

**For publication****Strengthened Local Enterprise Partnerships (R000)**

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Meeting:	Council
Date:	27.02.2019
Cabinet portfolio:	Leader of the Council
Report by:	Chief Executive Assistant Director – Policy and Communications

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**1.0 Purpose of report**

- 1.1 This report updates members on HM Government's review of Local Enterprise Partnerships (LEPs) and seeks delegated authority for the Leader of the Council to respond to the review and to make a final decision on council membership of the Sheffield City Region (SCR) and Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) LEPs.

**2.0 Recommendations**

- 2.1 That Council notes the requirements of HM Government's review of Local Enterprise Partnerships, the current positions of the Secretary of State for Housing, Communities and Local Government and his officials and also those of SCR and D2N2 LEPs, and the emerging positions of neighbouring councils.

2.2 That the Leader is given delegated authority to respond to HM Government's Local Enterprise Partnerships review and to make the final decision on council membership of SCR and D2N2 LEPS.

2.3 That the Leader reports back to full Council at the earliest opportunity informing members of the final decision taken and clearly setting out for members the rationale for that decision.

### 3.0 **Background**

3.1 In November 2017 HM Government announced in its Industrial Strategy its intention to conduct a review of LEP roles and responsibilities; the review was to look in particular at matters of leadership, governance, accountability, financial reporting and geographical boundaries.

3.2 The Ministry of Housing, Communities and Local Government (MHCLG) published the review 'Strengthened Local Enterprise Partnerships' in July 2018 ([www.gov.uk/government/publications/strengthened-local-enterprise-partnerships](http://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships).)

### 4.0 **Strengthened Local Enterprise Partnerships**

4.1 MHCLG has firstly set out within the review a number of new requirements of LEPS around leadership and organisational development whilst also making commitments to support implementation, in particular, through the provision of additional short-term capacity funding. These requirements and commitments include:

- Development of a national training programme for LEPS
- Up to £20million over the two financial years 2018/19 and 2019/20 in additional capacity funding

- Introduction of a defined term of office for LEP Chairs and Deputy Chairs
- Changes to the composition of LEP boards – a maximum of 20 persons on the board (with the ability to co-opt up to five additional board members) and two thirds of board members to be from the private sector
- Changes to the diversity of board membership specifically gender balance and representation from people with protected characteristics

4.2 Improved accountability and performance are also important features of the review, including:

- A new requirement for LEPs to publish annual performance reports and to also hold their annual general meetings in public
- Revision of the national assurance framework to clarify the Government's approach to intervention should a LEP be found to be underperforming
- Defined responsibilities for the Chair, Board, Directors and Accountable Bodies over spending decisions, appointments and governance matters

4.3 However, the most controversial element of MHCLG's review was always going to be around geography. All LEP Chairs and other stakeholders were asked to come forward by 29 September 2018 with considered proposals on geographies which best reflect real functional economic areas and remove overlaps. MHCLG also made payment of the afore-mentioned capacity funding contingent on the satisfactory development of these proposals and gave warning that the value of future post-Brexit funding allocations (the UK Shared Prosperity Fund) to LEPs would similarly be impacted should LEPs not comply with the requirement to remove overlaps.

4.4 In addition, in areas with a Mayoral Combined Authority (MCA), LEPs were strongly encouraged to move towards co-terminous geographies with the MCAs.

4.5 These new requirements have created significant challenges for many local authorities across England in particular those in overlapping geographies, which is the case for Chesterfield Borough Council (CBC).

## **5.0 CBC and LEP-ography**

5.1 CBC has been a formal partner in SCR LEP since 2013, along with three other Derbyshire districts (Bolsover, Derbyshire Dales and North East Derbyshire) and Bassetlaw district council in Nottinghamshire. CBC is also a non-constituent member of SCR MCA. This status affords the Leader of the Council a seat on the LEP board and at the MCA and Leader / Chief Executive representation on some of the sub-board/sub-MCA governance structures. CBC's officers are also invited to all LEP officer groups.

5.2 CBC is also a partner in D2N2 LEP. Due to the larger number of local authorities that make up the LEP geography the Leader does not have a seat on the board. CBC, as is the case for all 8 district / borough councils in Derbyshire, is represented on the board by the Leader of High Peak Borough Council. CBC also currently has no member / officer representation on any of the sub-board governance structures; however, officers do attend some of the LEP officer groups.

