Chief Executives' Group – North Yorkshire and York
16 June 2016
LEP update

1	**Purpose of the Report**
	The focus of this report is an update on the Local Growth Fund delivery and proposed bid for additional Growth Funding

2 Local Growth Fund Bid

2.1 The primary focus at the moment is in developing a compelling bid into the Local Growth Fund round 3. The LEP Infrastructure Board which includes member representation from all Local Authorities is meeting on 9th June to consider the proposed bid elements.

2.2 A verbal update will be provided at the meeting.

2.3 There are three elements to the Local Growth Fund:

1. Local Transport Majors – this fund totals £475m nationally and is for larger transport schemes. For our LEP the threshold is £39m. It includes strands for both development funding and scheme delivery.

We have had three projects submitted; A1079 dualling (East Riding), Harrogate Relief Road (North Yorkshire) and A1237 dualling (York). The Infrastructure Board will prioritise these schemes.

2. Local Growth Fund Rd 3 – this fund totals £1.8bn nationally.

Having worked with all local partners we are in the process of completing due diligence and prioritising projects. Currently the list totals c.£80m, however we anticipate bidding for c.£40m. Broadly speaking, the schemes fall into;

- Yorkshire Coast Opportunities
- Rural Jobs & Growth
- A resilient economy
- City of York
- Harrogate
- Connectivity
- Business Grants
- Skills Capital

Annex A provides more detail

3. £2bn Home Building Fund. This programme provides finance to developers to unlock large housing sites and bring forward the necessary infrastructure that large house building projects require. The process will be managed through the Homes & Communities Agency (HCA). We are proactively working with HCA to maximise the potential for the region across the housing agenda.

2.4 Within this and in line with discussions around devolution, a proposal & terms of reference has been submitted to the LEP Infrastructure Board, that it

considers becoming the YNYER Joint Asset Board in partnership with HCA. The terms of reference will be consistent with LCR & SCR. Whilst consistent with previous LGNYY papers, a further paper will be taken to LGNYY to formally approve this move.

2.5 We are currently refreshing our Strategic Economic Plan (SEP). 1-1 and joint meetings have been held with all Local Authorities and a draft sent to wider partners for consultation. The final SEP and Annual Report will be signed off by the LEP Board on 8th July.

3 Local Growth Funding Progress

3.1 The Local Growth Deal for York, North Yorkshire and East Riding totals £122.2m supporting 21 capital projects with a spend in 2015/16 of £15.3m.

3.2 **2015/16 Performance.**

Good progress was made in 2015/16 and, although challenging, the spend profile for the year was achieved.

Annex B sets out the actual spend against projects for 2015/16 together with 2016/17 forecast.

In terms of project performance most of the individual projects approved and awarded funding in year 1 are now on track and delivering. There are however some challenges ahead
in terms of delivery with performance monitoring of each project now underway.

3.3 **2016/17 Performance**

The financial allocation for 2016/17 has been formally agreed by Government and comprises of the following:-

- £12.92m Local Growth Fund allocation
- £8.34m DfT Local Growth Fund for retained transport projects

Again Annex B sets out the current position and the key points being:

- Firstly the budget profile for year one 2015/16 was achieved but at the potential cost of slippage in 2016/17;
- The estimated outturn for 2016/17 shows £7.3m of potential slippage. This is due to some projects delivering early in 2015/16 but also due to the high risk projects shaded red.

Potential mitigation measures:

- £2m to be allocated to support further business grants through the successful Let's Grow Scheme, currently assessing an outline business case;
- Further push to ensure that a solution is found regarding the Olympia Park project and this results in a delivery start this year. Potential of at least £1m of spend in 2016/17; and

- The potential to bring forward further spend on the two road improvement projects for North Yorkshire and East Riding, potential between £1 to £2m if required.
- North Yorkshire county Council Flood Loan
  North Yorkshire County Council have provided the LEP with a loan of £2.5m to accelerate investment in flood defences to protect businesses and jobs. This Loan is to be repaid against future returns.

  Following an open call, two schemes have progressed to investment decisions. The LEP Infrastructure Board will be making investment decisions for flood defence investments to protect Dalton Industrial Estate and for improvements to Tadcaster Bridge.
  The loan funding from North Yorkshire County Council could be repaid early against potential slippage;

3.4 **Overall Programme**

The programme overall is showing a £4m underspend (unallocated LGF)

The highest risk of delivery at present is the £8m Olympia Park development. £8m remains allocated to the project and this is a critical project for the delivery of housing within our Growth deal. However, all options are currently being considered.

We continue to seek a positive outcome for this project, and will make a decision on the future of this proposal in July 2016 so that either we can begin to implement this year or an alternative proposal can be considered.

Implementation of the Growth deal to date has been challenging but successful; however it is crucial that we have an agreed strategy in delivering the remainder of our existing Growth deal prior to submitting a bid for growth Deal 3.

4 Recommendations

4.1 Local Authorities are asked to;

a. Note progress with the Local Growth Fund bid, including the proposal for the LEP Infrastructure Board to become the Joint Asset Board with HCA.
b. Note the progress, risks and mitigation measures with the existing growth deal.

