

**MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY
TO BE HELD ON THURSDAY 29 SEPTEMBER 2016 (11.00 am)
AT WELLINGTON HOUSE, LEEDS**

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- 15. (a) MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON 13 JULY 2016** (Draft to be approved at the next meeting of the Committee on 22 September)
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- (b) **MINUTES OF THE MEETING OF THE GOVERNANCE & AUDIT COMMITTEE HELD ON 28 JULY 2016** (Draft to be approved at the next meeting of the Committee on 29 September)
(pages 86 – 91)
- (c) **MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE HELD ON 7 SEPTEMBER 2016** (Draft to be approved at the next meeting of the Committee on 9 November)
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Signed:

A handwritten signature in black ink, appearing to be 'BGM', with a long horizontal stroke extending to the right.

WYCA Managing Director

ITEM 4

MINUTES OF THE ANNUAL MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY HELD ON THURSDAY 28 JULY 2016 AT WELLINGTON HOUSE, LEEDS

Present:	Cllr Peter Box (Chair)	-	Wakefield MDC
	Cllr Tim Swift (Vice Chair)	-	Calderdale MBC
	Cllr Susan Hinchcliffe	-	City of Bradford MDC
	Cllr Simon Cooke	-	Conservative Representative (City of Bradford Council)
	Cllr David Sheard	-	Kirklees Council
	Cllr Judith Blake	-	Leeds City Council
	Cllr Stewart Golton	-	Liberal Democrat Representative (Leeds City Council)
	Cllr Keith Aspden	-	City of York Council
	Bob Cryan	-	Leeds City Region LEP
In attendance:	Councillor Keith Wakefield	-	Chair of Transport Committee
	Ben Still	-	WYCA
	Angie Shearon	-	WYCA

25. Apologies for Absence

Apologies for absence were received from Councillors Andrew Carter and Jeanette Sunderland and Roger Marsh.

26. Declarations of Disclosable Pecuniary Interests

Bob Cryan declared an interest in Agenda Item 9 (Project and Spending Approvals) – paragraph 2.7 (Huddersfield Innovation & Incubation Project) as Vice-Chancellor of the University of Huddersfield.

27. Minutes of the Meeting held on 23 June 2016

Resolved: That the minutes of the meeting of the WYCA held on 23 June 2016 be approved and signed by the Chair.

28. Implications of the Referendum on EU Membership

The Authority considered a report of the Director of Policy, Strategy and Communications regarding implications of the referendum on EU membership on the city region.

It was reported that immediately following the result of the EU referendum, the Leeds City Region LEP Board and local business leaders had met to discuss the implications of the “leave vote” and to identify the risks and emerging opportunities for the city region. West Yorkshire Leaders had also written to the Government about the work of WYCA and pressing for a prompt discussion to seek to conclude negotiations on a transformational package of devolution to the city region.

In the lead up to the referendum, the Authority and LEP had identified some of the potential implications of a ‘leave’ vote and based on discussions with businesses, local authorities, universities, colleges and Government, a joint West Yorkshire/Leeds City Region plan had been developed identifying issues which it was felt would be best responded to at a city-region level. The plan focussed on 3 key areas:-

- Understanding local business feeling and building confidence;
- supporting a cohesive society;
- ensuring funding is flexible and responsive to needs.

The plan, which was appended to the report, had been developed in the context of strong local approaches led by each council which it was considered was important to maintain local cohesion. A series of annexes were appended to the plan setting out potential implications for important areas of city region work.

Members discussed the local implications of ‘Brexit’ recognising that the effects would be felt differently across the city region. Members made the following observations:-

- The referendum had highlighted the stark divisions in society - between rich and poor, young and old, city and suburbs/rural areas, people enthusiastic about globalisation and those concerned by it. Concern was expressed that people felt disaffected and not valued. It was considered to be vital to respond to the concerns of the local electorate – particularly those people feeling insecure, those who felt they were not benefiting from globalisation and those affected by public services under strain from austerity.
- It was considered important to reinforce the values of the city region being an international, diverse, welcoming and outward looking place. The Chinese Ambassador had visited Leeds on 27 July signifying that the region was globally recognised which was vital to the success of the city region. Partners, investors and communities alike should be re-assured that WYCA, the LEP and local councils remain positive and outward-looking and that the

region has a strong and stable economy and all efforts would be made to ensure this continued.

- It was important that WYCA continued to monitor economic information and work collaboratively with member authorities to understand where and when there may be a need to respond and to target resources accordingly.
- It was considered vital that core cities have an input into the government's discussions on Brexit and that there is local government representation at the table with WYCA leading and co-ordinating activities. In light of the complete change in the government's Cabinet, contacts should be established, and relationships fostered, with key ministers as a matter of priority.
- Recognising the support which the city region had received in terms of European funding, concern was expressed that intelligence suggested that over the period 2017-2021 the LCR may potentially lose £8b of activity in its economy. It was considered essential to create the right environment and conditions for businesses to prosper and take advantage of opportunities to ensure that the city region economy would not be affected to such an extent.
- In view of the need and deprivation in parts of the city region, it is essential that any European funding is directed back to the city region and not directly to Westminster.
- It was important for WYCA to ensure that local businesses and the electorate fully understand what they and their local councils have done, and are doing, to mitigate the impacts of the 'leave' vote. It was also important to promote the positive/good news aspects to build confidence.

Members stressed that the outcome of the referendum made it more important than ever to deliver on the Strategic Economic Plan's goal of 'good growth'.

Resolved:

- (i) That the feedback provided by members be noted and that a watching brief be kept on the emerging situation.
- (ii) That the joint WYCA/LEP plan to ensure the city region is prepared to act and provide reassurance to investors be approved.

29. Leeds City Region Growth Deal 3 and Large Local Major Schemes Bids

The Authority considered a report of the Director of Policy, Strategy and Communications regarding bids for additional Growth Deal funding and for Large Local Major Scheme funding.

As previously reported to the June meeting of the Authority, the LEP had been invited by government to submit proposals to bid for two separate, but parallel, funding competitions as follows:

- £1.8bn was available from the Department for Communities and Local Government from the Local Growth Fund to support LEPs in their promotion of local economic development (Growth Deal 3);
- £475m was available from the Department for Transport for Large Local Major Schemes.

It was noted that decisions on the awarding of the funding were to be taken separately, however government had specifically asked that LEPs consider the two bids together in order that a single narrative could be provided about their combined impact.

The LEP Board had discussed and agreed the two bids at its meeting on 19 July and the content of the bids was summarised in paragraphs 3.1 to 4.3 of the submitted report.

Growth Deal 3 bid

It had been agreed that the bid should be strategically focussed around the new opportunities, challenges and priorities identified in the Strategic Economic Plan. A bid for £1.9m was to be submitted. The individual schemes comprising the bid had been developed in close consultation and collaboration with districts and with other relevant agencies, including the Homes & Communities Agency, the Environment Agency and Highways England.

Large Local Major Scheme bid

It was noted that there had been extensive dialogue with district partners regarding potential submissions and that all suggestions had been assessed on strict criteria, as set out in paragraph 2.4 of the report, meaning that a number of ideas had been deemed ineligible. The following two schemes had emerged as the best from the assessment process:

- North Kirklees Orbital Road (£151.6m)
- Dualling of A1237 York Northern Outer Ring Road (£141m)

The LEP Board had agreed to put forward the North Kirklees Orbital Road scheme for funding of approximately £1m to develop the scheme to Outline Business Case stage with funding for implementation subject to further competitive process.

The bids would be submitted by the government's deadline of noon on 28 July.

Resolved: That members note the content of the Growth Deal 3 and Large Local Majors Scheme bids to be submitted to government by noon on 28 July.

30. Transport for the North – proposal to the Secretary of State for the creation of a sub-national Transport Body

The Authority considered a report of the Managing Director seeking approval in principle to the proposal to establish a sub-national transport body (STB), Transport for the North (TfN), and agreement for WYCA to be a constituent authority of the STB.

It was reported that in order to establish TfN on a statutory footing, constituent authorities such as WYCA must:-

- together make a proposal to the Secretary of State for an STB to be established; and
- consent to the making of the regulations.

Members are asked for authority to progress the first of these actions; that is to make a formal proposal to the Secretary of State. WYCA's consent to any draft regulations would be sought at a later date and would provide WYCA with a further opportunity to consider arrangements.

A draft proposal, developed by the Transport for the North Partnership Board, on which WYCA and the LEP were represented, was appended to the submitted report for consideration. The report set out details of membership of the STB, voting arrangements, and powers and functions

The proposal would be submitted to government during the summer parliamentary recess for the Secretary of State to review the proposal and provide a decision. Once a decision to proceed had been given, it was anticipated that DfT lawyers would draft the regulations over the summer, following which the Secretary of State would consult on the draft regulations. Each constituent authority, including WYCA, would have a further opportunity in the autumn to review and consent to the regulations and to being a member of TfN.

The timetable for laying the regulations before Parliament would be dependent on policy and legislative processes; however discussions would continue with the DfT with a view to securing regulations in Spring 2017.

Members welcomed the progress with the proposal to establish TfN as a sub-national transport body acknowledging that transport was crucial to unlock productivity and grow the economy. The importance of tackling congested roads was discussed and the need to have a serious debate about movement of freight. It was reported that WYCA's Overview & Scrutiny Committee was in the process of establishing a working group to look at delivering transport priorities.

Members stressed the importance of ensuring that the STB was fully accountable and that appropriate scrutiny arrangements be put in place.

Resolved:

- (i) That the draft proposal, appended to the submitted report, to establish a sub-national transport body (Transport for the North) for the area of the constituent authorities, be approved in principle.
- (ii) That WYCA agree in principle, to be a constituent authority of Transport for the North.
- (iii) That authority to progress the matter, including finalising the proposal with the other constituent authorities, to the Secretary of State over the summer, be delegated to the Managing Director in consultation with the Chair of WYCA.
- (iv) To note that the final regulations to establish Transport for the North as a sub-national transport body will be subject to the consent of WYCA in due course.

31. HS2 Update and Leeds City Region Input to Northern Powerhouse Rail

The Authority considered a report of the Director of Policy, Strategy and Communications, providing an update on proposed changes to HS2 in South Yorkshire and seeking approval for a Leeds City Region (LCR) position on Northern Powerhouse Rail to be progressed for development and implementation through Transport for the North.

HS2

WYCA has been fully supportive of, and closely engaged in, the development of HS2 recognising that only transformational change to connectivity through new and radically improved HS2 and NPR networks, together with improvements to City Region transport networks, would support the Leeds City Region's Strategic Economic Plan vision and objectives. HS2 was expected to create significant additional capacity on north-south rail networks and radically reduce journey times.

The report provided an update on proposed changes to HS2 in South Yorkshire announced by Sir David Higgins on 7 July as follows:-

- HS2 to serve Sheffield city centre at the existing Midland Station;
- the HS2 station at Meadowhall to be removed;
- changes to the alignment between South and West Yorkshire;
- HS2 were considering the case for a new Parkway station between Leeds and Sheffield.

- HS2 journey times between Leeds and York would be quicker with the frequency remaining the same as originally proposed.

The report set out the pros and cons of the proposed changes which it was noted were likely to save a significant amount of money for HS2 and improve the business case for the eastern leg.

Members noted that the proposed changes would impact on the Wakefield District differently than had originally been proposed and that discussions were still ongoing. The change of the Sheffield station stop was welcomed.

It was reported that the proposals would not be confirmed until the Secretary of State route decision for HS2 Phase 2 later in 2016.

Northern Powerhouse Rail

At its meeting on 31 March, WYCA had agreed the importance of setting out a consistent and clear narrative to influence the northern and national agenda and to have a clearly defined list of regional priorities which could be delivered through Transport for the North. In that context, a study had been undertaken by WYCA, in partnership with consultants, to shape the Transport for the North agenda around Northern Powerhouse Rail (NPR) in terms of potential intermediate stations.

The work had looked at the economic impacts NPR could have on the Leeds City Region and had considered the additional impacts of having calling points in addition to Leeds. Paragraph 2.23 of the report set out areas of consensus which had emerged through dialogue with partners, including:

- that there should be an NPR stop at York to serve the northern and eastern parts of LCR and Yorkshire;
- that there should be an NPR stop between Leeds and Manchester with evidence strongly pointing towards the west of Leeds, particularly in Bradford city centre.

The draft results of the work had been shared with district officers and it was proposed that the conclusions be formally communicated to TfN in time to inform their technical work. Further feasibility work had been approved by WYCA's Transport Committee to explore and establish options to accommodate an NPR stop in Bradford as well as at a Parkway type facility that could serve both Bradford and other centres which members expressed their support for.

Members stressed the importance of increasing rail capacity and improving infrastructure in the north in order to deliver economic growth, but were also keen to ensure that this was not at the expense of a diminished service elsewhere.

Resolved:

- (i) That the proposed changes to HS2 in South Yorkshire and the associated implications for West Yorkshire be noted.
- (ii) That the areas of consensus on the LCR's requirements of Northern Powerhouse Rail, outlined in paragraph 2.23 of the submitted report, and supported more specifically through the evidence outlined in paragraph 2.24 be approved.

32. Project and Spending Approvals

The Authority considered a report of the Director of Resources seeking approval to funding from the Local Growth Fund, additions to the 2016/17 revenue budget and capital expenditure for an improved telephony system.

Local Growth Fund – Capital Approvals

The Authority were asked to approve funding from the Local Growth Fund for projects which had previously been considered and recommended by the Investment Committee. Details of each of the schemes were set out in paragraphs 2.1 to 2.10 of the submitted report. It was proposed that detailed arrangements regarding funding terms be delegated to WYCA's Managing Director.

Revenue Budget 2016/17

It was reported that since the approval of the budget in February, further funding had been secured and approval was sought to increase budgets as set out in paragraph 2.12 of the submitted report.

Capital Expenditure

Approval was sought to utilise £350k of local transport funding to replace the life expired main telephone and call centre systems across WYCA with more modern solutions which would integrate within its ICT desktop environment and mobile platform. Once implemented, the new system would also enable WYCA to record and live broadcast meetings.

Resolved:

- (i) That funding from the Local Growth Fund, with a decision on the final details on terms to be delegated to the Managing Director, be approved as follows:
 - £100k grant for pre-feasibility work on the A641 Bradford-Brighouse-Huddersfield corridor;
 - £21k grant for preparatory work for Castleford Rail Station;
 - £325k loan or grant investment for Bradford Odeon;
 - 4.62m loan investment for Forge Lane, Dewsbury;

- £2.55m loan and/or grant investment for York Central, including a maximum grant of £200,000;
- £2.922m grant funding, (profiled £1.89m in 2016/17 and £1.032m in 2017/18), subject to legal formalities including confirmation of revenue funds an overage agreement for the Huddersfield Innovation and Incubation Project;
- £2.5m loan to Yorkshire Finance, on commercial terms, to contribute to funding for the interim period until the Northern Powerhouse Investment Fund is established.

(ii) That increases to the revenue budgets as set out below be approved:

- Employer Ownership Pilot (EOP) - £8.7m for 2016/17;
- Apprenticeship Grant for Employers (AGE) - £4.064m for 2016/17.
- Business Growth Service. WYCA has received an indicative award of £1.025m for 2015-17 with a confirmed award of £512.5k for 2016/17 to enable the continuation of the Growth Hub activities.
- £150k - to support the management costs of the Better Homes Management contract.
- £625k - HS2 Growth Strategy to support work on HS2 in the region.
- £6m for 2016/17 for the Business Growth Programme to continue the support to small and medium sized businesses by providing capital grants to invest in land, buildings, plant and equipment.

(iii) That expenditure of £350k for enhanced telephony systems across WYCA be approved.

33. West Yorkshire Transport Strategy

The Authority considered a report of the Director of Policy, Strategy and Communications providing an update on work to develop a West Yorkshire Transport Strategy.

It was reported that WYCA's Transport Committee had overseen technical work to develop a new, draft Transport Strategy to align transport policy and delivery with the Strategic Economic Plan over a 20 year period (2016-36). The Transport Strategy is a high level statement of intent for delivering a step change in transport provision. It framed West Yorkshire policy in the context of national and pan-northern investment bringing together the aspirations of partner authorities into a shared set of principles to guide local transport investment.

A draft set of Transport Policy statements have been developed, with input from partner authorities, and were appended to the submitted report. The policy statement would be tested through consultation. A complementary work stream was also underway to develop and consult on a West Yorkshire Bus Strategy to provide a long term vision for the bus system.

It was reported that public and stakeholder consultation on the Transport Strategy and related Bus Strategy (branded as 'YourTravelYourSay') had commenced on 18 July and would run for 3 months up until 21 October. The public consultation would include online surveys, 80 public drop-in sessions across all West Yorkshire districts, plus stakeholder workshops. Hard copies of consultation materials would also be available via various sources and would be available in alternative formats and community languages on request.

Members of the Authority were encouraged to promote the consultation within their constituent local authority areas and invited to participate in a photo-shoot to publicise the consultation launch.

Members felt that it was important to recognise the significant shift in transport across the piste and technological advances, particularly in relation to real-time technology and intelligent systems. The issues surrounding air quality and pollution were discussed and the difficulties in regulating taxis.

It was envisaged that the two Strategies would be adopted by WYCA in late 2016/early 2017.

Resolved:

- (i) That work to develop the Transport Strategy, the ISA conclusions and the links between the Transport Strategy and Local Plans and Strategies be noted.
- (ii) That the feedback provided by members be noted.

34. LCR Infrastructure Investment Framework

The Authority considered a report of the Director of Policy, Strategy and Communications seeking agreement to commence work on the LCR Infrastructure Investment Framework (IIF).

In September 2015, WYCA provided officers with a mandate to scope a City Region Infrastructure Investment Framework (IIF) as part of endorsing the Strategic Planning Review recommendations and devolution deal.

The report outlined the proposals for the Framework which would provide a long term (20+ years) integrated approach to identifying infrastructure needs, aligning investment and co-ordinating delivery across the City Region to support the economic and housing growth ambitions of both the LEPs Strategic Economic Plan and district Local Plans. The Framework would help inform WYCA and LEP input into key long term infrastructure programmes such as Transport for the North and Northern Powerhouse Rail.

The Framework would satisfy WYCA's, LEPs and local authorities' Duty to Cooperate responsibilities and would cover all types of infrastructure including transport, employment land, digital and broadband, green infrastructure and flood mitigation, energy and utilities.

Work on the Framework would be overseen by the LCR Planning Portfolios Board and include members from all eleven local authorities. The Portfolios Board would report to WYCA and the LEP Board at key milestones and decision making stages. The timescale for completing the Framework is anticipated to be approximately 18 months with key milestone dates provided in the report at paragraph 3.5.

Comment was made that clear demarcation lines would need to be drawn between the IIP Framework and the planning process in local authorities.

Resolved:

- (i) That the Authority approve the preparation of the LCR Infrastructure Investment Framework in line with the scope and timescales outlined within the submitted report.
- (ii) That the LCR Planning Portfolios Board oversee the preparation of the LCR Infrastructure Investment Framework reporting to WYCA and the LEP Board at key decision milestones.

35. Project Delivery and Portfolio Management Office

The Authority considered a report of the Director of Resources seeking approval to establishment of a Portfolio Management Office.

It was reported that, following an independent review commissioned in 2015, a set of proposals had been prepared by consultants to improve the delivery capability of WYCA and its District Authority partners in light of the size and scale of the capital funding involved in the delivery of Growth Deal and West Yorkshire plus Transport Fund projects.

The report set out detailed proposals for new shared processes, a new organisational design and capabilities and a fully integrated portfolio information management IT system (PIMS) to provide accurate data and reporting. Work was underway to procure support to deliver those elements and the use of internal staff would be maximised to keep costs lower than those proposed by the consultants with ongoing costs being met from the Growth Deal projects.

In order to allow faster progress of projects through the current decision making system whilst the new processes were being fully developed, it was recommended that WYCA's Managing Director exercise his existing powers of delegation to approve smaller scale projects which had been considered and recommended by the Investment Committee.

Arrangements would be reviewed as the new PMO process was developed in further detail.

