

**Chief Executives' Group – North Yorkshire and York
7 June 2018
LEP update**

1 Purpose of the Report

1.1 This paper provides an update on the performance of the York, North Yorkshire & East Riding Local Enterprise Partnership. It includes:

- 2017/18 Delivery Update
 - Business
 - Skills
 - Infrastructure
- Rural post Brexit
- LEP Funding & Assurance

2 2018/19 delivery update

2.1 Business

2.1.1 Richard Shaw has become the Chair of the Business Programme Board. We have used the opportunity of establishing the Board to review the increasing amount of publicly funded support available and to clarify the offer to businesses. The outcome of this review will be a clearly prioritised plan, targeting key businesses, sectors and activity to make the most of available resources.

2.1.2 In 2017/18 the LEP Growth Hub again achieved targets and delivered significant growth in the number of businesses supported (previous years for comparison):

	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	17/18 %age
Business Engagement	42,301	40,698	48,015	45928	97
Business Supports	2026	4437	4570	5366	106

2.1.3 Our Food, Farming and Low Carbon agenda will be driven forward by Katie Thomas, who recently joined the LEP. Her initial focus will be to review our activity and ensure we are prioritised key strategic outcomes. This will include

- Developing the energy strategy work

- Reviewing the capital grant programme
- Driving forward the farming post Brexit work.
- Identifying and developing new strategic opportunities.

2.1.4 There are several ESIF Calls in development relating to the business agenda, as follows:

- ERDF Export support - closed 20th April
- ERDF Supply chains - closed 20th April
- ESF Leadership & Management – full applications due 20th June
- ESF Agri Skills Call – approved, pending publication by DWP
- ESF Women in Business – approved, pending publication by DWP

2.1.5 The Northern Powerhouse Investment Fund invested £3.11m in our area from Feb 16 to Feb 17, almost half the total £7m we invested into the fund for our area.

2.2 Skills

2.2.1 The headline skills figures are'

- £26.4m ESF skills projects contracted and operating
- £3.7m new ESF projects in the pipeline
- £6m+ invested in Skills Capital projects, 11 now operational
- 58 schools signed up to Enterprise Advisor Network
- 21 new schools to achieve charter mark in careers guidance

2.2.2 ESF

The table below sets out the calls with full applications are due on 20 June 2018.

Project	Amount
Specialist Skills in the YNYER LEP area including: <ul style="list-style-type: none"> • Specialist Support for and Ageing Workforce • Capacity Building for SMEs • Women in Stem and Digital Industries • Apprenticeship Capacity Building 	£3.65m
Skills support for Scale Up businesses in YNYER LEP area	£1.5m
Total	£5.15m

The LEP skills team are currently working to develop 3 new calls that we hope will be published in the summer. The timing of the publication date will be based on a national priority basis.

	New calls	Notes	Value
1	Agri-skills	Joint call with Humber LEP to deliver training in the land based sector to support the industry prior to and after the UK leaves the EU. This reflects the LEPs focus on rural and the challenges facing the agricultural sector with changes to the Common Agricultural Policy	£600K
2	Skills Support for the Unemployed	The current SSU is terminating in July as the current contract holder does not wish to continue despite performing well. This contract will provide vocational training to people who are unemployed but able to take up a job if they gain specific job-related skills.	£1.35m
3	Women in the Workforce	Programme of projects to support women in the workforce.	c£1m

2.3 Local Growth Fund

2.3.1 Key headlines from 2017/18:

- Final spend at the end of the year was £17,931,824 an agreed underspend of £4,092,082;
- Cumulative programme spend (2015-2018) reached £57,885,410. This is 47% of Programme total and 94% of target at this stage in the Programme;
- £82m has been contracted to projects, 66% of the Programme total, above the target set for this stage in the Programme;

2.3.2 Projected spend for 2018/19 is £31.2m and the summary risk rating is below

Low	£	10.0m	32%
Medium	£	11.2m	36%
High	£	10.0m	32%
	£	31.2m	100%

2.3.3 That said, business plans have been received for all but 2 projects with conditional approval expected at the June Infrastructure Board. This will see the majority of high and medium risk projects securing an improved risk rating with potential to accelerate some future years spend.

