

LGNYY MEETING: 3 October 2014

REPORT PRESENTED BY: James Farrar

TITLE OF PAPER: **DRIVING GROWTH ACROSS YORK, NORTH YORKSHIRE & EAST RIDING**

Summary:

Following the Local Growth Deal announced in July, the agenda for local growth and future devolution has accelerated. This paper provides an update on implementation of the Growth Deal and developments to position the region for future devolution.

This paper covers

1. Implementation update - Local Growth Deal round 1
2. Local Growth Deal proposed round 1b
3. Local Governance discussions and proposals for a Directors of Development group.
4. Welcome to Yorkshire & the future of the Visitor Economy.

1. Local Growth Deal round 1 – Implementation Update

Just to reiterate the LEP has secured a growth deal from Government with £110.1m funding for the period 2015-2021. Within this is £34.1m for 2015-16 and in addition we have secured £0.3m for a Growth Hub. Since the announcement a significant level of activity has been taking place both on getting the Deal formally agreed and also on getting the projects delivery ready. The next critical milestones are:-

- October for the formal agreement of the Deal with Government
- End of October for receipt by the LEP of all the individual project full business cases;
- February 2015 for funding agreements between the LEP and the individual projects to be issued.

Key activities

Various discussions have taken place with Government officials on how the deal will work in practice, the monitoring and evaluation requirements. The LEP is part of a national working group developing management and monitoring metrics.

The LEP secretariat has expanded, following the secondments from LA's into the LEP. Subsequently, a lead for each project has been identified with regular meetings with the project applicants to progress the completion of a full business case and also identifying any potential delivery risks;

Potential risks

In general terms progress towards the Deal being formally agreed by Government is on track and all the project full business cases are being prepared and all progressing well towards the end of October deadline. However a programme of this size and nature is not without its issues. There are some minor issues that are arising from the individual projects but in the main the three critical issues are as follows:

Risk	Potential impact	Mitigation
<p>Growth Deal agreement signed by October. A draft offer from Government was due by the end of August, this has not yet been received (the situation nationally), this could cause some delay in getting the final version agreed.</p>	<p>A potential delay in issuing offer letters to the individual projects and subsequently a delay in start dates for projects.</p>	<p>All documentation relating to the Growth Deal has been prepared.</p> <p>The process for dealing with individual projects from the LEPs perspective remains the same and so hopefully can pick up any potential time delays.</p>
<p>Changes to Projects. As we are now getting more details from the individual projects, some aspects to the original submission have altered. This is the case with:-</p> <ul style="list-style-type: none"> • Harrogate College –looking to reduce the scale of the project; • Northallerton Housing – looking at a change to the scheduling of the project (although with potentially more beneficial outcomes); • Middle Deepdale –in addition to the LGF have been successful (in principle) with an application for HCA funding (again with a potential benefit to outcomes) • Catterick – Cost of junction improvements may be lower than initial draft estimates suggested. 	<p>The changes that have been identified so far are in the main minor and do not have a significant impact on the overall programme.</p> <p>However, although in some cases could have benefits to the project outcomes could also result in Funds needing to be reallocated.</p>	<p>A detailed schedule is currently being prepared that sets out these changes and their impact to the programme as a whole.</p> <p>This will be brought back to the relevant Boards and to the main LEP Board for further discussions and will also be discussed further with Government.</p>
<p>Capacity to delivery. In discussions with both the individual project sponsors and key organisations involved in the programme (e.g. planning authorities, highways authority), capacity and resources to deliver within the timescale have been raised.</p>	<p>This could result in the failure to deliver the Growth Deal on time.</p>	<p>A detailed exercise is underway at present to identify all the potential capacity issues and how it can be resolved.</p> <p>Work to increase the capacity within some of the organisations is already underway and will continue.</p>

2. Local Growth Deal – Proposed round 1b

A call for a second round of Local Growth Deals is expected before Christmas, although it is expected to be much smaller in scale than round 1. A letter has gone to all LA Chief Execs advising of this and enclosing the project business case proforma for potential projects.

Discussions are commencing with BIS at the end of September, however the bidding round is not expected to open until the Autumn Statement.

It is expected that the focus of the bid will be the projects which passed the quality threshold, but did not receive funding in the previous Growth Round, however where there has been a change in circumstances, new development new projects can be brought forward.

LGNYY are asked to note

Any projects being submitted will require a full business plan and business case and Local Authorities are encouraged to have a clear understanding of their priorities.

3. Local Governance & Directors of Development

As Government devolves greater responsibilities and finances to local areas which can demonstrate strong local governance, there are a variety of models emerging for leadership and governance of local economic development. Joint Committee's (JC) and Combined Authorities (CA) are the most notable models to date.