Resolved:

- (i) That the establishment of the new Delivery Directorate, including an enhanced Project Management Office (PMO) that will, once properly embedded, equip WYCA and its partners with the processes, skills and information required to ensure project delivery on the scale required be approved.
- (ii) That the outline PMO process and the principle that this framework be used for all projects that are spending CA or LEP funds be approved.
- (iii) That the procurement and planned implementation of a new portfolio management IT system (PIMS) to enable transparent reporting of projects across the partnership be approved.
- (iv) That the proposed transitional arrangements of delegation to allow faster progress of projects through the current decision making system, while still ensuring suitable democratic accountability and oversight, be approved.

36. WYCA Corporate Plan for 2016-2017

The Authority considered a report of the Director of Resources regarding the Corporate Plan for 2016-2017.

At its meeting in February, the Authority approved the outline Corporate Plan which was presented alongside the budget for the year.

The Corporate Plan had been further developed to set out how WYCA would deliver against the Strategic Economic Plan together with a review of what had already been achieved. Annexes to the Plan set out how performance would be measured and how the One Organisation Programme would assist in achieving WYCA's ambitions.

Members were asked to consider the revised version of the Plan appended to the report.

Resolved: That WYCA's Corporate Plan for 2016/17 be approved.

37. WYCA Appointments and Nominations

The Authority considered a report of the Director of Resources in respect of the following:-

- A change in Kirklees Council's appointment to WYCA.
- The resignation of Councillor Baines as a WYCA member.

- A change in WYCA substitute members.
- A change in Kirklees Council's nominations to the Transport Committee.
- A change in Bradford Council's nominations to the Overview & Scrutiny Committee.
- The notification of Kirklees Council's representative on the West Yorkshire & York Investment Committee.

Resolved:

- (i) That the termination of Kirklees Council's appointment of Councillor Shabir Pandor and the appointment of Councillor David Sheard be noted.
- (ii) That the resignation of Councillor Baines as a WYCA member be noted.
- (iii) That the changes to WYCA substitute members be noted.
- (iv) That Kirklees Council's revised nomination to the Transport Committee be noted and that Councillor Marielle O'Neill be co-opted onto the committee in place of Councillor Mohan Sokhal.
- (v) That Bradford Council's revised nomination to the Overview & Scrutiny Committee be noted and that Councillor Nussrat Mohammed be co-opted onto the committee in place of Councillor Mohammed Amran.
- (vi) That the Authority note Councillor Peter McBride as Kirklees Council's representative on the West Yorkshire & York Investment Committee.

38. Business Rates Consultation

The Authority considered a report of the Director of Resources regarding the recently announced business rates consultation.

It was reported that on 5 July, the Government had launched a consultation on their commitment to allow local government to retain 100% of business rates raised locally. It was acknowledged that this was likely to have consequences for WYCA and local West Yorkshire authorities.

In view of the fact that a response to the consultation would need to be submitted prior to the next meeting of the Authority, it was proposed that WYCA's Managing Director should work with District partners to draft a response for submission by the required deadline.

Members discussed the implications for local authorities of the government's proposals. Councillor Aspden suggested that, as York City Council were preparing a response to the consultation it would be useful to share and co-ordinate responses.

Resolved:

- (i) That a response to the 'Self-sufficient local government: 100% Business Rates Retention' consultation be submitted by 26 September, with the detailed content to be delegated to the Managing Director in consultation with the Chair.
- (ii) That WYCA's response be circulated to all WYCA Members prior to submission.

39. Draft minutes of the meeting of the Transport Committee held on 1 July 2016

Resolved: That the draft minutes of the meeting of the Transport Committee held on 1 July 2016 be noted.

40. Draft Minutes of the meeting of the West Yorkshire & York Investment Committee held on 6 July 2016

Resolved: That the draft minutes of the meeting of the West Yorkshire & York Investment Committee held on 6 July 2016 be noted.

Originator: Angela Taylor,
Director, Resources



ITEM 5

Report to: Combined Authority

Date: 29 September 2016

Subject: Project and Spending Approvals

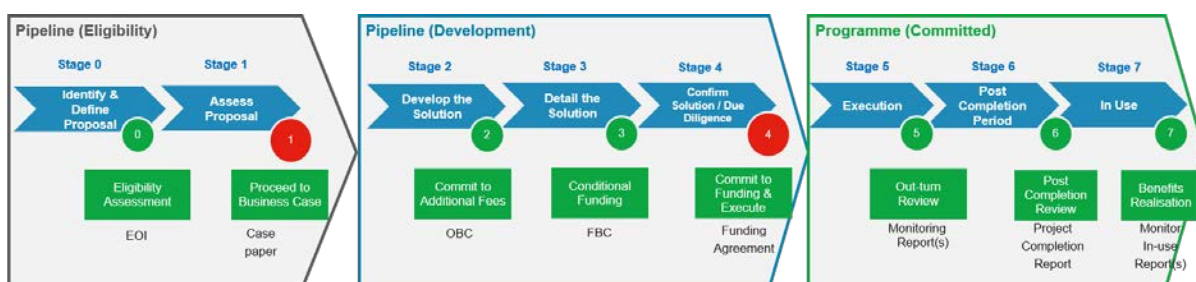
1. Purpose

1.1. To approve the progression of and funding for schemes from the West Yorkshire plus Transport Fund and the Local Growth Fund as follows:

- 1.1.1 £400k be approved to develop the Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan project.
- 1.1.2 £130k be approved to progress Mirfield to Dewsbury to Leeds (A653) corridor.
- 1.1.3 £500k be approved for feasibility works on East Leeds Parkway at Thorpe Park.
- 1.1.4 £160k be approved for Halifax Station Gateway.
- 1.1.5 £1.1m grant investment for Wakefield Civic Quarter site acquisition.
- 1.1.6 £4.8m grant for the One City Park in Bradford.
- 1.1.7 New Bolton Woods – part of the Bradford-Shipley Road Corridor, progressing from outline to full business case.
- 1.1.8 In principle support to £33.4m grant and £8.8m loan for Leeds City College.
- 1.1.9 £1.0112m grant for Tackling Fuel Poverty Programme Phase 2.
- 1.1.10 To approve LL309, a loan of £1m.

2. Information

To start the transition to the PMO process shown below, the projects have been mapped across to the process below. This will start to enable the visibility of the progress of the portfolio. The process allows for the flexibility of a scheme to scale from the smallest to the largest projects. The stages highlighted in red are the minimum amount of decision points for a small scheme using a light-touch approach facilitating a more rapid approvals process. Whilst larger projects will be required to present to more decision points. The project pathway though to process will be decided upon during the Eligibility stage.



3. West Yorkshire plus Transport Fund Approvals

3.1 Five projects from the prioritised programme of West Yorkshire plus Transport Fund projects were considered by the Investment Committee at its meeting of 7 September 2016. The Committee recommended as follows:-

- 3.1.1. That the Managing Director progresses the Leeds New Station Street (previously mandated by the WYCA) through the key stages subject to time and cost estimates endorsed by the committee. **Stage 2**
- 3.1.2. That £400k be approved by the WYCA to develop the Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan project. **Stage 1**
- 3.1.3. £130k be approved by the WYCA to progress Mirfield to Dewsbury to Leeds (A653) corridor works. The original mandate had an approved budget of £80k. However given the scope and scale of the scheme has now materially changed as a result of recent development work, endorsement is now sought for an additional £130k (giving a total revised budget of £210k). **Stage 1**
- 3.1.4. £500k be approved by the WYCA for feasibility study works on East Leeds Parkway at Thorpe Park in line with the submitted revised mandate to agree the new location for the station and to allow the next stage of work to be undertaken. **Stage 1**
- 3.1.5. £160k be approved by the WYCA for Halifax Station Gateway to establish an agreed programme for delivery, high level economic appraisal and the

completion of further feasibility work to enable a more robust estimate of costs and benefits. **Stage 1**

4. Local Growth Fund Approvals

4.1 In May 2016 the LEP Board considered whether there needed to be greater flexibility in the implementation of the 'loans first principle' specifically in relation to the delivery of Local Growth Funded housing and regeneration projects. It agreed that grant support could be applied to strategically important public sector projects where there is clear market failure to take the project forward and/or a proven viability gap. Any grants would have conditions attached to ensure both project delivery and an appropriate share of any financial return. The Investment Committee discussed and welcomed this more flexible approach at its meeting in June and considered the first projects to fall into this category at its meeting in July.

4.2 The following four projects are therefore the first proposals to be recommended to receive conditional grant support or proceed to a full business case:

- **Wakefield Civic Quarter** is for the acquisition of 2 key sites to enable the creation of a Civic Quarter in central Wakefield. This project includes the selective demolition and site assembly to enable a future hotel, leisure and residential development. A £1.1m grant investment is recommended for approval, with conditions attached. **Stage 4**
- **One City Park** is to support the sustainable regeneration of Bradford City Centre, following the demolition and redevelopment of the Tyrls Police Station. The development of 8,500 sqm of high quality office space will result in 452 jobs and 370 temporary construction jobs. The development is expected to be a catalyst for private sector investment in the area. The £4.8m grant investment is recommended for approval with conditions attached. **Stage 4**
- **Bradford New Bolton Woods** - is part of a major mixed-use regeneration scheme on the **Bradford-Shipley Road Corridor** in the form of a new sustainable urban village providing over 1,000 new homes. This project may require a £3.6m grant, to address development costs and facilitation of early delivery of the proposed development scheme. It is recommended that this project progresses to full business case. **Stage 0**
- **Leeds City College** is requesting grant funding from the Skills Capital programme to enable the College to rationalise their current poor-quality estate at Park Lane to relocate a large percentage of teaching from this site to two new buildings (totalling 15,343 m²) at Quarry Hill (close to the Play House and bus station) to accommodate:
 - a Health and Caring Services building (7,500 m²) and;
 - a Digital and Creative Arts building (7,843m²), including expansion space for Leeds College of Music.

A funding package of £42.2m is recommended for approval in principle, pending further due diligence to be considered by the Investment Committee. This includes a Growth Deal grant of £33.4m and a cash flow facility (loan) of £8.8m. **Stage 3**

- 4.3 In addition, the Investment Committee considered further funding for the **Tackling Fuel Poverty Programme (TFPP)** Phase 2. The purpose of TFPP is to address fuel poverty amongst some of the most vulnerable households in the Leeds City Region through a capital programme of energy efficiency improvements. The current proposal seeks approval for the second tranche of projects, which will mean that more households in fuel poverty, particularly in the most deprived areas will be helped more quickly. A WYCA investment of £1.0112m is recommended to the WYCA to support phase 2 of this project. **Stage 4**

LEP Economic Delivery Loans (Growing Places Fund)

- 4.4 The LEP Investment Panel has recently considered the application from a specialist manufacturer of commercial office electrical cable management solutions in Wakefield District, for a £1m loan and £0.5m grant to support expansion plans, including moving into larger premises bringing operations under roof. This will increase production efficiency and at the same time provide increased production capacity, as well as future expansion space. The Panel recommends that the loan (LL309) be approved in principle (subject to final due diligence and agreement on terms - delegated to MD). **Stage 3**

5. Financial Implications

- 5.1 As set out in the report. Funding for the projects set out in paragraphs 2.1 to 2.11 is from the West Yorkshire plus Transport Fund and the Local Growth Fund award for 2016/17.

6. Legal Implications

- 6.1 The payment of any funding received through the Local Growth Deal to any partner will be subject to a funding agreement being in place between WYCA and the partner in question.

7. Staffing Implications

- 7.1 A combination of WYCA and District partner programme management resources are identified within the programme. The ability to secure external specialist resource is contained within the programme as well so that the resources are or will be in place in order to manage the delivery of any of the projects that may be recommended for funding from this paper.

8. Consultees

- 8.1 The Director of Policy, Strategy and Communications has been consulted in the preparation of this report.

9. Recommendations

- 9.1 That the Authority approves the progression of and funding for schemes from the West Yorkshire plus Transport Fund and Local Growth Fund as follows, with a decision on the final details on terms and conditions of the individual approvals to be delegated to the Managing Director:

- 9.1.1 £400k be approved to develop the Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan project.
- 9.1.2 £130k be approved to progress Mirfield to Dewsbury to Leeds (A653) corridor.
- 9.1.3 £500k be approved for feasibility works on East Leeds Parkway at Thorpe Park.
- 9.1.4 £160k be approved for Halifax Station Gateway.
- 9.1.5 £1.1m grant investment for Wakefield Civic Quarter site acquisition.
- 9.1.6 £4.8m grant for the One City Park in Bradford.
- 9.1.7 New Bolton Woods – part of the Bradford-Shipley Road Corridor, progressing from outline to full business case.
- 9.1.8 In principle support to a £33.4m grant and £8.8m loan for Leeds City College.
- 9.1.9 £1.0112m grant for Tackling Fuel Poverty Programme Phase 2.
- 9.1.10 To approve LL309, a loan of £1m.

10. Background Documents

None.

ITEM 6

Report to: Combined Authority

Date: 29 September 2016

Subject: WYCA Medium Term Financial Strategy

1. Purpose

- 1.1. To note the budget process for 2017/18.
- 1.2. To seek input to the development of the medium term financial strategy.
- 1.3. To approve a number of additions to the agreed budget following the award of further funding to the region.

2. Information

Budget 2017/18

- 2.1. The West Yorkshire Combined Authority is required to set its budget by mid February each year in order to meet the statutory deadline for issuing the transport levy. A full budget paper will be presented to the meeting scheduled for 2 February with a draft budget being brought to the meeting of 1 December for consideration.
- 2.2. Work will be ongoing throughout the autumn to produce a detailed budget that aligns with the priorities identified through the Strategic Economic Plan and that will be translated into specific actions and services through the business planning process. It will be important to ensure that the spending plans of the Authority clearly set out what this will deliver on behalf of and with the West Yorkshire districts. This will be mindful of the wider local government funding situation and of the issues and pressures identified as part of the longer term financial strategy as set out below.

Medium Term Financial Strategy (MTFS)

- 2.3. The current year budget for the WYCA was approved by the Authority in February. This followed detailed work by the Finance Working Group that sought to ensure that in integrating the functions of the former West Yorkshire Integrated Transport

Authority operations with the economic activities delivered by the Leeds City Region Enterprise Partnership (LEP) the combined budgets were put to best use to meet the needs of the enhanced and enlarged West Yorkshire Combined Authority.

- 2.4. Since the budget was agreed WYCA has embarked upon its 'One Organisation' programme that seeks to fully integrate all the organisation's activities to ensure the priorities identified in the Strategic Economic Plan are delivered effectively. The workload for WYCA has been steadily increasing, due in part to the Growth Deal funding received which requires improved delivery capacity and resource and better support from policy and other teams. As funding for local government is put under pressure the need to ensure clear links from policy and strategy through to delivery of the right schemes is increased – the One Organisation work seeks to ensure a streamlined approach in the use of existing resource but a need to enhance such resource is likely to support the growing agenda of activity including devolution, Transport for the North and the West Yorkshire plus Transport Fund.
- 2.5. A three year medium term financial strategy (MTFS) is being revised to reflect a number of changes over the last year and to bring clarity to the funding requirements from the local authorities and partners over the coming years. The update will take into account the priority objectives within the Strategic Economic Plan (SEP), the funding streams available to the Authority, the demands being placed upon the Authority to deliver and the pressures upon local government funding.
- 2.6. **Revenue funding:** The funding for WYCA's activities is via the transport levy from the West Yorkshire District Councils and an economic 'levy' or contribution, predominantly from the West Yorkshire councils but also pro rata from the other local authority partners within the City Region i.e. York, Craven, Selby, Harrogate and Barnsley, alongside government grants. Government grants also provide the funding for the projects within the economic services teams. Capital funding in the form of grants, including the Local Transport Plan Integrated Transport Block and the Local Growth Deal will pay for the delivery costs of the capital schemes planned although further borrowing to support the West Yorkshire plus Transport Fund will be required within the term of this MTFS.
- 2.7. Early discussions with District councils have identified a requirement for the Authority to consider how it could contribute to the budget savings being sought by all the West Yorkshire District Councils by reducing the transport levy required to fund its activities. The Authority is working on options for consideration over the coming months and will set out proposals for cuts/reductions in services and the consequential impact. The scale of savings is affected by the significant amount of fixed/non-discretionary expenditure within the transport services budget, further information on which is set out in paragraphs 2.11 onwards. Options may also include different ways of working with the local authorities, including shared services for example for the provision of schools transport, to bring savings in to budgets in the round rather than just within WYCA's direct expenditure.
- 2.8. Appendix A sets out the initial expenditure and funding proposals for the next three years for the revenue budgets. It should be noted that work is underway, aligned with the business planning and detailed budgeting process, to challenge the

spending projections set out as well as to incorporate the outcome of the 'One Organisation' realignment work underway. At this stage a reduction of £1m in the transport levy in 2017/18, followed by a further £2m in 2018/19 has been modelled, with savings higher than that required due to other pressures within the budget.

- 2.9. Significant points to note with regard to funding, other than the requirement to reduce the transport levy as set out above, are the income streams from the Enterprise Zone and the interest arising from the Growing Places Fund. The income from business rates on the Aire Valley Enterprise Zone (EZ) accrues to WYCA as the accountable body for the Leeds City Region Enterprise Partnership (LEP) and it has previously been agreed that initially this income would fund the work of the teams supporting inward investment to the region. The timing of new businesses opening on the EZ has been slower than anticipated and whilst updated forecasts are being sought there is currently a mismatch between income and expenditure in this area which is being funded through use of reserves. This is putting reserves under considerable pressure in the period to 2019/20. There is also a need to consider how to encourage further businesses to locate to the Enterprise Zones and to recognise that further upfront investment may be required to achieve this.
- 2.10. The arrangements for loans made under the Growing Places Fund are that the interest that accrues is available for either reinvestment in the loan fund or to fund other activities. At this stage the expected interest is shown as being utilised to fund ongoing activities. It should also be noted that there is risk around this income, with much of the interest only being received at the end of the loan term although it is appropriate to account for it over the term, raising the possibility of the interest not being received if the company gets into difficulties.
- 2.11. **Revenue expenditure:** The expenditure set out in Appendix A is presented in line with the new approved organisational structure. At this point one of the key assumptions is that current service levels continue to be maintained although this will be challenged as part of a review to deliver reductions in expenditure. It should also be recognised that the statutory element of the concessionary travel budget of £47m accounts for almost half of the transport levy. The young persons' concessionary travel offer, including the extension to include all 16-18 year olds, accounts for a further £10m and bus tendered services a further £20m.
- 2.12. Investment in smartcard technology means that from 1 April 2017 changes are proposed to the way in which bus operators are reimbursed for concessionary travel. The basis of the 'no better, no worse' reimbursement principle is formalised by the Department for Transport calculator. The intention is to utilise the data harvested from the smartcard readings to provide better information to feed into the calculator. This is expected to demonstrate that future levels of reimbursement should remain at a similar level as at present under the old system. This will be a challenging position to maintain with a history of annual increases in reimbursement driven by increases in salary and fuel costs within the bus industry.
- 2.13. Expenditure on bus tendered services is forecast to remain in line with current levels of spend, reflecting good results on recent batch tenders. There is still a high risk

that the demand for supporting services will increase, particularly if bus operators choose to de-register services as part of their own cost cutting exercises.

