



Department for
Business, Energy
& Industrial Strategy



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street,
London,
SW1P 4DP

11 March 2019

Ben Still
Managing Director
Leeds City Region Enterprise Partnership

By email

Dear Ben

I would like to thank you, the LEP Chair and the Accountable Body for participating in the Leeds City Region LEP Annual Performance Reviews this year. With the publication of *Strengthened Local Enterprise Partnerships*, it has been a year of significant change and I am grateful for your continued cooperation, particularly as we work towards the merger with York, North Yorks and East Riding LEP. Your participation in the LEP Network Working Groups has helped greatly in shaping this year's assurance processes, culminating in the publication of the revised National Local Growth Assurance Framework.

As with last year, I am writing to communicate formally the outcomes of the 2018-19 Annual Performance Review, and to set out the actions that are required. The agreed note of the Annual Performance Review is attached. Alongside the Section 73 Officer letters to the Accounting Officer, the outcomes of the Annual Performance Reviews will be used to inform recommendations for funding for the 2019-20 financial year.

Performance Review

As set out in the 2018-19 Annual Performance Review Guidance, following the Annual Performance Review meeting, officials in the Cities and Local Growth Unit undertook a review to look at the performance of each LEP across the three themes: governance, delivery and strategy. Following feedback and wider discussion, it was decided not to award an overall marking for this year as initially indicated. It was felt that this was a fairer representation allowing the LEP to focus on each individual theme.

The review also sought to highlight any areas where there may be need for further development or where there is good practice to be shared. This involved reviewing the information provided for the Annual Performance Review meeting along with other sources including Spot Checks on compliance with the National Assurance Framework, Growth Deal data submissions and LEP governance processes and policies.

Following the conclusion of the Annual Performance Review process we have determined that the LEP is compliant with the National Assurance Framework. Feedback under each theme is set out below:

Governance

The LEP's governance is considered to be good.

Governance arrangements introduced following a thorough review in 2017 have bedded down well and your Section 73 officer and her teams continue to be positively engaged in all aspects of LEP governance and growth deal assurance. The LEP board, panels and associated committees are well-supported to make effective and timely decisions, with papers consistently published on time.

Your LEP Chair provides strong leadership and private sector members are actively engaged, providing clear influence in policy development and programme oversight as well as undertaking a wide-range of LEP-representation roles locally, regionally and nationally.

Arising from the Annual Performance Review, the following actions and feedback were identified:

- The proportion of women board members is relatively low and will need to be increased to at least meet the one third requirement by 2020 and the expectation for equal representation by 2023.
- You are working with York and North Yorkshire through the transition group on proposed arrangements for the new LEP, with papers going to both board meetings in March. Governance and all associated matters for the new LEP will need to meet the requirements of both the *Strengthened Local Enterprise Partnerships Review* and revised National Local Growth Assurance Framework.

Delivery

The LEP's delivery progress is considered to be good.

Acceleration of Growth Deal delivery has been sustained, bringing forecast total project expenditure to approximately 90% of Local Growth Fund grant paid by the end of 2018-19. Local Growth Fund backed business grant programmes continue to deliver well, with strongly aligned ESIF programmes and good quality advice and support provided through the Growth Service. I am pleased to see that the LEP's Invest in Leeds City Region campaigns have enjoyed success over the last year, not least in landing the new national C4 HQ which has already attracted other company investments.

Arising from the Annual Performance Review, the following actions and feedback were identified:

- Contractual commitments are relatively low. The additional measures introduced last year to speed up appraisal and contracting will need to be maintained, and possibly further enhanced, to achieve lifetime expenditure and output forecasts.
- Positive steps have been taken to accelerate development of M62 sites, including additional Local Growth Fund and programme management resources which should be maintained and progressed. The Cushman and Wakefield update will help prioritise and sequence investments to open up sites as quickly as possible.

Strategy

The strategic impact of the LEP is considered to be good.

The LEP continues to collaborate positively locally, across the North (including through NP11 and Transport for the North), and nationally with a range of government departments and agencies on policy developments to address established strategic economic priorities. I note that good progress has been made on your new policy framework, including the conclusion of the Digital Framework, Energy Strategy and Green and Blue Infrastructure Strategy.

Arising from the Annual Performance Review, the following actions and feedback were identified:

- A positive start has been made on your approach to Local Industrial Strategy development, with initial stakeholder engagement undertaken and a refresh of your evidence base underway. It will be important going forward to maintain a sharp focus on identifying distinctive strengths, challenges and opportunities.
- New joint Local Industrial Strategy governance and a revised project plan have been put in place to progress strategy development for the proposed new LEP geography. With the support of the additional capacity funding paid to both LEPs in December and anticipated again for 2019-20, you are working to conclude a final Local Industrial Strategy in December 2019. This will reflect jointly agreed priorities for West Yorkshire, North Yorkshire and York.

