

Chief Executives' Group – North Yorkshire and York

5 February 2015

Local Enterprise Partnership (LEP) update

1 Purpose of the Report

- 1.1 The purpose of this paper is to provide an update LEP performance to date

2. Background

- 2.1 Since the formation of the LEP, it has developed its Strategic Economic Plan and has secured the following investment funds;

- Local Growth Deal Round 1 £110.3m
- Local Growth Deal Round 2 £12.1m
- Growing Places £9.3m (£8.6m Capital Funds, £0.7m Revenue Funds)
- RGF Business Grants £4m (of which £200k were operating costs)
- EU Structural Investment Funds c.£95.60m (€110m)

- 2.2 This paper provides an update on performance across these funds. In summary all funds are fully committed and on track to deliver the agreed outputs/outcomes.

Appendix 1 provides a detailed breakdown of investment by Local Authority Area.

3. Growing Places

- 3.1 The Growing Places fund is now fully committed. This includes reinvesting the first return of £1m from Whitby Business Park.
- 3.2 We expect further returns to the fund of c£0.7m by March 2015 with £2.9m returns anticipated in 2015/16.
- 3.3 To support the development of a future pipeline of investment opportunities, we recently allocated £200k of revenue funding for partners to apply for, on a competitive basis, to support feasibility/development of capital opportunities. We received 25 bids totalling £620,000 against the allocation of £200k. The Funding has been allocated as per below.

Applicant	Amount	Projects
Craven DC	£10,000	design and study fees to address highway improvements required that are currently restricting growth potential in Bentham and opening up development.
East Riding Council	£20,000	masterplan and business plan update for Bridlington Harbour & Marina which is a potential multimillion pound infrastructure project

FERA	£30,000	commissioning a market assessment survey to support the Agri-Tech Centre of Innovation for Crop Health and Protection (CHAP) capital build bid.
Hambleton DC	£30,000	survey fees in connection potential redevelopment of former prison site in Northallerton
Hambleton DC	£30,000	feasibility study to address flooding issues at Dalton Industrial Estate to overcome growth restrictions
Ryedale Council	£25,000	consultant fees for transport/highways study to potentially open up future growth at Kirbymoorside.
Ryedale Council	£30,000	study/assessment fees to potentially open up future growth at Thornton Road Technology Park, Pickering.
Richmondshire DC	£30,000	feasibility study to look at potential usage and development on former Cleveland Steel & Tubes site at Weatherald Woods

3.4 Previously, the LEP has also supported development/feasibility funding for ;

- Ripon regarding the Barracks closure,
- Threshfield Quarry, Craven,
- Development of the York BioHub scheme; and,
- A market assessment for National Agri-Food Innovation Centre, Sand Hutton.

4. Regional Growth Fund – Business Grants

- 4.1 The LEP secured £4m funding, of which £3.8m was for grants with £300k for operating and due diligence costs. The programme start date was January 2014 with all funding having to be defrayed by March 2015. The target position was a cost per job of £10k (total 400 jobs) and private sector leverage of 4:1 (total £16m)
- 4.2 This fund is fully committed creating 441.5 jobs with private sector leverage of £24.64m. The provides a cost per job of £9k and private sector leverage of 6.16:1
- 4.3 The success and demand for this fund, coupled with the fact it is fully invested, is a cause for concern. LEPs/LA were excluded from bidding from the last round of Regional Growth Fund. To mitigate this, we have been working with Business Enterprise Group on a private sector led bid to provide a continuation fund. Business Enterprise Group run a successful programme in North East. We expect a decision in February.

5. Local Growth Deal

- 5.1 As you are aware the LEP secured £110.3m in the Local Growth Deal round 1. The Local Growth Deal round 2 was announced on 29 January 2015 with the LEP securing a further £12.1m.
- 5.2 It should also be noted, that in addition to the LEP Local Growth Deal announcement, on the LEP East-West Connection priority, Highways Agency have allocated £100-£250m for improvements to the Hopgrove Roundabout on A64 and Leeds City Region have allocated £37m for York Outer Ring Road.

