

## LOCAL GOVERNMENT NORTH YORKSHIRE AND YORK

6 DECEMBER 2013

Report of the LEP Chief Operating Officer

### LEP UPDATE PAPER

The purpose of this paper is to provide an update on the development of the LEP Strategy, and in particular to:-

1. Seek endorsement of the proposed Governance Structure.
2. Seek endorsement of the key elements of the Gross Deal Bid to Government.

Two separate papers are enclosed, both of which were endorsed by the LEP Board on 29 November.

LEP Governance Paper – following consultation with Local Authority Chief Executives, this paper proposes a Governance model for delivering the Strategic Economic Plan.

LEP Gross Deal Paper – This sets out the key elements of the LEP Gross Deal which will bid into the competitive £2bn single local growth fund.

LGNYY are asked to endorse the recommendations in the papers above.

**BOARD MEETING:** Friday 29<sup>th</sup> November 2013  
**REPORT PRESENTED BY:** JAMES FARRAR  
**TITLE OF PAPER:** GOVERNANCE

**Accountability & Transparency**  
**recognising the requirements for managing public money**

**1. Purpose**

- 1.1 The purpose of this paper is set out and agree the governance arrangements required to be able to deliver the LEP strategy and secure maximum investment from Government.
- 1.2 A joint meeting between the LEP (Chair & Vice-Chair) and Local Authority Chief Executives was supportive of the principles set out in this paper.
- 1.3 Key drivers;
  - i. A clear agreement to fulfil government requirements to secure maximum investment.
  - ii. Accountability & transparency, recognising the requirements for managing public money.
  - iii. A genuine public – private partnership.
  - iv. Recognition of where value is added to drive maximum efficiency

**1.3 Key features:**

- 1. The LEP will produce a three year Business Plan, updated annually, which will be signed off by the LEP Board and the LA Leaders Board at a joint meeting.
- 2. Programme Boards will be created for Skills, Business Growth & Infrastructure with responsibility for delivering the business plan for the relevant area.
- 3. Programme Boards will only need to come back to the LEP Board where they wish to change the priorities within the approved Business Plan.
- 4. A dashboard will be created to monitor progress against plan.
- 5. Once investments have been made, the LEP Board will monitor progress and take corrective action where required.
- 6. The LEP will hold a public AGM reporting progress and launching the annual business plan.

**1.4 Strong Public – Private Partnership**

Demonstrating a strong effective public-private partnership is at the heart of this governance model. In addition to the joint signing of the annual business plan;

1. Membership of the Infrastructure Programme Board needs to reflect the breadth of potential infrastructure investments. This includes housing, employment sites, transport and flood alleviation. Membership will be developed and agreed in collaboration with the Local Authority Leaders Board.

2. A full review of engagement with the LA Leaders Board and LA Chief Executives Group is required to ensure effective on going communication and partnership working.

**2. The proposed model**

2.1 The LEP Strategy identifies that there are broadly three types of investment the LEP will make and that decisions for each require a different set of skills and partners. These are

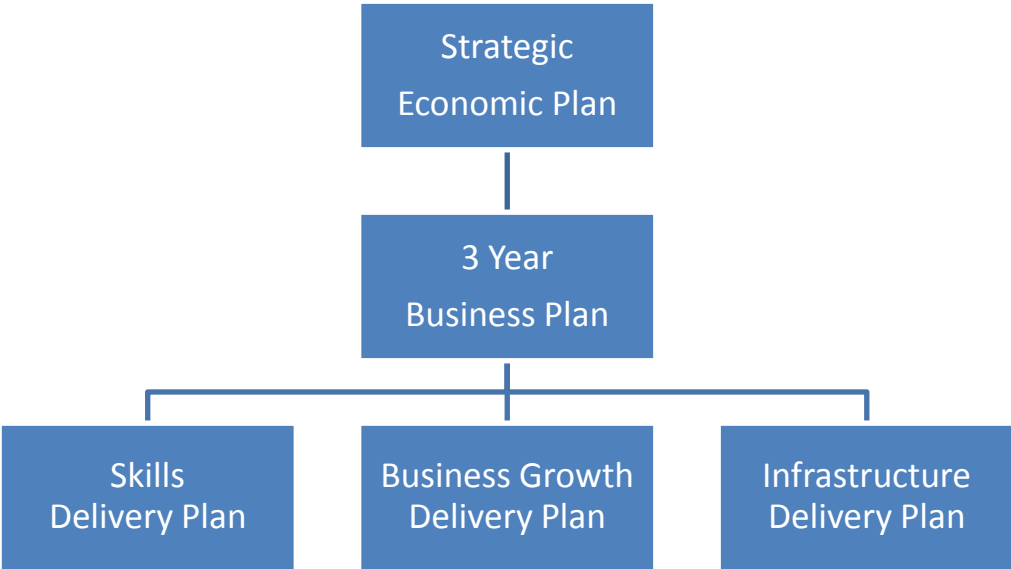
- Infrastructure
- Business Growth
- Skills