2.3.4 The projects which are unlikely to spend in 2018/19 are Bio-economy grant fund and Harrogate Central

2.3.5 Going forward the Programme overall looks healthy. A mitigation plan is in place which involves:

- Revisiting the project pipeline – a call for projects was issued last year and a prioritised list of projects agreed. These are all being revisited and wherever possible developed further. (By June 2018);
- Contract Management team – the contract management role within the LEP is being strengthened within the overall Assurance Team (in post July 2018);
- Project Development – the LEPs project development role in terms of advising and assisting in ensure high quality business cases are prepared (additional resources in place);
- Further calls – the potential to call for more projects is being considered (any future call will go out by July 2018).
- Over commitment – Where ever possible the Programme will over commit so to allow for any slippage.

3.0 Rural Post Brexit

3.1 The LEP has been undertaking a range of activity to position the region at the forefront of post Common Agriculture Policy change.

3.2 The DEFRA ‘Health & Harmony’ consultation has closed. The LEP both responded and opened a consultation event for local stakeholders at Yorkshire Agricultural Society

3.3 LEP Deputy Chair, David Dickson attended an All Party Parliamentary Group on rural family businesses, presenting a paper prepared by YNYER LEP on behalf for LEPs nationally. Further to the meeting the Chair of the APPG had meeting scheduled with the Prime Minister and Treasury.

3.4 The LEP hosted a private dinner for key stakeholders to develop a ‘Grow Yorkshire’ proposition focused around the challenges facing agriculture.

3.5 The LEP COO is chairing a national LEP Rural LEP Group with the aim of building stronger working relations with DEFRA and across government.

4.0 LEP Funding & Assurance

4.1 The LEP Budget for 2018/19 is detailed below.

YNYER LEP
LEP Budget 2018/19

	Core (£000's)	LGF (£000's)	Growing Places (£000's)	Growth Hub (£000's)	Careers & Enterprise (£000's)	LEADER (NY Moors) (£000's)	LEADER (NY Dales) (£000's)	Total LEP (£000's)
INCOME								
BEIS Contribution	£500.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£500.0
Government Grant/Other Contributions	£471.3	£0.0	£0.0	£246.0	£134.1	£18.2	£18.2	£887.8
Released From Reserves	£0.0	£730.0	£0.0	£0.0	£0.0	£0.0	£0.0	£730.0
Staff Recharges	£55.2	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£55.2
Bank Interest	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
TOTAL INCOME	£1,026.5	£730.0	£0.0	£246.0	£134.1	£18.2	£18.2	£2,173.0
EXPENDITURE								
Staffing (Salary + on-costs)	£826.4	£382.8	£0.0	£176.0	£47.1	£0.0	£0.0	£1,432.3
Other Hired & Contracted Services	£57.7	£188.1	£0.0	£20.6	£87.0	£0.0	£0.0	£353.4
Staff Travel	£6.0	£10.0	£0.0	£6.0	£0.0	£0.0	£0.0	£22.0
Staff Recharges	£0.0	£0.0	£0.0	£0.0	£0.0	£18.2	£18.2	£36.4
Training	£3.0	£4.0	£0.0	£2.3	£0.0	£0.0	£0.0	£9.3
Rent	£21.1	£13.5	£0.0	£0.0	£0.0	£0.0	£0.0	£34.6
Venue/Room Hire	£8.0	£12.0	£0.0	£1.1	£0.0	£0.0	£0.0	£21.1
Entertainments & Refreshments	£2.0	£5.0	£0.0	£0.0	£0.0	£0.0	£0.0	£7.0
Subscriptions/Sponsorships	£23.6	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£23.6
IT	£4.0	£7.1	£0.0	£0.0	£0.0	£0.0	£0.0	£11.1
Marketing	£15.0	£0.0	£0.0	£40.0	£0.0	£0.0	£0.0	£55.0
Pool Car Charges	£1.0	£2.0	£0.0	£0.0	£0.0	£0.0	£0.0	£3.0
External Audit Fees	£1.0	£3.0	£0.0	£0.0	£0.0	£0.0	£0.0	£4.0
Other General Expenses	£2.0	£2.5	£0.0	£0.0	£0.0	£0.0	£0.0	£4.5
Professional Fees	£55.7	£100.0	£0.0	£0.0	£0.0	£0.0	£0.0	£155.7
Grants Paid	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
TOTAL EXPENDITURE	£1,026.5	£730.0	£0.0	£246.0	£134.1	£18.2	£18.2	£2,173.0
SURPLUS/DEFICIT	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
RESERVES c/f to 2019/20	£362.7	£1,460.0	£188.8	£19.4	£0.0	£0.0	£0.0	£2,030.9