5.3 More recently, the new Chair of D2N2 LEP has established a new Leaders' Forum to improve communications and engagement with the leaders of all 19 D2N2 local authorities. The Leader of the Council attended the first meeting in December 2018 and more are planned on a quarterly basis.

5.4 CBC's involvement in both LEPs reflects our functional economy geography which looks north towards Sheffield and South Yorkshire, our travel to work and housing market areas

which comprise Chesterfield borough alongside Bolsover, North East Derbyshire and Bassetlaw districts, and our place in the administrative county of Derbyshire. CBC has also worked its standing in the overlapping geography as well as any council, as evidenced by the significant benefits that have been achieved for our residents and businesses. In this regard, Appendix 1 highlights the main funding streams which we have secured respectively from SCR and D2N2 LEPS.

## **6.0 The SCR/D2N2 overlap**

- 6.1 Overlaps emerged when LEPS were first established and affect several areas of the country; at the time the Department for Communities and Local Government (now MHCLG) actively canvassed councils such as ourselves to join LEPS whose geography best reflected how their economy worked and also took steps to allocate Government funding streams to LEPS on a notional 50:50 basis where a council bridged two LEP geographies.
- 6.2 As is already referenced in paragraph 4.3, MHCLG is now taking a very different line, insisting that overlaps must be removed and that councils can only be part of one LEP.
- 6.3 MHCLG's approach to enforcing this position is also interesting in that their stated intent is to financially penalise (paragraph 4.3 again refers) LEPS that default on this requirement.
- 6.4 In response to MHCLG's ask for LEP Chairs and other stakeholders to come forward with their proposals by 29 September 2018, D2N2 LEP made the case for all five overlap districts, including Chesterfield borough to become members solely of D2N2 LEP. SCR LEP, however, resisted MHCLG's direction and made the case for the overlap to be retained and for the five overlap districts to continue their membership of both LEPS.

- 6.5 This latter position matched that of the five overlap districts, with Chesterfield borough's specific representations on the matter set out in a carefully worded letter from the Leader of the Council to the Chair of D2N2 LEP. This was dated 7 September 2018 and is attached, for reference, at Appendix 2.
- 6.6 Due to this impasse, The Right Hon. James Brokenshire, Secretary of State at MHCLG, met with the Chairs of D2N2 and SCR LEPs on 6 November 2018 and subsequently clarified his position in writing. This letter is attached at Appendix 3.
- 6.7 The Secretary of State's letter was followed by a 4 December 2018 letter to the Chair of D2N2 LEP and Vice Chair of SCR LEP from the relevant Area Directors at the Cities and Local Growth Unit (see Appendix 4 for a copy of the letter).
- 6.8 Both the Secretary of State and the Area Directors were unequivocal in re-affirming MHCLG's insistence that districts such as Chesterfield borough could only be members of one LEP.
- 6.9 The Secretary of State was, however, more relaxed about councils potentially retaining their non-constituent membership of a MCA covering a particular geography whilst at the same time being members of a LEP whose remit extended over a different geography. The Secretary of State recognised that there needed to be strong collaboration between neighbouring LEPs to reflect areas of shared economic geography and viewed this as one of the mechanisms to support effective collaboration.
- 6.10 This means in practice that CBC could in future be a member of both SCR LEP and MCA or a member of D2N2 LEP and SCR MCA. The latter option is not, however, a given as it is for SCR MCA, as a corporate body in its own right, to determine whether it would wish CBC to retain its non-constituent

membership status after resolving to no longer be a member of SCR LEP.

