

North Yorkshire County Council

Transport Economy and Environment Overview and Scrutiny

1 February 2017

Local Enterprise Partnership Update

Report of the Corporate Director – Business and Environmental Services

1.0 Purpose Of Report

- 1.1 This report provides an update on performance of the York, North Yorkshire & East Riding Local Enterprise Partnership (YNYERLEP), including;
- 2017 Performance against targets
 - Local Growth Fund Update
 - EU Funding Update
 - Collaboration with neighbouring Local Enterprise Partnerships (LEPs)
 - Brexit & Industrial Strategy

2.0 2017 Performance against targets

2.1 Annex A provides a detailed analysis and RAG rating against all delivery plan targets;

2.2 The Business headlines are;

2.2.1 The decision to Exit the EU had a short term impact in that the signing of EU contracts was delayed whilst government formed its position. As a consequence, numerous EU funded business support projects are starting later than anticipated. The 2016/17 target for businesses supported was reduced by 25% from 4400 to 3300. We are on track to exceed the 3300 revised target with an outturn to the end of December of 3202.

2.2.2 The following EU funded schemes are launching early 2017

- Business Start Up – Enterprise Programme
- Access to Finance - €400m Northern Powerhouse Investment Fund
- Supply Chain & Productivity
 - Manufacturing Growth Service
 - Broadband Infrastructure
- Innovation
 - Innovation Vouchers
 - Grants for Research & Development
 - Product and Process Innovation
 - Stimulating Innovation in Agri-Food
 - Bio-Economy Support Programme

2.3 The Skills Headlines are;

2.3.1 The Careers & Employability programmes with schools are all exceeding target. The Pilot in partnership with NYCC supporting schools to deliver quality assured careers advice has seen its first schools achieve a quality accreditation, whilst the Careers & Enterprise Programme is now working with 40 schools across York and North Yorkshire.

2.3.2 Over £19m European Union (EU) programmes have now launched covering;

- Skills Support for the Workforce
- Higher level skills
- Apprenticeships
- Better Careers Guidance
- Support for young people not in education, employment or training (NEET)
- Skills Support for Unemployed People
- Access to Employment
- Building Better Opportunities (Co-investment with Big Lottery)
- Community Grants

2.3.3 An Apprenticeship Strategy will be launched in February 2017 setting out how we will increase the number, quality and level of apprenticeships

2.3.4 A review is underway, led by Skills Funding Agency of all FE provision across York, North Yorkshire, East Riding and Hull. This will report recommendations in March 2017.

2.3.5 We have been working with the North Yorkshire Health & Wellbeing Board supporting the development of their 2016 annual report designed to improve health & wellbeing in the workplace. We are now supporting the roll out and dissemination of their findings, including having developed an e-book aimed at small and micro businesses.

