

Annex B: Geography proposal response template

LEP Name: Humber

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 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 Humber LEP welcomes the LEP Review and the Government's commitment to

strengthening LEPs. We accept the Government's decision to end overlaps and want to move forward with implementing this. In preparation for this response, we have undertaken detailed analysis (including external analysis) of our economic geography over recent months, and engaged with the local business community. Our response is therefore based on evidence and consultation.

The Humber LEP's proposal is to retain its current geography (Hull, East Riding, North Lincolnshire and North East Lincolnshire), which will necessitate the removal of overlaps with the York, North Yorkshire & East Riding and Greater Lincolnshire LEPs. We propose to strengthen collaboration with these LEPs in place of the overlaps, and also strengthen collaboration with other LEPs particularly through the NP11.

The case for the Humber geography is detailed in the attached document which was discussed by our Board. In summary, this is:

- i) There is strong business support for the Humber LEP geography. Letters from local membership organisations are included¹. Business campaigned for the creation of the Humber LEP and remains firmly supportive of it.
- ii) The Humber meets the test of a functional economic area: it has sufficient scale; several nationally-significant industrial clusters which span both banks of the Humber Estuary and all four of our local authority areas; is the 9th most self-contained labour market of any LEP and has the 6th most distinctive industrial structure; and a recent independent review of our economic geography found that it is becoming more integrated. This has been facilitated by the reduction of the Humber Bridge tolls and the creation of the Humber Enterprise Zone, both enabled by Government.
- iii) The Humber has strategic opportunities for growth, including on energy, energy-intensive industries and around our ports, which are shared across all four local authority areas. These will form the basis of a distinctive and ambitious Local Industrial Strategy.
- iv) The Humber partnership has strengthened over recent years, particularly since the Hull & Humber City Deal, and is achieving results. It is a sound platform for moving forward.

We have also reviewed whether any of our neighbouring local authority and LEP areas are sufficiently aligned with ours to justify an expansion of our geography or a merger of the Humber with another LEP. The evidence is that the economic case for this would be very weak, and we would be concerned this would compromise our ability to focus on the

¹ Bondholders, CATCH, CBI, Chamber of Commerce, City Leadership Board, Humber Business Leadership Team, Institute of Directors and Team Humber Marine Alliance. The geography of 6 of these 8 matches the LEP's (the CBI covers Yorkshire & Humber, and the City Leadership Board is Hull only). We are unaware of any local business membership organisations in Lincolnshire which also cover any part of the Humber. Additionally the FSB has stated its support for the Humber but cannot provide a letter due to national policy. It has recently restructured its geography, which also now matches the LEP's.

Humber's distinctive economic opportunities. There are also a number of practical difficulties involved, which are set out in the annex to our submission. **Our Board has therefore concluded that no mergers or changes of membership are appropriate or deliverable.**

Our Board's decision was supported by all of the business and education representatives present, and three of the four local authorities (Hull, East Riding and North East Lincolnshire). East Riding of Yorkshire Council and North East Lincolnshire Council have also informed the York, North Yorkshire & East Riding LEP and Greater Lincolnshire LEP respectively of their preference to remain in the Humber LEP.

Unfortunately North Lincolnshire did not feel able to support the Board position. North Lincolnshire argued that a larger geography (i.e. a Humber/Lincolnshire merger) would give our area more influence, but the rest of the Board disagreed and were instead more concerned that this would dilute the focus that is required on the distinctive industrial clusters around the Humber – which do not extend into Lincolnshire County. As set out in the attachments, a Humber/Lincolnshire merger is not justified by the economic evidence and we have not found any support for it from business. It is also opposed by Hull City Council, East Riding of Yorkshire Council and North East Lincolnshire Council. Our majority view, therefore, is that it is not appropriate or deliverable.

We have attempted to come to a consensus with our two overlapping LEPs but unfortunately we understand that their submissions will be in conflict with ours.

Key milestones

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

Given that the YNYER LEP and GLLEP positions will be in conflict with ours, it is difficult to set out milestones with any certainty.

Our preference would be for Government to decide quickly during October that the Humber geography will be maintained, so that we can move forward with discussions with neighbouring LEPs and affected local authorities on the areas where we will need to strengthen collaboration. We set out some examples of how this could work in the accompanying document discussed by our Board.

Allowing for Board approvals by the three LEPs, we would anticipate agreements on the specifics being in place by the end of March 2019 and collaborative arrangements being put in place from April onwards, including transitioning out of existing funding programmes such as LGF and ESIF by 2021 (recognising that output delivery will continue afterwards and will need to be monitored by the original contracting LEP/accountable body).

As noted in our Chair's letter to Jake Berry and the business organisation letters, and as

discussed with Claire Perry and others, there is an urgent need to move forward with the development of an industrial strategy for the Humber. We have been developing our evidence base over recent months and launched a consultation document setting out our proposed sector focus in the summer. We anticipate beginning drafting the strategy shortly, and would like to have this ready to launch in draft before the NP11 energy conference we are hosting in June 2019.

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.

Local political agreement

As noted above, one of our four local authorities did not support our Board position. However it is important to state that North Lincolnshire Council remains committed to Humber partnership working. The position presented at the Board was for a larger geography, not for leaving the Humber geography. Once a final decision is made we would expect all parties in the Humber to move forward positively together.

Agreement with overlapping LEPs

Again as noted above, it appears that conflicting proposals will be submitted. Our preference would be for Government to make a quick decision for the Humber to retain its current boundaries on the basis of the economic evidence, business support and majority political support. We would welcome any discussions to facilitate this, and remain in regular contact with our neighbours.

Industrial strategy

As noted above, there is pressure from industry for us to quickly move forward with a Humber LIS. Our SEP has also reached the end of its life, so is in need of replacement. We recognise that LEP geography needs to be clear before Government can fully engage with an area on this, but given that some of the opportunities and issues in our area are time-sensitive (linked to the offshore wind sector deal, the need for our key industrial clusters to decarbonise and become more energy efficient, and the impact and opportunities for the Humber ports arising from Brexit), we hope it will be possible to give some priority to the Humber in this process. This would send a positive message to the many large, foreign-owned businesses in our area which are keen to engage on this.

ESIF delivery

We have several projects jointly funded with either the YNYER LEP or GLLEP allocations (and some with other LEPs areas as well, e.g. NPIF), but we would expect these to be unaffected. Currently the last joint ERDF project (with YNYER) ends Q4 2019, although further projects

may come forward in the October call. Joint ESF delivery, via the DWP opt-in which also covers the GLLEP area, may run until March 2021 depending on forthcoming performance decisions.

Some projects funded solely from the GLLEP or YNYER allocations also operate in the overlap areas. We would expect these to continue as planned and come to a natural end, with future support being simplified and consistent across the Humber geography, in line with Growth Hub aims. Whilst we have achieved this through our ESIF allocation, there are differences in the overlap areas.

Growth Hubs

We assume that BEIS will decide with LEPs when the appropriate time is to end overlapping Growth Hubs. However the BEIS core funding is matched into ERDF in our case and others, so this will need to be taken into account while the ERDF projects are still live.

Growth Deal delivery

Our preference would be for projects to remain with their current LEPs. It would be unnecessarily complicated for us to take on responsibility for the delivery of part-completed GLLEP and YNYER LEP projects in the final years of the programme. Ongoing monitoring and accountability for outputs should also remain with the originating LEP and accountable body.

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:

Not applicable to our area.

Key milestones

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

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.