- 6.11 On 9 January 2019, the Leader of the Council hosted a meeting at Chesterfield Town Hall involving the Area Directors, the Chairs and Chief Officers of D2N2 and SCR LEPs and the Leaders and Chief Officers of the overlap districts. At this meeting, all of the above was again referenced and, in particular, MHCLG's resolve to not allow CBC and other overlap districts continuing dual membership of SCR and D2N2 LEPs.
- 6.12 The Area Directors, however, went further in making it clear that if a district or borough wanted to leave the LEP of choice of its county council an exceptionally good business case would need to be made, there would need to be clarity on how the district and county councils would continue to discharge their statutory responsibilities without detriment to residents and businesses, and the county council would need to be supportive of such an arrangement. In Chesterfield borough's case, it is highly unlikely that Derbyshire County Council would accede to CBC continuing to be a member of SCR LEP and not a member of D2N2 LEP.
- 6.13 The Area Directors also concluded that it would be difficult to envisage a situation where Chesterfield borough remained as a member of SCR LEP were North East Derbyshire district to resolve to run with membership of D2N2 LEP. This is on the basis that Chesterfield borough would no longer have a contiguous border with the South Yorkshire local authorities.
- 6.14 This latter position has become more of a reality in recent weeks as we understand that the Leaders of North East Derbyshire, Bolsover and Derbyshire Dales districts have now written to the Secretary of State at MHCLG and to the SCR and D2N2 LEP Chairs advising of their 'in-principle' decision to retain membership of D2N2 LEP and non-constituent

membership of SCR MCA. We also, however, understand that this 'in principle' decision is subject to receipt of satisfactory assurances from the Secretary of State and D2N2 LEP.

## **7.0 Future LEP membership**

- 7.1 It is evident from the above that Chesterfield borough's LEP future is a very fluid and dynamic matter, which is why delegated authority is now sought from full Council for the Leader of the Council to make the final decision.
- 7.2 MHCLG's position is clear that CBC can only be a member of one LEP. And whilst the onus is on SCR and D2N2 LEPs to come up with the solution, as it stands it is also clear that CBC will ultimately be required to exercise a choice.
- 7.3 At the time of writing this report, CBC's position is unchanged – we remain committed to being members of both SCR and D2N2 LEPs; and, for completeness, a non-constituent member of SCR MCA. We also understand this to be the position of Bassetlaw District Council.
- 7.4 It is also evident that the matter of overlapping geography is not unique to SCR and D2N2 LEPs, for example, councils in the West Midlands are also currently resisting MHCLG's advances. They similarly see no need to remove overlaps.
- 7.5 In this standstill period, however, it makes sense for CBC to continue to seek clarity on a number of matters. These include:
- a) **Governance** – both SCR and D2N2 LEPs have undertaken recent reviews of their governance arrangements; and we are waiting to see what positions of authority and influence will be afforded to the Leader of the Council and Chief Executive. At SCR, it is anticipated that the Leader of the Council will continue to have a seat on the LEP Board



and the Leader and Chief Executive respectively seats on at least one sub-Board, e.g. skills, business growth, housing etc. At D2N2, the Leader of the Council will not have a seat on the LEP Board but the Leader and / or Chief Executive are likely to have seats respectively on at least one sub-Board. There is also then the new D2N2 Leaders' Forum (see paragraph 5.3 above).

- b) **Transitional arrangements** – there needs to be clarity from both SCR and D2N2 LEPs on how they will ensure CBC, its residents and businesses suffer no detriment should the council ultimately make or have to make a decision to run with membership of one of the two LEPs. This position applies not only to projects and programmes to which LEP funding has previously been assigned but equally to projects and programmes for which the council is currently making funding applications, e.g. the submission made in Autumn 2018 for SCR skills capital funding to support the construction of a new rail research and innovation centre at Barrow Hill Engine Shed.
  
- c) **Collaboration** – Due to the overlapping nature of Chesterfield borough's functional economic geography, it is important that the two LEPs set out in advance how they intend to collaborate and engage on key activities and programmes, in particular the development of Local Industrial Strategies. This is considered essential irrespective of whatever final decision CBC arrives at. The council will want to be involved in the future design and development of the key strategies of both LEPs; in so doing acting in the best interests of the borough's residents and businesses who are largely uninterested in and unhindered by HM Government's Local Enterprise Partnerships review.

- d) **Enterprise Zone Business Rates** – parts of Markham Vale are within SCR LEP’s Enterprise Zone (EZ). EZ benefits, including enhanced capital allowances, simplified planning arrangements and superfast broadband have encouraged new businesses to locate to Markham Vale. In line with Government policy and the positions of Sheffield, Rotherham and Barnsley councils, CBC currently passports the business rates uplift arising from new investments within the EZ geography to SCR LEP to support funding of SCR’s Executive. Clarity has therefore been sought from HM Government’s Cities and Local Growth Unit on the options available to CBC should the council relinquish its membership of SCR LEP, which is likely to mean the EZ at Markham Vale falling within the responsibility of D2N2 LEP.