- 2.14. Expenditure on policy and strategy has been modelled as being an area of growth. Work underway suggests that it is likely that if the Authority wishes to operate at an influential national level on a broad range of policy areas then current staffing levels are likely to be insufficient and ways of increasing and funding resource in this area need to be identified.
- 2.15. The costs of running the economic services and delivery, including the new arrangements for the enhanced programme and project management arrangements agreed at the last meeting, will be met from external revenue and capital grants.
- 2.16. All central costs of running the organisation are set out under the Resources heading. These costs have not yet increased significantly despite the increases in workload as the Authority has grown and developed but there is pressure on these areas to meet growing demand. Where possible further opportunities to capitalise these costs by charging them against external grants and funding will be explored.
- 2.17. In addition there is significant work underway on transformational projects for the region, including Transport for the North, Rail North and bus strategy. It is clear that the Authority will wish to be able to respond to these workstreams and be able to influence and shape these agendas to ensure that the best outcomes can be achieved for West Yorkshire. At this stage detailed plans and costings are not yet available and it is therefore proposed that a sum for the delivery of such strategic priorities continues to be included in the MTFS to enable the Authority to continue to be able to respond with the right skills and capacity to this emerging work.
- 2.18. The opportunities to work across West Yorkshire by collaborating with staff based at District Councils will continue to be developed, with additional recruitment only being undertaken when other options have been considered.
- 2.19. Detailed work has been undertaken in previous years on the general reserves position. Closing reserves at the end of 2015/16 were higher than forecast due to increases in investment income and a range of smaller underspends on a number of budget heads. A risk based reserves strategy determines the appropriate level of reserves required, in accordance with best practice in this regard. Current reserves exceed that level but are being utilised to fund overall budget shortfalls and to manage the delay in receiving income from the EZ. Further work will be done on the appropriate level of reserves as the budget process progresses. It is generally expected that £4m will be the absolute lowest level of reserves acceptable, although it is likely the detailed work will highlight a level higher than this in at least some years.
- 2.20. The **West Yorkshire plus Transport Fund** (WY+TF) has received £30m funding through the Local Growth Deal for each of 20 years subject to achieving targets at periodic gateway review points. The ambition is to deliver these schemes over 10-11 years in order to address the backlog of underinvestment and make a step change in the economic growth needed in the region. To achieve this requires a local

contribution, and this was recognised at the time of agreeing the City Deal. Small annual increases to the levy have been made to date but the intention was always to borrow against the future income in order to make faster progress, with these costs met by increases in the transport levy. Original projections showed significant borrowing requirements over the coming years to be met by a growing transport levy.

- 2.21. Work is underway to confirm a robust programme of project expenditure, accompanied by the necessary financial modelling to identify the extent of further increases that would be required to the levy to support the borrowing required to deliver the programme. This is not yet reflected in the attached MTFS but discussions are underway with the Directors of Development, Chief Highways Officers and Directors of Finance as to the shape and size of these contributions. Whilst District Councils are aware of the commitment to local contributions to fund the WY+TF it is recognised that increases in expenditure in the current financial climate are especially difficult. Opportunities, possibly through the devolution asks, to raise this funding without requiring a levy increase, will continue to be explored. Another way to approach this may be to 'recycle' any reductions in the levy generated by cuts or efficiencies elsewhere into providing the funding for increased borrowing to support the WY+TF.
- 2.22. The WYCA is asked to consider whether the current principles and assumptions underpinning the MTFS are appropriate and reflect the aims and ambitions of the WYCA. This will then enable a detailed budget to be drawn together for 2017/18.

Further funding

- 2.23. As the accountable body for the LEP WYCA's regulations require it to approve expenditure that is not included in agreed budgets. The LEP has been successful in securing further funding for a number of projects in recent months and approval to include the following in the budget is sought:

Project / Programme	Funding Source	Total Budget
Strategic Heat Networks	Department of Energy and Climate Change	£191,687
Enterprise Advisors	Careers and Enterprise Company	£150,000

3. Financial implications

- 3.1. As set out in the 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. Directors have been consulted in preparing this paper.

7. Recommendations

7.1. That the WYCA note the process for the 2017/18 budget.

7.2. That the WYCA consider the work to date on the medium term financial strategy and provide any further input to its development.

7.3. That the WYCA approve further budgets of £150k for the Enterprise Adviser Continuation Phase 1 and £192k for Strategic Heat Networks, funded as set out in the report.

Appendix A						
Combined Authority revenue requirement						
All £000's	Actuals	Budget	Forecast	Forecast	Forecast	Forecast
	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20
<u>Transport Services:</u>						
Concessionary Fares	55,452	57,003	55,994	55,994	55,994	55,994
- ENCS	45,142	46,205	45,455	45,366	45,366	45,366
- rail	646	662	662	708	708	708
- young people	9,664	10,136	10,136	9,920	9,920	9,920
Subsidised Services	19,614	18,999	18,999	18,885	19,210	19,410
Passenger Services	6,725	8,216	8,490	8,683	8,814	8,946
Rail - franchise costs	44,375	904	932	920	920	0
<u>Economic Services</u>						
Business, Skills and Employment			16,742	16,772	16,772	16,772
Trade and Inward Investment	1,332	1,778	1,163	1,163	1,163	1,163
<u>Policy, Strategy and Communications</u>	2,323	2,552	3,308	3,558	3,708	3,708
<u>Delivery</u>		0	0	0	0	0
<u>Resources</u>						
Pensions	1,240	1,394	1,274	1,274	1,274	1,274
Financing Charges	6,089	6,160	5,860	6,277	6,070	5,869
Corporate inc one organisation	5,431	6,049	5,985	5,740	5,826	5,914
Strategic priorities	0	350				
Savings				-2,000	-4,000	-5,500
	142,581	103,405	118,747	117,267	115,751	113,550
Funded by:						
Special Rail Grant	44,372	904	920	920	920	0
LEP General Funding	2,872	1,407	1,407	1,407	1,407	1,407
GPF Interest	1,026	300	830	255	672	415
EZ Receipts		500	311	669	1,495	1,878
Transport levy applied #	96,198	96,198	96,198	95,198	93,312	93,312
Business Service Funding			16,620	16,650	16,650	16,650
Net use of/(addition to) reserves	-1,887	4,096	2,461	2,168	1,295	-112
	142,581	103,405	118,747	117,267	115,751	113,550
Closing Reserves	9,831	4,270	7,370	5,202	3,907	4,019
# the full transport levy is £101.9m in 2016/17 with £6.7m being applied to the West Yorkshire plus Transport Fund. This is assumed to continue in future years.						

ITEM 7

Report to: Combined Authority

Date: 29 September 2016

Subject: Implications of the vote to leave the European Union

1. Purpose

1.1 The Combined Authority (CA) considered implications from the vote to leave the European Union at its meeting on 28 July 2016. The CA resolved that:

1.1.1 The feedback provided by Members be noted and that a watching brief be kept on the emerging situation; and

1.1.2 The joint WYCA/LEP plan to ensure the city region is prepared to act and provide reassurance to investors be approved.

1.2 This report provides the Combined Authority with further information so it can keep a watching brief on the implications of the UK's vote to leave the EU. The information covers: the macroeconomic context; the effect on European funds; business confidence and opportunities presented through a stronger relationship with global markets; and ensuring a cohesive and welcoming city region with a reputation for tolerance and global economic success.

2. Information

2.1 The joint CA/LEP plan provides the calm and measured approach to the heightened risks that businesses called for, without panicking and unnecessarily undermining investor and consumer confidence. The plan covers those short, medium and long-term issues that are considered to be best-addressed at the city region level, with close liaison with local partners like universities, councils and business groups. The plan itself is attached as Appendix A, and has three high-level aims:

- To build business confidence and channel intelligence to decision-makers;

- To help businesses play a leading role in the city-region retaining its reputation for tolerant and cohesive communities where everyone is able to make the most of their talents; and,
- To ensure public and private investment channels remain effective.

- 2.2 Ahead of the referendum, the CA identified potential for long-term growth to be weaker should the UK leave the EU. After immediate post-vote reactions, markets have calmed and the city-region projection is that the UK will avoid a recession, though sectoral impacts will be more pronounced. The long-term projection remains that long-term growth will be lower than if the UK had remained a member of the EU.
- 2.3 Over the summer, Government sought to clarify the position on European funding. Immediately after the vote, the three Government departments¹ that act as 'Managing Authorities (MA)' for European Structural and Investment Funds (ESIF) initiated a 'strategic pause'. This resulted in a short term delay in issuing new contracts to projects which had been approved (i.e. successfully passed through the full appraisal process or a procurement process), together with a moratorium on the publication of new Calls for projects. During this period, however, work has continued on the pipeline of activity already in play in the City Region.
- 2.4 A statement from HM Treasury, issued on 13th August (Appendix B), provided initial assurances that all ESIF projects under contract ahead of the Autumn Statement later this year will be fully funded, even if these projects continue beyond the UK's departure from the EU. To date, £42m-worth of projects are progressing to contract, with a further £66m of projects being appraised. In addition, the announcement stated that arrangements would be put in place for assessing whether to guarantee funding for specific projects which may be signed off after the Autumn Statement but while the UK remains a member of the EU. Further details of these arrangements are to be provided by the government ahead of the Autumn Statement. Work is continuing on developing new Calls for projects, subject to approval by the Leeds City Region ESIF Sub-Committee and an announcement by Government that further Calls can be published.
- 2.5 The CA agreed in July 2015 to be the 'Urban Authority' (UA) and take on Intermediate Body (IB) status to be able to receive delegated authority from government for a 'Sustainable Urban Development' strategy, which was submitted in autumn 2015, although this hasn't yet seen the legal agreements finalised for the CA to have IB status. There is now a renewed impetus from DCLG for SUD strategies to be agreed by end of September 2016 and IB status with the UA to be in place by early December. This is because SUD is an EU Regulatory obligation and as such is potentially more secure than ESIF funding. Should this obligation not be met at a national level then there is a risk that the EC could suspend the whole national ESIF

¹ Department for Communities and Local Government – responsible for European Regional Development Fund (ERDF), Department for Work and Pensions – responsible for European Social Fund (ESF) and the Department of Environment, Food and Rural Affairs – responsible for the European Agricultural Fund for Rural Development (EAFRD).

programme or at least pause the programme whilst this is resolved. The CA is asked to delegate authority to Ben Still, Managing Director, to finalise and agree, in conjunction with the Head of Legal and Democratic Services, the Legal Agreement with DCLG for IB, and commence operations as required.

- 2.6 Government also wishes to consider the longer-term future of policy topics that are currently EU funded. Government states that leaving the EU means taking control of national decisions about how to deliver the policy objectives previously targeted by EU funding. Over the coming months, Government has indicated it will consult closely with stakeholders, with local authorities and businesses playing key roles.
- 2.7 More intensive key account management with businesses currently located in the city-region has been valuable in understanding common interests and concerns. Fears over any hasty exit (via triggering 'Article 50' immediately) have been assuaged, with confidence that there is opportunity for a solid exit process, which will suit UK and EU economic interests.
- 2.8 Councils, community groups and employers acted promptly to recognise the valuable contribution that people of all nationalities have made to the city-region, and our reputation as a welcoming and tolerant place is one that we cherish dearly. Where there have been very limited reports of hostility resulting from tensions, action has been swift. Whilst there is currently no formal decision on the future status of EU nationals, it is expected that this will be resolved through quid-pro-quo arrangements with the remaining EU states.
- 2.9 Combined Authority members may wish to highlight any particular factors that the CA/LEPs should address as the work across authorities moves towards the medium-term tasks.

3. Financial Implications

- 3.1 There will be financial implications – in the short-term, as a result of Government decisions on European Funding. In the longer-term, there is likely to be an effect on economic growth in the city-region which may affect demands on, and the resources available to, the CA.

4. Legal Implications

- 4.1 There are no legal implications.

5. Staffing Implications

- 5.1 There are no direct staffing implications from this report, though the CA's Leadership Team will continue to target CA resources to those elements of work where councils and businesses see value in supporting.

6. Consultees

- 6.1 The Managing Director has been consulted in the preparation of this report. The report also draws upon discussions with colleagues from constituent local authorities, Government and key account work with principal business clients.

7. Recommendations

- 7.1 That the Combined Authority notes the latest update of the joint CA/LEP plan to respond to the vote to leave the EU.
- 7.2 The CA delegates authority to Ben Still, Managing Director, to finalise and agree, in conjunction with the Head of Legal and Democratic Services, the Legal Agreement with DCLG for IB, and commence operations as required.

8. Background Documents

- 8.1 Report to CA (28 July 2016) on the implications of the vote to leave the EU.
- 8.2 Report to the LEP Board (13 September 2016), with an update on European and Structural Investment Funds (ESIF).
- 8.3 Report to CA (23 July 2015) on LEP Projects and Programmes.

Our Plan

	Short-Term (July – August 2016)		Medium-Term (September – December 2016)		Long-Term (January 2017 – December 2018)	
	<i>Risk</i>	<i>Our Response</i>	<i>Risk</i>	<i>Our Response</i>	<i>Risk</i>	<i>Our Response</i>
Understand local business feeling and build confidence	<ul style="list-style-type: none"> Softening orders and investment plans. Uncertainty about workforce. 	<ol style="list-style-type: none"> More intensive Key Account Management with major businesses, developers and inward investors. Provide practical information to help firms communicate with EU employees. 	<ul style="list-style-type: none"> Tightening of labour market with relocations & redundancies. Opportunities from weaker £ and new markets. 	<ol style="list-style-type: none"> A one-stop Task Force for support to mitigate unemployment. Help growth sectors exploit international opportunities (manufacturing, tourism, etc.). 	<ul style="list-style-type: none"> Reduction in aggregate demand. 	<ol style="list-style-type: none"> An infrastructure investment programme to make a step-change in productivity.
Support a cohesive society	<ul style="list-style-type: none"> Community tension. 	<ol style="list-style-type: none"> Provide advice on how businesses might support a 'zero tolerance' approach to discrimination. 	<ul style="list-style-type: none"> Disconnection between communities and national politics. 	<ol style="list-style-type: none"> Champion further devolved powers as a means of making better decisions, closer to people. 	<ul style="list-style-type: none"> Reliance of some sectors on migrant workers and collaborations 	<ol style="list-style-type: none"> Coordinate collective impact (including foreign students and collaborations for universities, the reliance of NHS of foreign staff and trade impacts).
Ensure funding is flexible and responsive to needs	<ul style="list-style-type: none"> Uncertain European funding. Volatile currency. 	<ol style="list-style-type: none"> Confirm status of current EU and EIB funding instruments. Business advice on strategic planning and to understand supply chain and creditor risks / opportunities. 	<ul style="list-style-type: none"> Availability and cost of borrowing. Understanding of Gov't and BoE of local business conditions 	<ol style="list-style-type: none"> Prepare to flex city region funding, and proactive liaison with Gov't/BoE on latest intelligence to influence national policy. 	<ul style="list-style-type: none"> Further austerity, with cuts focused on services rather than investment. 	<ol style="list-style-type: none"> Leading planning work across local public services to prepare to face even tighter austerity.

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Arrangements set out in a letter from the Chief Secretary to the Secretary of State for exiting the European Union regarding EU funding commitments on GOV.UK:



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Rt Hon David Davis MP
Secretary of State for Exiting the European Union
Department for Exiting the European Union
London
SW1A 2AG
12 August 2016

Dear David

EU FUNDING

1. The result of the referendum has caused uncertainty for a number of sectors and organisations which currently receive a range of different EU funding streams. I want to update you on the steps Treasury will be taking now to address this uncertainty for recipients of all these funding streams.
2. First, many individuals and organisations bid for and carry out multi-year projects funded by European Structural and Investment Funds (ESIFs) and administered by government. ESIFs include agri-environment, employment, and regional development schemes. These individuals and organisations face immediate decisions about starting, or progressing, such multi-year projects, and some are nervous about proceeding given concerns about what will happen when we leave the EU.
3. In the short term, I can confirm that the Treasury will give an assurance that all multi-year projects administered by government with signed contracts or funding agreements in place, and projects to be signed in the ordinary course of business before the Autumn Statement, will be fully funded, even when these projects continue beyond the UK's departure from the EU. In the medium term, the Treasury will work with departments, Local Enterprise Partnerships and other relevant stakeholders to put in place arrangements for considering those ESIF projects that might be signed after the Autumn Statement but while we still remain a member of the EU. Further detail will be set out ahead of the Autumn Statement and we will ensure these spending commitments remain consistent with value for money and our own domestic priorities.
4. Second, a number of UK organisations bid directly to the European Commission on a competitive basis for EU funded multi-year projects. Partner institutions in other EU

countries have raised concerns about whether to collaborate with UK institutions on EU funding projects, such as universities and businesses participating in Horizon 2020, and some UK participants are concerned about longer-term participation.

5. The Commission have made it clear that the referendum result changes nothing about eligibility for these funds. UK businesses and universities should continue to bid for competitive EU funds while we remain a member of the EU and we will work with the Commission to ensure payment when funds are awarded. The Treasury will underwrite the payment of such awards, even when specific projects continue beyond the UK's departure from the EU. The UK will continue to be a world leader in international research and innovation collaboration, and we expect to ensure that close collaboration between the UK and the EU in science continues.
6. Third, the UK agricultural sector receives annual direct payments through Pillar 1 of the Common Agricultural Policy (CAP). The Treasury will therefore reassure the agricultural sector that it will receive the same level of funding that it would have received under Pillar 1 of CAP until end of the Multiannual Financial Framework in 2020, alongside considering the options for long-term reform beyond that point. The government will work closely with stakeholders to ensure that funding in the period immediately after exit is used to help the agricultural sector transition effectively to a new domestic policy framework. These funds will be allocated using the principles of CAP Pillar 1, and we will of course consider the opportunities post exit for making any short-term improvements to the way the system operates once we cease to be bound by EU rules.
7. Naturally, we will need to address the future of all programmes that are currently EU-funded, once we have left the EU. Leaving the EU means we will want to take our own decisions about how to deliver the policy objectives previously targeted by EU funding. Over the coming months, we will consult closely with stakeholders to review all EU funding schemes in the round, to ensure that any ongoing funding commitments best serve the UK's national interest, while ensuring appropriate investor certainty.
8. The administration of EU funding is largely devolved. We are offering the devolved administrations the same level of reassurance as we are offering to UK government departments in relation to programmes they administer but for which they expected to rely on EU funding. We will also work with the devolved administrations on subsequent funding arrangements to allow them to prioritise projects within their devolved responsibilities.
9. I am copying this letter to Cabinet colleagues.

DAVID GAUKE

ITEM 8

Report to: Combined Authority

Date: 29 September 2016

Subject: Devolution

1. Purpose

- 1.1. To provide the Combined Authority with a report on progress to secure the devolution of further powers and budgets away from Whitehall and Westminster to Leeds City Region (LCR), building on the first stage deal secured in 2015, and to seek views on proposed next steps.

2. Information

Background

- 2.1 The coalition Government had previously indicated their commitment to the creation of strong city regions led by elected mayors, building on the devolution deal with Greater Manchester agreed in November 2014. In spring 2015, WYCA agreed a first-stage, non-mayoral, Devolution Deal with the Deputy Prime Minister.
- 2.2 Government then formally asked city regions to submit fiscally-neutral proposals ('asks') and an agreed geography to the Treasury by September 2015, in return for agreeing to a directly elected Mayor model of governance.
- 2.3 In total, Government received 38 proposals by the deadline, of which the following cover some or all of the LCR geography:
- Leeds City Region
 - Hull, Yorkshire, Leeds City Region and the Northern Powerhouse,
 - 'Greater Yorkshire' (covering all of Yorkshire except South Yorkshire), and
 - York, North Yorkshire and East Riding.
- 2.4 Proposals to secure a transformational devolution deal covering the LCR geography covered devolved fiscal budgets, and associated powers or responsibilities over transport, housing, skills and employment, business, energy and flooding alleviation and resilience.

2.5 The following are the main proposed devolutionary LCR 'Asks' which have been progressed with Government:

- **A new deal on funding so that the City Region can generate investment**

This would provide 'gain share' funding, in addition to the £600m funding secured in the July 2014 LCR Growth Deal, and powers to enable the Combined Authority to raise finances and address problems with the City Region's transport network, which are costing our economy billions of pounds and tens of thousands of jobs. This deal, known as "fiscal devolution", would mean the City region is far less dependent on annual rounds of central government funding for transformational projects.

- **A transport system for the 21st century**

The aim is for a transport system where everyone wishing to travel could just 'turn up and go with':

- Bus services that meet the needs of communities and business, running on time, are affordable, and of high quality so that more people leave their cars at home and take the bus instead.
- Railway stations that are modern and welcoming, and able to accommodate increasing passenger numbers.
- A main roads network which ensures reliable and rapid road journeys
- Providing users of buses and trains with a single, affordable, travel pass.

- **A boost for housing and regeneration**

Control of Government loan funds to spend where it is most needed to meet local demand for housing, create more affordable homes, bring derelict land back into use and encourage the private sector to invest.

- **Helping businesses to grow**

The aim is to encourage and support more fledgling and growing small and medium-sized businesses, attract investment from outside the region, increase international trade, and boost exports.

- **Creating more and better jobs**

To create more and better jobs, with higher wages and future career opportunities that match business growth, young people should all have the chance of a good job, training or the education that is right for them. This is good for businesses too, creating the right skills they need to grow and prosper.