- 5.3 We have also worked closely with Leeds City region and are co-investing in; York BioHub - YNYER £5m, LCR £3m; and, Olympia Park, Selby - YNYER £8m, LCR Growing Places £3m, HCA Loan £3.5m
- 5.4 Moving forward we are looking at developing a stronger pipeline on investment priorities, with developed business cases, so we are better able to respond to investment calls. We have been working with all Local Authorities on growth plans for their key towns and this will support the work of the Directors of Development on a Spatial Plan.
- 5.5 Our default position will be that investments should be repayable wherever possible. To support this position, we have been working with Homes & Communities Agency to utilise their DAT appraisal model for housing developments. All housing projects will be required to complete this model as the basis for a viability and investment appraisal.

6. EU Structural Investment Funds

- 6.1 The LEP has c.€110m EU Funds allocated to its area. Consistent with all LEPs, major concerns remain, both around the delays in government receiving approval from EU for the UK Implementation Plan and also the governance process which has been developed nationally. In particular, we are concerned around the level of local control over timings and calls.
- 6.2 Whilst the national programme will not be formally signed off before June 2015, we are currently anticipating government approving some calls going out at risk in March 2015.
- 6.3 We are currently awaiting formal confirmation, however if calls go out at risk, we are hopeful that when Government receives EU sign off in June 2015, projects which have submitted applications in the March call, will be able to start spending at risk in June 2015. Priority will be given to calls whereby Local Growth Funding is dependent on the match. Agri-Tech & Bio-renewables and Business Support linked to the Business Growth Hub are priority projects.
- 6.4 Disappointingly, we do not currently expect government to allow any skills projects to submit calls in the March round. This is as a result of on-going negotiations with EU around priority groups.

Summary of EU activity

Strategic Economic Priority	Objective	Activities	Allocated Funding
1) Profitable and ambitious small and micro businesses <i>"Ambitious businesses that are supported to innovate, improve and grow"</i>	(1) Innovative, growing small businesses	Access to Finance	£25.10m
		Innovation/growth	
		Rural Visitor economy business support	
		ICT Business support	
		Low carbon business support	

	(2) More entrepreneurs who start and grow a business	Start up Programme	
	(3) Ambitious business leaders	Leadership and Management	

2) A global leader in food manufacturing, agri-tech and biorenewables <i>"Driving growth by building on our international reputation in agri-tech & biorenewables"</i>	(4) World class innovation in agri-tech and biorenewables	Capital Infrastructure to support food manufacturing agri-tech	£18.53m
		Innovation programme (low carbon)	
		Agri/Bio skills programme	
	(5) Agriculture and food business connected to new opportunities	Agri-food business support programme	

3) Inspired People <i>"Growing businesses able to access ambitious people, with the right skills and the right attitude"</i>	(7) A productive workforce for growing businesses	Opt-Ins with Skills Funding Agency, DWP, Big Lottery under negotiation	£36.27m
	(8) Inspired people making the right job choices		
	(9) Empowered communities delivering support and inclusion		

4) Successful and distinctive places <i>"Enhanced growth and opportunities in targeted locations"</i>	(10) Unlock major growth opportunities	No Activities for EU Funding	
	(11) New development in response to economic shocks and closures	No Activities for EU Funding	
	(12) Environmental quality and community need	TBC	£11.79m

5) A well connected economy <i>"Businesses with strong connections to their customers and markets"</i>	(13) Fast, reliable journeys between key centres	No Activities for EU Funding	
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	(14) Transport that underpins growth	TBC	£4m
	(15) Access to UK and international markets	TBC	

7 Recommendations

Chief executives are asked to:

- 7.1 Note the performance of the LEP to date
- 7.2 Ensure future growth priorities are clearly identified to support future investment opportunities.

