

Public Document Pack

**North Yorkshire County Council
Business and Environmental Services - Executive Members & Corporate Director Meetings -
Department**

Friday, 29 July 2022 / 10.00 am

A G E N D A

- 1 **Apologies for Absence**
- 2 **Declarations of Interest**
- 3 **Exclusion of the public from the meeting during consideration of item(s) # on the grounds that it/they each involve the likely disclosure of exempt information as defined in the paragraph(s) # of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information)(Variation) Order 2006**

Items for Executive Member decision

- 4 YNYLEP Grant Acceptance Application (Pages 3 - 8) Liz Philpot

Items for Corporate Director decision

Any Other Business

Circulation:

Executive Members

Derek Bastiman

Officer attendees

Karl Battersby
Jane Connolly

Presenting Officers

Liz Philpot

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North Yorkshire County Council
Business and Environmental Services
Executive Members

29 July 2022

**Recommendation of Grant Application and Acceptances for Funding from
Government Departments to York and North Yorkshire Local Enterprise Partnership**

**Report of the Assistant Director – James Farrar
York and North Yorkshire Local Enterprise Partnership**

1.0 Purpose Of Report

- 1.1 **Grant Acceptance** - The purpose of this report is to seek approval for acceptance of grant funding for the operational delivery of services via York and North Yorkshire Local Enterprise Partnership during 2022/2023 as follows :
- £268,250 from Department of Business, Energy and Industrial Strategy (BEIS) for delivery of the York and North Yorkshire Growth Hub business support service;
 - £277,000 from Department for Education (DfE) for delivery of the York and North Yorkshire Careers Hub Network, to provide support services to 75 schools and colleges. This funding is managed nationally by the Careers and Enterprise Company on behalf of DfE.
- 1.2 **Grant Application** - The report also seeks approval for the submission of a grant application to the Department of Culture Media and Sport (DCMS) to the Create Growth Programme in the event that a full application is invited, following the submission of an Expression of Interest on 7 July 2022. The maximum grant amount would be £1.275 million.
- 1.3 The report includes details of the process with Government Departments which results in these grant funding opportunities which support the work of the York and North Yorkshire Local Enterprise Partnership.

2.0 Background

- 2.1 The York and North Yorkshire Local Enterprise Partnership (YNY LEP) has in previous years delivered services across the York and North Yorkshire area for:
- Growth Hub Business Support; and
 - Careers Hub Network Information, Advice and Guidance (IAG)
- YNY LEP act via their accountable body North Yorkshire County Council.
- 2.2 For 2022/2023 financial year, the following offers of annual grant funding have been made:
- £268,250 from Department of Business, Energy and Industrial Strategy (BEIS) for delivery of the York and North Yorkshire Growth Hub business support service; and

