Future of the Humber LEP

Report to the Humber LEP Ltd Board, 15th May, 2015
Report from Mike Parker, Chair of the Working Group

1. Introduction

At its meeting on 6 March the Board agreed to set up a Working Group to explore options for the future scope, scale and role of a Humber LEP. The membership of the Working Group is attached as Annex A. Formal Terms of Reference are attached as Annex B.

2. Recommendations

The Group met on 23 March with Mike Parker in the chair. This report provides a précis of the discussion and sets out five recommendations for the LEP Board. The first four are:

- That the scope of Humber LEP should remain economic, focused on the growth opportunities created by the Estuary and its associated industries

- That the footprint of the Humber LEP should remain the current boundary with its population of 1 million. The Working Group believes that the case for our current shape remains plausible and strong in terms of an economic rationale, and we do not recommend “opening” the debate with any new government with an offer of a more simple geography. However, it is right that further discussions should be held with overlapping LEPs - not least in the context of what functions might be better done at the regional level.

- That the LEP should continue to stay close to, and, indeed, should be unafraid of playing a leading role in, the whole devolution debate while being mindful all the time:
  - Of capacity and competence. This is not and never will be a LEP of the scale of Greater Manchester with its 100 or so staff.
  - Of the dangers of mission drift. Insofar as the Humber LEP has declared itself to have an incontrovertible economic purpose, there will be some functions other areas may push for that this LEP would not want devolved.
  - Of the very real differences between influence, delegation and control. As an example of this, while it is absolutely right the Humber should seek altogether more, and more meaningful, influence over interventions around employability, this is not the same as wanting control over paying out benefits.
  - That the shape of the LEP, and any future decisions Local Authorities might make about their own configuration, are not the
same thing. The Greater Manchester Combined Authority is not the LEP; the Leeds City-Region LEP is not the West Yorkshire Combined Authority. Of course the two organisations are vitally, inextricably connected. But it is entirely possible a Combined Authority – or any other piece of Local Government re-organisation – would have functions that, while, critically, coinciding with a LEP’s on the economic agenda, might in other parts of the civil and social realm be different.

- That the business partners on the LEP should continue to support their local authority colleagues in debates around civic governance (including the possible journey towards a Combined Authority), acting as critical friend and expert consultee.

2.1 The Working Group had an important conversation about resources. At the moment, Central Government makes a significant contribution to the funding of all LEPs, looking to LEPs themselves to match what is available from the centre. The Humber LEP has benefitted in this way from support from the four Local Authorities alongside those from Whitehall (which run up to the end of the 15/16 financial year). There is little clarity around what any future administration might put on the table by way of resourcing – if anything - nor any prospect of an early answer to the question of how far a new government would be prepared to part fund LEPs – and with what strings (which could include a commitment to streamlining and a commitment to a particular governance model). The Working Group therefore has a fifth recommendation which is that, based on the continuation of the model of the LEP set out in the four preceding recommendations:

- The four local authorities be asked to make a provision of £50K each for 2016/17 to support the Humber LEP. This reaffirms the current level of commitments.

3 The Discussion in More Detail

Is there still a place for a pan-Humber LEP?

3.1 The Working Group recognised that the role of the Humber LEP had evolved and continues to evolve, partly driven by the additional responsibilities directed by the Government, so this part of the debate focused on whether the economic rationale for a Humber LEP was still valid. The Working Group concluded that in the short time of Humber LEP’s existence, significant progress had been made, in particular promoting and securing support for the Humber as the UK’s Energy Estuary and driving forward growth from those industries and sectors associated with the estuary. It had developed pioneering work around skills, local decision making around regulation and its co-ordination, and had secured private sector engagement and involvement in developing the growth of the Humber Economy. The Working Group concluded that some of the economic challenges the Humber faces can only be tackled at the Humber regional level. The conclusion was that Humber LEP had gained real traction (and brand recognition), and must continue to provide clear economic vision and strategic
leadership to drive forward sustainable private sector led growth and jobs creation for the Humber. **There was a view, even so, that more could be done – requiring new creativity and imagination - to build on the role, so that it delivers a “richer and deeper” Economic Development focus, and a wider toolkit of interventions.**

**Does our economic proposition grip?**

3.2 The Working Group considered the messages coming from the national politicians around the role of LEPs post election. There is a broad consensus around the retention of LEPs after 2015. The Labour Party has acknowledged that despite concerns around power, resources and the accountability of LEPs, there is a commitment to build on the LEP framework, and to provide appropriate powers and budgets to ensure capacity within LEPs to deliver. It has indicated that, in its view, 39 LEPs is too many, so rationalisation maybe on the cards, with numbers reduced to between 20 and 25. Labour has indicated it would want to see more transparency and accountability, and has linked future development of the LEPs to democratic accountability.

