

A YORK AND NORTH YORKSHIRE LOCAL ENTERPRISE PARTNERSHIP

SUMMARY

- A. This is a proposal for a Local Enterprise Partnership in York and North Yorkshire.
- B. The area is characterised by a number of functional economic geographies including being part of or closely associated with the Leeds City Region, the Tees Valley and Hull and East Riding which have all developed their own Local Enterprise Partnership proposals involving partners in this proposal as well.
- C. The rationale for a York and North Yorkshire Local Enterprise Partnership is that there are economic opportunities and barriers to business growth across a number of functional economic geographies that need to be addressed in an efficient and cost effective way. The Partnership plans to complement activities in adjacent Local Enterprise Partnerships and has the ambition to provide specialist services, including to other Local Enterprise Partnerships, such as rural programmes.
- D. Private sector organisations and businesses have been involved in the development of these proposals. Business leadership working with Local Authorities is a critical objective of this proposal and putting this in place will be a key priority in the autumn. Local authorities are looking at shared services in economic development and the intention is to have some locally funded capacity to facilitate the priority actions. Higher and Further education institutions are members of the current economic partnership, have seen these proposals and will be involved as well.
- E. Priority actions might include the following but that will ultimately depend on further input from the private sector as the Local Enterprise Partnership is established. The overall vision is to PROMOTE BUSINESS GROWTH - through investment in infrastructure and people
- F. The priority actions, which are in no particular order, may include the following
 - a. To invest in the role of York as Economic driver for the sub region
 - b. Secure investment in the provision of broadband including next generation
 - c. Promote enterprise and raise aspirations
 - d. Invest in business tourism and the visitor economy
 - e. Support for a coastal regeneration
 - f. Reduce the barriers restraining high growth businesses in rural areas
 - g. Support the food and the agricultural sector
 - h. Enable the care sector to meet rising needs
 - i. Deliver rural programmes
- G. A specific request to Government is to consider that the Rural Development Programmes for England currently delivered through RDAs should be delivered locally through specialist Local Enterprise Partnerships. RDA assets should also be made available to Local Enterprise Partnerships.
- H. This proposal sets out three critical issues that need to be addressed in taking forward the Partnership. They are
 - To establish clear private sector leadership through an executive board with a majority of private sector members and a private sector chair to be put in place in the autumn.
 - To review during the period immediately following the submission of this outline bid the options for a more formal arrangement with the East Riding Council.
 - To establish a core capacity to support the work of the Local Enterprise Partnership which will be sustainable in the context of expected budgets locally

