

LGNYY MEETING: 1 December 2017
REPORT PRESENTED BY: James Farrar
TITLE OF PAPER: LEP Update

1.0 Purpose of the Report

The focus of this report is;

- A Performance Update
- National Review of LEPs
- Northern Cultural Regeneration Fund

2.0 Performance Update

2.1 The LEP Local Growth Fund remains on track to deliver its targets for 2017/18, and develop a strong pipeline for 2018/19 onwards. The highest level of risk is 2018/19. The Highest risk project, Investment in the York – Harrogate Rail has made significant progress and whilst risk remains, confidence in being able to deliver half hourly services between York and Harrogate has increased. A full business plan will be submitted by February.

2.2 The LEP, in partnership with our Local Authorities has been successful on two further bids to Highways England for additional investment in Sowerby Gateway, Thirsk and J47, A1/A59.

- J47 of A1/A59 is an excellent example of the LEP leading a partnership approach to bring organisations together to develop a proposition which has been able to blend several public and private funding streams to deliver a solution.
 - The LEP committed £1.2m to upgrade J47
 - NYCC then secured £1m through the Northern Powerhouse Investment Fund to provide an additional contribution
 - This enabled the developer to submit a planning application for the development land adjacent, which will deliver 3000 new jobs.
 - This development requires additional highways work and to ensure all works are completed together;
 - The LEP has agreed a Growing Places Loan in principle for on site infrastructure
 - The developer has committed a £1m contribution towards the highways work
 - A LEP led bid to Highways England has secured £500k to support the additional highways work

The work has brought together the LEP, North Yorkshire County Council, Harrogate Borough Council, Highways England and a Private Developer to deliver a solution which should lead to major job growth and delivers the required infrastructure up front in the most streamlined manner.

- The additional investment in Sowerby Gateway in Thirsk is for £3m and will significantly increase the number of affordable houses on the site. This directly addresses one of the major housing challenges in the region. Whilst we are making good progress on housebuilding, affordable still lags significantly behind.
- Two industrial sites which have received LEP investment, (Dalton Industrial Estate and Sherburn II) have been longlisted in a national competition to become one of four expansion logistics hubs.
- Our Growth Hub How's Business continues to deliver and is ahead of target for outputs which the LEP has control of (i.e. none EU funded)
- We have been working in partnership with HMRC to independently evaluate the impact of the LEP Growth Hub. HMRC have taken the LEP data and compared to the data they hold about businesses across the LEP patch. Whilst they cannot share confidential data, they have been able to provide the following intelligence;

A third of the businesses that we have supported are higher growth companies which are;

- 4 times the size of other companies in the region,
- have a payroll size 2.5 times the size of other companies in the region,
- are growing 2.5 times as fast by profit; and are
- 20 times less likely to be in administration or liquidation.
- The Careers and Enterprise Programme is running well. 52 out of 60 schools across York and North Yorkshire are now engaged. The aim is to progress these schools from engagement towards the LEPs published Careers and Enterprise ambition.
- The LEP invested £3m in Harrogate College, who are part of the Hull College Group. The Hull College Group is engaged in a 'fresh start' arrangement under the leadership of a new Chief Executive, Michelle Swithenbank and a new Chair of Governors, Becky Oughtibridge. Working with the Further Education Commissioner and the Treasury various options are being considered regarding the college group. These discussions will include Harrogate College and whether the current operational model continues. The full governing body will make their recommendations in December prior to further consultation with staff and unions. This is a sensitive matter due to these issues.
- All 9 EU Funded Skills Programmes are now up and running. Significant performance issues remain across many of the projects and are classed as high risk. January 2018 will see the next formal performance review when de-allocation may take place. There is a significant likelihood that de-allocation will take place across several projects. The secretariat have developed proposals for how the LEP would like the funding re-allocated with a concern that allocations will be lost to the area.

- A working group is operating across LEP teams to mitigate the current risks with EU programmes. These issues are shared in LEPs across England and reflect the risk highlighted earlier in the paper.

LGNYY are asked to note the performance to date and key risks moving forward.

