

LOCAL GOVERNMENT NORTH YORKSHIRE AND YORK

24 JUNE 2011

YORK AND NORTH YORKSHIRE LOCAL ENTERPRISE PARTNERSHIP - UPDATE

REPORT OF JAMES FARRAR (ASSISTANT DIRECTOR, ECONOMIC PARTNERSHIP UNIT, NORTH YORKSHIRE COUNTY COUNCIL)

SUMMARY

1. The York & North Yorkshire Local Enterprise Partnership covers York, North Yorkshire & East Riding. It held its first formal Board meeting on 3 June 2011. This paper provides an update on progress.

UPDATE

2. The York & North Yorkshire LEP have conducted an open recruitment process and appointed its Board Members. These are listed in **Annex A**.
3. The initial period of appointment is 12 months and a formal two way review of all Board members will be held after 11 months.
4. The minutes of the first meeting are attached as **Annex B**.
5. There were two key papers on which the Board made a decision.
 - a. A preferred choice for Enterprise Zone status
 - b. The LEP priorities for the coming year.
6. In the 2011 Budget it was announced that Government would establish 21 new Enterprise Zones (EZs) LEP areas in England; 11 LEPs were initially awarded an EZ, primarily city region LEPs, with the other 10 to be awarded in a second wave through competition between the remaining LEPs. Currently there are 34 LEPs recognised and it is known that all the remaining LEPs have submitted an Expression of Interest.
7. The EZs will provide economic development benefits to their LEP areas through the following:
 - Business rate discount of up to 100% (max of £275,000 per business over a five year period), cost to be reimbursed by Government;
 - All business rate growth within the EZ for a period of at least 25 years will be retained by the local area to support the LEP economic priorities;
 - Government help to develop radically simplified approaches for the EZ using, for example, existing Local Development Order powers;
 - Government support to ensure that super fast broadband is rolled out throughout the EZ, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.

Further benefits are for Government to work with the LEP on the local consideration of:

- Enhanced capital allowances for plant and machinery, in a limited number of cases and subject to State Aid, where there is a strong focus on manufacturing
 - Tax Increment Funding to support the long-term viability of the area
 - UKTI support for inward investment or trade opportunities in the EZ.
8. In response 4 potential sites were brought forward.
- a. Scarborough,
 - b. Selby,
 - c. York Central, and
 - d. York, Heslington East.
9. The LEP Board voted Scarborough as the preferred choice for our bid. The bid has since been renamed East Coast Enterprise Zone, to better reflect the Coastal Regeneration priority. The full application will be submitted by 30 June 2011.
10. The Board were also requested to review the interim objectives of the LEP and identify the priorities for the next year. The table below summarises the agreed priorities.

Priority	Objective
Agriculture & Food	To create business growth through growing the supply chain
Visitor Economy	Provide clarity and improve the offer through joint working and collaboration between partners
Rural Broadband	To help rural YNY maximise its broadband potential
Support for growth of small business	To improve the success and sustainability of new and small businesses through better performance and improved access to finance
Make York, North Yorkshire & East Riding businesses, the best networked	To make YNY LEP businesses the best networked and most effective networkers
Skills	To ensure skills provision is focused on present and future business needs and to meet gaps in provision
Coastal Regeneration	To support coastal regeneration and the development of an east coast enterprise zone

11. Private Sector led Task & Finish groups are being created to turn each priority objective into an action plan with key performance indicators.
12. Additionally, The LEP team continue to provide support to the partners around economic intelligence and data gathering, including supporting Regional Growth Fund bids, where appropriate.

RECOMMENDATION

13. This paper is for information only.

ANNEX A**York & North Yorkshire LEP Board members**

NAME	ORGANISATION	POSITION
Barry Dodd (Chairman)	GSM Group	Chief Executive
Neil Warman	HML (subsidiary of Skipton Building Society)	Deputy Chief Executive
Nigel Pulling	Yorkshire Agricultural Society	Chief Executive
David Kerfoot	The Kerfoot Group	Chief Executive
Ruth Smith	PM Management Consultants	Managing Director
Robert Miller	Bluebird Vehicles Ltd	Managing Director / Principle Shareholder
Dave Bruce	Nestle UK	Business Services Director
Shaun Watts	Chameleon Business Interiors	Managing Director
Colin Mellors	University of York	Pro-Vice Chancellor
Cllr John Weighell	North Yorkshire County Council	Leader
Cllr James Alexander	City of York Council	Leader
Cllr Stephen Parnaby	East Riding of Yorkshire	Leader
Cllr Tom Fox	Scarborough Borough Council	Leader
Cllr Keith Knaggs	Ryedale District Council	Leader
Cllr Chris Knowles-Fitton	Craven District Council	Leader

