

**MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY
TO BE HELD ON THURSDAY 12 MARCH 2015 (11.00 am)
AT TOWN HALL, DEWSBURY**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING HELD ON 29 JANUARY 2015**
(pages 7 – 15)

Matters For Decision

- 5. LEEDS CITY REGION HOUSING REQUIREMENTS**
(Member lead: Cllr Dave Green, Author: Colin Blackburn)
(pages 16 - 40)
- 6. LEEDS CITY REGION GROWTH DEAL DELIVERY**
(Member lead: Cllr Dave Green, Author: Rob Norreys)
(pages 41 - 52)
- 7. WEST YORKSHIRE PLUS TRANSPORT FUND**
(Member lead: Cllr James Lewis, Author: David Hoggarth)
(pages 53 - 65)
- 8. LEEDS CITY REGION ASSURANCE FRAMEWORK**
(Member lead: Cllr Dave Green, Author: Rob Norreys)
(pages 66 - 105)
- 9. RAIL NORTH AND TRANSPORT FOR THE NORTH**
(Member lead: Cllr James Lewis, Author: David Hoggarth)
(pages 106 - 110)

10. WYCA DEVELOPMENT : TRANSFER OF FUNCTIONS
(Member lead: Cllr Peter Box, Author: Angela Taylor)
(pages 111 – 115)

11. GOVERNANCE AND AUDIT COMMITTEE RECOMMENDATIONS
(Member Lead: Cllr Robert Light, Author: Angela Taylor)
(pages 116 – 127)

Matters For Discussion

12. FEEDBACK FROM COMBINED AUTHORITY SPOKESPERSONS REPRESENTING THE WYCA ON EXTERNAL BODIES (Verbal Update)

- 26 February 2015 – Transport for the North (Cllr James Lewis)

13. DEVOLUTION AND MANIFESTO (Verbal Update)
(Member lead: Cllr Peter Box / Cllr Keith Wakefield)

For Information

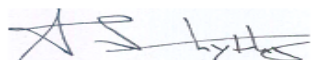
14. APPOINTMENTS
(pages 128)

15. (a) MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE HELD ON 16 JANUARY 2015
(pages 129 - 136)

(b) MINUTES OF THE MEETING OF THE GOVERNANCE & AUDIT COMMITTEE HELD ON 3 FEBRUARY 2015
(pages 137 - 141)

(c) MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON 10 FEBRUARY 2015
(pages 142- 148)

Signed:



Head of Paid Service WYCA

<p>WEST YORKSHIRE COMBINED AUTHORITY</p> <p>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</p>	
<p>NAME OF MEMBER:</p>	
<p>COMMITTEE: COMBINED AUTHORITY</p>	
<p>DATE: 12 MARCH 2015</p>	
<p>AGENDA ITEM NO</p>	<p>NATURE OF INTEREST</p>

Signed

In accordance with Part 4 (paragraph 19) of the WYCA Members’ Code of Conduct, you should complete this form if you have a disclosable pecuniary interest in any particular item on this agenda. (See attached appendix for schedule of disclosable pecuniary interests.) Completed forms should be handed in to the Monitoring Officer **before** leaving the meeting.

Declarations of Disclosable Pecuniary Interests

If you are present at a meeting of the Authority, and you are aware that you have a disclosable pecuniary interest in a matter to be considered, or being considered, at the meeting:

- (a) Unless you have a relevant dispensation you may not:-
 - participate, or participate further, in any discussion of the matter at the meeting; or
 - participate in any vote, or further vote, taken on the matter at the meeting.

- (b) If the interest is not entered in the Authority’s register, you must disclose the interest to the meeting (unless the interest is a sensitive interest). If the interest is not the subject of a pending notification, you must notify the Monitoring Officer of the interest before the end of 28 days beginning with the date of the disclosure.

Disclosing Significant Interests

In accordance with Part 4 (paragraph 20) of the WYCA Members' Code of Conduct, if you are present at a meeting of the Authority and you are aware that you have any significant interest (other than a disclosable pecuniary interest) in a matter to be considered, or being considered, at the meeting, you:

- may disclose the interest to the meeting; and
- must consider whether to continue participating in the matter.

If you are unsure of the correct course of action to take, you should seek advice from the Monitoring Officer prior to the meeting.

Subject	Description of Pecuniary Interests
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the Authority) made or provided within the relevant period¹ in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.</p> <p>This includes any payment or financial benefit from a trade union.²</p>
Contracts	<p>Any contract which is made between you or a relevant person³ (or a body in which you or a relevant person has a beneficial interest⁴) and the Authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land ⁵ which is within the area of the Authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the your knowledge)—</p> <p>(a) the landlord is the Authority; and</p> <p>(b) the tenant is a body in which you or the relevant person⁶ have a beneficial interest⁷.</p>
Securities	<p>Any beneficial interest in securities⁸ of a body where—</p> <p>(a) that body (to your knowledge) has a place of business or land in the area of the Authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

¹ The relevant period means the period of 12 months ending with the day on which you notify the Monitoring Officer under paragraph 16a) and paragraph 19b) of the Code.

² Within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

³ As defined in paragraph 15b) of the Code.

⁴ “body in which the relevant person has a beneficial interest” means:

- a firm in which you or a relevant person is a partner or
- a body corporate of which you or a relevant person is a director, or in the securities of which you or a relevant person has a beneficial interest. “Director” includes a member of the committee of management of an industrial and provident society; “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

⁵ Land excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income.

⁶ See footnote 18.

⁷ See footnote 19.

⁸ “Securities” as defined in footnote 19.

PUBLIC INSPECTION OF DOCUMENTS AND ACCESS TO MEETINGS OF THE WEST YORKSHIRE COMBINED AUTHORITY

- (a) Files containing documentation relating to items to be discussed at the meeting may be inspected by contacting the named officer as detailed below. Certain information may be confidential and not open to inspection.
- (b) The attached agenda items do not contain any exempt information as defined in Part 1 of Schedule 12A to the Local Government Act 1972.

Compilation of Agenda by:	Angie Shearon
Telephone No:	Leeds (0113) 251 7220
Date:	4 March 2015

ITEM 4

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE COMBINED AUTHORITY
HELD ON THURSDAY 29 JANUARY 2015 IN COUNTY HALL, WAKEFIELD**

Present:	Cllr Peter Box (Chair)	-	Wakefield MDC
	Cllr David Sheard	-	Kirklees MC
	Cllr Keith Wakefield	-	Leeds CC
	Cllr Dafydd Williams	-	City of York Council
	Cllr Stewart Golton	-	Liberal Democrat Representative (Leeds CC)
	Cllr Monica Graham	-	Conservative Representative (Wakefield MDC)
	Roger Marsh	-	Leeds City Region LEP
In attendance:	Cllr James Lewis	-	Chair of WYCA Transport Committee
	Angela Taylor	-	Combined Authority
	Nick Winney	-	Combined Authority
	David Burrell	-	Combined Authority

95. Apologies for Absence

Apologies for absence were received from Councillors Janet Battye, David Green, Imran Hussain, Robert Light and Tim Swift

96. Councillor D Williams

The Committee congratulated Cllr Williams on his appointment as Leader of the City of York Council and welcomed him to his first meeting.

97. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

98. Exclusion of the Press and Public

There were no items on the agenda requiring exclusion of the press and public.

99. Minutes of the Meeting held on 12 December 2014

Resolved: That the minutes of the meeting of the WYCA held on 12 December 2014 be approved and signed by the Chair.

100. Governance Matters – Appointment of Co-opted Members and Other Matters

The Combined Authority considered a report in respect of the appointment of a Combined Authority representative on the West Yorkshire & York Investment Committee to replace Councillor James Alexander.

Members confirmed they would welcome the regular attendance and contribution of the Chair of the Transport Committee at meetings of the Combined Authority to facilitate the integration of the transport agenda.

Resolved :

- (i) That the appointment by York City Council of Councillor Dafydd Williams as a member of the West Yorkshire Combined Authority with effect from 13 January 2015 be noted.
- (ii) That Councillor Dafydd Williams be appointed as a replacement for Councillor James Alexander on the West Yorkshire & York Investment Committee.

101. Leeds City Region Growth Deal Delivery

The Combined Authority considered a report providing an update on preparations for delivery of the Growth Deal and the West Yorkshire plus Transport Fund.

It was reported that the Leeds City Region LEP had agreed an expansion to the Growth Deal with the Government which would see an extra £54.6m invested in Leeds City Region between 2016 and 2021. This further settlement was additional to the £572.9m of funding committed by the Government on 7 July 2014. Over the lifetime of its Deal (2015-2021), the LEP estimates that up to 10,000 new jobs could be created and 2,000 new homes built, with the potential to generate £640m of public and private investment.

The additional funding would provide for projects including:-

- A Housing and Regeneration Programme
- An enhanced Business Grants Programme
- Innovation and Enterprise Centres at Universities
- A Decentralised Energy Investment Programme

In welcoming the expansion of the Growth Deal, Members commented that this was a further demonstration of the Government's confidence in Leeds City Region as an economic powerhouse capable of generating economic growth throughout the North and the investment would enable the Combined Authority to deliver the ambition set out in the Strategic Economic Plan.

In this respect, the Combined Authority noted that it was a year since the SEP had been agreed and that it was important that it be re-visited and updated as necessary.

Growth Deal and West Yorkshire plus Transport Fund Dashboards

Members considered the dashboards appended to the submitted report which summarised the progress towards delivery of each of the projects and programmes for which funding had been awarded through the Growth Deal or the West Yorkshire Plus Transport Fund.

It was noted that the West Yorkshire and York Investment Committee had accepted the re-profiled Biovale proposal from the sponsor and that the project could now move forward to the next stage.

Comment was also made that the Leaders Board had approved four skills capital projects in the 2015/16 round totalling £17m+ to provide investment in further education colleges and training providers that would support a number of employment sectors.

With regard to the West Yorkshire Plus Transport Fund, members welcomed that the following projects were programmed to be on site and delivered during the next financial year and demonstrated that the Authority was able to deliver projects on time and within budget:-

- Wakefield Eastern Relief Road
- Aire Valley Park and Ride
- York northern outer ring road enhancements
- A629 (Halifax) junction improvements
- Rail station car park extensions

Resolved: That the progress made in taking forward the project and programmes within the Strategic Economic Plan be welcomed and that officers be thanked for their hard work in securing a further expansion of Growth Deal funding.

102. Business Plan and Budget 2015/16

The Combined Authority considered a report:

- setting out the outline business plan for the West Yorkshire Combined Authority for 2015/16;

- seeking approval to the proposed revenue budget and transport levy for 2015/16, the indicative three year capital programme and the treasury management statement;
- to consider further work required to develop the medium term financial strategy during the coming year.

Business Plan

The Business Plan, which was appended to the submitted report, highlighted a number of key actions, including agreeing and implementing the proposed devolution deal, moving to the delivery phase of the Growth Deal and West Yorkshire plus Transport Fund and supporting the work on HS2/HS3 through Transport for the North.

Revenue Budget 2015/16

Members were asked to consider the revenue budget and transport levy for 2015/16. In this respect the Authority were advised that the proposed budget allowed for the continuation of current activities and was to be funded by a freeze in the transport levy (other than the small increase previously agreed for the West Yorkshire plus Transport Fund) and the use of £1m of the Authority's reserves. It was noted that from 1 April 2015, the LEP budget, which had previously been overseen by the Leaders Board, would be transferred to the WYCA.

The Combined Authority noted the valuable contribution which the Budget Working Group had made in setting the budget for 2015/16 and endorsed the Group continuing to meet to focus on wider financial integration and carry out work to achieve budget savings/cuts/efficiencies, ensure collaborative working and carry out a review of the reserves and treasury management policies in order to ensure a robust medium term financial strategy was in place for 2016/17 that supported the full aspirations of the Combined Authority.

Resolved:

- (i) That the revised budget for 2014/15 and the proposed budget for 2015/16 for the WYCA be approved.
- (ii) That the indicative capital programme for 2015/16 - 2017/18 be approved.
- (iii) That the Transport Committee be delegated to approve individual schemes within the integrated transport block of the 2015/16 capital programme up to a maximum cost of £3m.
- (iv) That in accordance with the powers contained in the Local Government Finance Act 1988 (as amended) and by virtue of article 9(6) of the West Yorkshire Combined Authority Order and the Transport Levying Bodies

Regulations 1992 (as amended) a levy of £107m be determined for the year ended 31 March 2016.

- (v) That the Chief Financial Officer be authorised to issue the levy letter in respect of the financial year ending 31 March 2016 to the five District Councils in West Yorkshire.
- (vi) That a payment of £5.519m be made to the District Councils in accordance with Table 5 of the submitted report.
- (vii) That in principle approval be given to the transfer of staff working for the inward investment function of Leeds and Partners and those working within the Regional Economic and Investment Unit to the LEP function, pending receipt of detailed plans and funding from the LEP Board to be considered by the WYCA at a future meeting.
- (viii) That the Chief Financial officer be authorised to arrange appropriate funding for all expenditure in 2014/15 and 2015/16 subject to statutory limitation.
- (ix) That the adoption of the CIPFA Code of Practice for Treasury Management in Public Services be reaffirmed.
- (x) That the treasury management policy, as set out in Appendix D of the submitted report, be approved.
- (xi) That the prudential limits for the next three years, as set out in Appendix D of the submitted report, be adopted.
- (xii) That the Budget Working Group be modified to a Finance Working Group and oversee the work set out in paragraphs 2.62 to 2.64 of the submitted report.

103. Devolution

The Combined Authority was given a verbal update by Councillors Box and Wakefield in respect of the current position regarding a devolution agreement for the Leeds City Region.

Members reiterated their disappointment and frustration that a devolution agreement had not yet been reached despite both Manchester and Sheffield concluding their deals some time ago. They made reference to the successful expansion of the Growth Deal reflected the confidence of government in the City Region to deliver. It was further emphasised that, being mindful of the forthcoming General Election and the period of purdah, it was vital that moves were made to finalise the first stage of the West Yorkshire and Leeds City Region deal as quickly as possible and to start lobbying local politicians and securing the support of local businesses.

Resolved:

- (i) That the current situation regarding devolution for the North be noted.
- (ii) That Councillors Box and Wakefield and Roger Marsh write a joint letter to the Prime Minister to seek his assistance in swiftly securing agreement of the first stage of the devolution deal.

104. Single Transport Plan

The Combined Authority considered a report informing members of work to develop the Single Transport Plan and seeking further strategic input to the development of the Single Transport Plan.

A working draft of the Plan was appended to the submitted report.

The Combined Authority were advised that workshops had been held involving the Transport Committee and Portfolio Holders, following which five core principles of the Single Transport Plan were proposed:-

- One system, realising the benefits of HS2/HS3
- Place making
- Smart futures
- Effective use of resources to connect rural areas
- Effective asset management

Consultation on the Plan would take place during spring/summer 2015 with a view to the Combined Authority signing off the final Plan prior to publication in summer 2015.

Resolved: That development of the Single Transport Plan on the basis of the core principles be approved with a view to commencing consultation with the public and stakeholders.

105. Leeds City Region Governance Arrangements

The Combined Authority considered a report setting out proposals to dissolve the Leeds City Region Leaders' Board, to appoint a new Leeds City Region (LCR) Partnership Committee and delegate authority to the Head of Economic Strategy and the Secretary and Solicitor in relation to related matters.

It was reported that, following endorsement by the Leeds City Region Leaders' Board to dissolve the current LCR Leaders' Board Joint Committee, it was proposed to appoint an advisory committee to the Combined Authority that would include co-opted members from non-WYCA Authority Leaders. The new committee would be called the Leeds City Region Partnership Committee and would reinforce the role of

the Combined Authority at the heart of the city region with a clear role to ensure delivery with the LEP.

It was proposed that, for the purposes of streamlining the new arrangements, the Head of Economic Strategy and LEP Director be given delegated authority to implement the recommendations of the new committee.

Resolved:

- (i) That a Leeds City Region Partnership Committee be established from 1 April 2015, with the terms of reference set out in the Appendix A to the submitted report, and with a quorum of 6.
- (ii) That in accordance with S17 Local Government and Housing Act 1989 the following members of the WYCA be appointed as voting members of the LCR Partnership Committee:
 - Cllr David Green
 - Cllr Tim Swift
 - Cllr David Sheard
 - Cllr Keith Wakefield
 - Cllr Peter Box
 - Cllr Daffyd Williams
- (iii) That the following be co-opted as voting members of the LCR Partnership Committee:
 - The Leader of Barnsley MDC
 - The Leader of Craven DC
 - The Leader of Harrogate BC
 - The Leader of North Yorkshire CC
 - The Leader of Selby DC
- (iv) That a substitute member be appointed for each of the 5 co-opted members, each substitute being that person notified to the Secretary and Solicitor of the WYCA from time to time, by the Monitoring Officer of the Authority of which the co-optee is an Elected Member.
- (v) That Councillor Box be appointed as Chair of the LCR Partnership Committee.
- (vi) That any decision of the Leaders' Board (or officers exercising delegated authority from the Leaders' Board) relating to any matter in respect of which the WYCA will be the accountable body, be endorsed.

(vii) That:-

- the Head of Economic Strategy, in consultation with the S73 Chief Financial Officer, (and further to discussion with the S151 Chief Finance Officer of Leeds City Council), be authorised to agree which contracts and other assets should transfer to the WYCA and which should remain with Leeds City Council, and
- the Secretary and Solicitor of the WYCA be authorised to take such steps as may be required to effect any such transfer, novation or assignment.

(viii) That the delegated authority of the Head of Economic Strategy be amended as set out in Appendix B of the submitted report.

106. Feedback From Combined Authority Spokespersons Representing The WYCA On External Bodies

Councillor James Lewis (Chair of the WYCA's Transport Committee) provided feedback to members on external meetings at which he had represented the WYCA in recent weeks.

Transport for the North – 12 January 2015

Councillor Lewis advised that it had been the first meeting of Transport for the North which had been established to oversee the development of a Transport Strategy and Programme for the North involving the 5 northern City Regions plus Hull, the DfT, HS2, Network Rail and the Highways Agency.

A regional reference group had also been established to involve the wider northern authorities and LEAs, a meeting of which had also taken place on the same day.

Councillor Lewis advised of the TFN work programme and workstreams which were progressing with a view to producing an interim report in March 2015. He explained that the work would focus on city-city journeys across the north, building on local strategies to set out the economic case for additional rail investment in the north. He highlighted the workstreams which the Combined Authority was leading on including City Region Connectivity, Integrated Transport Services and Multi-Modal Smart Integrated Ticketing.

Rail North Leaders' Forum – 20 January 2015

Councillor Lewis advised that the Forum had discussed governance progress, including the Partnership with the DfT, as well as the emerging franchise specifications for the next Northern and Transpennine rail franchises.

He informed members that a Partnership Agreement with DfT was being developed and would be in place by March 2015. The franchise specification was expected to

be published in the near future and Councillor Lewis expressed the importance of the need to continue to press the case for a transformational package of improvements, including modern facilities at rail stations and significant investment in rolling stock.

107. Public Engagement

The Combined Authority considered ways in which it was able to engage with members of the public.

Members expressed the view that it was important to the success and aspirations of the Combined Authority that the public were aware of its work, its role in securing regional economic growth and the provision of local transport services by providing a clear and concise Manifesto.

Members discussed other ways in which engagement could take place, including reporting back to Councils, public consultation, social media and live streaming of meetings. It was also suggested that the Authority's achievements, including the successful delivery of projects, be given maximum publicity.

Resolved: That a Manifesto be produced for public distribution and that the options suggested by the Combined Authority be further explored.

108. Minutes of the Meeting of the Overview and Scrutiny Committee held on 25 November 2014

Resolved: That the minutes of the meeting of the Overview and Scrutiny Committee held on 25 November 2014 be noted.

109. Minutes of the Meeting of the Investment Committee held on 28 November 2014

Resolved: That the minutes of the meeting of the Investment Committee held on 28 November 2014 be noted.

110. Minutes of the Meeting of the Transport Committee held on 5 December 2014

Resolved: That the minutes of the meeting of the Transport Committee held on 5 December 2014 be noted.

REPORT FRONT SHEET

AGENDA ITEM: 5

Combined Authority: 12 March 2015

Report Title: Leeds City Region Housing Requirements

Report Summary

The report sets out key outcomes from strategic collectively work undertaken to consider housing requirements across the Leeds City Region, and to align the approaches and methodologies of all Local Planning Authorities in determining their Objective Housing Needs. The work also included better understanding the cross boundary impacts of housing markets and jointly planning housing provision across the city region; which is part of ensuring that the Duty to Cooperate requirements are being met across the city region.

The Studies show that collectively, all Local Planning Authorities are 'planning for growth' with levels of housing provision in Plans being capable of supporting LCR LEPs Strategic Economic Plan's ambitions; indicating that strategically the Planning System is not a barrier to housing growth and development in the city region.

There does, however, need to be an emphasis on how to stimulate and incentivise the housing industry to build more homes, particularly more affordable homes to address the acute shortages, as well as to create more construction jobs and economic activity.

The report requests endorsement of the study documents, as recommended by the LCR Planning Portfolios Board, in order that the evidence can be used to support Local Planning Authorities in preparing their Local Plans and at Examinations in Public.

Questions

- 1. What issues need to be considered in establishing a policy position by WYCA to enable and incentivise the housing industry to build more homes, particularly affordable homes;**
- 2. Can WYCA do more in joining up policy and delivery to support housing growth and development, such as in relation to the West Yorkshire Plus Transport Fund, and wider LEP activity?**
- 3. Could further devolution of responsibilities and budgets help the WYCA and LEP to address barriers to housing growth and development?**

Originators: Colin Blackburn/
Alison Gillespie
LCR LEP Team

ITEM 5

Report to: Combined Authority

Date: 12 March 2015

Subject: Leeds City Region Housing Requirements

1. Purpose

- 1.1. To consider the final draft reports of the work undertaken to better understand both the demographic evidence for the objective assessment of housing need within the Leeds City Region (LCR), and the cross boundary impacts of housing markets and jointly planning housing provision across the city region.

2. Background

- 2.1. As previously reported to WYCA on 18th September, there is a critical need not only for more homes to be built in the city region but also for more affordable homes to be built, as there is a critical shortage; for example, there were over 93,000 households on Local Authority waiting lists in 2012 ¹, which is an indication of the unmet need for affordable homes in the city region.
- 2.2. Nationally, there is a significant gap between the current assessed need for over 240,000 new homes each year and the total being built; for example only 109,000 new homes were built in 2013. This differential has also been experienced in the Leeds City Region over the past 5 years where housing delivery has been less than 50% of the total number of homes built in 2008.
- 2.3. The LCR Housing Affordability Study (2014) indicated that access to housing for those on average incomes (35% of city region households) or below average incomes (40% of households) is becoming increasingly difficult and in the higher value areas of York and Harrogate an estimated income of over £43k is needed to access entry level owner occupation (first time buyer). Housing affordability problems are therefore being experienced across all tenures, which is also impacting on the rising housing benefits bill in the city region which was £936m in the 12 months leading up to February 2014. Further, 34% of all housing benefit claimants from across the city region are households in work indicating that housing benefit is needed to 'top up'

¹National Housing Federation – Home Truths 2013-14

rents for many households; thereby, arguably, housing benefit is subsidising both high rents and low wages.

- 2.4. Furthermore, housing growth has the potential to provide a strong contribution to growing the city region economy and creating long term sustainable jobs; thereby supporting the delivery of the LCR Enterprise Partnership's Strategic Economic Plan. An extra 2,000 homes in the city region will inject investment of at least £160m in construction and generate £454m for the economy; and an extra 5,000 homes will spend upwards of £400m and generate £1.1bn.
- 2.5. Against this backdrop, the Leeds City Region Partnership has been undertaking work since late 2013 with Edge Analytics to understand the drivers of housing growth in the city region, and to ensure alignment between LCR Planning Authorities in planning for housing growth in Local Plans and supporting Authorities in meeting the Duty to Cooperate.

3. Housing Requirements Study

- 3.1. The Housing Requirements Study has been overseen by the Leeds City Region Planning Portfolios Board which includes Member representation from all city region authorities, including those authorities within the West Yorkshire and York Combined Authority (WYCA) area. The Planning Portfolios Board is responsible for advising the LCR Leaders Board and LCR Enterprise Partnership (LEP) on strategic planning, and the WYCA has also requested that advice be provided by the Planning Portfolios Board on planning matters.
- 3.2. Work carried out in the late 2013 set out a common methodology for assessing future housing requirements (known as the Objectively Assessed Need (OAN) for Housing). Authorities have adopted this methodology in determining their OAN at a district level through Strategic Housing Market Assessments, enabling the alignment of evidence between neighbouring authorities, which is particularly important as Plans are being prepared to different timescales.
- 3.3. Follow-on work was undertaken through 2014 to inform the LCR approach to planning for housing to both underpin the analysis in the LEPs Strategic Economic Plan submitted to Government (to secure the LCR Growth Deal) and to support the joint work on housing by local planning authorities in the Partnership. This involved exploring scenarios based on demographic forecasts and household projections to 2031, and ensuring the alignment of how housing requirements across the ten district authorities were being determined.
- 3.4. The key conclusion of all of this work is that collectively, **Leeds City Region Local Planning Authorities through their Local Plans are 'planning for growth'** with levels of housing provision in Plans being capable of supporting the economic ambitions set out in the LCR LEPs Strategic Economic Plan. There is also, for example, land with planning permission for over 60,000 new homes, 40,000 of which are on brownfield

sites. The study is indicating that the Planning System in the Leeds City Region is not a barrier to housing growth and development.

3.5. The other key conclusions from the Study are:

- That methodologies used by all Planning Authorities in identifying objectively assessed need are consistent across the Leeds City Region and a shared methodology is now in place.
- To date all Planning Authorities are looking to accommodate their full objectively assessed housing need within their respective districts, and this is reflected in their emerging / adopted Local Plans.
- Of the scenario options considered by the Planning Portfolios Board, a positive Jobs-led growth scenario was the preferred scenario in accordance with the LEPs Strategic Economic Plan ambition of at least 10,000 homes to be built per year to 2021. This scenario seeks to ensure strong alignment between economic growth and housing growth.
- That Local Plans already in place and those currently being developed are capable of delivering more than 12,000 homes per annum which is the upper end of the jobs-led scenario forecast. **Appendix 1** provides a summary of the housing requirements both by LCR and by individual Local Planning Authority.
- In comparison, the number of homes that have been built in the city region since 2009 is around 6,500-7,000 per annum, from a high of nearly 14,000 in 2008.

3.6. The outputs of the above work are set out in five reports, which are:

1. The Objective Assessment of Housing Requirements: Establishing a common methodological approach, Edge Analytics (November 2013);
2. Leeds City Region: Demographic Forecasts 2012-2031, Phase 1 Report, Edge Analytics (March 2014);
3. Leeds City Region: Demographic evidence for the objective assessment of housing need within the Leeds City Region, Edge Analytics (July 2014);
4. Leeds City Region Housing Requirements: a report for the LCR Partnership and LEP, Andy Haigh Associates (February 2015);
5. Leeds City Region Partnership: Understanding the cross boundary impacts of housing markets and jointly planning housing provision in these areas, Andy Haigh Associates (May 2014).

3.7. The Planning Portfolios Board has recommended the reports for endorsement by WYCA, in order that they can be utilised by city region planning authorities to inform

their local plan evidence base and Examinations in Public; for example, Bradford Metropolitan District Council wishes to use the work as part of their evidence at their Examination in Public of their Core Strategy which is taking place from the 4th to 20th March 2015. Together the reports are 140 pages, and are all available on request. The summary outcome report (document No.4 above) is attached at **Appendix 2.**

- 3.8. The Planning Portfolios Board will also be undertaking further work to update the Housing Requirements Study utilising the recently published 2012 Household Projections, as well as further work to better understand housing market areas within the LCR to meet NPPF requirements when further Census data is released (expected in late March 2015). This will update the complementary 'Geography of housing markets and the potential cross boundary implications' study that was previously undertaken, and it will be important to explore further alignment between housing markets and the contribution of the West Yorkshire Plus Transport Fund to supporting housing growth and delivery.

4. Financial

- 4.1. The activity undertaken to develop the shared evidence on housing need have been supported through the LCR local authorities and the LEP Team resources and budget provisions.

5. Legal Implications

- 5.1. The Duty to Cooperate is contained within the Planning and Compulsory Purchase Act 2004 (the 2004 Act) section 33, with amendments and additions inserted by the Localism Act 2011. WYCA is not a planning authority but is subject to the Duty to Cooperate by virtue of its role in the preparation of strategic plans such as the Strategic Economic Plan and Local Transport Plan. There is a LCR Statement of Cooperation between the LCR Planning Authorities, including the West Yorkshire and York Authorities and WYCA to govern this relationship.

6. Staffing Implications

- 6.1. The activity undertaken to develop the evidence has been supported by the LCR LEP and LCR local authority resources.

7. Consultees

- 7.1. The LCR Planning Portfolios Board's views have been incorporated within this report, and recommends the study outputs and documents are endorsed.
- 7.2. Merran McRae, City Region Chief Executive Lead for Infrastructure and Planning, which includes the responsibility for strategic planning issues, has been consulted on this report and supports the recommendations.

8. Recommendations

- 8.1. That work undertaken to better understand both the demographic evidence for the objective assessment of housing need within the Leeds City Region, and the cross boundary impacts of housing markets and jointly planning housing provision, be endorsed.
- 8.2. That the progressive and consistent approach to planning for housing growth being undertaken by all Local Planning Authorities across the city region be welcomed.
- 8.3. That proposals for a policy position on housing growth and enabling and incentivising the housing industry to build more homes be reported to a future meeting of the WYCA, which demonstrates the links to the delivery of both the West Yorkshire Plus Transport Fund and the LCR Strategic Economic Plan.

**Appendix 1:
Leeds City Region Housing Requirement Summary**

Authority	Plan Requirement / Housing Need	Source / Comments
Barnsley	1,194	Core strategy requirement of 21,500 divided by 18 years
Bradford	2,200	Core Strategy Publication Draft
Calderdale	800	Core Strategy preferred options draft 2012
Craven	137 - 208	Early draft Local Plan
Harrogate	862 - 1086	Figures from the 2011 SHMA - currently under review
Kirklees	1317 - 1854	Based on output from Edge Analytics, scenarios will be revised following household projection release and plan requirement to be established through new SHMA.
Leeds	3,660 to 2016/17 then 4,700 thereafter(to 2028)	Adopted Core Strategy
Selby	450	Need - Based on all evidence, the best estimate is a need for at least 450 dpa over the first 10 years of the plan period perhaps increasing by an unknown amount for the last 5 years. Requirement - At least 450 dpa from existing commitments and new allocations, plus an additional at least 105 dpa from windfalls.
Wakefield	1,600	Plus growth point 320 yr. between 2008 and 2017
York	870	Figure subject to review following Council meeting 9 th Oct 2014 and the 2012 DCLG household projections.
Total	13,090 – 14,962	This range is based on a combination of plan requirement figures where available and housing need where there is no plan requirement in place. This range represents the current collective understanding of housing being planned for in the LCR but will be subject to change.

LCR SEP Scenario	10,239 – 12,948 (mid-point 12,038)	Based on economic growth scenario Jobs-led (REM)_EA2 (see main report para graph 3.8). This scenario provides a useful starting point in establishing the general scale of growth across the City Region; however the economic scenario for the City Region does not constitute Objectively Assessed Need.
-------------------------	---	--

Leeds City Region Housing Requirements

**A report for the Leeds City Region Partnership and Local
Enterprise Partnership**

Final Report 06th Feb 2015

Andy Haigh Associates

Leeds City Region Housing Requirements

1.0 Introduction

- 1.1 The Leeds City Region Partnership has been working since 2004 on strategic planning issues which the eleven authorities in the Partnership have a shared interest in. The Partnership collaborated with the Regional Planning Body on the development and subsequent implementation of the RSS. When the regional arrangements came to an end in 2010 the Partnership took on an enhanced role in respect of strategic planning.
- 1.2 In response to the then impending revocation of the RSS the Partnership, in 2011, approved an Interim Strategy Statement which sought to maintain the key principles from the RSS in respect of; the roles of places, the consequent settlement network and the approach to accommodating development. It did not seek to reconsider the quanta of development to be planned for. The report that accompanied the Interim Strategy Statement made clear that further work would be needed at an appropriate time to address quanta of development and its distribution across the city region.
- 1.3 Since that time the Yorkshire and Humber RSS has been revoked and the Duty to Co-operate has been placed on the statute book. The Duty introduced an effectively 'bottom up' approach to Strategic Planning which has had its share of 'teething problems'. The scale and distribution of housing provision has been one of the main matters where in some parts of the country the Duty to Cooperate arrangement has failed to deliver. This has included a failure to plan for an appropriate scale of housing in a Plan, particularly in relation to economic growth, and the failure to recognise and respond to the cross boundary impacts of planning for housing, particularly where housing market areas and Plan areas do not align.
- 1.4 Within the City Region the outcomes for plan making have been mixed and in some cases related to perceptions of how well the Duty to Co-operate process has dealt with these housing related issues. Three Plans; Core Strategies in Kirklees and York and a Sites and Policies Development Plan Document in Harrogate have all been withdrawn at examination stage because of concerns expressed by Inspectors at the level of housing growth being proposed. In other cases, Leeds being the most recent example, plans have been found both to be sound and the Duty to Co-operate satisfactorily discharged.
- 1.5 In response to these challenges the eleven authorities which make up the Partnership have collectively commissioned work to address planning for housing. This work is intended to ensure the Plans already in place and those currently being reviewed are capable of supporting a boost to the housing supply and to ensure the ambitions set out in the Local Enterprise Partnership (LEP) Growth Deal and Strategic Economic Plan submitted to Government in March 2014 can be accommodated in Development Plans. The work will also inform future Plan reviews.
- 1.6 The work commissioned to address planning for housing is in a number of discrete but inter-related parcels. These are;
- A common methodology for determining the objectively assessed need for housing which will help ensure the alignment of evidence in neighbouring authorities Plans that may be being prepared to different timetables.

- An analysis of the current evidence on the geography of housing markets and the potential cross boundary implications of this geography.
- A review of the work carried out on assessing housing need and setting the housing requirement in the most recent Plans either adopted or approaching adoption in seven of the ten Plan making authorities. The remaining three authorities have commissioned work that is currently underway to fully update their objectively assessed need. The outcome of all this work is set out as part of section 3 of this report.

1.7 This report brings together the earlier work on the housing requirement and presents an understanding of how the ten Plan Making authorities in the city region are addressing provision of housing. It then compares this to the collective ambition to deliver housing growth across the city region as set out in the Growth Deal and Strategic Economic Plan prepared by the City Region LEP. It concludes with an outline of the next steps in respect of planning for housing across the City Region.

