

**Chief Executives' Group – North Yorkshire and York**  
**15 June 2017**  
**Local Enterprise Partnership - update**

**1 Purpose of the report**

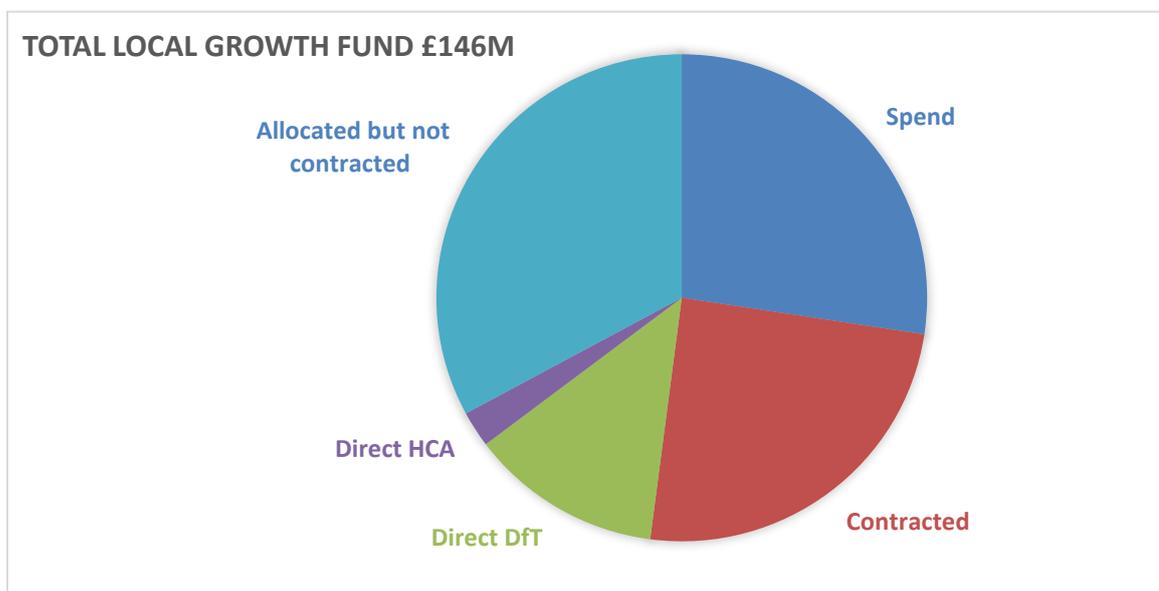
The focus of this report is;

- The Local Growth Fund Delivery Update
- ESIF Local Authority Representation & Open Calls
- Challenges & Opportunities

**2.0 Local Growth fund**

**2.1 The YNYER LEP Local Growth Fund now totals £146m**, of which £124m is directly managed by the LEP and a further £22m allocated but dealt with directly by the Department of Transport (DfT) and Homes & Communities Agency (HCA). The Programme is to be delivered between April 2015 and March 2021.

**2.2** Of the £124m directly in the LEP's control, £76m has been contracted with spend of £40m to date.



**2.3** The programme has successfully delivered its spend profile for 2015/16 and 2016/17. Expenditure one month into 2017/18 is currently at £1.7m and on track to deliver against a target budget of £18.5m by the end of the year.

