



Local Government North Yorkshire & York

2 July 2021

LEP Update Paper

Report of the Chief Operating Officer

1.0 Purpose of the Report

1.1 This report provides an overview of;

- The national LEP Review and considerations for YNY Local Authorities
- Progress on reviewing the devolution asks
- Progress with capital programmes (Local Growth Fund and Get Building Fund)

2.0 National LEP Review

2.1 Alongside the March 21 Budget government announced

“As we look towards the UK Shared Prosperity Fund next year, we are conscious of the need for an evolution of the way we support local economic growth so it can best support levelling up for the long term. The UK government will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area.

We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnership geographies.”

2.2 Subsequent to this announcement the National LEP Network have been working with government departments to agree the terms of reference for the review and to start the process.

Annex A provides a copy of the agreed Terms of Reference

2.3 Discussions with government departments commenced w/c 19 April and are based around the following key themes

- Objectives and functions
- Geographies and accountability
- Representation and interaction with Local Government
- Implementation and Funding

2.4 LGNYY will note that the Levelling Up Fund, a post covid capital infrastructure fund, is being routed through Local Authority partners. Government have been clear they see future Local Growth Funding being routed this way, however this does not preclude the LEP having a role in shaping and influencing these funds.

- 2.5 Further, Department of Education launched a call for Skills Improvement Plan trailblazers. Local Skills Improvement Plans will help:
- bring employers, colleges and other providers, and local stakeholders together
 - set out the key changes needed to make technical skills training more responsive to employers' skills need
 - tailor provision to the challenges and opportunities most relevant to the local area
- 2.6 DofE will pilot Local Skills Improvement Plans in 6 to 8 trailblazer local areas. To be considered for selection as a Local Skills Improvement Plan trailblazer, applications must be led by an established employer representative body, adding 'we do not consider Mayoral Combined Authorities, Local Enterprise Partnerships and Skills Advisory Panels to be employer representative bodies so they are not eligible'.
- 2.7 A decision is expected, hopefully before summer recess, although possibly aligned with the Autumn Budget Statement.
- 2.8 There are a number of issues and risks to be considered both about the national direction of travel, but also more local York and North Yorkshire implications.
- Whilst there may be 'individual logic' in placing local growth infrastructure funding through Local Authorities, Business Support through LEPs and Skills Plans through Chambers of Commerce, you risk losing the value of integrated place based investment plans.
 - LEPs and Local Authorities nationally, and very effectively in Y&NY, have worked to develop coherent and integrated plans across a broad range of agenda's. Splitting them up in three separate directions risks fragmentation and a lack of joined up thinking and making it more complex for local stakeholders to know who to engage about what.
 - Three different models operating individually may be more resource intensive to manage and engage with.
 - One aspect of the LEP review is around LA representation, if infrastructure funding is going through LA's and the LEP role is business support and innovation. The YNY LEP strongly believes that strong public/private partnership must be at the heart of any operating model.
 - Consideration is being given as to whether integration within a Mayoral Combined Authority should be accepted or LEPs sit independent. The YNY LEP view is that where it is integrated e.g Tees Valley, Manchester, LCR, it is a more cohesive business model.
 - Linked to the above is consideration of LEP geographies. The YNY LEP view is that where you have Combined Authorities, the LEP geography should be coterminous to avoid confusion and maximise alignment.
 - Within York and North Yorkshire, aspirations are for a devolution deal to create a Mayoral Combined Authority in May 2023. This would be delivered parallel to Local Government Reform. Currently the integrated partnership between the LEP and LA's has enabled the LEP Secretariat to act as the co-ordinating resource providing capacity to support

development of devolution plans. If we are successful in securing a deal to be implemented May 2023, there will be a need for considerable resource to be allocated to develop pipelines and secure approvals to start delivery in May 2023. Local Authority resource will be stretched delivering Local Government Reform and ‘splitting’ the LEP off during this period would seem counter-productive.

