

ITEM 5 - LATE REPORT

North Yorkshire County Council

Transport, Economy & Environment

Overview and Scrutiny Committee

13 April 2016

Local Enterprise Partnership (LEP) Update

1.0 Purpose of Report

1.1 This paper summarises the York, North Yorkshire & East Riding Local Enterprise Partnership (YNYER LEP) Performance in 2015/16 and budget proposals for 2016/17

This paper covers;

- Strategy & Funding
- Infrastructure inc Local Growth Fund
- Business Support
- Skills

2.0 Background

2.1 The YNYER LEP was formed in 2011 following the demise of Regional Development Agencies. Its role is to work in partnership across the region supporting growth and jobs.

2.2 Broadly speaking the YNYER LEP invests in three areas, business growth, skills and infrastructure. It has developed a Strategic Economic Plan which identifies 5 priorities. These are;

- Successful, ambitious small and micro businesses
- A world leader in Food, agriculture and bio-renewables
- Inspired People
- Successful, distinctive places
- A well connected economy

2.3 In 2014 the YNYER LEP successfully secured a Local Growth Deal worth £122.3m for capital investment. The funding started in 2015/16 and continues through to 2021.

2.4 Additionally EU Structural Investment Funding worth €110m (c.£85m) has been allocated to our LEP area and is being invested against our strategic priorities.

3.0 Strategy & Funding

3.1 The YNYER LEP operating costs are funded through a mix of central government funding and Local Authority Contributions. We have received

confirmation, we will continue to receive £500k contribution from government toward secretariat costs.

3.2 Local Authority contributions have been confirmed at the same level as in 2015/16. These are;

- North Yorkshire County Council (NYCC) £205,000
- East Riding of Yorkshire Council £60,750
- City of York Council £40,500
- Districts £20,250 each

3.3 In addition to the revenue funding above, NYCC have offered loans up to a total value of £2.5m for flood defences. This demonstrates not only NYCC's commitment the LEP but also that NYCC has confidence in the LEP's ability to deliver.

3.4 The LEP has worked hard to build strong joint working arrangements with Local Authority partners. This includes securing 8 staff on part time secondment into the LEP funded through the above contributions. This has proven very successful providing both capacity and expertise to operate on a LEP wide level.

3.5 We are currently refreshing our Strategic Economic Plan (SEP). 1-1 meetings have been held with all Local Authorities and a first draft is currently out for consultation.

3.6 We are also in the process of developing Action Plans to sit below the SEP. The Coastal Plan is in draft format and provides a level of detail below the SEP to support delivery and prioritisation. Plans are being developed across a range of key areas including Agri-food & bio-economy, apprenticeships, Growth Towns, and Rural (Dales, Moors and Wolds). Local Authorities will be engaged throughout 2016/17 as these progress.

3.7 Sections 4-6 summarise this year's performance. 2015/16 has been a very successful year, however there remains significant risk in 2016/17, particularly around Local Growth Fund Investments with several high risk projects due to start in 2016/17.

The 2016/17 Delivery Plan is included as a separate annex

3.8 We are also working to develop future pipelines with all Local Authorities with a view to a future Local Growth Fund Bid. We anticipate having to submit this bid late summer, with the successful bids announced in the Autumn Statement.

4.0 Infrastructure inc. Local Growth Fund

4.1 The Local Growth Deal for York, North Yorkshire and East Riding totals £122.2m supporting 21 capital projects with a spend in 2015/16 of £15.3m. This has been fully defrayed.

4.2 Whilst funding for 2016/17 is committed, there are significant delivery risks, most notably:

- The major housing and employment development site at Olympia Park Selby has encountered some major delivery delays resulting in their 2015/16 allocation being deferred to 2016/17. Issues around land ownership and relations with the developers mean there remains significant risk within 2016/17. Discussions are taking place to develop revised plans for this site.
- Further discussions have been held to progress investment at the National Agri-Innovation Centre at Sand Hutton although there remains issues regarding the potential sale of the site. DEFRA currently own the site and a proposed sale to Capita did not complete as expected at the end of 2015. We are currently awaiting updated plans from DEFRA.
- The proposed York BioHub investment did not receive Board Approval. An industry led task and finish group has been created to identify a pipeline of industry driven investment opportunities. .