2.4 The Infrastructure Headlines are:

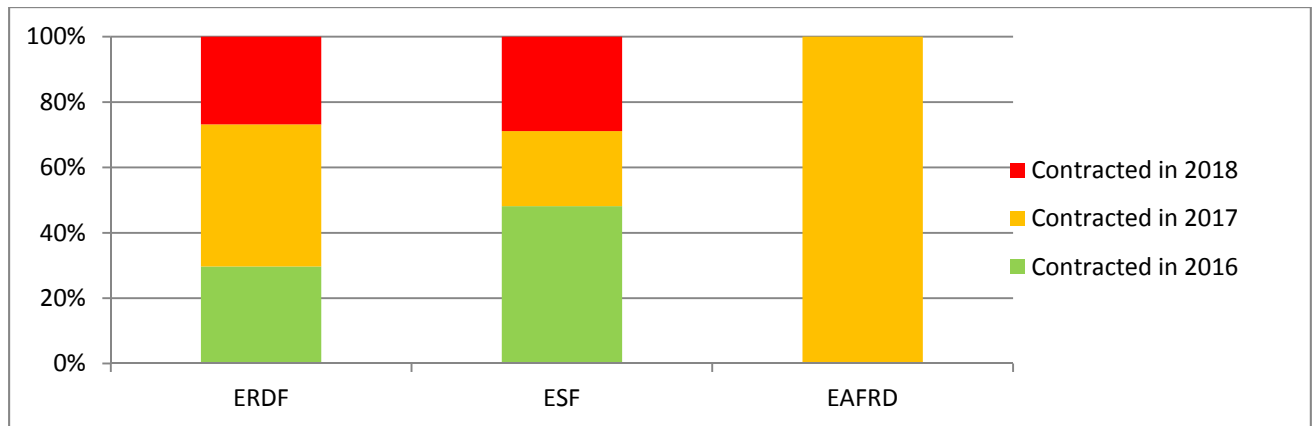
2.4.1 We are on track to deliver our 2016/17 Local Growth Fund Allocation. This includes delivering an additional £3.4m highways funding having only been advised in December 2016 that the investment was to be accelerated into this year. This acceleration of transport funding reflects NYCC's strong performance in delivering its highways maintenance investment. The table below summarises the LGF at a programme level. **Annex B** provides a project level breakdown. The projected positive £0.498m variance will be managed around the year end.

| Local Growth Fund 2016/17 Outturn | | | |
|--------------------------------------|----------------|---------------------|------------------|
| | Budget £m's | Expenditure £m's | Variance £m's |
| December Position Reported | £21.262 | £22.753 | £1.491 |
| Changes: | | | |
| Increase in DfT Budget | £3.440 | - | - |
| Let's Grow | - | -£1.000 | - |
| Small Skills Capital Projects | - | -£0.253 | - |
| NYCC Highways Additional Expend | - | £2.400 | - |
| Bridlington Harbour (Round3) | - | £1.300 | - |
| Total | £24.702 | £25.200 | £0.498 |
| DCLG Section 31 | £12.962 | £13.460 | £0.498 |
| DfT Section 31 | £11.740 | £11.740 | £0.000 |

- 2.4.2 The highest risk project is currently Olympia Park, Selby where a deal between the landowner and developed fell through. NYCC & Selby District Council are currently working in partnership to explore the potential for a public sector led solution. A decision is likely mid-2017.
- 2.4.3 We are currently awaiting the formal announcement of our Local Growth Deal 3 bid outcome. **A verbal update will be provided**
- 2.4.4 The Growing Places Loan fund remains almost fully committed. Additional returns are expected by the year end which will enable further market engagement. The investments to date are;
- Whitby Business Park - £2.5m
 - North York Moors Railway - £0.5m
 - National Agri-Food Campus, Sand Hutton - £2.7m
 - A1mJ50 Business Park, Melmerby - £0.9m
 - Sherburn2 Industrial Estate - £2.9m
- 2.4.5 Ministry of Defence (MOD) – On the back of the MOD announcements late 2016, we are undertaking some work to review all MOD sites across the LEP area, analyse MOD intentions and growth/site closures and understand the impact and potential opportunities. This will report in March 2017
- 2.4.6 Spatial Plan – work continues with all Local Authorities across the LEP area to develop a non-statutory spatial plan. This will inform future strategic investment decisions.

3.0 European Union Funding Update

- 3.1 The latest EU funding update following the EU Referendum result states that contracts signed right up to the point the UK leave the EU will be honoured. From our LEP perspective this should mean we are able to commission and contract for our full €110m. In summary this means;



4.0 Collaborating with Neighbouring LEPs

- 4.1 We continue to work closely with neighbouring LEPs, collaborating where we can deliver better outcomes. In particular;
- The majority of EU Funded business support programmes are joint with one or more neighbouring LEPs.
 - Joint working with Humber LEP around careers advice and in support of the review of further education (FE) across York, North Yorkshire, East Riding & Hull
 - Joint work with Leeds City Region (LCR) around Inward Investment. This has delivered the largest house building factory in Europe at Sherburn in Elmet employing 400 people and we are actively working on several other proposals which could deliver hundreds of jobs into North Yorkshire.
 - Co-Investment in strategic sites, for example both we and LCR have investment profiled for Olympia Park, Selby.

