

LGNYY MEETING: 4 December 2015

REPORT PRESENTED BY: James Farrar

TITLE OF PAPER: YORK, NORTH YORKSHIRE & EAST RIDING LEP UPDATE

Summary:

This paper summarises the LEP Performance to date and opportunities following the Autumn Statement.

This paper covers

1. Key Risks
2. Business Support Update
3. Skills Update
4. Implementation update - Local Growth Deal
5. Autumn Statement

1.0 Key Risks

The key strategic risks remain;

- **Devolution** and the impact of any changes in geography or in governance. This also provides an opportunity, for example, the LEP Infrastructure Board is proposed as the Interim Joint Asset Board with HCA. Importantly government remain committed to LEPs with LEP support for devolution proposals a core requirement.
- **Secretariat Funding.** Whilst the Autumn Statement confirmed Government commitment to funding LEPs, the level is not yet confirmed. It is important to note that currently funding is matched by Local Authority Funding and it is expected the same level of Local Authority contribution will be required. A LEP funding proposition will be prepared once more details are forthcoming.
- **Local Growth Funding.** The existing Growth Deal allocations beyond 15/16, which were indicative have been confirmed. In addition, there remains the potential for a further Local Growth Fund bidding round. Exact details are to be confirmed. The key risk will be projects not delivering on time and budget.
- **EU Funding remains high risk.** This is both in terms of;
 - Processes, in particular the timeframe from opening a call for projects through to contracting and starting delivery. This risk is much higher at the present time when projects are not up and running and impact on the ability to hit annual targets in the early years. Once contracted most projects deliver across a number of years and will allow for phasing to accommodate the timeframes.
 - Match Funding – Most LEPs have committed to ‘opt in’ or co-fund projects with partner organisations such as Skills Funding Agency, Manufacturing Advisory Service, DWP – Budget cuts to these organisations now present a major risk to these proposals. We are currently working through the details and implications.

2.0 Business Support Update

- The role of the LEP in business support is to signpost businesses to public and private sector business support programmes and advice. Our approach to providing business support is based around online, through pop up business café's and via the business networks. Over 40 business networks are actively working with the LEP. Technical issues with the website are being resolved. This provides a low cost model with expected funding cuts to the Growth Hub budget. Whilst £12m per annum nationally has been confirmed for Growth Hubs 2016/17 & 17/18 exact details are awaited.
- EU Funded Support – In addition to the Manufacturing Advisory Service, EU calls have been launched and are in process for Business Start Up Support, IT, tourism infrastructure and tourism support, Innovation support in food, agri-tech and bio-renewables. It is likely to be 2016 before delivery starts,
- FERA have been successful with their two bids into the UK Agri-tech strategy. These bids total circa £50m. These were formally announced in the Autumn Statement. We are also supporting FERA to lead a bid to host a National Food Innovation Network which aims to give 8000 business access to the latest research.
- We expect National Business Support to be hit by budget cuts. We are anticipating most business support will be expected to be paid for through devolved business rates. We expect to work cross LEP to deliver this.
- The Local Growth Fund projects for both a York BioHub (£1.0m) and National Agri-food Innovation Campus (£0.3m) originally had spend profiled for 2015/16. This has now been re-profiled to 2016/17. York BioHub is undertaking a market assessment which will report December 2015.

3.0 Skills Update

- The big strategic challenge coming forward for the LEP is twofold;
 - an area based FE review in partnership with government. This is currently expected mid 2016 and we are working in collaboration with all FE colleges and York, East Riding & North Yorkshire Councils.
 - Linked with this is the devolution model being agreed for skills nationally. The core change is a move from a qualification based payment system for FE to a commissioned based approach, with the LEP/Combined Authority commissioning outcomes from each college.
- From a Local Growth Fund perspective all three Skills Capital projects are on track and delivering.
- The following EU calls remain on track to be launched in Autumn. These are all agreed but subject to national timescales and processes. In addition national budget cuts may impact on match funding for all these programmes.
 - Skills Support for the Workforce
 - Community Grants
 - Big Lottery Social Inclusion Programme
 - DWP People into Work programme.
- The LEP has secured a post co-funded by the National Careers Enterprise Company to focus on careers advice in Schools. This compliments the existing pilot which is delivering quality accredited careers advice in 20 schools across the LEP area.

- Research & evaluation projects are almost complete providing industry evidence for skills needs in key sectors including engineering, health & social care, agri-tech, construction, apprenticeships, bioeconomy:

4.0 Infrastrucutre

- The LEP submitted bids for 2 Enterprise Zones. The York Central bid was successful, however the Yorkshire Coast & Country bid was unsuccessful.
- Government announced on 25 November the cancellation of the £1bn competition funding for Carbon Capture and Storage.