2.0 Plan making in the city region

- 2.1 The strategic context for Plan making across the city region has, since 2004, been informed by the RSS and its legacy of evidence. For housing provision the context began to move on in 2011 because of a combination of two things. The decision to revoke the RSS which took some time to deliver and the inclusion in the housing requirement policy of the adopted RSS the requirement to review the need and demand for housing by 2011. Consequently Plan examinations that took place from that time onward have included a retesting of the former RSS housing requirements. This has over time evolved into a full re-assessment of housing requirements based on policy as set out in NPPF.
- 2.2. The broad strategy for accommodating development in the city region as set out in the RSS Core Approach and the Leeds City Region policies has enjoyed support from all authorities across the city region. The housing requirement was contested at the time of the RSS EiP and consequently did not enjoy unqualified support across the city region. When it became clear in 2011 that the RSS faced imminent revocation there was little time to devise and agree a common strategy for accommodating development across the city region once the RSS was revoked. The Leeds City Region Interim Strategy Statement was the pragmatic response to those circumstances. Plan reviews were progressing and it was important to ensure that these reviews did not take place in a strategic policy vacuum.
- 2.3 The Interim Strategy Statement re-confirmed the Partnership commitment to the principles set out in the Core Approach of the RSS. This helped to maintain the foundations of the strategic relationships between places across the city region and the continued importance of re-investing in these places. It also helped to provide the context for the development of consistent outcomes from the Duty to Cooperate in Plans.
- 2.4 One of the key challenges of Plan reviews, the provision of housing was not addressed in the Interim Strategy Statement. This challenge is compounded by the inevitable different timetables of Plan reviews and the local circumstances that dictate the progress of these reviews. It was clear from the difficulties being encountered by individual authorities, leading in some cases to the withdrawal of Plans, that improving the choreographing of Plan reviews was required. Furthermore the expectations in the outcome in Plans of the exercising of the Duty to Cooperate were increasing. The 'larger than local' issues which the Duty was designed to address were becoming more acute and the development industry was challenging Plans on this basis.
- 2.5 A further consideration in developing the work on housing provision is the different approaches to Plan making in individual authorities. This is in part a consequence of the move from a portfolio – LDF approach – to the single Plan advocated in the National Planning Policy Framework. Critical to the portfolio approach is that the Plan to identify the individual sites follows on quickly from the Core Strategy which sets the quanta and broad distribution of development. The risk with the single Plan approach is the potential complexity of the Plan and the difficulty in completing the statutory steps in a timely way. At this time (autumn 2014) none of the authorities in the city region has taken a new style single Local Plan to the Examination stage.
- 2.6 Whatever approach is taken in the Plan making process the housing outcome should be the identification of sites to boost the land supply.

- 2.7 The remainder of this section describes the Plan making circumstances of each authority. This provides the context for the work described later in the report on the objective assessment of need for each authority and consequent housing requirements.

Barnsley

- 2.8 Barnsley Council adopted its Core Strategy on 8th September 2011, the current development plan consists of the Core Strategy, the Barnsley Education Sites DPD and the remaining saved policies of the Unitary Development Plan. Work had begun on a Sites and Places DPD but the Council is now working towards a combined Local Plan, aiming for a publication version summer 2015. The Local Plan will contain proposed changes to parts of the Core Strategy as well as proposed policies and site allocations.

Bradford

- 2.9 Bradford Metropolitan District Council adopted the Replacement Unitary Development Plan in October 2005. The Council is now in the process of preparing a Local Plan, the plan will be made up of a collection of planning documents including the Core Strategy. The publication draft of the Core Strategy was approved by the Council in December 2013 and subject to consultation between mid-February and the end of March 2014. The Core Strategy will be proceeding to Examination in spring 2015.

Calderdale

- 2.10 Calderdale Council currently has a Unitary Development Plan in place; the plan was adopted on the 25th August 2006 and was amended in 2009. The Council is now preparing a Single Local Plan to at least 2031 which will include both the Core Strategy and Land Allocations. The current SHMA considers the time period to 2033. The 'Preferred Options' of the Core Strategy was subject to public consultation in late 2012, it is expected that a publication draft of the Local Plan will be available 2016.

Craven

- 2.11 Craven Council adopted the Local Plan 2nd July 1999 for the period to 2006. The Council is now preparing a new Local Plan; an informal early draft is out for consultation until November 2014. The Local Plan is expected to be submitted for examination in 2015.

Harrogate

- 2.12 Harrogate adopted its Core Strategy in 2009. This made provision for 390 new homes per year in line with the now revoked RSS. A Sites and Policies DPD to deliver that growth strategy was submitted for Examination in November 2013 but following concerns raised by the Inspector was withdrawn from examination in June 2014.

- 2.9 The Council is now preparing a new Local Plan that will set out the overall growth strategy for the District up to 2035, together with detailed policies and proposals to deliver that growth. The published LDS sets out the timetable for completing the Plan with an initial consultation timetabled for July 2015 and adoption in spring 2018.

Kirklees

- 2.14 Kirklees Council currently has a Unitary Development Plan in place which was adopted on the 1st March 1999. An LDF core strategy was submitted for examination in April 2013 but withdrawn in October 2013 (see paragraph 1.3). A Local Plan is currently being prepared, early engagement and evidence gathering is ongoing and a Consultation Draft on the Preferred Options is expected to be published in summer 2015.

Leeds

- 2.15 The Leeds Core Strategy was adopted at full Council on 12th November following receipt of the Inspector's report on 10th September 2014. The report concluded that the Plan is sound provided a number of modifications are made to the submission Plan.
- 2.16 Sites Allocations Plan which will follow on from the core Strategy was the subject of an issues and options consultation in 2013. The next step will be a publication draft consultation which is timetabled for late 2014.

Selby

- 2.17 Selby District adopted its Core Strategy on 22nd October 2013, however there were legal challenges to that adoption. These challenges were dismissed by the court in 2014.
- 2.18 The Council is continuing work on a on a Sites and Policies Local Plan (PLAN Selby) and is currently gathering evidence and is undertaking Initial Consultation between 24 November 2014 and 19 January 2015. Further Consultation is programmed for late 2015 with Publication and Submission in 2016. It is this document that will identify the land supply for housing to meet the requirement in the adopted Core Strategy.

Wakefield

- 2.19 Wakefield has a suite of adopted Development Plan Documents that nest within a Core Strategy adopted in 2009. The Site Specific Policies Local Plan identifies land for housing up to 2022, this was adopted in 2012.

York

- 2.20 York does not have an adopted Development Plan. The emerging Local Plan was approved for publication consultation by the cabinet on 25th September 2014. However following changes in the political makeup of the Council, the full Council resolved on 9th October to ask for a further review by officers of the housing requirement, trajectory and sites. This work is currently underway and will report to an all-party Local Plan Working group later in the year. For the purposes of this report the Plan referred to is the Cabinet version unless otherwise stated.

3.0 Objectively assessed needs work in the city region

- 3.1 The NPPF sets out the policy approach to be taken in objectively assessing the need for new homes and then determining the housing requirement in the review of a Development Plan. Paragraph 47 refers to Local Plans meeting their full objectively assessed need for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this framework. Paragraph 159 refers to authorities assessing their full housing needs working with neighbouring authorities where housing market areas cross administrative boundaries.
- 3.2 The advice in the web based National Planning Practice Guidance and further guidance from PAS – ‘the ten steps to owning your housing numbers’ sets out a process for deriving the objectively assessed need and then testing the implications of that need figure against policy considerations. This second stage of policy consideration helps to bring clarity to applying the NPPF policy test of ‘as far as is consistent with the policies set out in this framework’.
- 3.3 It is clear from both pieces of guidance that there are a combination of factors which will affect the objectively assessed need calculation (prior to any policy considerations). These include nationwide factors such as the uncertainty in the national population projections that are updated every two years and in the household formation rates that underpin the DCLG household forecasts, also updated every two years. There may also be local factors which affect the calculation such as; economic circumstances, migration, market signals including the need for affordable housing and changes in commuting ratios.
- 3.4 Given the range of factors to be considered and the complexity of the interactions between these factors the guidance referred to above advocates the use of scenarios to test different combinations of assumptions. This helps to better understand the uncertainties inherent in such forecasting and how policies in the Plan can help to manage that uncertainty.
- 3.5 In addition to the uncertainties set out above, there is the potential for different assumptions being made about the interactions between the factors which affect housing growth in the Plan’s prepared by adjoining Local Authorities. This possibility can impact on the exercising of the Duty to Co-operate between neighbours with consequential effects on the soundness of Plans. To help to reduce this risk the City Region Partnership has agreed a common methodology for determining objectively assessed need. This is set out in a report for the City Region by Edge Analytics (The Objective Assessment of Housing Requirements – Establishing a Common Methodological Approach’). This report sets out a common start point and a robust and transparent methodology which enables a clear consideration of the different factors which shape housing growth and of how different scenarios are used to explore the impact of different factors.
- 3.6 Experience of Plan making in different parts of the country has shown that a failure to properly consider housing market geography can lead to an unsound Plan. In response to this the City Region commissioned a review of the evidence on the geography of housing markets at the same time as the work to determine a common methodology for objectively assessed need. The review (Understanding the cross boundary impacts of housing markets) considered local, regional and national evidence drawn from previous studies of housing market geography. The report identified uncertainty in the geographies identified and in the potential strategic cross boundary relationships which would need to be explored through the Duty to Co-operate. It highlighted the fact that housing market relationships between

different areas operate at a number of different levels. Where cross boundary market relationships exist, they are not always of sufficient scale or significance to warrant the formulation of new market area definitions. However the work did help in framing the dialogue between authorities on this matter and further work will be undertaken once the results of the 2011 census are fully available. To date the dialogue has focussed on those authorities whose Plans are approaching examination or where new work on Strategic Housing Market Assessments is being commissioned.

- 3.7 The Government's invitation last year to Local Enterprise Partnerships (LEP) to submit proposals for Growth Deals underpinned by Strategic Economic Plans was taken up by the Leeds City Region LEP. As the work developing the proposals progressed it became clear that an up to date understanding of the relationship between the economic growth proposals in the emerging 'Deal' and housing growth to support this economic growth was required. To do this Edge Analytics were commissioned to prepare an aggregate assessment of need for housing for the whole city region based on forecasting demographic and economic change.
- 3.8 The report from Edge Analytics (Leeds City Region – Demographic Forecasts 2012-31) used the now agreed common methodology to present a series of macro level scenarios of housing growth that showed how demographic and economic component of the forecast along with different assumptions about household formation rates interacted to give a range of possible quanta of housing growth that would be required to support the City Region's economic ambition. The report presents a number of scenarios for housing growth, in considering which scenario is the most appropriate for the city region circumstances the Jobs-led (REM)_EA2 scenario is recommended, this is one of 2 scenarios that takes into account jobs growth. The other scenarios are variations on the drivers of demographic change, particularly migration. This is recommended because it is important to ensure that there is alignment between economic growth and housing growth.
- 3.9 The report's main economic scenarios for housing growth showed a range of between 10,239 and 12,948 new households per year across the City Region depending on assumptions made about the activity rates in the workforce, household formation rates and economic in-migration. This range provides the reference point for the objectively assessed need for the whole city region which can be tested against the collective outcome of individual authorities' objectively assessed need calculations and against the consequent housing requirements set out in Plans. This testing explores the degree of alignment between the outcome of the city region scenarios work described above and the aggregate of the individual plan objective assessment of housing need described below.
- 3.10 This work provides a useful starting point in establishing the general scale of growth across the City Region; however the economic scenario for the City Region does not constitute Objectively Assessed Need. The next step is therefore to consider the Objectively Assessed Need in each Local Authority Plan and the audit of each assessment against the LCR common methodology. This assessment will determine if there are any matters in the approach taken that could adversely affect the meeting of the overall city region housing requirement or raise cross boundary strategic issues with neighbouring authorities.
- 3.11 Edge Analytics were commissioned to carry out this audit which looked at the Plans of seven (of the ten) authorities. The remaining three authorities have commissioned new work using the LCR methodology to objectively assess their need. The outcome of this work will be

incorporated into the overall findings of from this section of the report, when it becomes available.

Barnsley

- 3.12 Work to determine the objectively assessed need for housing in Barnsley to inform the Local Plan is currently being prepared. The 2008 Strategic Housing Market Assessment (SHMA) prepared by arc4 is currently being updated. The SHMA update will be informed by the Edge Analytics work which provides an updated suite of population and household forecasts 2014-2033 using the latest inputs and updated economic assumptions. The Edge Analytics work provides a range of annual household growth figures based on a series of scenarios. The scenario SNPP2012 provides the suggested starting point for the objective assessment of housing need and provides a range of annual household growth between 725 and 888.

Bradford

- 3.13 The Bradford Core Strategy evidence to support the Housing Requirement was prepared by GVA and Edge Analytics. An initial Housing Requirements Study was issued in February 2013, it was based on the then current 2008 based household projections. This study was supplemented by an addendum report, issued in August 2013, which re ran the modelling to incorporate the interim 2011 based household projections issued by the CLG in April 2013. Conclusions of the work are that the district is expected to see rapid and sustained population growth over the period and that the housing requirement should be aligned to a level of household growth consistent with the expected expansion in the district's economy as indicated by the Regional Econometric Model. The rate of household formation which will occur within this growing population is more difficult to predict because it is more sensitive to changes in the economy and the housing market. The Addendum Report therefore suggested that the housing requirement be set at the mid-point of a range of 1807 to 2565 dwellings per annum.
- 3.14 The review of this work by Edge Analytics through the city region audit report referred to above recommended further testing of the scenarios for Bradford to take account of the 2012 population projections and the 2011 census. This has led to Bradford commissioning further work from Edge to implement these recommendations.

Calderdale

- 3.15 The housing requirement in the 'Preferred Options' of the Core Strategy is based on work carried out by GVA (with Edge Analytics). In November 2011, GVA delivered a 'Housing Requirements' report to Calderdale Council. This was produced as an extension to the Strategic Housing Market Assessment (SHMA), which was delivered by GVA in April 2011. The report 'Shaping the Housing Future of Calderdale Housing Requirements' (Feb 2012) recommends a housing requirement for Calderdale between 572 and 999 homes per annum.
- 3.16 Calderdale's demographic evidence is now subject to a full update. This will provide input to a revised SHMA and housing requirements study for Calderdale. The update will include demographic analysis for sub-district areas of Calderdale. This work is being completed by Turley Associates with demographic analysis provided by Edge Analytics.

Craven

- 3.17 The North Yorkshire and York Strategic Housing Market Assessment (SHMA) 2011 was commissioned by the North Yorkshire Strategic Housing Market Partnership in September 2010. GVA were the consultants commissioned. Appendix 1 of the SHMA includes a Craven-Specific analysis. Craven District Council also commissioned additional analysis on population estimates and projections from Edge Analytics Ltd following the publication of the SHMA, which is presented in a report entitled “Craven District Population Estimates and Projections March 2012”.
- 3.18 Both the 2011 SHMA and the 2012 Edge Analytics report examine population information for Craven from the Office of National Statistics (ONS) and other sources such as Department of Communities and Local Government (DCLG) sub-national household projections and the 2011 SHMA Household survey. However the Edge Analytics report benefits from more recent information on population change from the Office of National Statistics, which also includes important changes to ONS population estimation methodologies. The recently released first phase 2011 Census figures are also considered.
- 3.19 The North Yorkshire SHMA 2011 presents hypothetical dwelling requirements based around the levels of growth under Core Scenario 1 (based on Sub National Population Projections), taking into account existing long term vacant private sector stock, which serves as a useful proxy for understanding the latent capacity in the existing stock to absorb future demand. This analysis indicates that the 2008 based SNPP projections would result in an annual net dwelling requirement of 323 dwellings in Craven.
- 3.20 The Craven Edge Analytics Report (2012) makes use of more up to date population information and improved population estimation methodologies from ONS. Edge Analytics used POPGROUP technology to develop scenario forecasts for Craven district for a 2011–2033 plan period. Forecasts were produced both at district-level (for the whole of Craven district, including the Yorkshire Dales National Park) and at small-area level (for 6 sub-areas within Craven district). The Edge analysis clearly demonstrates that the SNPP (2008 based) growth scenario (i.e. Core Scenario 1 in the 2011 SHMA) is unrealistic and should be considered only as a benchmark against which to compare the alternatives. The methodological revisions to Craven’s mid-year estimates results in a contrasting growth trajectory (Migration-led-revised scenario), with population decline due to natural change and relatively low net migration suggesting flat growth over the projection period. This results in a consistent reduction in the size of the labour force and a significant ageing of the population profile. The dwelling growth suggested by the household numbers in each scenario varies considerably, with the SNPP suggesting an average of 336 per year. However, the 137 to 208 range suggested by the four remaining scenarios is a much more robust base from which to consider future development strategies.
- 3.21 The recent Edge review recommends that the analysis be brought up to date using more recent data assumptions. This additional work has been commissioned from Edge Analytics and the outputs are expected November 2014 along with an SHMA update which should be complete in December 2014.

Harrogate

- 3.22 Harrogate has commissioned Justin Gardener and GL Hearn to review the objectively assessed need for the District as part of a wider Strategic Housing Market Assessment (SHMA). This takes as its starting point the common LCR methodology prepared by Edge.

This work is at an early stage however existing evidence (source York and North Yorkshire SHMA 2011) indicates that the objectively assessed need figure for Harrogate will be higher than the requirement in the adopted Core Strategy.

- 3.23 To date Edge Analytics has undertaken some initial demographic and forecast analysis for Harrogate. Justin Gardner and GL Hearn are using this as a basis for the full SHMA and it is likely that additional scenarios will need to be tested. Harrogate anticipates that this work will be completed towards the end of January 2015.

Kirklees

- 3.24 The housing requirement as outlined in the (now withdrawn) Local Development Framework (LDF) Core Strategy was set at 22,470 for the period 2010–2028. This was defined on the basis of an ‘effective demand’ calculation, rather than the forecast scale of household growth suggested by demographic trends. As Kirklees is proceeding to a Local Plan and given the situation with regard to the revocation of the Regional Spatial Strategy (RSS), the availability of new demographic information and the likelihood of representations challenging the Local Plan, Kirklees Council has updated its demographic evidence. The 2012 Strategic Housing Market Assessment (SHMA) prepared by GVA is currently being updated.
- 3.25 The SHMA update will be informed by the Edge Analytics work which provides an updated suite of population and household forecasts 2013-2031 and 2031-36 using the latest demographic trends and updated economic assumptions principally associated with the Kirklees economic strategy as the basis for a number of scenarios. The Edge Analytics work provides an annual dwelling requirement for each scenario. These will be updated when the 2012 based DCLG household projections are published.
- 3.26 The draft scenario outcomes show that on the basis of demographic factors annual housing need ranges from 1461 to 1854; on the basis of current trends in job growth need ranges from 1317 to 1591; and on the basis of the ambitions of the Kirklees economic strategy need ranges from 1571 to 1849. For comparison the withdrawn core strategy proposed annual provision of 1250 dwellings and RSS 1700 dwellings.

Leeds

- 3.27 The Edge review of the approach taken by Leeds concludes that it was completed using appropriate data and assumptions and tested a range of scenarios. These scenarios revealed a potential range from 2460 to 5405 households/yr based on different scenarios that tested assumptions about migration and job growth. The Council are advised to bring the analysis up to date using the recently published data from the 2011 census on economic activity rates and commuting ratios. Additionally it is suggested that the implications of the 2012 population projections (issued in May 2014) are tested. However it should be noted that the Inspector conducting the examination of the Plan concluded that a further hearing to explore the implications of the 2012 population projections was not required to enable him to reach a conclusion on the soundness of the Plan. Section 4 of the report considers the Inspectors conclusions on the Core Strategy Housing Requirement.

Selby

- 3.28 The Selby Core Strategy evidence to support the Housing Requirement was prepared by Arup Associates. This work does not include a forecasting model but does identify a number

of scenarios and draws on the forecasts prepared by Edge Analytics for the North Yorkshire and York SHMA – Selby appendix. The work mainly draws on the 2010 population projections the autumn 2011 run of the REM however an update includes an assessment of the 2011 interim Household projections. The scenarios produced a range of annual household growth figures of 403 – 519 (excluding the base line natural change only scenario).

- 3.29 The Edge review commented that the ‘choice of key assumptions has largely been determined by the prior North Yorkshire and York SHMA or by the official ONS projections. The Inspector concluded in his finding that the Core Strategy is sound, that the housing requirement has been determined using appropriate evidence.
- 3.30 The Edge review concluded that there would be benefit in; evaluating the scenarios using a recognised forecasting model, bringing the analysis up to date using more recent data and assumptions drawing on the 2011 census and to consider the likely implications of the 2012 population and household projections.

Wakefield

- 3.31 The stable and relatively up to date Development Plan circumstances in Wakefield mean that there is less reason to examine the changing effect of demographic and economic evidence on the housing requirement. The examination of the Site Specific policies Plan considered the implications of the 2006 and 2008 household projections and the then current 2010 economic forecast from the REM.
- 3.32 The Edge review recommends an examination of the implications of the more recent evidence from the 2011 Census, the 2012 population projections and the REM to update understanding of the drivers of household growth in the District, in due course.

York

- 3.33 The work to determine the objectively assessed need for housing in York was carried out for the Council by Arup. The most recent work on this matter is an update of the evidence and analysis for the publication draft Plan completed in August 2014. This update took into account the 2011 interim household projections, the 2012 ONS population projections and economic forecasting provided by Oxford Economics. This economic forecast was compared with forecast provided by Experian REM (as adjoining authorities used this forecast) and Cambridge Economics. The comparison with the Experian/REM forecast showed that the forecasts by the two different econometric modellers showed a very similar overall job growth of around 13,500 FTE over the period to 2030. The household formation rates used in the 2011 interim household forecast were tested against the earlier 2008 household forecast and more recent information from the census and the workforce survey. The conclusions of the work by Arup suggested a range from 838 to 877 with the higher figure drawing on an economic ‘policy on’ scenario.
- 3.34 The review of this work by Edge Analytics carried out as part of the overall review of work by individual authorities on Plan housing requirements identified further work to test and validate the Arup analysis.

This included:

- Testing the work using a recognised forecasting model

- Bring the scenarios up to date using more recent data and assumptions
- Use these updates to test the most recent 2012 based population projections
- Test this 2012 demographic based projection against recognised job forecasts.

Edge Analytics has been commissioned to provide demographic and economic scenarios which address the recommendations set out above.

- 3.35 Having reviewed all the work that has been carried out to determine the objectively assessed need, the next step is to see how this is translated into a housing requirement. The next section of the report addresses this matter.

4.0 The city region housing requirement

- 4.1 The development of a city region housing requirement involves an amalgamation of the results of a bottom up assessment of the overall housing requirement for the city region, which is then compared with the assessed need for the SEP. It is assumed that there are not any city region wide policy constraints which would have the effect of reducing a housing requirement figure derived from the city region objectively assessed need that is set out in section 3 above.
- 4.2 In understanding the overall housing requirement for the city region it is important to keep in mind that there are a number of drivers, each with a degree of uncertainty attached to them. For example, migration has in recent years been a quite volatile component of change with the 2011 census showing that earlier estimates were in some areas not very accurate. As the NPPG says, devising the housing requirement is not an exact science, and in the management of these uncertainties there is a role for both policies in the Plan and its implementation through the allocation of sites. In view of this uncertainty the city region housing requirement is described as a range as set out at paragraph 3.9.
- 4.3 The Planning Practice Guidance also recognises that market signals including land prices, house prices, affordability of homes and rents all provide useful information that can help shape future planning for housing. The City Region Partnership has carried recent work on relative affordability of homes in different parts of the city region and produces an annual housing market monitor.
- 4.4 The individual authority narrative below brings together the outcome of the work on understanding the current position in respect of housing requirements in each authority which is described in the earlier section of the report. Where an authorities' position is currently in review a range of figures may be used.

Barnsley

- 4.5 The Barnsley Core Strategy takes the RS figure for annual net additions to the dwelling stock of 1,015 as its basis for the future housing numbers giving a total of 18,270 dwellings for the whole plan period. To this is added 1,704, representing an uplift of 21% on the supply target over the years 2008-2016 to reflect the award of Growth Point status in 2008, giving a figure of 19,974. Following the ending of Growth Point funding in March 2011 the uplift is effectively spread over the whole plan period. With the further addition of a flexibility allowance of 1,526 to sustain growth¹, the total for the plan period (2008 to 2026) is therefore 21,500. The housing requirement is not expressed as an annual figure. The inspector concluded in his findings that the housing trajectory appears to be a sound assessment of likely future performance.

Bradford

- 4.6 The Bradford Core Strategy Publication Draft Policy HO1 requires that provision is made for at least 42,100 new homes over the period to 2013 to 2030 in addition to those already completed in the preceding period. The total quantum is derived from an annual housing target of 2,200 dwellings per annum over the period 2013-30 which is in line with both the

¹ The figure of 1,526 represents an additional 100 dwellings per year from 2011 to 2026 to enhance the Borough's attractiveness to housing growth within the Sheffield and Leeds City Regions (100 x 15 = 1,500). This is added to the 19,974 and the sum rounded up to 21,500.

housing requirement study carried out in 2013 and also the additional work commissioned from Edge Analytics in 2014 which implemented the recommendations from the audit of the earlier work.

Calderdale

- 4.7 The Calderdale UDP, adopted in 2006 makes provision for 450 dwellings per annum over the plan period or a total of 6,750 dwellings. The 'Preferred Options' of the Core Strategy that was subject to public consultation in late 2012 states that 16,800 new homes are required before 2029, an average of 800 per year.

Craven

- 4.8 The Craven Local Plan adopted in 1999 for the period to 2006 requires that provision is made for 375 dwellings within Craven District outside the National Park to give an overall provision of 2,300 dwellings in the District for the period 1991-2006. The early draft of the new Local Plan identifies a requirement for at least 2,400 new homes over the 15 year plan period (to 2030) representing an average annual building rate of 160 dwellings per annum.

Harrogate

- 4.9 The adopted Core Strategy includes a housing requirement of 390 homes per annum. However, as a result of the concerns raised by the Inspector examining the now withdrawn Sites & Policies DPD, Harrogate is no longer able to rely on this adopted figure for the purposes of calculating its land supply position. Instead Harrogate is using the most up to date information available which indicates a range of between 862-1086. Housing sites are identified in the adopted Local Plan from 2001 and a selective alteration adopted in 2004. All but one of these has now been developed.

Kirklees

- 4.10 The draft scenario outcomes show that on the basis of demographic factors annual housing need ranges from 1461 to 1854; on the basis of current trends in job growth need ranges from 1317 to 1591; and on the basis of the ambitions of the Kirklees economic strategy need ranges from 1571 to 1849. For comparison the withdrawn core strategy proposed annual provision of 1250 dwellings and RSS 1700 dwellings. These scenarios will be updated when the 2012 based DCLG household projections are published.

Leeds

- 4.11 The conclusions the Inspector reaches in his report into the soundness of the Core Strategy provide a useful summary of the situation in respect of the housing requirement. He says:

Most of the employment led scenarios contained in the Council's summary lead to figures in the region of 70,000. Assessing housing need is not an exact science and small changes in headship rates and other assumptions can have a significant impact on the calculations. However, on the basis of the evidence before me I am satisfied that the Core Strategy figure of 70,000 (net) is based on a reasonable objective analysis of the need for new housing in Leeds up to 2028.

- 4.12 The modified Core Strategy sets out the Housing requirement as follows: 70,000 net new dwelling will be delivered between 2012 and 2028. Phasing 3660 2012 to 2016/17 stepping up to 4700 thereafter.
- 4.13 The emerging allocations DPD will provide the land to meet the requirement set out in the Core Strategy.

Selby

- 4.14 The adopted Selby Core Strategy includes a requirement of about 7200 dwellings over the plan period 2011 to 2027, equating to about 450 dwellings per annum in the period up to March 2027. With new allocations required to be identified in the Sites and policies Local Plan for at least 4360 dwellings in this period the remaining approximately 2683 dwellings will be provided for through existing commitments (both completions and planning permissions between 2011 and 2014).

Wakefield

- 4.15 The Core Strategy housing requirement is based on the RSS requirement of 1600 homes per year between 2008 and 2026. The examination of the Site Specific Policies Local Plan looked again at the evidence underpinning the housing requirement and acknowledged the Council growth ambitions, including Growth Point Status under the previous Labour Government which aims to deliver an additional 320 homes per year between 2008 and 2017.

York

- 4.16 This section describes the position in the Local Plan as approved by Cabinet on 25th September 2014 and it is subject to review. The plan making process is currently 'on pause' whilst the further work on the housing requirement requested by the Council meeting on 9th October is completed. The objectively assessed need for housing set out in the preferred options draft Plan has been re-assessed (see section 3 of the report) and the Housing Requirement in the Plan is 996 dwellings per year. The end date of the Plan is 2030. Following the 'pause' in Plan preparation the all-party Local Plan Working Group agreed on 17th December to advise cabinet to set a housing requirement of 926 per year, subject to the outcome of the 2012 household projections.
- 4.17 The Plan identifies a site specific land supply for the whole plan period with an over-supply of around 2,000 homes. This land supply fully meets the requirements for York and there are no outstanding Duty to Cooperate strategic issues in respect of housing. The housing trajectory in the Plan includes a 20% over supply for the first 6 years to address persistent under delivery. Around 70% of the housing requirement will be delivered on strategic sites – these are sites over 5ha.

Overall conclusions on the requirement in each authority

- 4.18 As can be seen from the analysis above some authorities have a clear position in an adopted plan or are very close to that. Others are working towards that position. To date all authorities are looking to meet their full objectively assessed need in their Plan. All LCR authorities are aiming to accommodate objectively assessed need within their authority area, therefore not looking to neighbouring authorities to provide part of their need. LCR

Authorities are not currently providing need for neighbouring authorities. At this point in time however it cannot be confirmed that this will remain the case.

- 4.19 Although the examination of the land supply is not the remit of this piece of work, it is worth drawing together information in this report on land supply, which has been gathered as part of this housing requirement study. The NPPF makes very clear that the purpose of the policy approach it articulates for housing is to boost the supply of homes. Such a boost requires sites to be identified.
- 4.20 At present only Wakefield has an up to date adopted Development Plan which identifies sites for housing to meet the requirement. Selby has identified a strategic site in its Core Strategy and is now preparing a Sites and Policies Local Plan to deliver the Core Strategy. Leeds and Bradford are also both progressing allocations Local Plans to follow on from their Core Strategies. The remaining authorities are preparing single Local Plans which will determine both the requirement and the supply.

5.0 Conclusions

- 5.1 Table 1 at the end of the document provides a summary of the plan requirement in each Local Planning Authority. If you compare the sum of the Plan requirements with the range of need identified in the work for the LEP Strategic Economic Plan it shows that the adopted and emerging Plans will collectively provide for the scale of need identified in the work for the Strategic Economic Plan. This means that the emerging Plan regime across the city region will be able to deliver the boost to housing sought in the LEP Growth Deal.
- 5.2 Paragraph 5.1 sets out the position as at November 2014. At that time there was not a firm date for the publication of the DCLG 2012 Household Projections (expected Feb 2015), though the population projections that they are based on were published in May 2014. These population projections maintained the lower population growth rate shown in the 2010 population projections when compared with the 2008 series which underpinned the last complete household projection. Once the 2012 Household projections are published further testing of the assumptions that underpin the forecast for the SEP will be carried out.
- 5.3 In addition the work on housing market geography across the city region carried out earlier in 2014 will be revisited once the full results of the 2011 census in respect of migration and travel to work patterns are available. Local migration data from the 2011 census data is expected to be released early December 2014.
- 5.4 There also remains work to be done to ensure that the supply of land is made available to meet the requirements. At present a number of authorities are finalising or have finalised Core Strategies but have yet to complete the Plans that identify the land supply to meet the requirement in the Core Strategy. Other authorities are taking the single Plan approach and are identifying requirement and supply at the same time.
- 5.5 Plans currently being prepared include housing requirements that align with scale of provision identified in the SEP. One of the main challenges particularly in those parts of the city region with weaker housing markets is identifying suitable sites that are deliverable and viable. It is recommended that Local Authorities work proactively with the Leeds City Region Enterprise Partnership and West Yorkshire Combined Authority to develop intelligence and approaches to bring forward the supply of land and accelerate delivery. Such work will help to ensure that the commitment in the SEP to deliver more than 10,000 per year to 2021 can be achieved.

Table 1 Leeds City Region Housing Requirement - Summary of the Position in each Local Planning Authority

Authority	Plan Requirement / Housing Need	Source / Comments
Barnsley	1,194	Core strategy requirement of 21,500 divided by 18 years
Bradford	2,200	Core Strategy Publication Draft
Calderdale	800	Core Strategy preferred options draft 2012
Craven	137 - 208	Early draft Local Plan
Harrogate	862 - 1086	Figures from the 2011 SHMA - currently under review
Kirklees	1317 - 1854	Based on output from Edge Analytics, scenarios will be revised following household projection release and plan requirement to be established through new SHMA.
Leeds	3,660 to 2016/17 then 4,700 thereafter(to 2028)	Adopted Core Strategy
Selby	450	Need - Based on all evidence, the best estimate is a need for at least 450 dpa over the first 10 years of the plan period perhaps increasing by an unknown amount for the last 5 years. Requirement - At least 450 dpa from existing commitments and new allocations, plus an additional at least 105 dpa from windfalls.
Wakefield	1,600	Plus growth point 320 yr. between 2008 and 2017
York	870	Figure subject to review following Council meeting 9 th Oct 2014 and the 2012 DCLG household projections.
Total	13,090 – 14,962	This range is based on a combination of plan requirement figures where available and housing need where there is no plan requirement in place. This range represents the current collective understanding of housing being planned for in the LCR but will be subject to change.
LCR SEP Scenario	10,239 – 12,948 (mid-point 12,038)	Based on economic growth scenario Jobs-led (REM)_EA2 (see para graph 3.8). This scenario provides a useful starting point in establishing the general scale of growth across the City Region; however the economic scenario for the City Region does not constitute Objectively Assessed Need.

REPORT FRONT SHEET

AGENDA ITEM: 6

Combined Authority: 12 March 2015

Report Title: Leeds City Region Growth Deal Delivery

Report Summary

The dashboard demonstrates that:

- all projects to which we committed as part of the City Deal are now either completed or delivering to target, and in many cases with better performance locally than national averages
- from the Growth Deal announcement in July 2014, we have progressed rapidly to a position where we can successfully commence delivery of the Transport Fund and the other Growth Deal projects in April. The agreement of funding packages for six LGF-funded housing & regeneration projects – with all districts agreeing that the funding should be repaid – is a significant new milestone

The Chancellor's announcement of an extra £54.6m in Growth Deal funding for the City Region means that we now have a total of £627.5m awarded for the period from 2015-21, the largest total for any LEP area. The inclusion of a number of programmes in the latest award allows a welcome extra flexibility in local decision-making.

Possible Questions

1. What additional steps need to be taken to ensure that the LEP and WYCA will be able to deliver our 2015-16 Growth Deal projects successfully?
2. What processes are in place to develop projects for the programmes that we have been awarded in Growth Deal 2?

Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.

Originator: Rob Norreys
Head of Economic Strategy,
WYCA



ITEM 6

Report to: West Yorkshire Combined Authority

Date: 12 March 2015

Subject: Leeds City Region Growth Deal Delivery

1. Purpose

- 1.1. To update the Authority on preparations for delivery of the Growth Deal and the West Yorkshire plus Transport Fund; and also to update the Committee on progress on the delivery of other City Region projects and programmes.
- 1.2. To report the announcement of additional Growth Deal funding for the City Region.

2. Information

- 2.1. The Combined Authority has requested regular updates on progress towards delivery of each of the projects and programmes for which we have been awarded funding under the Leeds City Region Growth Deal of July 2014, including the West Yorkshire plus Transport Fund schemes. Progress is monitored through monthly updates to a 'dashboard' utilising a traffic light 'RAG (red, amber, green) rating' system to reflect the position of each project with respect to resources, risk and deliverability. The dashboards are attached at Appendix 1 (a, b and c). The notes below relate only to those programmes and projects where there has been a significant change since the report to the last meeting. The Transport Fund dashboard is now available via the West Yorkshire Combined Authority website, and the other dashboards will be made similarly available soon, all to be updated monthly.

Dashboard: Pipeline – Growth Deal (Appendix 1a)

- 2.2. **Pillar 1 – Supporting growing businesses.** There have been no changes to the 'RAG' ratings on these schemes. Delays in the recruitment of several key posts required for delivery of the Growth Hub remain a risk to the successful launch of the service in April.

- 2.3 **Pillar 2 – Developing a skilled and flexible workforce.** Following the approval of the first four Skills Capital projects by Leaders Board, these schemes are now shown individually on the dashboard. A replacement programme manager within the LEP team has now been recruited, and will take up the post in May.
- 2.4 **Pillar 3 – Building a resource smart City Region.** In January, the West Yorkshire & York Investment Committee considered the revised business case for **BioVale**, and recommends approval for £3m LGF support for the project, alongside a requirement that further work be done to identify funding for business support activity. As a result, the red rating on risk has now been changed to amber.
- 2.5 **Pillar 4 – Delivering the infrastructure for growth: housing and regeneration.** The red rating on risk for **Horse Close** has now been changed to amber – the key risk is now related to the outcome of legal advice regarding possible challenges to the existing development agreement, and this is judged to be medium or low.
- 2.6 Following discussion of detailed business cases, the January meeting of the Investment Committee recommended the approval of funding packages for the following six Growth Deal-funded housing and regeneration projects:
- York Central
 - Bradford, One City Park
 - Calderdale – Northgate House
 - Leeds – Brownfield Land
 - Leeds – Red Hall
 - Craven – Horse Close

Each of the six has agreed in-principle terms that requires repayment of the LGF funding, either through zero-interest loans or other overage agreements – this is in line with the ‘loan first’ principle of the SEP that will enable us to build up our own investment fund over time. Legal officers are now working to draw up the full contracts for each deal. The Committee’s recommendations will now be taken to the Leaders Board later in March.

Dashboard: West Yorkshire plus Transport Fund (Appendix 1b)

- 2.7 The current Transport Fund dashboard indicates that two schemes are at Gateway 3 (ie. implementation approval), one of which is on-site. Two are at Gateway 1 (development approval), while 21 have mandates for development work. There are currently just five schemes awaiting a mandate.
- 2.8 The dashboard currently includes five schemes highlighting one or more elements as red:
- Leeds City Centre Network Improvements: there is a significant funding gap as project scope has now been expanded to fit with HS2 proposals. Opportunities

for additional funding from HS2 will be explored as part of the scheme development.

- A65 – LBIA Link Road – detailed timescales for scheme development and delivery are being reviewed, and there is a risk that the scheme may not be delivered in full by 2021.
- East Leeds Parkway Rail Station project is currently on hold pending confirmation of Network Rail’s Electrification and 2014-19 Northern Programmes (capacity improvements).
- It is anticipated that a revised mandate for City of York Public Transport Improvements will be submitted in Quarter 4 2015/16. This revision will be informed by the outcomes of the City of York Council Congestion Commission (established to provide an evidence-based and participative approach to developing strategic recommendations for the management of congestion in York). It is not anticipated at this stage that these issues would prevent delivery by 2021.
- York Central Access. The delivery programme is currently being reviewed to reflect the requirement to align with Network Rail’s design and approvals process for elements of the project that impact on their assets

2.9 Two schemes – M62 Junction 24a and Glasshoughton Southern Link Road – have been added to the Dashboard since the last meeting of the Committee. Two schemes have been submitted for Gateway 1 approval, to be discussed by the Authority at Agenda Item 7 below.

Dashboard: In Delivery – Current/Recent LEP Projects and Programmes (Appendix 1c)

2.10 The final part of the dashboard attached as Appendix 1C records progress on delivery of a range of City Region projects and programmes agreed under the 2012 City Deal and other arrangements. Noteworthy recent developments include:

- the public announcement of £17.5m for the City Region’s Employer Ownership Pilot was finally made by the Chancellor on 5 February;
- negotiations with the SFA to revise our apprenticeship targets have now been concluded satisfactorily – this development took place after completion of the attached dashboard;
- the proportion of positive outcomes from our Headstart Programme has now moved above target, and we have adjusted the rating on milestones to green;
- following the signing of the Better Homes contract, preparations for delivery of the programme have begun. The setting up of the Special Purpose Vehicle to deliver the programme is scheduled to be completed in March;
- several applications have now been received to the RIF.

Following the announcement of the funding for the Employer Ownership Pilot and the re-profiling of the timetable for the Apprenticeship Hubs, all elements of the City Deal are now either completed or performing well in delivery. A number of our local programmes are performing better than their national counterparts.

Growth Deal 2 (Appendix 2)

- 2.11 An additional £54.6m from the Local Growth Fund was awarded to the LEP on 29 January, representing our second highly successful bid to government. In total, over the two rounds of Growth Deal funding announced so far, the City Region has received £627.5m, the largest amount for any LEP area by some distance.
- 2.12 The attached spreadsheet contains details of the awards from the second round. The funding once again covers each of the LEP's four strategic pillars. It is especially welcome that government has agreed to support three **programmes** as part of this allocation. This will enable us to reflect local needs and priorities more closely and plan investments according to the way that they perform on our Single Appraisal Framework (SAF), rather than have to get approval for each project separately by government. In relation to business support, for example, we will be able to assess the changing needs of the local economy over the next few years and move budgets between our standard BGP offer, help for start-ups, or assistance for supply chains and innovation, as is appropriate in relation to the needs of the local economy. Having a programme for housing and regeneration will mean that we can allocate support to projects with the greatest impact as and when they are ready to deliver and can demonstrate this impact through the SAF.
- 2.13 In preparation for the Growth Deal 2 bid to government, 'Outline Business Cases' were prepared by districts for six potential housing & regeneration developments. Districts have been requested to ensure that these cases are up to date, and they will then be considered by the Investment Committee at its first meeting following the general election for 'Gateway 1' approval – that is, a determination on whether the project should proceed to development of a full business case. This will be the start of the development of a pipeline of investment projects across the City Region to ensure that we can take advantage of the flexibility we have within our Growth Deal allocation. The six projects to be brought forward initially are:
- Bradford/ShIPLEY Canal Road Corridor
 - Pioneer House, Dewsbury
 - Castleford Growth Delivery Plan
 - Bath Road remediation, Leeds
 - Barnsley town centre
 - York Guildhall and Riverside

3. Financial Implications

- 3.1. The funding packages now agreed in principle for six housing and regeneration projects are in line with the allocations received by the LEP area from the Growth Deal.

4. Legal Implications

- 4.1. Legal officers at WYCA and Leeds City Council are working together in relation to the housing and regeneration scheme documentation.

5. Staffing Implications

- 5.1. Following the agreement of the Combined Authority, approval is in place to proceed with the recruitment necessary to deliver Growth Deal projects and programmes effectively and efficiently.

6. Consultees

- 6.1. Directors of the Combined Authority have been consulted in the preparation of this report.

7. Recommendations

- 7.1. That the successes in delivering the Leeds City Region City Deal be noted.
- 7.2. That progression of the full financial offers being developed for the six housing and regeneration projects and the BioVale project, secured in round one of Growth Deal funding, be noted.
- 7.3. That the award of a further £54.6m in Growth Deal funding for the City Region be welcomed.
- 7.4. That following discussion at the Investment Committee (4 March 2015) detailed work be conducted between the Investment Committee and the LEP's Employment and Skills Panel to explore how to raise awareness of the opportunities for apprenticeships with schools, parents and young people.

8. Background Documents

- 8.1. West Yorkshire Combined Authority, 29 January 2015 – Item 6, Leeds City Region Growth Deal Delivery.

**PIPELINE:
GROWTH DEAL DASHBOARD, CORRECT AS OF 6TH FEBRUARY 2015 (NON-TRANSPORT)**

Scheme Name	Stage gate	Ownership		Management and Control						Delivery									
		Project Exec / SRO	Total Project Investment (£m)	Approved LGF (£m)	Project / Programme Board in place	Resources in place for current stage	Risk Management	Current stage Milestones on track	LGF start date on track	LGF completion date on track									
Pillar 1: Supporting growing businesses (Chief Executive lead: Kersten England)																			
Business Growth Programme	Procurement (Gateway 2)	Sue Cooke (LEP)	108.0	G	18.0	G	Appraisal Advisory Committee, Investment Panel and BIG Panel	G	Yes - existing resources for current BGP programme with linkages to Growth Hub.	G	Potential gap in provision between existing and new programmes, and subsequent impact on the investment pipeline, if LGF cannot be committed prior to April 15. Discussions ongoing with government to secure agreement to commit LGF prior to April 15.	G	All preparatory work for delivery from April 2015 on-track.	G	Apr-15	G	Mar-18	G	
Business Growth Hub	Procurement (Gateway 2)	Sue Cooke (LEP)	1.145	G	0.625	G	BIG Panel, DoDs and Growth Hub Working Group	G	Delays in recruitment linked to the CA's job evaluation process will have an impact on resources available to deliver project from April 15. Recruitment underway for two posts but four key posts being delayed	A	Activity planned to ensure sufficient engagement from business. Options being explored to sustain the model beyond the present one year funding deal.	A	Delays in recruitment are having a knock-on impact. Ongoing work to align the LEP hub with spokes with alignment with Kirklees being phase 1. Web platform and telephone gateway to be established and existing provision mapped by March 2015.	A	Apr-15	A	Mar-16	A	
Bradford University Enterprise Zone	Planning (Gateway 1)	Brian Cantor (University of Bradford)	12.0	A	£3.8m from BIS (not LGF)		Steering group in place - LEP will join the SG. Also have a strategic advisory forum and stakeholder forum in place.	G	ESIF funding required to provide revenue for operating costs.	A	No guarantee that ESIF funding will be secured.	A	Currently going through due diligence. Will report to BIG Panel in March	G	Apr-15	G	Dec-16	G	
Pillar 2: Developing a skilled and flexible workforce (Chief Executive lead: Joanne Roney)																			
Skills Capital Investment Programme	Procurement (Gateway 2)	Sue Cooke (LEP)	100.0	A	74.0	G	Skills Capital Appraisal Group and Employment and Skills Panel	G	WYCA and LCC legal teams working on contractual arrangements, with advice from SFA. Gap in LEP staff resources expected until May 2015.	A	Advice/guidance provided to mitigate risks in delivery, and potential to phase projects over two years if necessary. Changes of leadership at 2 colleges could lead to a change of priorities. New Principals are being engaged.	A	Leaders Board has approved 4 projects. Criteria and commissioning strategy for 2016/17 programme have been developed in line with Skills Plan priorities and SAF. Expressions of interest now open.	A	Apr-15	A	Mar-17	A	
Leeds City College Printworks Phase 3	Procurement (Gateway 2)	Sue Cooke (LEP)	10.0	A	9.0	G	ESP has oversight, with project management within the college	G	Yes	G	Risks considered at application stage, risk management and monitoring processes to be considered as part of contracting discussions. The key risk is being unable to secure LGF funding.	A	Project approved by Leaders Board, pre-contract negotiations underway with a target completion date of February.	A	Apr-15	A	Jul-16	A	
Process Manufacturing Campus, Kirklees College	Procurement (Gateway 2)	Sue Cooke (LEP)	5.1	A	3.7	G	ESP has oversight, with project management within the college	G	Yes	G	Risks considered at application stage, risk management and monitoring processes to be considered as part of contracting discussions. Risk register in place.	A	Project approved by Leaders Board, pre-contract negotiations underway with a target completion date of February.	A	Apr-15	A	Jul-15	A	
ShIPLEY College Mill Building refurbishment	Procurement (Gateway 2)	Sue Cooke (LEP)	0.4	A	0.1	G	ESP has oversight, with project management within the college	G	Yes	G	Risks considered at application stage, risk management and monitoring processes to be considered as part of contracting discussions. Risks identified include planning permission and match funding, mitigation identified for both.	A	Project approved by Leaders Board, pre-contract negotiations underway with a target completion date of February.	A	Apr-15	A	Aug-15	A	
Skills Upgrade - Percival Whiteley Centre, Calderdale College	Procurement (Gateway 2)	Sue Cooke (LEP)	8.9	A	6.5	G	ESP has oversight, with project management within the college	G	Yes	G	Risks considered at application stage, risk management and monitoring processes to be considered as part of contracting discussions. Construction risks and appropriate mitigation identified.	A	Project approved by Leaders Board, pre-contract negotiations underway with a target completion date of February.	A	Apr-15	A	Apr-16	A	
Pillar 3: Building a resource smart City Region (Chief Executive lead: Wallace Sampson)																			
LCR Energy Accelerator	Planning (Gateway 1)	Wallace Sampson	6.0	A	0.6	G	Yes	G	Yes	G	Delays or failure to secure ELENA funding may undermine business case or slow momentum. Lessons being learned from previous successful ELENA bids.	A	Consultation taken place with stakeholders including LAs and SMEs. Initiation stage on target to complete by 27 March.	G	Apr-15	G	Mar-16	A	
BioVale	Planning (Gateway 1)	Debbie Smith (University of York)	25.6	A	3.0	G	Steering Group in place. Lead LEP agreed in principle, but MOU still to be signed	A	MOU with YNY&ER LEP will clarify resources. DLCG have confirmed uplift in funding from current ESIF programme.	A	Risks around securing each element of funding mix (LGF, ESIF via open call, UoY funding). All parties engaged to ensure funding and planning permission secured.	A	On track. WY&Y Investment Committee approved revised project scope at January meeting..	A	Apr-15	A	Mar-17	A	
Resource Efficiency Fund	Planning (Gateway 1)	Melanie Taylor (LEP)	4.4	A	1.2	G	Yes	G	Yes	G	If ERDF funding not secured, business case could be significantly undermined. Working with ESIF committee and partners to ensure strong application. Market testing and marketing to ensure sufficient interest and demand.	A	Project brief approved and initiation now underway. SME focus group held on 22 Jan.	G	Apr-15	A	Mar-20	A	
Pillar 4: Delivering the infrastructure for growth (Chief Executive lead: Merran McRae)																			
City Fields - Southern Gateway, Wakefield	Procurement (Gateway 2)	Andy Wallhead (Wakefield)	19.5	A	2.5	G	Yes	G	Project management resources in place	G	Progress required on the revised business case to enable the project to move forward.	R	Following the decision of the landowner not to proceed, a revised business case is being developed.	R	Apr-15	R	Mar-16	R	
East Leeds Housing Growth - Red Hall	Procurement (Gateway 2)	Martin Farrington (Leeds)	31.0	A	4.0	G	Yes	G	Project management resources in place	G	Work being done to ensure any issues which could lead to high abnormal development costs are identified and reduced.	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan.	A	Apr-15	A	Mar-17	A	
East Leeds Housing Growth - Brownfield Sites	Procurement (Gateway 2)	Martin Farrington (Leeds)	36.5	A	1.1	G	Yes	A	Project management resources in place	G	Market testing carried out and sites will be packaged to minimise the risk that sites may be unattractive/unviable for developers.	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan. Site valuations and remaining ground investigations due to be undertaken by March.	A	Apr-15	A	Mar-17	A	
York Central	Procurement (Gateway 2)	Sarah Tanburn (York)	743.7	A	1.7	G	Yes	G	Team in place but PM to be appointed	A	Exploring potential of accessing Environment Agency grant to replace ESIF funding. Flexibility in funding maintained to mitigate risk of not obtaining match.	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan. Engineering study now due to complete by Mar-15, with planning application to be prepared in April.	A	Apr-15	A	Mar-16	A	
One, City Park, Bradford	Procurement (Gateway 2)	Shelagh O'Neill (Bradford)	21.9	A	5.2	G	Unknown/TBC	A	Project management resources in place	G	MoJ fully engaged to mitigate risks regarding delays in vacation of the Tyrls. Market testing being undertaken to assess developer/end user interest.	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan. Planning permission for demolition of the Tyrls granted in December 2014.	A	Apr-15	A	Mar-18	A	
Halifax Town Centre	Procurement (Gateway 2)	Ian Gray (Calderdale)	10.8	A	1.3	G	Project Working Group	G	Project management resources in place. Detailed programme of work being developed by team of officers and advisers	G	Vacant possession of building required - contingency plans to be explored should refurbishment of Princess Street and Library overrun.	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan. Refurbishment of Princess Buildings now underway, which will allow Northgate House to be vacated in Q1 2016.	A	Jan-16	G	Mar-17	G	

PIPELINE:

GROWTH DEAL DASHBOARD, CORRECT AS OF 6TH FEBRUARY 2015 (NON-TRANSPORT)

Horse Close, Craven	Procurement (Gateway 2)	David Smurthwaite (Craven)	35.3	A	0.9	G	Project board in place	G	Project resources have slightly altered since Christmas. However, this is not to the detriment of the project as personnel now fully involved have been involved in the background from inception.	A	Legal advice awaited on preferred delivery option via existing Development Agreement (low/medium risk).	A	Recommended funding amount and repayment option presented to CAIC on 21-Jan. Planning not yet in place. Member decision required on whether CDC to deliver direct, or via existing development agreement.	A	Apr-15	A	Mar-16	A
---------------------	----------------------------	-------------------------------	------	---	-----	---	------------------------	---	--	---	---	---	---	---	--------	---	--------	---

WEST YORKSHIRE PLUS TRANSPORT FUND SCHEMES: CORRECT AS OF 13TH FEBRUARY 2015

ID	Scheme Name	Stage gate	Ownership		Management and Control				Delivery								
			Project Exec / SRO	Total Project Cost to Fund (£000s)	Approved Budget (£000s)	Project / Programme Board in place	Resources in place for current stage	Current stage Milestones on track	Start date on track	Completion date on track							
Bradford																	
55	Harrogate Road/New Line Junction	Mandated	Julian Jackson	4,900	G	106	G	Proj Board in Place	G	Recruitment of additional for GW2 of project is currently ongoing	G	GW2-3 Q3 2015/16	A	Mar-17	A	Dec-17	A
06	Bradford - Keighley A650 Hard Ings Road and town centre improvements	Mandated	Julian Jackson	10,300	G	118	G	Proj. Board in place	G	Core Team resource availability currently an increasing issue. Modelling currently being undertaken by in house team but reduced resource is impacting on delivery options to programme	A	GW1 April 2015	A	Dec-16	A	Dec-17	A
00	Bradford Gateways	Mandated	Julian Jackson	95	G	95	G	Proj. Board in place	G	Consultants appointed Jan 14	G	Delivery Plan Jun 14	G		G	Jul-14	G
14	A650 Tong Street Improvements	Mandated	Julian Jackson	7,100	G	50	G	Proj. Board in place	G	Project is appropriately resourced through internal and external resources	G	GW1 June/July 2015	A	2015	A	2021	A
Calderdale																	
20.1	Halifax- Huddersfield A629 Corridor Improvements - Phase 1 -Elland Wood Bottom - Free School Lane	Mandated	Ian Gray	16,230	G	455	G	Prog Board	G	Project Manager for Phase 1 in post Procurement workshop being held 2 Feb	A	GW1 for Phase 1b Jul 15	A	Jul-16	A	Mar-19	G
20.4	Phase 4a - Halifax town centre , eastern relief road - Define Town Centre Masterplan	Mandated	Ian Gray	57,100	G	340	G	Prog Board	G	Interim Project Manager in post	G	Jun-15	G	Feb-16	G	Mar-21	G
20.4	Halifax Station Gateway	Mandated	Ian Gray	21	G	5	A	Prog Board	G	Resource planning underway	G	GW1 Oct15	G	2015/16	A	2019/20	G
	Calderdale Strategic Modelling	Mandated	Ian Gray	159	G	159	G		G		G		G		G		G
Kirklees																	
18.a	Cooper Bridge Junction	Mandated	Richard Hadfield	69,300	G	100	G	Proj. Board in place	G	Detailed design start April 2015 - possibly mixture of internal and external resourcing	G	GW1 February 2015	G	Nov-17	A	Nov-20	A
18.a	A62 and A644 excluding Cooper Bridge	Mandated	Richard Hadfield		G	275	G	Proj. Board in place	G	Atkins Appointed	G	Develop fully validated combined existing situation Vissum model for A62 and A644 Corridors - July 2014	G	2017	G	2024	G
17	A653 Dewsbury to Leeds Corridor	Mandated	Richard Hadfield	12,500	G	80	A	Proj. Board in place	G		G	GW1 Sept 15	G	2019	A	2021	A
00	Huddersfield Station Gateway	Pre - Mandate		5,000	G	0	A	Project Board to be established	A	Project Board established Construction phase to be delivered through Network Rail	G	GW1 Dec 15	G	2017	G	2018	G
	M62 Junction 24a	Pre - Mandate															
	Kirklees Strategic Modelling	Mandated	Richard Hadfield	135	G	0	G	Project Board	G		G		G	2014	G	Mar-15	G
Leeds																	
07	East Leeds Orbital Road	Mandated	Martin Farrington	73,300	G	885	G	Major Proj.Board	G	In House	G	GW1 Jan 15	G	Jan-18	G	Oct-20	G

WEST YORKSHIRE PLUS TRANSPORT FUND SCHEMES: CORRECT AS OF 13TH FEBRUARY 2015

34	Leeds city centre network improvements – Phase 1 and City Centre Transport Strategy modelling	Updated Mandate Provided	Gary Bartlett	36,500	R	238	G	Major Proj.Board	G	LCC/Mouchel	G	GW1 Apr 2015	G	Jan-19	G	Nov-21	G
04	A65 - LBIA Link Road	Mandated	Gary Bartlett	35,700	G	210	A	Major Proj.Board	G	Mouchel/LCC	G	GW1 Aug 2016	G	2019	R	2021	R
08	Aire Valley - Leeds Integrated Transport Package – Phase 1	Mandated	Gary Bartlett	£11,490	G	510	G	Major Proj.Board	G	Bus service element to be addressed	A	GW2 March 2015	A	2015/16	A	2017	A
Wakefield																	
09	Wakefield Eastern Relief Road	Mandated	Neil Rogers	29,400	G	1539	G		G	Gateways 1-3 fully resourced - potential recruitment required for site supervision	G	Start on site March 2015	G	2015	G	Mar-17	G
10	Pontefract Northern	On Site	Neil Rogers	1,654	G	1654	G		G	Project almost complete	G	Start on site 2 June 14	G	Jun-14	G	Feb-15	G
	Glasshoughton Southern Link Road	Pre - Mandate						Project Board/Governance in place	G	Gateways 1-3 fully resourced	G	Mandate February 2015	G	Start on site early 2016	G		
WY Combined Authority																	
33	East Leeds Parkway	Mandated	David Hoggarth	10,100	G	50	G	Awaiting clarity on scope	A	Project Manager now in place	G	Awaiting clarity on Project scope	R	2017	R	Dec-18	R
28	Calder Valley (Caldervale Line)	Mandated	David Hoggarth	20,000	G	280	G	Project Board in place	G	Project Manager now in place	G	GW1 June 2015	A	2016	G	2017	G
45	Rail Package (Parking only) – Phase 1	Mandated	David Hoggarth	176	G	177	G	Board now established	G	PM from central pool appointed	G	GW1 July 2015	G	2015	A	2015-18	A
46.1	Leeds-Bradford Corridor demonstration project	Complete	John Henkel	50	G	50	G		G	PM from central pool required	G	Mar-14	G		G	Mar-14	G
46.2	Highways Efficiency Bus Package - Evidence Base	Complete	Paul Roberts	40	G	40	G		G		G	Jun-14	G	Jun-14	G	Jun-14	G
00	Castleford Gateway	Pre-mandate	David Hoggarth											2015		2016	
26	NGT to Aire Valley	Pre-mandate	Dave Haskins	98,300		TBC						TBC		2019		2022	
00	Leeds Station Masterplan	Pre-mandate		20,000	A	0	A		G	Project Assistant in place	A	GW1 July 2015	A	2015	G	2018	A
44	Highway Network Efficiency (UTMC)	Mandated	Richard Hadfield	7,300	A	0	A		G	PM resource identified	G		A	Apr-16	G	2018	A
York																	
57ei	Public Transport Improvements	Mandated	TBC	9,100	G	50	G	Yes	G	Dedicated PM resource from CYC and CA in place	G	Influenced by impact of Lendal Bridge and Traffic commission	R	2015	R	2018	R
57a	York Outer Ring Road Improvements Phases 1 and 2	Mandated	TBC	37,600	G	452	G	Board In Place	G	Dedicated PM resource from CYC and CA in place	G	GW1 Oct 2014	G	2015	G	2020	G
57g	York Central Access	Mandated	TBC	27,000	G	50	G	Yes	G	Dedicated PM resource from CYC and CA in place	G	GW1 March 2015	R	2016	A	2019	A

IN DELIVERY: CURRENT/RECENT LEP PROJECTS AND PROGRAMMES, CORRECT AS OF 6TH FEBRUARY 2015

Scheme Name	Delivery stage	Ownership		Management and Control				Delivery								
		Project Exec / SRO	Government contribution (£m)	Local contribution (£m)	Project / Programme Board in place	Resources in place for current stage	Current stage Milestones on track	Start date on track	Completion date on track							
Supporting growing businesses (Chief Executive lead: Kersten England)																
Export Network	Delivery	Sue Cooke (LEP)	0.005	G	0.03	G	LCR Trade and Investment Board/BIG Panel	G	Contract with Chamber International to run the network. 0.5 FTE in LEP to run the network. £5k from UKTI and £30k from LEP.	G	January LEP Board agreed in principle to the expansion of the Export Network and other export support, subject to further work on the detail of implementation.	G	Mar-13	G	Mar-15	G
Inward Investment - SLA with Leeds and Partners	Delivery	Sue Cooke (LEP)	0		2.25	G	LCR Trade and Investment Board/BIG Panel	G	LEP MoU with UKTI (covering activities of L&P and LAs). Review of L&P currently underway.	A	Target of 60 inward investment projects and 1,500 jobs created. By end of Q3 2014, 13 inward investment projects and 472 jobs achieved. 9 projects led by L&P, creating 412 jobs.	G	Jan-14	G	Dec-16	G
Business Growth Programme	Delivery	Sue Cooke (LEP)	25.7	G	121	G	Appraisal Advisory Group and Investment Panel	G	LEP and LCC resources established to manage programme. LCC resources support appraisal, legal and financial.	G	Target of £121m match over 5 years from businesses likely to be considerably exceeded. Target of 375 businesses supported, currently at 341, across 377 grants.	G	Feb-13	G	Mar-15	G
Developing a skilled and flexible workforce (Chief Executive lead: Joanne Roney)																
City Deal: Apprenticeship Hubs and ATAs	Delivery	Sue Cooke (LEP)	4.6	G	In-kind staff time	G	Apprenticeship Task Group (chaired by Phil Ball) and LEP Employment and Skills Panel	G	8 hubs and 2 ATAs established and operational.	G	At end of Dec 2014 1,589 SMEs engaged and 1,074 Apprenticeship starts achieved. Targets being renegotiated and set to be agreed in April	R	Apr-13	G	Mar-16	G
City Deal: Skills Hub (Employer Ownership of Funds Pilot) - City Deal/EOP	Delivery	Sue Cooke (LEP)	17.5	G	17.5	G	Employer Ownership Pilot Management Board (Mark Ridgway - chair) and LEP Employment and Skills Panel	G	Contract manager and delivery consortium now in place.	G	Decision finally made public on 5 Feb. Will be branded locally as Skills Service and Skills Fund, offering grants of £500-50,000 for LCR SMEs in certain sectors on a 50-50 basis with employers contributing 50%	G	Nov-14	G	Mar-17	G
City Deal: Devolved Youth Contract (covers Bradford, Leeds and Wakefield only)	Delivery	Sue Cooke (LEP)	5.6	G	In-kind staff time	G	Steering Committee in place and LEP Employment and Skills Panel	G	Programme operational.	G	2,601 starts as of December 2014, 80.7% (2,099) of which have progressed into positive employment, education or training outcomes. 960 (37.5%) have progressed into sustained employment outcomes of over 6 months. The programme has now surpassed its initial target of 2,562 starts, and has now been extended to March 2016.	G	Sep-12	G	Mar-16	G
18-24 Youth Contract Headstart Programme	Delivery	Sue Cooke (LEP)	4.6	G	In-kind staff time	G	Project Steering Group and LEP Employment and Skills Panel	G	Full partnership, including LAs and Job Centre Plus. Utilising existing services in DWP provision.	G	Target of 1,160 into positive destinations, of which 890 into employment. 30% target of participants into work - currently at 31%.	G	Apr-13	G	Sept-15. Flexible end date, based on progress achieved	G
Building a resource smart City Region (Chief Executive lead: Wallace Sampson)																
City Deal: Green Deal Go Early Pilots	Closed	Colin Blackburn (LEP)	2.593	G		G	Project Board in place	G	Project now closed.	G	Indicators included: properties receiving Green Deal assessments; properties receiving measures; no. of measures installed; value of loans and of ECO attracted.	G	Dec-12	G	Apr-13	G
City Deal: Heat mapping/feasibility	Closed	Colin Blackburn (LEP)	0.225	G	0		Project Board in place	G	Project now closed.	G	14 investable heat network opportunities identified; value of these opportunities is £190m; projects would save 110,000t CO2 pa; and would supply 810,000MWh of heat pa.	G	Dec-12	G	Jun-14	G
City Deal: LCR DEEP	Closed	Colin Blackburn (LEP)	0	G	0	G	Project Board in place	G	Project now closed. Only funding related to a small amount of revenue for set-up costs.	G	Indicators included: no. of properties receiving measures & no. installed; value of CERT/CESP attracted.	G	Dec-12	G	Sep-13	G
City Deal: Leeds City Region Green Deal scheme (Now Better Homes Yorkshire)	Mobilisation	Colin Blackburn (LEP)	4.80	G	0.45	G	Project Board in place	G	£22m contract signed on 19 December for first 3 years of 8 year agreement	G	Project mobilisation now underway. A joint venture vehicle to be created in April. Targets are 12,000 homes, 2,000 Green Deal assessments.	G	Dec-12	G	Mar-22	G
Green Deal Communities Fund	Delivery	George Munson (LCC)	0.75 (part of the £4.8m above)	G	0.1	G	Project board arrangements in place via Better Homes Yorkshire	G	LEP supports LCR Board; LCC support Leeds Board. £100k for training and business support, managed by LCC and delivered by Construction Housing Yorkshire. £750k for a voucher scheme delivered to households through LCR Green Deal contract. £4m for phase 1 in Leeds, Bradford and Wakefield for area-based schemes.	G	Funding helps support the delivery of Better Homes Yorkshire (see above) - launched now that above contract has been signed. Targets are 2,000 Green Deal Assessments; 650 homes receiving energy efficiency interventions; 11,500 tonnes CO2 pa saved.	G	Apr-14	G	Sep-15	G
Strategic Heat Programme	Delivery	Colin Blackburn (LEP)	0.31	G	0.0495	G	Programme Management Board and Green Economy Panel	G	Project manager in place.	G	Government funding of £205k received to develop six projects to same stage of delivery. Project brief to Green Economy Panel in Feb-15	G	Sep-13	G	March 2015 (TBC)	
Delivering the infrastructure for growth (Chief Executive lead: Merran McRae)																
Growing Places Fund	Delivery	Colin Blackburn (LEP)	35	G	172	G	Technical Appraisal Group and Investment Panel	G	LEP resources established to manage programme. LCC and other resources support appraisal, legal and financial.	G	Round 1 started in Jan 2012; currently in Round 3 (up to £6m available). £32m allocated to 13 projects that have potential to create over 5,000 jobs, an estimated GVA boost of £150m and over £172m private sector leverage.	G	Jan-12	G	Ongoing until fund spent	
Superfast West Yorkshire Phase 1	Delivery	Tom Bridges, LCC (Contract SRO), Ian Gray, Calderdale (Project SRO)	5.5	G	15.9	G	Superfast West Yorkshire Project Board	G	Project Delivery Team in place. Local resources include £11m private match.	G	Project ahead of delivery targets.	G	Oct-13	G	Sep-15	G
Superfast West Yorkshire Broadband Business Support Programme	Delivery	Phil Cole (LCC)	0		0.6	G	West Yorkshire Broadband Project Board	G	Project Delivery Team in place. Local resources include £11m private match.	G	Project on-schedule to achieve delivery targets.	G	Jan-14	G	Jun-15	G
Leeds/Bradford Super Connected Cities Programme	Delivery	Phil Cole (LCC)	12	G	0		Super Connected Cities Project Board	G	Project Delivery Team in place. Local resources include £11m private match.	G	Delivery performance is second only to London with around 600 vouchers already issued against a target of 1,500 by April 2015. BT in discussions about joining the programme, which will result in a revised target of 2,000 vouchers. Geographical expansion of the programme agreed, but concerns raised about possible discontinuation of government funding from April 2015.	G	Jul-13	G	Jun-15	
West Yorkshire and York Broadband Infrastructure Programme Roll-out	Procurement	Ian Gray (Calderdale)	7	G	7	A	West Yorkshire and York Project Board		Project team in place. Government funding guaranteed, £500,000 LA contribution for procurement and project management tbc.	A	In procurement	G	Apr-15	G	Jun-15	
Investment (Chief Executive lead: Tom Riordan and Joanne Roney)																
Revolving Investment Fund	Delivery	Mark Forbes (PPPU)	0		20	G	Limited company controlled by partner local authorities	G	LEP manages initial contacts and first stage expressions of interest for applications.	G	Three applications received. These are currently being appraised.	A	Jul-13	G	Ongoing until fund spent	
Leeds City Region Enterprise Zone	Delivery	Tom Bridges (LCC)	9	G	48	G	Project Board in place	G	EZ team in LCC facilitating	G	2 of the 3 Government milestones achieved; completion of remediation work at Thornes Farm and Logic Leeds sites. Completion of the remediation at Temple Green is unlikely to be achieved by March. This was anticipated from the outset and is reflected in the developer's resource profile.	G	Jul-13	G	Ongoing until fund spent	G

SEP Pillar	Project/Programme	Total LGF awarded (£m)
1	Access to Capital Grants Programme: The LCR Access to grants programme will be an innovative finance programme that will build on existing provision of capital grants (e.g. the successful Business Growth Programme) but introducing greater flexibility into the range, scale and scope of grants provided so that it can be tailored to reflect market demand conditions more effectively (with such intelligence gathered through the proactive SME engagement function of the Business Growth Hub), whilst also enabling the City Region to provide a broader portfolio of financial products, including capital grants for start-ups and capital grants for innovation & supply chain activity. The funding will complement equity, mezzanine and loan finance (e.g. ESIF A2F programme, Growing Places Fund, Start-up Loan Programme).	15.7
1	University Innovation and Enterprise Centre (Leeds): will provide 10,500sqm high quality business-facing office and laboratory space to grow high growth companies in order to help address gaps in provision of incubation space within the City Region. The UIEC will provide intensive support for nascent and existing companies through a dedicated team with expertise in the full range of innovation, incubation and business support specialisms; and bring together an experienced team of Innovation and business engagement staff, including sector specialists to work with businesses to develop tailored support packages.	3
1	Huddersfield Incubation and Innovation Programme: will convert the University's research capability and centres of excellence into economic programmes and activity that will inject growth into the advanced manufacturing, digital and creative sectors, through job creation, skills development, product innovation and SME business growth. The proposal encompasses a number of key elements, including the provision of grow-on and incubator space, access to new and emerging technologies for companies at all stages of maturity and business development support including access to markets and finance to promote growth in key sectors, including advanced manufacturing. Facilities will be developed at Globe Mill in Slaithwaite and at 3M BIC in central Huddersfield.	2.9
2	Skills Capital: Top up request for GD2. Skills capital investment programme to support sectors and skills which are likely to generate the largest contribution to economic growth, as well as ensuring we have a world-class learning environment for young people in all our centres. GD2 proposal to extend into 17/18.	5
3	Decentralised Energy Programme: Investment pot for large scale energy investments (particularly those arising from the Energy Accelerator programme).	8
4	Housing & Regeneration Programme: The LCR Housing & Regeneration Programme aims to accelerate housing growth and development in the City Region. The Programme will achieve this by unlocking investment in our priority housing and employment growth locations. This will include the upfront financing of key infrastructure and development works to unlock these key strategic sites and other deliverable development sites and assets across the City Region to enable significant new housing and employment development to take place quickly. It will invest funds in the places where resources are most needed to correct market failures and unlock opportunities, focusing investment in two critical themes: <ul style="list-style-type: none"> • Accelerating housing and employment growth in strategic growth areas; and • Enabling site development in Strategic Employment and Mixed Use Sites. 	20
Total		54.6

REPORT FRONT SHEET

AGENDA ITEM: 7

Combined Authority: 12 March 2015

Report Title: West Yorkshire Plus Transport Fund

Report Summary

This report also seeks two Gateway Approvals for West Yorkshire Plus Transport Fund Schemes:

- A629 Phase 1a: Jubilee Road to Free School Lane (Gateway 1); and
- East Leeds Orbital Road (Gateway 1).