4.3 **Summary** – The delivery of our Local Growth Deal has to date been principally involved in ensuring the projects are brought to the point of delivery and that the Local Growth Funding provides best value and is only invested against robust business cases.

The last couple of months, however, have seen a move towards actual development with all the 2015/16 projects receiving full funding agreements with many now starting on site. There is still a significant pressure to deliver and concerns regarding some of the LEPs flagship projects which have slipped into future years.

Clear deadlines continued to be issued to outstanding projects and programme controls are in place to monitoring this and mitigate against any further risks.

Table 1 below summaries spend and budget variations

Project Name	This Financial Year 2015/16			All Years 2015-21		
	Original	Revised	Variance	Original	Revised	Variance
	£m	£m	£m	£m	£m	£m
Business Growth						
National Agri-Food Innovation Campus.	0.3	0	-0.3	8.3	8.3	0
York Bio-Hub.	1	0	-1	5	5	0
Skills Capital						
Harrogate College.	4	2.83	-1.17	4	3	-1
Askham Bryan College - Agricultural Skills	1	1	0	1	1	0
Askham Bryan College - Engineering Centre.	0.6	0.6	0	0.6	0.6	0
Skills Capital projects • Derwent Training Equipment • Selby College Equipment • Craven College new build	0	0.17	0.17	0	1	1
Strategic Sites						
Housing growth at Scarborough.	2.3	2.3	0	2.3	2.3	0
Growth at Catterick Garrison.	1.2	1.2	0	1.2	1.2	0
Housing and employment at Northallerton.	1	1	0	6	6	0
Skipton Employment -Flood Alleviation Scheme (Growth Deal Extension)	0	1.2	1.2	1.2	1.2	0
Malton Agri Business Park (Growth Deal Extension)	0	0.8	0.8	2.1	2.1	0
Olympia Park, Selby – LGF	2.4	0	-2.4	8	8	0
Olympia Park, Selby HCA Loan (THIS IS DEALT WITH DIRECTLY BY THE HCA – NOT PART OF THE LEP GRANT)	3.5	0	-3.5	3.5	3.5	0
Transport						
Newlands Bridge Drax-M62	1.5	1.5	0	1.5	1.5	0
North Yorkshire Road Maintenance Scheme (DEALT WITH DIRECT WITH DfT)	0	2.7	2.7	24	24	0
East Riding Road Maintenance Scheme (DEALT WITH DIRECT WITH DfT)	0	0	0	16.7	16.7	0
A1079 – Improvements (Growth Deal extension)	0	0	0	8	6.3	-1.7
A1/A59 improvements (Growth Deal Extension)	0	0	0	0.8	2.5	1.7
Pre-allocated transport funding (THIS WILL NOT FORM PART OF THE LEP GRANT) 1. Bedale Bypass (£18.4m) 2. York-Harrogate Rail Improvements (£9.6m)	15.5	15.5	0	28	28	0
Total value of Growth Deal	34.3	30.8	-3.5	122.2	122.2	0

The overall total for 2015/16 is down by £3.5m. This refers to the slippage of the HCA loan for Selby Olympia Park. This HCA funding is dealt with directly between the HCA and the developers. The funding has not been lost to the project

5.0 Business Support

5.1 The LEP Growth Hub has had a very successful year, including recognition from central government and receiving an award during Global Entrepreneurship Week. The support for small and micro businesses takes 3 forms;

5.1.1 Online Website www.howsbusiness.org. The website has far exceeded our assumptions of conversion from visitor to clicking through and completing an action. The site has also made full use of social media with both facebook and twitter delivering a strong flow of traffic. Key to the website maintain quality up to date content. Much of this has been provided the business experts who also support our pop up café's. Over 4000 small businesses have accessed the expert content provided by professional advisors who support our pop up café's.

5.1.2 Pop Up Business Café's – delivered locally across the region in partnership with local networks. These events have been identified as national best practise and the model has been successfully implemented by Leeds City Region with 6 other LEPs in discussion. The key statistic from pop up business café's, whereby local professionals give their time free of charge, is that 80% of businesses attending have made a positive change to their business as a consequence. Businesses are taking full advantage of the local availability of support, averaging meetings with 2.5 professionals per business.

