

North York Moors National Park Authority

23 September 2013

York, North Yorkshire and East Riding Local Enterprise Partnership Strategic Economic Plan Consultation Draft

1. Purpose of the Report

- 1.1 To present a summary of the Strategic Economic Plan that has been published for consultation by the York, North Yorkshire and East Riding Local Enterprise Partnership (LEP) and recommend the Authority's comments and response to the consultation.

2. Introduction

- 2.1 The York, North Yorkshire and East Riding LEP was formed in 2011 following the winding up of Yorkshire Forward as the Regional Development Agency (RDA). The LEP is a business led partnership with the public sector that aims to help businesses in York, North Yorkshire and the East Riding start up, grow and become more competitive. The LEP Board agreed six priorities for the first year of work – business finance, business networks, technology/ICT, skills, agri-food and the visitor economy.
- 2.2 Although the constituent local authorities have the economic development function for their areas, the Authority has a duty to 'seek to foster the economic and social well being of local communities' in pursuing its two statutory purposes. The Authority has therefore been attending the LEP partner meetings and maintaining an overview of the LEP's work. Close working relationships have also been developed with the LEP through the County Council's role as accountable body for the North York Moors, Coast and Hills LEADER Programme, which sits within the same team at the Council as the LEP officers. The LEPs can bid for funding from the Regional Growth Fund (RGF) and a bid to the Growing Places fund for the infrastructure improvements needed at Whitby Business Park was supported by the LEP and is an essential mechanism to deliver the Whitby Business Park Area Action Plan.
- 2.3 The Government is negotiating a Growth Deal with every LEP which includes the development of Strategic Economic Plans. The York, North Yorkshire and East Riding LEP has now produced a strategy which sets out how it will work with partners to drive change and to deliver growth and jobs. The Strategy is an important document and will guide the allocation of Government and EU funds for economic development in the region and set the direction of travel for the LEP and its partners for the coming years. The draft Strategy can be viewed at www.businessinspiredgrowth.com.
- 2.4 That part of the National Park within Redcar and Cleveland Borough is covered by the Tees Valley LEP known as Tees Valley Unlimited. It prepared an Investment Plan in May 2013 which identifies the priorities for its work and it publishes an Annual report which can be viewed at www.teesvalleyunlimited.co.uk. The Investment Plan has 11 priorities including environmental protection, social exclusion and climate change adaptation. The rural dimension is being taken forward through the Tees Valley Rural Economic Strategy which has also been produced for consultation and includes actions based on the priorities which tie in well with the aims of the National Park Management Plan. For example there are actions around apprenticeships to develop traditional rural skills, adding value to local food produce and creating a rural Renewable Energy Supply chain. This report does not consider comments in relation

to that plan and officers are currently considering the best way to engage with the LEP in the Tees Valley area.

3. Summary of the Draft Strategy

- 3.1 Chapter 1 of the Strategy explains the context of the LEP area which is predominantly rural in character with above average employment, basic skills and business survival rates and strong sectors such as food and agriculture, energy and the visitor economy. Small and micro businesses predominate with a varied geography of market towns, coastline and countryside complemented by the urban centres of Harrogate and York. The agriculture, food manufacturing and energy sectors offer potential for growth. The Strategy includes a vision for the area of 'A thriving, prosperous place where businesses are growing in size, number and long term profitability'.
- 3.2 The Strategy recognises the contribution made by agriculture and tourism to the economy of the area and also that protected landscapes are an asset to the LEP area and these aspects are welcomed by the Authority. Five priorities are set out to achieve the vision and actions are put forward to work towards each priority as set out below.

Priority 1 - Profitable and Ambitious Small and Micro Businesses

Around 85% of businesses in the area are micro businesses with fewer than 10 employees, over 97% are small businesses and have less than 50 employees. Many have the potential to grow but are unable to because of restricted capacity, expertise or contacts. They will be helped through better access to advice, support networks and supply chains and encouraging public bodies to help businesses with planning, regulation and procurement.

Priority 2 - A UK Leader in Food Manufacturing, Agriculture and Biorenewables

The Strategy refers to existing businesses in the sector including FERA at Sand Hutton, Drax and the potash proposal. There are around 3.5 times more businesses in the agricultural sector in the LEP area compared with the national average with strong connections between food and agriculture and natural resources, especially biorenewables. The Strategy seeks to assist with delivery of these projects and maximise opportunities from the supply chains associated with them.