## **8.0 Considerations**

- 8.1 There are no legal, human resources or equality and diversity issues arising from this report at this stage. However further analysis of financial implications, and additional assessments of risks and opportunities will be required should CBC ultimately choose to or have to comply with MHCLG’s policy direction that the Council from April 2020 can only be a member of one LEP. Such analysis and assessments will form a key part of the Leader’s future considerations.

## **9.0 Recommendations**

- 9.1 That Council notes the requirements of HM Government’s review of Local Enterprise Partnerships, the current positions of the Secretary of State for Housing, Communities and Local Government and his officials and also those of SCR and D2N2 LEPs, and the emerging positions of neighbouring councils.
- 9.2 That the Leader is given delegated authority to respond to HM Government’s Local Enterprise Partnerships review and to

make the final decision on council membership of SCR and D2N2 LEPs.

- 9.3 That the Leader reports back to full Council at the earliest opportunity informing members of the final decision taken and clearly setting out for members the rationale for that decision.

### **10.0 Reason for recommendation**

- 10.1 To enable the Leader of the Council to respond on behalf of the full Council, in a timely manner, to HM Government's Local Enterprise Partnerships review; acting in the best interests of the borough's residents and businesses.

### **Decision information**

<b>Key decision number</b>	<b>867</b>
<b>Wards affected</b>	<b>ALL</b>

## Document information

<b>Report author</b>	<b>Contact number/email</b>
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<b>Appendices to the report</b>	
Appendix 1	Financial benefits secured through participation in the SCR and D2N2 LEPS
Appendix 2	7 September 2018 letter from Cllr Tricia Gilby to Elizabeth Fagan, Chair of D2N2 LEP
Appendix 3	14 November 2018 letter from The Rt Hon James Brokenshire MP, Secretary of State for Housing, Communities and Local Government to Chairs of SCR and D2N2 LEPS
Appendix 4	4 December 2018 letter from Andrew Batterbee and Rowena Limb, Area Directors, Cities and Local Growth Unit to D2N2 LEP Chair and SCR LEP Vice-Chair

## Financial benefits secured through participation in the SCR and D2N2 LEPs

Programme	SCR LEP/MCA	D2N2 LEP
Infrastructure	<p>Parts of Markham Vale are located within the SCR Enterprise Zone, with businesses moving to the EZ potentially benefitting from up to £100m of enhanced capital allowances.</p> <p>A SCR LEP sponsored bid to the Government's Enterprise Zone Capital Grant Fund secured £14m of funding to support the construction of the Seymour Link Road and site works at Markham Vale North.</p> <p>Four schemes have benefited from capital investment from the Sheffield City Region Infrastructure Fund (SCRIF) programme:</p> <ul style="list-style-type: none"> <li>- Markham Vale Seymour Link Road £3.1m</li> <li>- Chesterfield Waterside £2.7m</li> <li>- Peak Resort £2.85m</li> <li>- Chesterfield Northern Gateway £5.83m</li> </ul>	<p>Two schemes have benefited from capital investment from D2N2 LEP's Local Growth Fund:</p> <ul style="list-style-type: none"> <li>- Markham Vale Seymour Link Road £2.52m</li> <li>- University of Derby St Helena's campus £3.48m</li> </ul> <p>D2N2 LEP has also made a funding allocation of £16.04m for the A61 Corridor / Whittington Moor project, covering both Chesterfield borough and North East Derbyshire district, for completion by 2020/21.</p> <p>The project comprises 5 scheme elements:</p> <ul style="list-style-type: none"> <li>- Chesterfield Station masterplan</li> <li>- Avenue southern access road</li> <li>- 21<sup>st</sup> Century transport corridor</li> <li>- Standard gauge for sustainable travel</li> <li>- A61 Whittington Moor roundabout.</li> </ul> <p>Plans for the Whittington Moor roundabout have since been withdrawn (following public consultation) and a small scale scheme will now be funded through DCC's own resources.</p> <p>D2N2 LEP has also made a provisional allocation of £1m from D2N2's 'HS2 strategic sites' strand to support site acquisition in the Chesterfield station masterplan area (subject to submission of approved business case).</p>