5.1.3 Network Innovation – we have supported over 30 business networks to pilot new ideas to provide greater value to their members. This provides access to over 6000 small businesses. We will seek to further develop these relationships in 2016/17.

5.1.4 BIS has confirmed Growth Hub Funding of £246k for 2016/17 and also £246k for 2017/18. This represents an 18% cut from 2015/16 however will not impact on delivery.

5.2 In addition we are currently piloting Tourism Innovation workshops, delivered by Craven College these work closely with groups of tourism businesses to better understand their customers and how collectively they can improve their offer.

5.3 EUSIF funded programmes are in development and launched in 2016/17 will be;

- Northern Powerhouse Investment Fund
- Business Start Up
- Innovation Support
- IT Infrastructure (capital)
- IT Business Support

- Supply Chain Development
(Manufacturing Advisory Service Replacement – Yorkshire wide)
- UKTI International Trade
- Tourism Infrastructure
- Tourism Support

5.4 The Agri-food & Bio-economy plan and strategic positioning has developed significantly through 2016/17. Of note is;

5.4.1 FERA Science securing c£50m investment from the UK Agri-tech Strategy to host a National Centre for Crop Health & Protection and a Centre for Innovation Excellence in Livestock. It is hosting 2 of only 4 centres approved

5.4.2 University of York are leading an N8 Agri-Food programme

5.4.3 We have significantly strengthened our relationship with UKTI profiling the innovation assets in the agri-food and bioeconomy sectors

5.4.4 Malton Agri-food Park has received DEFRA Food enterprise zone status.

5.4.5 We are working to secure the National Food Innovation Network to be delivered in partnership with our LEP. Announced by the Prime Minister, this will link 800 food manufacturing businesses with innovation UK wide.

6.0 Skills

6.1 The primary focus of the skills agenda for 2015/16 has been delivering the Skills Capital projects in addition to developing the EU Funding programmes to take advantage of our EU Structural Investment Funding (EUSIF).

6.2 As detailed in section 4, all the skills capital projects are being delivered on schedule.

6.3 There have been significant changes in requirements for EU programmes during the year. This has primarily been as a result of devolution, whereby the Skills Funding Agency is no longer able to provide the match funding previously agreed. The following EUSIF programmes have been agreed and will be launched in 2016/17.

6.3.1 Skills Funding Agency Opt-Ins

- Skills Support for the Workforce
- Local Response Fund
- Apprenticeships
- Higher Level Skills inc graduates, enterprise & interns
- Leadership & Management
- Community Grants.

6.3.2 DWP Opt In

- Worklessness Programme.

6.3.3 Big Lottery Opt In – social inclusion programme.

6.3.4 Young People

- NEETs
- Employability
- Careers, Information Advice & Guidance

6.4 In advance of the above EU funded Careers programme, we have been working with NYCC to pilot a programme with 20 schools implementing quality assured Careers Information Advice & Guidance.

6.5 We have also secured funding from the National Careers Enterprise Company to support two posts improving the links between business and schools. James Curran (NYBEP) and Louise Lunn (Ryedale DC) are delivering the work. In addition to this c. £250k has been allocated to a variety of partners to provide specialist support, for example in linking with engineering companies.

6.6 As you will be aware, government are undertaking area reviews of FE provision based on LEP geographies. Overlapping LEP geographies do provide some confusion in this process, however I am pleased to report the agreed geography for our area is the whole LEP geography, but also including Hull College on the North Bank of Humber. We are scheduled to start our review in September 2016. It is important to note that colleges in overlapping areas (Harrogate, Selby, Craven and York) will take account of decision from the West Yorkshire review which is currently underway.

