

## **Annual Dinner 30/09/11 - Neil McLean, Leeds City Region LEP**

I've been a Harrogate District resident for over 20 years, I'm not somebody who just parachuted in from the business centre of Leeds to talk to you about Leeds! I think I do understand a fair amount about Harrogate. Harrogate is only part of the overall City Region. I'm just going to spend a few minutes explaining what the LEP is actually about, because most people don't have a clue, that's fine because we've only been in existence for a few months.

The task we have is one set by Government and that is to effectively try and lead economic regeneration of the City Region. That's a fairly huge task. The City Region – eleven different local authorities, three million people, a hundred thousand businesses and an economy that is actually bigger than nine European countries. So we are not a small player. Unfortunately, most of the UK doesn't realise what a large player we are. Europe doesn't realise what a large player we are and the world doesn't really realise what a large player we are.

The LEP – Local Enterprise Partnership – the name gives you a clue. It's local, it's about enterprise and it's a partnership. The LEP is here to lead that economic regeneration. Most of you will know something of Yorkshire Forward, the Regional Development Agency, many of you will think that we are a successor to Yorkshire Forward. Let's be clear – we are not. Two subtle differences: Yorkshire Forward had a £300 million budget; I don't have a budget. Yorkshire Forward had about 400 staff and I don't have a staff. Apart from that the mission is pretty similar!

A lot of people will say if you don't have the budget, if you don't have the staff, what are you going to do for us? With respect to those who ask that question my response is "wrong question". This is a partnership, it's a partnership between the private sector and the public sector. The LEP Board of 17 people, which as its Chair I regard as about 10 too many, but that's how we were set up. It's not the most effective way of trying to do business, but it's necessary. We are there, we are private sector led and whilst that inevitably creates some tensions, some sensitivities, as we are building our position, it's important that it is private sector led, because there is only one way we are going to get out of current economic circumstances and that is if the private sector can drive business growth and can drive employment growth.

A lot of people say to me, particularly outside of the main cities of the region, where is this relevant to me, why as a small business person should I have any business in this at all? My answer is: every business, every operation, whether you are a one-man business or whether you are a Plc, relies on economic activity of some sort. Every pound that is spent in your business is spent by somebody who is generating business, is working, or whatever. Perhaps a few years ago many of your businesses may have relied in part, or very substantially in some cases, on income from the public sector. Certainly the hotel industry is one of those, many of the conference centres – Harrogate Conference Centre is a great example. A lot of public sector activity there. Much of that has gone.

We are simply in totally different economic times and the times that we have had before are not coming back – certainly not in my lifetime – and we have to have a huge change of mindset. We have to accept if the private sector is going to lead, but the private sector can only lead if it works with the public sector, because the public sector is the only entity that can deliver some of what we need to deliver.

We are this Board that has come together to try and focus on how we re-generate the regional economy and, because the private sector members in particular come from the backgrounds they do, we are very, very focussed on setting clear objectives, measurable objectives, measurable targets that people can understand and then actually seeing how we are going to deliver.

We have an overall vision to create a world-leading economy. Some of you may think that is crazy. At a £52 billion economy, a very diverse economy, we have all the building blocks to be a world-leading economy. We are the largest LEP outside of London. Believe it or not, we are the largest manufacturing centre outside of London. We are the largest business and financial services centre outside of London. We have the largest grouping of higher education institutions outside of London. You put those things together and we should be performing far, far better than we are. The building blocks are there.

Yes, there are weaknesses. We have some poor skills levels, we have some poor productivity levels, we have some terrible deprivation. In a region as diverse as this, from Barnsley in the South, North Yorkshire, Selby in the East, Upper Kirklees and Calderdale in the West – we have an incredibly diverse region. That gives its issues, but it also gives us lots of strengths and lots of opportunities.

Under that overall vision, we have set two very, very clear objectives:

We are going to grow this economy by 2.6% a year average. The country is growing at about 0.1% at the moment and if we can average out at 2.6% we will move from being a leading Northern region to being a leading European region. A lot of people talk about are we as good as Manchester, are we as big as Manchester, do we as a region compare well with Manchester? My answer to that is “not interested, it’s a boring question with a boring answer.” We should be marking ourselves against the best City Regions in the world and that may take us 5, 10, 15, 20 years, but we should be getting there. So we’ve set a very clear parameter for growth.

We’ve also said that employment is hugely important. There is a risk that if you just go for business growth you go for high growth industries and you don’t actually employ many people. For the reasons I’ve explained, we need to employ people, they spend money in the economy. We have said we want to get back to pre-recession levels of employment within five years. That means we have to find 60,000 jobs. One local MP has said to me he doesn’t think that’s very ambitious. I have to say I think that is hugely ambitious. It’s not an end point, it’s somewhere to get to within five years and we’ve got to free up the private sector to be able to do that.

