

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET MEMBER FOR  
REGENERATION, MARKETING &  
STRATEGIC FINANCE**

**LOCAL ENTERPRISE PARTNERSHIP (LEP) FOR THE HUMBER**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 This report is urgent by virtue of the need to respond to Ministers by the end of this week. It has not been possible to produce earlier because of the need to consult with a range of businesses and their organisations and local council leaders.
- 1.2 The Coalition Government is committed to strengthening local economies, in part by reforming the present system of sub-national economic development.
- 1.3 The key points in this report are as follows:
  - Regional Development Agencies (RDAs), including Yorkshire Forward, will cease to exist by 31 March 2012. In their place, partnerships of councils and businesses will take over some of the RDA functions, with others likely to be led nationally;
  - It is up to councils and businesses to make the case to Ministers as to the geographic areas that should form what are called Local Enterprise Partnerships (LEPs);
  - LEPs are expected to provide the strategic leadership in their areas and set out local economic priorities, along with a clear vision, to 'rebalance their economies towards the private sector';
  - Ministers want to see clear evidence a LEP is genuinely a partnership of business and civic leaders working together to bring prosperity, investment and jobs to an area;
  - LEPs will be chaired by a prominent business leader in the locality; and
  - The Coalition Government announced in the Budget it is to publish a White Paper which sets out its approach to sub-national growth, along with legislation to abolish RDAs.

## 2. BACKGROUND INFORMATION

- 2.1 The Coalition Government, in its *Programme for Government*, stated it would ‘support the creation of Local Enterprise Partnerships (LEPs) – joint local authority-business bodies brought forward by local councils themselves to promote local economic development – to replace RDAs’.
- 2.2 The Secretaries of State 2010 for Communities and Local Government, and Business, Innovation & Skills, then wrote to council leaders and chief executives, and local business leaders on 29 June 2010 setting out what they expected of LEPs, their likely role, governance and size.
- 2.3 The letter said submissions, in the form of ‘outline proposals’, need to be with Ministers by 6 September 2010; and that it is for each LEP proposal to set out what council and business leaders wish to be responsible for and the geographical area to be covered.
- 2.4 LEPs are expected to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise, and the transition to a low carbon economy, with support for small business start-ups an obvious priority.
- 2.5 The Coalition Government also announced in the Budget, alongside LEPs, the creation of a Regional Growth Fund of £1bn over two years, from April 2011. This aims to encourage private sector enterprise, creating opportunities for people and places as they adjust to future reductions in public spending. The Regional Growth Fund will bring together all the fragmented funding streams that support sub-national economic growth into a single pot.
- 2.6 Extensive discussions have taken place (which are ongoing) with unitary council leaders and chief executives in the Humber over recent weeks, as well as with business organisations, business leaders and MPs on both banks of the Humber. These discussions and consultations have taken place with a desire to reach a consensus on a way forward on a LEP. Under present arrangements, the Humber sub-region, also referred to as the Hull & Humber Ports City Region, works collaboratively to project and protect its interests, and has operated Humber-wide in its relationships with other sub regions in Yorkshire & Humber, including the much larger population centres of Leeds and Sheffield City Regions. The Humber sub-region serves a population of 912,000 people, with around 320,000 based in the two south bank council areas of North Lincolnshire and North East Lincolnshire.
- 2.7 Unfortunately, while there is significant backing from major businesses, on both banks of the Humber, and from the sub-region’s business organisations, plus the majority of the Humber’s MPs, as things stand it has not been possible to reach agreement across the four unitary

councils. That said, all four council leaders and chief executives have made clear their wish to continue to collaborate on the key strategic assets on both banks, including ports, logistics, renewables and petrochemicals – but some wish to do so outside of a formal LEP structure.

- 2.8 Given that LEPs are meant to be about a genuine partnership with the private sector, and given the views of business in the Humber on both banks, particularly among some of the biggest companies and their organisations for a pan-Humber LEP, it is difficult to see the rationale for fragmenting the Humber and placing its strategic assets of ports, logistics, renewable and petro-chemicals outside of a single Humber LEP. These are the very assets which will make a major contribution to a private-sector-led rebalancing of the economy in this part of the UK.
- 2.9 There is a need to work with other LEPs in West, South and North Yorkshire to pool expertise and resources from across local government and the business sector. It is sensible that a Humber LEP agrees to such an approach and to take part in discussions to bring its influence to bear and protect its economic interests. The council should also adopt a pragmatic and flexible approach to the potential offered by other LEPs beyond the Humber.

### 3. OPTIONS FOR CONSIDERATION

- 3.1 **Option 1:** The Humber has a major opportunity to transform its economic base and with it, the prosperity of the communities on both banks of the Humber. The private sector and business organisations in the Humber are mindful of this. That being the case, there is an urgent need to reflect carefully on how best to move forward on LEPs. This has to take full account of the views of the private sector, in both North Lincolnshire and a much wider geographical area; including the Humber as a whole and in other locations it feels it has an interest. The council would certainly be failing in its duties if it didn't listen carefully and respond accordingly to the views of business organisations, such as the Humber Chamber of Commerce, and Humber Chemical Focus, and many significant businesses on both banks of the Humber and elsewhere.
- 3.2 **Option 2:** The Humber, despite its considerable assets, including ports and logistics has not performed to a high level economically for many years. This is a fact of life, however painful. But with the potential of the South Humber Gateway (the largest economic development site in Yorkshire and Humber), it is possible to envisage a LEP covering at least the two South Bank council areas, subject to business support. There may be opportunities to reach out to neighbouring geographical areas to take advantage of investment opportunities in renewables, especially offshore wind. This would mean, in effect, two LEPs for the Humber, one each for north and south banks of the Humber.