James Farrar
Chief Operating Officer, York, North Yorkshire and East Riding LEP
June 2016

Annex A: Local Growth bid

Annex B: Current Growth Deal budget variation

Infrastructure Plan

	We have:	We want to:	Prioritised LGF projects
Rural Jobs and Growth Unlocking a further 1000 jobs and attracting £25m of private investment	Invested £2.1m to develop an agri-business park (Food Enterprise Zone) at Malton, creating 600 jobs and levering £20m of private investment.	Invest an additional £7.5m to unlock a further 15 ha of employment land, creating over 1000 new rural jobs and enabling £50m of private follow on investment.	Skipton Employment Site; Pickering Employment Site; Central Northallerton redevelopment.
More New Homes Accelerating the rate of house building enabling a further xxxxx new homes	Committed investments of £15.2m at Northallerton, Catterick and Selby to enable xxx new homes and lever £xxm of private investment.	Work in partnership with the HCA to unlock further strategic housing sites across the LEP area.	HCA schemes to add… No LGF (see coast)
Opportunity Coast Stimulating Growth of 300 new jobs and 5000 homes on the Yorkshire Coast	Invested £2.3m of growth funding to facilitate xxx new homes and £xxm of private investment in Scarborough.	Invest a further £15m of LGF and together with the HCA stimulate the market for a further 5000 new homes and create new jobs on the Yorkshire coast helping to bring in £80m of private investment.	Scarborough housing growth (junction improvements and link road(HCA)); Scarborough Cyber Security Technology Park; Bridlington Harbour and marina redevelopment; Bridlington housing growth(HCA)
York Central Enabling growth at the York Central Enterprise Zone	Secured Enterprise Zone status for the 72ha York Central site.	Invest an additional £12m of Growth Funding to increase access to the York Central Enterprise Zone.	York Central

Infrastructure Plan			
	We have:	**We want to:**	**Prioritised projects**
A Resilient Economy Resilience of locations where flooding impacts on the local economy and potential for growth	Invested £1.2m in flood alleviation infrastructure enabling xx ha of developable land in Skipton. Investing £2.5m in improving the resilience of road network at Tadcaster and Dalton.	Invest a further £5-10m of LGF together with the Local Authorities and Environment Agency to enable schemes that unlock growth and protect businesses from flooding.	Growth Town Flood Alleviation Schemes (Pocklington, Thirsk); River Derwent Catchment project; Coastal protection – Withernsea.
Connecting Growth A well connected east to west economy	Committed £10m in the A1079, , and improving capacity of the A1/A59 jct near Harrogate. Invested £42.2m in a major programme of road improvements across the LEP area.	Invest £10-15m further in improving East West connections. Lobby HE for further improvements to the A64.	A1079 Shiptonthorpe Roundabout A1079 Grimston Bar A59 Climbing lanes Transport Majors A1079 dualling York outer ring road dualling Harrogate relief road Highways England A64 improvements
Transport Hubs for Growth Making our key railway stations hubs for local growth	Committed investment of £9.6m to improve the York-Harrogate rail line. Worked closely with the rail franchisees and Network Rail for better and more frequent services across the LEP area.	Work in partnership with Local Authorities, HCA, Network Rail and Rail Franchisees to maximise the growth opportunities in and around our rail stations. Invest initially £3m of LGF	Harrogate Skipton

Budget Variation

Project Name	2015/16	This Financial Year 2016/17			All Years 2015-21		
	Actual	Original	Revised	Variance	Original	Revised	Variance
	£m	£m	£m	£m	£m	£m	£m
Business Growth							
National Agri-Food Innovation Campus.	0	2.0	0	**-2.0**	8.3	8.3	**0**
York Bio-Hub.	0	1.0	1.0	0	5	1	**-4**
Skills Capital							
Harrogate College.	2.8	0	0.2	0.2	4	3	**-1**
Askham Bryan College - Agricultural Skills	1	0	0	0	1	1	**0**
Askham Bryan College -Engineering Centre.	0.6	0	0	0	0.6	0.6	**0**
Skills Capital projects • Derwent Training Equipment • Selby College Equipment • Craven College new build	0.1	0	0.5	0.5	0	1	**1**
Strategic Sites							
Housing growth at Scarborough.	2.3	0	0	**0**	2.3	2.3	**0**
Growth at Catterick Garrison.	1.2	0	0	**0**	1.2	1.2	**0**
Housing and employment at Northallerton.	1.9	5	4.1	**-0.9**	6	6	**0**
Olympia Park, Selby – LGF	0	3.0	0	**-3.0**	8	8	**0**
Skipton Employment -Flood Alleviation Scheme (Growth Deal Extension)	1.2	1.2	0	**-1.2**	1.2	1.2	**0**
Malton Agri Business Park (Growth Deal Extension)	0.6	0.8	1.5	**0.7**	2.1	2.1	**0**
Olympia Park, Selby HCA Loan (THIS IS DEALT WITH DIRECTLY BY THE HCA – NOT PART OF THE LEP GRANT)	0	0	0	**0**	3.5	3.5	**0**
Transport							
Newlands Bridge Drax-M62	1.5	0	0	**0**	1.5	1.5	**0**
North Yorkshire Road Maintenance Scheme (DEALT WITH DIRECT WITH DfT)	2.1	5.0	2.9	**-2.1**	24	24	**0**
A1079 – Improvements (Growth Deal extension)	0	0	0	**0**	8	6.3	**-1.7**
A1/A59 improvements (Growth Deal Extension)	0	0	0.5	**0.5**	0.8	2.5	**1.7**
East Riding Road Maintenance Scheme (DEALT WITH DIRECT WITH DfT)	0	3.3	3.3	**0**	16.7	16.7	**0**
Pre-allocated transport funding 1. Bedale Bypass (£18.4m) 2. York-Harrogate Rail Improvements (£9.6m)	15.5	0	0	**0**	28	28	**0**
Total value of Growth Deal	30.8	21.3	14.0	**-7.3**	**122.2**	**118.2**	**-4.0**
Loan from North Yorkshire County Council							
Flood resilience Fund (£2.5m Loan from NYCC) Dalton Industrial Estate Tadcaster Bridge	0	2.5	2.5	**0**	2.5	2.5	**0**