

Chief Executives' Group – North Yorkshire and York
18 June 2015
LEP performance update

1 Purpose of the Report

The purpose of this paper is to provide an update on the York, North Yorkshire & East Riding LEP.

2 Local Growth Fund

2.1 We continue to work with project sponsors to finalise business plans in order to complete due diligence and contract with 2015/16 projects. Whilst we remain on track to deliver the 15/16 spend, progress has been significantly slower than anticipated, increasing demands on the secretariat time and resources.

2.2 The LEP Skills Board and Infrastructure Board have approved the following investments to proceed to contracting.

- Harrogate College
- Askham Bryan College x2
- Junction Improvements at Catterick
- Flood Alleviation in Skipton
- Newlands Bridge, Drax

The following investments still have outstanding issues

- York BioHub remains **red risk rating** with concerns around the business plan. This is a joint investment with Leeds City Region and both City of York and Leeds City Region are providing support to help the development of the Business Case.
- National Agri-Food Innovation Centre has a small spend in 15/16 (£300k). We are awaiting the business case, however we are also supporting FERA with two bids into the National Agri-Tech Innovation Strategy which have been shortlisted with a decision in July. These may impact on the business case;
 - Centre for Crop Health & Protection and
 - Centre for Innovation Excellence in Livestock.
- North Northallerton has a **red risk rating**. This reflects we still do not have a completed business plan and planning permission has only just been submitted, with significant challenges to overcome.
- Timescales for Olympia Park are slipping. Spend is profiled for Q4 and the project is **Amber rated**. This is driven by the developer which has been procured. Planning has been approved subject to agreement of S106 contributions, and the business plan has passed due diligence.
- Middle Deepdale is also **Amber Rated**. It remains on track to spend in 15/16, however the business plan has not yet been approved. Homes & Communities Agency, who are providing an £11.5m loan to the development are supporting the LEP with the due diligence. This is to ensure alignment of public investment and outputs.

Appendix 1 (separate spreadsheet) – Programme Tracker provides details about all investments

2.3 Delivery Risk

The biggest risk to delivering to profile in 2015/16 is that;

- The majority of spend will be in Q3 and Q4 – this makes managing potential slippage and delays challenging, with back up projects requiring a lead in time of up to 6 months to enable scheduling for delivery; and
- The investments not yet approved have some significant hurdles to cross before they can start all of which puts their first year spend at risk.

Table 1: Delivery Risk scenarios and mitigations

Scenario	Worst Case	Mid case	Best case
	All of the 5 major strategic sites projects fail to deliver within 2015/16.	Some minor slippage within the strategic site projects.	All projects deliver to time and spend to profile in 2015/16
£m at risk	£7m	£2m	£0m
Likelihood	very low chance	High chance	Mid chance
Mitigation	Deadlines and milestones set for any outstanding issues. One to one meetings with project sponsor. Reserve projects which include year 2 projects brought forward being investigated to take up slippage.	Same as worst case scenario, although this level of slippage can more easily be taken up by alternative projects.	Although this is beginning to look unlikely it still remains the aim of the programme.
Impact	Potential loss of future years funding for the projects which don't start in 15/16. Reputational damage for the LEP and local partners.	Potential loss of future years funding for the projects which don't start in 15/16.	Retain a good reputation for delivering programme. Puts us in a good position to ask for more.

- 2.4** To begin to mitigate against any potential slippage in the 2015/16 year of the programme the following projects that currently do not have funding allocated for 2015/16 are being evaluated in terms of their potential to be accelerated.

Malton Agri-Business Park

A round 2 Local growth Fund project. The project development is on track with the potential for an October start on site. Funding is currently unavailable from the Local Growth Fund until 2016/17. Full Business Case has been submitted and some minor revisions and is currently being appraised.

Green Rated

A1/A59 Junction

These are improvements to the A1/A59 junction. A full business cases has been submitted, which is being assessed and is on track for delivery in future years. There is a potential to accelerate the start date of the A1/A59 junction improvements into 2015/16 however a decision to proceed on this basis is needed within the next month. **Green rated**

Enhance the reliability of the existing road network

This includes two road maintenance packages for North Yorkshire and East Riding which are being dealt with as retained schemes with Department for Transport, both are programmed to start in 2016/17 and are currently working up full business cases. Both are **Green rated**

- 2.5 One of our **key strategic risks** is that whilst 2015/16 funding is secure, future years funding is indicative. This creates an issue in being able to over-profile providing the flexibility to manage any slippage. This issue has been raised nationally and we are lobbying the new government to firm up future years allocations.