A programme Board covering each area will operate to ensure;

- a) Public/Private partnership
- b) Accountability & governance
- c) Local representation & skillset

2.2 The role of the Programme Boards will be to;

- Lead the delivery of the Strategic Economic Plan.
- Develop a delivery plan, identifying investment priorities, which will achieve the Strategic Economic Plan and which will feed in to the LEP Business Plan.
- Approve Individual projects investments
- Manage delivery of the plan
- Report back to the LEP Board on progress and performance



2.3 The LEP has been allocated €97.5m EU Structural & Investment Funds. Whilst these monies are to be spent on delivering the Strategic Economic Plan, central government will remain the Managing Authority. Therefore projects wishing to access EU Funding will be required to submit a proposal nationally for formal approval.

2.4 The role of the Programme Board with EU Funds is to commission local activity and approve an outline Project Proposal. The Local Growth Team will then work with the project to achieve Full Project approval at a national level. The Local Growth Team is a partnership between the LEP Secretariat, Local Authorities and key local partners.

## 2.5 Annual Business plan and Allocation of Local Growth Fund

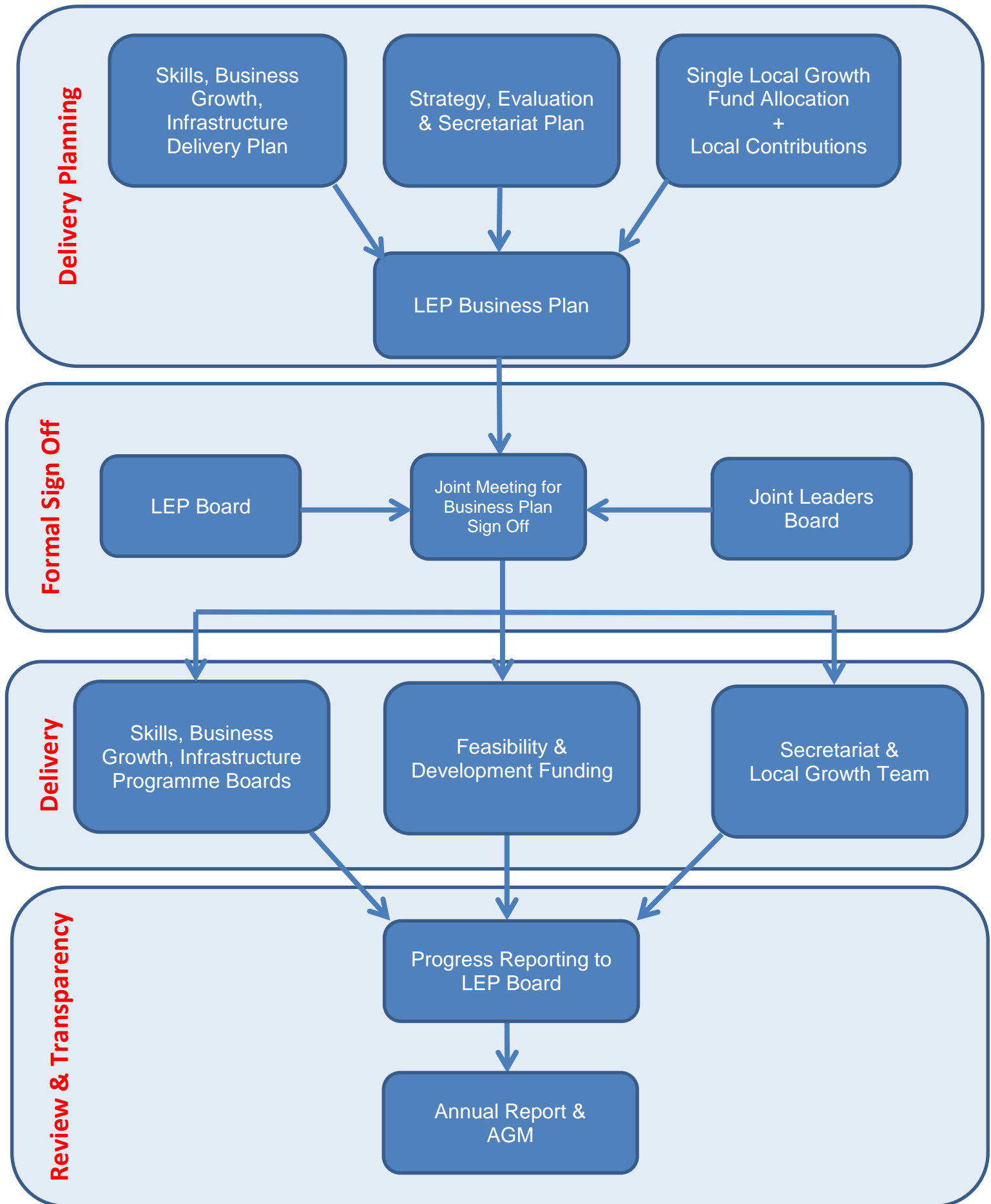
The core principal here is that a 3 year Business Plan, updated annually should be accepted and signed off by both the LEP Board and Local Authorities Leaders Board.