3.0 National Review of LEPs

3.1 Government is undertaking two reviews of LEPs.

1. The Mary Ney review has focussed on transparency and accountability. This report is now out. The purpose around the report is to achieve greater consistency and ensure LEPs are ready for whatever comes their way post brexit, for example through the Shared Prosperity Fund. It is to ensure transparency and governance do not become a barrier. The review covers;

- Transparency, register of interests and conflicts of interest
- Decision making
- Publishing of papers, minutes, decisions, investments and accounts
- Complaints and whistle blowing procedures
- Annual Conversation and formal statements of assurance from the LEP Chair & CEO and the Accountable Body S151 Officer.

The LEP are reviewing the current Assurance Framework and evolving requirements. Formal guidance is expected the end of November.

Key Action: As part of the LEP Transparency we committed to undertaking an annual Overview & Scrutiny committee with membership from all Local Authorities. Local Authorities are asked to nominate an elected member to participate, who isn't currently involved in LEP Boards.

2. A Minister led review of LEPs, considering the possible role of LEPs within the Industrial Strategy, Shared Prosperity Fund and ensuring they are fit for purpose going forward. This review is at an early stage, however may lead to greater consistency in the structure and governance of LEPs.

Ask: Local Authorities are asked to nominate a member to become a member of an Annual LEP Overview & Scrutiny Committee and who is not currently involved in LEP Boards

4.0 Northern Cultural Regeneration Fund

1.1 As a legacy to the Great Exhibition for the North, Government has announced a £15m legacy fund and is asking for bids. Bids must be through LEPs and each LEP can submit only one bid. As ever the timescale is short.

1.2 The Fund will make capital grants up to a total of £5 million in each of the financial years 2018-19, 2019-20 and 2020-21. It is anticipated the fund will make three or four large capital grants over the three years of around £3-£4 million each. Decisions on these grants will be made by the end of the current financial year (2017-18).

1.3 The LEP ran a call for projects. The list of bids is:

Project	Location	Bid Amount	Project Value
Constellations: Illuminating Yorkshire Coast	East Riding / Scarborough	£4m	£6m
Whitby Abbey	Whitby	£1.1m	£1.72m
York St John Uni Creative Centre	York	£4m	£15m
Skipton Town Hall	Skipton	£2.08m	£5.06m
The Workhouse Journey	Ripon	£3.75	£5.37m
Northallerton Cultural Quarter	Hambleton	£4m	£10.7m
Ripon Cathedral	Ripon	£3.9m	£5.9m

2.5 These were appraised by the LEP Secretariat and three shortlisted. A panel, chaired by Richard Shaw interviewed the three shortlisted projects.

2.6 The projects were appraised against the criteria in the fund guidance under the headings;

- Ambition & Strategic Importance
- Economic Impact
- Deliverability

2.7 Annex A provides a summary of each shortlisted project.

- 2.8 In considering the options, the panel considered that we are subjecting a project to bid against other projects across the North of England, therefore ambition and impact were critical.
- 2.9 In conclusion, all projects had their merits and their weaknesses. The two Ripon Projects were very well developed with robust business plans, a strong management team and deliverability was high, however whilst good projects, they lacked ambition and weren't truly regenerating in their impact. They were good businesses which would achieve growth, however didn't engage previously hard to reach groups or stimulate the wider cultural and creative sector.

Constellations: Illuminating the Yorkshire Coast, is very ambitious with a clear strategy for engaging local communities and disadvantaged groups and utilising modern technology to create new opportunities and ambition. It targeted some of our most deprived areas who had previously been disengaged from culture. However this would be a complex project across a number of sites and the business plan and route to sustainability were under developed.

The panel came to the conclusion that the project most likely to succeed at a competitive Northern Powerhouse level was Constellations: Illuminating the Yorkshire Coast.

The LEP Secretariat are subsequently working with the partnership to support them to strengthen the business case.

Ask: LGNYY are asked to note the submission of Constellations: Illuminating the Yorkshire Coast as the YNYER bid.