5.0 Brexit & Industrial Strategy

- 5.1 The decision to leave the EU raises a number of issues and risks which we have been actively monitoring. Most notably these are;
- Impact on business and business investment from loss membership of EU market.
 - The impact on availability of foreign works both at a skilled level, but also seasonal workers across tourism and agriculture
 - The impact on our Universities from the perspective of attracting the best teaching staff, attracting EU students and also being able to access EU Research Funding
 - The impact of the potential loss of EU Funding for business support and skills
 - The impact on the rural economy and farmers from
 - Loss of farm payments
 - Future trade deals
 - A future Industrial Strategy
- 5.2 Subsequent to the decision to leave the EU, the government has announced the intention to develop a national Industrial Strategy. Importantly this strategy will have a strong place element, allowing local areas to identify their needs and secure support for the issues which have greatest impact on their local economy.

- 5.3 A consultation is expected shortly and this will be an opportunity to ensure North Yorkshire's economy is well represented and the issues and challenges it faces addressed. In particular I would reference;
- The importance on our natural assets in underpinning the wider economy. This would include
 - The role agriculture, in particular the uplands plays in underpinning the economy of the wider area and the tourism sector as well as its vital role in protecting urban areas from flood risk. We are working with key local stakeholders to develop a proposition for government around how future investment in rural areas could be structured, developing local supply chains, protecting the environmental asset and defending against flooding.
 - Our natural assets in driving growth, for example a new Potash mine boosting the economy by £1bn and offshore wind. This will also cover the opportunity for new crops and the core role in the UK challenge of food security.
 - The risk presented to major industry by UK policy changes. This will reflect the challenge and opportunity from the Energy Corridor of Ferrybridge, Eggborough, and Drax Power stations across to the renewable energy opportunity in Humber. There are both risks and opportunities associated with this.
 - The need to drive rural productivity and the importance of connectivity in delivering this. This includes Broadband, Mobile and also ensuring the region is connected into the major national infrastructure such as HS2.
 - Key skills issues such as the lack of engineers and the challenges facing the care sector.
 - Tackling pockets of deprivation such as in our coastal towns, which have seen a structural change from their role as primarily a seaside holiday resorts in the 70's and 80's.
 - The challenge of rurality, particularly in an era of reducing public services.
 - The role of Universities in driving the economy and stimulating innovation.

6.0 Recommendations

- 6.1 The Committee are asked to;
- a. Note the performance of the York, North Yorkshire & East Riding Local Enterprise Partnership
 - b. Support the work in responding to the Industrial Strategy in order to respond to the challenges presented by the UK exit from the EU.

DAVID BOWE
Corporate Director, Business and Environmental Services

Author of Report: James Farrar

Background Documents to this Report: None

Annex A: 2016/17 Delivery Update

| Business | | | | |
|---|---|---|--|--|
| Activity | KPI's | Comments | RAG | |
| Profitable Successful Businesses | Help fledgling businesses get off the ground | | | |
| | ESIF Enterprise! | New Programmes Launched | Contract signed delivery starting | |
| | Pop Up Business Café | 15 cafes | 10 held to date | |
| | Help established small and micro businesses | | | |
| | How's business | 33000 businesses engaged | 27410 to end of December | |
| | | 3300 accessing support | 3202 to end of December | |
| | ESIF Broadband infrastructure | New Programmes Launched | Contracted and delivering | |
| | ESIF IT Business support | New Programmes Launched | Coventry University bid approved. At contracting stage | |
| | Help growth minded businesses | | | |
| | Lets Grow Grants | £3.7m Committed 600fte created/safeguarded | £3.6m committed. | |