Priority 3 - Driving Growth in our Towns and the City of York

The two major centres of Harrogate and York play important roles as commercial centres, transport hubs and major assets in terms of innovation, profile and heritage and business based tourism. The 37 market towns are also the home of many businesses, shaping perceptions of the area and serving large rural catchments. Businesses support the prosperity of the towns by generating wealth, creating jobs and serving visitors and the attractiveness and vitality of the market towns attracts entrepreneurs and businesses. The National Parks and rural environments add to the attraction of the area as a place to live, visit and set up a business. The Strategy seeks to support stronger economies in the market towns, key coastal towns and locally led economic development in the smaller towns and rural areas including the Dales, Moors and Wolds.

Priority 4 - A Workforce with the Skills that Businesses need to Grow

There is scope to improve attainment in the area, especially amongst young people. Overall employment rates are above average but lower in some places such as coastal towns and parts of Selby and York. Rural isolation and other barriers can make access

to work difficult. The aim is to build employability skills through partnerships with education establishments, increase apprenticeship opportunities and uptake and connect business with education.

Priority 5 - An Economy that is Well Connected to its Markets

The geography and rural nature of the LEP area means that some places suffer from remoteness to markets and opportunities and there are still gaps in superfast broadband roll out. There are some congestion 'hotspots' such as Harrogate and York and the A64. The Strategy seeks to address the gaps in superfast broadband provision across the East Riding and in key employment centres and support improvements to road and rail networks.

4. Implications of the Draft Strategic Economic Plan for the National Park

- 4.1 The opportunity to have an input to the draft Strategy is to be welcomed. The LEP will be a key delivery partner for some of the priorities that the Authority is aiming to achieve through the new National Park Management Plan and in its Business Plan. The Strategy is important because it will set the context for spending from the Local Growth Fund on the delivery of projects and for the preparation of investment plans to bid for £5 billion of European Structural and Investment Funds. The Local Growth Fund will be distributed to LEPs through a combination of allocations and bidding. The investment allocation for the York, North Yorkshire and East Riding LEP is £97.5 million and £202 for the Tees Valley LEP area. These figures will be increased through match funding, including through a range of potential opt in funds, including Big Lottery funding. The private sector will also be a key element of the funding approach for the LEPs.
- 4.2 Since 2009 the National Park Authority (NPA) has been the lead partner for the North York Moors, Coast and Hills LEADER Programme which has allowed significant resources to be brought to bear for the benefit of the area's communities and businesses. Currently the Programme is being evaluated and preparations are well underway for how a new future LEADER programme can be developed for the area. This development work has been supported with a positive working relationship with LEP officers who sit within the same team as those providing the accountable body function for the current Programme. There is an opportunity for the new LEADER programme to be aligned with the LEP's investment plans, which could allow wider European funding beyond that available through LEADER to be directed via a bottom-up community led approach for the benefit of the Park's communities and businesses. In order to ensure this approach can be realised the right 'hooks' need to be present within the LEP Strategic Economic Plan. Section 5 of the report suggest some ways in which this can be achieved and a separate response is being made by the North York Moors, Coast and Hills LEADER Local Action Group (LAG) to the current consultation.
- 4.3 The draft Strategy is a high level and strategic document and the focus is very much on local businesses and employment sectors and how they can be helped to grow, contribute to the economy and create jobs. However, there are clear synergies between the draft Strategy and the National Park Management Plan which has a focus on what the Park produces from its land based and tourism businesses. In parts, it is not entirely clear what actions are going to be taken to achieve some of the priorities that are identified and which organisations are responsible for their delivery. This will become clearer when the Single Investment Framework is published.

5. Comments on Priorities

Overarching Comments

- 5.1 Part of the Local Growth Fund for 2015/16 is derived from the New Homes Bonus. Although this will continue to be allocated to local authorities on the basis of the number of new homes delivered, there will be a requirement that resources are pooled to support LEP Growth Plans and to support strategic housing delivery. The draft Strategy makes limited reference to housing and it does not feature in any of the five priorities. New housing will be needed alongside the job growth that the strategy is seeking and it is suggested that the Strategy should include reference to housing including the need for affordable housing in the rural parts of the LEP area. Whilst the National Park will not be a significant source of new housing, there may be a need to bid into alternative funding for small rural affordable schemes.
- 5.2 It is important to note that whilst the Strategy has elements of sustainable development in some of the priorities it sets, for example biorenewables and agri-food, it is not overtly advocating sustainable economic growth. Given the area's strong connection to its natural resources, landscapes and agricultural industry it would be beneficial to see overt reference in Section 1 of the document to sustainable economic growth that is in line with the Government's agenda for a green economy. The Government's growth strategy states that:

"This Government is committed to being the greenest ever. Taking action now to put the whole economy on a low-carbon, resource efficient path which maintains UK competitiveness will lay the foundations for strong and sustainable growth in the future." Page 81, The Plan for Growth, 2011, Department for Business Innovation and Skills

Priority 1 - Profitable and Ambitious small and Micro Businesses

- 5.3 In terms of deliverables under this priority, it is felt that it is important that a strong value should be placed on the ability of Social Enterprises to have a role in this context. Social Enterprises need to be valued and supported to operate and grow. Some of the advice, support, finance and network options mentioned here would also be valuable to this group of businesses. Social Enterprises provide many of the health and social care options available to people and could potentially link this micro-business growth area to the social inclusion agenda.
- 5.4 There are clear links through this priority to supporting rural supply chains, developing tourism packages, and promoting local food / produce and linking suppliers with buyers. These are all areas that have been identified through the initial consultation activities for a future LEADER programme and are possibly areas where potential activity within LEADER and the LEP's work overlaps. Being clear about the distinctiveness of the North York Moors (and other areas) and where our strengths and opportunities lie will be crucial to developing this line of activity. This may mean that different parts of the LEP area will wish to develop something that is distinct and unique to them rather than a more generic overarching theme. However, it is recognised that this level of detail may be more appropriate for the Single Investment Framework at the next stage of strategy development or the delivery plans that will sit below this tier.
- 5.5 This priority picks up on 'skills that drive business growth' and we would suggest this needs to be developed into a sector specific approach, potentially at a later stage of strategy development. Such an approach would need to recognise the skill requirements for the agricultural and land management sectors and this work would

have synergies with the National Park's priority on agricultural best practice where joint working with the LEP would be a positive way forward.

Priority 2 – Build on our Strength as a UK leader in Food Manufacturing, Agriculture and Biorenewables

- 5.6 The reference to biorenewables could be broadened out to a wider consideration of renewable technology, not just biorenewables. For example small scale wind and solar installations provide significant opportunities for reducing Carbon emissions in rural areas where appropriate. Offshore wind may provide opportunities for service industries to locate and operate from Whitby with the appropriate development of infrastructure and skills.
- 5.7 The value of agriculture to the economy of the Park was highlighted through the Askham Bryan report 'Agricultural Output in the National Park – Current Level and Future Prospects' which helped to inform the Management Plan and the aspirations to increase food production and farming efficiency. This priority recognises the importance of agriculture and food manufacturing to the LEP area, but an important facet of this is the potential market for local food and produce and reference to this should be included within this priority in the Strategy.

Priority 3 – Driving Growth in our Towns and the City of York

- 5.8 This part of the Strategy identifies the potential of the market towns, smaller towns and rural areas including the Dales and Moors to contribute to economic growth. However, it could go further by recognising that it is the landscape designation and high quality rural environments in protected landscapes including the National Parks that underpin the economy of the area, particularly the visitor economy. This has already been well documented through the 'Valuing England's National Parks' report which highlighted that economic activity in the National Parks and areas of influence beyond the Park boundaries is underpinned by the high quality environment. More broadly there should be a greater recognition of the economic value of the natural environment through the various ecosystem services it provides. It would be helpful if the Strategy included some reference to the data for the contribution that the North York Moors National Park makes to the economy of the sub-region. It would also be helpful if the region's two National Parks could be identified by their specific names throughout the Strategy rather than 'Dales and Moors', or at least in the first instance in full. The Strategy's emphasis on the visitor economy is to be welcomed and the clear intention of this LEP to focus on this area is evidenced by them having embarked on a project with Visit England to develop understanding regarding innovation in tourism. This in turn has led to the LEP being identified as "pathfinders for the visitor economy" by the Department for Business Innovation and Skills.
- 5.9 Whilst the references to the visitor economy and the importance of high quality landscapes is welcome, it would be helpful if the Strategy included broad proposals as to how the visitor economy might directly benefit from investment and how this investment might be directed at improving tourism infrastructure, raising the quality of the tourism product and raising the profile of the key attract brands within the region, which includes the North York Moors.
- 5.10 Whilst it is encouraging to see reference to locally led economic development in smaller towns and rural areas it would be useful to see greater consideration of the connections that market towns (and smaller settlements) have with their hinterlands, especially where agricultural and land based supply chains make this intrinsic to the economic nature of the area.