5.0 Recommendation

5.1 LGNYY are asked to;

- 1. Note the performance to date and key risks moving forward.**
- 2. Nominate a member to become a member of an Annual LEP Overview & Scrutiny Committee and who is not currently involved in LEP Boards**
- 3. Note the submission of Constellations: Illuminating the Yorkshire Coast as the YNYER bid.**

Annex A: Cultural Regeneration Fund – Shortlisted Projects

Project: Installations – Illuminating the Yorkshire Coast

Project Summary:

Constellations will use the exploration of public spaces to highlight what makes this coastal strip special. It will sow the seeds of a future economy and take the essence of the coast and build on what makes it so inviting.

This project supports the York, North Yorkshire and East Riding LEP Strategic Economic Plan, which has a priority of distinctive places and identifies the Yorkshire Coast as a distinct sub-region. And will deliver against the following funding outcomes:

- o Increased opportunities for people, including children and young people, to experience and be inspired by culture and connectivity
- o Better quality of life and well-being within local communities
- o More resilient and sustainable creative and cultural organisations
- o Innovate and effective partnerships between the cultural and creative sector and other sectors, especially digital and technology sectors
- o Increased investment and economic growth

Constellations will bring new connected public spaces, highlight extraordinary views, produce illuminating artworks, stimulate community engagement, business support, employment opportunities, connect creative thinkers and bring about social and economic changes to the Yorkshire Coastline.

Summary Comments:

This proposal is ambitious and innovative, but early stage with major questions over deliverability and sustainability. It offers better value for £4m investment, but only if it can demonstrate ongoing viability and sustainability.

There is strong community partnerships and it will engage and inspire some of the most deprived areas in the region. The project will also use digital technology and light installations in an innovative manner and provide the digital and WiFi infrastructure to support and enable the wider sector. A key outcome of the project will be increased sustainability for wider cultural organisations.

Project: The Workhouse Journey, Ripon Museums Trust

Project Summary:

One in ten of us has family links to the Workhouse. Health and social care are big societal and cultural issues and the modern Welfare State has its origins in the Victorian Workhouse system.

This £5M programme will enable us to tell this story in the most complete workhouse complex in the country, in the proper and rightful place (after refurbishment) to three times as many people. We will use the most up to date and immersive interpretation techniques (audio, video, augmented / virtual reality, outreach and walking in the footsteps of the inmates).

It is also aimed at:

- Making us the best medium-sized museum in the country.
- Delivering a far wider cultural offer from a much expanded, multi-use, museum space.
- Diversifying, via our Arts Council National Portfolio Organisation (NPO) programme, the range of audiences we serve; especially young people and harder to reach ones.
- Creating a Centre of Social and Community Capital whose know-how will be shared regionally and nationally.

Together this should increase our Cultural Impact to four times its current level, with substantially greater audience engagement and inspiration – and it will enable the enhanced diversity, inherent in our NPO programme, to be maintained well into the future.

Summary Comments:

This is a very well developed proposal with a robust business plan, track record of delivery and strong management. There is strong confidence that this could be delivered.

However the scale of impact for an investment of £3.75m is modest and the impact will be felt much beyond Ripon. The schools engagement is strong and the use of technology to improve the visitor experience is welcomed, however concerns remain over the scale and ambition of the project.

Project: Ripon Cathedral

Project Summary:

This proposal seeks support from the Northern Cultural Regeneration Fund of £3.9m for a project with a total cost of £5.9m which seeks to unlock the cultural and heritage potential of Ripon Cathedral as a 21st century venue. This will be achieved by the construction of an adjacent new building to provide essential visitor facilities and space for music outreach. As a result, the main Cathedral building will be dramatically opened up, allowing it to strengthen its already well-established position as a centre of culture for the area and for the region.

Summary Comments:

This is a very well developed proposal with a robust business plan, track record of delivery and strong management. There is strong confidence that this could also be delivered.

However the scale of impact for an investment of £3.9m is also modest and the impact will be felt much beyond Ripon.

There is positive engagement in local charities such as dementia and refugees and the concerts are a valuable asset for the evening economy, however there is limited innovation and use of technology and the community partnerships are very traditional.