THE ECONOMIC CASE

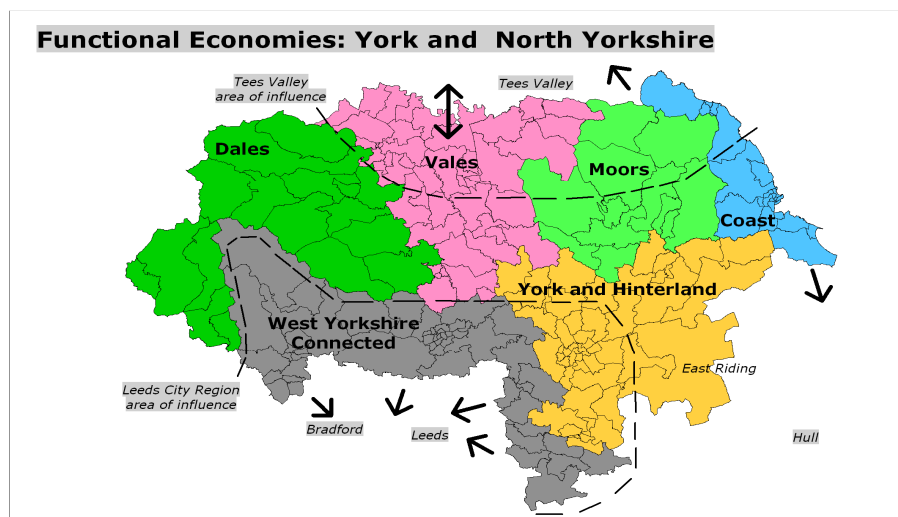
1. This proposal addresses the needs of a number of functional geographies in York and North Yorkshire, some of which are self contained, and other which interrelate to neighbouring city regions. Those geographies themselves vary according to business sectors that are being addressed. For example tourism is an interest for York and North Yorkshire whilst finance and business services activity will be taken forward by the Leeds City region. However our functional economic geographies all share some common characteristics of having a high quality environment and generally more highly qualified people. Whilst not the case everywhere there is a marked concentration of smaller firms and self employed and in many instances areas have stronger economic performance than seen elsewhere in the north. There are also some common problems including access to existing and next generation broadband outside of the centre of York and Harrogate town, housing affordability, an ageing population and in some areas an over reliance on the public sector.
2. The nature of the economy and its linkages and prospects for the future is well evidenced in a York and North Yorkshire Economic Assessment completed this year.
 - **Good economic growth over the past 20 years although this has slowed in recent years.** Since 1986 the value of the sub regional economy has grown by 82 %, compared to a national growth of 66%, over the same period. However the rate of growth over the past few years has slowed and dipped slightly in the past year.
 - **High dependency on public sector related employment** - York at 34.5 % has the highest percentage of public sector employment in the region compared to a national figure of 27%. Hambleton and Scarborough also have significantly high levels of public sector employment, 32 per cent and 30 per cent respectively. If account is taken of service personnel then 44% of employment in Richmondshire is in the public sector.
 - **The sub regions manufacturing sector has not experienced the decline in jobs seen elsewhere** - This is not the case in York which has seen a significant decline in its manufacturing base, but in the rest of the North Yorkshire manufacturing industry has avoided decline seen elsewhere and in some places grown.
 - **The financial and business services sector has seen the largest increase in jobs in the past ten years (1998-2008) of any sector in the sub region.** - There is a concentration of jobs and businesses in this sector in York, Harrogate and Craven areas.
 - **A reliance on the culture, creative and visitor economy sectors offering opportunities for future growth throughout York and North Yorkshire** - the sub region still caters well for the traditional leisure holiday and short breaks market with a large proportion of visitors to the sub region staying overnight (around 42 per cent) compared with rest of region (26%). Business Tourism especially conferences are important markets.
 - **Agriculture – a challenge for the future** – The sub regions’ role as a food producer may be of growing importance and is intrinsically linked to the growth of the sub regions food manufacturing sector.
 - **Higher Education and Science - a key driver for the future** - Over the past few years there has been significant investment in the higher education, knowledge and science infrastructure, primarily within York. Plans have been developed for investment in Scarborough. This will continue to be a key driver for the future of the economy in the sub region.
 - **The Low Carbon Economy has the potential to be a new driver for the future** - The sub region has the opportunity for the developing the potential for the low carbon economy to be a new and key driver for the future by working with developments such as off shore wind generation.

- **Significant levels of micro businesses and self employment with skills and business support needs** - self employment and small businesses is important in many parts of the sub region. This is particularly high in the upland rural areas where between 40 to 50 per cent of all employment is in self employed or very small businesses. Broadband provision in rural areas and the fringes of towns and cities is weak.
- **An ageing population with significant implications for health and social care provision in the future.** - The structure of the population, particularly in the County of North Yorkshire, has always been dominated by a high proportion of older people. Future population projections predict this to grow much higher. The ageing population is likely to be one of the greatest challenges affecting the sub region in the coming years.

FUNCTIONAL ECONOMIC GEOGRAPHY

3. York and North Yorkshire sub region is 93 miles wide and therefore includes a number of functional economic geographies. The western part of the sub region has shown the strongest job growth at 44% over the last 20 years compared to 25% nationally. The central area primarily centred on York has grown by 36% whilst the eastern and coastal areas have only grown by 9%. This job growth has been derived from success in some key private sectors but also from the public sector. Population growth has also created more demand for local service employment. There are significant levels of worklessness in Scarborough and parts of York and Selby.
4. Overall the main geographical conclusions are
 - The central importance of the City of York as an economic driver for a wide area beyond its immediate labour market hinterland in terms of its capacity to grow , its supply of business services and the opportunities to lead on science and innovation.
 - The influence of West Yorkshire both as a source of employment but also in driving forward the finance and business services sector.
 - The Tees valley's influence is weaker because of its own economic problems but is both a source of employment but also a supplier of labour to the northern areas.
 - That nearly all towns have a strong business presence and a degree of economic independence.
 - That peripherality continues to raise challenges for coastal areas and the more remote rural areas.
5. These functional geographies have been defined more closely in the economic assessment and subjected to independent academic review. They are
 - York and its Hinterland – partially in the Leeds City region but also extending eastwards into North Yorkshire and the East Riding beyond the city region boundary especially in terms of labour markets, business service provision, tourism markets and retail catchment
 - West Yorkshire Connections - this area has strong linkages with West Yorkshire especially in the financial and business services sector and is fully part of the Leeds City Region functional area. It however has tourism interests that connect to the wider North Yorkshire area.
 - Dales – the Dales uplands and associated market towns
 - Moors – the Moors uplands and associated market towns
 - Vales – the lowland area with excellent north/south communications links, influenced in the north by the Tees valley but with strong economically independent market towns
 - Coast - the North Yorkshire coast with economic links to the Tees valley and south to the East Riding.