4.2 Government “Deep Dive” Audit

We have now received the draft report from the Ministry of Housing, Communities and Local Government (MHCLG) “deep dive” audit that took place at the end of February. A summary of the RAG rating is below:

	Theme Score	Overall score	RAG rating defined as:
Inadequate	4	19 – 24	Areas of non- compliance with the National and Local Assurance Frameworks. Concerns with the process/ procedures/ structures in not providing clear governance and/ or transparency.
Requires Improvement	3	13 – 18	Improvements needed with the process/ procedures/ structures to provide clear governance and/ or transparency to ensure current and new requirements are met.
Good	2	7 – 12	National Assurance Framework requirements are met but small areas of improvements could be made with the process/ procedures/ structures to provide clear governance and/ or transparency to ensure requirements are fully understood and embedded.
Exceptional	1	6	No concerns with the process/ procedures/ structures in providing clear governance and/ or transparency that goes above and beyond the National Assurance Framework requirements.

Theme	Rag Rating
Culture and Accountability	2
Structure and Decision Making	2
Conflict of Interest	2
Complaints	2
Section 151	1
Transparency	3
Overall RAG Rating	12

Whilst the LEP came out good overall (and across most sections), there were some minor recommended actions contained that we are addressing and implementing.

The main area of concern was transparency with issues raised with the LEP website around publication and accessibility to information. A new website is being built utilising the data.northyorks.org platform.

6 Recommendations

6.1 Chief Executives are asked to;

Note performance and the risks associated with delivery of the Local Growth Fund.

James Farrar

Chief Operating Officer, York, North Yorkshire and East Riding LEP

29 May 2018

Annex A - Local Growth Fund Programme Delivery – Income and Expenditure

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Expenditure

Business Growth Capital (Indicative Budget Allocation £8,000,000)	Project Status	2015/16 ACTUAL	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 forecast	2019/20 forecast	2020/21 forecast	TOTAL
York Bio-Hub.	Completed		£948,442.07	£51,557.93				£1,000,000.00
Bioeconomy growth programme	Unallocated				£2,000,000.00	£1,000,000.00	£1,000,000.00	£4,000,000.00
Let's Grow Business Grants	Contracted			£480,000.00	£1,520,000.00			£2,000,000.00
Improving mobile phone coverage	Business Plan Submitted				£500,000.00	£500,000.00		£1,000,000.00
		£	£948,442.07	£531,557.93	£4,020,000.00	£1,500,000.00	£1,000,000.00	£ 8,000,000.00

Skills Capital (Indicative Budget Allocation £11,600,000)	Project Status	2015/16 ACTUAL	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 forecast	2019/20 forecast	2020/21 forecast	TOTAL
Askham Bryan College - Agricultural Skills Centre	Completed	£1,000,000.00						£ 1,000,000.00
Askham Bryan College - Engineering	Completed	£600,000.02						£ 600,000.02
Selby College - Equipment	Completed	£109,903.19						£ 109,903.19
Harrogate College.	Completed	£2,801,598.76	£198,401.24					£3,000,000.00
Selby College Trailblazers	Completed		£48,246.94					£48,246.94
East Riding College Mechatronics	Completed		£225,000.00					£225,000.00
Craven College Animal Management Centre	Contracted			£ 737,760.00	£ 62,760.00			£800,520.00
Craven College Electronic and Computing Lab	Contracted			£35,000.00				£35,000.00
York College Internet of Things	Contracted			£16,955.05				£16,955.05
Derwent Training Association RADAR 2	Contracted				£10,000.00			£10,000.00
Scarborough TEC (ELITE skills)	Contracted			£2,000,000.00	£1,345,000.00			£3,345,000.00
Allocated Skills Capital	Business Plan				£1,436,096.00			£1,436,096.00
Unallocated Skills Capital	Unallocated				£323,904.00	£ 500,000.00	£146,329.85	£973,278.80