- £277,000 from the Careers & Enterprise Company (on behalf of the DfE) for delivery of the York and North Yorkshire Careers Hub Network, to provide support services to 75 schools and colleges.
- 2.3 Approval for acceptance of both grants is considered urgent to ensure continuity of service, and to meet the targets for processing the grant offers requested by the relevant Government Departments.
- 2.4 The BEIS funding for 2022/2023 for Growth Hubs confirmed at £268,250 is half the level for the previous two years. This was due to a national reduction in Growth Hub funding to LEPs of £11m in total (a 50% reduction on 2021/22). The focus of the BEIS Growth Hub Grant Offer (Schedule 3) for 2022/23 is the flexibility which BEIS are giving LEPs as to how they deliver the core Growth Hub offer, encouraging cross-border working, and the cluster model of Growth Hubs working together, where possible to increase efficiency and economies of scale. A more detailed report has been submitted to the YNY LEP Business Board.
- 2.5 The DfE funding for 2022/23 (academic Year) for Careers Hub Network is a slight increase on the previous year of 3% to reflect inflation. The aim of the programme is to reach every eligible school and college in England by the end of August 2024, which is key aspiration in the Skills for Jobs White Paper. Evidence shows that this will bring higher quality, higher impact careers provision to an even greater number of young people and more enduring links between education and employers. In the York and North Yorkshire area this has been achieved already with 72 establishments signed up. This Grant Offer provides funding for the final expansion of the Hub taking the membership for the area to 75 schools and colleges plus two sites (a site being a college that has its main site out of area) which will be full coverage.
- 2.6 A further opportunity has been made available on very short timescales. The DCMS Create Growth Programme opened on 9 June 2022 inviting Expressions of Interest from either Combined Authorities, Local Authorities or Local Enterprise Partnerships (LEPs) by 7 July 2022. The programme will provide six regions in England, outside London, with a bespoke business support package aimed at high-growth potential creative businesses and build investor networks comprising three complementary strands: business support targeted at the creative industries; finance; and investor capacity building activities, with grant funding over three years from 2022/23 to 2024/25. Participating businesses will also have the opportunity to benefit from up to a £7 million fund for finance support, as well as investor networking activities. The recent research commissioned by YNY LEP has identified Digital and Creative Industries as a specialist sector with potential for high economic growth in the coming years. Recent pre-pandemic figures show that this was already developing significantly within the region. Therefore an Expression of Interest was submitted by the deadline.

3.0 Current Position - Grant Offers

- 3.1 **Grant Offer/Acceptance Process** - The grant offers from BEIS and DfE cover the cost of staff delivery resources and also allows for delivery of local activities. For both, the process requires a proposal to be submitted based on the allocated amounts, which are assessed by the national programme managing authorities. Subject to approval, both grants are required to follow process under the approval of the NYCC Accountable Body S151 Officer.
- 3.2 **Procurement** – the award of the grant for the Growth Hub Business Support Service does not specifically require any procurement as the majority of the funding will be used to cover staff costs for service delivery. However, for the delivery of the Careers Hub Network, an existing contract is in place with North Yorkshire Business Education Partnership (NYBEP) which includes the option to extend for up to four years from September 2021. This option

will be exercised to ensure continuity of service delivery. Any further local activity will be arranged in compliance with the procurement requirements of North Yorkshire County Council as Accountable Body.

3.3 Performance Targets – both funds have performance targets:

BEIS Growth Hub Business Support – rather than Key Performance Indicators (KPIs) as in previous years, the 2022/23 grant offer sets out “...the minimum core provision to be delivered under the core funding allocation, and allows more flexibility to LEPs in the way core funding is used, how it is tailored for local priorities, and how it can dovetail with any broader services that the LEP wishes to provide through its Growth Hub.” A local performance framework will be established to maintain standards, and enable “like for like” comparisons with previous years.

DfE Careers Hub Network – schools and colleges are expected to self-evaluate against the 8 national “Gatsby Benchmarks” which measures the level of Careers IAG within the school or college and is structured around provision of activity to ensure young people transition to positive destinations at age 16 and 18. The Careers IAG and performance against the Gatsby Benchmarks forms part of the Ofsted Inspection Framework.

3.4 Required Documents – for both funds, the Grant Offers require submission of a proposal and delivery plan which have been submitted as required.

3.5 Project Risk Register - project risks are set out at Annex 1 and show that all risks are currently rated green, either having been addressed or satisfactorily managed.

3.6 Equalities Impact Screening – an assessment has been carried out (Annex 2) and there are no equalities impact issues.

3.7 Climate Change – an Initial Screening assessment has been carried out (Annex 3) and concluded that a Full CCIA is not relevant or proportionate as all aspects are neutral.

4.0 Finance – Grant Offers

4.1 The total grant offers are:

- £268,250 from Department of Business, Energy and Industrial Strategy (BEIS) for delivery of the York and North Yorkshire Growth Hub business support service (see Annex 4 Grant Offer Letter); and
- £277,000 from the Careers and Enterprise Company on behalf of the Department for Education (DfE) for delivery of the York and North Yorkshire Careers Hub Network, to provide support services to 75 schools and colleges (see Annex 6 Grant Offer Letter).