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| | ESIF NPIF access to finance £400m | New Programmes Launched | £400m fund launched Jan 17 – concerns of level of micro-finance. David Dickson to sit on Strategic Oversight Board | |
| | ESIF Tourism Cooperation | New Programmes Launched | Will not proceed due to post Brexit National Policy | |
| | ESIF Tourism Infrastructure | New Programmes Launched | Call launch Jan 2017 | |
| | ESIF Manufacturing support | New Programmes Launched | Contracted & Delivering | |
| | ESIF Innovation vouchers | New Programmes Launched | Contracted & Delivering | |
| | ESIF R&D Grants | New Programmes Launched | Contracted & Delivering | |
| | ESIF Content Fund | New Programmes Launched | Not proceeding | |
| Agri Food & Bio economy | Supply chain interventions in agri-food / bio renewables | | | |
| | Profit from sustainability phase 2 | | Delivered 115 business assists to date | |
| | Agri-food Yorkshire network | | Network launched – 15 networks are members | |

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| | ESIF EAFRD Food processing grants | | Call Launch Jan 2017 | |
| | Access new intellectual property, technology and processes | | | |
| | Capital Investment Working Group | Bioeconomy pipeline investments identified | Full Business Plan closing date Feb 2017 for approved outline business plans | |
| | Food Innovation Network | | National Network launched | |
| | Low Carbon R&D grants | | Contracted & Delivering | |
| | Attract investment | | | |
| | International Business Festival | | National event attended – content to be developed into local export campaign | |
| | Inward investment | | Discussions underway with various opportunities inc. <ol style="list-style-type: none"> 1. Sugar Refinery 2. 200 Jobs investment at Sand Hutton 3. Expansion at Sherburn Industrial Estate | |
| | Develop skills for the future | | Skills Support for the Workforce Contracted & Delivering | |

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| Strategy/Planning | 1. Science and Innovation audit | | SIA underway. Additional Northern Powerhouse level discussion between LEPs and Innovate UK around a demand led study. | |
| | 2. Low Carbon Strategy | | Bringing together existing strategies. | |
| | 3. UKTI Export joint working plan | | Joint work with UKTI on supply chain enhancement in development | |
| The skills | | | | |
| | Activity | KPI's | Comments | RAG |
| Skills Capital | LGF Committed Investments Askham Bryan Agri-tech, Askham Bryan Engineering, Harrogate College Selby College (equipment only) | £0.9m LGF Investments Askham Bryan x2 Complete Harrogate College Complete Selby College Complete | All projects on track to complete and attract new learners in sept 16 | |
| | FE Investment Plan | Pipeline Investments developed | Growth deal package totalling £8.5m submitted. | |
| Workforce Skills | ESIF - SFA Opt In Skills Support for the Workforce, Apprenticeships, Higher Level Skills | New Programmes Launched | All programmes contracted and delivering | |

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| | Future ESIF Activity Targeted sector research, Higher Level Skills inc Graduates, Interns, Enterprise, Apprenticeships Leadership and Management | Market Appraisal & Specification Complete | All programmes contracted and delivering | |
| Young People | Committed Investments Careers Guidance Pilot Careers & Enterprise Company Scarborough Engineering Week | 30 Schools in York & North Yorkshire. | Target exceeded. 40 Schools engaged. Careers Enterprise Company to fund dedicated post in Scarborough | |
| | ESIF - In Development NEET, Employability, Careers Information, Advice & Guidance | New Programmes Launched | All programmes contracted and delivering | |
| Social Inclusion | ESIF - Big Lottery Building Better Opportunities Opt In | New Programmes Launched | All programmes contracted and delivering | |
| | ESIF - DWP Access to Employment Opt In | New Programmes Launched | All programmes contracted and delivering | |
| | ESIF - SFA Community Grants | New Programmes Launched | All programmes contracted and delivering | |