3.0 Progress in reviewing the devolution asks

- 3.1 Government have informally informed York and North Yorkshire that negotiations around devolution will not commence before the Local Government Reform announcement.
- 3.2 In addition, following publication of Governments Plan for Growth, the LEP are currently in the process of drafting a York and North Yorkshire Plan for Growth, to reflect the national changes in policy. This will build on the work of the Local Industrial Strategy and Covid Recovery Plan and will need to be reflected within the devolution proposal. Retaining coherence across the range of economic documents remains a priority.
- 3.3 The national Plan for Growth is built on three pillars of Infrastructure, Skills and Innovation with outcomes of levelling up UK, delivering the transition to net zero and supporting the vision for a global Britain.
- 3.4 Working with Directors of Development, a review of the devolution asks is taking place to ensure they remain ambitious, fit for purpose and reflect changes in the economy post covid, and changes in government policy.
- 3.5 A number of challenge sessions are underway and will report to LGNYY through Directors of Development and Chief Executives.
- 3.6 Early indications are that changes will not be substantive and are more likely to be a refocusing of priorities within existing asks. Annex A provides a summary of the asks submitted to government in December 2020.

4.0 Progress with Capital Programmes

- 4.1 The LEP Local Growth Fund is now complete, subject to audit of final claims and we can confirm that the York and North Yorkshire Growth Deal has fully delivered its allocation. Reflecting the risks with large capital programmes, and in order to ensure full delivery of its commitments, the LEP Board agreed to over-commitment against the LGF budget. Circa c.£2.1m of this has materialised and has been funded through the LEP Growing Places fund.
- 4.2 In addition, in 2020, the LEP were awarded £15.4m from the Getting Building Fund to support 10 projects. The table below summarises the current project position

Project	Delivery Progress
North Yorkshire Digital Infrastructure	Project in delivery
Pickering – Thornton Road	Funding Agreement was on hold, pending extensive preparatory work by developer being undertaken; risk identified relating to delivery within GBF timescales (ie by 31 March 2022)
Whitby Business Park	Project in delivery
A19 Chapel Haddlesey	Project completed early June slightly ahead of schedule – resumption of works due to flooding was quicker than expected

Digital Skills Academy, Askham Bryan	Funding Agreement completed – lead in period to construction start in summer 2021
Scarborough TEC – EV Skills Training Facilities	Project nearing completion for capital equipment purchase and installation
York College – EV Skills Training Facilities	Project nearing completion for capital equipment purchase and installation
Harrogate West Business Park	Funding agreement completed – construction work commenced on site May 2021, including on-site developments levered by GBF investment
Digital Hub – Northallerton E-Campus	Project in delivery
York Guildhall Fit-Out	Project in delivery – fit out scheduled end of 2021

4.3 The LEP remains on track to fully deliver the Get Building Fund on time, on budget.

4.4 The LEP would like to thank all Local Authority infrastructure teams for their work and support in ensuring full delivery of the Local Growth Fund, in particular given the challenges and uncertainty over the final year through covid.

5.0 Recommendations

5.1 LGNYY are asked to note the LEP Review process and consider the issues and risks.

6.0 Additional Information

6.1 Contact –

Name/Title:	James Farrar
Contact:	james.farrar@businessinspiredgrowth.com

Deal Overview

York & North Yorkshire Deal Overview
c.£2.5bn

ANNEX A

Gainshare
£750m (£25m per annum for 30 years)

Devolved Local Growth Fund and Shared Prosperity Fund

Quality Places

Transport
£389m

Digital
£540m

Town Centres
£304m

Housing
£96m

Thriving Businesses and People

Skills
£10m

Devolved AEB

BioYorkshire
£215m

Green Future

Energy
£77m

£100m Low-carbon Housing
Retrofit Programme

Natural Capital
£12m

Supporting our ambition to be a carbon-negative, high-value, circular economy

Summary of Proposals



York and North Yorkshire Devolution Deal – Summary of Proposals

- £750m (£25m p.a. over 30 years) Mayoral Gainshare Allocation
- Devolved Local Growth Fund/Levelling Up Fund
- Devolved Shared Prosperity Fund