James Farrar,
Chief Operating Officer,
York, North Yorkshire and East Riding Local Enterprise Partnership

28 January 2015

Appendix 1 – Summary of investments by local authority area

Summary of Investments by LA Area

LA Area	Local Growth Deal	Growing Places	Business Growth Grants	Development Funding
Craven	<ul style="list-style-type: none"> Skipton Flood Alleviation £1.2m 		<ul style="list-style-type: none"> Keelham Farm Shop £210k Billy Bobs Parlour £94k Swaledale Foods £30k 	<ul style="list-style-type: none"> Threshfield Quarry Bentham
Hambleton	<ul style="list-style-type: none"> North Northallerton £6m 		<ul style="list-style-type: none"> Thirsk Furniture £5k Vale of Mowbray £620k Tomrods £60k Yorkshire Provendar £300k Technowash £170k Taste Tradition £30k Shepherds Purse £18k Thirsk Furniture £10k Hill Interiors £100k 	<ul style="list-style-type: none"> Dalton Industrial Estate Prison Site, Northallerton
Richmondshire	<ul style="list-style-type: none"> Catterick Junction £1.2m 		<ul style="list-style-type: none"> Staley Stonework £10k Yorkshire Dales Meat £7k Oakdale Greenscaping £10k Shire Country Services £6k 	<ul style="list-style-type: none"> Weatheralds Site, Askrigg
Ryedale	<ul style="list-style-type: none"> National Agri-Food Innovation Centre, Sand Hutton Campus (FERA) £8.3m Malton Agri-Business park £2.1m 	<ul style="list-style-type: none"> National Agri-Food Innovation Centre, Sand Hutton Campus (FERA) £2.7m 	<ul style="list-style-type: none"> Great Yorkshire Brewery £150k Hopkinsions & Sons £80k Modular Plant Room £90k 	<ul style="list-style-type: none"> Agri-Tech Centre for Innovation in Crop Health, Sand Hutton Campus (FERA) Kirbymoorside Thornton Road, Pickering
Scarborough	<ul style="list-style-type: none"> Middle Deepdale £2.3m 	<ul style="list-style-type: none"> Whitby Business Park £2.5m North York Moors 	<ul style="list-style-type: none"> Senior Glass Systems £102k Parkhol Marine £146k 	

		Railway 0.5m	<ul style="list-style-type: none"> Duraweld £100k 	
Selby	<ul style="list-style-type: none"> Olympia Park £8m Olympia Park HCA Loan £3.5m 	<ul style="list-style-type: none"> Bishopdyke Estates, Sherburn Proving Ground £2.9m 	<ul style="list-style-type: none"> Holme Farm Venison £78k Walker Humphry £30k 	
Harrogate	<ul style="list-style-type: none"> Harrogate College £3m* A1/A59 Junction £0.8m Preallocated York-Harrogate Rail Improvements £9.6m 	<ul style="list-style-type: none"> Potter Group, Melmerby £0.9m 	<ul style="list-style-type: none"> Latham Logging £20k Country Products £8k Bon Coeur Fine Wines £223k Abacus Direct £125k Greentech £200k Associated Timber Services £33k Yorkshire Bathrooms £16k 	<ul style="list-style-type: none"> Ripon barracks closure
North Yorkshire	<ul style="list-style-type: none"> Highways Maintenance £24m Preallocated Bedale Bypass £18.4m 			
East Riding	<ul style="list-style-type: none"> Highways Maintenance £16.7m Newlands Bridge £1.5m A1079 £8m 		<ul style="list-style-type: none"> James Mortimer £50k LMA Services £40k Westland Horticulture £111k John Bull Confectioners £22k Harsh Uk £52k Lisset Residential £50k 	<ul style="list-style-type: none"> Bridlington Harbour
York	<ul style="list-style-type: none"> Askham Bryan College Agriculture Skills £1m Askham Bryan College Engineering Centre £0.6m 		<ul style="list-style-type: none"> Little Green Rascals £24k Monkbridge Construction £90k First Steps Nursery £40k Masce ltd £39k 	<ul style="list-style-type: none"> York BioHub

	<ul style="list-style-type: none"> York BioHub £5m 		<ul style="list-style-type: none"> Optix £60k Papa Kata £240k 	
LEP Wide	<ul style="list-style-type: none"> Business Growth Hub £0.3m 			

* Harrogate College awarded £4m in Growth Deal, but subsequently reduced to £3m