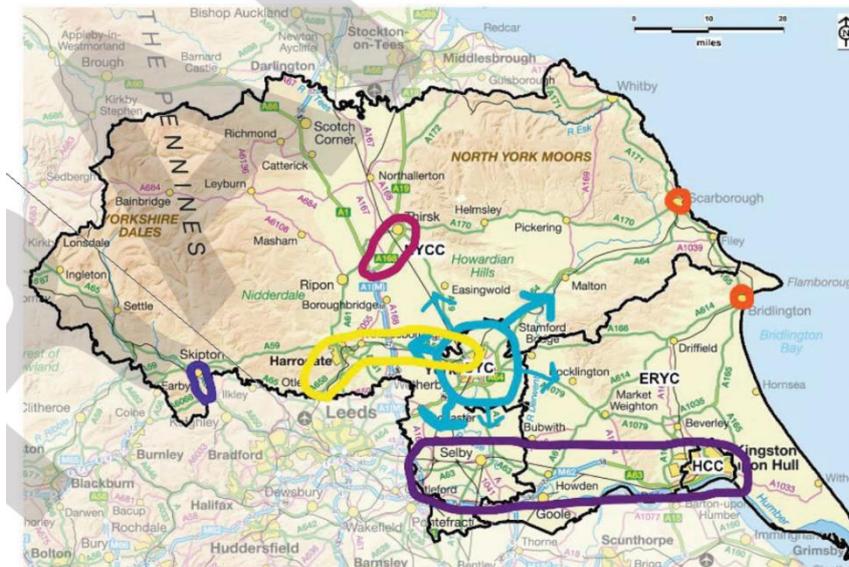


fig 3

- **Complicated Governance reducing performance:** The primary issues around governance is that West Yorkshire Combined Authority does not have jurisdiction over North Yorkshire and also Independence of the LEP Board.
  - Leeds City Region have moved to a model whereby the LEP is fully integrated within West Yorkshire Combined Authority (WYCA) and WYCA are the ultimate decision maker for investments.
    - A merger to create a North & West Yorkshire LEP would require a move away from this model reflecting that West Yorkshire Combined Authority does not cover York and North Yorkshire.
    - It would be unacceptable for WYCA to be the decision maker for investments in local authority areas outside their area of jurisdiction. In simple terms, the local authority where a place based investment is located, must be part of the decision.
    - There are currently no plans for a North & West Yorkshire Combined Authority.
    - Government have indicated they are not supportive of a federated model which would allow place based decisions to be geographically split.
    - The 2017/18 Annual Review of the York, North Yorkshire & East Riding LEP concluded the YNYER LEP have strong governance, robust project selection and investment decision-making processes in place.

Considering the above, and that 'LEP Decisions' are just one part of the business of West Yorkshire Combined Authority, merging the two LEPs could create a complicated governance structure which undermines performance of both areas.

- Independence of the LEP in decision making has been at the heart of the successful model in York, North Yorkshire & East Riding. North Yorkshire County Council, as Accountable Body, have approved the Assurance Framework and provide the legal and financial checks as part of the due diligence; however the LEP and its sub-boards have full autonomy to make investment decisions. This transparent, streamlined governance has been at the core of our successful track record of delivery.
- **Clarity around funding:**  
It is accepted that a driver in the LEP review is to provide greater clarity and transparency around funding. This move is supported and reflects the challenges for Local Authorities facing in two directions.  
**It is proposed a joint working group across overlapping LEPs to identify opportunities for greater collaboration and to provide clear proposals to government around allocation of funding.**

## Our preferred Option

### York, North Yorkshire and East Riding LEP - the case for retaining an overlapping geography

After considering very thoroughly the options set out above, the LEP Board firmly believes that retaining the existing LEP boundary with overlapping boundaries is the option that will deliver the most successful outcomes for our economy. However, this is not to imply a case is being made for simply the status quo. Rather, it will use existing structures to deliver local strategic priorities whilst forging even stronger links with our neighbouring LEPs to achieve stronger collaboration in those activities where scale brings obvious benefit.

The case for retaining overlapping geographies is based on:

1. Economic Case
2. Operational effectiveness

#### Economic Case

Government has been clear. Local Industrial Strategies should be local, place based and distinctive.