The WYCA Investment Committee has considered the gateway submissions and recommends that WYCA approves progression through the gateways in accordance with the Assurance Framework. The report also seeks agreement to delegated approvals for a number of gateways over the next few months and provides an update on the Payment by Results discussions with government.

Possible Questions

1. Is WYCA satisfied that the criteria for the schemes passing through the gateways have been met?
2. Is WYCA happy to allocate funding (from the overall Transport Fund programme) to allow the schemes to progress to the next stage?
3. Do the schemes continue to contribute to the wider outcomes sought through the Strategic Economic Plan?
4. Is the proposed delegation of upcoming gateways satisfactory?

Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.

Originator: David Hoggarth
Director Development



ITEM 7

Report to: Combined Authority

Date: 12 March 2015

Subject: West Yorkshire Plus Transport Fund

1. Purpose

1.1. To approve the progression through the WY+TF gateway process of the following schemes:

- A629 Phase 1a: Jubilee Road to Free School Lane (Gateway 1); and
- East Leeds Orbital Road (Gateway 1);

1.2. To agree a process for approving Transport Fund gateways during a period where there are no suitable, scheduled WYCA meetings. The report also provides an update on discussions with government on the development of metrics for the payment by results gateway (a condition of the Growth Deal funding).

2. Information

Background

2.1. At the December 2014 meeting of the WYCA, a revised programme (and funding strategy) for the West Yorkshire Plus Transport Fund was approved. The agreed programme contains 21 schemes to be delivered in full by 2021. In addition, there are another 12 schemes (or phases of schemes) to be on site by 2021 and a further 6 schemes to be delivered by 2025.

2.2. The status of each scheme indicates where it is in the gateway process as part of the agreed assurance framework. Schemes initially require a mandate setting out the rationale, scope of the project and resources needed to develop the scheme. There are then three defined gateways to pass through, reflecting the agreed assurance framework and the 'portfolio' management process which aims to ensure that the desired outcomes, as well as outputs, are achieved. The gateway stages are as follows:

- **Development Approval (Gateway 1)** - scheme sponsors undertake modelling, appropriate feasibility work and the preparation of a high level business case;
- **Procurement Approval (Gateway 2)** - scheme sponsors continue to develop more robust cost estimates, undertake high level appraisal appropriate to the nature and complexity of the scheme, progress detailed design work, refine risk levels, and updates the business case in preparation to seek a price from the market to implement the scheme;
- **Implementation Approval (Gateway 3)** – demonstrating the final cost estimates are robust, risk exposure is acceptable, and that forecast outcomes remain comparable with those agreed in earlier gateways.

2.3. To pass Gateway 1, the submitted documentation needs to show that the scheme will provide an acceptable level of value for money, has a clear set of objectives and a realistic chance of successful implementation.

A629 Phase 1a: Jubilee Road to Free School Lane (Gateway 1)

- 2.4. The A629 corridor is an agreed ‘early win’ scheme and is part of a range of measures aimed at improving highway efficiency on the approach to Halifax and within the town centre environment. It focuses on all modes of road transport travelling from the M62, Kirklees and all communities to the south east, which would facilitate improvements in local economic and employment opportunities plus reducing congestion.
- 2.5. The corridor has been split into a number of phases for delivery through the Transport Fund. Phase 1 is focussed on the southern section, from Free School Lane to Elland Bypass and involves significant changes to the Calder and Hebble junction (A629 and A6024). This phase has been further split into Phase 1a and Phase 1b.
- 2.6. The Phase 1a improvements address the causes of congestion at the three key junctions as well as increases in capacity on Salterhebble Hill (outbound) which is the key outbound constraint to traffic in the corridor. The scheme reduces delay (particularly in the PM peak) for all vehicles including buses. The scheme also addresses accident issues at junctions and removes potential conflicts between cyclists and heavy vehicles inbound on Salterhebble Hill. By smoothing traffic flow there are expected to be environmental benefits in the form of reduced emissions in an Air Quality Management Area.
- 2.7. A Gateway 1 submission has been received for Phase 1a which seeks £257,000 to allow the preparation of detailed design, submission of planning application and the development of a full detailed business case. Approval to proceed beyond that stage would be sought at Gateway 2.

- 2.8. A Gateway Peer Review Panel concluded the submission was sufficient to recommend progressing to detailed design subject to the provision of additional information to be included in a revised submission before seeking final approval from the Combined Authority in March 15.
- 2.9. A summary business case is attached as **Appendix 1**.
- 2.10. A submission for Gateway 1 approval for the full Phase 1 will follow in the summer.

East Leeds Orbital Road (Gateway 1)

- 2.11. The East Leeds Orbital Road (ELOR) has also been identified as an 'early win' scheme. The scheme, which would provide a bypass to the existing Outer Ring Road, includes three elements which are focussed on supporting the regeneration of East Leeds by facilitating the release and build out of the East Leeds Extension as well as improving the traffic network along the existing Outer Ring Road. The scope of the project encompasses the following:

- ELOR: The design, preparation and construction of a new orbital road between Red Hall and Manston Lane and the expansion of the Manston Lane Link to a dual three carriageway. The route will provide a dual carriageway road with a 50mph speed limit around the east side of Leeds to Thorpe Park. The scheme will link into the existing network at the A6120 at Red Hall, A58 Wetherby Road, Skeltons Lane, A64 York Road, Barwick Road and Manston Lane.
- A6120 Enhancements: The design, preparation and construction of a range of enhancements to the existing A6120 between Red Hall and the M1 Junction 46. This includes speed limit changes, gateway treatments, additional pedestrian and cycle facilities.
- Outer Ring Road Junction Improvements: The design, preparation and construction of the improvements to the A6120 / Roundhay Park Lane Junction, A6120 / A61 Harrogate Road Junction, A6120 / King Lane Junction and Stonegate Road / King Lane Junction.

- 2.12. A Gateway 1 submission has been received for ELOR which seeks £3.9m to allow the preparation of detailed design, submission of planning application and the development of a full detailed business case. Approval to proceed beyond that stage would be sought at Gateway 2.
- 2.13. The Gateway Peer Review Panel concluded the submission was sufficient to recommend progressing to detailed design subject to the provision of additional information to be included in a revised submission before seeking final approval from the Combined Authority.
- 2.14. A summary business case is attached as **Appendix 2**.

Future Gateway Approvals

- 2.15. There are a number of gateway approvals required at times when there aren't appropriately scheduled WYCA meetings (between April and June 2015). The following gateway approvals are expected during this period:
- A650, Hard Ings Road Phase 1, Bradford
 - Aire Valley Park and Ride, Leeds
 - Leeds City Centre Network Improvements, Leeds
 - A62, Cooper Bridge Junction, Kirklees
- 2.16. The Transport Portfolio Advisory Group (Portfolio Holders plus the Chair of the Transport Committee) have discussed a process for dealing with Gateway approvals during this period.
- 2.17. Normally gateways would be considered by the Investment and Transport Committees who would make a recommendation to the Combined Authority. It is proposed that in these specific cases, approval be delegated to the Head of Paid Service in consultation with the Chairs of the Transport and Investment Committees. The Chairs of the two committees would have the option of consulting with members of their committees or arranging a meeting to consider the gateway(s).

Payment by Results Metrics

- 2.18. The draft proposals for the Payment By Results mechanism which will release post 2021 LGF which were considered by the CA in December are subject of ongoing feedback from Cabinet Office and HM Treasury Officials. The finalised arrangements will be the subject of a future report

3. Financial Implications

- 3.1. The financial implications approving progression through the gateways are £257,000 for the A629(Phase 1a) and £3.9m for East Leeds Orbital Road. The cost of this work (and subsequent cost of delivering the schemes in full) is included in the Transport Fund programme and budget approved by the WYCA on 12 December 2014.

4. Legal Implications

- 4.1. The Authority may delegate such functions as it sees fit to officers of the Authority. Gateway approvals do not currently sit within the authority of any officer, nor within the terms of reference of any of the committees of the Authority.

5. Staffing Implications

- 5.1. The development and delivery of the schemes within the Transport Fund will be challenging and will require a significant increase in the level of resources over and above that currently available to the partnership.

- 5.2. The Combined Authority, at their meeting on 12 December 2014, approved, in principle, the creation of up to 30 FTE posts for the initial delivery phase of the fund. Further work has been undertaken with partners to understand the most pressing resource requirements across the partnership and a resource plan for up to the 30 posts is being developed.
- 5.3. Work is also underway to develop a new procurement mechanism that is flexible enough to provide additional resources to meet the significant peaks in workload and provide specialist skills not available within the partnership for the Transport fund over its duration. This working is being supported by advisors from Local Partnerships (funded by the DfT).

6. Consultees

- 6.1. The Head of Paid Service and Acting Director, Transport has been consulted in the preparation of this report.

7. Recommendations

- 7.1. That WYCA approves the progression of the A629 Phase 1a: Jubilee Road to Free School Lane (Gateway 1) project through Gateway 1.
- 7.2. That WYCA approves the progression of the East Leeds Orbital Road (ELOR) project through Gateway 1.
- 7.3. That approval of the future gateways set out in paragraph 2.15 be delegated to the Head of Paid Service in consultation with the Chairs of the Transport Committee and the Investment Committee.

8. Background Documents

- 8.1. Report to the Combined Authority on the 12 December 2014 '*West Yorkshire plus Transport Fund - Programme and Cost Review*'.

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: | **A629 Halifax to Huddersfield Improvements Phase 1a: Free School Lane to Jubilee Road
Phase 1: Southern Section, Phase 1a: Free School Lane to Jubilee Road**

Summary

Promoting Authority	Calderdale Metropolitan Borough Council
Project Executive	Tim Robinson
Project Manager	Richard Binks
Gateway Stage for which approval is sought	1
Approval for expenditure being sought	£4.574m

Project description

Congestion on the A629 corridor has been identified as a key barrier to the progression of future housing and employment developments in the area around the A629 including Halifax town centre. The corridor has been split into a number of phases for delivery. Phase 1 is focussed on the southern section, from Free School Lane to Elland Bypass and involves significant changes to the Calder and Hebble junction (A629 and A6024). This phase has been further split into Phase 1a and Phase 1b, with Phase 1a being delivered first as an enabling phase of the wider Phase 1 improvements, although Phase 1a does deliver significant benefits in its own right. A wider business case for the full Phase 1 (including more detailed appraisal) will follow in the summer, once Phase 1b feasibility/modelling has been undertaken and the relationship between Phase 1a and 1b is better understood.

The Phase 1a improvements have been developed to address the following objectives for the southern section of the A629 route:

1. Promote mode choice by enhancing multimodal accessibility
2. Improve economic and employment opportunity throughout the District and unlock sites for development
3. Reduce congestion along A629 corridor
4. Reduce bi-directional journey times for all modes on A629 corridor
5. Mitigate accessibility concerns of businesses
6. Ensure synergy with LTP and SEP investment
7. Improve air quality

The scheme addresses the causes of congestion at the three key junctions as well as increases in capacity on Salterhebble Hill (outbound) which is the key outbound constraint to traffic in the corridor. The scheme reduces delay (particularly in the PM peak) for all vehicles including buses. The scheme also addresses accident issues at junctions and removes potential conflicts between cyclists and heavy vehicles inbound on Salterhebble Hill. By smoothing traffic flow there are expected to be environmental benefits in the form of reduced emissions in an Air Quality Management Area.

Following the completion of more detailed feasibility design work, the proposed scope of Phase 1a improvements has been identified as follows: Principal highway network efficiencies, (including priority for cyclists and pedestrians, and bus / commercial vehicles where possible,) and Capacity and operational improvements in the following locations:

- o Along the A629 Salterhebble Hill between Jubilee Road and Chapel Lane,
- o At Dudwell Lane junction,
- o At Dryclough Lane junction,
- o Along the A629 Huddersfield Road between Dryclough Lane and Free School Lane,
- o At Free School Lane / Shaw Hill / Skircoat Road junction

The scheme is the first phase of a comprehensive package of multi-modal measures that address issues along the A629 corridor between Halifax and Huddersfield and it is essential that this scheme successfully interlinks with those. The major constraint in the network is the Calder and Hebble junction. Improvements to this junction are to be delivered as part of Phase 1b in 2019. The design of Phase 1a measures have been modelled with an increase in demand that replicates the potential impact of the removal of the existing bottleneck at the Calder and Hebble junction, thus improvements which are to be delivered as part of Phase 1a need to have sufficient resilience to be compatible with the improvements envisaged under Phase 1b. Sufficient capacity needs to be provided allowing these junctions to operate satisfactorily when demand is released from this pinch point in future.

The Phase 2 (Town Centre section) impacts on the design for phase 1a, with regard to the design of the Free School Lane / Shaw Hill junction. This includes the potential for more balanced orbital flows between western and eastern sides of the town centre, noting the resilience of the Free School Lane junction design to respond to changing traffic patterns (i.e. increased right turns from Huddersfield Road). The risk register identifies issues with the town centre schemes as potential risks (items 2.2 and 11.3).

There is interdependency with the hospital car parking strategy, as access to / from these car parks has a significant impact on traffic flows and junction operation in the phase 1a section.

There is interdependency with the later Kirklees elements of the corridor, which are currently planned for delivery by 2022. The design of phase 1a, 1b and subsequent phases need to account for changes in demand (and potential increases in the number of buses and bus users) that are expected to result from the delivery of schemes in Kirklees which unlock corridor constraints at critical junctions such as Calvary Arms.

Total Cost and Funding Profile (all figures in £000s)

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF		0.22	0.66	3.43								4.3

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: | **A629 Halifax to Huddersfield Improvements Phase 1a: Free School Lane to Jubilee Road**
Phase 1: Southern Section, Phase 1a: Free School Lane to Jubilee Road

Key Outcomes	Quantified Impact	Comments
WY GVA / £	14m	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	214	Net WY jobs compared to Do Minimum at 2026.
WY Housing		Net WY households compared to Do Minimum at 2026.

Summary of current scheme against baseline

Summary The headline economic results from the West Yorkshire Urban Dynamic Model (UDM) are presented below for the Halifax – Huddersfield A629 corridor & Halifax Town Centre. The overall test for the full programme of interventions was updated in August 2014 to more accurately reflect the specification at that time.

It has been agreed that there are no material changes to the assumptions surrounding the proposed interventions that require the overall programme to be retested at this point in time. Further modelling work is expected to be completed in time for the Gateway 1 submission for Phase 1b later in the year, and it is proposed to retest the overall programme at that time.

Costs

Costs have been assumed to be unchanged for the whole corridor package at £120.6m (including optimism bias), with a whole life cost of £110.5m.

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY	
Project Ref:	A629 Halifax to Huddersfield Improvements Phase 1a: Free School Lane to Jubilee Road Phase 1: Southern Section, Phase 1a: Free School Lane to Jubilee Road
<p>Benefits The performance of the Phase 1a components have been tested independently as part of this submission and the headline results are presented alongside the full programme test results. Benefits are presented for the forecast year of 2026. UDM model results (Phase 1a components)</p> <p>Original full package test, +1,380 WY jobs and +£99.0m GVA p.a. 2009 Prices Current full package test +1,740 WY jobs and +£126.8m GVA p.a. 2009 Prices Phase 1a components +214 WY jobs and +£14.0m GVA p.a. 2009 Prices</p> <p>Headline GVA/£ figures have been calculated based on the revised UDM testing and associated scheme costs. The GVA/£ metric is used to rank schemes within the Transport Fund and represents single year GVA for the forecast year of 2026 considered against the whole life cost of the scheme to the Transport Fund. The GVA/£ for the original package is 0.9 and for the current full package is 1.1.</p> <p>Assuming the same cost inputs, the revised full package test demonstrates stronger performance in terms of the GVA/£ metric when compared to the original test. A review of the whole life costs for the overall programme will be considered at the Gateway 1 submission for Phase 1b to coincide with the revised UDM testing.</p>	
Key risks	Description
Risk 1	Land acquisition cannot be negotiated leading to initiation of CPO
Risk 2	Detailed design resource appointment
Risk 3	Unforeseen statutory undertakers plant requires diversion
Land Acquisition	
<p>The scheme encompasses widening beyond the existing highway boundary by approximately 2m; 7 number 3rd party land plots are identified of which the principal has reached provisional agreement for accommodation works with public sector partner NHS trust. This leaves 4 further scheme dependant plots to be acquired by negotiation or ultimately cpo processing and 2 desirable, but non essential plots.</p>	
Key Stakeholders	
Internal	External bodies
Highways and Engineering	First Bus
Planning	Arriva Bus
Corporate Finance	Environment Agency
Corporate Procurement	Yorkshire Ambulance Service
Legal	West Yorkshire Fire & Rescue Service
	West Yorkshire Police
	Utilitie Companies
	Adjacent landowners
	Adjacent school / amenities
	Higways Agency
	Kirklees MC
Consultation	
<p>To date consultation has been undertaken with the major 3rd party landowner CRH, internal stakeholder teams, WYCA, Kirklees MC and the Highways Agency.</p>	
Associated Documents	

Value for Money Statement - Central Case

Scheme Name	A629 Halifax to Huddersfield Improvements Phase 1a: Free School Lane to Jubilee Road
--------------------	---

Scheme Promoter	Calderdale Metropolitan Borough Council
------------------------	--

Gateway Stage	One
----------------------	------------

Criteria	Assessment	Comments
Quantified Benefits		
Present Value of Benefits	Time Savings	69,597
	Vehicle Operating costs	n/a
	Greenhouse Gases	n/a
	Indirect Tax Other	n/a
	Total	£69,597
Cost		
Optimism Bias	44%	In line with TAG guidance 44% has been used in BCR calculations for a scheme at this stage of development. Given that the scheme costs have been derived based on a more thorough understanding of land and other costs than might be anticipated at this stage, it may have been acceptable to apply a 15% uplift as would be applied at Gateway two. The use of 44% results in a conservative BCR being estimated.
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£4,248	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year.
BCR (Benefit to cost ratio)		
Initial	16.4	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme. The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	n/a at this stage.	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme. For the A629 Phase 1a this could include additional benefits for Accidents and GVA (£14m). These are referred to in Major Scheme Business Case but additional benefits not calculated. The benefits that have not been quantified at this stage will be captured as part of the wider more comprehensive appraisal proposed as part of the Gateway 1 submission for Phase 1b in July 2015.
Qualitative Benefits		
Qualitative Benefits	n/a	Itemised in Appraisal summary table. At this stage (on the basis of proportionate appraisal) it is not appropriate to undertake a detailed assessment of qualitative benefits.
VfM (value for money)		
Value for Money Category	Very high	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high

Sign-off	
Name	Angela Taylor
Title	Director Resources
Organisation	WYCA
Signature	

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: Project Name: East Leeds Orbital Road (ELOR) Package

Summary

Promoting Authority	Leeds City Council
Project Executive	Oliver Priestley
Project Manager	John Pollard
Gateway Stage for which approval is sought	Gateway 1
Approval for expenditure being sought	£76.233m

Project description

Project Scope: The ELOR Package constitutes three elements which are focussed on supporting the regeneration of East Leeds by facilitating the release and build out of the East Leeds Extension as well as improving the traffic network along the existing Outer Ring Road. The scope of the project encompasses the following:

- **ELOR:** The design, preparation and construction of a new orbital road between Red Hall and Manston Lane and the expansion of the Manston Lane Link to a dual three carriageway. The route will provide a dual carriageway road with a 50mph speed limit around the east side of Leeds to Thorpe Park. The scheme will link into the existing network at the A6120 at Red Hall, A58 Wetherby Road, Skeltons Lane, A64 York Road, Barwick Road and Manston Lane.
- **A6120 Enhancements:** The design, preparation and construction of a range of enhancements to the existing A6120 between Red Hall and the M1 Junction 46. This includes speed limit changes, gateway treatments, additional pedestrian and cycle facilities.
- **Outer Ring Road Junction Improvements:** The design, preparation and construction of the improvements to the A6120 / Roundhay Park Lane Junction, A6120 / A61 Harrogate Road Junction, A6120 / King Lane Junction and Stonegate Road / King Lane Junction.

Project Objectives: The scheme is required to:

- Facilitate the regeneration of East Leeds through enabling the East Leeds Extension to be developed; and
- Enable a co-ordinated and commercially deliverable release of the whole East Leeds Extension.

The ELOR Package has a series of defined and measurable objectives, these are as follows:

1. To contribute to the regeneration of East Leeds through facilitation of the East Leeds Extension as identified in the Unitary Development Plan (UDP);
2. To improve the connectivity of East Leeds and provide access to the key East Leeds employment areas;
3. Contribute to the overall management of strategic traffic in order to reduce congestion on the A6120;
4. To enable a co-ordinated and commercially deliverable release of the whole East Leeds Extension and to minimise the impact of traffic arising from new homes on existing neighbourhoods, at all stages of development; and
5. To improve the quality of life for East Leeds residents and visitors through improvements to Air Quality and other environmental parameters along existing transport corridors.

Total Cost and Funding Profile (all figures in £000s)

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF	0	0	£1.806	£2.176	£13.386	£26.444	£19.974	£8.396	£4.051	0.000	0.000	£76.233
Third Parties	0	0	£0.948	£1.142	£7.024	£13.875	£10.480	£4.405	£2.125	0.000	0.000	£40.000
Total	0	0	£2.754	£3.317	£20.409	£40.320	£30.454	£12.801	£6.176	0.000	0.000	£116.233

Key Outcomes	Quantified Impact	Comments
WY GVA / £	TBC	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	TBC	Net WY jobs compared to Do Minimum at 2026.
WY Housing	5,000	Net WY households compared to Do Minimum at 2026.

Summary of current scheme against baseline

Summary: The total outturn scheme cost is £116.233m of which £40m is expected to be provided by third parties and £76.233m from the WYPTF. This compares to a total of £123m which was initially identified at Gateway 0 of which £50m was initially identified to be provided through third parties. The Financial Case has illustrates that the scheme is financially viable and affordable and demonstrates that as the scheme will support the development of up to 5,000 new houses that form part of the ELE there will need to be developer contributions to the construction of ELOR. LCC is currently developing a robust mechanism to ensure that the third party contributions can be achieved through section 106 / roof tax (based on the delivery of housing) and the Community Infrastructure Levy.

Costs: The scheme cost base estimate has been updated to Q4 2014 prices, the outturn costs include inflation and a quantified risk allowance, both of which have been calculated as per DfT Guidance, appropriate for a scheme at this stage of development. An indicative funding profile has been put together which illustrates the level of WYPTF and third party funding required for the scheme. The change in scheme costs from Gateway 0 is also as a result of the change in scheme scope. LCC will now deliver:

- ELOR Sections 1-4 and the expansion of the Manston Lane Link (Sections 5 and 6) to a dual three land carriageway. The full MLLR was included within the original appraisal; it has since been agreed that the dual carriageway layout of the scheme will be delivered by the developer of Thorpe Park
- The upgrade of two additional outer ring road junction, the scope of the scheme now incorporates the A6120 / Roundhay Park junction and the Kings Lane / Stonegate Road Junction.

Benefits

Ultimately the ELOR Package will:

- Facilitate the regeneration of East Leeds through enabling the East Leeds Extension to be developed; and
- Enable a co-ordinated and commercially deliverable release of the whole East Leeds Extension and up to 5,000 houses.

A full WebTAG compliant economic appraisal has been completed in support of the GW1 Business Case, it demonstrates that over the 60yr appraisal period the scheme is expected to deliver the following benefits:

Key Monetised Benefits (PVB £m):

Time Saving Benefits: £95.734m

Construction & Maintenance Benefits: £337.601m

Active Modes: £5.863m (this is calculated over 30 yrs)

Non-Monetised Benefits

Townscape: Slight Beneficial

Journey Quality: Large Beneficial

Severance: Moderate Beneficial

Option & Non Use Values: Large Beneficial

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY	
Project Ref:	Project Name: East Leeds Orbital Road (ELOR) Package
Key risks	Description
Risk 1	Scheme requires major changes / diverting of existing statutory undertakings.
Risk 2	Preferred procurement approach not agreed in timely way.
Risk 3	Additional development accesses required onto ELOR.
Land Acquisition	
The ELOR Package is dependent on the acquisition of third party land to enable the scheme to be constructed. There are several landowners and developers that have an interest in the delivery of the scheme due to the role it has in supporting their business objectives and interests in the development of the East Leeds Extension. As a result they are key project stakeholders. Engagement between LCC and the developers and landowners is ongoing.	
Key Stakeholders	
Internal	External bodies
Leeds City Council & Local Politicians	Developers / Landowners
West Yorkshire Combined Authority (WYCA)	Public Transport Operators (Bus)
	Emergency Services
	Statutory Consultees:
	Parish Councils; English Heritage; Natural England;
	Environment Agency; Canals & River Trust
	Non-Statutory Consultees: Leeds City Region Enterprise Partnership
	Leeds Chamber of Commerce; Driver Interest Groups; Driver Interest Gr
	Freight Organisations; Campaign for Better Transport;
	Sustrans; Cyclist Touring Club; Leeds Cycling Action Group;
	General Public; Disability Groups
Consultation	
The East Leeds Extension and related provision of an East Leeds Orbital Road are long-standing aspirations for the city, established through the Unitary Development Plan since 2001 but having been in discussion from the early 1990's. As a result the proposals have been subject to wide ranging engagement with: Local residents; Members; Community groups; Landowners; Developers; Statutory Undertakers; and statutory and non-statutory consultees and interest groups.	
An engagement strategy has been developed for the ELOR Package which sets out the consultation process for the next stages of the project. Importantly it is also linked to the engagement for the wider East Leeds Communications Strategy.	
Associated Documents	
Vision for Leeds 2011-2030; Leeds Growth Strategy; Leeds Local Development Framework Core Strategy 2014 - 2028; Leeds Local Implementation Plan & Transport Strategy 2011-2026; East Leeds Transport Strategy (Draft); West Yorkshire Local Transport Plan; Leeds City Region Strategic Economic Plan.	

Value for Money Statement

Scheme Name	East Leeds Orbital Road (ELOR) Package
Scheme Promoter	Leeds City Council
Gateway Stage	Gateway 1

Criteria	Assessment	Comments
Quantified Benefits		
Present Value of Benefits	Time Savings	£95.734m
	Vehicle Operating costs	-£7.516m
	Greenhouse Gases	-£12.931m
	Indirect Tax	£27.904m
	Other (Construction & Maintenance)	£337.601m
	Other (Active Modes)	£5.863m
	Total (PVB)	£446.655m
Cost		
Optimism Bias	15%	The ELOR Package is at Gateway 1 and at an early stage of development, however as described in the business case a robust QRA process has been used to quantify the known project risks. Therefore a lower OB uplift is thought to be more appropriate at this stage. As a result an uplift factor of 15% has been added to the risk and inflation adjusted base scheme cost estimate.
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£99.985m	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year
BCR (Benefit to cost ratio)		
Initial	4.47	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme. The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	4.64	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme.
Qualitative Benefits		
Qualitative Benefits	Landscape - Slight Adverse Townscape - Slight Beneficial Historic Env - Moderate Adverse Biodiversity- Slight Adverse Water Env - Slight Adverse Journey Quality - Large Beneficial Security - Neutral Access to Services - Neutral Severance - Moderate Beneficial Option & Non Use Values - Large Beneficial	Itemised in Appraisal summary table
VfM (value for money)		
Value for Money Category	>4.0 = very high	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high

Sign-off	
Name	Angela Taylor
Title	Director Resources
Organisation	WYCA
Signature	

REPORT FRONT SHEET

AGENDA ITEM: 8

Combined Authority: 12 March 2015

Report Title: Leeds City Region Assurance Framework

Report Summary

The report asks the WYCA to approve the attached Assurance Framework.

The Framework is an essential part of good governance as the City Region moves to a situation in which it has an increasing degree of influence and control over transport and economic development budgets and investment decisions.

Government has asked that the WYCA and the LEP Board approve a Framework prior to the start of the new financial year.

The document sets out the open and accountable governance arrangements that are in place across the City Region, alongside the robust project and programme appraisal processes that will be adopted to ensure value for money in future investment decisions.

The intention is to learn from our experience and to review the Framework annually.

Possible Questions

- 1. Will the Assurance Framework cover all expenditure by the WYCA?**
- 2. Will the same decision-making processes apply to all investment decisions within the scope of the Framework?**
- 3. Will the Single Appraisal Framework be the sole determinant of investment priorities?**

Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.

Originator: Rob Norreys,
Head of Economic Strategy ,
WYCA



ITEM 8

Report to: Combined Authority

Date: 12 March 2015

Subject: Leeds City Region Assurance Framework

1. Purpose

1.1. To ask the WYCA to discuss and approve an Assurance Framework for the City Region.

2. Information

2.1 Since the signing of the City Deal in 2012 and with the subsequent Growth Deal announcements, the government has allowed the LEP and the Combined Authority an increasing degree of influence and control over transport and economic development budgets and investment decisions. In return for these flexibilities, government has required areas such as Leeds City Region to put in place transparent and robust forms of governance and investment appraisal.

2.2 The Combined Authority itself is a central part of the new governance, providing shared and transparent decision-making for investments across the area.

2.3 Additionally, as part of the Growth Deal, government requires each LEP and its accountable body to agree an **Assurance Framework**, which should be publicly available and reviewed annually. The draft Framework is attached for consideration by the Authority. It will also be taken forward to the LEP Board on 25 March for its agreement.

Purpose of the Assurance Framework

2.4 Agreeing an Assurance Framework for the LEP is not a 'tick-box' exercise in meeting government guidelines – rather, it is an essential part of good practice and of our development as a mature partnership that can increasingly be trusted by the public and by government to take its own investment decisions. The degree of flexibility in the Leeds City Region Growth Deal demonstrates that the LEP is already one of those

most trusted by government, and we want to ensure that our Assurance Framework keeps us at the leading edge in our approach to governance and appraisal.

2.5 The LEP's Assurance Framework should therefore:

- help to support the growing confidence in delegating funding from central budgets and programmes;
- build on a great deal of existing best practice in the local government accountability systems and our existing administration of the Business Growth Programme, Growing Places Fund and the other limited budgets over which we currently have control; and
- demonstrate that there are robust local systems in place which ensure resources are spent with regularity, propriety, and value for money.

Key aspects of the Assurance Framework

2.6 Although government will not approve or determine the content of our Assurance Framework, BIS has issued guidelines as to the appropriate content to be covered. This includes:

- LEP governance and decision making
- local authority partnership working across the LEP
- transparent decision making
- accountable decision making
- ensuring value for money: prioritisation, appraisal, business case development, and risk management

The attached draft Assurance Framework covers all of these points in detail.

2.7 **Governance and decision making arrangements and transparency.** Section 2 of the draft Framework describes the structure of Leeds City Region governance as from April 2015, with the LEP and West Yorkshire Combined Authority leading on strategic decision-making, supported by a range of Committees and Panels as required. These structures have recently been reviewed by the Leaders Board.

2.8 **Informing investment decisions and scheme prioritisation.** Section 3 summarises the Single Appraisal Framework (SAF) approach to project and programme appraisal which will be at the heart of the way we take all investment decisions. But as the draft Framework points out, the governance surrounding investment decisions will differ according to circumstance. For example, EU regulations mean that the key local input into appraisal is via assessment of strategic fit and economic impact; while the Transport Fund projects have already undergone stringent tests of their strategic significance, and effectively do not require to go through 'Gateway 0'. Equally, there will remain slightly different decision-making mechanisms for the Business Growth Programme and Growing Places Fund, as existing processes represent best practice and are popular with applicants.

