

**Transport, Economy and Environment Overview and Scrutiny Committee**
**21 January 2021**
**Report of the York and North Yorkshire Local Enterprise Partnership  
 LEP Annual Report**
**1.0 Purpose of Report**

- 1.1 This report provides an overview of the performance of the York and North Yorkshire LEP through 2020. It is split into:
- Local Growth Fund Programme Delivery
  - Getting Building Fund Delivery
  - Growth Hub Business Support Delivery
  - Economic Strategy – The LEPs Forward Plan
  - Assurance
- 1.2 The Overview & Scrutiny Committee are asked to note the performance of the LEP and forward strategies and plans.

**2.0 Executive Summary**

Area of work	RAG Rating	Comments
Local Growth Fund		On track to fully deliver by March 2021, however risks remain with significant spend in Q4.
Getting Building Fund		On track to fully deliver by December 2021, however remain amber due to challenging spend targets for 2020/21.
Growth Hub		All targets exceeded for 20/21
LEP Forward Plan		'Reshaping the economy' Covid recovery plan in place, current lack of clarity on future funding.
Assurance		Fully compliant with national assurance guidelines and Accountable Body procedures

**3.0 Local Growth Fund**

- 3.1 The Local Growth Fund (LGF) is in its final year of delivery and Government has confirmed that despite the impact of Covid-19 there is no opportunity to extend the Programme funding beyond 31 March 2021. It must be emphasised that all LGF must actually be spent, and cannot be claimed against financial commitments.
- 3.2 All projects that rely on construction work over the next four months are now classified as high risk where there may be :
1. Significant project spend forecast to 31 March 2021;
  2. Potential for adverse winter weather or ground conditions;
  3. Resurgent Covid-19 impacts on workforce, material supplies or working practices.

Claims have now been received for Q1 & Q2 and the overall programme position is:

Budget (£m)	LGF Outturn to date (£m)	LGF Expenditure to date (£m)	To spend (£m)		Q1 (actual) £m	Q2 (actual) £m	Q3 £m	Q4 £m	2020/21 Total
83.2	56.4	50.1	33.1	Delivery Plan	10	10	8	5	33
				Sept Update	8.2	7.5	10.9	9.9	36.7
				Nov Update	7.4	6.2	10.7	12.5	36.7

- 3.3 It is clear from the table above that significant slippage within year has occurred and Q2 claims are below what was forecast. However most projects remain on track to fully deliver and Q3 claims are projected to achieve forecast expenditure. YNY LEP project leads are maintaining regular contact with project teams, and where necessary, providing assistance to ensure out-turn of the LGF programme is achieved.
- 3.4 To manage any project performance issues, the YNY LEP Performance Sub-Group is holding monthly meetings and enforcing messages to projects, providing a level of scrutiny, and also support where necessary.
- 3.5 Projects will be asked to arrange for Q3 claims to be submitted slightly earlier than usual (11 Jan rather than 15 Jan), and they will be asked to maximise evidence of defrayed eligible expenditure, to cover work right up to the point of closedown for Christmas/New year period. This will enable detailed reporting to BEIS at the Annual Conversation Meeting due to be held on 18 January 2021, when performance will be reviewed.
- 3.6 As previously reported to the YNY LEP Board, managed over-commitment has been built into the LGF programme of around £3.7m. This aims to accommodate programme changes and/or slippage in the event that LGF is released and cannot be re-allocated to other projects at this late stage of the programme. There are a number of projects where there is a risk of LGF not being fully utilised by 31 March 2021, and these are under review to consider mitigation options. Contingency planning will continue to be developed working closely with NYCC as Accountable Body, and in consultation with BEIS to ensure that any remedial action is within permissible freedoms and flexibilities of the Accountable Body.
- 3.7 Also within the LGF Programme it has been possible to approve £808,000 for 24 Feasibility Studies to be carried out to be completed by March 2021. These will form a pipeline of projects that can be prioritised in accordance with the YNY LEP future strategic themes.

#### 4.0 Getting Building Funding Programme

- 4.1 In June 2020, the YNY LEP was invited to put forward projects that could be delivered and financially completed by March 2022, and had the potential to provide economic stimulus and growth to support recovery from the pandemic. An allocation of £15.4m was confirmed by the Ministry of Homes, Communities and Local Government (MHCLG).