7.0 Recommendation

7.1 The TEE O&S Committee is asked to note the successful performance to date of the LEP and potential for a new Local Growth Fund Bid in 2016/17

DAVID BOWE

Corporate Director, Business & Environmental Services

Author of Report: - James Farrar

Background Documents: None

Appendices: 2016/17 delivery plan

2016/17 Delivery Plan Summary

<p>Business</p> <p>Hows Business Growth Hub 33,000 Business Engaged 4,665 Accessing Support £400m Investment Fund Launched</p> <p>New Programmes</p> <p>Start Up Innovation Support Supply Chain Development Tourism Infrastructure & Support IT Infrastructure (Rural Broadband)</p> <p>Forward Plans</p> <p>Low Carbon Strategy Science & Innovation Audit Northern Poiwerhouse Inward Investment UKTI Export Plan</p>	<p>Infrastructure</p> <p>£17.3m LGF Investment £xxm Growing Places Returns £3.5m HCA Loan to Olympia Park</p> <p>Investment Complete:</p> <p>Malton Agri-Food Park Skipton Flood Scheme Middle Deepdale Access Road Catterick Junctions Bedale Bypass Sherburn Industrial Estate</p> <p>Forward Plans</p> <p>York Central Enterprise Zone Plan Implemented Strategic Economic Plan Update Growth Town Plans Yorkshire Coast Plan Transport Invevestment Plan</p>
<p>Skills</p> <p>£0.9m LGF Investments 4 College Capital Investments Complete 30 Schools Engaged in Careers Programmes</p> <p>New Programmes:</p> <p>Skills Support for the Workforce Apprenticeships Higher Level Skills Not in Education, Employment or Training (NEET) Careers & Employability Big Lottery Building Better Opportunities DWP Access to Employment SFA Community Grants</p> <p>Forward Plans</p> <p>Apprenticeship Plan FE Area Review Higher Level Skills Plan Skills Capital Investment Plan</p>	<p>Organisational Development</p> <p>Stakeholder Plan & Survey Board Development Plan Devolution Deal Long Term Financial Plan Full Audit Compliance Fully Transparent Processes</p>

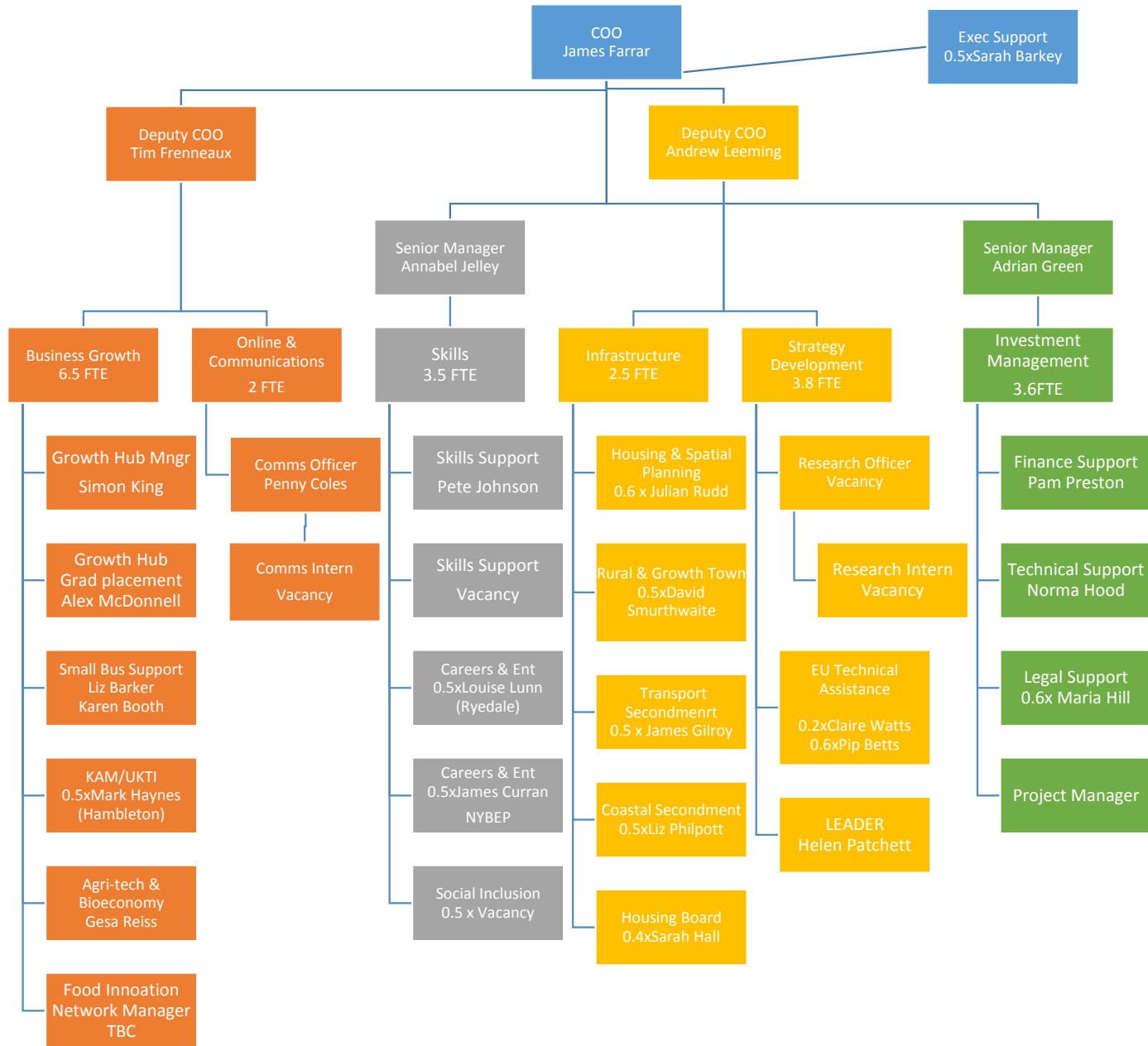
Business		
Key Economic Indicators	No. Businesses Start Ups / Closures Productivity Innovation Exports Inward Investments Superfast Broadband Coverage / take up	
	Activity	KPI's
Ambitious, profitable small and micro businesses	Committed Investments Growth Hub Pop Up Business Café's Tourism Innovation BE Groups Business Growth Fund	33,000 businesses engaged 4665 Accessing Support 15 Pop Up Café's
	EUSIF - Finance Opt In Northern Powerhouse Investment Fund	£400m Fund Launched
	EUSIF - In Development Business Start Up Innovation Support IT Infrastructure (capital) Supply Chain Development Tourism Infrastructure Tourism Support	New Programmes Launched
	Future EUSIF Activity Potential Content Fund IT Business Support	Market appraisal & Specification Complete
Agri Food & Bioeconomy	LGF Capital Investments NAFIC York BioHub	£3m LGF Investment To be Reviewed following Board Investment Decision
	EUSIF - In Development Bio-Economy Innovation EAFRD Rural Productivity	TBC following Board Investment Decision
	Future Activity - National Agri-Food Innovation Network Low Carbon EUSIF Call	Market appraisal & Specification Complete
Strategy/Planning	1. Science & Innovation Audit 2. Low Carbon Strategy 3. Northern Powerhouse Inward Investment Plan 4. UKTI Export Joint Working Plan	Strategies/Plans Adopted