**ANNEX A sets out the current overall financial position and progress against profile.**

**In summary, at the end of year 2 we are delivering on budget, on track.**

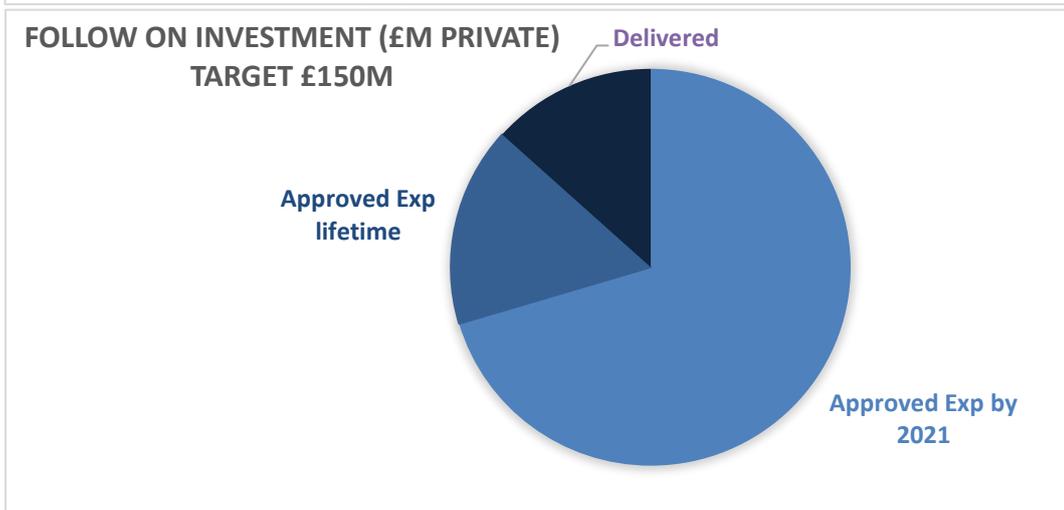
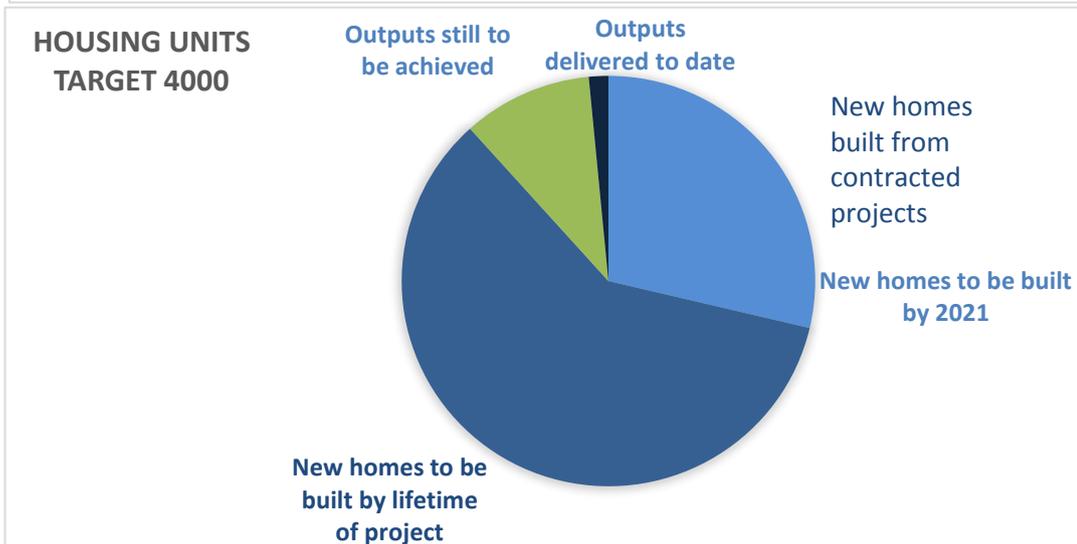
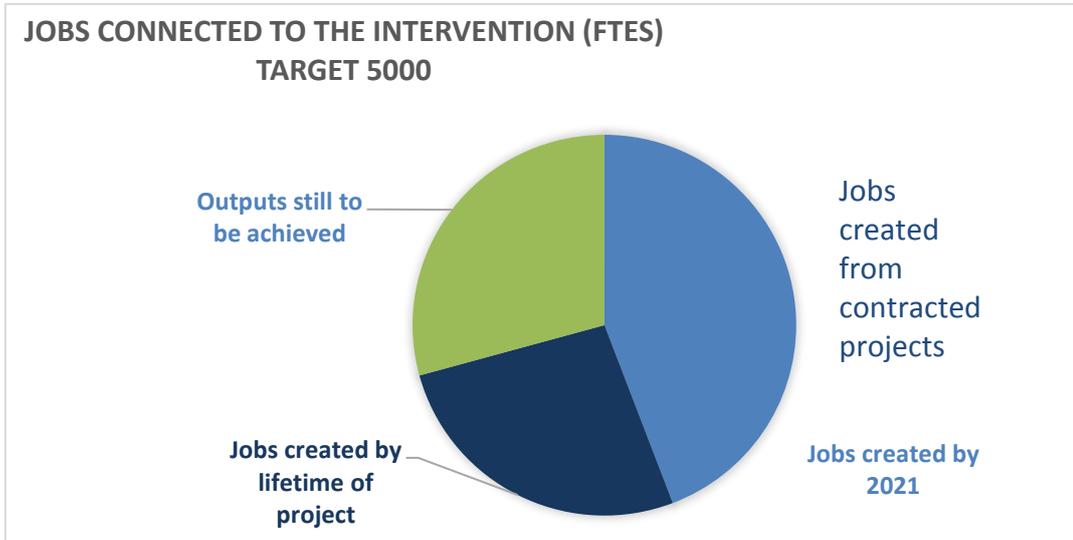
## Forward Programme