4.2 The grants will be payable to NYCC, as the accountable body for the York and North Yorkshire Local Enterprise Partnership. There will be a grant award contract in place between BEIS and the Careers and Enterprise Company (on behalf of DfE) respectively with North Yorkshire County Council.

4.3 Payment of grant will be made as in previous years:

- BEIS payments for Growth Hub was paid in four quarters based on estimates submitted early June. As these are for staff costs the forecasts are reliable, and therefore cash flow is generally positive;
- Payments for the Careers Hub Network are majority paid in advance with quarterly adjustment balance paid in arrears, which also maintains a positive cash flow.

- 4.4 YNY LEP will administer monitoring and reporting of both programmes, and will ensure compliance with NYCC Finance and Legal Services. Resources are in place to ensure that both programmes can be managed effectively based on processes followed in previous years. Both programmes will be the subject of regular progress and performance reports to the YNY LEP sub-Boards for Business and Skills and Employability respectively.
- 4.5 All staff resources are recruited on a fixed term basis due to the time limited nature of the funding. The impact of any changes to the funding of staff delivery resources in subsequent years will be managed through normal HR processes as necessary.
- 4.5 No match funding is required from NYCC as a result of accepting the grants. The risk of costs exceeding the grant amounts available is mitigated through scalable activity to ensure there is no pressure on budgets.

5.0 Legal – Grant Offers

- 5.1 **BEIS Growth Hub** - The Grant Funding Agreement with BEIS is based on Schedule 1 a copy of which is provided at Annex 5 which sets out the terms and conditions of the grant funding.

DfE Careers Hub Network - The Terms and Conditions of the Grant Funding Agreement with the Careers Enterprise Company (on behalf of DfE) is provided at Annex 7 and has been reviewed by Legal Services. The receipt of the Careers Enterprise Company grant does not contravene the Subsidy Control Rules.

6.0 Grant Application – DCMS Create Growth Programme

- 6.1 Due to the short timescale set by DCMS for the first stage of this programme, an Expression of Interest was submitted by the deadline 7 July 2022. Invitations to submit full applications are expected to be confirmed by 21 July 2022 with a closing date of 18 August 2022. Applicants will only be allowed to submit full applications by invitation to progress from the Expression of Interest Stage.
- 6.2 The Expression of Interest was developed in partnership with the teams from YNY LEP, NYCC and the University of York, particularly their Programme Delivery Team for the Screen Industries Growth Network (SIGN) and XR Stories. City of York Council also support the proposal. The SIGN Programme is currently delivering a £6m pilot programme to test and legitimise interventions in supporting businesses and workforce in the development and growth of regional screen industries. Securing pilot status as a DCMS Create Growth Programme would enable the roll out of those interventions proven to develop talent, create start-ups, and grow SMEs, working alongside the York and North Yorkshire Growth Hub service to provide “wrap-around” generic business support for defined creative industries businesses. The defined sub-sectors for this area are TV/Film, Games and Arts and Culture.
- 6.3 In the event of a successful Expression of Interest enabling a full application to be submitted further assessment of the processes required for the Create Growth programme will be required. A detail review will be undertaken prior to recommendation of grant acceptance, if this process reaches grant offer at a later stage, and a further report prepared to seek Executive approval through the Forward Plan of Decisions.

7.0 Recommendations

- 7.1 It is recommended that the Executive Member (Open for Business), in consultation with the Executive Member (Education Learning & Skills) and with the Corporate Director Business and Environmental Services, the Corporate Director, Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) agrees that the County Council accept the grant monies and delegate authority to the Corporate Director, Strategic Resources to accept the grant funding for the operational delivery of services via York and North Yorkshire Local Enterprise Partnership during 2022/2023 as follows :
- £268,250 from Department of Business, Energy and Industrial Strategy (BEIS) for delivery of the York and North Yorkshire Growth Hub business support service;
 - £277,000 from the Careers & Enterprise Company on behalf of the Department for Education (DfE) for delivery of the York and North Yorkshire Careers Hub Network, to provide support services to 75 schools and colleges.
- 7.2 It is also recommended that the Executive Member (Open for Business) approves the submission of a full application to the DCMS Create Growth Programme, by YNY LEP, in the event of a successful Expression of Interest. Further analysis of the details will be required prior to seeking approval for grant acceptance, if this process reaches grant offer at a later stage.