- 2.9 **Support and administrative structure.** Section 4 sets out the functions and structures in place within the team to support the above activity and to ensure that public funds are spent after due diligence and with probity.
- 2.10 Overall, therefore, the Framework is a description of our existing governance structures at a City Region level and sets out the robust and transparent ways in which we intend to appraise investments and take decisions. We believe that these structures and processes represent best practice, but it is also likely that there will be many lessons to be learned as implementation begins from April onwards. The Framework will therefore be kept under regular review to ensure that we remain an area in which the public and government can have trust in the way that we spend any budgets under our control.
- 2.11 The version of the Framework appended to these papers is a final draft that the Authority is asked to approve. However, members are asked to note that a number of links still need to be added prior to publication - the gaps are noted in the text.
- 2.12 The Investment Committee discussed the Framework at its meeting on 4 March, and recommends it to the West Yorkshire Combined Authority for approval. The Committee also recommends that the Governance and Audit Committee undertake periodic reviews to ensure that it remains fit for purpose and up to date.

3. Financial Implications

- 3.1. None as a result of this report.

4. Legal Implications

- 4.1. Legal officers have been consulted as to the accuracy of the text of the Framework.

5. Staffing Implications

- 5.1. None as a result of this report.

6. Consultees

- 6.1. The Local Authority Chief Executives and Directors of the West Yorkshire Combined Authority have been consulted in the preparation of this report.

7. Recommendations

- 7.1. That the WYCA approves the Leeds City Region Assurance Framework as the basis for future investment decisions by the Authority that fall within the scope of the Framework, subject to the further minor drafting amendments set out in paragraph 2.11 and that it is kept under periodic review by the Governance and Audit Committee.

8. Background Documents

None.

Leeds City Region Growth Deal

Assurance Framework

Final Draft
3rd March 2015

Contents

1.	Introduction.....	1
1.1	Leeds City Region Enterprise Partnership	1
1.2	The need for an Assurance Framework	2
1.4	Scope of the Assurance Framework	3
1.5	Structure of this document	4
2.	Governance and decision making arrangements and transparency.....	5
2.1	Introduction.....	5
2.2	WYCA and LEP governance and decision making arrangements	5
2.3	Transparency.....	11
2.4	Scrutiny and audit	12
2.5	Conflict of interest.....	12
2.6	Complaints and Whistleblowing	13
2.7	Local engagement	13
3.	Informing investment decisions and scheme prioritisation	15
3.1	Introduction.....	15
3.2	Background to the Single Appraisal Framework	15
3.3	Key building blocks of the Single Appraisal Framework.....	15
3.4	A staged process to project development, appraisal and decision making	16
3.5	What are the key SAF approval gateways?.....	17
3.6	Business case requirements for each Gateway stage	19
3.7	Identifying an initial list of candidate schemes.....	19
3.8	Prioritising projects and programmes (Gateway 0)	19
3.9	SAF assessment criteria that will be used to appraise projects at Gateways 1 to 3.....	21
3.10	What tools and techniques are used to appraise schemes and ensure value for money?.....	23
3.11	SAF compliance with DfT's WebTAG guidance	24
3.12	Appraisals will be proportionate to the scale and complexity of schemes.....	24
3.13	Who will undertake the appraisal of projects?	25
3.14	When will projects be assessed?.....	25
3.15	How will the findings of the appraisal be reported?	26
3.16	What happens after an investment decision has been made?	26
3.17	Dealing with project changes during either the appraisal or delivery stages	27
3.18	SAF and the European Structural and Investment Fund (ESIF) decision process	28
4.	Support and administrative structure.....	29
4.1	Introduction.....	29
4.2	Support and administration	29
4.3	Internal Growth Deal management and delivery arrangements	30
4.4	Risk management.....	32

1. Introduction

1.1 Leeds City Region Enterprise Partnership

The establishment of the LEP

The Leeds City Region Enterprise Partnership (LEP) was established in 2011. Its aim is to bring together the private and public sectors to provide strategic leadership in driving economic growth and competitiveness in the City Region.

The work of the LEP has built on the collaboration on local economic development policies that began in 2004 among the local authority partners in Leeds City Region. The Leeds City Region geography covers 10 local authority areas: Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. City Region local authorities – the above 10 areas plus North Yorkshire County Council – have been at the forefront of partnership working since 2004, building robust, transparent and accountable governance for over a decade.

Strategic objectives and purpose of the LEP

The LEP's vision is to unlock the potential of the City Region, developing an economic powerhouse that will create jobs and prosperity. The Strategic Economic Plan¹ (SEP) outlines an ambition to deliver an additional £5.2bn in economic output and an extra 62,000 jobs in Leeds City Region by 2021.

The LEP vision is to: *“Unlock the potential of the City Region, developing an economic powerhouse that will create jobs and prosperity”.*

Headline targets of the LEP are to deliver: £5.2bn additional economic output beyond current projections; 62,000 extra jobs; £675m in benefits savings; and move the City Region towards being a net contributor to the national economy by 2021.

Strategic priorities: The LEP has 4 strategic pillars:

- Pillar 1: Supporting growing businesses
- Pillar 2: Developing a skilled and flexible workforce
- Pillar 3: Building a resource smart City Region
- Pillar 4: Delivering the infrastructure for growth

The LEP aims to do this by being a relevant, essential and enabling partner to growing businesses within the City Region, and by opening the door to a new relationship with government.

Key milestones for the LEP

Since the formation of the LEP, there have been a number of Government initiatives that have provided greater freedoms and budgetary control to local partners. The major milestones include:

- **the agreement of a ‘City Deal’ with Government in 2012.** The Deal granted the LEP a number of new freedoms in policy areas such as skills and export promotion. Most notably, government agreed to devolve funding to create a £1bn+ ‘West Yorkshire plus Transport Fund’, while the LEP set out its clear intention to build up a local investment fund to enable us to pursue local priorities without continual recourse to government;

¹ see <http://www.the-lep.com/about/strategic-economic-plan/>

- as part of the City Deal, local partners agreed to **the creation of a West Yorkshire Combined Authority (WYCA)**. The WYCA was formally established on 1st April 2014 to join together governance and strategic decision-making on economic development, regeneration and transport across the area;
- in July 2014 and January 2015, **the LEP secured £627m in Growth Deal funding for 2015-21** from Government (the largest settlement of any LEP area in the country), alongside a commitment to a further £420m (£30m per year from 2021-35) to support the West Yorkshire plus Transport Fund.

In addition, the £340m Leeds City Region European Structural and Investment Funds (ESIF) Strategy for the period 2014-20 has been developed to be aligned with the overall Strategic Economic Plan of the LEP.

1.2 The need for an Assurance Framework

In view of these growing levels of investment and funding under local control or influence, it is essential that there are robust, transparent and accountable processes in place to ensure value for money for the public purse.

The LEP Board has agreed the SEP, and will continue to lead on the Growth Deal, as well as on any future refinement of the Strategy. The WYCA has adopted the SEP as its own economic strategy. **The SEP will therefore form the basis of the work of both the LEP and the WYCA.**

However, the LEP cannot act as the accountable body for public expenditure that supports the Plan, as it is not a legal entity in its own right. The WYCA is the accountable body for the LEP, and will be the vehicle through which the SEP will be implemented.

The WYCA was formally established on 1st April 2014. It has all powers and functions of the West Yorkshire Integrated Transport Authority (ITA), which has been dissolved, together with economic development functions. It is a legally-constituted decision-making local authority.

As part of our Growth Deal with Government, we have Developed this local Assurance Framework that will cover all funding flowing through the LEP. The WYCA, as the accountable body for the LEP, is therefore also covered by this document.

The Assurance Framework will be the key mechanism to ensure that we have robust processes in place to support the developing confidence in delegating funding from central budgets and programmes to the LEP and the WYCA.

We view the Assurance Framework as an essential part of good practice and of our development as a mature partnership that can increasingly be trusted by the public and by government to take its own investment decisions. The degree of flexibility in the Leeds City Region Growth Deal demonstrates that the LEP is already one of those most trusted by government, and we intend that this Framework keeps us at the leading edge in our approach to governance and appraisal.

1.3 Purpose of the Assurance Framework

The Leeds City Region Growth Deal Assurance Framework will cover all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and the WYCA as the accountable body.

It has been prepared in accordance with HM Government guidance (including BIS Guidance issued in December 2014 and DfT Guidance issued on 23 November 2012), and builds on a body of existing good practice, including:

- the work undertaken to develop the West Yorkshire plus Transport Fund Assurance Framework, the agreement of which by the WYCA was a major step in the discussions with Government to

finalise the details of the ‘payment by results’ scheme by which government will provide £600m towards the Fund – the full text of this Framework can be found at *[reference to be added]*;

- the existing Local Government system of accountabilities;
- current good practice and experience in the City Region in managing sizeable funds such as the Business Growth Programme (BGP) and the Growing Places Fund (GPF); and
- the support we have received from the Skills Funding Agency (SFA) in developing a highly regarded procedure to appraise the ‘skills capital’ elements of the Growth Deal.

To ensure the transparency of the decision-making processes associated with the Framework, this document and an array of supporting information will be available on the LEP and WYCA websites.

It is also important that we learn from experience, so the Framework will be reviewed annually to ensure that it meets the needs of local investors, all our partners and the wider public.

1.4 Scope of the Assurance Framework

The Framework sets out the safeguards and processes that we have put in place to ensure the proper use of public funds and that value for money is secured from all the investments under its remit.

The topics covered include:

- detail on the LEP’s governance and decision making arrangements and processes for accountable and transparent decision making to ensure the proper use and administration of funding, such as:
 - a clear description of the roles and responsibilities of the LEP Board and its panels and the WYCA and associated committee structures;
 - detail of the relationship between the LEP Board and WYCA in terms of the decision making process;
 - the processes that are in place to allow decisions to be taken to deal with any problems that may arise with projects or programmes that have been allocated funding following an assessment by the Single Appraisal Framework (SAF);
 - our scrutiny arrangements;
- information on how the LEP will prioritise and appraise schemes, facilitate business case development and undertake risk management; and
- a description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

Leeds City Region is a large and economically and administratively complex area. Inevitably, this Assurance Framework reflects that reality in that there is no ‘one size fits all’ governance structure and decision-making process that can cover all eventualities.

However, at the heart of the Framework is a clear principle – there will be a common approach to the appraisal of all projects and programmes covered by the Framework, namely that set out in our SAF (and detailed here in Section 3). To gain approval, the strongest possible case has to be made that a scheme is in line with our strategic aims; that it demonstrates a good return on investment; that it is commercially viable; that it is financially affordable and sustainable; and that it is deliverable with achievable objectives.

But in light of the divergence in nature, scale and complexity of the investments likely to be considered by the LEP and WYCA, the governance structures and application of the SAF principles for all investments will necessarily not be identical in all cases. For example:

- EU regulations mean that government departments have key decision-making authority as ‘managing authorities’ of the European Structural and Investment Fund (ESIF), and the key local input into appraisal is via assessment of strategic fit and economic impact;
- the Transport Fund will be the subject of periodic independent appraisal as part of an agreement to enable WYCA to draw down the entire £600m announced in the Growth Deal in July 2014. A separate Assurance Framework has been approved by the WYCA for the Transport Fund in recognition of the size and complexity of the Fund and the need to demonstrate to partners, the public and government that it will be spent effectively (this document is available on the WYCA website);
- there are well-established, highly-regarded (by applicants and government alike) and effective governance procedures for existing programmes under LEP control such as the Business Growth Programme and Growing Places Fund. The principles of the SAF will continue to be applied in appraising companies’ applications for these funds, but we intend to retain the existing governance procedures, subject to regular review and evaluation of their effectiveness.

This document should be viewed in the context of the Accountability Systems Statements for both Local Government and the Local Growth Fund (LGF) which provide assurance to Government for how LGF and wider funding routed through Local Government are allocated, and that there are robust local systems in place which ensure resources are spent with regularity, propriety, and represent value for money.

1.5 Structure of this document

This document is structured as follows:

- **Section 2** sets out the governance and key decision making arrangements, including the purpose, structure and operating arrangements of the LEP/WYCA;
- **Section 3** provides a detailed overview of the City Region’s Single Appraisal Framework that will be the key mechanism to ensure value for money is delivered through robust prioritisation of schemes, appraisal and business case development; and
- **Section 4** describes the support mechanisms and administrative systems that are in place to support the above activity and to ensure that public funds are spent after due diligence and with probity.

The membership and terms of reference of all Committees, Boards and Panels, and the WYCA’s committees can be found at the following link *[references to be added]*.

A description of the governance procedures for BGP, GPF and ESIF schemes will be contained within the Single Appraisal Framework guidance documentation, which will be available on the LEP and WYCA websites from 1st April 2015 *[references to be added]*.

The Assurance Framework has been approved by the LEP Board on [25 March 2015] and the WYCA on [12 March 2015] as the accountable body.

2. Governance and decision making arrangements and transparency

2.1 Introduction

This section outlines how the LEP and the WYCA operate, explaining how and when decisions are taken, and by whom. Specifically this section sets out:

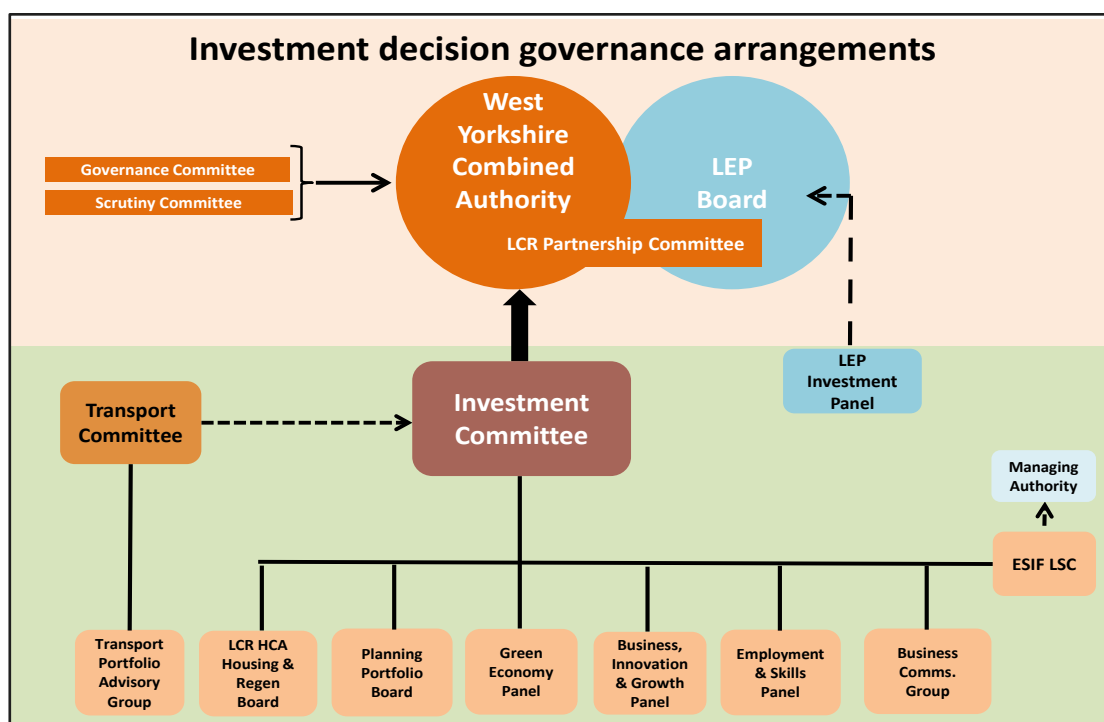
- the membership of the LEP Board and the sub-panels of the LEP, such as the Business, Innovation and Growth Panel, Employment and Skills Panel; and Green Economy Panel;
- a clear description of the roles and responsibilities of the main LEP Board and sub-panels, and the WYCA and its committee structures. This will include an overview of who is responsible for what types of decisions and the lines of reporting back to the LEP Board;
- a clear description of the relationship between the LEP Board and supporting local authority partnership arrangements;
- our processes for accountable and transparent decision making to ensure the proper use and administration of funding and value for money. This will set out the relationship between the LEP Board and WYCA in terms of the decision making process; and
- the scrutiny and audit arrangements that are in place.

2.2 WYCA and LEP governance and decision making arrangements

2.3.1 Overview

The structural and decision making arrangements for the WYCA and LEP for prioritisation, assessment, administration and on-going performance scrutiny of Local Growth Fund and other devolved funding mechanisms are set out in the diagram below.

Figure 2.1 Leeds City Region Enterprise Partnership Governance Arrangements as of 2015 onwards



NB:

- With reference to the role and responsibilities of the Transport Committee, please note that the Committee has decision-making powers in relation to certain capital expenditure for public transport facilities.
- The LEP Investment Panel makes recommendations solely with respect to applications for the Growing Place Fund and the Business Growth Programme.

Ideas for potential investments will come from a variety of sources – from the private and voluntary sectors, for example, as well as from local authorities and other parts of the public sector. Over time, it is our intention to build up a pipeline of projects that have been appraised and prioritised, and which can then be supported from a range of funds that we hope to have at our disposal.

As we build up this pipeline, the thematic Advisory Boards and Panels will play a proactive role in identifying and ‘working up’ project ideas for the project pipelines within their respective themes. In this way, a strong link will be maintained between project development and the overall strategy and policy led by the LEP:

- Business, Innovation & Growth Panel – innovation, export promotion and business support projects (SEP strategic pillar 1);
- Employment & Skills Panel – skills and labour market projects (SEP strategic pillar 2);
- Green Economy Panel – resource smart projects (SEP strategic pillar 3);
- LCR HCA Board – housing and regeneration projects (SEP strategic pillar 4); and
- Transport Portfolio Advisory Board – transport projects (SEP strategic pillar 4).

When ready, project ideas will be put forward for appraisal through SAF ‘Gateway 0’ (that is, initial prioritisation)² by the West Yorkshire & York Investment Committee. If the Committee recommends a project should be further developed at this stage, more work on the business case will be required – commensurate with the scale and complexity of the project – until it returns to the Investment Committee at the point of a final funding offer being recommended (e.g. Gateways 2 or 3).

At this point, the final recommendation will be considered by the WYCA or by the Leeds City Region Partnership Committee. The decisions of the Partnership Committee can be implemented by the WYCA Head of Economic Strategy under the WYCA officer delegation arrangements.

More than 30 transport schemes have been identified by the Combined Authority as those that will constitute the West Yorkshire plus Transport Fund. Each has undergone extensive appraisal and prioritisation to ensure they represent the best value for money schemes for the Fund, and so they will not need go through the ‘Gateway 0’ process. However, each Transport Fund scheme will continue to progress through all the other gateway stages in order to fully develop its business case and ensure that it remains a worthwhile investment for the Fund.

Since the LEP cannot act as the accountable body for Growth Fund and associated investments, this governance structure ensures that all financial decisions are the prerogative of the WYCA. The LEP continues to set overall strategy and policy, and will have oversight of the ongoing development and implementation of SEP projects.

There is also the opportunity to refer project decisions to WYCA/LEP Board for comment or consideration should either the Investment Committee or Partnership Committee consider it appropriate, or the WYCA / LEP Board make a request to this effect.

Full details on the terms of reference and membership of each decision making body and advisory board/panel can be found at *[reference to be added]*.

² The Gateway ‘stages’ are explained in full in Section 3 below.

2.3.2 LEP Board and sub-panels and advisory boards

LEP Board

The purpose of the LEP Board is to provide strategic leadership in driving economic growth and competitiveness in the City Region. The Board oversees the preparation and implementation of the Strategic Economic Plan in liaison with the WYCA and the Leeds City Region Partnership Committee.

The overall role of the LEP Board is to:

- form collaborative City Region views on issues affecting economic growth and competitiveness in the Leeds City Region; and
- undertake activities that promote and improve economic wellbeing in the Leeds City Region.

The LEP Board currently meets 5-6 times each year, but additional meetings may be called as necessary by the Chair, in liaison with the Deputy Chair, for urgent matters.

There are 17 members of the LEP Board: nine (including the Chair) are drawn from the private sector, with the remaining eight comprising local authority Leaders. Private sector members are appointed following open recruitment procedures. Terms of reference and membership of the LEP Board can be found at *[reference to be added]*.

No business shall be transacted at a meeting of the LEP Board unless at least 8 members are present including at least one local authority Leader and one business leader. The LEP Board operates on a consensus model wherever possible.

LEP Investment Panel

The LEP Investment Panel was set up by the LEP to ensure robust and transparent appraisal of applications for loans through the LEP's Growing Places Fund, and for grants through its Business Growth Programme. The Panel is made up of three council Leaders and four private sector members including the LEP Chair and members drawn from the LEP Board or one of its three advisory panels. All private sector members of the LEP Board or its advisory panels are appointed following open recruitment procedures.

Membership has been designed to ensure both democratic accountability and a balance of expertise around strategic LEP priorities, financial matters, and green credentials. A full list of members of the Investment Panel can be found at <http://www.the-lep.com/about/lep/lep-investment-panel/>.

The appraisal and decision making processes adopted by these programmes are SAF compliant, are well established, work smoothly and have been positively received by the City Region's business community. As such, the appraisal recommendations on individual grant/loan approvals to businesses will continue to use existing processes.

LEP Panels and Advisory Boards

Panels

Supporting the LEP Board are a number of panels and thematic advisory boards appointed by the LEP, responsible for the development and implementation of projects under the strategic pillars of the SEP. The Panels do not have decision-making powers in relation to Growth Deal or other investment projects.

- **Business, Innovation and Growth Panel:** This expert panel is responsible for developing policy and delivering projects on the business, innovation and growth agenda. It brings together

universities, policymakers, delivery partners and the businesses that drive innovation and growth in our key sectors. Membership of the Panel can be found at *[reference to be added]*.

- **Green Economy Panel:** sets direction and oversees delivery of our green agenda. The Panel's core objective is to achieve a substantial and continued decrease in carbon emissions, alongside an increase in GVA and employment. Membership of the Panel can be found at *[reference to be added]*.
- **Employment and Skills Panel:** brings together policy-makers, delivery partners and employers in our key business sectors. It works closely with the Leeds City Region Skills Partnership to achieve the LEP's aims. Membership of the Panel can be found at *[reference to be added]*.

Additionally, the LEP has established a **Business Communications Group (BCG)**, which brings together representatives from key business representative organisations in the City Region. The BCG is responsible for communicating information about the LEP's work to the business community, and acts as an advisory group to the LEP Board about barriers to growth. Membership of the Panel is available at *[reference to be added]*.

Each LEP Board meeting receives an update on the work of all the panels.

Advisory Groups

The former Leeds City Region Leaders Board established the following groups to advise the wider Leeds City Region partnership, including the LEP Board, on policy matters relating to housing, planning and transport. Their role will continue beyond the winding up of the Leaders Board at the end of March 2015.

- **LCR and HCA Housing and Regeneration Advisory Board:** This Board assists in the development of strategy and policy for housing and regeneration within Leeds City Region, provides leadership in defining priorities for housing growth and regeneration and acts as the link between the City Region leadership and the Homes and Communities Agency.
- **Planning Portfolio Board:** This Board is responsible for advising the LCR Partnership Committee, the LEP and the WYCA on strategic planning matters and the Duty to Co-operate.
- **Transport Advisory Portfolio Group:** The Transport Portfolio Advisory Group includes the Portfolio Holders and the Chair of the Transport Committee. Its role is to oversee initial scheme development work and provide input on Local Transport Plan matters.

2.3.3 West Yorkshire Combined Authority – *the accountable body*

The area of the WYCA is that of its 5 constituent Councils, the West Yorkshire authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield.

York is a non-constituent Council of the WYCA, and appoints one of its Members to be a Member of the WYCA, while the LEP also nominates one of its members to be a Member of the WYCA.

From 1 April 2015, the WYCA is the accountable body for public expenditure that supports the Strategic Economic Plan, facilitating collective decision-making between statutory partners in economic development, regeneration and transport.

The WYCA, as the accountable body, is responsible for:

- ensuring that the Assurance Framework is adhered to;

- releasing funds to scheme promoters;
- withholding funds if the Assurance Framework is not adhered to or places undue financial risk on the WYCA;
- ensuring (through its Director of Resources (the Officer responsible for administering WYCA financial affairs³) that the funds are used legally and appropriately;
- ensuring (through its Secretary and Solicitor (the WYCA's Monitoring Officer) that decisions conform to the relevant legislation and regulation, such as that relating to equalities, environmental issues, or EU standards;
- preparing appropriate Financial Statements as required; and
- maintaining the official record of WYCA proceedings and holding all documents.

The WYCA has clear accounting processes in place to ensure that all funding sources (including devolved Major Scheme Transport Funding) are accounted for separately and that funds can only be used in accordance with the WYCA decisions.

There are a number of structures in place that build in strong linkages between the LEP and the WYCA, notably:

- the Strategic Economic Plan forms the basis of the work of both the LEP and the WYCA;
- the LEP Chair and several council leaders are members of both the WYCA and LEP Boards;

Additionally, WYCA membership is required to reflect the balance of political parties among the West Yorkshire councils.

WYCA responsibilities for the West Yorkshire plus Transport Fund

The WYCA will perform the following roles in administering the Transport Fund:

- agree investment priorities for major transport schemes as part of the Transport Fund. The scope includes local and strategic roads, bus and rail schemes within West Yorkshire and York, and any cross boundary schemes with neighbouring LTB areas;
- manage the Transport Fund to ensure it remains strategically aligned;
- review business cases, make decisions on scheme approvals and recommend funding is prioritised to approved schemes;
- monitor the delivery progress of individual schemes, and actively performance manage the overall Transport Fund programme to respond to changing circumstances;
- monitor benefits realisation in relation to strategic objectives; and
- ensure value for money is achieved from the Transport Fund based on the principles set out in HM Treasury Green Book.

2.3.4 Leeds City Region Partnership Committee

Role

The WYCA has appointed a new Leeds City Region Partnership Committee with effect from 1 April 2015. As not every City Region authority is directly represented on the LEP Board, the Partnership Committee provides a forum to bring together representatives from City Region authorities, and

³ under Section 73 Local Government Act 1985

facilitates direct collective engagement with the WYCA, the key local authority arrangement supporting the LEP, as its accountable body.

Responsibilities of the Leeds City Region Partnership Committee

The terms of reference for the Committee can be found at *[reference to be added]*. These provide for the Committee to advise the WYCA in relation to any function of the WYCA relating to its role as accountable body for funding allocated to the Leeds City Region (including the Local Growth Fund), including to ensure that decisions and activities of the LEP conform with legal requirements and that funds are used appropriately.

The terms of reference also provide for the Committee to act as a consultative forum on any matter referred to it by the WYCA. This could include matters raised with the WYCA (through the Chair), by LCR authorities not represented on the WYCA, as well as any raised by the LEP Board.

Recommendations made by the LCR Partnership Committee may be referred to the WYCA, or implemented under officer delegated authority. Where necessary, decisions may also be ratified by relevant authorities.

Membership

Six WYCA Members have been appointed to the Partnership Committee; one from each constituent West Yorkshire Council, alongside the WYCA Member appointed by the non-constituent council (York). The five Leaders of the City Region authorities not represented on the WYCA have also been directly co-opted onto the Committee by the WYCA.

The WYCA standing orders provide for each member of the Committee to have one vote and questions to be decided by a majority of those present and voting. The quorum for the new Committee is six.

2.3.5 West Yorkshire & York Investment Committee⁴

In relation to any function of the WYCA relating to economic development and transport led regeneration, the West Yorkshire and York Investment Committee is authorised to:

- advise the WYCA about any proposed funding submissions by the Authority; local financial strategies; and project management and delivery arrangements;
- advise the WYCA on the adoption, application and review of a Single Appraisal Framework (SAF) for schemes seeking funding from the Authority or the LEP⁵;
- review the impact of programmes funded by the Authority or the LEP and make recommendations to the Authority as appropriate;
- liaise with the Transport Committee to promote the strategic alignment of regional transport funding investment⁶; and
- advise the Authority about any other key issues affecting the discharge of these functions.

The terms of reference, membership, future meeting dates and agenda items of the Investment Committee can be found at <http://www.westyorks-ca.gov.uk/your-ca/west-yorkshire-york-investment/>.

The Committee meets every two-three months.

⁴ This is an advisory committee appointed under S102(4) Local Government Act 1972.

⁵ Including gateway criteria for entry of schemes into the SAF.

⁶ This may be through holding joint meetings with the Transport Committee.

2.3.6 WYCA Transport Committee

In accordance with the policies and strategies set by the WYCA, the Transport Committee meets on a monthly basis to consider matters relating to WYCA transport functions. In relation to transport related investment, the Committee has a specific role in liaising with the West Yorkshire and York Investment Committee to promote the strategic alignment of regional transport funding investment.

The full terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found at <http://www.westyorks-ca.gov.uk/your-ca/transport/>.

2.3 Transparency

This Assurance Framework is published on both the Leeds City Region Enterprise Partnership and West Yorkshire Combined Authority websites.

LEP

The agenda, papers and minutes of LEP Board meetings are published on the LEP website.

From 2015, the LEP will produce an Annual report which is published on its website.

WYCA

As a local authority, the WYCA by law has to comply with specific statutory requirements relating to transparency, as follows:

- the public's rights to attend meetings and inspect documents of the WYCA is set out in its Procedure Standing Orders. Agenda and reports of WYCA meetings and its committees are available to the public on its web-site, in accordance with these Standing Orders, usually 5 clear days before a meeting. <http://www.westyorks-ca.gov.uk/your-ca/combinedauthority/>.
- minutes of meetings are also published on the web-site.
- the WYCA is subject to the Freedom of Information Act 2005 and the Environmental Impact Regulations 2004, and will receive statutory information requests (Schedule 12A of the LGA 1972, as amended by the FOI 2000). Further information on the Authority's FOI policy can be found at <http://www.westyorks-ca.gov.uk/what-we-do/foi/>.
- the WYCA also adheres to the Local Government Transparency Code which requires the publication of additional data.
- all scheme business cases and evaluation reports are published on the WYCA web site. A nominated point of contact is made available to receive public and stakeholder comments;
- summaries of business cases to be considered by the WYCA as part of the SAF Gateway Approval process (see Section 3 below for further detail on the gateway stages) are published electronically ahead of meetings to allow for external views to be sought. (There are a small number of exceptions to this rule in order to maintain commercial confidentiality);
- regular scheme and programme progress reports will also be available on the WYCA and LEP websites, including key funding decisions and monthly performance dashboards providing information on expenditure and output/outcome performance.

2.4 Scrutiny and audit

An annual independent audit is conducted by externally appointed auditors ensuring the WYCA operates a robust financial management and reporting framework and meets its statutory obligations in relation to grant funding.

The **WYCA's Overview and Scrutiny Committee** provides additional scrutiny.

The independent element of this scrutiny is safeguarded by a requirement that membership of this Committee cannot include any member of the WYCA. This Committee is authorised to:

- review or scrutinise decisions made or other action taken in connection with functions of the Authority⁷, including:
 - the provision, delivery and performance of transport services and infrastructure⁸;
 - proposals about the Local Transport Plan, other plans, strategies or policies;
 - economic development and regeneration;
 - consultation across the Combined Authority Area; and
 - corporate performance.
- make reports or recommendations to the Authority with respect to functions of the Authority;
- receive and monitor responses to any reports or recommendations made.

Further detail on the membership and meetings of this Committee can be found at <http://www.westyorks-ca.gov.uk/your-ca/overview-scrutiny-committee/>.

A **Governance and Audit Committee** has also been established by the WYCA. The role and responsibilities of this Committee include:

- advising the WYCA in relation to financial management⁹, internal audit arrangements and reports, the statement of accounts and external audit arrangements;
- advising in relation to the conduct of Members;
- advising the WYCA in relation to any other matter relating to corporate governance.

Further detail on the membership and meetings of this Committee can be found at <http://www.westyorks-ca.gov.uk/your-ca/governance-audit/>.

2.5 Conflict of interest

LEP

The LEP Chair and all LEP Board and Panel members are subject to the Nolan Principles of public life.

WYCA

By law, the WYCA is required to adopt a Code of Conduct for its Members and voting Members co-opted onto the WYCA. The Code adopted sets out the conduct expected of Members, including procedures for declaring and registering:

- acceptance or receipt of a gift or hospitality, and
- disclosable pecuniary interests.

⁷ In relation to a decision made but not implemented, this includes the power to recommend that the decision be reconsidered by the Authority in accordance with the Scrutiny Standing Orders

⁸ In assessing performance, the Committee may consider, accessibility levels, market research, customer feedback and other satisfaction indicators; and outcomes, targets and priorities within relevant plans and strategies

⁹ Including the effectiveness of its system of internal control, risk management arrangements, and the annual governance statement.

Failing to comply with requirements for registering and disclosing pecuniary interests may be a criminal offence.

The register that records Member's interests is publicly available on the WYCA website.

The WYCA has also approved arrangements under which allegations that the Code has been breached can be investigated and for making decisions on such allegations.

The WYCA has adopted a Code of Conduct for Officers, which includes procedures for registering personal and prejudicial interests. Officers also need to comply with a Gifts and Hospitality policy. Failure to comply with the Code may lead to disciplinary action.

In relation to funding decisions relating to the Growth Fund, **there will be a clear separation between the LEP/WYCA appraisal function and the project sponsor/promoter**. This means that staff carrying out appraisal will not be involved in advising on project and business case development activity.

The appraisal of projects will be undertaken by a Technical Appraisal Group. As well as being multi-disciplinary, the Group can include representation from different authorities and organisations (e.g. Homes and Communities Agency, Skills Funding Agency and externally procured consultancy advice) as appropriate. Any review of schemes by officers will be from non-promoting authorities.

2.6 Complaints and Whistleblowing

The WYCA has adopted a Complaints/Whistleblowing process to investigate and resolve any case where it is alleged – by stakeholders, members of the public or internal whistle-blowers – that it is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds.

2.7 Local engagement

Engagement with stakeholders and the wider public is regarded as a central part of the process to develop, monitor and implement the Strategic Economic Plan, the Growth Deal and all other aspects of the work of the LEP and WYCA.

For example, over 600 organisations and individuals were engaged in the development of our 2014 Strategic Economic Plan, via public meetings, electronic consultation and social media. In addition to the contributions from local businesses and other stakeholders, we also engaged consultants and academics to act as 'critical friends' to provide objective and external challenge as the SEP was developed.

The LEP has continued to engage with businesses and public sector partners since the SEP was published. Its Business Communications Groups brings together representatives from 18 business representative organisations and sector bodies in the region, collectively representing around 20,000 local companies, and provides a channel both to influence LEP policy and delivery and to communicate information from the LEP to that membership base. The Group has influenced the development of key LEP products and services, including its recently launched skills service and the LEP growth service. Local public sector and university partners are also heavily engaged in project design and implementation, with cross-sector working groups having been established to shape work on LEP priorities including innovation, exports, inward investment, skills and apprenticeships and resource efficiency.

The LEP also engages and communicates with partners through channels including social media, press releases, the LEP website, events and a monthly eNews, which is distributed to around 33,000 businesses and stakeholders. Social media has been used particularly effectively for informal engagement of businesses and partners on policy and project development, and the LEP's

“innovative use of social media for consultation and engagement” was highlighted in a 2014 report by IPPR North.

In any future work to develop the SEP, or any key strategies that underlie the overall Plan, we will take steps to ensure that these principles of open and inclusive engagement are maintained and enhanced.