- 2.4 Despite the excellent performance to date, there remains significant forward risk, namely;
- Low take up of Bio-economy grants – currently allocated £10m (high risk)
  - Failure to deliver a solution for Olympia Park Housing scheme within the programme timeframe – currently allocated £8m (medium-high risk)
  - Risk in delivery of the Harrogate to York Rail line - allocated but still to be worked through to business plan – valued at £9.6m (medium-high risk)
- 2.5 Of the above risks £17.6m is profiled for 2018/19. We are working with all future projects to accelerate to mitigate some of the above risk, however it is highly likely we will need additional investments to deliver the full Local Growth Fund Programme.
- 2.6 A process is currently underway with all these projects/programmes to review and assessed their delivery risk. The relevant projects are have been informed of this situation so that the LEP are able to make an informed decision on these allocations by September.
- 2.7 In parallel work is underway to build up a reserve/pipeline list of projects. This will firstly look at all the projects that formed the basis of the Growth Deal 3 and may also involve a series of further specific capital project calls, the subject of which will be worked up through over the coming months. These calls would be enable us to have a good range of alternative projects to take up any potential underspend in the Programme.
- 2.8 Clearly, any future calls will need to ensure we deliver the outputs commitments within our Local Growth Deal, however are likely to focus on;
1. Skills Capital
  2. Housing Delivery
  3. Good Quality Employment
  4. Flood Alleviation

**In Summary we are likely to require additional investment opportunities for 2018/19 forward. We would encourage all Local Authorities to identify and work with us to bring forward good quality business cases.**

## Local Growth Fund Output Performance

2.9 The pie charts below summarise output performance. The segment in green represents the outputs still to be achieved.



**Summary: Jobs and homes are the targets with highest risk and likely to be the focus for future investment calls**

### 3.0 ESIF Programme

#### 3.1 Local Authority Representation

Local Authority membership of the ESIF committee includes;

- 1x City of York Member
- 1x East Riding Member
- 1x North Yorkshire County Member
- 1x District Member

3.2 Cllr Linda Cowling, formerly Leader of Ryedale, has to date represented the district Local Authority. Following the changes in Leadership at Ryedale we require an alternative representative.

3.3 The key challenges facing the ESIF Committee are;

- **Approving calls for the unallocated elements of ESIF programme** – we are on track to have our full ESIF programme allocated to calls by September 2017. This should enable the full programme to be contracted by Summer 2018.
- **Monitoring performance of the contracted programme, challenging underperformance and holding the Managing Authorities to account** – this role is particularly important because
  - ESIF funds are contracted directly from the Managing Authority (Central Government) to projects. This lack of a direct contractual relationship at a LEP level limits the levers to support effective performance management.
  - A significant amount of the skills projects were contracted as 'opt ins' with DWP and ESFA (Education as Skills Funding Agency) to capitalise on their ability to provide match funding. We are already seeing issues around programme delivery and performance.
  - The ESIF committee is the vehicle to performance manage these programmes and exert pressure on Managing Authority and Opt In Agencies.
- **As we near Brexit there may be an opportunity for regions which are delivering on their ESIF programmes to attract additional investment from areas which are under-performing.**

3.4 It should be noted ESIF meetings are bi-monthly. The next meeting is 14 July

**Ask: Local Authorities are asked to nominate and approve an alternative District representative onto the ESIF Committee.**