- **Safeguarding the environment**

It has been widely seen how devastating the Boxing Day 2015 floods were to the City Region and we need to put investment in place so there is no repeat of the severe losses experienced by many residents and businesses.

A key aim of a 'Deal' is also to reduce fuel poverty, which can badly affect people's health, and establish an Energy Fund that benefits residents by introducing efficient, environmentally-friendly technologies such as district heating networks.

Current status

- 2.6 Following the EU Referendum result, there have been significant changes in Government and emergent changes to policy, including headline proposals to introduce an Industrial Strategy to promote more spatially balanced regional growth and to support for some sectors.
- 2.7 There has also been some press speculation over the summer about a potential shift in Government policy on the requirement for directly elected Mayors in return for devolution to English city and county regions.
- 2.8 Ahead of the Autumn Statement on 23 November 2016, it is therefore proposed to seek to progress discussions with officials and Ministers on the terms of any devolution deal, including seeking clarity on the following:
 - that the ambition of WYCA and Leeds City Region Enterprise Partnership is matched by Government's commitment to devolve substantive powers and funding to local areas;
 - Government's position regarding the geographic area for devolution to the City Region, and
 - the most appropriate model of Governance required in order to provide local accountability for powers and funding devolved from Whitehall and Westminster.

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 None in relation to this report.

7. Recommendations

7.1. That the Combined Authority consider the current progress and proposed next steps in securing a further devolution deal for the City Region, building on the first stage deal secured in 2015.

ITEM 9

Report to: Combined Authority

Date: 29 September 2016

Subject: One Organisation – the change programme for WYCA officer body and Director Appointments

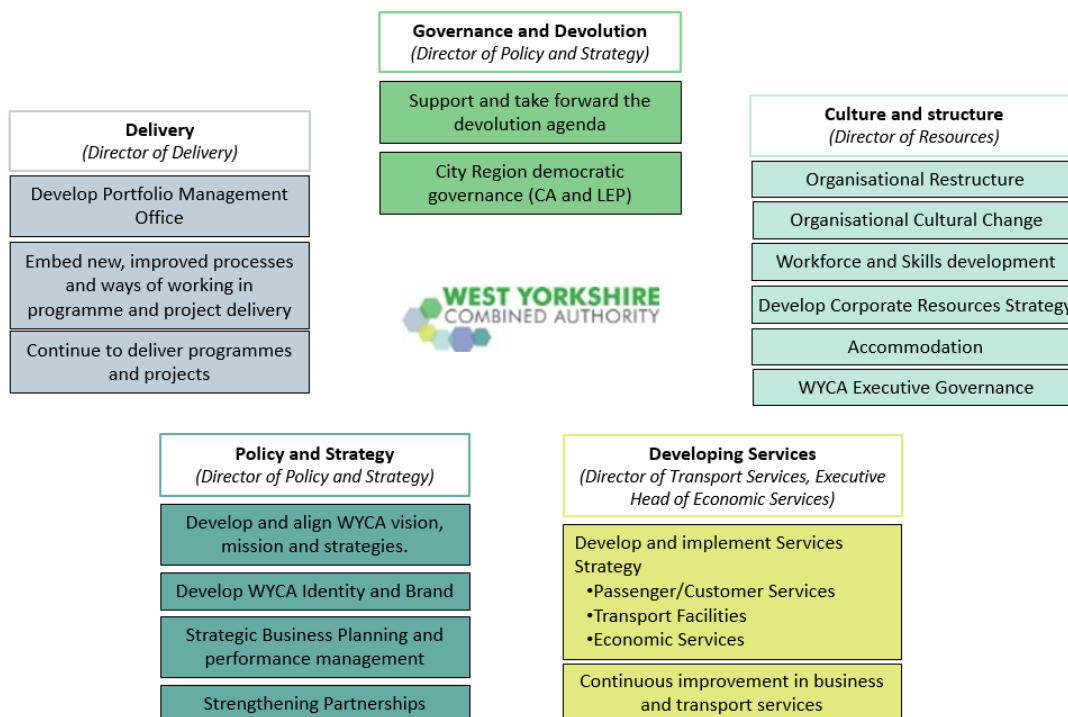
1. Purpose

- 1.1 To update on the 'One Organisation programme', the change programme for the WYCA officer body, designed to meet the requirements of the WYCA Leaders, LEP and Chief Executives.
- 1.2 To seek WYCA approval for the proposed appointments of the Director of Delivery and Director of Transport Services.

2. The 'One Organisation' change programme in summary

- 2.1 There are a number of key reasons why Leaders and Chief Executives have asked the organisation to change and evolve:
 - Driving stronger economic growth, while addressing increasing inequality and improving quality of life.
 - Providing integrated policy and delivery functions to increase efficiency and service.
 - Doing more with less – in response to the challenges of public sector austerity.
 - Supporting the LEP and WYCA – including transparent decision making with a strong focus on delivery to time and budget, and a 'can –do' culture.

In response to this, a programme of 17 connected projects are being managed through the 'One Organisation' programme:



2.2 This programme will develop the officer body into an effective channel for developing integrated policy and strategy, and turning these into delivery via projects, programmes and services. It will seamlessly join up policy-making with investment choice and management of delivery, both across WYCA and throughout its network of regional, national and international partners. It will also ensure transparency and accountability to the WYCA and LEP.

2.3 To minimise costs, the programme is being run and largely delivered using internal resource, but external advice is being used on selected elements, in particular on the recruitment and branding workstreams. PWC have been appointed to provide external challenge and assurance.

2.4 Updates are provided below on the current priority projects within the programme:

Cultural Change and Workforce development (Angela Taylor)	
Aim	To set out values and behaviours we expect staff to adhere to. To energise the new organisation. To tackle behaviour and practice not in line with the values and behaviours.
What will be different?	<ul style="list-style-type: none"> • Strong emphasis on partnership working, being aspirational and responsive. • Organisation has the skills and a motivated workforce to do the job going forwards.
What progress has been made?	<ul style="list-style-type: none"> • Revised organisational values have been agreed by the leadership team and further work is underway to embed them within organisational processes. • A large number of WYCA staff have been involved in working out the behavioural changes required for WYCA to succeed, and this has already begun the process of change and performance improvement.
What's next?	<ul style="list-style-type: none"> • The required organisational, leadership and management behaviours are being developed and will be rolled out to enable more effective management of change as part of a Leadership development programme starting in November 2016.

Developing the PMO - Project Delivery (Director of Delivery)

Aim	Creation of an efficient delivery process for WYCA and its partners, providing greater transparency and controls, with improved partnership working and robust challenge to ensure project benefits are realised within the cost and time parameters set.
What will be different?	<p>The creation of a Portfolio Management Office (PMO) that is responsible for ensuring all projects are run on common lines. There will be a consistent approach to reporting and project controls, ensuring greater transparency and accountability.</p> <p>Enhanced assurance and Value for Money (VfM) assessment - improved appraisal of investments will ensure VfM is maximised and better handling of change processes.</p>
What progress has been made?	<ul style="list-style-type: none"> Phase One: defining and designing the programme is now complete. The 'PMO process' has been agreed, following extensive engagement with partners and endorsement by the WYCA in July 2016. Much improved summary programme/project reporting can be expected from September onwards as the PMO function becomes operational.
What's next?	<ul style="list-style-type: none"> Phase Two: mobilisation and implementation is about to commence and will be complete by March 2017. Development of the IT system to support reporting will take place during 2017.

WYCA Organisational governance (Ben Still)

Aim	To put in place clear leadership and transparent decision making arrangements for the officer body that supports the WYCA and the LEP.
What will be different?	<ul style="list-style-type: none"> Faster internal decision making, with clear linkage through to WYCA/LEP Boards, and clear exemplary leadership for the organisation through a '<i>Leadership Team</i>'. Stronger controls over the length and quality of written papers for Boards.
What progress has been made?	<ul style="list-style-type: none"> The new high-level directorate structure is now in place and is being used as the basis for core organisational processes.
What's next?	<ul style="list-style-type: none"> New Head of Legal is reviewing internal delegations and decision making. Outstanding recruitment is taking place during September 2016.

Accommodation (Angela Taylor)

Aim	To bring the organisation together and create fit for purpose facilities for members, LEP and other partnership meetings. To drive out cost savings.
What will be different?	<ul style="list-style-type: none"> A review is underway considering future accommodation requirements and the available options, including potential improvements to Wellington House or alternative accommodation.
What progress has been made?	<ul style="list-style-type: none"> An in-depth review and analysis of available options has been conducted. Project plan proposals have been developed and options will be considered by the WYCA.
What's next?	<ul style="list-style-type: none"> Once a decision has been made on the chosen option, the project plan will be implemented. The lease on City Exchange expires in c.18 months.

Organisational Restructure (Angela Taylor)	
Aim	To restructure teams in order to drive out efficiencies (removal of duplication), integrate decision making (remove silos), and fit with how the organisation will operate (policy to delivery to outcome).
What will be different?	<ul style="list-style-type: none"> The transition to a structure capable of delivering what is needed for the region by joining up policy, delivery and supporting services with new policy and PMO functions enabling improved partnership working. <i>(as described in a previous report to the Combined Authority Annual Meeting - Agenda Item 17, June 2016)</i>
What progress has been made?	<ul style="list-style-type: none"> The new directorate structure has been agreed by WYCA in June 2016 and subsequently implemented. Role Profiles and relevant grades are agreed for new and existing posts as the restructure 'rolls out' Recruitment of new Directors and Heads of Service is underway at the time of writing and expected to be completed by the end of October 2016. An 'organisational design' process has been developed, which will define the detailed changes in each service area. It is being used to shape the following priority areas: <ul style="list-style-type: none"> ○ Research and Intelligence ○ Legal and Democratic Services ○ Communications ○ Employment and Skills ○ Finance ○ Business Support
What's next?	<ul style="list-style-type: none"> To be completed by March 2017.

City Region democratic governance (WYCA and LEP) (Rob Norreys)	
Aim	A review of WYCA and LEP committee structures has been commissioned to allow improved delegated arrangements, and remove any overlaps between existing committees. This work will seek to future proof the democratic governance arrangements for a potential devolution deal.
What will be different?	<p>Dependent upon member and LEP agreements:</p> <ul style="list-style-type: none"> Integration of WYCA and LEP decision making processes. Clear accountability and decision making structure.
What progress has been made?	<ul style="list-style-type: none"> Proposals were submitted to the WYCA and LEP Board members earlier in 2016. Work has been paused while devolution requirements being understood.
What's next?	<ul style="list-style-type: none"> The next steps are dependent upon members' agreement, the aim is to implement new governance arrangements during 2016/17.

WYCA Branding and Identity (Rob Norreys)

Aim	To develop a more unified brand framework for the West Yorkshire Combined Authority / Leeds City Region partnership.
What will be different?	<ul style="list-style-type: none"> • A clear and coherent brand identity - alongside an agreed strategic communications plan – will be a key driver of both internal team cohesion and culture change, and of external communications objectives.
What progress has been made?	<ul style="list-style-type: none"> • A competitive tendering exercise has appointed Thompson Brand Partners to carry out a review of WYCA's current Branding and Identity to develop new proposals. • Interviews and workshops have been completed to gather insights from key stakeholders. Discussion with LEP Board at away-day in September.
What's next?	<ul style="list-style-type: none"> • Proposals are being developed with the preferred option to be chosen during October 2016. • The subsequent 'brand roll-out' will take place from November onwards.

Strengthening Partnerships (Rob Norreys)

Aim	To build a stronger sense of shared endeavour, collective identity and partnership working.
What will be different?	<ul style="list-style-type: none"> • A city region that speaks with many voices, but with one message. • Stronger cross-organisational working and sharing of resources.
What progress has been made?	<ul style="list-style-type: none"> • First partnership event held 19 September - provided insights into challenges and opportunities.
What's next?	<ul style="list-style-type: none"> • Second event planned for spring 2017. Members event being planned for early 2017.

Performance metrics

- 2.5 A challenge with change programmes is how to adequately capture the 'success measures' of the work, given the varied and qualitative aims of the programme. Key indicators being worked up include the costs of the different organisational functions, annual staff satisfaction and insight survey, corporate plan output and outcome objectives.

Director Appointments

- 2.6 WYCA approved at its meeting on 23 June 2016 the new Directorate structure for the organisation, and its Director and Executive Head roles. The WYCA also appointed Rob Norreys into the role of Director of Policy, Strategy and Communications, and Angela Taylor, into the role of Director of Resources at that meeting. This paper discusses the approval for the remaining two WYCA Director posts.

- 2.7 Following a recruitment and selection exercise which included external candidates, the Authority is asked to approve the appointment of Dave Pearson into the role of Director, Transport Services with effect from 1 October 2016. The Chair and Deputy Chair of the Transport Committee formed part of the selection panel, alongside a local authority Chief Executive and the Managing Director of the Combined Authority.
- 2.8 At the time of publication of this report the outcome of the recruitment process for the Director of Delivery has not been concluded. Interviews are scheduled to take place prior to the meeting of the WYCA on 29 September chaired by the Chair of the Investment Committee alongside a local authority Chief Executive and the Managing Director of WYCA. It is proposed to update members of the WYCA in advance to enable a recommendation for appointment to this post to be considered at the same time.
- 2.9 WYCA is asked to note that Sue Cooke has been appointed into the post of 'Executive Head of Economic Services' following a recruitment and selection exercise which included external candidates.
- 2.10 WYCA is also asked to note that, at the time of submitting this paper, the external recruitment for the role of Head of Communications is currently underway.

3. Financial Implications

- 3.1 The intention is that the overall One-organisation programme will result in an organisation that is revenue cost neutral and seeks no additional funding from West Yorkshire local authorities via either the transport or economic levy's. There will be one-off costs (e.g. Portfolio Management Office advisors, branding, HR costs), which will be met from within existing WYCA budgets and reserves.

However, the increased responsibilities of the WYCA as a result of devolution and its associated programmes will increase the budgets of the organisation as a whole. Further details of this is available in the financial and budget paper tabled at Agenda Item 6 on this agenda.

4. Legal Implications

- 4.1 None from this paper.

5. Staffing Implications

- 5.1 There are significant staffing implications from this programme. The headline issues are as follows:
- A new Director structure.
 - Removal of the 'Assistant Director' post – and replacement by a more flexible 'Head of' post.
 - Continued application of the 'pay and grading' principles which peg WYCA salaries to the median of public sector pay quartiles.

- Continued application of the WYCA's Management of Change policy agreed with the Trade Unions which gives prior consideration to internal candidates at risk of redundancy ahead of external competition.
- Approval for filling remaining Director posts is sought via this paper.

6. Consultees

- 6.1 The West Yorkshire Chief Executives are being kept updated on the work, and involved in key decisions and processes.

7. Recommendations

- 7.1 That the Authority notes the progress made so far with the One Organisation Programme.
- 7.2 That the Authority approves the appointment of Dave Pearson to the post of Director, Transport Services with effect from 1 October 2016 and the appointment of [to be confirmed] to the post Director of Delivery.
- 7.3. That the Authority notes the appointment of the Executive Head of Economic Services and that the external recruitment to the post of Head of Communications is underway.

8. Background Documents

- 8.1 None.

Originator: Angela Taylor,
Director of Resources



ITEM 10

Report to: Combined Authority

Date: 29 September 2016

Subject: WYCA Appointment to Overview & Scrutiny Committee

1. Purpose

1.1 To make an appointment to the Overview & Scrutiny Committee.

2. Information

2.1 On 20 September, the City of York Council notified the Authority's Monitoring Officer of their wish to change a nomination to the Overview & Scrutiny Committee as follows:-

- Councillor Jenny Brooks to replace Councillor Helen Douglas

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 Authority note the City of York Council's revised nomination to the Overview & Scrutiny Committee and co-opt Councillor Jenny Brooks onto the committee in place of Councillor Helen Douglas.

8. Background Documents

- 8.1 None.

ITEM 11

Report to: Combined Authority

Date: 29 September 2016

Subject: WYCA Overview and Scrutiny Committee Flood Response

1 Purpose

- 1.1. To endorse the recommendations of the Combined Authority's Overview and Scrutiny Committee in relation to the response to the 2015 Boxing Day Flood events.

2 Information

- 2.1 The Boxing Day floods severely affected several parts of the Leeds City Region; in particular, the Calder Valley, Leeds City Centre, York and towns along the Aire and Wharfe valleys in the Bradford district.
- 2.2 Over 2,000 businesses and 5,000 homes were affected, and more than 3,600 jobs are currently at risk. In Calderdale alone, some 19,000 jobs were impacted in the months immediately after the flood event. The impacts on local business productivity will cost the Leeds City Region economy up to £365m in 2016 alone (0.5% of economic growth). However, the long term impacts on local businesses are still to be fully understood, particularly in terms of places where flooding has occurred more than once in recent times and the consequential impacts this is having not only on the ability of businesses to trade, but also on their ability to continue to obtain affordable insurance.
- 2.3 In addition to the direct business and residential impacts, there were significant impacts on critical infrastructure:
- Many electricity substations were flooded, leaving thousands of homes, communities and businesses without power for several days.
 - Emergency services were affected both from direct flooding and indirectly due to telecommunications being directly impacted.
 - 110 water utility assets were damaged, 10 severely with the repair cost estimated to be c.£50m.
 - Major rail and road links throughout the city region were affected. Had the event happened on a normal working day, rather than a very quiet bank holiday,

Leeds City could have seen approximately 27,000 commuters stranded within the city or on gridlocked roads.

- Transport networks were severely affected in some areas, with damage to road surfaces and bridge closures.
- Schools and educational centres suffered closures.
- Recreational grounds across the valleys were flooded, putting significant financial pressure on valuable facilities that are often provided by community led charitable organisations.
- Green travel routes, such as canal tow paths and riverside walks have also been severely affected throughout the Leeds City Region.

2.4 The Leeds City Region Enterprise Partnership's grant based Flood Recovery Fund for businesses affected by the floods, which was launched in early 2016, has now approved grants worth £1.65m to 39 businesses (mostly from Calderdale and Leeds), with £1m worth of applications from another 17 businesses in the pipeline. This funding is providing support towards the cost of replacing or repairing capital equipment damaged as a result of the floods, and has provided a financial lifeline to local businesses over this difficult early period, ensuring they have sufficient capacity to maintain operations and service contracts and suppliers. The demand for the funding is now starting to reduce and it is anticipated that it will be closed to new applications at the end of September 2016.

2.5 In Spring this year, the Government announced further funding for critical flood mitigation measures to enhance flood defences particularly in Leeds and the Calder Valley. Leeds were awarded £3m to begin feasibility and design work on the £65m flood defences from Kirkstall through to the City Centre, with £35m in this spending review period and a promise of the remaining monies in the next. Calderdale have been awarded an additional £35m to improve flood defences along the Calder Valley. York also received an additional allocation of £45m.

2.6 Further to this additional funding for flood resilience work, the Department for Transport also awarded £31.97m to support the upgrade and reinstatement of critical infrastructure in Leeds, Calderdale and Bradford, with the majority (£24.97m) going to Calderdale.

3. National Flood Resilience Review

3.1 In January 2016, the Cabinet Office and Defra announced the Terms of Reference for a National Flood Resilience Review which was initially chaired by the Rt Hon Oliver Letwin MP. The Flood Resilience Review was assessing the impacts on crucial elements of local infrastructure, including significant roads, bridges, energy infrastructure, water treatment plants, telecoms and hospitals. It was also considering the balance between protection and resilience, the use of temporary defences, an assessment of risk in England's Core Cities, and the role of both Government and the wider society in reducing flood risk.

- 3.2 The initial report was published on the 8th September and sets out recommendations following consideration of existing flood risk mapping and its appropriateness for assessing future flood resilience, focussing on locally critical infrastructure (the level below the critical national infrastructure). There is a particular emphasis on immediate 'Winter readiness' infrastructure needs, ensuring there are sufficient temporary physical measures in place such as the use of inflatable defences around electricity substations. Electricity, Telecommunications and Water infrastructure is considered on the whole to be particularly vulnerable to flood risk.
- 3.3 It does not include further funding commitments as this was not its purpose, and so there is further work required within the City Region, some of which is already underway such as considering the flood strategy and mitigation needs of whole catchments, to apply the recommendations of the Review and develop a better understanding of the longer term infrastructure needs within the Leeds City Region. These recommendations will be built into the LCR Flood Review currently underway.