6. The following map sets out these geographies for statistical purposes. The 'Coast' and 'York and Its Hinterland' areas are quite self contained with 85% and 82% respectively for the residents working within the area. For the Vales the proportion is 73% and for the other areas around 65%. The areas have also been defined by other characteristics including their settlement patterns, topography and communality between their economies.
7. The reality is that the relationships are more diverse and complex and require Local Enterprise Partnership arrangements which both reflect these patterns yet also facilitate efficient and effective working as well.



PRIVATE SECTOR LEADERSHIP

8. This proposal has been developed by the York and North Yorkshire Economic Partnership that was first established in 2002. This Partnership has facilitated funding for regeneration, business support and skills both from Government and the EU and has led on strategy and research. The Partnership is made up of Local Authorities, National Parks, Government agencies, higher and further education and the private and voluntary sectors. Partners have jointly funded a Partnership Unit to carry forward its work. North Yorkshire County Council is the accountable body for the Partnership.
9. Business leadership working with Local Authorities is a critical objective of this proposal and establishing an executive with a majority of private sector members will be a key priority in the autumn. The appointment of a private sector chair of the Partnership will also be achieved in the same time period.
10. The private sector has always been involved in the Partnership principally through the Leeds, York and North York Chamber of Commerce. The Country Land and Business Association (representing the NFU as well) and the North East Chamber of Commerce also sit on our board. There is a currently a joint project with the Leeds chamber to develop private sector engagement.
11. Meetings have taken place on these Local Enterprise Partnership proposals with the Federation of Small Business, the Country Land and Business Association (CLA) and National farmers Union (NFU) and the Leeds, York and North Yorkshire Chamber of Commerce. North Yorkshire County Council will be organising a meeting with the sub regions business ambassadors in September.
12. An important component of engagement with the private sector has been local meetings which in this area is the main of focus of private sector participation.

Meetings with businesses have been held in Hambleton, York and Scarborough district. Further meetings in the other Districts are planned. There has been business input to the ideas in these proposals including the emphasis on supporting start up and very small businesses and the potential to develop a mentoring programme taking advantage of the extensive business expertise that exists in this area.

13. Organisations such as the Chamber and the Federation of Small Business will want to help this Partnership and in the first instance will facilitate engagement of their members in development of proposals. The CLA and NFU would seek local representation.
14. Higher and Further Education institutions are members of the current economic partnership and will play a critical part in implementing the aims of this Partnership.
15. It is proposed to include the Voluntary and Community Sector in these proposals ensuring strong links to the Third Sector as an engine of community economic development, public service delivery and skills development as well as opportunities for public and private sector engagement with the 'big society' agenda.
16. This proposal is submitted by the existing Economic Partnership with the agreement of the Local Authorities and National Parks working together in Local Government North Yorkshire and York (LGNYY).

17. It is a critical issue for these proposals to establish clear private sector leadership for the Local Enterprise Partnership including an executive board with a majority of private sector members and a private sector chair. This will be put in place in the autumn.

18. During the same period appropriate measures will be put in place to ensure full accountability mechanisms for both the management of resources and to build connectivity to business organisations and local forums, the voluntary sector and public bodies such as educational institutions.

WHAT WOULD A YORK AND NORTH YORKSHIRE LOCAL ENTERPRISE PARTNERSHIP DO?

19. Because of the nature of this grouping of economic geographies this objective will be achieved partly through or jointly with other Local Enterprise Partnerships and as well as by direct activity. This Local Enterprise Partnership will seek to develop complementary and specialist roles to adjacent partnerships and to take forward economic opportunities not covered elsewhere.
20. The Leeds City Region Local Enterprise Partnership proposals for innovation, business support, transport and housing investment, cover the 'West Yorkshire Connections' and part of the 'York and its Hinterland' functional geographies. The City of York, North Yorkshire County and the Districts of Craven, Harrogate and Selby are members of that partnership. The York and North Yorkshire LEP will ensure complementarity with those proposals. This will be achieved by the development of specialist activities in enterprise, tourism, rural programmes and the food sector.
21. The City of York and the Districts of Selby, Ryedale and Scarborough all share a common boundary with East Riding Council. Scarborough Borough Council will be joining with the East Riding and Hull Local Enterprise Partnership proposals to take forward a coastal regeneration package. There are key economic linkages between York and the East Riding with York providing an economic hub for a large part of