3.3 The Conservative Party has made a commitment to retain the LEPs as private sector led economic drivers in the locality to deliver the wider government agenda for growth, the narrative continuing to be Lord Heseltine’s recommendations in “No Stone Unturned”.

3.4 The Working Group reflected on the success built around the strong brand of “Energy Estuary”. This profile was also strong in Whitehall and among potential investors, though much more could be done to build on that momentum. The Group also considered the success of the Humber LEP in securing resources and freedoms and flexibilities through the various “deals” (of which there are certain to be more post-election). There was an increased level of government confidence in the Humber and there was a need to build on that success.

3.5 The Working Group concluded
- the scope of Humber LEP should be full-bloodedly economic
- there was much to build on in terms of “Humber as UK’s energy estuary”
- A LEP had to be nimble, flexible in responding to government challenges, and with a ruthless focus on delivery
- the LEP should lead on shaping the agenda for Humber as the “place of choice” in respect of growth opportunities, moving its attention more single-mindedly on making the land and labour in the area productive (especially around the ports).

**Have we got the geography right?**

3.6 The Working Group considered the issues around the geography of the Humber LEP. It reflected on the messages from government and opposition on the potential need to revisit coverage and overlaps. During discussions various options were aired, including geography based around sectors (such as the food sector – this could develop into a different geography that would bring in neighbouring areas that were involved in production, processing and distribution
of food); Ports and Logistics – which would bring in areas that contribute to the
economic growth of the Ports and associated industries toward the M62 corridor;
and joining up our coastal communities – focusing on the corridor to the east to
maximise opportunities around tourism. The Working Group concluded that
the current focus on the Energy Estuary and its associated industries
provided the strongest and most compelling rationale, and that the current
geography building on the opportunities both on the North and South Bank
described the best economic case for the region.

3.7 Should the push for change become too pressing post-May, the Working Group
concluded that the current overlapping arrangements may need to be revisited.
Early negotiations with overlapping LEPs may be necessary, either to secure a
single footprint for the area, or to develop a concordat so that best use of
resources can be made.

3.8 The Working Group also considered the wider benefits that could accrue
from being engaged in an agenda that involved a larger geography
(broadly, the former GO YH region). It agreed that the Humber LEP must
continue to have a voice and a leadership role if conversations about this
Yorkshire and the Humber footprint take hold.

Where should we stand on the devolution debate?

3.9 The Working Group recognised that the devolution agenda was gaining near-
unstoppable momentum, but also that this is tricky territory. Some of the acts of
devolution, decentralisation and control shift across the country are
unprecedented and thrilling. But it is in the interest of those involved in such
transformational agendas to talk up their achievements; the devil truly is in the
detail, whether it is Earnback, Payment By Results or the moves on the NHS.

3.10 There is, even so, an emerging “theme”. The singularity of the coming
election means in policy terms, there is certain to be a considerable vacuum. All
the advice, from all sides of the political spectrum, is that this LEP should be
ready with its propositions – others will. The “race to the top” in terms of
devolution is unlikely to slow down and the Humber will not want to find itself ill-
served (or ill-placed) in the devolution debate. If power-shift remains a policy
objective, then it is inconceivable Whitehall will devolve to any set of
arrangements that are muddled, ambiguous or flaky, or to any partnership that
cannot demonstrate ambition (whatever that is). Places are likely to be asked “to
come forward” with business cases. Those that are, plainly, trying to fudge
strong accountability, or to duck the opportunities, will be seen through – and
sent back.

3.11 There is something very seductive about the current wave of devolution and it
is easy to be drawn into a “me too” kind of panic. The Working Group was sure
the Humber LEP would not want to be left behind. But then nor would the LEP
want to be lured into taking on themes and projects that did not have a good fit
with our economic ambitions.
Resources

4 The Working Group agreed to return to this agenda at a future meeting once the issue of the scope and role for the Humber LEP is agreed. There was some discussion about how best to optimise and deploy the collective economic development resources in the Humber (which, taken together, are among the strongest and most experienced in the region), and a need to be bold on what can be achieved by combining talents and expertise.

Board Membership

5 The Working Group asked the Executive to produce further information on the Board appointments and tenure, and will return to the issue at their next meeting.

K Tailor
20th April 2015