Local Growth Deal – Implementation Update

- **The Local Growth Deal for York, North Yorkshire and East Riding** totals £122.2m made up of the Round 1 July announcement of £110.1m (2015 to 2021) for 14 projects, together with the Round 2 January Announcement of £12.1m (2016 to 2021) for 4 projects.
- The table below provides a summary of the programme tracker detailing the progress towards delivery of each of the projects for which we have been awarded Local Growth Funding. This table focuses on projects that spend in 15/16.

2015/16 Funding approved and delivery on track	15/16 Profile	2015/16 Funding agreement still to be issued. At significant risk but deliverable	15/16 Profile	2015/16 Delivery delayed or at major risk	15/16 profile
Catterick	£1.2m	Selby Olympia Park	£2.4m	York Bio hub	£1.0m
Newlands Bridge	£1.5m	North Northallerton	£1.0m	NAFIC, Sand Hutton York	£0.3m
Skipton Flood Alleviation	£1.0m	Middle Deepdale, Scarborough	£1.2m		
Askham Bryan College – Agri skills	£1.0m				
Askham Bryan – Engineering Skills	£0.6m				
Harrogate College	£3.0m				
Total	£8.3m		£4.6m		£1.3m
Projects that could take up 2015/16 slippage			Current Status		Potential 15/16 spend
Skipton Flood Alleviation Scheme – remainder of project brought forward to 2015/16			Already agreed		£0.2m (additional to £1m already agreed)
Further Skills Capital Projects brought forward to 15/16			EOI assessed and full business plans received		£0.5m
Malton Agri Business Park brought forward to 2015/16			Approved by Infrastructure Board Agreement in draft		Upto £1m
Total					£1.7m

Progress update – Local Growth Funding is now beginning to be spent on delivery and all the projects within the 2015/16 profile are progressing. **Progress:-**

- The three Skills Capital Projects, two at Askham Bryan and one at Harrogate College, totalling £4.6m are now all contracted, initial claims for funding have been received and all scheduled to deliver in 2015/16;
- Newlands Bridge improvements are near completion and Skipton Flood Alleviation Scheme is on track in terms of delivery;
- North Northallerton has now received planning permission and whilst still amber rated is back on track. Middle Deepdale is also almost ready to contract and on track to deliver.
- Olympia Park remains the highest risk of the amber rated projects with a deadline of the end of November to resolve outstanding issues. A verbal update will be provided at the meeting.
- The funding for the red risk projects has all been re-profiled into later years.
- The contingency projects of Malton and three further skills capital projects have submitted business plans, these are currently being assessed with the potential to take up any 2015/16 slippage;

LGNYY are asked to note the progress in implementing the Local Growth Deal

3.0 Future Opportunities – Autumn Statement

- Government confirmed a total Local Growth Fund of £12bn nationally. Currently c£6bn is committed via Growth Deals. It remains unclear exactly how much of, and how the remaining funding will be allocated. In anticipation we are developing a Growth Fund proposal. In developing the proposal we have considered;
 - Reviewing how the current Growth Fund has worked;
 - The potential pipeline of projects being developed;
 - The likelihood that funding will be for 2017/18 onwards and the implications for how ‘worked up’ individual projects will be this far in advance;
 - The need to get best value from and target the investments, maximising the potential returns for reinvestment;
 - The implications of devolution and how the Growth Fund could form part of, and support, the single investment fund that is being proposed for the area. Important to note within this is that government departments are being pushed to commit resources to both devolution and Local Growth bids. Aligning the two will best ensure we maximise the potential for the region.
- To this end it is proposed that our future potential capital infrastructure funding is set up under three ‘programmes’:
 - **Skills Capital Programme** – (SEP Priority 3 – Inspired People) That will help to bring all FE college infrastructure up to a suitable standard to enable sound business engagement, training and career choices and provide targeted investment in facilities that meet sector specific needs supporting capital infrastructure;
 - **Employment and Housing Growth Programme** – (SEP Priority 4 – Successful and Distinctive Places and linked to the business opportunities in Priority 1 and 2) That will target investment to realise strategic opportunities to unlock and transform growth in our local economy. This will primarily operate in a similar way to the current Growing Places Fund as sustainable, recyclable fund; and

- **Strategic Transport Programme** – (SEP Priority 5 – A well connected economy) That will target investment in improving east-west connectivity and easing congestion in York and Harrogate.
- With devolution an evolving agenda, the exact nature of any bid will be subject to change. The ambition within the devolution proposals is to create a Single Investment Fund to co-ordinate and bring together disparate funding streams (both national and local) to create a more flexible, revolving investment fund which is easier for partners to understand and access. Given that historically it has been easier to negotiate repayable terms with housing/employment land compared with skills capital and transport which have been grant, it is reasonable to assume the above programmes form a solid basis for any bid
- LEP secretariat funding is confirmed in the Autumn Statement, however the level of central government funding is unclear. We expect to hear more details before Christmas.

Recommendations

- a. **Note the progress in implementing the Local Growth Deal and proposed structure for any future Growth Fund bid.**