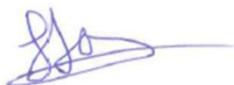
Next Steps

The previous sections of this letter set out some areas where we would like you to focus over the next twelve months and my team will be in touch to follow-up this letter. If you have not already done so you should publish the joint assurance statement you wrote with the LEP Chair ahead of your Annual Performance Review on the LEP website. You will receive further information on the decisions relating to your Local Growth Fund and core funding allocations for the 2019-20 year shortly.

As part of the Annual Performance Review preparation we asked you to provide us with information on where Government could better support you to fulfil the ambitions of your place. We have noted this feedback and will continue to work with you to explore these issues over the coming months. Further, we are committed to working with you over the coming months to support you to deliver local priorities and develop your area's Local Industrial Strategies.

I take this opportunity to remind you of the importance of following the communication and branding guidance as Minister Berry stated last year. This will continue to be a term of your grant offer letter.

Thank you once again for participating positively in the process.



STEPHEN JONES
DIRECTOR, CITIES AND LOCAL GROWTH UNIT

cc. LEP Chair and Section 73 Officer.

Private and Confidential

Stephen Jones
Director, Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street
London
SW1P 4DP

14 March 2019

Dear Stephen

RE: Leeds City Region LEP Annual Performance Review 2018/19

Thank you for your letter of 11 March informing me of the outcome of the Leeds City Region LEP Annual Performance Review. Unfortunately the LEP Chair and I are united in our disappointment in receiving it.

Your letter was complimentary of the work we are doing in the Leeds City Region LEP. We are proud of what we are achieving, but also recognise that there are always things that we can do better. So we are a learning organisation. We seek out better ways of operating, and we actively look for, and respond to, constructive feedback. At the previous Annual Conversation for 2017/18, we received ratings of 'Good' for Governance, 'Excellent' for Strategy, and 'Requires Improvement' for Delivery, and we have responded wholly to the actions agreed.

We therefore enjoyed an extremely positive Annual Conversation for 2018/19 with CLoG officials, reflecting on the LEP's progress over the last year. We also discussed the progress on the proposed merger with parts of the York, North Yorkshire and East Riding LEP, which has been required as a result of the Government directive to remove overlapping geographies. We must ensure that we enter this merger with absolute clarity about the quality of our operations, so that we can give the newly merged LEP the best chance of success.

I note that in your letter you indicate that, following this conversation, we have received ratings of 'Good' for each of Governance, Strategy and Delivery. If we are to make the new joint LEP a success, it is essential that we understand why, and how, those results have been arrived at, so that we can ensure the new LEP is exemplary.

Neither in the Annual Conversation, nor in any discussion or communication with your officials (we have had quarterly formal meetings, and numerous informal conversations), has there been any indication that our performance on strategy in 2018/19 has been less effective than in 2017/18. Indeed, the signals were that they thought we had improved on last year in all regards.

Yet we have been moved from 'Excellent' to 'Good'. The feedback in the letter sets out issues which are overwhelmingly positive and distinctive about the LEP, including support for NP11 and Transport for the North, and the actions required are all in the future and in hand, and not as a result of a shortfall in performance over the last year. I would be grateful if you could clarify the reason for the drop in performance grade so that I can both explain this situation to our LEP Board, and confidently put in place measures that will enable us to return to the 'Excellent' grading we previously enjoyed. I would also be grateful if you could indicate which LEPs received an 'Excellent' grading, so that my team can learn from their exemplary performance.

The grading for governance remains a mystery to me. As you know, the LEP Chair has an ambition to make the LEP the most transparent in the country: an aim I believe we are achieving. The letter's feedback on governance is overwhelmingly positive. I note the comment about the proportion of female board members, which we are addressing for the future. However, we are not currently falling short of Government requirements on this matter, we have demonstrated how we are performing above this level and it is not currently a fair reason to grade us as 'Good' as opposed to 'Excellent'. Indeed, we meet the Ney requirements, and we have taken this further by holding all our meetings in public, including all LEP panels to ensure maximum transparency. You also confirmed we complied with all the spot check requirements and we are undertaking further work above and beyond the requirements to improve our website further to make it easier for partners, businesses and wider communities to access our information and decisions.

Therefore, again it would be helpful if you could provide further information justifying our grade. If the sole reason is the representation of female board members, then I would also appreciate confirmation that every LEP in the country with a level of female representation comparable or less good than ours also received only a rating of 'Good' or lower. I would also be grateful if you could indicate which LEPs received an 'Excellent' grading, so that we can learn from what they are doing.

I note your use of the passive voice: "*The LEP's governance is considered to be good.*" Which begs the question: "By whom?" It would be helpful to understand if this is a decision reached by officials, and if so who, or by Ministers. In either case, what information was provided to them prior to them making this decision? The LCR LEP Board will expect to have answers from Government on these matters.