## 4.2 Projects allocated funding are :

Project	Infrastructure Board Status
North Yorkshire Digital Infrastructure	Approved
Pickering – Thornton Road	Approved
Whitby Business Park	Approved
A19 Chapel Haddlesey	Approved
Digital Skills Academy, Askham Bryan	Project Appraisal On-going
Scarborough TEC – EV Charging	Approved
York College – EV Charging	Approved
Harrogate West Business Park	Approved
Digital Hub – Northallerton E-Campus	Approved
York Guildhall Fit-Out	Approved

4.3 All Getting Building Funding projects remain on track for approval and delivery within the prescribed programme targets. It should be noted that the funding has been split equally between financial years, and LEP officers will work closely with projects to maximise the required delivery and expenditure in the current year.

## 5.0 Growth Hub Business Support

5.1 The service provided by the YNY LEP Growth Hub during recent months has been key not only to support business, but help businesses to survive. The amount of funding available for Growth Hub support and delivery activity from Government was doubled in July, with a corresponding increase in output targets. Significant effort has been placed in mobilising resources to maximise delivery, in spite of the constraints of the remote working required of Growth Hub staff.

5.2 The table below shows that Growth Hub Business Support (Assists) have now exceeded all contractual targets for March 2021. Stretch targets have been set, along with evaluation of the performance and impact of the new activities which have launched within the year.

Support Intensity	Target to Mar 21	Overall Total to Oct 20	% Achieved	+/-
Medium	800	807	101	+7
High	175	210	120	+32
Low	7,500	9,726	129	+2,226
<b>Total</b>	8,475	10,743		

5.3 **Peer Networks** – BEIS has launched a national programme of Action Learning and University Of York has been commissioned to deliver two cohorts of between 8 and 11 businesses. Registrations are now closed and we have enough businesses have signed-up to run both cohorts.

5.4 **Small Business Leadership Programme** - BEIS has commissioned a national programme of business support, which is being delivered across Yorkshire and Humber by Leeds Beckett University, Sheffield Hallam University and Derby University Business schools, and a partnership is being developed that will provide participants with an Action Plan which will refer into YNY LEP support programmes.

- 5.5 **ERDF Kick Start SME and Tourism Business Support Grants** – this support programme was launched by Government Businesses to be managed through LEPs. 100% grants were offered to help businesses respond to challenges of the pandemic, to pay for specialist professional advice (human resources, legal or financial expertise), to adopt new technology and online systems, or to purchase new equipment. Due to the grants being around 10 times oversubscribed, alternative sources of funding are being explored to meet the exceptional demand.
- 5.6 **Pandemic Response Uplift Activities** – in addition to the core work of the Growth Hub, in response to the pandemic, a series of additional activities have been enabled through various funding mechanisms including :
- Webinars Completed - 13 webinars have been held to date, with an average attendance of 32 businesses with 76 businesses attending more than one (16%);
  - Webinars Planned - 52 additional webinars commissioned through to the end of March 2021;
  - Circular Malton - Launched in advance of Circular Yorkshire Month, to support 20 businesses in the Ryedale area to become more circular in their waste management and business operations;
  - ShopAppy - 120 businesses registered. Six of our towns have launched, and started marketing to consumers. We are working with ShopAppy to design a comms and marketing strategy to reach local people;
  - Discover Yorkshire Coast – has now started sending referrals through for business support and to date we have received around 15 medium-high level referrals for support;
  - Welcome To Yorkshire - arrangement finalised with Welcome To Yorkshire to start receiving high intensity referrals directly;
  - Scarborough Gift Card – partnership with Scarborough Borough Council to launch a new Scarborough Gift Card, expected to generate 300 new supports;
  - Start Up Masterclasses - the first workshop delivered 18 High level support outputs, and 12 Medium level with very positive feedback from a number of attendees.

## 6.0 An Economic Plan – the LEPs Forward Plan

- 6.1 To start with, it is important to set out the overall framework and our long term vision. This forms the basis of what we have been doing over the past year, in particular as an immediate response to the Covid 19 pandemic, the next 18 months through the reshaping Plan and then the longer term direction aligned to our Local Industrial Strategy.
- 6.2 The following diagram shows this framework and timeline. The principle of this framework is to align all our strategies under a single Economic Plan aimed at achieving our overall vision of a Greener, Fairer and Stronger Economy and become a carbon negative region.

# OUR 5 YEAR ECONOMIC PLAN

## To a Greener Fairer and Stronger Economy



**RESPOND**

- 6.3 Through the Strategy Team the main response has been through the preparation and then launch of the Reshaping our Economy Plan. The pledges set out through this Plan are reported in the next sections.