3. Informing investment decisions and scheme prioritisation

3.1 Introduction

This section sets out the arrangements that we have in place to ensure that investments of City Region significance represent value for money and are delivered effectively through strong project development, business case development, project and options appraisal and prioritisation.

The WYCA and LEP Single Appraisal Framework is the key mechanism to support the delivery of these objectives.

3.2 Background to the Single Appraisal Framework

The City Deal agreement with Government contained a commitment to establish a “**Single Appraisal Framework**” (SAF). The SAF is a consistent, robust appraisal process in line with HM Treasury guidelines and a key component of our Growth Deal Assurance Framework. It will enable the LEP and WYCA to develop, assess and appraise investment proposals that come forward from a ‘pipeline’ of potential projects for consideration, and to take investment decisions on the basis of the best return for the public pound.

Through the SAF, all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and the WYCA as the accountable body will be subject to comprehensive but proportionate assessment, wherever it is practicable, so as best to promote efficient resource allocation. The SAF can be used by the following:

- **Project sponsors:** it provides a framework for developing a pipeline of programme and project proposals in a robust manner;
- **Decision-makers:** the SAF provides a robust and evidence based framework for informing investment decisions and prioritising between proposals;
- **Wider public and stakeholders:** it offers a consistent and transparent framework that sets out how schemes are appraised to inform scheme prioritisation and investment decisions.

The use of the SAF for European Structural and Investment Fund purposes will be dealt with in a slightly different manner. ESIF projects will not be subject to the full SAF assessment. Instead the SAF will focus on the strategic fit and value for money assessment of project proposals and therefore complementing the formal, more extensive, technical assessment which will be carried out by the Government in its role as Managing Authority.

Further detail on the SAF process for ESIF projects is provided in Section 3.18.

3.3 Key building blocks of the Single Appraisal Framework

The key building blocks and principles of the SAF are outlined below.

1. **The SAF builds on our existing appraisal and project development processes**, such as those adopted for the prioritisation and appraisal of West Yorkshire plus Transport Fund schemes, Growing Places Fund (GPF) schemes and the Business Growth Programme (BGP).

The business case development, appraisal and decision making processes adopted by the BGP and GPF programmes are SAF compliant, are well established, work smoothly and have been

positively received by the City Region’s business community. The appraisal recommendations on individual grant/loan approvals to businesses will continue to be taken to the existing Investment Panel rather than to the Investment Committee.

The West Yorkshire & York Investment Committee will, however, be consulted if strategic decisions are required on these programmes (e.g. raising investment thresholds and changing the sector focus of the programme) or if a significant issue arises, such as a major slippage in timeframes or a drop off in demand which could have a detrimental impact on programme delivery in terms of delivering outputs and target spend profile.

2. **The SAF is compliant with HM Treasury ‘Green Book’ principles and DfT ‘WebTAG’ appraisal guidance.** This is in order to provide a rigorous assessment of the economic benefits from any given investment, whilst also assessing the strategic, commercial, financial and management components of a scheme.
3. **The SAF itself is not a decision-making tool. Instead, it informs decision making by:**
 - **providing an objective, transparent and rigorous system of appraisal** to assess programmes and individual projects objectively and to inform investment decisions so that prioritisation (*in terms of the allocation of funding and prioritising between proposals*) can occur; and
 - **providing a consistent and robust process by which a pipeline of projects is developed**, including the detailed business case work required once a scheme has been identified for funding, to ensure that proposals are optimised and that they present value for money and a realistically deliverable solution.
4. **The SAF is a flexible framework that can be adapted to the specific nature, scale and scope of the project and/or programme.** For example, it offers the potential for an accelerated decision making process in cases such as:
 - small scale projects, which can move quickly through the three decision making gateways described in Section 3.4; or
 - when the LEP or WYCA is managing a ‘funding competition’, such as the Skills Capital Programme. In such circumstances, a one or two-stage gateway approval process may be more appropriate, depending on the size of funding proposals sought.

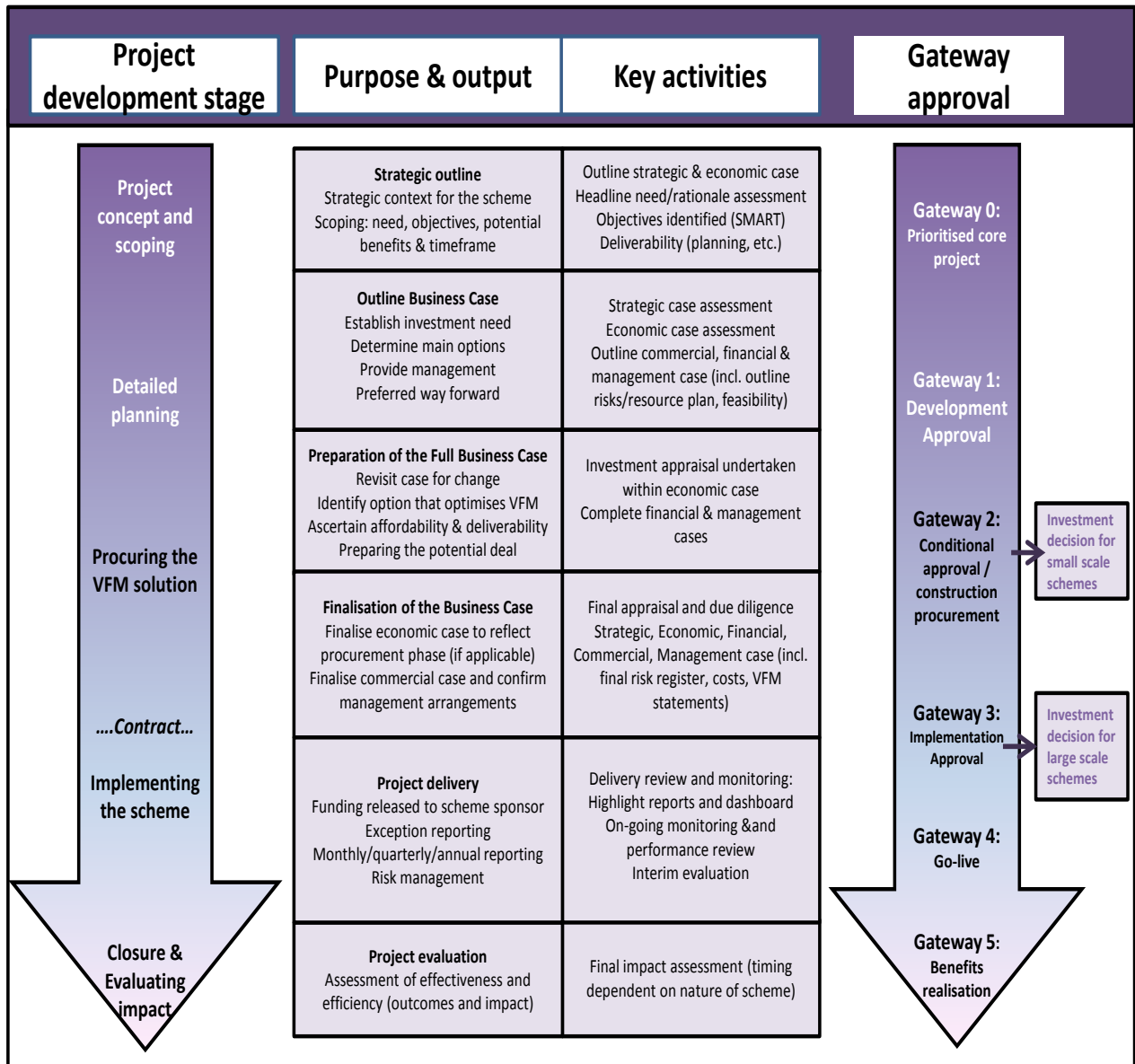
Flexibility within the SAF will therefore ensure that the ‘difference’ between projects is not a barrier to effective appraisal.

3.4 A staged process to project development, appraisal and decision making

In order to meet the requirements of different government departments, agencies and funding providers which will be contributing to the LEP and WYCA, and to provide a robust, transparent and proportionate approach to project development and prioritisation, the SAF utilises a staged approach to appraisal with a number of decision ‘gateways’.

As outlined in the diagram (Figure 3.1 below), this staged approach has been developed in line with the HM Treasury ‘Five Cases Model’ which has been refined and tested over many years and provides a clear framework for thinking about spending proposals. This approach is recognised as best practice and is the Treasury’s standard methodology. It provides a practical “step by step” framework to aid the development of business cases, using an approach which is both scalable and proportionate, and which offers a structured process for appraising, developing and planning to deliver best public value.

Figure 3.1: Overview of the SAF project development, appraisal and approval process



3.5 What are the key SAF approval gateways?

Gateways 0 (prioritisation) through to Gateway 1 (development approval), Gateway 2 (conditional approval status) and Gateway 3 (final investment decision and implementation approval) will be the stages at which an appraisal will be undertaken to provide the necessary information to the relevant body (e.g. the Investment Committee or the Transport Committee) to decide whether a project is sufficiently developed to be recommended to move to the next stage in the pipeline development process and/or an investment decision made.

The outcome of each gateway assessment can be a decision to:

- reject the project;
- revisit the business case to address issues raised during the appraisal;
- approve the project through the particular gateway with a series of actions to be addressed during the next stage.

As such, project sponsors must demonstrate that a robust, accurate and compelling business case exists at each stage of the process.

It is important to note that a decision to recommend that a transport scheme progresses from Gateway 1 (outline business case) to Gateway 2 (preparation of the full business case) may involve an ‘investment decision’ from the WYCA (following the recommendation of Investment Committee) to allocate the project funding to facilitate its further development. This is unlikely to be the case for most non-transport projects.

Table 3.1 below summarises the requirements at each of the key gateway stages of the SAF.

Table 3.1 SAF approval gateways

Gateway stage	Gateway description
Gateway 0: Prioritisation of core projects	Initial high level gateway assessment of Strategic Outline Form against a range of criteria, including strategic and economic case, value for money, and deliverability. If satisfactory, Gateway 0 is passed and scheme is prioritised for further business case development.
Gateway 1: Development approval	Preparation of Outline Business Case where project sponsors continue to develop more robust business cases, update the strategic case, establish the option which optimises value for money; investment appraisal is undertaken within the economic case; transport schemes undertake high level WebTAG appraisal, and complete the commercial, financial and management cases, and therefore provide an assessment of affordability and demonstrate that the ‘preferred option’ is deliverable. If satisfactory, Gateway 1 is passed allowing project to proceed to full business case.
Gateway 2: Conditional offer and/or construction procurement (and potentially investment approval on smaller scale, less complex schemes)	Preparation of Full Business Case – where the project sponsor will revisit the case for change, confirm the option that optimises value for money, undertake a cost benefit analysis, ascertain affordability and delivery. At this stage an extensive and detailed assessment is applicable only to large and complex projects. It will cover all aspects of the OBC but will include a full cost-benefit analysis and greater interrogation of other areas including financial, legal and risk factors. If satisfactory, Gateway 2 is passed and a conditional offer issued subject to final cost estimates and any additional due diligence. Smaller scale, less complex projects could receive Gateway 3 approval at this stage.
Gateway 3: Implementation approval	Finalisation of the Full Business Case and due diligence – finalisation of the business case against the 5 cases addressing and clarifying any issues raised during the final assessment and due diligence of the project/programme. There must be clear evidence that the most economically advantageous offer is being procured and that it is affordable. At this stage the LEP/WYCA needs to be satisfied that the final cost estimates and risk exposure are acceptable and that forecast outcomes remain comparable to those agreed in earlier gateways. If satisfactory, Gateway 3 is passed allowing contracts to be awarded, funding to be allocated and project delivery to commence.

3.5.1 Decision making at each Gateway

During the first year of operation of the SAF, it is likely that the outcome of all non-transport project/programme appraisals at each gateway stage will be reported to the Investment Committee. This will exclude the BGP and GPF appraisals, which will continue to be decided as described above in Section 3.4.

The gateway approval process will be evaluated at regular intervals to ensure that the volume of investment proposals is being managed and processed in a timely and effective manner.

3.6 Business case requirements for each Gateway stage

As highlighted in the table above, the business case develops iteratively over time and is used to help facilitate the appraisal of the projects at each gateway stage. It is intended that over the Gateway 0, 1, 2 and 3 approval stages, promoters build the evidence base to create a robust business case demonstrating strong strategic, economic, commercial, financial and management cases.

Where questions are repeated at successive stages, it is expected that previous responses will be enhanced and refined over the approval stages. The Gateway 2 and 3 SAF assessments will be a full business case appraisal providing the final details on outputs and outcomes, particularly in relation to GVA growth, job creation and low carbon impacts.

Any changes agreed to the project at each stage should be clearly recorded so that they can be tracked. This will provide a clear audit trail of how assessments and decisions are made at each gateway stage.

3.7 Identifying an initial list of candidate schemes

Local partners from the public, private and voluntary sectors, in partnership with the LEP and WYCA, will be largely responsible for identifying and developing candidate schemes. To assist the identification of schemes, a number of guiding principles have been, and will be continue to be used. Schemes should:

- focus on economic growth and fit with the vision, targets and strategic pillars of the Strategic Economic Plan;
- be identified in, or fit with existing local plans and strategies, such as Local Development Frameworks and area masterplans;
- wherever possible, reflect and align with wider national policy or plans (e.g. those of the Homes and Communities Agency, Skills Funding Agency, BIS, Highways Agency, Network Rail and other public bodies) to ensure added value and impact can be achieved; and
- be transformational (e.g. deliver a City Region-wide impact).

The initial assessment of the candidate schemes by the LEP/WYCA and key funding partners such as the HCA will identify the opportunities for synergy and cross-working between schemes (this could include cross-LEP working for potentially regionally significant infrastructure investment), whilst also identifying potential gaps and/or conflicts in the initial proposals.

3.8 Prioritising projects and programmes (Gateway 0)

Prioritisation (Gateway 0) is an important first stage of the business case development process and is critical to the creation of a focused programme of investment across the four strategic pillars of the Strategic Economic Plan. The SAF has been designed to facilitate the prioritisation of projects from a

'long-list' of candidate schemes by identifying those that contribute to the growth of the City Region economy, offer the potential to deliver value for money and are deliverable.

The first step is for project sponsors to populate the Project Proforma (or Expression of Interest) – a 1-2 page document that will enable an initial 'gateway review' assessment of the project. Following a Gateway 0 assessment by the LEP/WYCA Appraisal Team, the Investment Committee will recommend which schemes should progress for further detailed business case development. The criteria that will be used to aid the Gateway 0 assessment are set out in Table 3.2.

Table 3.2: Criteria for initial prioritisation assessment

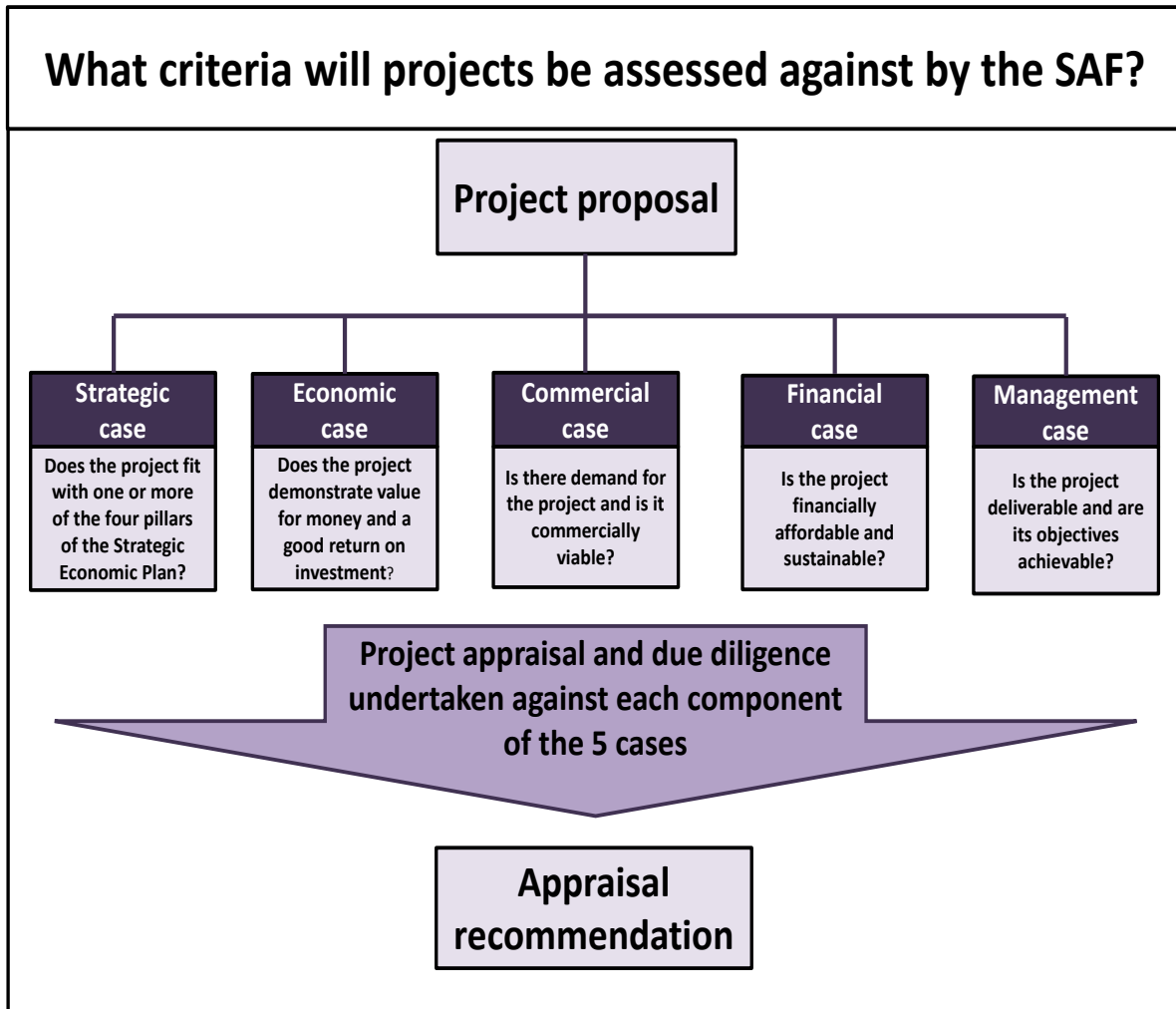
Criteria	Description
<i>Strategic case</i>	<ul style="list-style-type: none"> • Initial gateway review of the project against key objectives: <ul style="list-style-type: none"> ➤ <i>Increasing jobs and GVA:</i> is there a clear rationale / need / market failure case for investment? (e.g. including evidence to support employment and GVA growth, improving access to employment) ➤ <i>Secondary objective (transport specific)</i> – to improve the ability of all people to access jobs, with particular focus on those living in the most deprived communities, and to achieve a carbon neutral impact • Testing of the project against the SAF 'Strategic Fit' criteria, for example, clear articulation of how the project contributes to one or more of the four SEP priorities.
<i>Economic case - value for money and scheme optimisation</i>	<ul style="list-style-type: none"> • Initial testing of the project utilising either/or both the Urban Dynamic Model (UDM) and Regional Econometric Model (REM) to identify GVA/£ ratio. • Initial review of project costs to help identify those elements that offer the potential to deliver the most benefits (to maximise benefits and minimise costs)
<i>Deliverability and compliance</i>	<ul style="list-style-type: none"> • High level development and delivery timetable identifying any potential barriers, constraints (e.g. planning, legal, land ownership issues). • Initial assessment of any potential state aid implications.
<i>Other criteria (if applicable)</i>	<ul style="list-style-type: none"> • For transport schemes this could include modelling to predict changes in carbon, accidents, mode splits and impacts at different geographies including deprived communities.

The schemes included within the West Yorkshire plus Transport Fund have already been subject to a detailed prioritisation exercise, and will not be required to go through this Gateway 0 appraisal. The separate West Yorkshire plus Transport Fund Assurance Framework (available on the WYCA website) provides further detail on how the schemes were prioritised.

3.9 SAF assessment criteria that will be used to appraise projects at Gateways 1 to 3

Projects and/or programmes that pass through Gateway 0 will then undergo appraisal and due diligence in line with Treasury guidance, focusing on the ‘five cases’ set out in the diagram below, with further detail provided in Table 3.3.

Figure 3.3: SAF project assessment criteria



The Technical Appraisal Group will undertake a detailed assessment of the project/programme against the criteria set out in the table below. Details of how projects will be scored against each of the five criteria are set out in the SAF documentation which is available on the WYCA/LEP website.

All projects will be required to pass each component of the five cases assessment.

Table 3.3: SAF project assessment criteria

Five cases component	Overview of assessment criteria
Strategic case	<p>Project sponsors will be expected to clearly demonstrate the strategic fit of the scheme to the vision and objectives of the Strategic Economic Plan. Responses will be expected to convey the contribution of the scheme to economic growth.</p> <p>A set of strategic fit criteria has been developed that will be used to assess the fit of all proposals with the Strategic Economic Plan. Guidance is available, outlining further detail on these criteria, the scoring system, and some worked examples of how projects will be appraised.</p>
Economic case:	<p>The economic case assessment will appraise whether the scheme delivers value for money and additionality. For example:</p> <ul style="list-style-type: none"> • <i>Jobs created and GVA impact of the project:</i> Cost per job created and the value (quality) of the jobs created; does it deliver a good net additional GVA per pound invested? does it deliver a positive benefit cost ratio (e.g. of at least 2 for transport schemes)? • <i>Additionality:</i> The extent to which a project’s benefits will be realised without public sector investment; the impact of LCR investment on the speed or scale of delivery of the economic benefits; and the extent to which the investment will displace economic activity from other areas; • <i>Wider Economic Impacts:</i> e.g. will the project help unlock other development sites or economic activity? will it support a particular sector of the economy <p>The modelling of expected benefits of jobs and productivity will be undertaken centrally by the appraisal team so that a consistent benchmark for all schemes is applied.</p>
Financial case	<p>The financial case assessment will include a full project cost appraisal and an assessment of the financial standing of the applicant in order to ensure the scheme is affordable and financially sustainable.</p> <p>For example, the appraisal will cover the scale of the total investment required and the adequacy of the funding package and the ability of the scheme to lever other funding. Appraisers will also consider the level of financial risk associated with the scheme.</p> <p>For loan investments, the appraisal will include an assessment of the extent and speed of the return to the LEP (e.g. projects which can re-pay quickly or which offer a stronger loan security package will be given a higher priority).</p> <p>Schemes costs will be appraised centrally by qualified experts to enable the financial viability assessment of schemes to be delivered on a consistent basis. By undertaking a central assessment of costs, it is anticipated that the risk of underestimating costs is reduced.</p>
Commercial case	<p>The assessment will appraise the commercial feasibility of the proposed scheme. For example, has the applicant demonstrated a robust and clear market demand justification for the project? What procurement does the proposal require, is it crucial to delivery and what is the procurement strategy?</p>
Management case and compliance	<p>The ability to demonstrate that a project is deliverable including the capacity and capability of the organisation to deliver the project as described. Priority could be given to projects that are able to start quickly.</p> <p>Risks will be assessed including the extent of any planned management or mitigation of risk, whilst the appraisal will also review the extent to which planning permissions and other legal consents are in place, e.g. the project is state aid compliant.</p>

3.10 What tools and techniques are used to appraise schemes and ensure value for money?

A range of approaches will be used to assess the schemes within each of the five cases outlined above. For most of these there will be standard approaches such as financial analysis and risk assessment. However, in terms of economic appraisal, two economic models will be used:

- **The Regional Econometric Model** – will be used on non-transport schemes to help determine their net additional employment and net additional GVA impact; and
- **The Urban Dynamic Model** – will be used for transport schemes to determine GVA impact.

A methodology to integrate the use of both the REM and the UDM in appraising projects and programmes under the SAF has now been identified, tested and agreed. The approach, which is summarised in the table below, will be robust and will ensure that the double-counting of outputs and impacts is avoided.

Table 3.4 Integrating REM and UDM models to appraise projects

Type of Project	REM	UDM
Transport-only	Use REIU's Capital Expenditure Model (Capex) and the REM to estimate construction impact	Estimate wider impact including GVA and employment
Employment-led – e.g. new factory, office complex etc.	Estimate wider benefits including GVA and employment	Use to establish any constraints on transport infrastructure due to the development. Also use to test and validate outputs from REM
Housing-only	Use Capex model and REM to estimate construction impact	Estimate wider benefits including GVA and employment
Skills capital – e.g. new college building	Use Capex model and REM to estimate construction impact	Use to establish any constraints on transport infrastructure due to the development.
Mixed Schemes (any combination of the above)	Isolate the elements of the mixed use scheme and apply models as identified above	

The outputs from both models will then be combined to help assess the economic case for each project and generate a measure of net additional Gross Value Added (GVA) per pound invested as the common metric in terms of value for money assessment.

An in-house approach has also been developed to quantify the impact of skills interventions. The approach allows us to estimate the potential increase in earnings attributable to acquiring a new qualification. The Net Present Value (NPV) and/or the net increase in earnings can be used as a proxy for GVA.

Other measures of value for money will be used where necessary to provide more information on the richness and scale of the potential impact of projects. Such measures include:

- total cost per job;
- total GVA per job;
- cost benefit ratio; and
- grant per job.

To enhance the rigour of the assessment we will draw on a range of nationally recognised value for money benchmarks relevant to the type of scheme under review, such as the Regional Development Agency Impact Study 2009¹⁰, the HCA Additionality Guidance¹¹ and other appropriate sources.

¹⁰ See <http://webarchive.nationalarchives.gov.uk/20090430145135/onenortheast.co.uk/impact/index.cfm>

The approach that is being adopted also aims to provide a 'level playing field' between the wide range of intervention types that are being considered across the four strategic pillars of the SEP. This has been identified as the right approach to allow the LEP and WYCA to maximise the employment and productivity outcomes from available funding.

3.11 SAF compliance with DfT's WebTAG guidance

Modelling and the appraisal of transport schemes will be carried out using NTEM forecasts (DfT's planning dataset) and in accordance with the guidance set out in WebTAG. The appraisal work will be carried out by the promoter and scrutinised by the Transport Fund Office, using a mix of both internal and external resources (e.g. an experienced peer review panel), so that appropriate recommendations can be provided to WYCA that are independent of the scheme promoter. The assessment and scrutiny of business cases will be quality assured by the WYCA's Chief Internal Auditor as part of the annual Audit process.

The WYCA will review a 'Value for Money Statement' for each scheme (prepared in accordance with WebTAG guidance) at each Gateway Approval. The WYCA Director of Resources, as Section 73 Officer (Chief Financial Officer of WYCA), will be responsible for signing off the statements as true and accurate. This sign-off will be informed by the review of the VfM statement by the Review Panel established for each Gateway Submission. The VfM statement will be reported to the WYCA at each Gateway stage outlined above, and will be in line with DfT guidance on Value for Money published in December 2013.

Generally, WYCA will only approve schemes that offer at least a high level of value for money, indicated by a benefit:cost ratio (BCR) of more than two. However, WYCA will retain the flexibility to fund schemes that do not necessarily demonstrate a high value for money case, such as a scheme that unlocks a key development site or a scheme that supports significant jobs/GVA/growth that cannot be captured properly in the conventional process.

Further detail on the appraisal process to capture all the relevant impacts of a scheme (monetised and non-monetised) is provided in Transport Fund Assurance Framework (available on the WYCA website).

3.12 Appraisals will be proportionate to the scale and complexity of schemes

The level of appraisal will be proportionate to the nature, scale and scope of each project and/or programme. For example, **where a scheme carries greater risk and/or is more complex, the intensity of the appraisal will reflect this.** This is not simply a matter of the financial scale of a project, but will also need to take account of how the project is structured, its processes and dependencies. The capital-intensive nature of transport projects and the accompanying high costs mean that transport schemes will have different financial thresholds in terms of the how they are treated.

The proposed framework is set out in Table 3.5. These are **indicative** investment thresholds that will be used as an initial guide to determine the level of appraisal required for transport and non-transport schemes, and which will be reviewed in light of experience.

¹¹ See http://cfg.homesandcommunities.co.uk/sites/default/files/aboutus/additionality_guide_2014_full.pdf

Table 3.5: Investment thresholds to determine level of appraisal

Complexity / risk	Cost – total City Region investment (£m): indicative						
	Non-transport schemes			Transport schemes			
		Low (less than £3m)	Medium (£3m to £10m)	High (greater than £10m)	Low (less than £20m)	Medium (£20m to £50m)	High (greater than £50m)
	Low	Value for money / GVA impact, ratio of GVA per £ spent - simple appraisal	Value for money / GVA simple appraisal	Full HM Treasury 'green book' compliant business case incl. GVA assessment	BCR/GVA simple appraisal	BCR/GVA simple appraisal	Full WebTAG compliant business case & GVA assessment
Medium	Value for money / GVA BCR and other 'relevant' benefits appraisal	Value for money / GVA BCR and other 'relevant' benefits appraisal – Cost Benefit Analysis (CBA)	Full HM Treasury 'green book' compliant business case incl. GVA assessment	BCR GVA wider benefits appraisal	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	
High	Value for money / GVA BCR and other 'relevant' benefits appraisal	Value for money / GVA BCR and other 'relevant' benefits appraisal – individual Green Book cases may be applied	Full HM Treasury 'green book' compliant business case incl. full CBA and GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	

3.13 Who will undertake the appraisal of projects?

The appraisal at each Gateway stage is currently undertaken by either the 'Technical Appraisal Group' (for non-transport schemes) or a 'Gateway Review Team' (established to undertake the appraisal of West Yorkshire plus Transport Fund projects). Core membership of the Technical Appraisal Group and Gateway Review Team is drawn largely from the LEP and WYCA, and brings together individuals with expertise in financial, transport, economic, property, legal matters and the relevant strategic pillar of the SEP.

As well as being multi-disciplinary, membership can also include representation from different authorities and organisations as appropriate (e.g. peer review by officers from non-promoting authorities). Where appropriate and necessary, external consultancy support will be procured to support the process.

3.14 When will projects be assessed?

It is expected that discussions between the scheme promoter and the LEP/WYCA will be an on-going and iterative process. The timescales for the assessment of business cases will vary depending upon the nature and complexity of the scheme, on the quality of information provided by the scheme promoter and on the volume of business cases under review.

There will be a number of avenues for potential schemes to access funding opportunities from the LEP/WYCA. For example, this could be through funding competitions with specified deadlines for submissions as well as open calls where the LEP/WYCA will be seeking on-going business case submissions from scheme promoters.

All calls for proposals with specified deadlines, including details of the application and investment decision process, will be posted on the LEP/WYCA website and promoted with public sector partners and the business community.

3.15 How will the findings of the appraisal be reported?

Following each gateway assessment of the project, a template will be completed that reports the findings and recommendations of the appraisal undertaken by the Technical Appraisal Group. The findings of the appraisal will be reported to the Investment Committee, or other relevant body such as the LEP Investment Panel.

These summary business cases will be published and publicised in advance on the WYCA website for a period of at least one week before gateway approval recommendations are made so that the views of external stakeholders and the public can be taken into consideration by the Committee. All comments received will be made available to WYCA before decisions are made.

3.16 What happens after an investment decision has been made?

Once an investment decision to approve a project has been made, a number of activities will need to be undertaken under: **Gateway 4** (Go live – delivery, on-going monitoring and closure); and **Gateway 5** (evaluation). These activities include:

- **Heads of terms / Legal Agreement.** The LEP/WYCA will be involved in either: **direct delivery**, where the LEP staff themselves deliver the project (e.g. Business Growth Programme) and will be responsible for the outputs and outcomes; or **indirect delivery**, which will be the vast majority of LGF activity and where a legal agreement is required with a partner/external organisation to deliver the project on behalf of the LEP/WYCA. The agreement will reflect the investment decision and could include the following:
 - details of the scheme being supported;
 - the nature of funding agreed, e.g. grant, loan;
 - the outputs and outcomes/impacts to be delivered;
 - all scheme costs and detailed funding/expenditure profile;
 - agreed milestones;
 - funding conditions, e.g. use of assets, material changes to the scheme;
 - any funding claw-back clauses to be incorporated;
 - any security to be offered;
 - liability for cost over-runs;
 - monitoring of scheme delivery and claims processes;
 - monitoring of outputs delivery; and
 - evaluation processes and requirements.

The team will confirm that the legal agreement is consistent with the investment decision and includes all relevant conditions.

- **Project delivery.** This will include a range of activities to oversee the management of the project and the administration of the legal agreement. The approach adopted will be consistent with Prince 2 project management requirements, including good communications and engagement

between the LEP/WYCA and the project manager, monitoring of outputs/outcomes and financial performance and managing and mitigating risk.

- **Practical completion** will usually involve the completion of formal documentation, for example a Completion or Exit Report. This could be followed by an **evaluation of the project** (interim and final impact) proportionate to the size, complexity and innovativeness of the project, with relevant resource allocation (time and funding) identified within the LEP's Evaluation Strategy.

Further detail on monitoring, evaluation and risk management is provided in Section 4.

3.17 Dealing with project changes during either the appraisal or delivery stages

Dealing with project changes during the appraisal process

The approval gateways are a key mechanism to ensure robust checks and challenges are in place to appraise schemes as their business case develops. A situation could, however, arise where following a procurement exercise, the project costs are significantly higher or lower than estimated at previous gateways. Under such circumstances, the scheme would be re-appraised and a value for money statement produced. If the project falls below the required VfM or benefit cost ratio benchmarks then either:

- the business case for the scheme will need to be revisited; and/or
- the scheme could potentially be withdrawn.

Any underspend or savings would go back into the pot and replacement schemes would be identified, prioritised and appraised in line with the normal SAF process.

Dealing with changes to the scale and scope of schemes post approval

In any of the scenarios listed below, it is suggested that the LEP and WYCA should re-appraise the scheme to ensure it still delivers value for money and a good return on investment. The findings of the appraisal would be presented to the Investment Committee for a recommendation to be made to the WYCA, Partnership Committee (if appropriate) and the LEP Board on the preferred way forward. The triggers for re-appraisal are:

- a change from anticipated project spend;
- a change in estimated output/outcomes;
- a major slippage in delivery milestones;
- impact on complementary investments; and
- changes to match funding, activity, delivery partners or the geographical target area.

Approach to identify replacement projects following the withdrawal of a scheme

The following approach will be adopted to identify replacement projects should a project be withdrawn or underspend occur:

- **Step 1:** Replacement projects should be initially considered from the same SEP strategic pillar as the project that has withdrawn, since this would normally be the best way to maintain progress towards the overall targets agreed with government. Should a situation arise where a

replacement scheme cannot be identified from the same strategic pillar, the LEP/WYCA team should – alongside the investigation of options within any individual pillar – undertake the Step 2 assessment to determine the readiness of potential substitute projects across all pillars and present this information to the Investment Committee;

- **Step 2:** SAF assessment (as outlined in the previous section and subject to the scale/complexity of the project) should be undertaken by the LEP/WYCA appraisal team to assess the readiness for delivery of projects or programmes that could substitute for the project in difficulty; and
- **Step 3:** Recommendations on the most suitable approach to re-profiling Growth Deal expenditure should be taken first to the Investment Committee and then to the LEP and WYCA or Partnership Committee for approval.