Housing	A provisional funding allocation (£1.79m) has been made from SCR LEP's Housing Fund to support housing scheme delivery on Brimington Rd (subject to submission and approval of a strategic business case).	
HS2 Station Masterplan	SCR LEP has allocated £130,000 to support the development of the HS2 station detailed master plan.	D2N2 LEP has allocated £110,000 to support the development of the HS2 station outline master plan.
Business Support	<p>Eight Chesterfield companies have received total grants of £1.36m from SCR LEP's Unlocking Business Investment Programme.</p> <p>A further 6 Chesterfield companies have received grants totalling £440k from SCR LEP's Business Investment Fund (with the fund still open for new applications).</p> <p>Chesterfield businesses also receive on-going general and specialist support via the SCR LEP's Growth Hub.</p>	<p>Two companies have received total grant of £140k via D2N2 LEP's Unlocking Investment for Growth RGF programme.</p> <p>D2N2 LEP's Growth Hub provided initial funding to enable CBC to create a full-time business advisor post to support Chesterfield businesses. D2N2 Growth Hub ESIF project has now provided continuation funding for the post (£165k in 2 phases).</p> <p>Chesterfield businesses also receive on-going general and specialist support via the D2N2 LEP's Growth Hub.</p>
Skills and Employment	<p>SCR LEP's Skills Made Easy Programme has provided funding of £496k to 186 Chesterfield businesses to support apprenticeships and workforce up-skilling.</p> <p>40 Chesterfield businesses have also received funding of £357k from the SCR LEP's Skills Bank to support up-skilling of the workforce. Skills Bank 2 is to be launched in April 2019.</p>	<p>24 Chesterfield businesses have received total funding of £98k from D2N2 LEP's Skills Local Programme to support workforce up-skilling.</p> <p>D2N2 LEP's Employ Local Programme has provided skills training to 168 young unemployed people (at a total cost of £101k).</p>

	<p>Two SCR LEP programmes (Ambition SCR [£215k] and Talent Match [£283k]) have supported approximately 350 young people not in training, education or employment to enter the labour market.</p> <p>Chesterfield College has received £243k from the SCR LEP Skills Capital Programme to support upgrades of engineering training equipment.</p> <p>An un-ringfenced allocation of £8.33m from the Skills Capital Programme has also been made for the DRIIVE Innovation Centre (subject to the submission of an approved business case).</p>	<p>Ten Chesterfield schools have received a share of £100k (£10k per school) from D2N2 LEP's Careers Local Programme to support the provision of careers advice.</p>
Inward Investment Promotion	<p>Chesterfield has benefitted from SCR's inward investment marketing activities.</p>	<p>D2N2 LEP has allocated ESIF match funding of £374k (2016-22) via the 'Invest in D2N2' project to support Destination Chesterfield's (and the Council's) inward investment activities.</p>



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Chair of D2N2 Local Enterprise Partnership  
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Please ask for: Cllr Tricia Gilby  
Telephone: 01246 345237

Our ref: PAG/EH

7<sup>th</sup> September 2018

Dear Elizabeth

### **The Future of D2N2 Local Enterprise Partnership**

Thank you for your letter of 4 September 2018.

Congratulations on your appointment as the new Chair of the D2N2 Local Enterprise Partnership (LEP). I look forward to meeting you in October. If diaries permit, I would welcome the opportunity to show you around Chesterfield's regeneration schemes and to introduce you to some of the town's business leaders.

I'm sure Sajeeda will have already briefed you on our £1bn regeneration programme and referenced the Chesterfield Waterside, Peak Resort, Northern Gateway and Markham Vale schemes. It would also be good for me, in my role as Chair of the HS2 Chesterfield and Staveley Delivery Board, to show you, at first hand, our emerging master planning work with regards Chesterfield Railway Station and the HS2 Infrastructure Maintenance Depot at Staveley. You'll also be aware that Chesterfield is in the final running to land a major inward investor; Talgo. The Spanish rail company will make their location decision for their new UK manufacturing facility at the end of October. Should this investment be realised, Talgo will create 1,000 high quality manufacturing jobs within Chesterfield and North Derbyshire and a further 6,000 supply chain jobs.

Chesterfield Borough Council is therefore an important partner for D2N2 LEP.