York & North Yorkshire Local Enterprise Partnership (YNYLEP)

Friday 3 June 2011 at the NFU Mutual Office, York

MINUTES OF MEETING

PRESENT

Barry Dodd	(Chairman)
Neil Warman	(HML)
David Kerfoot	(The Kerfoot Group Ltd)
Shaun Watts	(Chameleon Business Interiors)
Nigel Pulling	(Yorkshire Agricultural Society)
Ruth Smith	(PM Management Consultants)
Robert Miller	(Bluebird Vehicles)
David Bruce	(Nestle Uk)
Colin Mellors	(University of York)
Cllr James Alexander	(City of York Council)
Cllr Carl Les	(North Yorkshire County Council - Substitute)
Cllr Stephen Parnaby	(East Riding)
Cllr Derek Bastiman	(Scarborough - Substitute)
Cllr Keith Knaggs	(Ryedale – also rep. Hambleton & Richmondshire)
Cllr Chris Knowles-Fitton	(Craven – also rep. Selby and Harrogate)

IN ATTENDANCE

James Farrar	Economic Partnership
Julie Chandler	Economic Partnership
Andrew Leeming	Economic Partnership
Rita Lawson	Economic Partnership
Patrick Bowes	Yorkshire Forward (For Item 2 only)

APOLOGIES

Cllr John Weighell	(North Yorkshire County Council)
Cllr Tom Fox	(Scarborough)

PRELIMINARIES

The Board: Barry Dodd confirmed that all offers of a seat on the Board had been accepted.

Declarations of Interest: Barry explained the importance of all Board Members declaring any interests (pecuniary or otherwise) in the items being discussed and confirmed that all Board members would need to complete a declaration of interest form.

Action: Declaration of Interest form to be sent to public sector Board Members.

1. WELCOME AND INTRODUCTIONS

1.1 Barry Dodd welcomed everyone to the NFU Mutual offices and everyone introduced themselves.

2. ECONOMIC UPDATE

2.2 Patrick Bowes (Chief Economist YF) provided an update on the economy, highlighting the key issues facing the global, european and national economies.

2.3 Patrick went on to summarise the growth prospects for York and North Yorkshire, indicating that the local economy is forecast to grow by 1% in 2011, then a further 1% by 2012. Employment will contract by 0.2% in 2011 but grow thereafter at an annual rate of 0.1% up to 2018, which is below the regional and national predicted rate of employment growth.

2.4 Growth is predicted in the key sectors (manufacturing, finance and business, construction and public sector) to varying degrees during 2011 but it will fall back in 2012.

2.5 In terms of the local jobs and labour market, the employment rate is above the regional rate (73.5% cf 68.8%), unemployment is highest in Scarborough, claimant count fell in April by 700 and the number of notified vacancies grew. FTE employment is predicted to grow by 0.3% in 2011 and thereafter 0.1% annually to 2016.

2.6 A key concern for the York and North Yorkshire economy is that there is nothing to suggest that the private sector will make the necessary contribution to the growth of the economy that the public sector did and a key challenge for the local economy is that not only does it need to generate more jobs than is currently predicted but there are also demographic issues created by an aging population and a mismatch between the available jobs and people.

2.7 In summary;

- York and North Yorkshire is starting to benefit from the improvement in the labour market – but the improvement is only benefitting some areas.
- The local economy will grow in 2011 but the rate of growth is unlikely to pick up significantly
- Annual employment growth will be significantly constrained and the trend well below the regional and national average.

2.8 Patrick confirmed that all figures would be adapted to include the East Riding and made available to Board Members.

2.9 Colin Mellors asked if there were any particular 'pinch points' where the LEP could seek to make a difference. Patrick suggested that if the Enterprise Zone (EZ) bid is successful, the LEP needs to be rigorous in the type of investment allowed in the EZ. The need is for targeted investment. Digital presents some opportunity, particularly in Selby / Ryedale.

2.10 James Farrar asked about interest rates and Patrick predicted an increase in August.

2.11 There was a consensus round the table that the research and data analysis carried out by Yorkshire Forward was very useful and the LEP will need to consider how and where it will secure it's intelligence in the future. James Farrar confirmed that there would be some resource within the Economic Partnership team to continue some of the research analysis work on behalf of the LEP.