3 EU Structural Investment Funds (EUSIF)

- 3.1 Lack of influence and control remains the biggest challenge and risk with EUSIF funding. Given the importance of EUSIF funding to support Local Growth Fund investments (e.g BioHub) and also fund much of the business support programme, this creates a major risk to the delivery of our Strategic Economic Priorities. This national issue has been lobbied hard, however it is most likely that Combined Authorities will be the minimum standard to achieve devolution and accountable body status for EUSIF funding.
- 3.2 Whilst the national EU Operational Programme is unlikely to be signed off until summer, the following calls for projects have been launched in our LEP area, at risk, by Department for Communities and local Government
- Bio-economy Innovation investments – joint with Leeds City Region LEP
 - Business Start Up – Joint with Humber LEP
 - Enhancing the growth of manufacturers – National call
- 3.3 We have 'Opted-in' with skills funding for the DWP, Skills Funding Agency (SFA) and Big Lottery programmes. These will be procured/launched in Summer 2015
- DWP - procurement for supporting unemployed – joint with Humber
 - SFA – Skills support for the workforce – Joint with Humber
 - Big Lottery procurement to support social inclusion

4 Strategy updates and future deals

- 4.1 There are currently numerous plans/strategies being developed. These include:
- YNYER Spatial Plan – Led by YNYER Directors of Development
 - Growth Town Plans – developed by LEP in partnership with individual LA's
 - North Yorkshire 30 Year Transport Plan – Led by NYCC

- Skills Capital – LEP call for projects
 - Food Enterprise Zone – Led by Ryedale & LEP
 - National Agri-tech strategy – FERA bids for centres of Agricultural Innovation
 - Transport for the North
 - Trans Pennine Express & Northern Rail franchise tenders – DfT & Rail North
- 4.2 These will feed into an update of the Strategic Economic Plan due to be completed in draft by September.
- 4.3 A key element of this process is the work in partnership with all LA's to develop detailed plans for our Growth Towns. These will detail clear infrastructure investments required including transport, housing, employment land, flooding and leisure. Both Economic Development and Planners have been involved in this process.
- 4.4 These plans will improve our existing strong relationship with Homes & Communities Agency providing a better overview of the investment priorities and opportunities.

Appendix 2 provides an example for Scarborough

- 4.5 We are also anticipating that should there be a further round of Local Growth Fund bidding, it will occur after the July budget and therefore September is the most likely timeframe. The strategy & growth plan updates will ensure we are well placed to submit a strong bid with a clear pipeline of investment priorities.

5 Business Growth Hub

- 5.1 The LEP 'Growth Hub' website has had a soft launch, with the formal launch in July. A core element of this is working closely with the business networks. We have a network innovation fund and currently 25 proposals to access this. This complements the 'Pop Up Business Cafes we run with business networks and have been identified as national good practise.
- 5.2 The design and branding of the website reflects the small and micro nature of our business base. In addition we are working closely with the national products which target larger higher growth businesses (Growth Accelerator & Manufacturing Advisory Service) and both Leeds City region and Humber LEP Growth Hubs.
- 5.3 The Regional Growth Fund business grant scheme is fully invested, however we successfully working with BE Group to develop a private sector follow on grant fund. This has now launched ensuring capital grants remain available for growing businesses to access. The programme is called **Lets Grow**.

6 Skills

- 6.1 The Local Response Fund is a flexible fund of £1.9m set up to respond to emerging skills needs. The LEP has used it to commission projects based on the SEP priorities and includes 12 contracts. Half of the contract is for capacity building projects and the other half is for delivery. The contract has performed well and we will seek to continue it with EUSIF funds.
- 6.2 The projects include:
- Increasing Apprenticeships in North Yorkshire Dales and Moors
 - Developing skills base of upland farms to support diversification

- Biosecurity project with Askham Bryan College and FERA
- Development and delivery of new training packages to reflect technological advances in precision farming, bio-renewables, engineering, construction, and visitor economy
- Rural innovation and development of higher level business skills

6.3 Two showcase events (15 May and 15 July) are taking place to share the results of the LRF projects with interested parties

Careers Advice

- 6.4 The quality of careers guidance in schools across our area is patchy with many schools delivering very little in the way of careers guidance. An audit of schools at the end of 2014 showed many schools stating that they wish to improve their performance.
- 6.5 As a result of the findings the LEP and North Yorkshire County Council have developed a proposal to support schools to improve the delivery of careers guidance. This pilot project will see 25 schools achieve a quality assured standard of careers guidance. The project will include at least two York schools.
- 6.6 We will utilise the findings of this pilot to commission further careers guidance projects using EUSIF funding.

Roll out of an Employability Charter across all districts

- 6.7 Employability Charters support young people to explore careers relevant to the local economy; develop key employability skills and helps local employers to get involved in the development of their future workforce.
- 6.8 We have committed to roll out an Employability Charter across all districts. The LEP has conducted an audit of each districts readiness to run a charter and is now developing a phased roll out plan. Currently, there are successful Employability Charters in Ryedale and Scarborough. We will build on this success.
- 6.9 Where the Charter has worked successfully, it results in an improved relationship between students, local businesses and the local authorities. Businesses sign up to work with, and offer various opportunities to a school. The schools take advantage to offer improved work experience, business visits and school visits.

7 Recommendations

- 7.1 Chief Executives are asked to;
- Note progress is delivering the Local Growth Fund, providing internal challenge and pressure to ensure delivery of high quality business plans.
 - Ensure future priorities are clearly identified as part of the Growth Town Plans.

Appendix 1 (Separate spreadsheet) – Local Growth Fund Project Tracker

Appendix 2 – Growth Town Plan example – Scarborough

Appendix 2 – Growth Town Plans