4. LCR Flood Review and Ministerial Invite

- 4.1 Leaders will be aware that the Combined Authority previously requested that a full Flood Review be undertaken at the City Region level to consider the full impacts of the Boxing Day floods; the emergency responses at the time of the incidents and the ongoing activity after the immediate event; the lessons learnt and opportunities for improving both the responses to future flood events; and the preparedness to mitigate future flood risk and provide more consistent approaches across the Leeds City Region. The Flood Review is being led by the Deputy Chief Executive of Leeds City Council and will be report to the next WYCA meeting on the 1st December 2016.
- 4.2 A letter was sent jointly from the Combined Authority and Leeds City Council on the 22nd August to the Rt Hon Andrea Leadson MP, Secretary of State for DEFRA who is responsible for planning and responding to flood risk and flood events, inviting her to visit Leeds City Region in October. The invite is to discuss the LCR Flood Review's emerging recommendations in the context of the National Flood Resilience Review, and the opportunities for further joint working and co-investment with Government. A copy of the letter is attached as **Appendix A** and a response is awaited from the Secretary of State.
- 4.3 Furthermore, a funding ask for additional support for critical Flood Resilience Infrastructure measures which are currently not funded, was submitted as part of the Leeds City Region Growth Deal 3 funding package. The Government's response to the Growth Deal 3 submissions is expected by the Autumn Statement.

5. Overview and Scrutiny Committee Recommendations

- 5.1 Against this national and regional context, the WYCA Overview and Scrutiny considered the broad range of issues relating to the Boxing Day Flood Events at two sessions on 23rd March 2016 and 13th July 2016, which also involved senior representatives from Yorkshire Water and the Environment Agency. The issues

discussed included the economic impacts; the emergency response from the Civil Emergency bodies; the vital role of local authorities and local communities at the time of and in the aftermath of the floods; and emerging activity to improve resilience and preparedness for future flood events such as in relation to whole catchment based approaches and the potential greater contribution of Green Infrastructure.

5.2 The key conclusions from the Committee were:

- We need to learn from our experiences of responding to the Boxing Day Floods to ensure that the most vulnerable people and businesses receive focussed help in the event of future floods.
- It is clearly important to address prevention and activity continues to be focussed on this, but it is also critically important to invest in measures to improve the resilience of systems and infrastructure, as well as considering whole catchment approaches to land management to alleviate and minimise impacts upstream and downstream in time of excess precipitation.
- The economic cost and commercial impact on industry and tourism were significant and much greater than anticipated, with the after effects and economic impacts continuing to be felt today.
- Utility companies across the Country were a valuable and helpful resource which were could be called upon at very short notice to provide additional support and equipment to flood affected areas, providing necessary additional experienced resources to deal with incidents.
- There was confusion by the general public as to which agency(s) they should ask for help, and in some cases there was confusion within agencies themselves as to whether something was their responsibility or not.
- There is potential for reservoirs and other water industry assets to be used as part of mitigation strategies to reduce the speed of flow of upland waters, but this has to be balanced with the statutory duty to provide a clean water supply.
- Blocked drains and water pipes appeared to have played a role in exacerbating the level of flooding, and so ongoing maintenance of water systems and networks is critical.
- The role of flood wardens had proven to be invaluable during the incidents, as was the sharing of information via social media networks, although available resources and experiences were not of the same level across districts.
- Harmonisation of flood plain data and Local Planning Authority Development Plans would help support ensuring that development was resilient to flood risk.

5.3 The 10 key recommended actions arising from these conclusions are:

1. Work should be undertaken to examine the true cost of the floods to the City Region as part of the LCR Flood Review, including in terms of the business and tourism economies to inform future planning and funding bids to Government for flood infrastructure and flood damage relief funding.

2. The LCR Flood Review should also include an examination of infrastructure at risk of future flooding and the available resources to deal with any infrastructure deficiencies and flood resilience issues.
3. More should be done to explore further ways of working to make the best use of the capacity of Utility Companies in responding to flood events, building on the positive response experienced at the time of the Boxing Day floods.
4. The review of the LCR Green Infrastructure Strategy should adopt a whole catchment based approach to considering the role of green infrastructure in improving the long term resilience to potential flood events both upstream and downstream of rivers and other watercourses.
5. Resilience Frameworks should be developed for whole catchment areas including for flood plains, including providing a focus on commercial premises and the knock-on effect on businesses in general if critical communication infrastructure is affected by flood events.
6. The Combined Authority and Local Authorities should work with the emergency agencies to explore the appetite and opportunities for adopting a policy whereby whichever agency was on the scene first, dealt with the emergency; with any conciliation and resource costs between agencies being dealt with in a collaborative and positive manner after the flood event emergency has subsided.
7. Explore whether a single public emergency contact telephone number could be agreed across the Leeds City Region, for example, within an existing utility company call centre, to provide a more effective single contact point for the general public and for the dissemination of necessary information in times of emergency.
8. Similarly, explore with local authorities and relevant agencies the opportunity to better utilise modern social media to provide real-time information to the public about flood relief and emergency measures before and during flood incidents.
9. Explore with the insurance industry and Government the opportunities for a less complex loss adjustment approach, to provide a less onerous and streamlined process for individual residents or businesses after flood events.
10. Work with the Environment Agency, Government and Local Authorities to identify ongoing funding gaps for necessary flood infrastructure and flood resilience measures, and seek commitments to filling these funding gaps through the City Region's Devolution Deals; aligning different sources of funding, and making better use of the existing resources of all relevant bodies and agencies.

6. Financial Implications

- 6.1 None directly as a result of this report.

7. Legal Implications

- 7.1 None directly as a result of this report.

8. Staffing Implications

- 8.1 Officers in the WYCA Infrastructure and Investment Team are supporting the development of the LCR Flood Review as part of their core activities. Delivery of the actions arising from the LCR Flood Review will be led by the Team in close liaison with the Environment Agency and local authority partners.
- 8.2 There are no further resource implications at this time as a result of this report.

9. Consultees

- 9.1 WYCA Overview and Scrutiny Committee is considering the proposed recommendations at their meeting on the 22nd September 2016. As the meeting is taking place after the WYCA papers are published any amendments following their consideration will be tabled.

10. Recommendations

- 10.1 That the Overview and Scrutiny Committee's recommendations in response to the 2015 Boxing Day Flood events as set out in paragraph 5.3 be endorsed.
- 10.2 That the proposal for the recommendations and proposed associated actions to be considered within the LCR Flood Review be endorsed.

11. Background Documents

None.

APPENDIX A

Department for Environment, Food
and Rural Affairs
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FAO: Secretary of State & Under Secretary of State

22 August 2016

Dear Andrea & Therese

Leeds City Region Flood Review

May we firstly congratulate you both on your new appointments and say that we look forward to working with you in your new roles on areas of mutual interest and benefit.

You will be aware that the 2015 Boxing Day floods had a devastating effect on parts of the Leeds City Region, particularly in Leeds City Centre, the Calder Valley, York and Tadcaster. Local authorities, other local partners and communities in conjunction with the Environment Agency and Government departments responded positively and quickly to the flood events and ensured that disruptions to people and businesses were minimised.

We have welcomed the recent announcements for additional funding to our areas from Government to support us in rebuilding key infrastructure, supporting communities to recover from the effects of the flooding and to provide additional mitigation measures to minimise the risk of and impact of potential future flood events. This has complemented not only the Flood Risk Capital Investment Programme of the Environment Agency but also both the additional local authority funding and activity and the £5m Leeds City Region Enterprise Partnership's grant based Flood Recovery Fund providing for flexible financial support to affected businesses enabling them to continue trading, which were quickly made available shortly after the flood events.

Further, following the flood events, the Combined Authority established a multi-partner Task Group, including the Environment Agency, to carry out a Strategic Flood Review to assess the learning from the responses to the floods and identify where improvements could be made across the Leeds City Region. The Review is exploring four key areas: understanding the economic impact of the flooding on the city region; emergency response and civil contingency arrangements; enhancing recovery to civil emergencies; and future resilience and preparedness. The Review is scheduled to report in October.

We welcomed and have contributed positively to the Government's National Flood Resilience Review, previously led by the Rt Hon Oliver Letwin MP, which has similarly been taking place over the past 6-9 months. We understand that the timetable for the release of the report has been delayed until towards the end of September, and we await it with interest.


This timescale aligns well with the anticipated publication of the LCR Flood Review. We would therefore, like to take the opportunity of inviting you to visit the Leeds City Region in October to not only demonstrate to you the significant progress that has been made to respond to the impacts of the Boxing Day floods; but also to discuss with you the outcomes of the Flood Reviews and the further joint actions and innovative solutions that we could develop and deliver with Government to mitigate future flood events and better support our local businesses and communities in the future.

We look forward to hearing from you and hopefully there will be the opportunity to meet you in October.

Yours sincerely



Cllr Peter Box MBE
Chair, West Yorkshire Combined Authority



Cllr Judith Blake
Leader, Leeds City Council

ITEM 12

Report to: Combined Authority

Date: 29 September 2016

Subject: Response to consultation on 100% business rates retention

1. Purpose

- 1.1 To advise the West Yorkshire Combined Authority (WYCA) of the joint WYCA and Local Enterprise Partnership (LEP) submission to the Government consultation on 100% business rates retention.

2. Information

- 2.1 It was reported to the last WYCA meeting on 29 July that the Department for Communities and Local Government (DCLG) had launched a consultation on Self-sufficient Local Government: 100% Business Rates Retention.
- 2.2 As the deadline for responses was 26 September, the WYCA resolved:
- “that the response to the ‘Self-sufficient local government: 100% Business Rates Retention’ consultation be made by 26 September, with the detailed content to be delegated to the Managing Director, in consultation with the Chair”.
- 2.3 WYCA’s response has been developed over the summer, drawing heavily on input from constituent local authorities. A joint WYCA and LEP response was submitted ahead of the deadline by the Managing Director, following consultation with the WYCA and LEP Chairs.
- 2.4 The full response is attached as **Appendix A**, along with an associated response to the Fair Funding call for evidence at **Appendix B**. The headline issues that WYCA members may particularly wish to note include:
- It is imperative that 100% business rate retention is accompanied by a fair funding mechanism to redistribute funding so places with acute needs (and possibly lower business rate receipts) are able to provide the vital services their communities rely upon, whilst also investing to overcome structural economic challenges.

- That the localisation of business rates is a welcome step, but its impact is likely to be limited – largely because funds are currently used to resource local authority responsibilities like public health. As such, the simplest solution is for local retention of the ‘central share’ to replace existing grants.
- That there is real opportunity to build on 100% business rates retention to reach a settlement with government on genuine fiscal devolution. This is an important part of WYCA’s offer to government to back its ambitions for transformative good growth; and,
- That, subject to Government’s final decision, there will be implications for WYCA and its constituent authorities. These may include the national distribution of funding; pressures on councils to fund the levy and statutory concessionary travel; and pressures on councils to fund other WYCA activity, if there is to be no separate sustainable funding stream.

3. Financial Implications

- 3.1 There are no direct financial implications from this report. Any changes to business rates will, however, impact on the funding available to the local authorities which will in turn affect their ability to fund the WYCA. Depending on Government’s consultation, there may be direct implications for WYCA budgets (including those related to Growth Deal and transport grants).

4. Legal Implications

- 4.1 There are no legal implications arising from this report.

5. Staffing Implications

- 5.1 There are no staffing implications arising from this report.

6. Consultees

- 6.1 Local authorities have been consulted heavily in developing the WYCA/LEP response. This has included detailed work with Finance Directors and discussions with Directors of Development and Chief Executives. West Yorkshire Council Leaders have also guided the main points in the response to ensure close alignment with local submissions.

7. Recommendations

- 7.1 It is recommended that the WYCA notes the joint WYCA/LEP response to consultation.

8. Background Documents

8.1 Background documents include:

- WYCA meeting (29 July 2016) – Agenda Item 15
- Local Enterprise Partnership Board (13 September 2016) - Item 06

Draft 100% Business Rates Retention response

Good growth in the Leeds City Region depends upon efficient, financially-sustainable councils

The West Yorkshire Combined Authority (CA) and Leeds City Region Enterprise Partnership (LEP) have an extraordinary ambition to use devolved powers and bold, local decision-making to realise our shared strategic vision of a globally-recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone.

To deliver our ambition, we have:

- Established a Combined Authority with joint arrangements with the LEP to take bold decisions to pursue transformative growth across a functional economic geography;
- Secured the biggest growth deal in the county, worth over £1bn; and,
- Agreed a devolution deal in spring 2015.

Financially-sustainable councils are vital to achieving our vision because of their central role in:

- Delivering critical local infrastructure improvements to unleash the growth potential of business, who continue to suffer the constraints of creaking infrastructure; and,
- Providing services upon which people and communities depend to prosper or prevent problems escalating.

This response is aligned to those from WYCA's constituent councils¹, and responds to only those matters that affect the WYCA and LCR LEP.

We respond in the context of local government spending in West Yorkshire having fallen by 30% (with Government contributions falling twice as far). The Institute for Fiscal Studies has found that cuts have so far hit poorer areas harder, and DCLG, in the view of the Public Accounts Committee, had insufficient understanding of the impact over time of funding reductions.

Like the sector as a whole, constituent councils see costs increasing quicker than income (as a result of more demand; the national living wage; general inflation, etc.). For example, demand-led commitments such as the ENCTS² sees costs greatly exceed authorities' funding. Meanwhile, restrictions imposed centrally, such as capping council tax increases can serve to limit income and exacerbate financial vulnerability. Together, these pressures risk impeding bold, long-term, transformative local governance and investment.

The solution is real fiscal devolution. It provides the platform for local decisions over the long-term funding of vital infrastructure and services. The 100% of business rates is a welcome - albeit modest - step in this process towards a broader fiscal settlement that will provide local decision makers with freedom to manage resources efficiently and deliver good growth. Accordingly, the WYCA, LCR LEP and constituent councils are keen to pursue opportunities for further devolution.

¹ Bradford, Calderdale, Kirklees, Leeds and Wakefield councils. The City of York Council is a non-constituent member of the WYCA.

² English National Concessionary Travel Scheme, which was collapsed into the Revenue Support Grant

The consultation raises much larger issues over the role of local government, combined authorities and devolution. Further consideration of these issues is needed by Government before business rates retention is implemented.

Principles of devolved business rates and redistribution

The WYCA and LCR LEP are supportive of the wider objectives Government is seeking to achieve:

- Giving authorities an incentive to grow local tax bases by ensuring they see long-term rewards from growth;
- Maintaining a predictable income stream against which authorities can take long term investment decisions; and,
- Ensuring that local authorities can continue to provide a full range of local services, whilst recognising that decisions about spending priorities should be made locally by locally-elected representatives accountable to local taxpayers.

However, retention of business rates is only part of the solution and is not aligned to the type of economic good growth most associated with metropolitan areas.

These objectives can best be achieved by addressing issues raised by the Communities and Local Government Select Committee's inquiry into business rates:

- The Government must specify how it will protect councils which rely on redistributed business rates;
- Councils must receive reassurance that they will not be required to take on new responsibilities which are already or will become unaffordable;
- Transferred funding or new responsibilities should come with genuine discretion over how the related services are provided; and,
- The impact of appeals should be dealt with outside the business rates retention system and funded separately.

Our view is full retention of business rates should be as simple as possible for local government with minimal change. There should also continue to be a strong element of national redistribution so public service funding relates to a measure of need.

The transfer of demand-led budgets purely as a means of capping demand and costs increases should be avoided as there is no scope for local decision-making. The transfer of grants must also be fully reflected in the revised baseline funding for individual authorities. There must be no pre-conditions for use or spending (i.e. there must be no centrally determined ring-fencing of funding) and there must be recognition from the previous sponsoring Government Departments that control of funding and service delivery will be fully localised. If the Government cannot commit to this principle, then it must continue to fund such services through separate specific grant funding and should not seek to use any headroom in locally collected Business Rates to fund national policy priorities.

DCLG must only transfer responsibilities which better enable the Local Government to manage demand for services and influence the causes of such demand.

Question	Issues raised in consultation	Response
<p>Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?</p>	<ul style="list-style-type: none"> One option is to use retained business rates to fund functions for which councils currently receive grants (RSG, Public Health, Better Care Fund, etc.). However, they have little connection to economic growth. Alternatively, there's opportunity to fund some additional 'associated' functions at the CA level (i.e. transferring from grant commitments). These include gain share investment funds, Local Growth Fund commitments, transport capital grants and adult education budgets. 	<ul style="list-style-type: none"> WYCA and the LCR LEP believe that the funding of bespoke devolution agreements should be kept separate from the funding of services through business rates. Government may feel that some functions should be universally devolved to local government. In this case, it may be appropriate that funding comes from business rates, subject to strategic fit with the principles.
<p>Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?</p>	<ul style="list-style-type: none"> 100% retention and moves to different local governance (CAs, mayors and the GLA) provides opportunity for 'specific devolution'. Government is anxious that funding devolution deals through business rates does not result in more than 'minimal' redistribution. Transferring devolution commitments into business rates effectively permanently embeds that level of funding in the business rate system. 	<ul style="list-style-type: none"> Where bespoke devolution agreements are agreed, they should be funded from an additional transfer of funds from the relevant government department. The effect of funding differential devolution through retained business rates would be to create additional complexities, reduced transparency, and an inequality of funding. Devolution agreements should, where there is local appetite, contain a strong suite of fiscal powers for local decision-making.
<p>Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?</p>	<ul style="list-style-type: none"> CAs with a mayor should have opportunity for an enhanced role in achieving growth. Some areas have expressed a wish to be given greater responsibility for distribution of resources within the CA area, with potential for: 	<ul style="list-style-type: none"> Any opportunities should be available to all Combined Authorities, regardless of whether there is a directly-elected mayor or not. A Combined Authority may consider it useful to have a single 'baseline' of relative need (and therefore a single top-up or tariff) – but it would be for constituent councils whether to decide

	<ul style="list-style-type: none"> ○ A single, CA-wide 'baseline' of relative need (thus, a single tariff or top-up); ○ Deciding how resources are distributed; ○ Deciding how 'growth' is redistributed across a CA area. 	whether to adopt a single baseline and pool top-ups/tariffs in this way.
Question 14: <i>What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?</i>	<ul style="list-style-type: none"> • Existing Enterprise Zones are effectively disregarded – implications for future EZs are unclear. • Although it is not mentioned, one option is that 'headroom' could further incentivise bold decisions for investing in growth – this would be based on a notion that fiscal neutrality is determined over a period, and not on day one. 	<ul style="list-style-type: none"> • All CAs should have maximum opportunity to support local economic growth. Therefore, the settlement should provide headroom as a result of 'fiscal neutrality' being calculated over a reasonable timeframe. • 100% retention is, in itself, insufficient to properly support bold local decisions to nurture transformative growth. WYCA and the LCR LEP are clear that 100% business rates retention is only the first step in a broader fiscal settlement that will see it have more powers over other funding streams. • WYCA and the LCR LEP agree to continue to treat enterprise zones as under current arrangements.
Question 16: <i>Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?</i>	<ul style="list-style-type: none"> • Add a new intermediate 'Area' list level to differentiate between the national level (network properties) and local level (with concerns about some riskier classes – airports, power stations, etc.). 	<ul style="list-style-type: none"> • WYCA's constituent councils do not believe there is a need for an Area List. Councils believe they are able to bear the risk burden associated with local assets, subject to appropriate safety nets. • Criteria for selecting the central list should be reviewed, including the position of railway stations. • Nonetheless, CAs will need sustainable funding streams to support the range of functions they discharge now and in the future. This lies behind the call for bespoke negotiations across a potential fiscal powers.
Question 17: <i>At what level should risk associated with</i>	<ul style="list-style-type: none"> • Government wishes to support and reward authorities who make bolder 	<ul style="list-style-type: none"> • Efforts should focus on discouraging speculative appeals – and the LGA