**The proposal is that the Business Plan will set out;**

1. The **delivery plans** for Skills, Business Growth & Infrastructure at a programme level.
2. A proposed **allocation of Single Local Growth Fund** for each programme.
3. A **Local Growth Team** plan - The resources required to deliver the business plan. These may be within the secretariat or within Local Authorities or partner organisations.
4. A proposed allocation into a **Development Fund** to support feasibility and development work required to ensure strategic priorities are progressed.
5. The **reporting and evaluation** plan.
6. Proposals for an annual report and AGM to ensure **transparency and accountability**.

Once sign off is achieved and monies allocated to skills, business growth & infrastructure, each Programme board will be able to sign off individual projects, up to an agreed financial limit, without needing further approval from either the LEP Board.

2.6 Overview of the Governance Structure



### **3 Recommendations**

That the LEP Board approve the proposed governance structure for inclusion within the Growth Deal proposals to government.

# York and North Yorkshire Local Enterprise Partnership

**Board Meeting:** 29<sup>th</sup> November 2013  
**Report presented By:** Andrew Leeming  
**Title of Paper:** Growth Deal

## Growth Deal

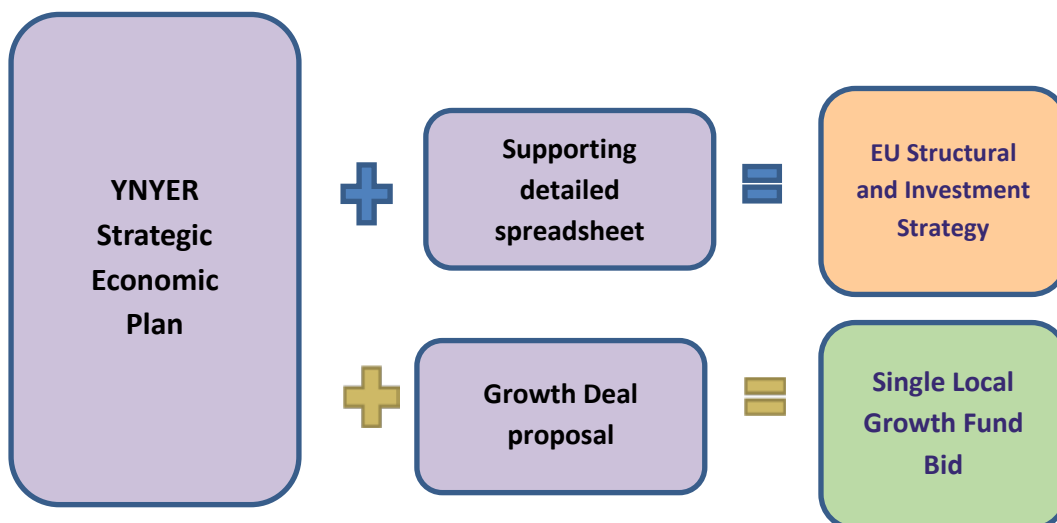
### 1. Purpose of the Report:-

- 1.1 The purpose of this Board paper is to set out the proposals that will form this LEPs asks to Government under the Growth deal.
- 1.2 The principles of these proposals have been developed with all our Local Authority partners, the York and North Yorkshire Housing Board and the Devolved Local Transport Body.
- 1.3 This paper provides an overview of the structure and asks within the Growth Deal so that the Board can consider the overall principles.
- 1.4 The draft Strategic Economic Plan and Growth Deal Proposal must be submitted to Government by the deadline of 19<sup>th</sup> December 2013.

### 2. Background

- 2.1 The Board previously agreed the Strategic Economic Plan together with the EU Structural and Investment Plan which was submitted to Government on the 7<sup>th</sup> October 2013. This was focused on plans for investing our allocation of €97.5m EU Funding.

This paper focuses on the Growth Deal which is a competitive process to secure a share of £2.1bn Single Local Growth Fund



## 2.2 So what is a Growth Deal?

Government has created a Single Local Growth Fund totalling £2.1bn and asked LEPs to create Growth Deal proposals to secure a share of the fund. The £2.1bn is primarily capital funding and should be invested in 2015/16.

The Growth Deal proposal should include:

- A compelling vision and robust evidence base with clear prioritised, strategic investments.
- Freedoms and flexibilities – these are asks of government where increased flexibility and local leadership over existing funding and activities will give greater impact.