**RESHAPE**

- 6.4 The Reshaping our Economy Plan sets out our collective response to how we can protect jobs and businesses, create new job opportunities and reshape the York and North Yorkshire economy to be **greener, fairer and stronger**.
- 6.5 To do this we set out Ten Pledges, these are;
- All our businesses get the support they need to adapt to the challenges of Covid-19 and come back greener, fairer and stronger.
  - People at risk of redundancy or newly unemployed can access the advice and support they need to get them back into employment.
  - Training and learning provision has the capacity to meet demand for a greener, fairer and stronger recovery.
  - All our high streets, city and town centres are greener, fairer and stronger in a post Covid-19 world.
  - Active travel and public transport usage increases beyond pre Covid-19 levels contributing to greener, fairer and stronger places.
  - Digital connectivity becomes the catalyst for change in a greener, fairer, stronger recovery.
  - New job opportunities are created that are greener, fairer and stronger.
  - Young people and those furthest from the labour market are not left behind in terms of access to support, learning, training and employment
  - New housing adapts to changing needs in terms of design, affordability, energy efficiency, digital connectivity and space.
  - We enhance and maintain our landscapes and provide more and accessible green spaces
- 6.6 Their aim is to not only address the issues and impacts of the Covid 19 Pandemic on the local economy but also to look to new opportunities for the future. It is also clear, as we gather more intelligence on the impact and the situation regarding the Pandemic changes, that this plan will be a living Plan.
- 6.7 All the Local Authorities and many other Networks and Partners were brought together in devising these Pledges. To help steer the delivery of this Plan a 'Reshaping the Economy Steering Group' has been established. This brings together all the key partners and stakeholders.
- 6.8 The Plan to Reshape our Economy as a response to the COVID-19 pandemic was launched on the 19th October 2020. This was followed by a ten-day campaign based on each one of the ten pledges. This show cased what is being done and what we pledged. These can be found on the LEPs website:  
<https://www.businessinspiredgrowth.com/news/>

**Developing a Pipeline – Identifying future Opportunities**

- 6.9 The LEP are undertaking work to develop a strong pipeline of capital projects that will serve as the basis to better inform priorities for future funding opportunities.

- 6.10 Project submissions received will be subject to an internal assessment and prioritisation. This process will prioritise projects for LEP advocacy and inclusion on the capital project pipeline. A small number of these projects may be subject to further discussions between the LEP and individual partners/stakeholders. This may lead to projects being invited to develop further detail (ie Outline/Full Business Case) as a priority project.
- 6.11 The pipeline prioritisation will be an on-going process, and the project pipeline list will be reviewed regularly (approximately every 4 months) with partners and stakeholders.
- 6.12 Overall, this activity will help YNY LEP to:
- get a clear picture and better understanding of partner and stakeholder priorities,
  - be in a better position to attract future Government funding,
  - better respond to funding opportunities as they arise,
  - inform priorities for the development of implementation plans to deliver key strategies for economic growth for example, the Local Industrial Strategy for York and North Yorkshire, and Plan to Reshape the Economy for York and North Yorkshire.

### **RECOVER AND GROW**

- 6.13 The LEP Board agreed the Local Industrial Strategy back in March 2020 The Local Industrial Strategy sets out the longer term vision and forms the basis of our future work and priorities.
- 6.14 It sets out the vision to be “England’s first carbon negative region. A carbon negative, circular economy that increases productivity and provides higher paid jobs”. This will

#### **Connected and resilient places**

Our aim is to establish digitally enabled places that connect residents and businesses to opportunity. Settlements that are resilient to climate change and contribute to a carbon negative region.

#### **People reaching their full potential**

Our aim is to establish People with the skills and aspiration to reach their full potential, earning higher wages and living healthy lives in thriving communities.

#### **An economy powered by Good Businesses**

Our aim is to establish Good businesses with great leadership that prosper from our distinct assets and contribute to a carbon negative region

#### **World leading land management**

Our aim is to establish World leading land management that transforms the value of the rural economy in the transition to a carbon negative region

be undertaken within 4 key themes set out below:

## **7.0 Assurance**

- 7.1 In July 2018, the Government produced the “Strengthened Local Enterprise Partnerships” paper that required LEPs to;
- remove overlapping LEP boundaries to increase transparency and accountability.
  - ensure LEP Board membership on both private/public sector and male/female gender representation was a minimum 2/3<sup>rd</sup>:1/3<sup>rd</sup> by March 2019
  - adopt a legal identity.



7.2 At the time, this LEP and the Leeds City Region LEP explored the possibility of merging which would have met the recommendations but, after exhaustive negotiations, could not find a way forward on some substantive issues. This LEP was then granted an extension by Government until March 2020 to meet requirements (1) and (2) and until 31 July 2020 to meet (3).