If there is any scope for appealing these scores for Strategy and Governance, and having them looked at again, then I would welcome your team reviewing these. Otherwise, I look forward to understanding the rationale for these scores. It might also be helpful if a member of your scoring team is prepared to attend the next LEP Board meeting on 26 March to discuss the scoring and our areas that you see for improvement.

I stand ready to offer my support to you in developing the LEP system further, so that it is best placed to deliver extraordinary economic growth and social

transformation for all our communities, of which one of the foundational principles needs to be transparency and fairness in approach.

I look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'B Still', with a horizontal line underneath it.

Ben Still
Managing Director
West Yorkshire Combined Authority



Department for
Business, Energy
& Industrial Strategy



Ministry of Housing,
Communities &
Local Government

Ben Still
Managing Director
Leeds City Region Enterprise Partnership
By email: ben.still@westyorks-ca.gov.uk

Dear Ben

Leeds City Region Enterprise Partnership Annual Performance Review 2018-19

Thank you for your letter of 14 March.

I am grateful for what you have done this year. “Good” ratings for all three elements of the Leeds City Region assessment represents a strong performance and should not be viewed somehow as a negative assessment. You are right to be proud of what the LEP is achieving. Your annual review meeting discussion and my letter of 11 March highlighted some significant achievements and reflected the progress you have made under all headings.

I am satisfied that the approach we have taken is a robust and fair one. I note your disappointment in having been ranked as “good” on strategy, following the previous assessment as “exceptional” in 2017-18. This does not mean that we have taken the view that performance has weakened. Rather, as I mentioned on a recent call, the bar continues to rise and, as such, it was a tough moderation this year. Our approach is to look each year at performance anew, assessing each LEP against the criteria that have been set. My letter recognises a notable strength around collaboration and progress towards your new policy framework. LEPs that stood out as exceptional this year included those that had taken an innovative and comprehensive approach to developing their evidence base and extensive stakeholder consultation; and those that had already produced LEP delivery plans and annual reports to inform discussion of progress and direction. The completion of your Local Industrial Strategy later this year will further test all elements of the LEPs’ strategic capabilities. This will be an opportunity to demonstrate exemplary strategic direction and practice in building a robust, widely-owned and distinctive LIS with clear, deliverable priorities.

On governance, we are clear that LEP is meeting the requirements set out by government. Roger’s ambition to make the LEP the most transparent in the country is very welcome and my letter recognises his strong leadership. As you say, the feedback in my letter is overwhelmingly positive, confirming again that “good” is a strong rating. Further to the Prime Minister’s commitment that she expressed at the Council of LEP Chairs last year, the diversity of boards was a factor in the performance review, and we are greatly encouraged by your commitment to meeting future requirements. A number of LEPs stood out during our assessment because they had gone above and beyond by hitting or exceeding gender balance targets before the deadlines that were subsequently set in the LEP Review. This should not downplay the good performance of your LEP.

I am pleased you have been in touch with Andrew and that there will be an opportunity to discuss in more detail at your next quarterly meeting on 24 April. If it would be helpful to have a discussion with me then I would be happy to do so. Tracey, my PA, can help to arrange.



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The LEP Annual Performance Review process is in continuous development and I would welcome your continued involvement, through the LEP Network, going forward for 2019-20.

STEPHEN JONES
DIRECTOR, CITIES AND LOCAL GROWTH UNIT

Growth Deal Quarterly Review 24 April 2019

Briefing Note

Programme Expenditure

Final quarter 4 claims are currently being reconciled to finalise the total expenditure (monies spent by project sponsors on their projects) and outturn (funds transferred to project sponsors by the Combined Authority including pre-payments). The current estimates are:

Target £102.08 million

Expenditure £94.5 million (92.5%)

Outturn £90 million (88.2%)

Programme Outputs

The following table is being reported to the Investment Committee on 8 May 2019:

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved to date	Remaining forecast 2018/19	2019/20	2020/21	2021-25	Total
New jobs	19,595	6,246	300	2,210	10,443	7,361	26,560
Jobs safeguarded (flood resilience programme)	11,100	22,000	0	2,732	1,116	2,769	28,617
Houses	2,300	254	0	285	854	1,305	2,698
Public / private investment (match funding)	£1,031,000,000	£432,261,840	£91,845,292	£224,407,858	£185,871,468	£0	£934,386,458

This is based on forecasts by projects that have reached decision point 4. These forecasts will increase as more projects progress through the assurance process. However there is concern regarding the houses built through the Priority 4a Housing and Regeneration where it appears there is slippage in units being completed but also on some sites reduction in numbers that can be achieved. The Directors of Development will consider this situation at their next meeting on 3 May 2019.

Lynn Cooper, Portfolio Lead
17 April 2019