A core question is will this be best delivered through a large and diverse LEP or through smaller LEPs collaborating together and specialising in specific agenda's.

It's clear that with Brexit looming, the rural community is likely to face a period of dramatic change and upheaval, probably the greatest change it has seen in over 40 years. Our LEP has clear focus and expertise in this area and it would seem very poor timing to lose this capability now when it may be needed most.

It is our firm belief that overlapping LEPs with clear and distinctive specialisms accompanied by a formal collaboration around common agendas (a 'confederated' approach) will best deliver Local Industrial Strategies. These will be more compelling, distinctive and, importantly, will deliver local engagement, local investment and much greater return for public investment.

As explained above, functional economic areas do not follow local authorities in our geography and, therefore, drawing artificial boundaries based on local authority areas whilst looking neat would fail to reflect the reality of true economic areas.

Fig 4 below summarises the practical economic geographies in our LEP area.

Economic Geographies

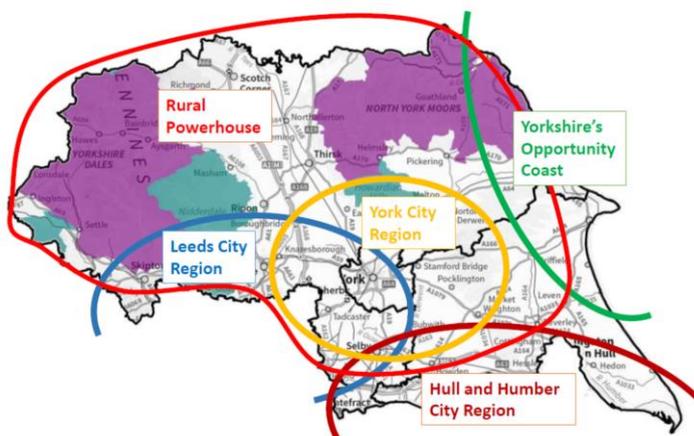


fig 4

For example, Harrogate Borough covers the key towns of Harrogate and Knaresborough which do have strong links to Leeds both from an economic and commuting perspective. However the borough also includes the market towns of Ripon, Masham and Pateley Bridge and a large rural economy whose economic footprint stretches into North Yorkshire and the Yorkshire Dales. The critical point is that Harrogate Borough Council, being in two LEPs with different functional economic geographies and specialities, is able to look both ways in addressing issues and looking to economic opportunities. i.e the Leeds economy in terms of where people commute to work, where (Leeds based) supply chain businesses might locate and then the North Yorkshire rural economy in terms of where agri tech, food production, tourism and rural isolation issues would be addressed. This works well.

East Riding of Yorkshire is another good example. The relationship between East Riding and Humber Estuary is undeniable and interdependent, however it is very focused on the geography around ports of Hull, Immingham and Goole. At the same time East Riding is also home to a vibrant coastal economy which alongside Borough of Scarborough forms the Yorkshire Coast. Equally, East Riding also supports and drives the City of York economy with key markets towns such as Pocklington and Market Weighton providing quality grow on space and housing which is lacking in City of York.

The complication this provides is recognised, however it reflects the reality of life in these areas and we are able to make overlaps work. Indeed, such overlapping areas have been the beneficiaries of some of our most successful investments

The ONS Travel to Work Areas, shown below, clearly demonstrate how our region fits together, mapped against our current LEP Boundary



### **Operational effectiveness**

The above economic realities are reflected in very different operating models.

In simple terms, the successful model operated in a large rural economy, would be unlikely to work in a large metropolitan area, whilst the successful Leeds City Region model which is fully integrated with the West Yorkshire Combined Authority would struggle to deliver in a large rural area, increasing unit cost and reducing value for money.

### ***The importance of local***

Critical to the success of any model is the ability to engage *locally*, not just with Local Authority partners but with wider stakeholders to co-ordinate and influence priorities and attract investment.

A persuasive example is the work York, North Yorkshire & East Riding are leading with rural farming and food businesses to understand the impact of Brexit and the opportunity this presents to innovate and develop new income streams for farming and rural areas. This involves working across rural areas with rural partners around farming, local nature partnerships around natural capital and developing circular economy opportunities. The future growth and sustainability of rural economies is dependent on achieving this.