	£4,511,501.97	£471,648.18	£2,789,715.05	£3,177,760.00	£500,000.00	£149,374.80	£ 11,600,000.00
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Infrastructure Capital (Indicative Budget Allocation £62,205,389.25)		2015/16 ACTUAL	2016/17 ACTUAL	2017/18 Projected	2018/19 projected	2019/20 projected	2020/21 projected	TOTAL
Housing Growth at Middledeepdale, Scarborough	Completed	£ 2,319,345.00						£2,319,345.00
Major employment growth, Skipton - Flood Alleviation Scheme	Completed	£1,200,000.00						£1,200,000.00
Newlands Bridge, Drax M62	Completed	£1,500,000.00						£1,500,000.00
Growth at Catterick Garrison.	Contracted	£1,200,000.00	£800,000.00					£2,000,000.00
Housing and employment at Northallerton.	Contracted	£1,956,000.00	£4,044,000.00					£6,000,000.00
Malton Agri Business Park	Completed	£616,993.46	£1,483,006.54					£2,100,000.00
Tadcaster Bridge	Completed		£1,400,000.00					£1,400,000.00
Dalton Bridge near Thirsk	Contracted		£233,984.39	£1,566,015.61				£1,800,000.00
Bridlington harbour & Marina	Contracted		£1,917,625.43	£250,000.00	£1,332,374.57			£3,500,000.00
A1/A59 Jct 47 improvements	Contracted				£2,470,000.00			£2,470,000.00
A1079 Junction Improvements Killingwoldgraves Roundabout	Completed			£915,938.00				£6,300,000.00
A1079 Junction Improvements - Shiptonthorpe	Business Plan development					£5,384,062.00		
Harrogate-York Rail Improvements	Business Plan submitted				£4,000,000.00	£3,000,000.00	£2,600,000	£9,600,000.00
Scarborough housing and employment	Business Plan development				£1,000,000.00	£2,500,000.00	£500,000.00	£4,000,000.00
Skipton Employment and Housing Growth	Business Plan Submitted				£2,500,000.00	£2,000,000.00	£280,000.00	£4,780,000.00
Pocklington Flood Alleviation	Contracted				£500,000.00			£500,000.00
York Central - Scarborough Bridge Project	Contracted			£50,000.00	£1,450,000.00			£5,000,000.00
York Central	Business Plan Development				£500,000	£1,000,000.00	£2,000,000.00	
Harrogate Central	Business Plan Development				£500,000.00	£500,000.00		

Pickering Employment	Under review						£ 1,000,000.00	£1,000,000.00
Flaxby Green Business Park (loan)	Negotiation				£3,000,000.00			£3,000,000.00
Whitby Harbour and piers	Contracted				£500,000.00			£500,000.00
Whitby church street Flood Protection	Contracted				£1,100,000.00			£1,100,000.00
Beverly Grovehill Road Widening	Contracted				£387,000.00			£387,000.00
Malton and Norton Flood Protection	Business Plan Development					£500,000.00		£500,000.00
Growth Deal Round 3.5. unallocated	Unallocated				£2,000,000.00		£466,793.00	£2,466,793.00
North Yorkshire Rural Connectivity (NYCC Highways) (DCLG)	Completed	£1,996,159.57	£1,615,728.64				-£1,996,159.57	-£1,615,728.64
		£10,788,498.03	£11,494,345.00	£2,781,953.61	£21,239,374.57	£12,887,902.43	£5,231,064.36	£ 64,423,138.00

Transport (DfT Retained) (Indicative Budget Allocation £40,700,000)		2015/16 ACTUAL	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 projected	2019/20 projected	2020/21 projected	TOTAL
North Yorkshire Rural Connectivity Grant (DfT)			£7,000,000.00	£7,000,000.00	£3,000,000.00	£5,000,000.00	£2,000,000.00	£24,000,000.00
East Riding Road Maintenance Scheme (DfT)			£4,731,401.68	£4,828,598.32	£460,000.00	£3,340,000.00	£3,340,000.00	£16,700,000.00
			£11,731,401.68	£11,828,598.32	£3,460,000.00	£8,340,000.00	£5,340,000.00	£ 40,700,000.00

LGF Capitalised Development Costs		2015/16 ACTUAL	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 projected	2019/20 projected	2020/21 projected	TOTAL
Development costs (transfer)			£7,748.75		£730,000.00	£730,000.00	£730,000.00	£2,197,748.75
		£	£7,748.75	£	£730,000.00	£730,000.00	£730,000.00	£2,197,748.75

Total value of Growth Deal Expenditure		£15,300,000.00	£24,653,585.68	£17,931,824.91	£31,827,134.57	£24,757,902.43	£12,450,439.16	£ 126,920,886.75
Cumulative total		£15,300,000.00	£39,953,585.68	£57,885,410.59	£89,712,545.16	£114,470,447.59	£126,920,886.75	