3.18 SAF and the European Structural and Investment Fund (ESIF) decision process

The business processes and governance arrangements for deciding ESIF investments are different, and are being led nationally by central government via the Managing Authorities (MA): the Department for Communities and Local Government (DCLG) with respect to European Regional Development Fund (ERDF) applications; the Department for Work and Pensions (DWP) for European Social Fund (ESF) applications; and the Department for Environment, Food and Rural Affairs (Defra) in the case of schemes applying for European Agricultural Fund for Rural Development (EAFRD) support.

Following the European Code of Conduct, the UK Government proposed 39 Local Area Partnerships to be formed to take on the role of the ESIF Local Sub-Committee. The Leeds City Region Local Sub Committee will be vital to shaping local investment priorities, developing a robust project pipeline, advising on applications and considering local progress towards outcomes reflecting the local needs and priorities that LEP Areas identified in their ESIF strategies. The composition of the Committee reflects the breadth of partners across nine thematic areas and three funding streams, and is representative of the population of the geographic area covered by the Leeds City Region ESIF Strategy, giving regard to the Public Sector Equality Duty. As the formal decision making rests with the MAs, the role of the ESIF Committee is only advisory.

It is expected that the SAF can be used to help support the Leeds City Region ESIF Committee to draw conclusions on the value of the applications submitted primarily at the outline application stage, and possibly also at the full application stage. No ESIF projects will therefore be subject to the full SAF assessment as described above. Instead the SAF will form the basis for the ‘local’ informal appraisal of ESIF projects outside the more detailed formal MA assessment, focusing on two main areas:

- **Strategic fit** (Strategic Case) – the extent to which the proposed programme/project addresses the strategic aims of the LEP and the ESIF local Strategy; and
- **Value for money** (Economic Case) – the extent to which the programme/project contributes to the local economy.

4. Support and administrative structure

4.1 Introduction

The following section sets out the arrangements for supporting the effective development, appraisal, delivery and implementation of projects, including relationships with delivery bodies.

4.2 Support and administration

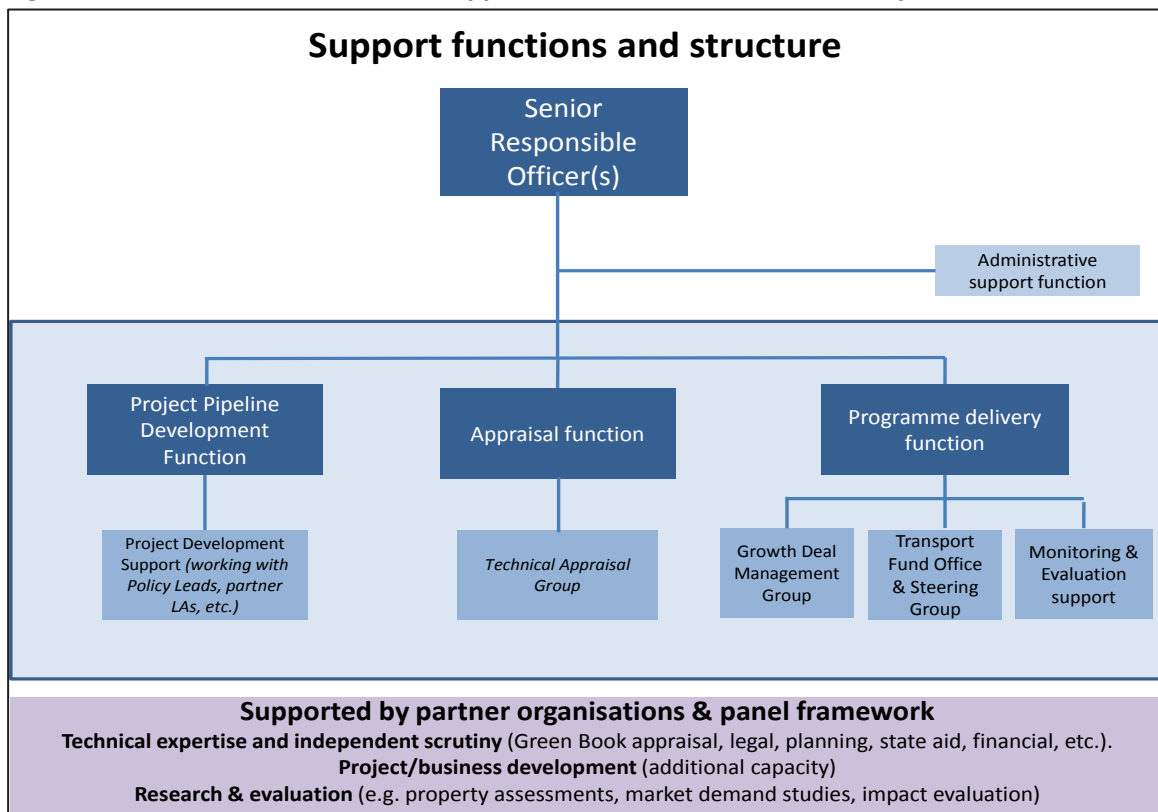
Following the introduction of the SAF, appropriate internal structures and processes are in place to ensure the effective management and delivery of each of the gateway stages of the SAF. The gateway process described in Section 3 will be administered by the WYCA team. The scale of staff resources will be proportionate to the level of activity and will be actively performance managed.

As shown in the diagram below, a number of key functions will be initially undertaken by the LEP/WYCA, including:

- managing the pipeline, including supporting business case development;
- programme and project appraisal;
- co-ordination and management of the gateway approval process (e.g. timing of meetings and associated paperwork); and
- overseeing the delivery, monitoring and evaluation of schemes (e.g. benefits realisation management, financial and resource management, risk).

The WYCA team will also draw on external expertise and technical support such as financial, economic, property, legal and evaluation advice, for example through consultancy frameworks or from partner organisations including the HCA, local authorities, Skills Funding Agency and others.

Figure 4.1: Core administrative and support functions to be undertaken by the LEP/WYCA



The assurance process will ensure that there is clear separation between the LEP or WYCA and the project sponsor/promoter. **This means that staff carrying out appraisal will be separate from those involved in project development** – that is, any review of schemes by officers will be from non-promoting authorities.

4.3 Internal Growth Deal management and delivery arrangements

4.3.1 Growth Deal Management Group

A ‘Growth Deal Project Management Group’ has been established to manage the overview of the implementation and delivery of the Growth Deal. The Group meets monthly and is responsible for driving forward the processes and procedures for project/programme development; appraisal; approvals and contracting; monitoring and evaluation, and project closure.

Regular meetings ensure that internal communication is effective, and that the plans across each pillar are progressing to time.

4.3.2 West Yorkshire plus Transport Fund

For the West Yorkshire plus Transport Fund, two key support and administrative arrangements are in place to deliver project mandates:

- **Transport Fund Steering Group:** comprising Chief Officers from the District Authorities and WYCA (plus Highways Agency and Network Rail where appropriate), the Group meets monthly to formulate advice and recommendations for the WYCA; and
- **Transport Fund Office:** staff from District Authorities and WYCA, plus consultants (if required), to manage the Programme and Project Boards established on a full or part time basis.

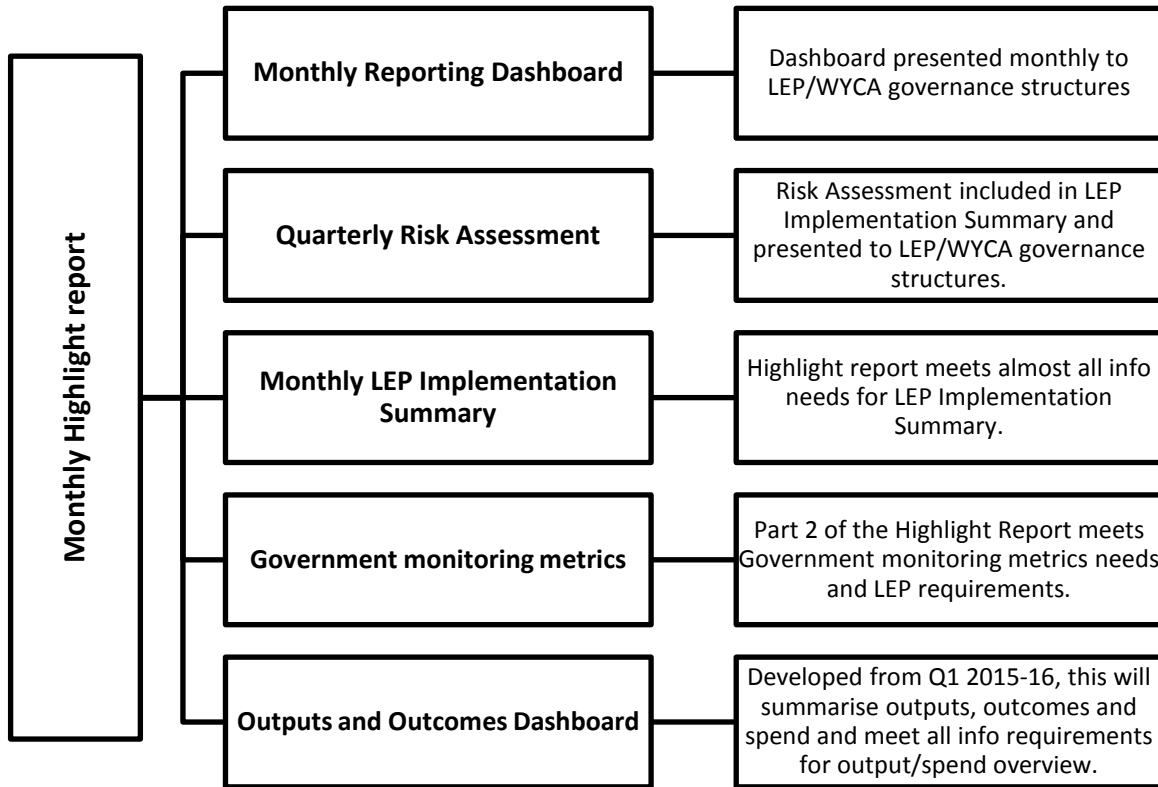
Further detail, such as the administrative structure proposed for the Transport Fund, is provided in the Transport Fund Assurance Framework and is available on the WYCA website *[reference to be inserted]*.

4.3.3 Monitoring and evaluation arrangements

Monitoring

All scheme promoters will monitor a scheme's progress against a set of standard BIS input, output and outcomes measures as set out in the BIS Implementation and Monitoring Plan which draws on DfT's publication ‘Monitoring and Evaluation Framework for Local Authority Major Schemes September 2012’ for standard monitoring. Scheme promoters will submit a Monitoring and Evaluation Plan to the LEP/WYCA team as part of the Gateway 2 or 3 submission or before any data collection is programmed. This will ensure that the benefits realised can be understood, disseminated, and lessons taken forward into other schemes.

The **Highlight Report** will be the single tool that will be used to drive forward all monitoring and reporting requirements to meet not only the LEP's monitoring needs, but also the reporting requirements for our governance structures as well as HM Government's requirements as outlined in the monthly **LEP Implementation Summary** and the monitoring metrics reporting requirements. The Implementation Summary will be submitted to BIS on a monthly basis and form the basis of the on-going dialogue over the delivery and expenditure performance of the Growth Deal. The process is summarised in the diagram below.



Evaluation

A Leeds City Region Evaluation Strategy will be developed and agreed with the Government, setting out the LEP’s proposed programme of evaluation. This Strategy will build on our monitoring activity, and will identify the differing ways in which schemes will be evaluated. The possible options are that projects or programmes are:

- subject to a local ‘impact’ evaluation;
- form part of a ‘pan-LEP’ demonstrator evaluation; or
- are part of a national impact evaluation (e.g. skills capital).

The Evaluation Strategy will be finalised by April 2015.

4.3.4 Release of funding, cost control and approval conditions

The following funding conditions will be specified in the Gateway Approval 3 (or Gateway 2 for smaller scale schemes):

- funding to scheme promoters will be capped at the maximum level agreed at Gateway 3;
- any potential overspends (costs exceeding the agreed tolerances) will be escalated by the Project Executive to WYCA. WYCA will consider the appropriate options which will include a requirement for the Business Case to be re-worked and re-presented back to the WYCA for further consideration. If the scheme fails to have an adequate Business Case it will be deferred;
- the promoter’s Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis, as is the case for LTP expenditure;
- the promoter’s Section 151 Officer to sign off all expenditure, as is the case in the current arrangements for LTP expenditure;

- claw-back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned to the Fund;
- WYCA, as the Accountable Body, will release funding in advance in instalments (on a quarterly basis unless agreed otherwise), but only when it is needed. Regular reconciliation will be adopted to accelerate or pause payments to keep pace with actual spend; and
- WYCA will arrange for local audit of schemes to detect any misuse of funds.

Overall, the WYCA’s Internal Audit arrangements will sign off all total expenditure as part of the Annual Audit process.

[The procedure for the release of loan finance is to be inserted].

4.3.5 Purchasing and procurement

Value for money will be achieved through the procurement process of the WYCA in accordance with internal policies and procedures (Standing Orders and Financial Regulations (SOFR)), procurement law governing procurement within the United Kingdom and EU Public Procurement Directives.

4.4 Risk management

Risk is managed in line with HM Treasury ‘Orange Book’ Guidance on the Principles and Concepts of Risk.

The LEP and WYCA recognise that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes. Both the LEP and WYCA are committed to ensure that robust risk management arrangements are in place and operate effectively at all times. The Director of Resources will champion risk management, providing a management lead and ensuring that appropriate arrangements are maintained, but the day to day management of risk sits with Directors, Assistant Directors and risk owners.

4.4.1 Identification and assessment of risk

Full project level risk analyses and mitigation/contingency plans are required for each scheme as part of the application process at Outline and Full Business Case, using the matrix illustrated below.

		Impact				
		1	2	3	4	5
Likelihood	5	Red	Red	Red	Red	Red
	4	Amber	Yellow	Yellow	Red	Red
	3	Green	Yellow	Yellow	Red	Red
	2	Green	Green	Yellow	Yellow	Red
	1	Green	Green	Green	Yellow	Red

Score	Likelihood	Impact	Cost	Outputs	Schedule
1	Very Unlikely	Very Low	£100s	Meets 100% Targets	Day
2	Unlikely	Low	£1000s	Meets >75% Targets	Week
3	Maybe	Medium	£10,000s	Meets >50% Targets	Month
4	Likely	High	£100,000s	Meets <50% Targets	Year
5	Very Likely	Very High	£ms	Meets <25% Targets	Years

4.4.2 Monitoring risk

Funding recipients are required to submit updated risk assessments including mitigations on a monthly basis as part of the Highlight Reporting process.

A strategic risk register with mitigations and responsibilities at the overarching Growth Deal level is also produced and reviewed every six months by the Growth Deal Management Group. Should any of

the scenarios/triggers presented in Section 3.17 be identified, these would be reported to the Investment Committee for a recommendation to be made to the WYCA, Partnership Committee (if appropriate) and the LEP Board on the preferred way forward.

REPORT FRONT SHEET

AGENDA ITEM: 9

Combined Authority: 12 March 2015

Report Title: Rail North and Transport for the North

Report Summary

This report provides an update on the re-franchising of Northern and TransPennine services through Rail North working with the Department for Transport. It also provides an update on the proposed Northern transport strategy being developed through the Transport for the North Partnership.

Possible Questions

1. Does WYCA agree that the franchise specifications for Northern and TransPennine represent a step change from the current position and illustrate the benefits of devolution?
2. Are there any priorities for improvement not included in the base franchise specifications that WYCA would like to highlight to bidders?
3. Is WYCA content to host the proposed Rail North Partnership in Wellington House?
4. What are the WYCA priorities for the future Transport for the North work programme?

ITEM 9

Report to: Combined Authority

Date: 12 March 2015

Subject: Rail North and Transport for the North

1. Purpose

- 1.1. To provide the WYCA with an update on Transport for the North and Rail North.

2. Information

Transport for the North

- 2.1. Transport for the North is producing an initial transport strategy for the North in March 2015 with the aim of having a commitment included in the Budget on 18 March.
- 2.2. Transport for the North is a partnership between Northern city regions/ Combined Authorities and the Department for Transport working closely with Highways England (formerly the Highways Agency) and Network Rail. The remit of the initial transport strategy is to build on the 'High Speed 3' proposal for East-West connectivity set out in the One North work, but also to reflect the needs of other modes including the strategic road network, freight, travel within the city regions and integrated transport services (customer service/smart ticketing).
- 2.3. The initial strategy is being developed through a series of workstreams. Leeds City Region and WYCA have an officer representative on each workstream and are leading two of these (City Region Connectivity and Integrated Transport Services). WYCA representatives have sought to highlight the importance of improving connectivity beyond the HS2/3 hubs in Leeds and York to ensure that the whole city region benefits from the proposed investment. Governance of the work is through a Partnership Board. WYCA is represented on the Partnership Board by Cllr Keith Wakefield and Roger Marsh.

- 2.4. The output from the workstreams has been used to inform a high level strategy document. A first draft was considered by the Partnership Board at their second meeting on 26 February. The Board asked for further development of the draft and a revised version was in production at the time of writing this report. Following the Partnership Board meeting, a briefing session was held with the district Portfolio Holders and Chair of the Transport Committee.
- 2.5. A further verbal update will be provided at the meeting.

Rail North

- 2.6. The Invitations to Tender for the Northern and TransPennine franchises were issued on 27 February 2015. Through the partnership working with the Department for Transport, Rail North has positively influenced the specifications for the two franchises to deliver many of the enhancements sought.
- 2.7. A detailed briefing note was provided to all WYCA members (further copies are available from Legal and Democratic Services). The main headlines of the specification are:
- Removal of all the ‘pacer’ railbus trains;
 - ordering at least 120 new-build carriages;
 - modernising every train operating on the Northern franchise;
 - enhanced services on a number of routes (including the Calder Valley, Pontefract and Harrogate Lines);
 - more capacity to cater for growth and reduce crowding;
 - providing more services for commuters, during off-peak times and on Sundays;
 - investing at least £30 million to improve stations across the Northern franchise;
 - creating a Customer and Communities Improvement Fund (CCIF) to invest around £13.8 million to deliver benefits for passengers; and
 - introducing free wi-fi on all Northern trains by 2020 at the latest.
- 2.8. The specification in the Invitation to Tender represents the minimum that bidders need to provide. Bidders will be encouraged to go above and beyond the minimum specification as part of the competitive bidding process. WYCA will be using RailPlan 7 (the agreed rail strategy) to set out to bidders areas where further enhancements are desirable.
- 2.9. Rail North Leaders met on 3 February and received an update on the work in progress to develop a formal partnership agreement between Rail North Ltd and the Department for Transport. The process of managing the train operating companies’ delivery of both franchises will transfer from DfT into a new partnership management team based in the north of England. This team will also coordinate investment and service development across both franchises. Leaders have agreed that this management team would be hosted in Leeds by WYCA.

- 2.10. It is planned that WYCA will host the management team in Wellington House in a similar way that WYCA currently hosts the pteg Support Unit. The administrative costs of hosting the management team will be shared by all partners. Budgets and funding are currently under development, but the costs of the management team will be funded through DfT and the Rail Grant currently paid to PTEs/Combined Authorities. A further report on the financial arrangements for Rail North and the partnership will be brought to a future meeting of the WYCA once the Partnership Agreement has been finalised.

3. Financial Implications

- 3.1. The financial arrangements associated with the establishment of Rail North are currently being finalised. The principle set out in the draft Partnership Agreement is that the cost of establishing the new management team will be shared between Rail North and the DfT. The Rail North costs will be shared between the PTEs Combined Authorities and funded through the existing Rail Grant (paid by DfT). WYCA will need to make savings in the activities currently funded through the Rail Grant in order to re-direct a proportion to the partnership. This is in line with the principles of establishing Rail North where more activities will be undertaken at the pan-northern level rather than locally.

4. Legal Implications

- 4.1. None as a result of this report

5. Staffing Implications

- 5.1. The partnership approach and new franchise specification will change the roles of WYCA staff currently engaged in rail franchise activities. In particular work related to the rail service quality regime currently undertaken by WYCA staff will transfer to the future train operator. Discussions have commenced with relevant staff.
- 5.2. As host authority for the partnership arrangement, WYCA will act as employer for those posts employed within the management team which are not filled by secondees from DfT or another Rail North authority. The staffing arrangements are currently being developed and will be reported to the Authority along with the financial implications.

6. Consultees

- 6.1. The Acting Director, Transport was consulted in the preparation of this report.

7. Recommendations

- 7.1. The current position on Transport for the North is noted.
- 7.2. That the progress on rail franchising is noted.

7.3. That WYCA acts as host for the proposed Rail North/ DfT Management Team as set out in paragraph 2.10.

8. Background Documents

8.1. None.

REPORT FRONT SHEET

AGENDA ITEM: 10

Combined Authority: 12 March 2015

Report Title: WYCA Development: Transfer of functions

Report Summary

This report seeks approval for the transfer of the LEP to the WYCA; this has been planned for some time and formalises the current arrangement where LEP and WYCA staff are working together. Consequent budget approvals are also sought and some changes to treasury management arrangements in order to better support the increase in funding now expected.

Approval is also sought to the transfer of the inward investment function from Leeds and Partners to the LEP. Initial funding for 2015/16 has been identified which will cover the basic operational costs of staff and premises and more work will be required during the year to establish a robust position for future years.

Possible Questions

- 1. Which elements of this report should be referred to the Budget and Finance Working Group for further work and consideration during the year?**

Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.

ITEM 10

Report to: Combined Authority

Date: 12 March 2015

Subject: WYCA Development: Transfer of Functions

1. Purpose

- 1.1. To seek approval to the transfer of functions into the West Yorkshire Combined Authority.
- 1.2. To approve associated budgets and arrangements that because of this transfer now require approval of the Combined Authority.

2. Information

- 2.1. The WYCA was created in April 2015 to bring together strategic economic decision making for West Yorkshire and York. During its first year it has made notable progress in securing funds for a range of infrastructure, skills, business support and low carbon projects and these are now moving into a delivery phase.
- 2.2. The employees of the former PTE have provided the resource for the transport work this year, along with the general finance, legal, HR and ICT support. The employees of the Leeds City Region LEP have provided the resource for the economic activities and have, since July of last year, been co-located with their transport colleagues. The next stage of integrating these functions is the formal TUPE transfer of the LCR/LEP employees from Leeds City Council into WYCA. Work to achieve this has been underway for some months and a smooth transfer is on schedule to take place on 1 April 2015. The budget approved by the Leaders' Board secured from will transfer with these employees and is deemed sufficient to support their planned activities. As highlighted in the budget report to the last meeting of the WYCA the intention is to undertake further integration during 2015/16 to ensure the best use of skills and budgets to deliver WYCA's aims.
- 2.3. The transfer of the LEP team to the Combined Authority from 1 April 2015 means that expenditure and income on projects and programmes, operated by the team on behalf of the LEP, will need to be undertaken through the Combined Authority. A

number of projects which have already commenced and are due to be completed in 2015/16, will continue to be managed through Leeds City Council. All others will be managed through WYCA financial systems.

- 2.4. Approval is therefore requested to set up budgets for each of the projects and programmes that will be managed through the LEP Team. It should be noted that there may be a need for reallocation between budget heads depending on progress with individual schemes, in line with the flexibility afforded to WYCA through the LGF settlement:

Local Growth Fund (LGF) Funded

Project / Programme	Budget 2015/16
Business Growth Programme	£8m
Skills Capital Investment Programme	£12m
Energy Accelerator	£0.6m
Resource Efficiency Fund	£0.2m
Biovale	£1m
Housing and Regeneration Projects	£8.4m
Total	£30.2m

Other Funding

Project / Programme	Budget 2015/16	Funded From:
Employer Ownership Pilot	£10m	Business Innovation and Skills
Growth Service	£0.62m	Business Innovation and Skills
Strategic Heat Networks	£0.2m	Local Authority Partners and LEP Income
Better Homes Management and Administration	£0.95m	Better Homes Contract
Access to Finance	£0.1m	British Business Bank
Housing stock condition survey	£1.2m	LA Partners and LEP income
Total	£12.07m	

- 2.5. WYCA has recently been informed that the Local Growth Fund monies will be received on 1 April which, along with other payments expected on that date, will present the organisation with significantly higher cash balances than it usually has to manage. In order to better manage the risks associated with this it is proposed that some changes are made to the treasury management arrangements. These have been discussed with the WYCA's advisors at Leeds City Council and the changes are all within the policies applied by the council for its own monies. The proposed changes are to increase the limits for lending to individual counterparties from £7.5m up to £15m, that lending to local authorities be for a period of up to two years rather than one and that the use of AAA rated money market accounts be approved. These measures would provide greater flexibility in placing the funds available whilst not comprising the security of those funds. A limit of £30m per banking group would also be introduced to support the management of counterparty risk.

- 2.6. It has already been agreed that the treasury management arrangements will be considered during 2015/16 as part of the work on aligning the funding and budgets of the WYCA and LEP. These changes to current arrangements will be re-considered as part of that work.
- 2.7. It is expected that as WYCA develops it will be appropriate to move other functions in to the organisation. At its previous meeting the WYCA approved in principle 'the transfer of staff working for the inward investment function of Leeds and Partners and those working within the Regional Economic and Investment Unit to the LEP function, pending receipt of detailed plans and funding from the LEP Board to be considered by the WYCA at a future meeting.'
- 2.8. Discussions have confirmed that there is a good strategic fit with the Regional Economic Intelligence Unit (REIU), currently based at Leeds City Council. Work is underway to establish an appropriate business case to enable a transfer of this function and the employees into the WYCA later in summer 2015.
- 2.9. With regard to the inward investment function of Leeds and Partners due diligence has been undertaken. Fourteen employees have been confirmed as providing the inward investment function and the necessary budget to take on these employees has been identified. In addition there are premises costs and other operational overhead costs that need to be met as part of the transfer. The intention is to transfer the function into the LEP where this work can be integrated with other similar activities.
- 2.10. The LEP has approved funding from the Enterprise Zone receipts to part fund the inward investment activity at Leeds and Partners and this will be used to fund these activities post transfer. On its own however it is insufficient to meet the costs set out in 2.9 and in order to enable the transfer to take place there is an in principle agreement with Leeds City Council that they will provide sufficient funding to close the gap for 2015/16. Work will then have to be undertaken as part of the wider organisational review to ensure increased funding can be found or that the costs of the team and its activities are reduced such that the funding matches the budget beyond 2015/16.

3. Financial implications

- 3.1. The costs of the LEP staff and activities can be met from the previously approved budget which will transfer from 1 April. Project funding and expenditure for a number of ongoing projects is set out in paragraph 2.4.
- 3.2. The immediate staffing and operational costs for the inward investment function currently undertaken at Leeds and Partners can be met from the approved allocation of Enterprise Zone receipts and contribution from Leeds City Council.
- 3.3. The Enterprise Zone receipts will not commence until after 2015/16 and as such the WYCA will need to provide the first year of funding from its reserves. An undertaking is to be provided by Leeds City Council regarding the situation with the timing and

extent of funding available and effectively underwriting the allocation already made for 2015/16.

4. Legal Implications

- 4.1. The necessary TUPE process has been followed, including consultation and due diligence.
- 4.2. Landlord's consent for an assignment of the lease at Exchange House will be required and work is underway to progress this by 31 March.

5. Staffing Implications

- 5.1. The required consultation with affected employees is underway. They will all transfer into WYCA with their current terms and conditions in accordance with the TUPE regulations and consideration of harmonisation will take place at a future date as the functions are integrated.

6. Consultees

- 6.1. The Head of Paid Service and Head of Economic Development have been consulted in preparing this paper.

7. Recommendations

- 7.1. That the WYCA approve the TUPE transfer of the LEP/LCR staff from 1 April.
- 7.2. That the WYCA approve the project expenditure of the LEP as set out in paragraph 2.4.
- 7.3. That the WYCA approve the use of AAA rated money market accounts.
- 7.4. That the WYCA approve a change in the limits for individual counterparties from £7.5m to £15m and increase the time limit for lending to local authorities from one year to two years.
- 7.5. That the WYCA approve the transfer of the inward investment function currently carried out by Leeds and Partners from 1 April.
- 7.6. That the WYCA takes an assignment of the lease of the premises at Exchange House, subject to Landlord's consent being obtained.

REPORT FRONT SHEET

AGENDA ITEM: 11

Combined Authority: 12 March 2015

Report Title: Governance and Audit Committee recommendations

Report Summary

This report provides information from the last meeting of the Governance and Audit Committee and seeks approval to the internal audit plan for 2015/16 which has been considered by this Committee.

Possible Questions

- 1. Are there any other areas of activity that should be included in the 2015/16 internal audit plan?**

Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.

ITEM 11

Report to: Combined Authority

Date: 12 March 2015

Subject: Governance and Audit Committee Recommendations

1. Purpose

- 1.1. To seek approval to decisions recommended by the Governance and Audit Committee at its meeting of 3 February 2015.

2. Information

- 2.1. The Governance and Audit Committee considered a number of items at its meeting on 3 February 2015. The terms of reference of this Committee reflect the position which is that under the Local Government Act 1972 s102, co-optees are not permitted to be appointed to a committee regulating and controlling the finances of the Authority. Certain issues therefore can be discussed and considered by the Committee but a number of these require consideration and formal approval by the Combined Authority, following appropriate advice and information from the Governance and Audit Committee. At this meeting there was one such item as set out below.
- 2.2. **Internal audit plan 2015/16.** International Auditing Standards require the Head of Internal Audit to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's objectives. This process has had input from senior management and the Governance and Audit Committee.
- 2.3. The process to establish the plan involves assessing and scoring the risk of each auditable entity. An assessment of this, performed by internal audit and in consultation with Members of the Governance and Audit Committee, has identified the audit assignments to be included in the audit plan for 2015/16. Resource has been allocated against each audit entity based on an assessment of the scope of each review and past audit performance information.
- 2.4. The proposed internal audit plan for 2015/16 is attached as **Appendix A**, setting out the assignments deemed mandatory or high priority, along with the expected

resource required to perform the audit. The required resource can be met by the current internal audit team.

- 2.5. The Committee also agreed to enhance the reporting to its meetings, extending the information provided to include key indicators such as accidents or incidents and further metrics regarding the process and progress of individual audit assignments and related findings.

3. Financial implications

- 3.1. None arising directly from this report.

4. Legal Implications

- 4.1. None arising directly from this report.

5. Staffing Implications

- 5.1. None arising directly from this report.

6. Consultees

- 6.1. All the decisions requested are at the recommendation of the Governance and Audit Committee.

7. Recommendations

- 7.1. That the WYCA approve the Internal Audit Plan for 2015/16.