A LA Chief Execs Task and Finish group has been set up to consider the alternatives and provide an options paper and recommendations. The purpose of the first meeting was to explore the alternatives and agree and commit to a forward plan of action. The overall objective is to ensure local governance is fit for purpose to maximise the opportunities of devolution and attract investment into the York, North Yorkshire & East Riding area.

Given the overlapping LEP Boundaries, and governance implications for Local Authorities in those overlapping areas (in particular, East Riding membership of Humber Joint Committee and City of York non-constituent member of West Yorkshire Combined Authority), it was agreed to focus on progressing towards a Joint Committee across the whole of the LEP area.

LGNYY are asked to note the actions below.

Action 1: For 3 November Chief Executives Paper

Paper presented providing

- High level spatial plan brought together, through engagement with Local Authorities from Local Plans and LEP Strategic Economic Plan
- Overview of governance and key legal issues. – Annex A provides more details.

Action 2: December 2014

Proposal presented to Local Government North Yorkshire & York and LEP Board

Directors of Development

Given the potential opportunities from the evolving devolution agenda and speed of change, the quarterly Chief Executives and LGNYY meetings do not meet often enough to support the opportunities.

In addition, the development of robust Local Plans in a complex environment requiring the demonstration that the Duty to Co-operate has been fulfilled, places an emphasis on the importance of engagement between all authorities. It is clearly vital that all authorities understand the implications of each other's proposals at the earliest stage of development.

It is therefore proposed to create a **Directors of Development** group to meet monthly and provide the commitment and ownership of the actions that emerge from the evolving

discussions. Thus providing a strong foundation to facilitate harmonious growth across the economic area and avoid conflicting Local Plans that could undermine development between adjacent authorities.

The Directors of Development will address the whole Economic Growth Agenda, providing input and influence to the LEP, where appropriate, but also picking up areas which are best led by Local Authorities and developing propositions for government to secure greater freedoms, flexibilities and funding on key agendas.

This will provide a more balanced relationship in the LEP Public/Private Partnership and allow greater public sector leadership across some key agenda's.

In developing the Directors of Development, consideration and commitment must be given to servicing the group to ensure it delivers to its potential. It must be an action focused group, targeted with clear outcomes and outputs, and not just an information sharing opportunity.

Recommendation

LGNYY support the creation of a Directors of Development grouping and identify a lead Local Authority to provide the capacity and resource to service the group.

European Strategic Investment Fund (ESIF)

The LEP wide ESIF allocation is in excess on £90m. An implementation plan is currently being developed in accordance with government guidelines.

As part of the governance arrangements, there is a requirement to create an ESIF Programme Management Committee to oversee project approval and programme management. This Board reports directly to the National Programme Management Board.

Membership of this committee is a broad representation of the local community including public sector, Economic & business partners and Civil Society. The LEP Board has approved the make up of the committee which includes three Local Authority Representatives. One Local Authority representative will be from East Riding, to reflect their status as an assisted area for which ESIF funding is ringfenced.

Recommendation

LGNYY propose two Local Authority Representatives to the ESIF Programme Management Committee.

4. Welcome to Yorkshire & future of the Visitor Economy

Following the success of the Tour De France, there has been much discussion around the future of Welcome to Yorkshire and how to create a more sustainable model. The following activities are currently taking place;

1. Harrogate BC, on behalf of Local Government Yorkshire & Humber are developing a Visitor Economy Strategy
2. Leeds, Sheffield & North Yorkshire LA's are leading discussions with W2Y around future funding and proposed activity. A proposal has been received outlining a range of activity and funding

requirements. This targets both LA contributions and LEP contributions. Targeting a LEP contribution of £2m per annum, the proposal includes;

- a. PR & Brand Awareness
- b. Domestic & International Tourism Marketing & PR
- c. Making Yorkshire Europe's premier cycling destination
- d. Inward Investment
- e. Supporting Yorkshire's export market
- f. Developing Yorkshire.com
- g. Yorkshire tourism engagement & skills programme
- h. Proud communities

Local Authority partners need to ensure they have a clear position around Welcome to Yorkshire and the activity they would wish to see W2Y deliver across the region.

3. Recommendations

- a. Note the progress in implementing the Local Growth Deal**
- b. Ensure local priorities for the Local Growth Deal round 2 and are communicated to the LEP as a matter of urgency.**
- c. Note progress towards a December paper outlining the options for a York, North Yorkshire & East Riding Joint Committee**
- d. Commit to a Directors of Development Group and identify a lead Local Authority.**
- e. Allocate two Local Authority representatives to the ESIF Programme Management Committee**
- f. Note developments around Welcome to Yorkshire and the Visitor Economy**