the area. Likewise Hambleton and Ryedale are part of the 'eastern arc' around York supplying a significant source of skilled labour. This raises the need to coordinate spatial planning, and housing and transport investment. The same issues apply to Ryedale District Council who also want to work with the East Riding on issues in the Wolds currently reflected in the joint LEADER programme and market town development. Hambleton and Richmondshire also want to explore joint approaches on market town issues. There are common interests across North Yorkshire and the East Riding on rural programmes, the agricultural and food industry and the development of market towns including rural workspace programmes.

22. It will be a critical issue to keep under review the role of a York and North Yorkshire LEP and to consider the options for a more formal arrangement with the East Riding Council. This review would take place during the period immediately following the submission of the outline bid and would include the option of inviting East Riding Council to join this Partnership. East Riding Council shares these objectives and reference is made to this in the Hull, East Riding and Scarborough proposals. It would also enable a Local Enterprise Partnership to have a greater critical mass. The case for moving from a less formal process of joint working to a much closer relationship has only emerged in the last few weeks and further time is required to agree detailed arrangements.

23. Finally there will joint working with the Tees Valley on labour supply issues both inward to that City region but also offering job opportunities to Tees valley residents especially around the significant MOD investment at Catterick and the food industry in Hambleton.

Transport investment

24. Providing a reliable and efficient transport system into the future will unlock economic opportunities and remove barriers to growth. The Local Enterprise Partnership will seek to secure transport investment to enable future economic growth. This investment will be targeted to improve connectivity between the functional economies within the sub-region and reduce lost productive time. There will be a commitment to make best use of the existing transport system, ensure it is maintained to a high standard and only consider targeted improvements when absolutely necessary.

Principles of collaboration to facilitate cross-Local Enterprise Partnership working

24. Business leaders have already come together to ensure that Local Enterprise Partnership development based on economic geography is effective. As part of our proposal to establish a Local Enterprise Partnership based on York and North Yorkshire, we recognise that there will be occasions when Local Enterprise Partnerships will need to consider wider collaborations where the economic geography supports this.

25. A number of prominent business leaders have identified how we might benefit from this approach and the most appropriate mechanism for organising such cross-Partnership activity. Business leaders favour some form of community interest company (CIC) to work alongside us in the York and North Yorkshire Local Enterprise Partnership and other Partnerships in the wider area on a demand-led basis. This could be where Local Enterprise Partnerships represent overlapping or interdependent functional economies or it is more efficient to respond to a common demand together through a different arrangement.

26. Where Local Enterprise Partnerships have common requirements or similar delivery needs it may be appropriate, and cost-effective, to deliver across Partnership areas in order to drive growth more rapidly. This is especially the case where the activity

exploits cross-Partnership assets or involves strategic infrastructure including higher education and universities and it:

- requires scale
- is more effective when aggregated
- is more efficient when there is a measure of joint working to avoid duplication of effort
- brings opportunities for cost reduction

27. Initial thoughts from business focus on aspects of: access to finance, large-scale and sectoral innovation, promotion and inward investment (including tourism), exploitation of strong place-based-brands such as Yorkshire, the Humber etc. and economic intelligence.

28. There is a real commitment by local politicians, by the business community and by the universities to make such an arrangement work and as a first step we will need to agree core principles that will form the framework to support the strategy for economic growth and Local Enterprise Partnerships in their delivery of that growth.

29. The emerging core principles are:

- the arrangement will complement Local Enterprise Partnerships and be commissioned by them
- The arrangement will be 'lean' organisationally, 'light touch' and transparent in its processes, and innovative and dynamic in style.
- No arrangement will stand in the way of natural partnership; Local Enterprise Partnerships will determine who they co-operate with
- There will be a clear business case commissioned with clarity about accountability and outcomes
- Any arrangement will be business led and be accountable through public sector involvement and Local Enterprise Partnership commissioning

30. Whatever is decided as the most appropriate arrangement will be a public/private sector decision and be business-led. It will include appropriate representation determined in discussion with local council leaders to ensure firm linkage with Local Enterprise Partnerships

The role of the York and North Yorkshire Local Enterprise Partnership.

31. The York and North Yorkshire Economic Partnership have been taking forward evidenced based interventions since 2002 around a set of transformational aims. Viz.