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| Strategy/Planning | 1. Apprenticeship Plan 2. FE Area Review 3. Higher Level Skills Plan 4. Skills Capital Investment Plan | Strategies/Plans Adopted | <p>Apprentices: Apprenticeship strategy & delivery plan to be signed off by Feb Board.</p> <p>Area Review: Detailed options being worked up. Next steering group Jan 2017</p> <p>Skills Capital Investment Plan: Included within the Local Growth Fund Bid</p> <p>Higher Level Skills Plan – activity being funded through ESIF, however plan not progressed due to changes at Higher York.</p> | |
| Infrastructure | | | | |
| Activity | | KPI's | | RAG |
| Successful Distinctive Places | Growing Places Committed Investments Potter Group- A1MJ50, NYM Railway, NAFIC, Whitby Business Park, Sherburn Industrial Estate | Investments Managed Min £xx Returns | NAFIC – Site now sold to Capita – £629k repaid. Whitby Bus Park – Increased interest following Potash approval, increasing early repayment chances. Sherburn – Heads of Terms agreed with potential investor. | |

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| | | | A1MJ50 Bus Park – work complete and marketing underway. | |
| | Growing Places Future Pipeline - Secure funding Market engagement & project developments | Pipeline Investments developed | Holding balance c.£622k | |
| | 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 | On track. Mitigations in place as per December Board Paper. Northallerton S106 signed Dec 2016 Olympia Park Investment inc HCA £3.5m Loan will not happen in 2016/17 New schemes brought forward include Tadcaster Bridge Bridlington Harbour Full Bus Plan to be considered by Feb Infrastructure Board | |
| | LGF Pipeline | Growth Plans agreed for key towns & City of York | Growth Deal Submission announcement imminent. | |
| | Housing Growth Housing Delivery Investment Plan (via Housing Board) | HCA Investment Attracted | LEP Infrastructure Board to become Joint Asset Board with HCA | |

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|------------------------|--|--|--|--|
| | | | Community Led Homes Bid Successful No Garden Villages approved in Yorkshire No Starter Homes programmes in North, East or West Yorkshire. | |
| | York Central Enterprise Zone | Enterprise Zone Delivery Plan developed & on track | Paper to January Board. | |
| 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 | Claims received and paid for maintenance schemes, Bedale Relief Road opened, Submission for Additional investment in Catterick junctions to be considered by February Infrastructure Board. | |
| | LGF Pipeline A1/A59 Junction A1079 | Investments Contracted | Business cases being developed. | |
| 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 | SEP Published LGF Submitted Transport Majors Submitted Yorkshire Coast Plan Complete Evaluation Plan to be finalised | |

| LEP Management | | | | |
|----------------------------|---|--|--|--------|
| | Activity | KPI's | | RAG |
| Organisational Development | Project Management IT System Developed & Implemented | System operational | System implemented and data upload underway | Green |
| | Staff Development Team Development Plan Individual Development Plans | Staff Survey Results | Revised structure part of Governance Review to January Board | Orange |
| Good Governance | Stakeholder Plan Annual Report, AGM, Media/PR, Social Media/Twitter, LEP Website LA Liaison Plan, Government FE Principals, Business | Stakeholder Plan Stakeholder Survey Results | Annual Report, AGM complete Stakeholder survey underway | Orange |
| | Board Management Main Board Skills Board Infrastructure Board Growth Hub Board | Board Survey Results | Governance review to January Board | Green |
| | Audit Assurance Framework LGF Audit Overview & Scrutiny Committee LA Partner Overview & Scrutiny | Satisfactory compliance with all audits | Governance review to January Board | Green |

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|---------------------|---|--|--|--|
| | Finance Long Term financial Plan developed Financial Reporting Implemented | Long term financial plan approved by Board | Being developed as part of 2017/18 Delivery Plan | |
| | Transparency | All Board & Investment Papers Published | All papers published online. | |
| Devolution & Brexit | Support development of devolution plans | Devolution deal secured | Ongoing discussions between LA Partners | |