**I'm happy to confirm that we remain committed to being part of the D2N2 LEP area but our agreed position is for Chesterfield borough to also remain part of the Sheffield City Region LEP area, i.e. for the 'overlap' to be retained.**

We see no reason for HM Government to end 'overlap areas' between LEPs. Chesterfield Borough Council works the 'overlap' very well and to the full advantage of the borough's residents and businesses.

You set out in your letter and in the accompanying papers various facts and figures about the D2N2 economy and Chesterfield's place within it. I'm not going to challenge that intelligence; I thank you for it. However, I have available to me an equally compelling, if not more so, set of facts and figures that make the case for Chesterfield also being part of the SCR functional economic geography. And to further illustrate the point I make about how well the Council works the 'overlap', I can evidence for you not just potential investment of Local Growth Funding (LGF) (for which I'm very grateful to D2N2 LEP)

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but actual investment of £14.5m of SCR LEP LGF in the afore-mentioned regeneration schemes. We have also accessed through SCR LEP £14m of capital grant for Markham Vale on the basis of parts of the site falling within the SCR enterprise zone.

I would particularly welcome the opportunity to discuss with you how D2N2 LEP can better engage with and involve Chesterfield Borough Council. But as I said to Matthew and Sajeeda when they met with Huw Bowen, the council's Chief Executive and I on 22 August 2018, a periodic meeting of council leaders and yourself doesn't do it. We have a lot of expertise in economic development, skills and apprenticeships, housing and planning, place marketing etc. that D2N2 should be taking maximum advantage of. And whilst I wouldn't expect to sit on the D2N2 LEP Board, I would want to see myself and senior officers invited to be part of policy making and decision taking LEP sub-Board and officer meetings.

My concern about this governance matter is also heightened by a similar lack of commitment from the upper tier authorities to engage and involve district / borough councils in the emerging Strategic Alliance proposals.

Whilst I note the statement that you make with regards recognising existing SCR LEP funding commitments to Chesterfield Borough and pledging to develop an ongoing collaboration agreement with SCR LEP, your officers were also unable to give Huw and I any real comfort with regards a critical funding commitment. SCR LEP has confirmed to Chesterfield Borough Council its commitment to make a substantial multi-million pound investment towards delivery of Talgo's new UK manufacturing facility; subject of course to Talgo making the right location decision.

There are also good examples that I can cite of where SCR and D2N2 LEPs have both committed funding to our 'overlap' area, e.g. LGF investment in Markham Vale North, and revenue for HS2 master planning and business support.

It is for these and other reasons that my political colleagues and I have come to the considered view that our best option, at this point in time, is for Chesterfield Borough Council to remain part of both D2N2 and SCR LEPs and to continue to work the 'overlap' to the full advantage of the borough's residents and businesses.

I would therefore respectfully ask that you have regard to this agreed position when developing the D2N2 LEP's response to HM Government's LEP review.

I am now on annual leave until 24 September 2018 but Huw is available should you or Sajeeda wish to speak with him during this period.

Yours sincerely



Councillor Tricia Gilby  
**Leader of Chesterfield Borough Council**

cc Huw Bowen



**Ministry of Housing,  
Communities &  
Local Government**

Elizabeth Fagan  
Chair, D2N2 LEP

Lord Christopher Haskins  
Chair, Humber LEP

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Chair, York, North Yorkshire & East Riding LEP

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(sent by email)

**The Rt Hon James Brokenshire MP**  
*Secretary of State for Housing, Communities and  
Local Government*

***Ministry of Housing, Communities and Local  
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14 November 2018

Thank you for meeting me on 6 November with a number of your colleagues from the East Midlands and Yorkshire and Humber regions to discuss your LEP geography proposal, and for all your hard work on submitting your implementation plans on 31<sup>st</sup> October.

As I said in the meeting, the Government has a clear view that there should be no overlaps between LEP areas. This was the policy set out in *Strengthened Local Enterprise Partnerships* in July, and removing overlaps from LEP geography remains a key priority. I believe it is the right thing to do as we look to LEPs to lead on local industrial strategies, and to take decisions on how to invest the new UK Shared Prosperity Fund (SPF). As I said in our meeting, this view is strongly shared by my colleagues across Government.