- Strong Governance and partnership arrangements. See separate paper.

## 3. The Growth Deal Programmes

Fund	Detail
<b>(a) Funding for Infrastructure</b>	<p>The existing York, North Yorkshire and East Riding Growing Places Fund has an overall budget of £9m, offering loans for infrastructure development that unlocks growth opportunities. By the end of March 2014 this will be fully invested. It is proposed that this Fund is increased. It will also, in addition to loans, consider grant aid where the market failure and need for grant investment can be clearly demonstrated.</p> <p>This Fund will invest in:-</p> <ul style="list-style-type: none"> <li>• Strategic employment and housing sites</li> <li>• Small scale employment sites in rural areas</li> <li>• Visitor economy infrastructure,</li> <li>• Investing in our market and coastal towns</li> <li>• Investment in agri-tech and biorenewables sectors.</li> </ul>
<b>(b) Strategic Transport Fund</b>	<p>The main strategic transport constraints across the LEP area are its East-West connections. In addition some of our towns face increasing problems regarding congestion that is stifling future growth and investment. Strategic Transport investments require a longer term vision and investment profile.</p> <p>The Fund will invest in:-</p> <ul style="list-style-type: none"> <li>• Strategic improvements to East-West connectivity</li> <li>• Targeted measures to reduce congestion in our main centres</li> </ul>
<b>(c) Skills Capital Fund</b>	<p>An allocation of the Single Local Growth Fund is for skills capital. This is to invest in the skills infrastructure in the region. This will enable the LEP to work closely with the colleges and skills providers in the region to ensure high quality facilities are available.</p> <p>The fund will invest in:-</p> <ul style="list-style-type: none"> <li>• Supporting the improvement and modernisation of our college infrastructure</li> </ul>



<p><b>(d) Business Capital Grant Programme</b></p>	<p>The Governments Regional Growth Fund (RGF) awarded our LEP £4m to provide financial support for capital investment for businesses looking to grow and create jobs. This is contracted to the end of March 2015 and aims to create 380 new jobs. It is proposed that this programme is extended to 2020 with an additional £4m per annum provided through the Local Growth Fund.</p> <p>This Fund will invest in:-</p> <ul style="list-style-type: none"> <li>• Supporting micro, small and medium sized enterprise to make capital investments leading to job creation.</li> </ul>
<p><b>(e) Business Growth Hubs</b></p>	<p>The aim is to provide a hub approach to the national business support offers. This would include some infrastructure, including the development of local business led hubs. Further discussions and details will follow.</p>