Action: Patrick Bowes to amend the data to include the East Riding and send to Julie Chandler for circulation.

3. BOARD GOVERNANCE

3.1 Barry introduced the report which sets out in Annex 1 and 2 the governance arrangements for the Board. Board Members attention was drawn particularly to point 5 in Annex 2 – Conflicts of Interest and point 11 – Freedom of Information. Barry emphasised the importance of declaring any interests at the beginning of each meeting and also to be aware that all communication between Board members both within and between Board meetings will be open to public scrutiny.

3.2 Barry explained that there is one remaining vacancy on the Board for a business person from the tourism sector. He asked for nominations and permission to co-opt a suitable representative. This was agreed.

3.3 The issue of substitutes was discussed and it was agreed that substitutes would not be accepted. This meeting was the exception due to the impending EZ decision. After some debate it was agreed that the no substitutes rule will apply equally to public as well as private sector members.

3.4 James Alexander raised the issue of Vice Chair. Following a debate on whether the Vice Chair should be public or private sector, Barry indicated that he felt it was his role to appoint the vice chair and that he would take advice but it was likely to be a private sector Board Member.

3.5 Barry also confirmed that all Board appointments were for a 12month period and after 11 months would be subject to a formal two way appraisal and review. This was agreed by all Board Members present.

3.6 Neil Warman queried what measures will be used to judge the success of the LEP and emphasised the need for early identification of what constitutes progress. Barry indicated that when the priorities are agreed under item 6, one of the first tasks of each task and finish group will be to agree their KPIs.

3.7 Both the Code of Best Practice and Standing Orders were agreed by the Board.

4. LEP JOINT WORKING

4.1 Barry Dodd introduced this report which sought Board approval of a joint statement agreed between the three recognised LEP's in Yorkshire and Humber. The joint agreement establishes the principle that the three LEPs will work collaboratively on areas where cooperation will assist in growing their respective economies.

4.2 The consensus view around the table was that this was an excellent way forward, as long as structures are kept simple and consideration is given to including the Humber LEP once established.

4.3 The joint statement was approved by the Board.

5. Enterprise Zones

5.1 Colin Mellors declared an interest in Heslington East. Barry Dodd confirmed that all those present could participate in the discussion.

5.2 Andrew Leeming presented the report which provides background information on EZs, confirms the assessment criteria for deciding on the preferred site and

includes a copy of each proposal. There were four sites for consideration; Scarborough Business Park, Selby By Pass, York Heslington East and York Central.

5.3 Andrew explained that Local Development Order (LDO) is a tool that Local Authorities have at their disposal to simplify planning requirements. If an area is subject to a LDO, any business moving into that area does not need to apply for planning as long as they meet the criteria set down in the Order.

5.4 Andrew also confirmed that whilst it is possible to put forward a multi site application, the feedback is that single site applications are preferred. There will be 25 LEPs applying for 10 sites and the key criteria specified by Government are; 'clean' site, size (50 – 150 hectares), deliverability within the timescale, job creation and the unique selling point.

5.5 Barry Dodd then invited the Board Members to consider each proposal in turn against the criteria, reiterating the importance of being able to put the best business case forward by making sure which ever site is chosen clearly meets the criteria.

5.6 The board then considered each proposal in turn. The outcome of that discussion is summarised below;

Scarborough: Meets all the criteria very well – size (88 ha), deliverability (ready to go), job creation (1000 direct / 4000 indirect), USP (New sectors – Potash and Off-shore wind).

Selby By Pass: Doesn't meet the criteria as well as Scarborough – size (81 ha), deliverability (timescale to long), job creation (200), USP – weak. Other avenues of funding are being sought and the overall consensus was that it will happen anyway.

York Heslington East: Too small to qualify (25ha) and relocation rather than creation.

York Central: Doesn't meet the criteria on deliverability (not in the timescale) or size (40ha).

5.7 Barry Dodd summarised the outcome of the discussion confirming that the consensus view is that Scarborough is the strongest bid but further work needs to be done before submission.

5.8 A key action is to speak to the developers about the price of the land as the current price appears to be a significant barrier to take up which would seriously impede the success of the site.

Action: James Farrar to meet with Jim Dillon, Tom Fox and Paul Caddick to negotiate a reduction in land rent.

5.9 There is also a need to take a total infrastructure view – road, rail and port - and build this into the bid.

Action: Andrew Leeming to work with David Kelly to strengthen the bid.