Audit Plan 2015/16

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Core Business Activities			147 days
Prepaid Tickets & Concessionary Travel	MR, PR, LR 6 HIGH	Arrangements for accounting for stocks, cash, Haven system controls and reporting, calculations of prepaid ticket pool and distribution, concessionary fares reimbursements, on account payments and quarterly adjustments. Consider controls for smartcard transactions. Payzone sales system.	20
Metro Travel Centre Operations	MR, PR, LR 6 HIGH	Ticket sales, stock, cash handling security, reconciliations & reviews performed. Cash collected is administered and properly controlled to reduce the risk of loss or fraud. Associated back-office operations. New arrangements for Castleford and Pontefract	15
Tendered Subsidised Contracts	MR, PR, LR 6 HIGH	Tendering arrangements, batches, de minimis contracts, insurance, operator's licences, lost mileage, payment calculations and processes. Arrangements support and provide contract compliance. Public and education services.	15
Passenger Facilities/Contract Monitoring	LR, PR, CR, MR 9 HIGH	Bus station repairs, maintenance, cleaning and security. Shelter cleaning & repairs.	15
Service Monitoring	MR, CR, PR, OR 7 HIGH	Robustness of systems to identify changes in bus network in a timely manner. Changes to monitoring arrangements.	12
English National Concessions Travel Scheme (ENCTS)	MR, PR, PR 6 HIGH	Data handling and protection requirements, access rights to ENCTS database, agreements with the third parties concerning the handling and maintenance of ENCTS data. Validation rules for applicants to provide evidence of identity, residency and a photo.	20

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
		<p>NFI checks have been performed with other datasets.</p> <p>System is secure and backed up at frequent intervals with limited access rights, satisfactory contingency plan is in place, Assurance from the third-party that data will be obtained and held securely and in compliance with the Data Protection Act.</p> <p>Awareness and communication of requirements of Concessionary Bus Travel Act.</p>	
Transport Fund – Business Case	Mandatory	<p>Review of operation of Strategic assurance framework.</p> <p>Gateway Reviews.</p>	20
Economic Development	MR, CR, PR, LR 9 HIGH	<p>LEP assurance mapping.</p> <p>Review of processes and controls for the provision of economic development functions for West Yorkshire.</p> <ul style="list-style-type: none"> *Green Deal * West Yorkshire Broadband * Super Connected Cities * Revolving Investment fund <p>*Business Growth Programme & Regional Growth Fund.</p> <p>* Growing Places Fund – Loans</p> <p>*Other – City Deal, Head Start, City Skills Fund, Strategic Heat Programme</p> <p>Inward investment.</p>	30

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Financial Systems			74 days
Main Accounting – General Ledger	Mandatory	Review of the operation of key controls including System user rights, review, control, adequacy and timeliness, budgetary control, systems interface – education, Haven, and payroll. VAT.	8
VAT	MR, LR Moderate	Arrangements for the accounting and submission of VAT returns to HM Revenues & Customs.	5
Creditors	Mandatory	Review of the operation of key controls including segregation, authorisation, reconciliation of statements, BACS controls, and sub-contractors records.	8
Debtors	Mandatory	Test arrangements for write offs, requisitioning, reporting, review of accounts, debt age monitoring and reporting.	6
Payroll	Mandatory	Review of the operation of key controls including arrangements for starters, leavers, pay points, member’s allowances, expenses & deductions.	12
Procurement	LR, MR, OR 6 HIGH	Review of the operation of key controls including tendering, ordering, commitments, compliance with Standing Orders and Financial Regulations, e- procurement, purchasing cards.	12
Treasury Management	Mandatory	Review of the operation of key controls including treasury management, segregation, review, authorisation, third part services and assurances, prudential code.	15
On-line Payments	LR, MR, OR 6 HIGH	Review of controls for the processing of on-line payments and credit/debit card payments received.	8

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Management & Business Support Functions			45 days
I.C.T. Governance	MR, CR, PR, LR, 9 HIGH	Systems security - Back-ups, recovery plans, data integrity, email, internet controls, monitoring, access, ICT strategy, control of ICT equipment. Service desk. Information Technology Infrastructure Library (ITIL.)	20
Data Security/ Protection	MR, CR, PR, LR, 9 HIGH	Arrangements for the protection of data from loss. System penetration testing.	25
Corporate Governance			33 days
Risk Management	Mandatory	Effectiveness of risk management processes, risk management guidance and support, Identification of risk, risk evaluation, risk mitigation and control, monitoring risks, reporting the status of key risks and controls, recording the management of risks, including the effectiveness of the controls and other responses to them, risk awareness and training.	15
Health & Safety	LR, PR, MR 6 HIGH	Health & Safety Policy meets legal requirements as provided in the Health & Safety at Work Act and other relevant Acts. Workplaces and welfare requirements, recording accidents, illness and first aid, use and maintenance of work equipment, control of exposure to hazardous substances, electrical equipment, noise and radiation. Provision of protective clothing or equipment, Reporting of injuries, diseases and dangerous occurrences to the enforcing authority (RIDDOR). The control and management of asbestos, management of contractors, smoke free legislation, alcohol and substance abuse.	15

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Annual Governance Statement	Mandatory	Financial reporting including compliance with relevant standards and codes of corporate governance. The establishment, monitoring and reporting on the systems of internal control.	3
Counter Fraud, Bribery & Corruption			19 days
Fraud Investigations	Mandatory	Contingency for fraud investigation.	10
Pro –Active Anti- Fraud Exercise	PR, LR, OR, CR 8 HIGH	Statistical analysis for duplicate payments, data matching for creditor payments into inappropriate bank accounts. Sample review of changes to bank payment master records.	5
Fraud Awareness	PR,LR 4 MODERATE	Maintaining employees' awareness of WYCA's counter- fraud arrangements.	2
Fraud Return	Mandatory	Completion of fraud return for Audit Commission.	2
Projects			30 days
Local Transport Plan Capital Programme Management	Mandatory	Review of arrangements to identify, monitor, control and report on the Capital Programme.	15
Smart Card & Information Programme (SCIP) Smart transactions	MR, CR, PR, OR 8 HIGH	Review to provide independent assurance. Business change – benefits realisation back office operations.	15

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Web Customer Hubs and Service Experience (CHASE)			
Safeguarding Assets			5 days
Unannounced Visits	CR,PR 4 MODERATE	Unannounced visits to Travel Centres to check cash and ticket stocks.	5
Grant Certification			45 days
LTP	Mandatory	Head of IA assurance. Periodic report and claim review and certification. Systems and procedures to control the allocation of payments and provide evidence of eligible expenditure.	10
Interreg Carbon Responsible Transport Strategies (CARE NORTH)	Mandatory	Head of IA assurance. Periodic report and claim review and certification.	5
Interreg Improving Transport & Accessibility through new Community Technology (ITRACT)	Mandatory	Head of IA assurance. Periodic report and claim review and certification.	5
Better Bus Area Fund	Mandatory	Head of IA assurance. Periodic report and claim review and certification.	5

ACTIVITY	PRIORITY	OUTLINE DESCRIPTION	RESOURCE
Local Sustainable Transport Fund	Mandatory	Head of IA assurance.	5
Cycle City Grant	Mandatory	Head of IA assurance. Periodic report and claim review and certification.	5
Transport Fund	Mandatory	Head of IA assurance.	10
Value for Money			10 days
ICT Services	CR,PR 4 MODERATE	Consideration of VfM aspects of processes.	10
Audit Follow-up		Follow up on implementation of key audit recommendations	20 days
Audit Plan Contingency		Contingency for any requirement for additional audit testing and for other unplanned audit work identified in year, in line with auditing standards.	40 days
Total			468

Risk Assessment

	FACTOR
MR = Materiality/value risks	2
CR = Control weakness or none existence/operation – (CAKE)	3
PR = Political risk of failure or none performance and adverse publicity	1
LR = Legislative risks, illegal operations	3
OR = Opportunity risks, missed opportunities for improvements.	1

Risk Score Key

>5 = High

4 - 5 = Moderate

1 - 3 = Low

Available Resources 2015/16

Days per annum	495 ¹
Less	
Professional development	(14)
Consultancy/advice	(12)
Office administration	(12)
Corporate, functional support and other off-plan requirements	<u>(45)</u> ²
Available 2015/16	412
Planned days	468
Bought – in I.T. technical audit specialism	<u>(30)</u>
	433
	26*

*Over programming in the plan which could be potentially funded through the fraud and general audit plan contingencies.

¹ excludes annual and statutory holidays and includes days planned for work assigned for Head of Internal Audit.

² includes corporate business planning, updating knowledge of business processes and input/consultation in respect of IA strategy and other functional policies.

Originator: Nick Winney
Monitoring Officer



ITEM 14

Report to: West Yorkshire Combined Authority

Date: 12 March 2015

Subject: Appointments

1. Purpose

1.1. To consider an appointment to the Combined Authority by Calderdale Council.

2. Information

2.1. The Authority's Monitoring Officer has now received notification from Calderdale Council by way of a letter dated 27 February 2015 that they have appointed Councillor Jenny Lynn to replace Councillor Barry Collins as their substitute member on the West Yorkshire Combined Authority.

3. Financial Implications

3.1. None.

4. Legal Implications

4.1. None.

5. Staffing Implications

5.1. None.

6. Consultees

6.1. None.

7. Recommendations

7.1. That the appointment of Councillor Jenny Lynn to replace Councillor Barry Collins as Calderdale Council's substitute member on the West Yorkshire Combined Authority with effect from 27 February 2015 be noted.

**MINUTES OF THE MEETING OF THE
TRANSPORT COMMITTEE
HELD ON FRIDAY 16 JANUARY 2015 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor J Lewis (Chair)

Councillors R Billheimer, Y Crewe, E Firth, M Johnson, G Lowe, D Kirton,
M Lyons, A Pinnock, R Poulsen, L Smaje, T Swift, E Taylor and M Ward

In attendance: Councillors D Levene (York), V Slater (Bradford) and
R Lewis (Leeds)

66. Apologies for Absence

Apologies for absence were received from Councillors A Carter, B Collins, A Hussain
and P Caffrey (Calderdale).

67. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by Members at the meeting.

68. Minutes of the Meeting of the Transport Committee held on 5 December 2014

Resolved: That the minutes of the Transport Committee held on 5 December 2014
be approved and signed by the Chair.

69. Transport Update

The Committee considered a report giving an update on the newly established
Transport for the North programme, Rail North and HS2.

Transport for the North

It was reported that following the publication of Sir David Higgins' report
'Rebalancing Britain', the Government had given their full support and would be
working closely with Transport for the North (TfN) towards developing a high level
transport strategy for the North, including options, costs and a delivery timetable for
a 'HS3' TransNorth east west railway. Members were advised of the TfN work
programme and workstreams which were progressing with a view to producing an
interim report in March 2015.

Rail North

It was reported that in the Chancellor's Autumn Statement the Government had announced a number of commitments for improving rail services in the North as part of the Northern Powerhouse, including:

- (i) Replacing pacer train units with new rolling stock.
- (ii) 20% increase in capacity to reduce overcrowding.
- (iii) Provide additional services across the network.
- (iv) Substantial upgrades of station facilities across the network.

Whilst recognising the commitments would be subject to the development of a business case, members commented that the statements represented a major step forward and demonstrated the influence of the 30 local transport authorities working together through Rail North.

It was also reported that the final specifications for the Northern and TransPennine rail franchises were now expected in February 2015 which would allow time for the Government's commitments to be fully articulated and developed, particularly regarding rolling stock requirements.

HS2 Station

It was reported that work was progressing to re-examine the relocation of the proposed HS2 station for Leeds. The work which was being undertaken jointly between the WYCA, Leeds City Council, HS2, Department for Transport and Network Rail would be considering future demand forecasts for the existing station, the impact of HS3 and how to ensure strong connectivity across the City Region rail network.

It was commented that an interim report would be published in March 2015 with the final report expected in late 2015.

Resolved: That the report be noted.

70. Transport Fund Dashboard

The Committee considered a report and dashboard setting out the progress of each of the substantive schemes in the West Yorkshire Plus Transport Fund (WY+TF).

The dashboard setting out the schemes was attached at Appendix 1 of the submitted report. Members were advised that whilst the dashboard was being developed by the Transport Portfolio Advisory Group, regular updates would be brought to future meetings of the Committee.

Resolved:

- (a) That the Transport Fund dashboard be noted.
- (b) That progress updates be brought to the Transport Committee.

71. Bidding Opportunities

The Committee considered a report in respect of a number of bidding opportunities.

It was noted that the four competitive funding bids all had very short timescales and that in order to meet them it would be necessary to seek delegated approval of the final bids prior to them being submitted.

Ultra Low Emission Vehicle Fund

It was reported that the Government's Office for Low Emissions (OLEV) had published guidance for a new Go Ultra Low (GUL) City Scheme Fund (£35m) and preliminary guidance for a Low Emission Bus Scheme (£30m) and Low Emission Taxi Scheme (£20m).

Members were advised that following the Registration of Interest for the GUL City Scheme bid by the Combined Authority, a second screening phase bid was required by February 2015 and, if shortlisted, a final bid by 31 August 2015. It was noted that the bids for Low Emission Bus and Taxi strands had a longer lead in period, with initial bids being required by September 2015.

Cycle Delivery Plan

It was reported that the Transport Committee had approved the submission of an Expression of Interest to enter into a partnership with the DfT for their Cycle Delivery Plan which aimed to double cycling activity and to increase the number of children walking to school.

It was reported that the Government had issued guidance on 31 December 2014 for the allocation of an additional £114m of new funding for Cycle City Ambition Grant (CCAG) areas to expand their network of ambitious cycle facilities. Work was underway to identify a City Connect 2 scheme and associated match funding and that option would be reported to a future meeting of the Committee.

Highways Maintenance Challenge Fund

It was reported that the DfT had issued guidance to enable local highways authorities in England to bid for major maintenance projects.

The DfT had invited all highways authorities to submit up to one bid (£5m-£20m) and a large bid (greater than £20m) with a minimum local contribution of 10%. A draft was required by the deadline date of 20 February 2015.

Total Transport Pilot Fund

It was reported that the DfT had issued guidance which enabled Combined Authorities, ITAs, County Councils and Unitary Authorities to pilot a cross sector approach for the integration of transport services that were currently commissioned by different agencies such as local bus service support and home to school transport. Members were informed that the Fund applied to rural/ rural outer areas and would provide funding for 2015/16. A submission was required by the deadline date of 11 February 2015.

Resolved:

- (a) That the Expressions of Interest for the Ultra Low Emission Vehicle Fund and the Cycle Deliver Plan be noted.
- (b) That approval for the submission of the following bids be delegated to the Chair of the Transport Committee and the Acting Director of Transport:
 - (i) Highway Maintenance Challenge Fund
 - (ii) Total Transport Pilot Fund
- (c) That copies of the bids for the Highways Maintenance Challenge Fund and Total Transport Pilot Fund be sent to members of the Transport Committee upon request.

72. Business Plan – Transport Capital Programme & Revenue Budget 2015/16

The Committee considered a report on the transport components of the draft 2015/15 Business Plan, Capital Programme and Revenue Budget.

Transport Component of the Draft Business Plan

Referring to minute 51 of the meeting held on 31 October 2014, it was reported that further work had been undertaken to develop priorities for the transport component of the WYCA Business Plan 2014/15. Those priorities included the alignment with the Strategic Economic Plan, further work to integrate the WYCA's economic and transport activities and activities to be undertaken as a result of successful funding bids.

The proposed transport components of the WYCA Business Plan (Appendix 1) were reflected in the draft Capital Programme (Appendix 2) and Revenue Budget (Appendix 3) which were attached to the submitted report.

Draft Capital Programme

It was reported that at the meeting held on 31 October 2014, the revised Local Transport Plan Implementation Plan 2 (IP2) Integrated Transport Block programme was approved. Since that time, a number of changes had been identified which needed to be reflected in the outline Capital Programme 2015/16 which were due to be considered by the Combined Authority on 29 January 2015. The revised Capital Programme including projects funded through the West Yorkshire Plus Transport Fund and other sources was set out in Appendix 2 of the submitted report.

Members' approval was also being sought for expenditure of £221,550 of DfT funding secured through the Clean Vehicle Technology Fund to equip a further 23 Euro 4 MyBus vehicles and undertake associated refurbishment and re-livery.

Draft Revenue Budget

It was reported that the proposed budget which would be considered by the WYCA on 29 January 2015 allowed for the continuation of current activities and was funded by a freeze in the transport levy (other than the small increase previously agreed for the West Yorkshire plus Transport Fund) and the use of £1m of the Authority's reserves. Members were advised that the WYCA's Budget Working Group would be overseeing work to identify efficiencies, reductions in service levels or other ways of delivering services that would enable a balanced budget to be delivered in 2016/17 that did not require the use of reserves.

A draft Revenue Budget was attached at Appendix 3 of the submitted report.

Resolved:

- (a) That the transport component of the draft 2015/16 Business Plan be endorsed.
- (b) That the proposed Capital Programme 2015/16 be endorsed.
- (c) That the proposed Revenue Budget 2015/16 be endorsed.
- (d) That the expenditure of a further £221,550, funded through the DfT Clean Vehicle Technology Fund, to equip a further 23 Euro 4 MyBus vehicles with equipment to reduce vehicle emissions and undertake remaining refurbishment and re-livery be approved.

73. Single Transport Plan

The Committee considered a report on the emerging core principles that were proposed to form the basis of a Single Transport Plan for West Yorkshire.

It was reported that as a result of the workshops held with Transport Committee members and transport portfolio holders, the following 5 core principles of the Plan had been identified:

1. **One system, HS2/HS3 ready** – a core ambition being a ‘metro-style’ public transport network that integrates all modes, into one-system that is easily understood, easy to access by a range of options and offers quick, convenient connections within the city region.
2. **Place making** – interventions to make our cities, towns and neighbourhoods more attractive places to invest, live and work
3. **Smart futures** – using technology for enhanced customer relationships and retail opportunities and for efficient management of the transport network(s)
4. **Effective use of resources** – pooling resources between services and sectors to address financial constraints and deliver shared objectives
5. **Effective asset management** – to adequately maintain all of our transport system: roads, bridges, street lights, public transport stations and shelters, footways and cycle routes.

A working draft of the Plan was attached at Appendix A to the submitted report.

Members were asked to provide further input and their agreement was sought to develop the Plan on the basis of the core principles with a view to carrying out a consultation exercise with the public and stakeholders.

Resolved: That subject to the comments made by the Committee with regard to:

- (i) Freight
- (ii) Leeds/Bradford Airport
- (iii) Place making

the Single Transport Plan be referred to WYCA for approval with a view to carry out consultation with the public and stakeholders on the core principles.

74. New Stations Study

The Committee considered a report on the outcome of the New Rail Stations Study.

It was reported that Metro had undertaken an initial feasibility review in 2009 that considered the viability of over 30 new railway station sites across North and West Yorkshire. That study included high-level demand forecasts and a review of each site location in terms of access and potential physical constraints.

Members were informed that the new study, utilising updated data and patronage growth, had sought to identify locations across the Leeds City Region that were likely to have the best business cases for implementing new stations in the next 5-10 years.

It was also explained that it was an emerging piece of work that would need updating in the future and that locations not recommended at this stage for further development might be able to be brought forward as circumstances changed.

The Committee discussed concerns regarding Network Rail's ability to deliver schemes on time and to budget and suggested that a meeting be arranged with them and selected members of the Transport Committee.

Resolved:

- (a) That the station programme be kept under review as circumstances changed.
- (b) That the ongoing development and feasibility work for East Leeds Parkway (Leeds) be continued.
- (c) That a detailed work programme be developed with Calderdale Council including timetable feasibility and outline business case work for Elland (Calderdale) and an element of non-abortive early stage 'GRIP' feasibility design work. A further report seeking funding approval to carry out this work is to be brought to a future meeting.
- (d) That the Committee supported development work to be carried out for Haxby (York), at a suitable point in the re-franchising process to be led by York Council.
- (e) That the potential strong business case for Crosshills (Craven) station site, to be led by North Yorkshire County Council, be noted.
- (f) That the strategic planning and financial implications of progressing the proposed new stations work be further considered at future meetings.
- (g) That Network Rail be invited to discuss their project implementation arrangements with the Combined Authority.

75. Exclusion of the Press and Public

The Transport Committee considered a recommendation to exclude the press and public from Agenda Item 11, which contained exempt information defined in Paragraph 3 of Schedule 12A Local Government Act 1972.

RESOLVED: It was agreed that because disclosure of Item 11 (Leeds Station Southern Entrance Funding) would prejudice future negotiations, the public interest

would be better served by maintaining the exemption and, therefore, the press and public were excluded from the meeting.

76. Leeds Station Southern Entrance Funding

The Committee considered a report which provided an update on the Leeds Station Southern Entrance scheme.

Resolved: That the recommendations outlined in the submitted report be approved.

**MINUTES OF THE MEETING OF THE
GOVERNANCE & AUDIT COMMITTEE
HELD ON TUESDAY 3 FEBRUARY 2015 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor H Richards (Chair)
Councillors S Baines, G Hussain, R Light and A Waller
In attendance: N Rayner (Deloitte)

31. Apologies for Absence

Apologies for absence were received from Councillors G Burton (Wakefield) L Smith (Bradford) and N McIlveen (York).

32. Declarations of Disclosable Pecuniary Interests

Councillor Light declared an interest in Agenda Item 5, External Audit Update, as he was a member of the Audit Commission.

33. Minutes

Resolved - That the minutes of the meeting held on 21 October 2014 be approved.

34. External Audit Update

The Committee considered a report which provided an update on the situation regarding the external auditors and their remuneration.

It was reported that a formal notice of the appointment of Mazars LLP as the External Auditor for the WYCA from 2015/16 had been received.

With regard to the remuneration of External Auditors, as previously reported, the fee had now been confirmed as £45,000 for the first audit of the West Yorkshire Combined Authority, which was £22,000 less than the current combined WYITA and WYPTE audit fees. The saving on the audit fee had been reflected in the budgets approved by the WYCA at the meeting held on 29 January 2015.

Resolved - That the current position regarding the appointment and remuneration of external auditors be noted.

35. Internal Audit Progress Report

The Committee considered a report on work undertaken by the Internal Audit Section and the key issues which had been identified.

<u>Review</u>	<u>Opinion</u>
Health & Safety	Controlled
New Pudsey Rail Station Car Park Extension Project Benefits Realisation	Requires Improvement
Payroll & HR Records	Controlled
Debtors	Well Controlled

Health & Safety

It was reported that the main objective of the review, which had been given a Controlled assurance, concentrated on the existence and operation of a framework of measures to enable health and safety functions to be provided to the WYCA. Members were advised that arrangements concerning the control of contractors would be the subject of a separate review and that its outcome would be brought to a future meeting.

In this respect, whilst recognising the internal controls and monitoring adopted by the WYCA, including the work overseen internally by officers through their own Health and Safety and Audit Committee, Members stressed the need for this Committee to be kept advised of health and safety matters. It was suggested that a regular report that included key indicators, including those relating to accidents or incidents, be presented to the Committee in future.

New Pudsey Rail Station Car Park Extension Project Benefits Realisation

It was reported that the review had identified a number of specific issues relating to the scheme but that were pertinent to the management of rail projects more generally. It was noted that rail infrastructure projects were provided at 'arm's length' from the WYCA and that the appointment of contractors and the day to day management of risk was not under the direct control of WYCA. It was recommended that it would be more effective for the Authority to reposition the application of its project management activities to provide a strategic overview role for rail infrastructure projects allowing the rail operators to project manage those schemes through the application of the GRIP framework and Gateways Reviews.

It was therefore agreed that the Combined Authority Management Team (CAMT) and Portfolio Board consider an approach to rail infrastructure projects which would ensure that resources were applied effectively whilst maintaining strategic control. It was noted that the Authority still needed to ensure that it had sufficient overview of such projects and that appropriate governance arrangements were in place, particularly given the extent of current and future investment in rail projects.

ITRACT Periodic Grant Certification

It was reported that an audit of expenditure incurred in respect of Improving Transport and Accessibility through new Communities Technologies (ITRACT) activities was performed for the period 8 April 2014 to 30 September 2014. Members noted that the Internal Audit Manager was able to certify that Euro 45,016 was eligible to be claimed in that period.

Resolved:

- (a) That the report be noted.
- (b) That a report be prepared for future meetings setting out key indicators to assist in the Committee's management of risk.

36. Internal Audit Plan 2015/16 - Audit Universe

The Committee considered a report on the Internal Audit Plan 2015/16.

It was reported that the International Auditing Standards required the Head of Internal Audit to establish a risk based plan to determine the priorities of the internal audit activity which was consistent with the Authority's objectives. In this respect members were advised that the views of this Committee and the WYCA's senior management should be considered as part of that process.

It was explained that the Audit Plan which was attached at Appendix 1, detailed the elements of the audit universe, showing provisional assessments and audit assignments to be included in the plan.

The Committee considered the importance of having robust Audit Review procedures. It was suggested that they should be fully documented and include a clear set of expectations on the way in which the reviews are implemented, monitored and controlled and how quickly any recommendations imposed are acted upon. This information could then be used to enhance the regular internal audit progress report.

Members were advised that a final version of the Internal Audit Plan would be circulated in order to give Members the opportunity to comment prior to the document being considered by the Combined Authority at its meeting on 12 March 2015.

Resolved:

- (a) That the final version of the Plan be circulated to members prior to it being considered by WYCA on 12 March 2015.
- (b) That the format of the regular internal audit progress report be amended as discussed.

37. Internal Controls and Financial Monitoring

The Committee considered a report on any changes to the Authority's internal control arrangements since the last meeting and to consider the current financial position.

Internal Controls

It was reported that there had been no significant changes to the arrangements for internal control within the Authority. Members noted that the Treasury Management arrangements and review of the prudential funding statement were considered as part of the Budget report by the Combined Authority at its meeting on 29 January 2015.

Governance and control arrangements were being reviewed now that the WYCA had been in place for nearly a year and as a result of the WYCA formally taking the responsibility as the accountable body for the Leeds City Region Enterprise Partnership. Members were advised that any proposed changes would be presented to the next meeting of the Committee on 22 April 2015 prior to being considered by the Combined Authority at its AGM in June 2015.

Financial Monitoring – Revenue Budgets

It was reported that the revised revenue budget 2014/15 and the proposed budget for 2015/16 was considered by the Combined Authority on 29 January 2015. Approval was given to the revenue budget for the WYCA transport activities and to the indicative capital programme for 2015/16.

The Committee was informed that the proposed budget for the economic activities currently carried out by the Leeds City Region would be agreed by the Leaders Board and subsequently transferred to the WYCA on 1 April 2015 when the LEP was being transferred from Leeds City Council.

In this respect it was reported that members of the WYCA had endorsed the continuation of the Budget Working Group who would focus on wider financial integration and carry out work to achieve budget savings, through a combination of cuts, efficiencies and collaborative working. They would also undertake a review of the reserves and treasury management policies in order to ensure a robust medium term financial strategy was in place for 2016/17 that supported the full aspirations of the WYCA.

Risk Management

Further to minute 30 of the meeting held on 21 October 2014, members were advised that enhancements to the risk management arrangements had been progressed and incorporated in the risk manual.

Comment was also made that the risk relating to the delivery of the West Yorkshire plus Transport Fund had been considered by the WYCA's Investment Committee and was now reflected in the finance handbook and included in the risk manual.

Resolved:

- (a) That the report and future work arising be noted.
- (b) That a copy of the Business Plan and Budget 2015/16 be forwarded to members of the Committee.

ITEM 15c

MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON TUESDAY 10 FEBRUARY 2015 IN WELLINGTON HOUSE, LEEDS

Present:	Cllr Stephen Baines MBE (Chair)	-	Calderdale MBC
	Cllr Ferman Ali	-	Calderdale MBC
	Cllr Simon Cooke	-	City of Bradford MC
	Cllr A Cooper	-	Kirklees MC
	Cllr Pauleen Grahame	-	Leeds City Council
	Cllr Kim Groves	-	Leeds City Council
	Cllr Julie Gunnell	-	City of York CC
	Cllr Ron Halliday	-	Wakefield MDC
	Cllr Peter Harrand	-	Leeds City Council
	Cllr Albert Manifold	-	Wakefield MDC
	Cllr Betty Rhodes	-	Wakefield MDC
	Cllr Michelle Swallow	-	City of Bradford MC
	Cllr Graham Turner	-	Kirklees MC

In attendance:

John Henkel	-	WYCA (Minute 40 only)
Angela Taylor	-	WYCA
Nick Winney	-	WYCA
Dave Pearson	-	WYCA (Minute 39 only)
Ruth Chaplin	-	WYCA

33. Apologies for Absence

Apologies for absence from Councillors Keith Aspden, James Baker, Barbara Boyce and Hassan Khan were noted.

34. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

35. Exclusion of the Press and Public

There were no items on the agenda requiring exclusion of the press and public.

36. Minutes of the Meeting held on 13 January 2015

Resolved: That Councillor Ferman Ali's apologies be recorded in minute 25 and the minutes of the meeting held on 13 January 2015 be approved and signed by the Chair.

37. Devolution

The Committee considered a report on the current position in respect of the devolution agenda for the region.

It was reported that the WYCA had been provided with a verbal update at their meeting held on 29 January 2015 where members had expressed their disappointment and frustration that a devolution agreement had not yet been reached despite the fact that both Manchester and Sheffield had concluded their deals some time ago. Those frustrations were strongly supported by the Overview & Scrutiny Committee and Councillor Grahame, Lead Spokesperson for the Labour Group asked that an urgent meeting of the Committee be arranged with Government ministers to explain the principles behind their approach to devolution and to understand the reasons for the delay in reaching an agreement. It was also requested that a press release be prepared on behalf of the Overview & Scrutiny Committee outlining their concerns regarding the slow progress in reaching a devolution agreement for West Yorkshire. Members also commented on the issue of democratic accountability and the need to ensure that the implications of the devolution ask are properly understood in this regard.

Members considered it important to have further discussions in order to understand the advantages of devolution, what was on offer for West Yorkshire and the difference between the agreements that had already been agreed with Manchester and Sheffield. Comment was made that there had been a recent conference on devolution in Glasgow and it was suggested that feedback from that debate would be useful.

Resolved :

- (a) That a meeting be arranged with Government ministers to discuss devolution.
- (b) That a press release be prepared on behalf of the Overview & Scrutiny Committee.

38. Business Plan and Budget 2015/16

The Committee considered a report on the business plan and budget for 2015/16.

It was reported that the outline business plan and budget 2015/16 had been agreed by the WYCA at its meeting held on 29 January 2015. Copies of the detailed report, which had been considered by the WYCA, together with the outline business plan and details of the revenue budget and transport levy for 2015/16 were attached as appendices to the submitted report.

Members discussed the process for approving the business plan and budget and asked that they be given the opportunity to scrutinise the proposals at an early stage prior to final approval.

It was noted that the revenue budget and transport levy for 2015/16 allowed for the continuation of current activities. Members were advised that this would be funded by a freeze in the transport levy (other than the small increase previously agreed for the West Yorkshire plus Transport Fund) and the use of £1m of the Authority's reserves. It was noted that from 1 April 2015, the LEP budget, which had previously been overseen by the Leaders Board, would be transferred to the WYCA.

It was noted that work on the budget had been overseen by a Budget Working Group. It was proposed that a similar group would continue to meet during 2015/16 to oversee the merger of the transport and LEP budgets, develop treasury management arrangements and consider other ways of working to reduce expenditure. A detailed plan was being developed for the programme of work and the Overview and Scrutiny Committee would have an appropriate involvement in this programme. Members discussed the WYCA manifesto and it was suggested that the investment to create transport links to jobs, employment, skills and housing be considered at a future meeting.

Resolved –

- (a) That the business plan and budget be noted.
- (b) That the creation of transport links to jobs, employment, skills and housing be included in the forward work programme.

39. Local Rail Service Accessibility

The Committee considered a report on issues affecting the accessibility of local rail services and how they may be influenced by the current re-franchising process.

At the meeting held on 25 November 2014, members had requested an update on the following rail issues:

- Guards on trains.
- Carriage of wheelchairs, prams and cycles.
- Luggage space.
- Health and safety issues in respect of standing passengers.

It was noted that train operators were obliged to comply with national regulations and standards in respect of accessibility and passenger safety. WYCA did not have a regulatory role in the rail industry but the re-franchising process currently underway would provide an opportunity to influence some of the issues.

Guards on Trains

The Committee was advised that the Department for Transport was working closely with Rail North on the specification to be included in the Invitation to Tender (ITT) for the Northern and Trans Pennine Express franchises. This had included the option of drivers taking on increased responsibility of the opening and closing of train doors. However the DfT had now advised that guards would continue to be employed on rail services in the North as their importance for both passenger safety and in a retail/customer service role was recognised and this was welcomed by the Committee.

Accessibility for People with Disabilities

Details of the legislation and the technical requirements in respect of accessibility for people with disabilities were set out in the submitted report.

Members were advised that the DfT had set a target for trains to be accessible by no later than 1 January 2020 and compliance with the regulations would be the responsibility of the Office of Rail Regulation. It was noted that a large proportion of the rolling stock in the North was built before 1999 and refurbishment or replacement to comply with the accessibility standards would be dependent on investment programmes. It was expected that the process of rolling stock replacement and refurbishment would emerge from the new franchise process in early 2016.

It was noted that accessibility standards for new stations or stations where major work was taking place were also included in the PRM Technical Specification. Members highlighted that some stations did not have disabled access and people had to be escorted across the rail tracks to platforms. It was noted that the cost of schemes to introduce lifts at stations was expensive and the Committee was advised of the Access for All funding scheme which focussed on providing step free access at stations. The problems and safety issues experienced by wheelchair users accessing trains via ramps because of the varying platform heights and types of rolling stock used was also discussed. Members stressed the importance of providing adequate disabled access at all stations and their comments would be passed to Network Rail who managed the Access for All programme.

Storage Space on Trains

Members noted the information outlined in the submitted report in respect of carrying luggage. Passengers were allowed to carry up to 3 items of luggage onto a train and enforcement of this was at the discretion of the train guard. Provision of luggage space varied depending on the type of rolling stock but the units used for local rail services generally prioritised seating over luggage storage. It was noted that modern train designs provided cycle storage but that there were no specific areas for this on older rolling stock.

Standing on Trains

It was noted that there was no legal limit on the number of passengers that could stand on any given train. Comment was made that the current problems of overcrowding on peak services deterred many people from travelling by train. It was recognised that standing on crowded trains was uncomfortable but the Office of Rail Regulation advised that “there was no conclusive evidence linking crowding on trains with anything other than low level health and safety risks to individual passengers”. Members were advised that some data in respect of passenger numbers on peak trains was available.

The Committee noted that WYCA, through Rail North, was seeking a range of measures in the forthcoming franchises to address the overcrowding issue including an overall increase in the number and capacity of trains.

Car Parking at Stations

Members referred to the need to increase parking facilities at local rail stations but recognised the difficulties particularly when it involved obtaining land outside the station area. It was noted that the West Yorkshire plus Transport Fund included enhancements to rail station car parking.

It was expected that the franchise specifications as part of the Invitation to Tender would be published in February 2015 and the final outcome known at the end of the year. A further report would be prepared for a future meeting of the Committee outlining how the new arrangements would operate in respect of accessibility.

Resolved –

- (a)** That the current position regarding rail accessibility and other matters outlined in the submitted report be noted.
- (b)** That the actions being undertaken by the WYCA to address the issues outlined in the submitted report be endorsed.
- (c)** That members’ comments in respect of disabled access at stations be passed to Network Rail.
- (d)** That a report be prepared for a future meeting outlining the provisions of the Northern and TransPennine rail franchises with regard to local rail service accessibility.

40. CityConnect

The Committee considered a report on the CityConnect project.

It was reported that the former WYITA had been awarded funding from the Cycle City Ambition Grant programme and this was supplemented by a further bid to the

Department for Health for activities to promote walking alongside investment in cycling facilities. This, together with additional funding from the Local Transport Plan and LCC Public Health had resulted in an overall programme budget of £25.972m for the CityConnect project, which was one of eight Cycle City Ambition projects across England.

Members were given a presentation which outlined the programme's objectives and benefits and also provided information in respect of the following component projects which were being implemented:

- Cross City Superhighway - 14 miles segregated cycle highway between Leeds and Bradford.
- Shipley – Leeds Canal Towpath Enhancements.
- Cycle Parking and Cycle Access Improvements.
- 20 mph zones in Leeds and Bradford.
- Promotion and Engagement.
- Walking for Health focusing on 6 areas around the Superhighway corridor.
- Monitoring & Evaluation.

The Committee noted details of the programme's governance and management arrangements and were advised of the key risks to the overall programme.

Officers were thanked for the informative presentation and members made the following comments:

- Salary sacrifice scheme to purchase cycles through payroll deductions needs promoting widely.
- The training already provided was welcomed but suggested that this should include people with disabilities on adapted cycles.
- Encourage cyclists to behave more responsibly - ensure they are aware of and adhere to road user laws.
- Cycle lanes welcomed and it was suggested that cyclists make a financial contribution.
- Need for more cycle segregation especially in local communities to encourage cycling.
- Consider funding assistance for people to purchase adapted cycles.
- Consider width of towpaths and suitability of 'A' frames/barriers for adapted cycles.
- Need to involve local communities/charities/voluntary & community groups – cycling should not be elitist – promote schemes for donated/repaired bikes.
- Promote rental bikes eg. at universities.
- Busy areas such as Bradford City Centre deter people from cycling.
- Consider closing a main street into city centre for a day (which has been trialled by York) so that cyclists can experience car free zones and increase confidence.
- Ensure all publicity photographs show cyclists wearing helmets.

The Committee was advised of the support given to Job Centre Plus customers and, in particular, with regard to access to bicycles for people with a job but no public transport available and further information would be circulated to members.

It was reported that health and transport professionals and interest groups in Leeds and Bradford had helped to develop a Walking for Health project with a focus on child obesity. It was proposed to conduct activity programmes based upon community audits but also including GP and health visitors and to provide a funding pot to be accessed by community based organisations through a bidding process.

Members were advised that whilst the City Connect project focussed on the Leeds and Bradford areas, schemes in Calderdale, Kirklees, Wakefield and York districts had been included in the bid prepared for the second round of Cycle City Ambition Grant funding.

Resolved –

- (a) That the officers be thanked for their informative presentation.
- (b) That information in respect of Job Centre Plus statistics be circulated to members.

41. Forward Programme of Work

The Committee considered the updated work programme for the coming year.

It was suggested that the creation of transport links to jobs, employment, skills and housing be included in the forward work programme.

It was noted that the next meeting was scheduled for 28 April 2015 and a Calendar of Meetings for 2015/16 would be formally agreed at the AGM on 25 June 2015. Appointments to Committees would also be made at that meeting and members were advised that the Chair of the WYCA had been made aware of the Committee's suggestion to retain the current membership to serve a second term.

Resolved: That the forward programme of work be amended.