The close working across a range of partners is also demonstrated in the Dalton Bridge scheme. This flood alleviation scheme did not meet the property criteria for Environment Agency (GiA) funding, nor was it a highways priority for the County Council, yet it severely impacted on a local industrial estate. The businesses could not in isolation afford the investment to rebuild the bridge to protect against flooding. However the LEP working locally with Hambleton District Council, Environment Agency, North Yorkshire County Council and the Regional Flood and Coastal Committee were able to develop a business improvement district model to allow business to contribute over a period of time, whilst securing external investment. As a consequence over £20m additional private sector investment has been committed to the site, creating and safeguarding over 250 jobs in a rural area. It is an exemplar of how close partnership, pre-investment, and working on a very local level which makes such a significant difference in a rural area. There is a similar example underway in Skipton.

### ***Real progress being made***

The positive impact of this close partnership working can be evidenced in the local planning and housing agenda's. YNYER set itself an ambitious target of doubling house building rates. Working with Local Authority partners, not only has that target been achieved, but planning ahead, a York, North Yorkshire & East Riding Spatial Framework has been agreed, whilst a LEP wide housing proposition is in the final stages of development. Again demonstrating very local partnership working, a driving factor in this has been a shared post between the LEP and the cross local authority Housing Board ensuring a consistent message across the region.

Maintaining this momentum and progress must be a priority moving forward.

### ***Private Sector leadership***

A particularly important feature in our rural operating model is the pivotal role of the private sector. The private sector members of the LEP Board contribute significantly on the ground, both working closely with local partners to make stronger commercial cases. Our performance sub-group has been identified as national best practise. Through this group, private sector Board members provide challenge and support to the secretariat in delivering complex programmes, including bringing external partners in to identify and challenge progress and risks. Importantly,

this Board is not decision making - its role is purely to challenge and drive delivery in support of the secretariat. This is private sector leadership at its best.

### ***LEP Independence***

Trust is at the heart of the YNYER LEP operating model and we are proud that at the LEP Board Meetings public and private Board Members speak alike in the interests of the local area. They operate exactly as a successful private sector Board should. This is supported by the relationship with the LEP Accountable Body. North Yorkshire County Council (NYCC) provide Accountable Body functions, whilst recognising that they do not geographically cover the whole LEP area. Consequently, NYCC undertake financial and legal checks as part of the due diligence process. However, investment decisions are fully devolved to the LEP and its sub-boards. This good practice reflects the role of NYCC in ensuring LEP investments invest public money in a legal and financially prudent manner, whilst supporting a true private sector led approach and strengthening the trust and relationship with both districts and wider unitary authorities within the LEP geography.

### ***Partnerships and Collaboration***

As a LEP working alongside Leeds City Region and Humber LEP we have already demonstrated an ability to understand each others strengths and to collaborate together to remove duplication in key agenda's. Importantly all three LEPs also have a track record of delivery and have strong local partnerships developed.

For example, the City of York work closely with Leeds City Region around the transport agenda, including being a member of the West Yorkshire Plus Transport Scheme. We fully support York's membership of this transport scheme, reflecting the importance of addressing congestion around York Outer Ring Road.

York Central Enterprise Zone is a great example partnership working in an overlapping area. Two LEPs, City of York and Homes England are collaborating together with local partners to deliver a major scheme. This complex scheme is one of the largest city centre brownfield sites in UK, but with significant challenges and in need of major remediation.

York Central wasn't top priority for Enterprise Zone status within Leeds City Region, however the importance of York in driving growth across the wider North Yorkshire economy secured its priority status in YNYER. However the challenges for the site are significant and the devolution of transport funding to West Yorkshire and York through the West Yorkshire Plus transport fund forms a crucial part of the project.

Working collaboratively, York, North Yorkshire & East Riding LEP through the Enterprise Zone and Local Growth Funding are enabling upfront investment to remediate and decontaminate the site, whilst the West Yorkshire Plus transport scheme is investing to address transport access. Consequently, the masterplan for the site has now been approved, Homes England are investing and York Central is becoming a reality.