Under those objectives we have four priorities. Priority one is really facilitating business growth, supporting, encouraging, developing business growth, with lots of structures under that. The second is really to improve our skill levels. As Simon [Cotton] said, I’ve not only got the LEP interest in this, but I Chair Leeds City College, I’m really familiar with some of the very, very poor skills levels that we have in the City Region. That can be improved with the right focus, but we have to ensure that the FE Colleges, the Schools and the Universities are delivering what business needs and that pendulum has, in our opinion, swung too far away from what business needs. Kids in schools thinking about A Levels and university courses or thinking about apprenticeships or different routes, they need far better guidance than they are getting in terms of where the jobs for the future are. Just one little microcosm of the sort of thing that needs to be improved.

We have a third item on our agenda and that's the low carbon economy, the green economy. Yes, there is an environmental argument there. In an area such as this there's a lot of understanding and knowledge about that. The other side of the green economy is that the predictions are there are 40,000 jobs available in the green economy in this region. Region in these terms "Yorkshire and the Humber" and literally billions and billions of pounds worth of business. We are focussing very hard on growing our green economy. One of the things we have done as a LEP is launch a bid for something called the Green Investment Bank, which is a bank the government are setting up to help facilitate investment in the green economy. We have put a case to government that there is only one region that actually hits all the buttons that they have put there ... Andrew [Jones MP] please note... That is the Leeds City Region. So we have a bid in, it will be a real world focus for the development of the green economy. It is hugely important.

The fourth area is our partnership with the public sector. The public sector is the side of the economy that can deliver the infrastructure we need, transport infrastructure, obviously a massive issue for Harrogate. The private sector simply can't do that, it has to operate within the framework of the public sector. A whole raft of infrastructure items there: Broadband, Airports, Roads, Trains, Housing Policy – ensuring that housing policy delivers housing that people want, where they want it and that's convenient for places to work. The whole area of things where we have to get the public sector aligned to what we are trying to do. The whole concept of the LEP is to ensure that everything that the private sector does at high level and everything that the public sector does is focussed towards achieving those economic outputs – and everybody can benefit from those economic outputs. Literally everybody.

That's a very quick run through of the City Region, the LEP, the economy, the future of the world and so on. Now where does Harrogate fit into this? Should Harrogate fit into this? There area number of answers to that question as far as I'm concerned.

Harrogate fits in as much as it wants to fit in. What I mean by that is that we are on a path here to economic regeneration. If Harrogate wants to play a large and important role, it can. It should. It can if it wants to engage, it does engage - Don [Mackenzie] sits on the Board with me. There is a risk that some of the authorities within the City Region whilst we are getting used to this new arrangement, they're not sure if they want to play. Well, they'll have to learn that they need to play. I think Harrogate understands this.

How does Harrogate fit in terms of the economy? Yes, Leeds is big brother, it is the Leeds City in the Region, there's no argument about it, but how do I see that relationship as Chair of the Board? I think mutually beneficial dependency. Harrogate gives a lot to the City Region. The City Region gives a lot to Harrogate. It is not them or us, it is working together. What does Harrogate bring? It brings a highly skilled workforce. It brings high quality housing, high quality education. If you look at some of the sectors that we are focusing on, things like business and financial services, Harrogate fits that bill very neatly. If you look at bio sciences who's your biggest employer? Covance. Bio sciences is one of the growth areas for the LEP region. If you look at digital and marketing and ICT support in a number of areas, Harrogate fits the picture. So, Harrogate can do a lot for the City Region and the City Region, because it employs an awful lot of people who live in Harrogate, can do a lot for Harrogate as well.

My advice to Harrogate is be what you want to be and be good at it. Be different, maintain your own identity, but really commit to the region, understand what you are giving to the region and understand what the region gives to you. There you will have a relationship that will grow and flourish and develop. If Harrogate opens its arms to growth, to development, to improvement, but maintains its important separate identity, then I think the future is huge.

We had a summit for the LEP a couple of weeks ago and we entitled it 'Realise the Potential' and we are using that in two ways. One, realising what the potential of this region and in fact the role that every location in the region can bring and I hope you realise from what I said, the potential is huge if we get this right. The other part of Realise the Potential is actually making it happen. Neither of those are easy, neither of those will be quick, so the LEP is not about quick fixes. We are about turning round an economy and setting a path for the long term, which should not be deflected by changes of political party, it should not be deflected by other circumstances, we are trying to take control of what we can take control of.

We are trying to get devolved powers from Government, particularly in areas such as transport, we are really trying to make this region stand on its feet and really perform in the way it can. We as a Board can only do that if everybody in the region buys into it, if people support it, if people tell us where we are going wrong and we have a number of panels out there talking to business all the time about what they need, what needs to be taken out of the way, what needs to be improved what needs to be changed and we will be driven by what business is telling us can actually make the difference.

Actually, the missing three or four hundred million pounds, I don't think it's a problem. It's making people think differently, it's making people work in partnership, it's making people think, OK we can all benefit from this if we all plug in and if we all support. We are not just sitting back and waiting for the Government or Yorkshire Forward or some other authority to bail us out, tell us what to do. This is about us deciding what to do and finding ways of making it happen.

I hope that has given you a flavour of what we are about. I leave you with this. The potential is massive, buy-in and support it please.

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