Name: James Farrar (Chief Operating Officer – York and North Yorkshire LEP)

Author of Report: Liz Philpot (Head of Delivery - York and North Yorkshire LEP)

Annex 1: Project Risk Register

RISKS	Risk Level – July 2022	Likelihood/Mitigation		
		BEIS Growth Hub Funding (£269k)	DfE Careers Hub Network Funding (£277k)	DCMS Create Growth Programme Full Application (£1.275m)
Overall risk for the Accountable Body	Financial	Low risk - all grant to cover salary costs of existing staff	Low risk - contractual liabilities will be discharged to NYBEP via existing contract	Low risk - delivery model will replicate Growth Hub via YNY LEP management and relate to performance targets to be determined
Procurement requirements	Legal & Compliance	No procurement required - all grant funded activity will be on salaries	Annual contract in place with NYBEP - procurement carried out in 2021 - includes annual extension option clause for up to 4 years	Procurement likely to be required for any commissioned activity if the full application is approved, and grant awarded for delivery Autumn 2022
Timing of grant payments from DfE	Financial	Quarterly payments made by BEIS based on forecasts	Majority paid in advance with quarterly balancing adjustments based on actual costs	Payment model to be confirmed, will seek positive cash flow model
Risk of insufficient funding	Financial	Single year award - already reduced by 50% on previous year, but alternative revenue sources have been accessed to improve current year sustainability and for future years	Grant requires partial match funding, requirement is passed on through contract to NYBEP	Permissible costs include salaries of staff and costs of delivery contractors, therefore management and admin costs expected to be fully recoverable
Withdrawal of funding	Financial	Model of future Growth Hub funding to be reviewed under Devolution and new Shared Prosperity Fund Delivery	Single year award - will allow one year extension to contract for delivery. Current arrangements reflect Government/DfE policy	All delivery costs would be covered within the application for funds and awarded for 3 year period
Delay in project start	Delivery	Delivery carried forward from previous year pending the funding confirmation	Delivery for new year starts Sept 2022 therefore contract extensions will be implemented in advance	Low risk - start of activity geared to award of funds
Insufficient NYCC and LEP resource to carry out project	Resources	Existing resources will continue with contracted delivery carried forward from previous year	Existing resources will continue with contracted delivery carried forward from previous year	All delivery costs would be covered within the application for funds and awarded for 3 year period - recruitment would be required for additional delivery staff and/or commissioning of delivery contractor/s
Limited interest from employers and/or businesses	Delivery	Established model of Growth Hub support service for business across YNY area; currently managed to ensure demand can be met	Provision of service to 75 partners in place in current year, to continue in 22/23	Research published March 22 provides evidence of Creative Industries as a high growth potential sector - reported to YNY LEP Board May 22; further detail analysis to be commissioned for full application
Covid-19 related issues	Delivery	Service has responded well and been developed to deliver under restrictions via socially distanced and on-line options	Service has responded well and been developed to deliver under restrictions via socially distanced and on-line options	Relevant models of delivery would be deployed in the event of further restrictions
Completion of activity and spend within programme deadline	Financial	All delivery geared to one year funding award	All delivery geared to one year funding award	All delivery will be geared to the three year funding award
End of Programme Closedown Liabilities	Financial	Succession planning for transition to Mayoral Combined Authority and changes to funding regimes will begin later this year	Succession planning for transition to Mayoral Combined Authority and changes to funding regimes will begin later this year	Succession planning for transition to Mayoral Combined Authority will begin later this year - funding/contract would be novated to MCA