<p><i>successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?</i></p>	<p>choicer, including working with others to look more creatively at how to shape and promote growth.</p> <ul style="list-style-type: none"> • Experience of the current system shows the risk profile of authorities varies enormously and 100% retention provides the opportunity to revisit how to manage risk arising from successful business rate appeals, • Government exploring how some risk from successful appeals might be borne nationally (by topslice / central list). 	<p>working groups have raised several options for achieving this.</p> <ul style="list-style-type: none"> • WYCA and LCR LEP support the LGA consensus that successful appeals relating to errors in the list should be met centrally, but billing authorities should continue to bear the cost of appeals from physical changes to properties.
<p>Question 19: <i>Would pooling risk, including a pool-area safety net, be attractive to local authorities?</i></p>	<ul style="list-style-type: none"> • For local authorities pooling risk via an area-level list could provide and area-level safety net. Combined, this would work to make the geographical area more self-sufficient and authorities within that area could decide the proportion of business rates baseline an area-level system will protect (currently 92.5%). 	<ul style="list-style-type: none"> • The constituent authorities do not consider there is a need for a pool area; so there is no need for an area-level safety net.
<p>Question 20: <i>What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?</i></p>		<ul style="list-style-type: none"> • There should continue to be a national safety net for authorities who face a significant reduction in business rates income, recognising the inherently riskier environment. This safety net should provide greater protection than the 92.5% level.
<p>Question 25: <i>What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?</i></p>	<ul style="list-style-type: none"> • The proposal incorporates the power for mayors to levy a 2p levy for infrastructure, with LEP support. • The system could include a local minimum rateable value threshold for the levy (the Business Rates Supplement Act '09 sets a minimum rateable value of £50,000). • Whilst provided guaranteed protection for less valuable 	<ul style="list-style-type: none"> • WYCA and LCR LEP consider that it is for local bodies to determine such matters given they are best-placed to balance a range of factors, including need and the commercial property market. • Smaller ratepayers should be comforted by the permanent doubling of small business relief which protects the smallest premises, which is already a significant intervention by national Government into the market.

	premises, a national threshold could mean that regional variations in property values may limit the amount that could be raised for infrastructure.	
Question 26: <i>What are your views on how the infrastructure levy should interact with existing BRS powers?</i>	<ul style="list-style-type: none"> The new levying powers will only be open to mayors. The existing BRS powers (which allow authorities to levy a supplement on the national multiplier), approved by a ballot of ratepayers, is still available. 	<ul style="list-style-type: none"> The new levying powers must be open to all Combined Authorities, irrespective of what local partners and Government feels is the most appropriate governance model. The WYCA notes that existing Business Rate Supplement powers (which allow authorities to levy a supplement on the national multiplier), approved by a ballot of ratepayers, is still available. If local authorities have powers to vary the multiplier upwards the Business Rate Supplement becomes redundant.
Question 27: <i>What are your views on the process for obtaining approval for a levy from the LEP?</i>	<ul style="list-style-type: none"> The proposal is that a majority of the business members of the LEP Board will need to approve the levy. This could be through a prospectus from the mayor setting out the proposal. What should happen where LEPs are not co-terminous with mayoral footprints? 	<ul style="list-style-type: none"> WYCA and LCR LEP support the notion that any levying Authority publishes a prospectus. The LEP (and its private sector membership) do not consider that they should be asked to act as a representative group of business to potentially veto a decision of a democratically-elected politician with a local mandate. LEPS should be looked to to provide advice in shaping any levy. The removal of a veto also removes the issues about what should happen where there are overlapping LEPs, or they are not coterminous with mayoral footprints.
Question 28: <i>What are your views on arrangements for the duration and review of levies?</i>	<ul style="list-style-type: none"> Suggestion that any levy should be for a period (in whole years) specified by the mayor in a prospectus. 	<ul style="list-style-type: none"> WYCA and LCR LEP concurs that the duration of any levy should be set in whole years. It is expected that LEPs should ensure that the effectiveness of the levy is continually reviewed in order that it delivers what was outlined in the prospectus.
Question 29: <i>What are your views on how infrastructure</i>	<ul style="list-style-type: none"> Levy revenues must be used to fund infrastructure, potentially defined in the 	<ul style="list-style-type: none"> WYCA and LCR LEP support a broad definition of infrastructure – using similar criteria as Community

<i>should be defined for the purposes of the levy?</i>	same way as the CIL (roads and transport, flood defences, educational, medical or recreation facilities).	Infrastructure Levy (roads and transport, flood defences, educational, medical or recreation facilities). Housing might usefully be added.
Question 30: <i>What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?</i>	<ul style="list-style-type: none"> As long as the overall burden does not exceed 2p in the pound for each ratepayer, there is potential for mayors to either charge (i) a single levy for a programme of multiple infrastructure projects or (ii) multiple smaller levies for individual projects. 	<ul style="list-style-type: none"> In principle, there is no problem with multiple levies provided they add up to no more than the levy limit. However, the WYCA and LCR LEP recognise there may be merit in presenting to business a single, comprehensive package of investments. Government should leave local partners (Combined Authorities, constituent councils and LEPs) to determine the approach that best suits local circumstances.
Question 31: <i>Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?</i>	<ul style="list-style-type: none"> These issues include: <ul style="list-style-type: none"> Extending the business consultation requirement beyond LEPs; Including a discount power for business improvement districts (BIDs). Amend the definition of infrastructure – could potentially include housing. 	<ul style="list-style-type: none"> WYCA and LCR LEP believe that such matters are best determined locally. Accordingly, Government should not determine issues related to: <ul style="list-style-type: none"> Extending the business consultation requirement beyond LEPs; Including a discount power for business improvement districts (BIDs).
Question 33: <i>Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?</i>	<ul style="list-style-type: none"> Government will need to continue to respect the rights of the UK Parliament to hold to account both Ministers and officials for the way they use funding provided through the Parliamentary Vote. Funding decisions taken at the national level should continue to be scrutinised by the national Parliament, while local decision making is scrutinised by local accountability structures. 	<ul style="list-style-type: none"> CAs might identify an Accounting Officer, responsible for assuring Parliament about the proper use of funds where decisions have been taken at the national level. This should cover more funding streams than retained business rates.

APPENDIX B

Draft response to Fair Funding Call for Evidence

There is an associated 'call for evidence' to shape the mechanism which will set councils' top-up and tariff levels.

This call for evidence has fewer matters that are directly relevant to the WYCA and LCR LEP, and is being followed-up with further technical consultations.

Question	Response
Question 10: <i>What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?</i>	<ul style="list-style-type: none">• WYCA believes that the assessment and distribution of need should be done at the most local level - i.e. the local authority level.• WYCA acknowledges that there may be benefits from stimulating greater collaboration. However, these decisions are best taken by councils and will cover views across all funding streams, rather than just the localised central share of business rates – which in any event are likely to be used as a substitute for existing grants.
Question 11: <i>How should we decide the composition of these areas if we were to introduce such a system?</i>	<ul style="list-style-type: none">• <u>If</u> this is implemented, CAs would seem the logical option, with a strong, inclusive decision-making process. However, it is felt that there would be no significant benefit to such an approach.
Question 12: <i>What other considerations would we need to keep in mind if we were to introduce such a system?</i>	<ul style="list-style-type: none">• For this to be attractive, it has to be clear how authorities stand to gain more than they otherwise would. The WYCA feels this is best demonstrated across a range of devolved fiscal levers, rather than just retained business rates, because it allows a greater scale for transformation.

ITEM 13

Report to: Combined Authority

Date: 29 September 2016

Subject: Governance update

1. Purpose

- 1.1 To inform Members of the progress of proposed legislation affecting WYCA governance arrangements in relation to overview and scrutiny, audit committee and access to information arrangements.

2. Information

- 2.1 Members will be aware, further to reports to the WYCA's Annual Meeting in June, that the Local Democracy Economic Development and Construction Act 2009 was amended to:
- introduce a new statutory basis for the WYCA's Overview and Scrutiny Committee and its audit committee; and
 - enable the Secretary of State by Order to make additional provisions relating to an overview and scrutiny committee and/or an audit committee. Such an Order may specify membership, voting rights, chairing arrangements. This new power complements an existing power allowing the Secretary of State to make an Order providing for access to information provisions for a combined authority.
- 2.2 At present, a draft Order has yet to be finalised, although some informal technical discussions have taken place with the DCLG and combined authorities.
- 2.3 The DCLG have, however, advised that the intention is for an Order to be made to provide a strong legislative framework to ensure that robust scrutiny and audit arrangements will be in place consistently in every combined authority area.

- 2.4 It is understood that many of the provisions in the Order will mirror existing arrangements for local authorities. The key elements of the DCLG's proposed approach are currently:
- as far as practicable, the membership of an overview and scrutiny committee and audit committee to reflect the political balance of a combined authority's constituent councils;
 - the majority of overview and scrutiny committee members to be drawn from a combined authority's constituent councils;
 - overview and scrutiny committees to publish notices of appointments of members and chair, ensuring transparency;
 - a specified minimum number of members to be present at an overview and scrutiny committee meetings before business is transacted;
 - an overview and scrutiny committee to call-in a decision made by the mayor or combined authority, but not implemented, with reconsideration by the mayor or combined authority required within a specified time-limit;
 - a combined authority to respond to an overview and scrutiny committee's report/recommendations within a specified time-limit;
 - neither a combined authority's overview and scrutiny committee or audit committee may include officers from the combined authority or its constituent councils;
 - overview and scrutiny committees of combined authorities to have access to necessary documents, for effective scrutiny;
 - audit committees to appoint at least one independent person, to provide an impartial, external perspective.
- 2.5 In terms of impact on the WYCA, none of the above proposals conflict with current WYCA practices and arrangements, with the exception of the requirement to appoint an independent person to an audit committee. The DCLG have been informed about the WYCA's existing arrangements, including the current time-limits for call-in arrangements.
- 2.6 The DCLG have also indicated that there may be an Order requiring a Mayoral combined authority to maintain a forward plan. Any such requirement would not affect the WYCA as a non-Mayoral combined authority.
- 2.7 It was initially anticipated that the Order would be laid before Parliament this autumn, but this depends on the parliamentary timetable. The intention is for the Order to be made before any new combined authorities are established next year.

3. Financial Implications

- 3.1 No significant financial implications are anticipated to arise from any Order.

4. Legal Implications

- 4.1 The WYCA's arrangements will need to comply with any Order, once in force.

5. Staffing Implications

- 5.1 None.

6. Consultees

- 6.1 There is no requirement for the Secretary of State to carry out formal consultation about the proposed Order.

7. Recommendations

- 7.1 To note the approach of the Secretary of State in relation to the draft Order as set out in this report.

8. Background Documents

- 8.1 None.

ITEM 14

Report to: Combined Authority

Date: 29 September 2016

Subject: City of York Council Local Plan Consultation Responses

1 Purpose

- 1.1. To report WYCA's response in support of the City of York Local Plan under WYCA's Duty to Cooperate role.

2 Information

- 2.1 Strategic planning is overseen by the Leeds City Region (LCR) Planning Portfolios Board, which advises WYCA and the Leeds City Region Enterprise Partnership on strategic planning matters. The WYCA is not a local planning authority for purposes of the 2004 Planning and Compulsory Purchase Act 2004 (the 2004 Act) section 33, with amendments and additions inserted by the Localism Act 2011. However, it is "*a prescribed body*" which is subject to the same duty to cooperate in relation to maximising the effectiveness of "prescribed activities".
- 2.2 In September 2015, WYCA endorsed the recommendations of the LCR Planning Review which agreed for WYCA to be consulted by Local Planning Authorities on major planning applications of strategic significance and emerging district Local Plans. The key strategic policy documents upon which responses are prepared are the City Region Strategic Economic Plan (SEP), West Yorkshire Local Transport Plan (LTP) and emerging West Yorkshire Transport Strategy.
- 2.3 WYCA has been consulted by the City of York Local Planning Authority on their emerging Local Plan. A response was submitted to the Council to meet their Local Plan consultation deadline.

3 City of York Local Plan Preferred Sites Consultation

- 3.1 WYCA was consulted by City of York Council (CYC) in July 2016 on the York Local Plan Preferred Sites consultation which outlines the housing and employment growth requirements for York and provides a portfolio of proposed preferred strategic site

allocations to support the Vision and spatial objectives for York's emerging Local Plan.

- 3.2 The proposals set out that the Plan will comprise a target of 841 net additional homes per annum for the period 2012 – 2032. This target is consistent with the agreed range for City Region housing requirements as identified for each district to support the SEP's aspiration to increase housing delivery in the City Region to 10,000 – 13,000 net additional homes per annum.
- 3.3 The Preferred Sites document also outlines an overall employment land supply requirement of 33.3 hectares up to 2037. This requirement is underpinned by a job growth forecast of 11,000 jobs by 2031. This element of the Plan aligns with the City Region's evidence base and our overarching aspirations to deliver 'good growth' alongside 35,700 net additional jobs across the City Region by 2036.
- 3.4 The Plan also identifies 'Green Wedges' across York which will make an important contribution to the Green Infrastructure network across the City Region and support delivery of Priority 3 (Clean Energy and Environmental Resilience) of the SEP.
- 3.5 WYCA's response to the consultation is set out at **Appendix 1** and confirms that the Preferred Sites document is aligned with the SEP and provides support for SEPs Strategic Priority Area at York Central and other proposed major growth areas including land to the west of Elvington Lane; University of York; and the British Sugar site.
- 3.6 The response also notes that WYCA looks forward to being further consulted on the Local Plan as it continues to progress, and working with the Council to establish the framework in which West Yorkshire and York Transport Fund schemes can be embedded in York's growth plans to support delivery of the SEP.

4 Financial Implications

- 4.1 There are no financial implications for WYCA.

5 Legal Implications

- 5.1 There are no legal implications for WYCA. WYCA is responding to the Local Planning Authority consultation as a 'Prescribed Consultee' under the Duty to Cooperate legislation.

6. Staffing Implications

- 6.1 There are no current staffing implications for WYCA.

7. Consultees

- 7.1. WYCA's Managing Director has supported the consultation response.

8. Recommendations

- 8.1 That the WYCA supports the response to the City of York Local Plan consultation as set out in Appendix 1.

9. Background Documents

None.



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City of York Council
Planning and Environmental Management
West Offices
Station Rise
York
YO1 6GA

9 September 2016

Dear Mr Grainger

West Yorkshire Combined Authority Response: City of York Local Plan Preferred Sites 2016 Consultation

Thank you for the opportunity to comment at the emerging City of York (CYC) Local Plan. The West Yorkshire Combined Authority (WYCA) and the Leeds City Region Enterprise Partnership (LEP) have a shared vision for economic growth throughout the Leeds City Region and work closely together to deliver a shared Strategic Economic Plan (SEP).

Alignment with the Strategic Economic Plan

As the Preferred Sites consultation only relates to housing and employment growth and an associated portfolio of proposed strategic site allocations it is not expected that this specific consultation document will directly address all aspects of the strategies laid out in the SEP. It is noted that the Preferred Sites document seeks to support the vision and spatial objectives for York's emerging Local Plan by outlining the quantum and location of significant new development and that a full range of topics will be covered by the emerging Local Plan which is likely to support the SEP's Strategic Priorities and Spatial Priority Areas (SPAs).

Strategic Economic Plan Priorities

The consultation document states that the Local Plan will comprise a target of 841 net additional homes per annum for the period 2012 – 2032. This target is consistent with the agreed range for City Region housing requirements as identified for each district to support the SEP's aspiration to increase housing delivery in the City Region to 10,000 – 13,000 net additional homes each year. The quantum of housing delivery provided for by York will particularly support Priority 4 (Infrastructure for Growth) of the SEP.

The LCR Housing Market Geography Study (CURDS, 2016) notes that York's housing market area has recognisable links with areas of Selby district. This is consistent with the contextual elements of the preferred sites document which provide a similar narrative. Noting these linkages we support ongoing close working between Selby and York districts in relation to strategic housing issues.

The Preferred Sites document also outlines an overall Class B employment land supply requirement of 33.3 hectares up to 2037. It is noted that this requirement is underpinned by a job growth forecast (referred to as Scenario 2) of 11,000 jobs by 2031 and comprising growth in sectors which utilise higher skilled staff. This quantum of additional jobs aligns with Priorities 1 (Growing Businesses) and 2 (Skilled People, Better Jobs) of the SEP. This element of the Plan also aligns with the findings of the LCR Strategic Employment Land Review (Andy Haigh Associates, 2016) and the overarching aspirations to deliver 'good growth' alongside 35,700 net additional jobs across the City Region by 2036.

We also welcome the identification of 'Green Wedges' across York which will make an important contribution to the Green Infrastructure network across the City Region and support delivery of Priority 3 (Clean Energy and Environmental Resilience) of the SEP.

Alignment with Transport Policies

The Combined Authority is currently developing with the West Yorkshire District Councils, a new twenty year West Yorkshire Transport Strategy to replace the Local Transport Plan (LTP) and satisfy the statutory requirement to produce and maintain a LTP. The West Yorkshire Transport Strategy is set in the context of the Strategic Economic Plan and is expected to be adopted in late 2016 to cover the same period 2016-36 as the SEP.

The plan includes a number of strategic housing proposals. With the exception of site ST15, Elvington Airfield, the majority of the sites are located on or close to the York Outer Ring Road (YORR) or within the existing urban area.

To bring forward the land identified around the YORR and create the level of growth in York required to deliver the City's economic aspirations, extensive interventions on the Outer Ring Road are likely to be required. The mandated YORR project, part of the West Yorkshire Plus Transport Fund (WY+TF) programme, is a strategic targeted and focused project which not only addresses current transport problems (in terms of congestion) by increasing capacity at seven roundabout junctions but it allows for investment to be brought forward and further schemes to be considered by elevating and improving access to key regeneration sites within the City including those identified in the Plan.

The intention is that the YORR scheme would be future proofed for duelling of the A1237 to secure the longevity of the current works and enable the longer term potential for the route; a scheme to be funded by CYC. Work undertaken by undertaken by Parsons Brinkerhoff (Local Plan Transport Infrastructure Investments Requirements Study (draft 2014)) identified that the phased delivery of the roundabouts junctions and dualling of the A1237 would be necessary to enable the delivery of the strategic housing sites on this corridor.

Spatial Priority Areas and Emerging Strategic Sites

The Preferred Sites document comprises a range of strategic land allocations, including some which are likely to be delivered well beyond the Local Plan's proposed plan period up to 2032. We look

forward to working with CYC to deliver these strategic allocations with all the necessary infrastructure to support this growth including broadband, transport and energy infrastructure, and create sustainable communities. The emerging LCR Infrastructure Investment Framework will have a key role in directing the delivery of integrated infrastructure solutions across the City Region.

The Preferred Sites document confirms York Central as a location for growth and investment by proposing it as a 'Strategic Mixed Use Site'. This is consistent with the site's designation in the SEP as an Urban Growth Centre Spatial Priority Area (SPA) and its Enterprise Zone status.

York Central (ST5) is a key regeneration and investment priority for the LEP and Combined Authority and we strongly support its identification in the emerging Plan. This is noting that the CA/LEP has already committed £2.45m of investment to support delivery of this strategic location.

We note that that site remains rail locked and the potential capacity to redevelop the site is, therefore, constrained. The provision of new road/bridge infrastructure and reconfiguration of the existing road infrastructure will provide the necessary access into the site to release capacity and facilitate delivery of development. This enabling highways scheme, in part, is also programmed to be funded by WY+TF.

The proposed allocation of 'Land to west of Elvington Lane' (ST15) is understood to have capacity for approximately 3,300 homes, including 1,610 to be delivered within the proposed plan period. The Combined Authority and LEP have already confirmed in principle support for CYC's Expression of Interest submission for a new 'Garden Village' within this location. This is recognising the site's potential contribution to meeting the identified housing needs of York and the City Region. A robust planning policy framework is essential to deliver sustainable development within this complex strategic development location. The proposed allocation and supporting development policies will form an essential part of this framework. The site will require significant investment in highways and sustainable transport modes. The plan identifies that a significant master planning exercise is necessary to ensure the site can be delivered sustainably. We support this approach.

We welcome the proposed allocation of 21.5 hectares of additional land at 'University of York' (ST27) to provide 20,000 sqm of B1b employment floorspace for higher education uses and other higher education activities. This aligns well with Priority 2 (Skilled People, Better Jobs) of the SEP and supports the development our target sectors within the City Region. It also aligns well with our emerging city region evidence base on employment land supply and demand which highlights the potential opportunities for employment growth focused around universities across the City Region.