- Expand high value added business sectors
- Stimulate enterprise and an enterprising culture
- Developing a contemporary high quality cultural and environmental offer
- Attracting and developing knowledgeable and creative people
- Investing in infrastructure for business

32. It is initially proposed that the role of the York and North Yorkshire Local Enterprise Partnership builds on that work but focuses on this single objective.

PROMOTE BUSINESS GROWTH - through investment in infrastructure and people

33. The new Local Enterprise Partnership Board will need to consider its vision and actions once the private sector has taken up its leadership role. An important element to support that role will be to take forward the work of the RDA on Key Account Management providing an integrated system of gathering intelligence on private sector concerns and investment plans.

34. The following actions have been developed and consulted on over the last month as an interim proposal.

- a. **To invest in the role of York as Economic driver for the sub region** – this includes ensuring effective planning and investment in transport, housing and labour markets in York and its Hinterland, including parts of the East Riding and areas not within the Leeds City region such as Ryedale and Hambleton. York's Science City initiative and its proposed City Centre initiatives are potentially transformational and necessary if York is to achieve its potential as an employment hub, and diversify its economy from a dependency of public sector employment. These transformational projects, which serve labour markets from the proposed Leeds City Region and the proposed York and North Yorkshire and East Riding LEPs, will require leadership and support from all of these LEPs. Additionally the York and North Yorkshire LEP should invest in York's extensive role in respect of tourism, culture, HE and FE provision and innovation (via science City York) through the eastern and central areas of the sub region
- b. **Secure investment in the provision of broadband including a next generation service** – to ensure all businesses have broadband capacity, including adequate speeds, and move towards investment in next generation broadband
- c. **Promote enterprise and raise aspirations** - mainly using local resources to promote enterprise and business ownership as an ambition for young people, facilitate start up business advice and continuing support for micro businesses by working closely with Further Education Colleges and private sector organisations. A voluntary scheme of mentoring new enterprises by established businesses would be explored
- d. **Invest in business tourism and the visitor economy** – to secure investment in business tourism and in the general visitor and cultural product including supporting marketing at a local and pan Yorkshire level and to increase the supply of a skilled workforce and new enterprises
- e. **Support for a coastal regeneration package** - support Scarborough and East Riding Councils joint working on a package of investment including housing and transport and to address deprivation, worklessness and skills gaps
- f. **Reduce the barriers restraining high growth businesses in rural areas** - ensure that businesses such as the advanced manufacturing sector in Ryedale and engineering/digital in Hambleton and Richmondshire can access skilled labour, appropriate premises and continue to expand.
- g. **Support the food and the agricultural sector** – to assist local food producers, working with Deliciously Yorkshire, to overcome barriers to growth for small and large food companies, including supply of skilled labour, and support farmers to sustain their businesses.
- h. **Enable the care sector to meet rising needs** - to raise aspirations and skills to increase the supply of a motivated workforce and new private and social enterprises
- i. **Deliver rural programmes** – using the exceptional rural environmental assets in a way which boosted jobs and conserved their special qualities. This includes a proposal to provide rural programmes across the sub region, including the Leeds City region area within York & North Yorkshire, but to explore whether this LEP could specialise in rural programmes (including Rural Development Programme for England) covering, perhaps the whole of the Leeds City region and indeed maybe other LEPs within the region.

35. An early consideration has been given to the priority themes for developing a bid for Regional Growth Fund. These are

- Connectivity - investment in broadband
- Sustainability - investment in the Science base
- Enterprise - a localised approach

MANAGEMENT OBJECTIVES

36. The partners will take the opportunity in establishing a Local Enterprise Partnership to significantly reduce the number of boards and partnerships incorporating them in a single entity
37. In a parallel process local authorities are exploring a shared service for economic development and regeneration. This will seek to strike the balance between partnership, direct local authority and private sector activity that is lean in functionality, provides the right capacity at the right spatial level and avoids duplication of effort. An option to be explored will be to seek to place, over time, staff relevant to the action objectives in a single team working under joint business and civic leadership in this Local Enterprise Partnership or others as appropriate.
38. It will be a critical issue for partners to establish a core capacity for the Local Enterprise Partnership which will be sustainable in the context of expected budgets, locally and nationally, and which will be efficient and will support work on the proposed actions.

York and North Yorkshire Economic Partnership
12 Clifton Moor Business Village
James Nicholson Link
Clifton Moor
York
YO30 4XG
Tel: 01904 477974
Jonathan.french@ynypu.org.uk
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