- 7.3 All 3 requirements were met within the deadlines provided by Government
- The East Riding was removed from this LEPs geography and transferred to The Humber LEP as of 31 March 2020
  - The current Board membership is analysed separately below
  - A company limited by guarantee – York and North Yorkshire Local Enterprise Partnership Limited - was established on 30 July 2020

### Board Membership

Board Member	Gender	Term End	
<b>Private Sector</b>			
David Kerfoot (Chair)	Male	Mar 2021	
Peter Emery (Deputy Chair)	Male	Feb 2021	
Jane Gibson	Female	Feb 2021	
Sam Alexander	Female	Mar 2021	
David Dickson (Deputy Chair)	Male	Mar 2022	
Jonathon Wurr	Male	Jun 2023	
Clare Hutchinson	Female	Jun 2023	
Jan Thornton	Female	Jun 2023	
Jan Garrall	Female	Jun 2023	
Vacancy			
Sue Jefferson (Co-optee)	Female	Feb 2021	
Kiran Trehan (Co-optee)	Female	Feb 2021	
<b>Public Sector</b>			
Carl Les (NYCC)	Male		
Keith Aspden (CoYC)	Male		
Mark Crane (Districts)	Male		
Angie Dale (Districts)	Female		
Stephen Siddons (SBC)	Male		
<b>Full Board Members</b>	<b>14</b>		<b>Target</b>
<b>Private Sector</b>	<b>9</b>	<b>64.3%</b>	<b>66.7%</b>
<b>Public Sector</b>	<b>5</b>	<b>35.7%</b>	<b>33.3%</b>
<b>Male</b>	<b>8</b>	<b>57.1%</b>	<b>66.7%</b>
<b>Female</b>	<b>6</b>	<b>42.9%</b>	<b>33.3%</b>
<b>Co-Opted Members</b>	<b>2</b>	<b>(Do not count in totals)</b>	

7.4 Members may be aware that Helen Simpson OBE has been appointed as the new Chair of the LEP commencing April 2021 when the current Chair's term ends. There will be shadowing arrangements made in the interim to ensure a managed transition of leadership and key introductions are made.



**LEP Reserves:**

7.5 Projected reserves to the end of March 2022 are forecast below;

<b>Balance Sheet Reserves</b>	<b>Core</b>
<b>2020/21 Opening Balance</b>	<b>£1,084.9</b>
<b>2020/21 Movement On Funds</b>	
+/- In-Year Income & Expenditure Statement	-£343.0
<b>Balances Carry Forward to 2021/22</b>	<b>£741.9</b>
<b>2021/22 Projected Movement On Funds</b>	
Anticipated 2021/22 Budget Deficit	-£565.0
<b>Balances Carry Forward to 2022/23</b>	<b>£176.9</b>

7.6 To maintain the current level of activity within the LEP, it is likely that the LEP Board would have to set at least a £565k budget deficit for the 2021/22 financial year with current known parameters. This assumes the LEP receives the same level of income contributions from partners next year.

7.7 It is important to note that the balance on reserves to then carry forward into 2022/23 of £176.9k would represent less than 2 months' worth of running costs going into the financial year, if an absorption into a Combined Authority did not materialise by then.

7.8 There would be difficulty for the LEP management team to undertake business planning for the 2022/23 year if resources were not secured by June next year, which would then also increase the risk of staff loss.

**8.0 Conclusion**

8.1 In summary, the LEP continues to deliver on the Growth Deal to government and has strong forward strategies which respond to the impact of Covid 19 and have commanded support from all Local Authority partners. Uncertainty around future funding presents the biggest risk to the LEP at current time.

**9.0 Key Implications**Local Member (mandatory)

None

Financial (mandatory)

Please see the financial risks outlined above.

Human Resources (mandatory)

None

Legal (mandatory)

None

Equalities (mandatory)

None

## **10.0 Environmental Impacts/Benefits including Climate Change Impact Assessment**

10.1 The LEP Plans are headlined Green, Fairer, Stronger and the environmental impact of all investments are considered through the appraisal process.

### **11.0 Recommendation**

11.1 The Overview & Scrutiny Committee are asked to note the performance of the LEP and forward strategies and plans.

James Farrar  
Assistant Director (Chief Operating Officer of the LEP)  
Date: January 2021

Background papers relied upon in the preparation of this report:-  
LEP [‘Reshaping the Economy’](#) Plan  
LEP [Local Industrial Strategy](#)  
For further information contact the author of the report