5.10 No public announcement to be made until after the meetings with developers.

6. STRATEGY FOR BUSINESS GROWTH

6.1 James Farrar presented this report which provided information on the draft objectives submitted in the original LEP proposal, an overview of the LEP area, the business support arrangements and the drivers of growth.

6.2 James explained that the purpose of the report was to support discussion on LEP strategy and facilitate agreement on what should be the LEP priorities bearing in mind that the emphasis must be on deliverables in the short term. The context that the LEP is working in is economic growth and job creation.

6.3 Neil Warman queried the nine objectives, suggesting that this was too many.

6.4 Barry Dodd agreed with this view and went on to say that he did not recognise the nine objectives as LEP priorities and would like to suggest the following alternative priorities for the Board to consider.

6.5 Agric. / Food: Private sector led Task & Finish Group to look at the whole supply chain and identify what needs to be done to support growth. KPI e.g. 6 small food manufacturers achieve supermarket standard. **Agreed.**

6.6 Tourism: Stephen Parnaby commented on the massive importance of tourism across the LEP area and agreed this did need to be a priority but suggested that the starting point must be to find out what is already happening.

6.61 Chris Knowles-Fitton fully supported tourism as a priority but proposed that the terminology be changed to 'Visitor economy' to reflect the breadth of the sector.

6.62 Neil Warman suggested that Welcome to Yorkshire be invited to join the group.

6.63 Barry likened the role of the LEP to that of a licensing body – we would 'license' bodies such as Deliciously Yorkshire to act on our behalf, rather than repeat what is already there.

6.64 Colin Mellors commented that the group needs to keep an international dimension as well as a local focus.

6.65 Barry Dodd suggested the following KPI – everyone 5th visitor coming to the area for a conference is encouraged to stay a week or, every 5th visitor shops in York for a day.

6.66 James Alexander commented that we need to link this with the broadband investment and possibly look at creating an I Phone application. Ruth Smith suggested that Harrogate Business Conference Centre be invited to join the Task and Finish group.

6.67 Task and Finish Group to be established to look at the visitor economy and in the first instance clarify who does what in the supply chain. **Agreed.**

6.7 High speed Broadband: Facilitate the delivery of high speed broadband. Suggested Task and Finish Group membership: Dave Bruce, Colin Mellors, NYNET, YHMAN and BT.

6.71 Rob Miller commented that NYNET needs to be encouraged to look at their business model and make it more affordable.

6.72 Ruth Smith suggested Julian Smith MP as a potential useful contact as he is a supporter of broadband in villages.

6.73 Barry Dodd suggested that the group may want to look at getting the right stats together with a view to lobbying government to adopt the same approach as Germany on the roll out of their 4G strategy - which is rural first. David Kerfoot commented that the 4G pilot is going to be in Cornwall which has similarities to this area.

6.74 Chris Knowles-Fitton suggested that a list of all MPs would be useful to facilitate contact and lobbying. It was also agreed that contact details of Board Members would be circulated.

Action: Julie Chandler to circulate contact lists with the minutes.

6.75 Barry indicated that high speed Broadband was probably a longer term strategic objective and we need to be realistic about how much we can directly influence this one.

Agreed.

6.8 Small Business Support: Barry suggested working with banks and colleges to develop a certificate in business administration. Linking finance to business start up to business survival.

6.81 Rob Miller suggested contacting HSBC as they have done something similar in the past and also the Banking Federation.

6.82 Ruth Smith suggested that the certificate needed to be broadened to include marketing and sales.

Agreed

6.9 Networking: Barry commented that what he would like to aim for this to be the best networked LEP in the country. The aim is not to set up a new network but to look at how existing networks could be linked more effectively.

6.91 Rob Miller mentioned the Scarborough Ambassador Forum which is very successful and could potentially be extended across the area.

6.92 Barry summarised this priority describing it as 'dating agency' approach – providing a filtering process for small businesses so they can identify which network suits them best.

Agreed.

6.10 Coastal Regeneration: To support the EZ submission. **Agreed.**

6.11 **Skills and training:** A Task & Finish Group will be set up to consider the whole Skills agenda and come up with a suitable skills priority with KPIs.

6.12 It was agreed that Task and Finish groups will be private sector led but not necessarily by a Board member. They will agree one objective and suitable KPIs to monitor progress. All groups will be subject to review.

7. ANY OTHER BUSINESS

Regional Growth Fund: The LEP has a co-ordinating / endorsing role and a list of potential projects will be circulated with the minutes.

Julie Chandler
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6/6/11

Future meetings	
July 15	Bridlington Spa
26 August	HML, Skipton
7 October	TBA
18 November	