### 3.5 Open ESIF Calls

The current ESIF Calls are open for applications

Rural Tourism Infrastructure	The grants will help fund the costs of capital expenditure on tourism infrastructure.  The aim is to support projects that will encourage more tourists to come, to stay longer and to spend more money in rural areas	Up to £3.2m
Food Processing	These grants are to help businesses grow and create more jobs.  Grant funding can help pay for: <ul style="list-style-type: none"> <li>• constructing or improving buildings</li> <li>• buying new equipment and machinery</li> </ul>	Up to £5.1m

### 3.6 Future ESIF Calls

The table below shows, there is just over £23m remaining of ESIF to publish calls for. The LEP is working with colleagues at the Managing Authorities to develop these future calls, and it's anticipated that most will be published during autumn 2017.

Future calls			
£m			
ERDF	PA1 (innovation)	Innovation capital build with revenue support	5.1
	PA3 (SME)	Programme to support SME's with Exporting	1
	PA3 (SME)	Extension to current Manufacturing Growth Programme	0.6
	PA4 (Low Carbon)	Low carbon call	2.4
		<b>TOTAL</b>	<b>9.1</b>
ESF	IP1.1	Access to Employment - continuation of current programme	1.32
	IP1.2	NEETs - continuation of current programme	0.28
	IP1.4 Social Inclusion	Programme to carry out CLLD type social inclusion activity in non-CLLD areas	0.56
	IP2.1 Lifelong Learning	Various programmes to upskill those in work	7.8
	IP2.2	Various programmes to upskill businesses	3.7
		<b>TOTAL</b>	<b>13.66</b>
EAFRD		Rural broadband	0.86
		<b>TOTAL</b>	<b>0.86</b>
<b>Grand Total</b>			<b>23.62</b>

### ANNEX B Provides a summary of LEP LGF & ESIF Investment by Priority

**Summary: We are on track to fully allocate all our ESIF Programme.**

## 4.0 Local Authority contributions

4.1 It is proposed to retain Local Authority contributions at the same level as previous years. Government have confirmed their contribution of £500k in line with previous years. These are;

North Yorkshire County Council	£205,000
East Riding of Yorkshire Council	£60,750
City of York Council	£40,500
District Councils	£20,250

**Ask: Local Authorities are asked to formally approve the annual contributions.**

## 5.0 Opportunities and challenges

- 5.1 As LEPs mature, the governance and transparency expectations increase. Whilst currently compliant, we are reviewing the LEP to ensure sufficient resources are allocated to support assurance and contract management functions. A national review is also underway led by Mary Ney, Non-Executive Director, DCLG.
- 5.2 Working in partnership with Rural Stakeholders such as NFU, CLA etc the LEP has developed a high level document outlining a proposed approach to supporting farmers post Brexit. Following the General Election the proposition is to use this to lobby government around the importance of our rural areas, not only from an agricultural perspective but also reflecting the role in underpinning the wider rural economy. Within this we will be exploring the potential for a food and farming deal with government.
- 5.3 Significant work is taking place around energy, however there is a need for this to be joined up. Currently there is
- YNYER & LCR have secured £50k each to develop energy strategies. The two LEPs are collaborating building on the framework developed in Leeds
  - A National Best Practice group involving the 10 LEPs who secured Energy Strategy Funding is sharing learning
  - Selby DC is leading a group including YNYER & LCR LEPs, NYCC and the major businesses looking at the opportunities along the M62 with a focus around J34, Selby.
  - M62 port-to-port energy and logistics group – This has been set up in response to achieving scale for some of the hydrogen work (transport, health and distributed energy systems to decarbonise industry; linking hydrogen production to renewable energy - wind)
  - IPPR North are conducting Energy Round Tables
  - Northern Powerhouse Partnership (Chaired by George Osborne) is launching some work around energy

The ambition is a Northern Powerhouse Energy Strategy with clear work streams for M62 and also local network development.

- 5.4 Work continues with MOD following their Garrison Rationalisation announcement in 2016. A steering group meeting is taking place 20<sup>th</sup> June with senior representation from MOD, Richmondshire, NYCC & LEP. Currently the focus of this is the Catterick Growth, however we are keen to extend to include the early engagement around partnership for the Garrison disposals as well.