We also note that the consultation document proposes a range of other large housing, employment and mixed use allocations, including ST1 (British Sugar). We confirm that we support the principle of these allocations as they will provide significant housing and employment growth potential on brownfield and/or strategic urban locations. We look forward to working collaboratively with CYC and other public and private sector partners to support delivery of sustainable development in these locations.

In conclusion, the Combined Authority welcomes the ongoing development of CYC's Local Plan, as the proposals support the key strategic elements of the SEP. We look forward to being consulted on the document as it progresses and working with CYC to establish the framework in which WY+YF schemes can be embedded in York's growth plans to support delivery of the SEP.

In the meantime if any queries arise please contact either myself or Justin Wilson
(Justin.wilson@westyorks-ca.gov.uk).

Yours sincerely



Colin Blackburn
Head of Infrastructure and Investment

ITEM 15a

**MINUTES OF THE MEETING OF THE
OVERVIEW & SCRUTINY COMMITTEE HELD ON
WEDNESDAY 13 JULY 2016 AT WELLINGTON HOUSE, LEEDS**

Present:

Cllr Robert Light (Chair)
Cllr Stephen Baines
Cllr James Baker
Cllr Barbara Boyce
Cllr Ian Cuthbertson
Cllr Helen Douglas
Cllr Dot Foster
Cllr Kim Groves
Cllr Peter Harrand
Cllr Margaret Isherwood
Cllr Paul Kane
Cllr Albert Manifold
Cllr Jonathan Pryor
Cllr Fozia Shaheen

In attendance:

Angela Taylor	-	WYCA
Dave Haskins	-	WYCA
Colin Blackburn	-	WYCA
James Flanagan	-	WYCA
Caroline Allen	-	WYCA
Ruth Chaplin	-	WYCA

1. Chair's Comments

Councillor Light welcomed Councillors Dot Foster and Paul Kane to their first meeting of the Overview & Scrutiny Committee and also Councillor Stephen Baines who had served on the Committee in 2014/15. He gave a brief overview of the role of the Committee and reminded members of the new members' seminar to be held on 1 August 2016 which all WYCA members and co-optees were welcome to attend.

2. Apologies for Absence

Apologies for absence were received from Councillors A Cooper, M Ellis and B Rhodes.

3. Declarations of Disclosable Pecuniary Interests

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

4. Exclusion of the Press and Public

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

5. Minutes of the Meeting held on 23 March 2016

Further to minute 39, Apologies for Absence, Councillor Boyce advised that she had sent her apologies but they had not been recorded.

Resolved: That, subject to the above amendment, the minutes of the meeting held on 23 March 2016 be approved and signed by the Chair.

6. Appointment of Vice Chair

The Committee considered a report on the appointment of a Vice Chair of the Overview & Scrutiny Committee for 2016/17.

Members discussed and agreed not to appoint a Vice Chair of the Overview & Scrutiny Committee as this was not a statutory requirement. It was considered that the Committee would elect a member to chair a meeting in the absence of Councillor Light should the need arise.

Resolved: That no appointment be made to the position of Vice Chair of the Overview & Scrutiny Committee for 2016/17.

7. Governance Issues

The Committee considered a report advising them of its terms of reference and Scrutiny Standing Orders as revised by the WYCA at its Annual Meeting and of changes to the legislation relating to overview and scrutiny arrangements.

It was reported that overview and scrutiny arrangements were previously governed by the WYCA Order 2014. However, the Local Democracy, Economic Development and Construction Act 2009 (the LDEDC Act) now requires a Combined Authority to appoint an overview and scrutiny committee, with specified functions. Members discussed the new statutory provisions relating to overview and scrutiny committees which were outlined in the submitted report.

In addition, it was noted that the Committee was also under a new statutory duty to publish details about how it proposes to exercise its call-in powers and that consent must be obtained by the WYCA to its proposals and arrangements. The current arrangements were set out in Standing Order 13 and it was reported that the Scrutiny Standing Orders were already published on WYCA's website.

Membership provisions for the Overview & Scrutiny Committee would continue to apply although it was noted that the current arrangements may be subject to review, further to any Order later in the year. The terms of reference and Scrutiny

Standing Orders had been approved at the WYCA Annual Meeting and copies were appended to the report. Minor amendments had been made in respect of reducing the minimum number of meetings to 5 per municipal year and provisions relating to sub-committees. It was noted that any further changes to the terms of reference or Standing Orders had to be approved by WYCA.

The Committee asked to be kept informed of developments in respect of the Order and a progress report would be prepared for the next meeting.

Resolved:

- (i) That the approved terms of reference and Scrutiny Standing Orders for the Overview & Scrutiny Committee be noted.
- (ii) That the Committee notes that an Order may be laid before Parliament later in the year which may affect the membership and/or the proceedings of the Committee.
- (iii) That the current call-in provisions set out in Standing Order 13, be noted and no amendments were proposed.
- (iv) That a progress report be prepared for the next meeting.

8. Forward Programme of Work

The Committee considered a work programme for the coming year.

Members discussed a proposed forward plan of work for 2016/17 and agreed amendments to the programme as follows:

- The Chair of WYCA and the WYCA Managing Director be invited to the meeting on 22 September 2016.
- The Chair of the West Yorkshire & York Investment Committee and Chair, Leeds City Region Enterprise Partnership (LEP) be invited to the meeting on 30 November 2016.
- The Chair of the Transport Committee be invited to attend the meeting on 25 January 2017. However it was suggested that it may be beneficial to have an update report on transport issues in the interim.
- Members also asked for a summary of the Bus Strategy and Transport Strategy consultation to be provided at the meeting on 22 September 2016.

The Committee was advised that the programme could be supplemented by further items as they were identified during the year and additional meetings could also be arranged on an ad hoc basis. It was proposed that the forward plan of work be considered and updated at each meeting. Other standard items on each agenda would include Devolution, items for information and items for reporting back to the WYCA. Members had previously requested a single item agenda meeting on

devolution when full details of an offer are available and this will be scheduled as required.

It was noted that there were also a number of areas which the Committee may wish to consider in more detail. It was proposed to establish two working groups to focus on the Transport Strategy and the Strategic Economic Plan to ensure they were delivered effectively. It was suggested that 4 members be involved in each Group and the following members volunteered:

Transport Strategy

Councillor Dot Foster
Councillor Peter Harrand
Councillor Albert Manifold
Councillor Jonathan Pryor

Strategic and Economic

Councillor Stephen Baines
Councillor Ian Cuthbertson
Councillor Kim Groves
Councillor Paul Kane

Meetings would be arranged at the earliest opportunity and the Groups would report back to the Overview & Scrutiny Committee.

Members were reminded that the work programme could be amended to incorporate any further requests and a copy of the updated version would be circulated.

Resolved:

- (i) That the forward programme be amended and circulated to the Overview and Scrutiny Committee.
- (ii) That meetings of the Transport Strategy and Strategic and Economic Working Groups be arranged.

9. Flood Resilience in the Leeds City Region

The Committee considered a report which provided an update on the ongoing work to explore the opportunities to best collectively respond to future flood resilience issues and problems highlighted in the 2015 Boxing Day flood event and the aftermath.

It was noted that the Government had announced further funding for critical flood mitigation measures to enhance flood defences particularly in Leeds and the Calder Valley and details were outlined in the submitted report. In addition, the Department for Transport had awarded £31.97m to support the upgrade and reinstatement of critical infrastructure in Leeds, Calderdale and Bradford and the Leeds City Region Enterprise Partnership's grant based Flood Recovery Fund had provided additional flexible financial support to ensure businesses could continue trading in the short to medium term. Members discussed the funding awarded to the region, how it would be spent and the need for this to be monitored to ensure it targeted relevant areas with an overall catchment approach. The impact on insurance premiums was also discussed and it was suggested that WYCA consider lobbying on behalf of the small businesses and shopkeepers who were unable to secure insurance cover.

The Committee discussed the partnership approach and progress with the Leeds City Region Strategic Flood Review. The review was being led by the Deputy Chief Executive of Leeds City Council and the Director of Communities and Service Support at Calderdale Council and several meetings were being held involving all Leeds City Region local authorities, WYCA, Environment Agency, Yorkshire Water and the Flood Risk Partnerships and Local Resilience Forums. It was noted that due to the timings of the release of district infrastructure delivery plans and the National Flood Resilience Review, the LCR Flood Review would not report until October 2016. It was noted that the Leeds City Region Green Infrastructure Strategy was currently being refreshed and this had an increasingly important role to play in reducing flood risk and flood management.

It was requested that a report on the key elements previously discussed at the Overview & Scrutiny Committee held on 23 March 2016 be prepared for the WYCA meeting to be held on 29 September 2016. In view of the timescales it would not be possible for the Committee to consider the report at its next meeting and the draft report would therefore be circulated for members' comments prior to its publication.

Resolved:

- (i) That the LCR Flood Review update be noted.
- (ii) That a report be prepared for the WYCA and circulated to the Overview & Scrutiny Committee for comments.

10. Devolution Update

The Committee considered a report which provided an update on the progress with Government on the 'Devolution Deal'.

It was reported that no announcement had yet been made and members discussed the current position particularly in view of the EU Referendum. Discussions had previously taken place with HM Treasury officials which had provided a degree of assurance that the terms of the deal, including the 'asks', were in principle acceptable, subject to Ministerial agreement.

The Committee discussed the need for Leaders to find a way forward on the most appropriate geographic deal. Members considered the delay in securing a deal to be unsatisfactory and urged WYCA to use the opportunity to recommence substantive discussions with officials.

A further progress report would be provided at the next meeting.

Resolved: That WYCA be urged to recommence substantive discussions with officials.

11. NGT Decision

The Committee considered a report which provided information on the outcome of the Transport and Works Act Order for the NGT project.

Members noted that following the decision that the Transport and Works Act Order would not be granted and the NGT scheme would not proceed, the Department for Transport had announced that the previously allocated £173.5m funding for NGT would be awarded for public transport improvements in Leeds subject to the completion of an outline strategic case. Leeds City Council and WYCA officers were working with the Department for Transport to agree the terms of the transfer of funding. A Leeds Transport Summit, attended by a wide range of stakeholders, had been held to seek views on future transport needs for Leeds and strategic direction. Leeds City Council and WYCA officers were working with the Department for Transport to agree the process for the funding allocation and terms of expenditure.

It was reported that Leeds City Council were to hold a scrutiny session to establish any areas where things could have been done differently. At their meeting on 1 July 2016, the Transport Committee had recommended that the Overview & Scrutiny Committee also consider the scheme and future developments from a City Region perspective. Members considered it essential for a strategy to be developed on how the funding could be used and comment was made that because of the time already invested in developing schemes such as Supertram and NGT, it would be better to use the funding for smaller, deliverable schemes to achieve the spend.

A report would be prepared for the next meeting to be held on 22 September 2016.

Resolved: That a report be prepared for the next meeting of the Overview and Scrutiny Committee.

12. Items for Information: Minutes of the meeting of the WYCA held on 31 March 2016

Resolved:

- (i) That the minutes of the meeting of the WYCA held on 31 March 2016 be noted.
- (ii) That the draft minutes of the WYCA Annual Meeting held on 23 June 2016 be circulated to the Overview & Scrutiny Committee.

13. Items for Feedback to WYCA

The Committee asked that a report be prepared for the WYCA meeting to be held on 29 September 2016 on Flood Resilience and that their views in respect of NGT be reported.

ITEM 15b

MINUTES OF THE MEETING OF THE GOVERNANCE & AUDIT COMMITTEE HELD ON THURSDAY 28 JULY 2016 IN WELLINGTON HOUSE, LEEDS

Present:

Councillor David Sheard (Chair)
 Councillor Nadeem Ahmed
 Professor Bob Cryan

In Attendance:

Angela Taylor	-	WYCA
Tom Edwards	-	WYCA
Russell Gott	-	WYCA
Angie Shearon	-	WYCA
Mark Kirkham	-	Mazars

1. Appointment of Chair

In the absence of Roger Marsh it was agreed that Councillor David Sheard chair the meeting.

2. Apologies for Absence

Apologies for absence were received from Roger Marsh and Councillor Andrew Carter.

3. Declarations of Disclosable Pecuniary Interests

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

4. Minutes

Resolved: That the minutes of the meeting held on 19 April 2016 be approved.

5. Terms of Reference and Forward Plan of Work 2016-17

The Committee considered a report which set out the terms of reference and the programme of work for 2016-17 for the Governance and Audit Committee.

Members noted the recent changes in legislation that were reflected in the Committee's terms of reference attached at Appendix A. The terms of reference had been approved at the WYCA Annual Meeting held on 23 June 2016.

The Committee discussed the programme of work for 2016/17 and noted that meetings would be held quarterly and the external auditors for the Authority, Mazars, would be invited to attend.

Resolved: That the work programme for 2016-17 be noted.

6. Internal Audit Charter

The Committee considered a report which sought approval for the Internal Audit Charter for the West Yorkshire Combined Authority.

It was reported that the Public Sector Internal Audit Standards (PSIAS) required the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter, consistent with the definition of Internal Auditing, the Code of Ethics and the Standards.

The Committee was advised that the Audit Charter was a formal document that essentially defined the scope of internal audit activities. A copy of the Audit Charter for the Combined Authority 2016/17 was appended to the report. Members noted that there were no significant changes to the Audit Charter which the Committee had agreed previously in 2015.

Resolved: That the Internal Audit Charter for the West Yorkshire Combined Authority be approved.

7. Annual Internal Audit Report and Opinion

The Committee considered a report which provided the Annual Internal Audit Report and Opinion of the risk management, governance and control environment in operation during 2015/16.

It was noted that the Public Sector Internal Audit Standard, PSIAS 2450, required the Chief Audit Executive to provide an Annual Report to support the Annual Governance Statement.

The Committee was informed that from the work undertaken during the year, Internal Audit had reached the opinion that the governance framework, risk management and control had operated adequately and that there were no outstanding significant issues.

A copy of the Internal Audit Annual Report and Opinion for 2015/16 was appended to the report.

Resolved: That the Annual Internal Audit Report and Opinion be noted.

8. Internal Audit Progress Report

The Committee considered a report on work undertaken by the Internal Audit Section from 1 April 2016 to 30 June 2016.

Details of progress made to date in completing the Audit Plan for 2016/17 were provided in Appendix A of the submitted report.

The Committee discussed the Audit Plan which was forecast to overrun by 209 days due to a shortfall in resource. It was noted that options were being explored to quickly resolve the situation, including buying-in of specialisms, out-sourcing of work and increasing staffing levels, and the outcome would be reported to the next meeting of the Committee. Members suggested that it may also be worth exploring the possibility of securing help from local authority partners.

The Committee were provided with an overview of the audit reviews undertaken in the period 1 April to 30 June 2016 and the key issues which had been identified were outlined in paragraphs 4.3.1 to 4.3.3 of the submitted report.

Review

IT Service Provision – Yorcard
Travel Centre Procedures
Risk Management Arrangements
ICT Operations

Opinion

Poorly Controlled
Controlled
Requires Improvement
Requires Improvement

IT Service Provision – Yorcard

Yorcard was a joint venture company established by WYCA and South Yorkshire PTE for the development and delivery of ICT services and hosted by South Yorkshire PTE. Members discussed the outcome of the review which had been given a “poorly controlled” opinion. The objectives of the review had been to assess the arrangements in place against key ICT control standards which had highlighted a number of issues regarding the management and operation of ICT systems and data at Yorcard as outlined in the report. It was recommended that WYCA should formalise account management arrangements with Yorcard Ltd.

Travel Centre Procedures

It was reported that the audit of Travel Centre procedures had provided a ‘controlled’ opinion.

Risk Management Arrangements

It was reported that the objectives of the review was to assess the reliability of systems to ensure that risk management arrangements were properly administered, authorised and recorded.

In considering the observations of the review, it was noted that WYCA had developed a number of strategic corporate risks which had been recorded. It was accepted that these would need to be developed as the organisation evolves together with the development of corporate planning and organisational objectives.

ICT Operations

It was reported that at the time of the review certain key ICT controls were either absent or lacked the appropriate level of formality required. However it was noted that a considerable amount of work was planned to enhance and develop ICT operations and management linked to the implementation of the ITIL (Information Technology Infrastructure Library) service management standard.

Members noted the arrangements which were in place to monitor the implementation of audit recommendations and considered the information contained in Appendix B relating to overdue high priority recommendations.

It was noted that in addition to completion of the above audit reviews, audit testing work had also been undertaken in relation to English National Concessions Ticketing Systems, Skills Capital Funding, Local Transport Plan Governance, Transparency Code, Facilities Contract Management, Compliance and West Yorkshire and York Broadband Programme. A summary of the results from those reviews would be provided at the next meeting.

Resolved: That the report be noted.

9. Review of Internal Control and Effectiveness of Internal Audit

The Committee considered a report on the outcome of a review of internal control and the effectiveness of internal audit.

It was reported that there was a requirement for the Authority to review the effectiveness of its internal audit function at least once a year and that the findings of the review must be considered as part of the system of internal control.

The Committee was advised that the Director, Resources had undertaken a review of Internal Audit, using the Public Sector Internal Audit Standards (PSIAS) checklist and the information in the Internal Audit Annual Report. The overall conclusion was that the internal audit function complied with the necessary standards and had worked to an adequate standard throughout the year.

It was noted that there were some minor instances of non-compliance with PSIAS; however the Committee was assured that those areas would be addressed as the new governance arrangements for the Combined Authority were further developed during 2016/17.

Resolved: That the outcome of the review of internal control and the effectiveness of internal audit be approved.

10. External Audit Update

The Committee considered a report which provided an update on external audit matters.

It was noted that Mazars had been undertaking their first year end audit of the WYCA. Mark Kirkham from Mazars attended the meeting to present their progress report (attached at Appendix A) and to answer questions on the external audit.

It was reported that the fieldwork for the audit of the 2015/16 financial statements had largely been completed and no significant issues had been identified. Mark Kirkham commented that he had been impressed with the way in which management had engaged in the audit. The outstanding elements of the audit would be completed over the summer and the final accounts would be presented to the Committee in September for approval ahead of the statutory deadline of 30 September.

Resolved: That the external audit progress report be noted.

11. Internal Controls and Financial Monitoring

The Committee considered a report on any changes to internal control arrangements since the last meeting and the current financial position of WYCA.

Internal Controls

It was reported that since the last meeting there had been no significant changes to the arrangements for internal controls within the Combined Authority. Members noted that regular governance meetings continued to be held with Leeds City Council (LCC) to consider and review the transactions relating to investments and treasury management being carried out jointly with LCC.

Key Indicators

The Committee had previously requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and key controls. There had been one reportable accident in the period 1 April – 30 June 2016 relating to a fall at a bus station but there was no indication of any defect having contributed to the incident.

Financial Monitoring – Revenue Budgets

Members discussed the latest forecast position for the 2015/16 budget which had been reported to the WYCA on 4 February 2016. It was noted that there had been an increase in reserves of £1.89m against the forecast position of £0.42m. It was reported that some of the reserves related to accrued interest which carried an element of high level risk. The expected final position for 2015/16 was still subject to final audit sign off although it was not expected that the position would change.

Members noted that the budget for 2016/17 had also been approved at the February meeting of WYCA and that monitoring against it had commenced.

Financial Monitoring – Capital Budgets

It was reported that delivery of the Transport Fund and Local Growth Fund projects was being monitored by the Investment Committee. Members noted that there had been an element of underspending on the Growth Deal projects in 2015/16 but this funding had been carried forward to 2016/17.

Risk Management

Members noted that there had been no significant changes to risk management arrangements since the last meeting of the Committee.

It was reported that work was underway to fully integrate the activities of the former Passenger Transport Authority/Executive, Leeds City Region Enterprise Partnership, the inward investment team from Leeds and Partners and the Regional Economic Intelligence Unit. This would result in a unified set of objectives and priorities aligned with the Strategic Economic Plan and enable an updated set of corporate risks to be developed and considered at a future meeting of the Committee.

Resolved: That the report be noted.