Skills		
Key Economic Indicators	No. Jobs Skills Levels Apprenticeships / Higher Level Apprenticeships NEETs ESA/JSA Claimants & Costs Graduate Retention	
	Activity	KPI's
Skills Capital	LGF Committed Investments Askham Bryan Agri-tech, Askham Bryan Engineering, Harrogate College Craven College	£0.9m LGF Investments Askham Bryan x2 Complete Harrogate College Complete Craven College Complete
	LGF Future Pipeline FE Investment Plan	Pipeline Investments developed
Workforce Skills	EUSIF - SFA Opt In Skills Support for the Workforce, Apprenticeships, Higher Level Skills	New Programmes Launched
	Future EUSIF Activity Targetted sector research, Higher Level Skills inc Graduates, Interns, Enterprise, Apprenticeships Leadership and Management	Market Appraisal & Specification Complete
Young People	Committed Investments Careers Guidance Pilot Careers & Enterprise Company Scarborough Engineering Week	30 Schools in York & North Yorkshire.
	EUSIF - In Development NEET, Employability, Careers Informartion, Advice & Guidance	New Programmes Launched
Social Inclusion	EUSIF - Big Lottery Building Better Opportunities Opt In	New Programmes Launched
	EUSIF - DWP Access to Employment Opt In	New Programmes Launched
	EUSIF - SFA Community Grants	New Programmes Launched
Strategy/Planning	1. Apprenticeship Plan 2. FE Area Review 3. Higher Level Skills Plan 4. Skills Capital Investment Plan	Strategies/Plans Adopted