## **6 Recommendations**

6.16.1 Local Authority Chief Executives are asked to;

1. Note performance, in particular that at the end of year 2 we are delivering on budget, on track.
2. Note we are likely to require additional investment opportunities for 2018/19 forward. Jobs and homes are the output targets with highest risk and likely to be the focus for future investment calls. We would encourage all Local Authorities to identify and work with us to bring forward good quality business cases.
3. Nominate and approve an alternative District representative onto the ESIF Committee.
4. Note the performance of the SIF programme, in particular the calls which are currently out.
5. Approve the 2017 budget contributions.

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

**June 2017**

### **Appendices**

**ANNEX A:** Local Growth Deal Financial Position by Project

**ANNEX B:** Summary of LEP LGF & ESIF Funding by priority

## Annex A: Local Growth Fund Financial Position by Project

<b>Expenditure</b>								
<b>Business Growth Capital (Indicative Budget Allocation £13,000,000)</b>	<b>2015/16 ACTUAL £m</b>	<b>2016/17 ACTUAL £m</b>	<b>2017/18</b>		<b>2018/19 projected £m</b>	<b>2019/20 projected £m</b>	<b>2020/21 projected £m</b>	<b>TOTAL £m</b>
			<b>ACTUAL £m</b>	<b>Projected £m</b>				
York Bio-Hub.		0.95	0.05	0.05				<b>1.00</b>
Bioeconomy grants				2.00	3.00	2.50	2.50	<b>10.00</b>
Lets Grow Grants				1.00	1.00			<b>2.00</b>
		<b>0.95</b>	<b>0.05</b>	<b>3.05</b>	<b>4.00</b>	<b>2.50</b>	<b>2.50</b>	<b>13.00</b>
<b>Skills Capital (Indicative Budget Allocation £9,600,000)</b>								
	<b>2015/16 ACTUAL £m</b>	<b>2016/17 ACTUAL £m</b>	<b>2017/18</b>		<b>2018/19 projected</b>	<b>2019/20 projected</b>	<b>2020/21 projected</b>	<b>TOTAL</b>
			<b>ACTUAL £m</b>	<b>Projected £m</b>				
Askham Bryan College - Agricultural Skills Centre	1.00							<b>1.00</b>
Askham Bryan College - Engineering	0.60							<b>0.60</b>
Selby College - Equipment	0.11							<b>0.11</b>
Harrogate College.	2.80	0.20						<b>3.00</b>
Selby College Trailblazers (GD3)		0.07						<b>0.07</b>
East Riding College Mechtronics (GD3)		0.23						<b>0.23</b>
Craven College Animal Management Centre				0.80				<b>0.80</b>
Craven College Electronic and Computing Lab				0.04				<b>0.04</b>
York College Internet of Things				0.02				<b>0.02</b>
DTA RADAR 2				0.01				<b>0.01</b>
Yorkshire Arboretum Tree Health Centre (GD3)					0.26			<b>0.26</b>
GIFHE - ELITE project Scarborough (GD3)				2.00	1.35			<b>3.35</b>
York College - HL Skills Engineering (GD3)				0.09				<b>0.09</b>
Unallocated Skills Capital							0.02	<b>0.02</b>
	<b>4.51</b>	<b>0.50</b>	<b>0.00</b>	<b>2.96</b>	<b>1.61</b>	<b>0</b>	<b>0.02</b>	<b>9.60</b>