- 5.11 This priority provides an opportunity for both the future LEADER and LEP strategies to align. There is a clear opportunity to utilise a Community Led Local Development (CLLD) or LEADER approach to making some of the decisions around strategic investment in market and coastal towns / villages to drive sustainable growth, but linked to this could potentially be a range of community driven activity. Leisure and recreation is an important part of the rural economy and supports a range of small businesses. Supporting locally developed options and solutions will ensure the 'one size fits all' idea is not used and there is instead local support for the planned investments.
- 5.12 There are also several references to the potash proposal throughout the Strategy. Whilst the economic value of minerals extraction to the region is acknowledged, it is important that such proposals balance the economic benefit with environmental constraints which in themselves are economic assets to the region.

Priority 4 – A Workforce with the Skills that Businesses need to Grow

- 5.13 The support for increasing apprenticeships is welcomed. This is an area in which the Authority has been very proactive and for which it has been recognised in national awards. The Strategy could go further in supporting the use of apprenticeships through a variety of sectors, including land management and the Authority could be used in the text as a case study example of best practice.
- 5.14 A further potential opportunity to align a new LEADER Strategy with the LEP strategy is in building employability skills. The softer outcomes associated with this type of activity could fit within the social inclusion agenda, which could be delivered by a new LEADER programme. The North York Moors Coast and Hills LEADER Programme has previously supported schemes that have supported people into employment through training and support options, as well as by creating the links between people and employers. This approach could be widened throughout the future work of the LEP and advocated within its Strategy documents.
- 5.15 There needs to be recognition of the requirement to develop skills in parallel with the improvements in broadband and mobile coverage so that businesses can utilise the new technology that may be available in a given sector.

Priority 5 – An Economy that is Well Connected to its Markets

- 5.16 This part of the Strategy seeks to address the problems of connecting centres of population across extensive rural areas, both in terms of transport and digital communications. It currently refers to gaps in superfast broadband in the East Riding and key employment centres but it is also crucial that the more remote rural parts of the LEP area, including the National Park, have this facility in order to support sustainable economic growth. The lack of mobile coverage should also be referred to – although the Government is seeking to address this through the Mobile Infrastructure Project it will not necessarily provide 100% coverage throughout the LEP area and the gaps in coverage could be projects that require funding support.
- 5.17 There are a number of areas identified in this priority that could be linked to potential future LEADER activity. Improved access to national and international markets could be assisted on a smaller scale via LEADER co-operation projects. Linking similar geographical areas and suppliers with new markets where there is existing demand are just a few of the possible ways this could be achieved. The LEADER approach to this type of activity could be ideal for niche or specialist markets, or where there are strong links to products that reflect the area's heritage or identity. LEADER co-operation projects also have the potential to allow individuals to share experiences,

learn from best practice, make contacts and explore new opportunities making rural economies more competitive and prosperous.

6. Financial and Staffing Implications

6.1 None arising from this report.

7. Contribution to National Park Management Plan

7.1 The new National Park Management Plan has a focus on what the Park produces for society, both natural resources and the products from land management including agriculture, forestry, shooting, fishing and local businesses such as tourism. There is a specific chapter on Business and Land Management. The policies, and the means to achieve them, in the Management Plan will help to deliver the Strategic Economic Plan but equally the LEP can help to deliver some of the Management Plan priorities through supporting funding bids. Some areas where there could be mutual benefits are:

- Local biofuel supply chains could be developed in conjunction with PAWS restoration.
- Connectivity – could provide a richer natural environment that maximises the ecosystem services available to the local economy e.g. natural flood risk management, more attractive landscape to bring in investment to the area, a landscape that is more capable of providing natural resources (better range of pollinators making crops more productive) etc.
- Agricultural best practice – sustainable intensification making greater profits for rural economy and better skills benefitting jobs, competitiveness and entrepreneurship.
- Targets for improving the quality and performance of agriculture
- Tourism and visitor targets and nature based tourism

8. Legal Implications

8.1 None arising from this report.

9. Conclusion

9.1 The development of the LEP's Strategic Economic Plan presents a significant opportunity for the Park to work jointly with the LEP to ensure sustainable economic growth for the area. There are important synergies between the LEP's work and the priorities in the NPA Management Plan that can be built on with a positive working relationship with the LEP. The comments provided in this report are proposed constructively in order to maximise the alignment of these complimentary priorities.

10. Recommendation

10.1 That Members note the contents of the draft Strategic Economic Plan for the York, North Yorkshire and the East Riding LEP area and agree the comments outlined in Section 5 of this report as the Authority's response to the consultation.

Contact Officer
Sarah Housden/David Renwick
Tel No 01439 772700

Background papers to this Report

File ref

1. York, North Yorkshire and East Riding Local Enterprise Partnership

1003/18