#### **4. ANALYSIS OF OPTIONS**

- 4.1 **Option 1:** Given that LEPs are expected to provide the strategic leadership in their areas, defining their agreed economic priorities, along with a clear vision, to 'rebalance their economies towards the private sector'; and, crucially, to have business support, and taking into consideration the Humber's strategic strengths, there is a persuasive case for working closely with businesses in developing a Humber-wide LEP. Past failures on collaboration are not an adequate reason for underplaying the Humber's strengths and opportunities.
- 4.2 **Option 2:** If it is felt a Humber-wide LEP is not achievable by a lack of consensus across both banks it is possible to explore a range of alternatives, taking in both geography and industrial sectors, but with the Humber Bridge acting as the Humber's physical divide.
- 4.3 **Option 1:** Only a single Humber-wide LEP has the backing of key business interests on both banks of the Humber. They have been proactive during the recent consultation on LEPs in making clear their support for such a way forward, and one in which they want to play a key role. Fragmenting the Humber is not compatible with strategic leadership of its key assets, including ports, renewables, logistics and petro-chemicals. In fact, quite the opposite. Creating two LEPs in the Humber, with the estuary serving as the divide and not the bridge between both banks, would fragment and fundamentally weaken the Humber's common economic interests for no compelling reason. A LEP which included only the two south bank council areas, with a population of around 320,000 people, would be expected to compete effectively, including for funding available for economic development and regeneration, against much larger and better resourced LEPs in other parts of the country; for example, Leeds, Sheffield and Manchester. All of these take in the neighbouring urban centres, in some cases combining more than 10 councils in a single LEP to provide genuine critical mass. It should be possible in the Humber to work cooperatively across just four unitary council areas and the various business sectors.

#### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 Financial
  - 5.1.1 There are no direct financial implications arising from this report.
- 5.2 Staffing
  - 5.2.1 There are no direct staffing implications arising from this report.

#### **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 Statutory
  - 6.1.1 There are no statutory implications arising from this report.
- 6.2 Environmental & Other
  - 6.2.1 There are no direct environmental or other implications arising from this report.
- 6.3 Diversity
  - 6.3.1 The economic under-performance of the Humber sub-region over many years can be realistically judged to have had a disproportionate impact on the most vulnerable, the marginalised and less skilled. Conversely, if an effective and enduring public and private sector partnership can be formed and made to work over time, it can create the conditions for rebalancing the economic base of the Humber – and with it the life chances of all, especially those who often most miss out on newly created opportunities, including jobs. This has been one of the key drivers behind the campaign on the Humber Bridge tolls; so that economic opportunities are genuinely open to all, thereby ending the debilitating effect of separate and inefficient job markets on each side of the estuary.

## 7. OUTCOMES OF CONSULTATION

- 7.1 Wide-ranging discussions have taken place with both business organisations and businesses on both banks of the Humber to establish beyond doubt their views on how best to move forward on LEPs. In doing so, it is recognised that business interests are fully aware of both the Humber's strengths and weaknesses, the priorities of each of the four Humber unitary councils, both individually and collectively, and the potential to overcome the barriers presented by high Humber Bridge tolls in attracting investment; the movement of trade and employees, present and potential; and the challenge the estuary presents in creating a genuine functional economic area.
- 7.2 Despite the Humber's very considerable challenges in the form of an estuary and high Humber Bridge tolls, for both companies and individuals, the overwhelming view of business organisations and businesses, many with operations and interests on both banks, is for a pan-Humber LEP. The consensus is that no other form of LEP, which involves fragmenting the Humber, makes economic sense and would severely disadvantage the private sector and with it, the prosperity of communities on both banks.
- 7.3 The Humber is represented by a total of 10 Members of Parliament. Discussions with and between them have indicated seven strongly

favour a pan-Humber LEP – for almost identical reasons advanced by the private sector.

## 8. RECOMMENDATIONS

- 8.1 The council, with the support and approval of the private sector – in light of the Humber's key strategic strengths and assets – submits an outline proposal to Ministers for a pan Humber LEP.
- 8.2 The activities to be covered by a proposed pan-Humber LEP be viewed as flexible and may need to be refined following further discussions with the private sector and their representatives and Government departments, though the LEP will cover, at the very least, those activities listed in paragraph 8.3 below.
- 8.3 The pan-Humber LEP submission to take in the area covered by the four Humber unitary councils, serving a population of approximately 912,000, and having responsibility for ports, logistics, renewables, and petro-chemicals.
- 8.4 The council is actively involved in discussions on a wider coordinating body to enable LEPs across the Humber, South, West and North Yorkshire, including the private sector, to share expertise,, influence and the exchange of information – thereby protecting the Humber's strategic interests, and adopts a pragmatic approach to discussions with LEPs beyond the Humber, on a case by case basis.

## CHIEF EXECUTIVE

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### **Background Papers used in the preparation of this report**

Discussion paper by the Hull & Humber Chamber of Commerce, *A Local Enterprise Partnership for Hull and the Humber, July 2010.*

Joint letter on advice for submitting LEPs from the Secretaries of State for Business, Innovation and Skills, and Communities and Local Government, to local council leaders and chief executives, and business leaders, 29 June 2010.

Government paper – *The Coalition: our programme for government*, May 2010

Consultation on *Regional Growth Fund* paper, Departments of Business Innovation and Skills, and Communities and Local Government, and HM Treasury, July 2010

Humber Chemical Focus support for a pan-Humber LEP, July 2010

North Lincolnshire Council business breakfast meeting on LEPs, 10 August 2010