Infrastucture Capital (Indicative Budget Allocation £60,613,138)	2015/16 ACTUAL £m	2016/17 ACTUAL £m	2017/18		2018/19 projected	2019/20 projected	2020/21 projected	TOTAL
			ACTUAL £m	Projected £m				
Housing at Middledeepdale, Scarborough	2.32							2.32
Skipton Employment - Flood Alleviation Scheme	1.20							1.20
Newlands Bridge	1.50							1.50
Growth at Catterick Garrison.	1.20	0.80						2.00
Housing and employment at Northallerton.	1.96	4.04						6.00
Malton Agri Business Park	0.62	1.48						2.10
Tadcaster Bridge		1.40						1.40
Dalton Bridge		0.23	1.57	1.57				1.80
Bridlington harbour (GD3)		1.90	0.11	1.60				3.50
A1/A59 Jct 47 improvements				2.47				2.47
A1079 Roundabout Improvements				1.00	3.00	2.30		6.30
Harrogate-York Rail Improvements					9.60			9.60
Scarborough housing and employment (GD3)					0.20	0.80	3.00	4.00
Skipton Employment and Housing Growth (GD3)				0.50	2.00	2.00	0.28	4.78
Pocklington Flood Alleviation (GD3)						0.50		0.50
York Central (GD3)						2.50	2.50	5.00
Harrogate Central						0.50	0.50	1.00
Pickering Employment							1.00	1.00
Selby Housing and Employment Olympia Park					5.00	3.00		8.00
North Yorkshire Rural Connectivity (NYCC Highways)	2.00	1.62				-2.00	-1.62	0.00
	<b>10.79</b>	<b>11.48</b>	<b>1.68</b>	<b>7.14</b>	<b>19.80</b>	<b>9.60</b>	<b>5.66</b>	<b>64.50</b>
<b>Transport (DfT Retained)</b> (Indicative Budget Allocation £40,700,000)								
	<b>2015/16 ACTUAL £m</b>	<b>2016/17 ACTUAL £m</b>	<b>2017/18</b>		<b>2018/19 projected</b>	<b>2019/20 projected</b>	<b>2020/21 projected</b>	<b>TOTAL</b>
North Yorkshire Rural Connectivity Grant (DfT)		7.00		5.00	5.00	5.00	2.00	24.00
East Riding Road Maintenance Scheme (DfT)		4.78		3.34	3.34	3.34	1.90	16.70

		11.78		8.34	8.34	8.34	3.90	40.70
<b>Total value of Growth Deal Expenditure</b>	15.3	24.70	1.73	21.49	33.75	20.44	12.09	127.77
<b>Cumulative</b>	15.3	40.00	41.73	61.49	95.24	115.68	127.77	

Income	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	TOTAL
	ACTUAL £m	ACTUAL £m			projected	projected	projected	
Section 31 LGF grant to LEP (DCLG)	15.3	12.92	10.20	10.20	23.65	6.51	14.63	83.21
Section 31 grant to LEP (DfTretained)		11.78	8.34	8.34	8.34	8.34	3.90	40.70
<b>Total LGF S31 Income</b>	<b>15.3</b>	<b>24.70</b>	<b>18.54</b>	<b>18.54</b>	<b>31.99</b>	<b>14.85</b>	<b>18.53</b>	<b>123.91</b>
<b>Cumulative</b>	<b>15.3</b>	<b>40.00</b>	<b>58.54</b>	<b>58.54</b>	<b>90.53</b>	<b>105.38</b>	<b>123.91</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>16.81</b>	<b>-2.95</b>	<b>-4.70</b>	<b>-10.30</b>	<b>-3.86</b>	

Excluding £21.9m  
direct with HCA  
and DfT

Contracted/Low Risk Projects
Medium Risk projects/programmes
High Risk Projects/Programmes

## ANNEX B – LEP Area Investment Funds

Strategic Economic Plan Priorities	Local Growth Fund	Growing Places Fund	European Regional Development Fund	European Social Fund	European Agriculture Food and Rural Development	TOTAL
<b>Priority 1: Business</b>	£2m (capital)	-	£14.2m (revenue)	£3.7m (revenue)	£0.3m (capital)	<b>£20.2m</b>
<b>Priority 2: Bio-economy</b>	£10.5m (capital)	-	£14.6m (revenue/capital)	-	£5.1m (capital)	<b>£30.2m</b>
<b>Priority 3: People</b>	£9.6m (capital)	-	£2.7m (revenue)	£31.2m (revenue)	-	<b>£43.5m</b>
<b>Priority 4: Place</b>	£40.9m (capital)	£10m (capital)	£8.1m (capital)	-	£3.6m (capital)	<b>£59m</b>
<b>Priority 5: Connectivity</b>	£82.2m (capital)	-	£1.2m (capital)	-	-	<b>£83.4m</b>
<b>Total</b>	<b>£145.2m</b>	<b>£10m</b>	<b>£40.8m</b>	<b>£34.9m</b>	<b>£9m</b>	<b>£236.3m</b>