Equally, Leeds City Region have greater scale to offer a stronger Inward Investment proposal and we support our authorities to work with Leeds on these agenda's.

The business support agenda more generally is an area where through EU funded programmes, collaboration has been strongest and we would propose strengthening and building on this going forward.

As UK leaves EU, it is imperative that all parts of the UK deliver to their full potential and building on existing momentum, local partnerships and specialisms will deliver greater results than simply building scale.

The real risk is that we move to a model driven by size and artificial neatness rather than one driven by effective functional economies and one that becomes remote from local areas, difficult for local partners to engage and lacks a real understanding of local issues and opportunities.

**Considering the above factors, it was the unanimous decision of the LEP Board that the model that will deliver greatest growth across York, North Yorkshire & East Riding and will deliver greatest return to Government is to retain a York, North Yorkshire and East Riding geography, including overlaps with Leeds City Region and Humber but strengthening and formalising collaboration with neighbouring LEPs.**

**At the same time, it committed itself, to building on existing collaboration (through formal mechanisms) designed to strengthen and formalise the ways that it works with neighbouring LEPs in order that we most effectively address agendas such as business support, workforce skills and key sector opportunities. This would include, but not be limited to, supporting the development of a joint investment board.**

**Adopting this approach will, it is believed, enable LEP to build on its successful track record of delivery, construct a powerful and appropriate Local Industrial Strategy whilst reaping the benefits where collaboration and scale is appropriate.**

#### **Key milestones**

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

#### **Key Milestones**

October 2018:	Government confirm geographies
October 2018:	Joint Board(s) created with Leeds City Region and Humber tasked with formalising collaboration, governance and areas for more effective joint working and agreeing how government funding will be allocated in overlapping areas.
April 2019:	Formal Collaboration structure implemented

#### **Key risks and/or issues**

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

#### **Key Risks**

<b>Risk 1:</b>	<b>Failure to agree geographic boundaries</b>
Mitigation:	Whilst Leeds City Region and York, North Yorkshire & East Riding LEP have submitted different proposals, both have proposed a cross LEP working Board to focus more effective working. This Board would work with government to agree a solution.

<b>Risk 2:</b>	<b>Performance of existing programmes slip due to lack of focus and changes</b>
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Mitigation:	Discussions with all neighbouring LEPs have agreed that within any changes, existing structures must be maintained to deliver out existing programmes.
<b>Risk 3:</b>	<b>The final outcome marginalises York, North Yorkshire and East Riding areas resulting in lost investment, lower growth and local areas disengaging with opportunities.</b>
Mitigation:	The recommendation is driven by the above concern and a core role of the cross LEP working Board will be to ensure these issues are addressed.

**Recommendation:**

We will **encourage Local Enterprise Partnerships and mayoral combined authorities to move towards coterminous boundaries where appropriate** in line with the wider discussions on Local Enterprise Partnership geographies. These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

**Information required in geography proposal:**

For LEPs in MCA areas, these proposals should consider the current relationship between MCA and LEP geographies.

**LEP response**

Please outline the LEP’s response to the recommendation. The response should consider the information required, outlined above:

Local Authorities across York, North Yorkshire & East Riding are committed towards a One Yorkshire Combined Authority and Mayor and this proposal is compatible with that approach.

The economic analysis for such a model clearly identifies a series of sub-regional economies which overlap and are coherent at a Yorkshire level. This is particularly strong around the business support, sector and inward investment agenda.

Whilst not predicated on such an outcome, it would not preclude it, nor would it prevent alternative future governance structures.

There is currently a non-mayoral Combined Authority in West Yorkshire and a merge to create a North & West Yorkshire Super LEP would be a move away from coterminous boundaries. This in itself creates a governance barrier. The Combined Authority, covering only part of the geography has no jurisdiction over York and North Yorkshire, however the current model in Leeds City Region is fully integrated with the Combined Authority the final decision maker.

This would be unacceptable within a North and West Yorkshire LEP and there are currently no plans or dedicated appetite, for a North & West Yorkshire Combined Authority.

**Key milestones**

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

N/a

**Key risks and/or issues**

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

N/a