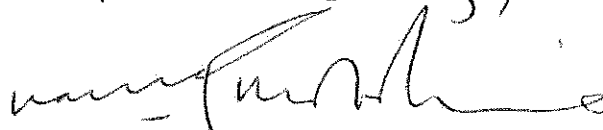
In saying this, of course, we do not take the view that LEPs are separate economic areas insulated from their neighbours. Collaboration between LEPs is important now, not only in cases where there are overlap areas; and it will be every bit as important in the future. In agreeing on the best ways to eliminate overlap areas, we would encourage you to look to neighbouring LEPs to agree how best to enshrine that collaboration in the future. In assessing LEPs in future annual performance reviews, we will be taking account of how effectively and openly you work with neighbouring LEPs.

I would also like to clarify that co-terminosity with Mayoral Combined Authority (MCA) areas is important, recognising that non-constituent membership of the MCA by Councils and LEPs creates the basis for wider spatial collaboration.

Failure to resolve the overlaps will lead to increasing levels of relative disadvantage for LEPs. In the short run, we have said we are prepared to make additional capacity funding available in 2018-19 to each LEP to fund a timely and effective implementation of the LEP review, and the development of an evidence base for Local Industrial Strategies. We will move to release this funding only where LEPs have both proposed and are now implementing changes to their geographies that meet the conditions set out and where we are content with your implementation plans.

More seriously, if in time there were cases where overlaps have not been resolved, then your areas may not benefit from UK Shared Prosperity Fund.

I am therefore keen that the remaining overlap areas are now resolved. I would therefore ask you, building on the positive contributions made at the meeting on 6 November, to work further on the best approach your overlaps, and return to me with proposals by 16 November. My officials are on hand to offer advice or to take part in any discussions.

Yours sincerely,  


**RT HON JAMES BROKESHIRE MP**



Department for  
Business, Energy  
& Industrial Strategy

APPENDIX 4

Andrew Battarbee  
Area Director  
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cc. Dave Smith, MD, Sheffield City Region  
Sajeeda Rose, Interim CEO, D2N2 LEP  
Sir Nigel Knowles, Chair, Sheffield City Region

4 December 2018

Dear Nigel and Elizabeth,

**LEP Review: Geography**

At the telephone meeting between the D2N2 and Sheffield City Region LEPs on Friday, 30 November, there was agreement that it would be helpful if the Government could set out its position in writing in respect of the “overlap areas” so that you could share this with all of your Board members as you seek to reach an agreement.

We attach the letter sent by the Secretary of State to both LEP Chairs on 16 November and confirm that this still sets out the Government’s view.

We would like to emphasise the point made by the Secretary of State that, whilst we want to see simple LEP arrangements, the Government recognises there are shared economic characteristics and such areas will need to work collaboratively, whatever boundary decisions are reached. The submissions both your LEPs produced showed that the current overlap areas do indeed extend across different functional economic areas. The point being emphasised by Ministers is that in future we want these areas to be in one LEP but with strong collaboration between neighbouring LEPs to reflect areas of shared economic geography, as we already have in some shared sectoral specialisms across the country (e.g. the space/satellite sector).

Ministers are not prepared to accept continuation of dual memberships. Equally, in future we will be intolerant of LEPs which do not collaborate with neighbours where there are overlapping and shared interests, and we will hold LEPs to account if they failed to collaborate effectively.

During the call you raised a question about the Government's commitment to the Sheffield City Region devolution deal. I can reaffirm we remain committed to the devolution deal for the Sheffield City Region agreed in 2015. The MCA that was to be created by this deal has now been enshrined in law and we look forward to the final consents being obtained so that the £900m of new money and other benefits for the region can begin to flow. Furthermore, there is no need from Government's perspective to amend the MCA membership, with the non-constituent members seen by Ministers as one of the mechanisms to support effective collaboration.

We would be grateful if you could share this note and the Secretary of State's letter with all Board members. We understand D2N2 have already shared the letter with their board and all the nineteen local authorities in their membership. We hope that you can now move to early agreement on which LEP will be the host for the current overlap areas, so that you can develop mutually satisfactory arrangements for joint working and also to starting work on your local industrial strategies with clarity about your boundaries.

A response to this letter ahead of the 21 December will be welcome.

Yours sincerely

**Andrew Battarbee**  
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Yorkshire, Humber & North East  
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