Annex B: Local Growth Fund Financial Position

| Project Name | 2015/16 | This Financial Year 2016/17 | | | All Years 2015-21 | | |
|---|-------------|--------------------------------|-------------|--------------|-------------------|--------------|-------------|
| | Actual | Original | Revised | Variance | Original | Revised | Variance |
| | £m | £m | £m | £m | £m | £m | £m |
| Business Growth | | | | | | | |
| National Agri-Food Innovation Campus. | 0.0 | 2.0 | 0.0 | -2.0 | 8.3 | 0.0 | -8.3 |
| York Bio-Hub. | 0.0 | 1.0 | 1.0 | 0.0 | 5.0 | 1.0 | -4.0 |
| Let's Grow Business Grant Scheme | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.0 | +2.0 |
| Bio economy Programme | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.6 | +9.0 |
| Skills Capital | | | | | | | |
| Harrogate College. | 2.8 | 0.0 | 0.2 | +0.2 | 4.0 | 3.0 | -1.0 |
| Askham Bryan College – Agri. Skills | 1.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 |
| Askham Bryan College –Eng, Centre. | 0.6 | 0.0 | 0.0 | 0.0 | 0.6 | 0.6 | 0.0 |
| Additional Skills Capital projects <ul style="list-style-type: none"> • Selby College Equipment • Craven College new build • Small scale projects • East Riding College | 0.1 | 0.0 | 0.2 | +0.2 | 0.0 | 1.0 | 1.0 |
| Strategic Sites | | | | | | | |
| Housing growth at Scarborough. | 2.3 | 0.0 | 0.0 | 0.0 | 2.3 | 2.3 | 0.0 |
| Growth at Catterick Garrison. | 1.2 | 0.0 | 0.8 | +0.8 | 1.2 | 1.2 | 0.0 |
| Housing and employment at Northallerton. | 1.9 | 5.0 | 4.1 | -0.9 | 6.0 | 6.0 | 0.0 |
| Olympia Park, Selby – LGF | 0.0 | 3.0 | 0.0 | -3.0 | 8.0 | 8.0 | 0.0 |
| Skipton Employment -Flood Alleviation Scheme | 1.2 | 1.2 | 0.0 | -1.2 | 1.2 | 1.2 | 0.0 |
| Malton Agri Business Park | 0.6 | 0.8 | 1.5 | +0.7 | 2.1 | 2.1 | 0.0 |
| Olympia Park, Selby HCA Loan (THIS IS DEALT WITH DIRECTLY BY THE HCA) | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 | 3.5 | 0.0 |
| Transport | | | | | | | |
| Newlands Bridge Drax-M62 | 1.5 | 0.0 | 0.0 | 0.0 | 1.5 | 1.5 | 0.0 |
| N Y Road Improvement Scheme | 2.1 | 7.0 | 9.4 | +2.4 | 24 | 24 | 0.0 |
| A1079 – Improvements | 0.0 | 0.0 | 0.0 | 0.0 | 8.0 | 6.3 | -1.7 |
| A1/A59 improvements | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 2.5 | 1.7 |
| E R Road Improvement scheme | 0.0 | 4.8 | 4.8 | 0.0 | 16.7 | 16.7 | 0.0 |
| Dalton Bridge | 0.0 | 0.0 | 0.4 | +0.4 | 0.0 | 1.8 | +1.8 |
| Tadcaster Bridge | 0.0 | 0.0 | 1.4 | +1.4 | 0.0 | 1.4 | +1.4 |
| Pre-allocated transport funding (DIRECT WITH DFT) <ol style="list-style-type: none"> 1. Bedale Bypass (£18.4m) 2. York-Harrogate Rail Improvements (£9.6m) | 15.5 | 0.0 | 0.0 | 0.0 | 28.0 | 28.0 | 0.0 |
| Development and Delivery Costs | 0.0 | 0.0 | 0.2 | +0.2 | 0.0 | 0.8 | +0.8 |
| Bridlington Harbour (Rd 3 b/f potential) | 0.0 | 0.0 | 1.3 | +1.3 | | | |
| Total value of Growth Deal Projects | 30.8 | 24.8 | 25.3 | +0.50 | 122.2 | 124.3 | +2.5 |