ITEM 15c

MINUTES OF THE MEETING OF THE WEST YORKSHIRE & YORK INVESTMENT COMMITTEE HELD ON WEDNESDAY 7 SEPTEMBER 2016 IN WELLINGTON HOUSE, LEEDS

Present:	Cllr Susan Hinchcliffe (Chair)	-	City of Bradford MDC
	Roger Marsh	-	WYCA/Leeds City Region LEP
	Cllr Alex Ross-Shaw	-	City of Bradford MDC
	Cllr Barry Collins	-	Calderdale MBC
	Cllr Peter McBride	-	Kirklees MC
	Cllr Richard Lewis	-	Leeds CC
	Cllr Denise Jeffrey	-	Wakefield MDC
	Cllr Ian Gillies	-	City of York Council
In attendance:	Rob Norreys	-	WYCA
	Angela Taylor	-	WYCA
	Lisa Childs	-	WYCA
	Liz Curley	-	WYCA
	Sally Hinton	-	WYCA
	Caroline Allen	-	WYCA
	Colin Booth	-	Leeds City College
	Jason Challender	-	Leeds City College
	Jane Pither	-	Leeds City College
	Angie Shearon	-	WYCA
Observers:	Councillor K Wakefield	-	WYCA Transport Committee
	Councillor E Firth	-	WYCA Transport Committee

7. Apologies for Absence

An apology for absence was received from Councillor Richard Lewis.

8. Declarations of Disclosable Pecuniary Interests

Councillor Susan Hinchcliffe declared an interest (not comprising a Disclosable Pecuniary Interest) in respect of Agenda Item 7 (New Bolton Woods Outline Business Case – paragraphs 3.11 to 3.15) stating that she had previously been a Director of CRUVL (Canal Road Urban Village Limited).

Councillor Alex Ross-Shaw declared an interest (not comprising a Disclosable Pecuniary Interest) in respect of Agenda Item 7 (New Bolton Woods Outline Business Case – paragraphs 3.11 to 3.15) stating that he was a Director of CRUVL.

9. Exempt Information – Possible Exclusion of the Press and Public

Resolved: That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of appendices 2(a) – 2(e) to Agenda Item 7 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

10. Minutes of the Meeting held on 6 July 2016

Resolved: That the minutes of the West Yorkshire and York Investment Committee held on 6 July 2016 be approved and signed by the Chair.

11. Project Delivery

The Committee considered a report on the outcome of the review of the project delivery capability of WYCA and its partners and on the use of existing delegations to the Managing Director to streamline the approvals process for capital projects.

Following an independent review by the consultants Arcadis, proposals had been put forward to improve the delivery capability of WYCA and its District Authority partners in light of the size and scale of the capital funding involved in the delivery of Growth Deal and West Yorkshire plus Transport Fund projects.

The report set out the detailed proposals, which had been endorsed on 28 July by the Combined Authority, for a single Portfolio Management Office (PMO), new shared processes, a new organisational design and capabilities and a fully integrated portfolio information management IT system (PIMS) to provide accurate data and reporting. The Committee discussed the new proposals which would ensure that all schemes, regardless of size, scale and funding source would be subject to a consistent approach, robust governance and improved transparency to enabled informed decision-making with greater focus on programme delivery and benefits. Members discussed the importance of transparency and the need to ensure that as much information as possible was in the public domain to demonstrate best use of the public purse and the benefits being realised in the local economy.

The Committee discussed the complexities involved in the delivery of projects and pipelines and acknowledged that, in light of evolving situations, projects sometimes changed significantly. It was considered that it would be useful to have an ‘helicopter’ view of projects with a dashboard and timeline which would enable members to easily identify the stage a project is at, measured against where it

should be. This would provide an early warning system of any projects not on target and enable programmes and timescales to be adapted/adjusted accordingly.

Members noted that work was underway to look at solutions to deliver the PMO, including the use of internal staff to reduce costs together with some external recruitment. It was anticipated that funding for the PMO would be met from the West Yorkshire plus Transport Fund and Growth Deal projects.

It was recognised that as the new PMO and its processes were being developed, appropriate delegations would need to be established in order for it to work efficiently and effectively. In the interim, in order to streamline the current process and allow faster progress of projects through the current decision making system, the Combined Authority had given approval at its meeting on 28 July, for WYCA's Managing Director to exercise his existing powers of delegation to approve projects which had been considered and recommended by the Investment Committee. Members noted the delegation arrangements which were set out in detail in paragraphs 2.16 to 2.22 of the submitted report. All schemes would still require consideration by the Investment Committee at least once, and it was acknowledged that the Committee may need to meet more regularly to avoid projects having to wait too long for Committee consideration. Delegated decisions would be reported to the Investment Committee and the Combined Authority.

Resolved:

- (i) That the changes to project management arrangements be noted.
- (ii) That the process of delegation to the Managing Director to streamline the decision making process be noted.
- (iii) That future reports to the Committee on programme/project delivery be accompanied by a dashboard and timeline.

12. Leeds City Region Growth Deal Delivery (Rounds 1 & 2): 2016/17 and Growth Deal 3 Update

The Committee considered a report which provided an update on Growth Deal delivery planning for 2016/17 and beyond, including a proposed revised annual spend profile up to 2020/21 and the Leeds City Region Growth Deal 3 bid

Progress on delivery

Members noted the profile of spend by Quarter for 2016/17 and the split of committed and pipeline spend.

The Committee discussed the summary of progress made in each of the Priority areas as detailed in paragraph 2.5 of the submitted report and were pleased to note the progress which had been made to date, particularly in the following areas:-

- Priority 2 (Skilled people, better jobs) - the majority of projects had been contracted and were operational and Shipley College had been completed.
- Priority 4b (Infrastructure for Growth – West Yorkshire Transport Fund) – the Fund was forecast to spend the full allocation of £280.90m through to March 2021 with the Wakefield Eastern Relief Road due for completion later in the year and the Aire Valley Park and Ride project currently in delivery.

Revised Growth Deal annual spend profile

The Committee recognised that it had been a challenge for the LEP and WYCA to establish a team of sufficient size and experience to deliver the City Region's Growth Deal programme and were confident that the work underway to establish a Portfolio Management Office, as reported at Agenda Item 5, would ensure that, going forward, WYCA and the local authorities would have the skills and capabilities to provide the necessary focus on delivery. Members discussed the importance of officers from WYCA liaising with local authorities to ensure that the necessary resources were available to deliver at each stage of a project with the possibility of sharing resources to achieve the end goal.

An exercise had been carried out to analyse the likely outturn for 2017/18 in order to inform WYCA's bid for Growth Deal 3 funding. It was suggested that likely spend for 2017/18 would be £86 million against the original £127.7m allocation, although it was hoped to exceed that target. The table at paragraph 3.3 of the report set out the revised profile of Growth Deal spending for 2017/18 and subsequent financial years up to 2020/21 showing a more realistic investment profile which would enable WYCA to more effectively deliver the existing Growth Deal schemes that it had not been possible to commission as quickly as was originally planned.

Members were keen to ensure that the current funding pot was spent to minimise the risk of losing out in the next round of bidding and felt that it would be helpful to have a dashboard and timeline indicating the stage of each project to act as an early warning system which could trigger remedial action much sooner to get projects back on track.

Members noted that a more robust presentation of the figures contained in the report with a detailed spending profile would be presented to the Committee at its November meeting.

Leeds City Region Growth Deal 3 bid

The Committee discussed the details of the Leeds City Region's Growth Deal 3 bid to government of £109m which had been submitted on 28 July, the outcome of which was expected to be announced in the autumn statement.

It was reported that the proposals in the Growth Deal 3 submission focussed on new challenges and opportunities which had been identified in the revised Strategic Economic Plan and on gaps in the existing Growth Deal allocation centred on the

ambition to support advanced manufacturing, maximise inward investment and raise productivity through two focused and strategic packages of investment.

It was anticipated that the proposed investments would make a significant additional contribution to SEP targets and to the long term growth trajectory enabling the creation of up to 10,000 additional jobs and adding an extra £1 billion annual economic output by 2036 whilst also delivering a positive return on investment – for every £1 of Growth Deal investment there would be potential to deliver a return of £9.

It was reported that a number of the Growth Deal 3 projects offered the opportunity to achieve further spend in 2016/17 and it was therefore intended to seek to progress those ahead of the official confirmation of the outcome of the bid with mandates being presented to the next meeting of the Committee.

Resolved: That the progress made to date in planning for 2016/17 be noted and the proposed revised Growth Deal annual spend profile as set out in the submitted report be endorsed.

13. Capital Spending and Project Approvals

The Committee considered a report on the following:

- Proposals for the progression of, and funding for, a number of West Yorkshire Plus Transport Fund and Growth Deal projects;
- revised funding proposals relating to the One City Park project in Bradford;
- a proposal for a Leeds City Region Enterprise Partnership Loan to LL309;

West Yorkshire Plus Transport Fund project approvals

Leeds New Station Street – Gateway 1

The project, supported by Network Rail who own the land, and Leeds City Council, is aimed at improving the pedestrian environment along New Station Street, the main access point into Leeds Station, ahead of a wider package of improvements to the City Square area and larger scale changes to the station.

The Committee were asked to consider recommending approval of funding of £125,000 to progress the scheme through Gateway 1 allowing Network Rail to complete detailed design work, undertake procurement and obtain the relevant industry approvals and any other statutory consents required. Members expressed concern at the 2017/18 timescale for delivery of the scheme and the delay in Network Rail progressing the GRIP2 feasibility study of the proposals. It was agreed that WYCA's concerns be discussed with Network Rail.

It was proposed that, given the low risk and value of the project, approval to this and subsequent gateways and funding decisions be exercised by the Managing Director under his delegation.

Leeds Station Gateway (Yorkshire Hub) Development – Reference Case Masterplan

WYCA had been developing proposals for the Leeds Station Gateway linked closely to the integration of the future HS2 station and development and upgrade of the existing Leeds Station into the Yorkshire Hub putting HS2 at the heart of the Leeds City Region rail network. A Reference Case Masterplan was required to develop Leeds Station/the Yorkshire Hub bringing all elements of rail, transport and regeneration into one plan. The work would be jointly funded by the Combined Authority, Leeds City Council and Transport for the North and managed by the HS2 Growth Partnership.

The Committee were asked to consider, for recommendation to the Combined Authority, approval of funding of £400,000 to progress the scheme to Gateway 1 in order to develop a Reference Case Masterplan. Given the complexities of the proposals it was proposed that further stages of the project be brought back to the Investment Committee for consideration prior to seeking approval for any further funding.

Mirfield to Dewsbury to Leeds (A653) corridor – Mandate

Members noted that the original proposals for the scheme, previously approved by the Combined Authority in December 2014, were no longer considered fit for purpose as key Local Plan and Housing Site allocations had been reviewed and economic growth targets were no longer valid. A revised, enhanced and strengthened mandate had therefore been developed to ensure the project scope fully reflected the changing landscape within the corridor linking north Kirklees and south west Leeds.

The original mandate had an approved budget of £80,000. However, given that the scope and scale of the scheme had materially changed, the Committee were asked to consider, for recommendation to the Combined Authority, approval of an additional £130,000 to allow progression of the scheme to Gateway 1.

East Leeds Parkway at Thorpe Park – Mandate

Members noted that the original mandate for an East Leeds Parkway station was for a station at Micklefield linked to a Network Rail scheme to move the station. The Network Rail scheme was no longer to be progressed and WYCA had since commissioned further work to understand the preferred station location. The outcome of the work indicated that a parkway station at Thorpe Park would be the best location to support housing in east and north east Leeds, facilitate sustainable commuting into Leeds and further afield, and aligned with rail industry plans in terms of the Transpennine Route upgrade.

In view of the substantial change to the project, the Committee were asked to recommend to the Combined Authority for approval, the revised mandate for a new station at Thorpe Park and funding of £500,000 to develop the project to Gateway 1.

Whilst supporting the Thorpe Park scheme, members asked that consideration be given to a station at Elland which had previously been considered in the 2014 New Station Study. It was agreed that a briefing note would be provided to Councillor Swift, Deputy Chair of WYCA and Chair of the Calder Valley Line Working Group.

Halifax Station Gateway – Mandate

The Halifax Station Gateway project is complementary to parallel improvements planned within Halifax Town Centre as part of the A629 Phase 2 scheme which collectively will see improved accessibility and reduced journey times, upgraded public transport infrastructure, introduction of enhanced highway connectivity improving journey times through the eastern gateway of the town, access to new development land and upgrades to the bus and rail stations.

The Committee were asked to recommend to the Combined Authority for approval, the updated mandate and funding of £160,000 to progress the project to Gateway 1. At the Gateway 1 stage the project would be brought back to the Investment Committee for consideration.

Local Growth Fund project approvals

Tackling Fuel Poverty Programme Phase 2

The Committee considered a request for investment of £1,011,200m Local Growth Fund grant towards the Phase 2 works of the Fuel Poverty Programme aimed at addressing fuel poverty amongst some of the most vulnerable households in the Leeds City Region through a range of energy efficiency improvements. Phase 2 covered the second tranche of projects submitted jointly by York, Selby, Harrogate and Craven Councils.

The project had been mandated by the Combined Authority and it was proposed that funding approvals be progressed through the delegation to the Managing Director.

Wakefield Civic Quarter

The Committee considered a request from Wakefield Council for a grant investment of £1.1m to facilitate the acquisition of 2 key sites to enable the creation of a Civic Quarter in central Wakefield. The main objective of the project was to restore and convert historic buildings, bringing them back into use while delivering economic development activity, infrastructure and jobs.

The project had been mandated by the Combined Authority and it was proposed that funding approvals be progressed through the delegation to the Managing Director to oversee final terms and conditions.

Bradford New Bolton Woods

Members discussed the project which was part of a major mixed-use regeneration scheme in the Bradford-Shipley Canal Road Corridor in the form of a sustainable urban village providing over 1,000 new homes. The first phase of residential development providing 50 homes had been delivered and development was expected to commence in early 2017 on phase 2 to provide retail/commercial space. Members considered the request for a grant of £3.6m to address development costs and facilitate Phase 3 of the scheme to deliver a further 147 new homes.

The Committee were asked to consider recommending to the Combined Authority the progression of the New Bolton Woods project to full business case development. Further information and project costs would be provided to the next meeting of the Committee.

One City Park

Members discussed One City Park, a project aimed at supporting the sustainable regeneration of Bradford City Centre, following the demolition and redevelopment of the Tyrls Police Station. The development of 8,500 sqm of high quality office space would result in the creation of 452 jobs and 370 temporary construction jobs and was expected to be a catalyst for private sector investment in the area

A funding package of £5.2m for the project had been endorsed by the Committee in January 2015 with the 'loans first' principle applied with the intention that profit generated by the project would repay the loan. Bradford Council entered into a loan for the first tranche of £400,000 which they have undertaken to repay in 2015/16. However, the project will not support a loan for the remaining £4.8m of the allocation. It had been recognised that the delivery of some projects was being constrained by the 'loans first' principle and in response the Combined Authority and LEP were developing a policy recommending that a proportion of the Local Growth Fund be spent on grant where there was a viability gap or where market failure could be demonstrated.

The Committee were asked to consider recommending to the Combined Authority that a grant of £4.8m be given to Bradford Council to be spent on works, compliant with state aid rules, to facilitate the development of future offices at One City Park subject to a number of conditions as detailed in paragraph 3.22 of the submitted report.

Leeds City Region Enterprise Partnership Loan to LL309

It was reported that the LEP Investment Panel had recently considered an application from a specialist manufacturer of commercial office electrical cable management solutions in the Wakefield District for a £1m loan and £0.5m grant to support expansion plans, including a move to larger premises bringing operations under one roof. This would increase production efficiency and at the same time provided increased production capacity as well as future expansion space. The

Committee were asked to consider a recommendation from the LEP Investment Panel to approve the loan in principle (subject to final due diligence and agreement on terms).

Leeds City College

The Committee received a presentation from Colin Booth, Chief Executive of Leeds City College in respect of their request for grant funding from the Skills Capital Programme.

Mr Booth explained to members the College's strategy to rationalise their current poor quality estate at Park Lane and to relocate a large percentage of teaching from the site to two new buildings at Quarry Hill in order to accommodate a Health and Caring Services building and a Digital and Creative Arts building, including expansion space for Leeds College of Music. The project would also refurbish Block B of Park Lane although the College's estate strategy was to ultimately dispose of the whole of the Park Lane site once additional funding was available to do so. Members enquired about the rationale behind refurbishing Block B instead of moving all students to Quarry Hill. The College acknowledged that this was not an ideal situation but that it was a necessary step at the current time to enable them to accommodate student numbers.

Members discussed with Mr Booth the College's long term vision, projected student numbers for the next 10-20 years, property strategy and estate valuation.

The Committee were asked to consider the College's request for a funding package of £42,200,000 to include a Growth Deal grant of £33,400,000 and a cash flow facility (loan) of £8,800,000. The total cost of the project is £49,530,000 made up of the funding package request together with a £7,330,000 cash contribution from the College.

Members discussed the detail of the funding request and asked that a report be brought back to the Committee once further due diligence had been undertaken and that the report provide detailed information on the College's vision for the future, projected student numbers, a property strategy and an accurate valuation of the College's disposable assets.

Resolved:

- (i) To recommend to the Managing Director the progression of **Leeds New Station Street** to Gateway 1 and approval of £125,000 to allow it to progress to Gateway 3 and further that subsequent gateway approvals and funding decisions be exercised by the Managing Director subject to the project not exceeding the time and cost estimates set out in the report.
- (ii) That contact be made with Network Rail to discuss the Investment Committee's concerns at the 2017/18 timescale for delivery of the Leeds

News Station Street scheme and the delay in Network Rail progressing the GRIP2 feasibility study of the proposals.

- (iii) To recommend to the Combined Authority the progression of **Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan** to Gateway 1 and approval of £400,000 to allow this work to be undertaken and that Gateway 1 be brought back to the Investment Committee for its consideration.
- (iv) To recommend to the Combined Authority the progression of **Mirfield to Dewsbury to Leeds (A653)** to Gateway 1 and approval of an additional £130,000 to allow this work to be undertaken and that Gateway 1 be brought back to the Investment Committee for its consideration.
- (v) To recommend to the Combined Authority the progression of **East Leeds Parkway at Thorpe Park** to Gateway 1 and approval of £500,000 to allow this work to be undertaken and that Gateway 1 be brought back to the Investment Committee for its consideration.
- (vi) To recommend to the Combined Authority the progression of **Halifax Station Gateway** to Gateway 1 and approval of £160,000 to allow this work to be undertaken and that Gateway 1 be brought back to the Investment Committee for its consideration.
- (vii) To recommend to the Combined Authority the approval of the following full business case requests for 2016/17 Local Growth Fund Priority 4, Housing and Regeneration projects with the funding approvals to be progressed through the delegation to the Managing Director:-
 - **Fuel Poverty Phase 2** – a grant of £1,011,200m Local Growth Funding
 - **Wakefield Civic** – a grant of £1.1m Local Growth Funding, subject to conditions
- (viii) To recommend to the Combined Authority the progression of the **New Bolton Woods** project, under 2016/17 Local Growth Fund Priority 4, Housing and Regeneration projects, to full business case development.
- (ix) To recommend to the Combined Authority that the **One City Park** project in Bradford is allocated a grant of £4.8m, subject to the following conditions, the detail to be progressed through the delegation to the Managing Director:
 - The viability gap of the project is tested, to establish the maximum amount of grant required, any remainder to be made available as further loan.
 - If the building work on the actual office blocks is not commenced by March 2019, any amount of grant drawn down shall become immediately repayable and any amount not drawn down shall be

cancelled. This will ensure that the offices are built in time to contribute to the Local Growth Fund job targets.

- That the Council enters into a further agreement with the Combined Authority with overage and/or clawback provisions covering the circumstances when any or all of the grant would be repaid.

(x) To recommend to the Combined Authority for approval in principle a £1m LEP Loan for economic development to **LL309** subject to final due diligence and agreement on terms to be delegated to the Managing Director.

(xi) That in respect of the **Leeds City College** request for grant funding, to recommend to the Combined Authority:

- the approval, in principle, of the Leeds City College business case for a funding package of £42,200,000, made up of a £33,400,000 grant and an £8,800,000 repayable cash flow facility;
- that the project be brought back to the Investment Committee for its consideration once further due diligence has been undertaken and that detailed information requested by the Committee be provided on the College's vision for the future, projected student numbers, property strategy and an accurate valuation of the College's disposable assets.