Infrastructure		
Key Economic Indicators	Houses built Planning permissions granted Flood stats Transport Indicators TBC	
	Activity	KPI's
Successful Distinctive Places	Growing Places Committed Investments Potter Group, NYM Railway, NAFIC, Whitby Business Park, Sherburn Industrial Estate	Investments Managed Min £xx Returns
	Growing Places Future Pipeline - Secure funding Market engagement & project developments	Pipeline Investments developed
	LGF Infrastructure Investments Middle Deepdale, Olympia Park, North Northallerton Malton Business Park	£11.9m LGF Investment £3.5m HCA Loan Malton Agri Park opened with 1st tenant Skipton Flood Scheme Opened Middle Deepdale Road Complete
	LGF Pipeline	Growth Plans agreed for key towns & City of York
	Housing Growth Housing Delivery Investment Plan (via Housing Board)	HCA Investment Attracted
	York Central Enterprise Zone	Enterprise Zone Delivery Plan developed & on track
Well Connected Economy	LGF Transport Committed Investments Catterick Junctions NY Highways Maintenance, ER Highways Maintenance Bedale Bypass	£5.5m LGF Investment Catterick/Bedale Bypass Complete
	LGF Pipeline A1/A59 Junction A1079	Investments Contracted
Strategy/Planning	1. SEP Update 2. LGF Round 3 Bid 3. Evaluation Plan Implemented 4. Growth Town Plans 5. Yorkshire Coast Plan 6. Transport Investment Plan	Strategies/Plans Adopted

LEP Management		
	Activity	KPI's
Organisational Development	Project Management IT System Developed & Implemented	System operational
	Staff Development Team Development Plan Individual Development Plans	Staff Survey Results
Good Governance	Stakeholder Plan Annual Report, AGM, Media/PR, Social Media/Twitter, LEP Website LA Liaison Plan, Government FE Principals, Business	Stakeholder Plan KPI's TBC Stakeholder Survey Results
	Board Management Main Board Skills Board Infrastructure Board Growth Hub Board Board Briefings Board Member Activity	Board Survey Results
	Audit Assurance Framework LGF Audit Overview & Scrutiny Committee LA Partner Overview & Scrutiny	Satisfactory compliance with all audits
	Finance Long Term financial Plan developed Financial Reporting Implemented	Long term financial plan approved by Board
	Transparency	All Board & Investment Papers Published
Devolution	Support development of devolution plans	Devolution deal secured with Government

Organisation Chart



Organisation Chart

			Funded by							
		Total Cost	LEP/LA Core Funds	Growing Places	Growth Hub	Local Growth Fund	Careers & Enterprise Company	LEADER	EU Technical Assistance	LEP Reserves
Staff Costs	inc. 8 Secondments	1,206,000	861,000	66,000	74,000	124,750	28,750	34,500	0	17,000
Accommodation & Meetings		42,000	42,000	0	0	0	0	0	0	0
Comms & Online		35,000	35,000	0	0	0	0	0	0	0
Professional Services		50,000	0	0	0	50,000	0	0	0	0
Evaluation		10,000	10,000	0	0	0	0	0	0	0
Office Sundries		5,000	0	0	0	0	0	0	0	5,000
IT & Project Management		10,000	0	0	0	0	0	0	0	10,000
Programme Delivery										
Business excl Local Growth Capital	Growth Hub	193,000	0	0	172,000	0	0	0	0	21,000
Skills excl Local Growth Capital	Careers Enterprise Company	47,000	0	0	0	0	45,000	0	0	2,000
Contingency		30,000	0	0	0	0	0	0	0	30,000
Total Costs		1,628,000	948,000	66,000	246,000	174,750	73,750	34,500	0	85,000
Income Details										
NYCC		205,000								
E Riding		60,750								
York		40,500								
7x Districts (£20,250)		141,750								
Total LA Income		448,000								
BIS		500,000								
Total Secretariat Core Funds		948,000								
Growing Places Revenue		66,000								
Growth Hub		246,000								
Local Growth Fund (capitalised costs)		174,750								
Careers & Enterprise Company		73,750								
LEADER		34,500								
EU Technical Assistance	Eligible Activity to be confirmed	0								
Reserves		85,000								
Total Income		1,628,000								

Capital Receipts	
Local Growth Fund Capital	£20,825,250