Transport	Digital	Towns and Cities	Housing & Planning	Skills	Business and Innovation	Energy	Natural Capital
Funding Proposals							
<ul style="list-style-type: none"> • £250m devolved 5-Yearly Integrated Transport Settlement for the YNY region, as well as revenue funding for pipeline development activity • £52.5m funding to deploy ultra-low emission public transport across our region • £50m funding to roll out publicly available EV charging facilities across our region • £36m funding settlement for bus services to support COVID-19 recovery • Devolved and consolidated mayoral transport settlement 	<ul style="list-style-type: none"> • Devolve £520m DCMS funding for fibre connectivity across the region • £20m Mayoral Smart Investment Fund 	<ul style="list-style-type: none"> • £240m devolved Mayoral Towns Fund • £65m York Place Fund 	<ul style="list-style-type: none"> • Strategic Housing Investment Package: <ul style="list-style-type: none"> - £1m matched funding to scale up YNY's strategic planning and delivery capacity - £45m funding to establish a revolving credit fund to accelerate the delivery of Off Site Manufactured affordable homes - Commitment to a higher grant rate per to plot for rural affordable homes - £50m funding to address viability challenges driven by infrastructure and enabling costs 	<ul style="list-style-type: none"> • £10m of revenue, as well as capital funding, for a Low Carbon Skills Programme • Devolved AEB 	<ul style="list-style-type: none"> • Phase 1 BioYorkshire Programme: <ul style="list-style-type: none"> - £175m BioYorkshire Innovation Central - £25m BioYorkshire District Incubator Hubs - £15m BioYorkshire Innovation Accelerator 	<ul style="list-style-type: none"> • £100m Funding for a 5-year place-based Low Carbon Housing Retrofit Programme • £25m for a 5-year public building decarbonisation programme • £8m of development funding for strategic low carbon energy generation projects • £42m Low Carbon Energy Generation Demonstrator • £2m to develop Local Area Energy Action Plans 	<ul style="list-style-type: none"> • £2m funding for the development of a Natural Capital Investment Plan and work with national partners • £10m Natural Capital Innovation Challenge Fund
Wider Proposals							
<ul style="list-style-type: none"> • Local flexibility over English National Concessionary Travel Scheme statutory requirements • Statutory transport plan powers • Bus franchising powers • Enhanced joint working with Highways England and Network Rail 	<ul style="list-style-type: none"> • Co-design of the roll-out of the Shared Rural Network in the YNY region 	<ul style="list-style-type: none"> • Civil Service Relocation - York Central to become the Government Economic Campus in North 	<ul style="list-style-type: none"> • Statutory spatial plan powers • Land assembly and CPO powers • Mayoral Development Corporation powers • Strategic Partnership with the MoD 	<ul style="list-style-type: none"> • Joint working with Government to establish a Centre of Excellence for Low Carbon Technology Skills • Enhanced joint working with Government: <ul style="list-style-type: none"> - Joint working with the Careers Enterprise Company and National Careers Service - Influence spend on unutilised apprenticeship levy funding - Stronger links with DWP - Joint working with Government to align local and national programmes 	<ul style="list-style-type: none"> • Co-development of a Yorkshire Tourism Plan between YNY and Visit Britain to increase high value tourism • Support for the redevelopment of Harrogate Convention Centre • Support for AMRC Scarborough • Enhanced joint working with UKRI and DIT 	<ul style="list-style-type: none"> • Joint working with Government to: <ul style="list-style-type: none"> - Develop and deliver YNY's Routemap to become a carbon negative region - Develop and implement a pan-Northern Regional Green Bond - Accelerate the roll-out of CCUS technology in our region 	<ul style="list-style-type: none"> • Tier 2 and Tier 3 ELMs trials and joint working with DEFRA to co-design how ELMs will operate locally