#### **4. Progress to Date**

- 4.1 There has been a need to significantly enhance the evidence base in the Strategic Economic Plan with regard to infrastructure and transport . We have been working closely with partners including, all Local Authorities along with York & North Yorkshire Housing Board, Devolved Local Transport Body, Homes & Communities Agency, FE College Principles and Skills Funding Agency to ensure our evidence base is robust and we present the strongest possible case to government.
- 4.2 In addition we have worked with the above partners to identify potential investment opportunities which align with the LEP Strategy. We are now in a position whereby a ‘long list’ has been submitted and initial strategic assessments completed. More detailed economic impact and deliverability appraisals are required to enable effective prioritisation. These will take place in early 2014. The submission to government on 19 December will outline the appraisal and prioritisation process.

#### **5. Freedoms and Flexibilities – Where will local flexibility and influence give greater economic impact?**

- 5.1 These are in the process of being finalised, however early thinking has identified the following:-
- Greater local alignment and co-ordination of national business support offers within a single growth hub approach. This would involve TSB, UKTI, MAS, Growth Accelerator etc.
  - Securing the innovation status of ‘Agri-tech catapult centre’ for the Sand Hutton/Fera Campus;
  - UK Government has self- imposed a Rural/Urban definition which is restricting some of our market towns from working effectively and accessing rural funding to deliver rural growth. This should be re-defined to ensure market towns and their hinterland can work effectively together on growth programmes. Currently Market Towns with a population exceeding 10,000 are classed as urban and excluded.

- The Homes & Communities Agency inherited Regional Development Agency Assets to dispose of. The proceeds of these sales should be reinvested in LEP priorities to stimulate growth.
- Major Transport funding has been devolved to the Local Transport Body for a 4 year period. Strategic transport investments operate over a much longer window. Consistent with City Deals, we require a 10 year locally devolved transport budget;
- Broadband investment is taking place in rural areas. Government have indicated a commitment to increase the coverage from 90% to 95%. We want commitment that this will be in place across our LEP area by 2017.
- Many government funding initiatives through the Homes and Communities Agency operate site thresholds which exclude smaller rural opportunities. We want greater flexibility to allow packaged approaches across the LEP area to access the available funding.
- We want a tri-partite agreement between Government, Skills Funding Agency and the LEP to co-operate across all adult skills budgets. This will ensure effective strategic alignment of skills budgets to reflect local opportunities and address local challenges.
- We will seek a deal with government which will reward over-performance. If we exceed the growth targets set out in the Strategic Economic Plan, we will receive additional government investment.

## 6. Timetable and next Steps

6.1 The key deadlines for the submission of the Economic Plan, Growth Deal submission and the EU Funding strategy are as follows:-

<b>Economic Plan Timetable</b>	
<b>Agree principles of Growth Deal submission</b>	29 <sup>th</sup> November 2013 LEP Board 6 <sup>th</sup> December 2013 Leaders Board
<b>Submission to Government of first draft Growth Deal</b>	19 <sup>th</sup> December 2013
<b>Government provides feedback on Growth Deal</b>	January 2014
<b>Submission of final EU Strategy to Government</b>	End January 2014
<b>Approval of EU Strategy</b>	February 2014
<b>Submission of Final version of Growth Deal</b>	March 2014
<b>Start implementation of EU Strategy</b>	March 2014
<b>Governments formal assessment of Growth Deal</b>	April to June 2014
<b>Local Growth Fund offer made to LEP and Growth Deal negotiations complete</b>	July 2014
<b>Spending of EU Funding to start</b>	Mid 2014
<b>Implementation of Growth Deal</b>	April 2015

## 7. Recommendations

- 7.1 That the LEP Board approve the principles set out in the above report for inclusion within the Growth Deal proposals to Government.
- 7.2 That the full more detailed draft version of the Strategic Economic Plan and Growth Deal Implementation Plan is agreed by the Chair and the Strategy Task and Finish Group prior to its submission on the 19<sup>th</sup> December 2013.