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Report	West Yorkshire and York Investment Committee
Date	12 July 2017
Subject	Leeds City Region Growth Deal Delivery

1. Purpose

- 1.1. To update the Committee of progress made towards the achievement of Key Performance Indicators and on the implementation of the Growth Deal programme.

2. Key Performance Indicators

- 2.1. At the last meeting the Investment Committee considered Key Performance Indicators proposed in order to monitor the progress of the Growth Deal 2017/18. There are seven KPI's, which aim to drive achievement within the first 6 months of 2017/18 and trigger payment of the remaining funding after the end of October 2017. Two of the KPI's have a target date at the end of June and one at the end of July. The progress towards achievement of these outputs is as follows:

Key Performance Indicator	Progress Towards Achievement
<p>WYCA is undergoing a One Organisational design process. Business cases for Delivery and Policy and Strategy have been approved in March / April 2017. These include 8 programme management posts, 11 project definition / development posts and 22 project management posts.</p> <p>KPI 1 - 75% of these posts will be filled by end June. Remaining posts will either be recruited internally or externally appointed by end September.</p>	<p>The new Delivery Directorate structure populated with internal appointments will be fully in place by the 30 June 2017.</p>
<p>WYCA and project sponsors (LAs) have identified a need for between 20 and 25 FTE posts to accelerate project development and address specific skills gaps. This resource requirement will be met via direct recruitment and where gaps remain through recruitment of a strategic partner.</p> <p>KPI 2 - At least 10 appointments will be made,</p>	<p>Appointments have been made by a number of individual authorities. A recruitment consultant has been appointed following receipt of tenders. The first interviews are planned to take place in early to mid-July.</p>

and a decision taken on how to cover remaining gaps (including possible appointment of a strategic partner to provide consultancy support), by end of July. Strategic partner (or equivalent) will be appointed by end of September.	
<p>WYCA and LAs have identified a need to boost capacity to drive housing and regeneration projects in to full development (ie. beyond initial feasibility/demolition/enabling works).</p> <p>KPI 3 - WYCA and LAs, with the HCA where appropriate, will identify by end June the additional capacity required to accelerate the delivery of housing and regeneration projects (and associated housing and employment outputs). Arrangements to address the identified capacity gap will be in place by end of September.</p>	Capacity requirements have been identified.

- 2.2. The Investment Committee considered progress of all outputs at the June meeting including the remaining four where the deadline for achievement is at the end of September. There is no further progress to report on these outputs at this time however they are on track to achieve in accordance with target.

3. Growth Deal Expenditure and Delivery

- 3.1. Monthly monitoring of expenditure against profile has now commenced for the 2017/18 financial year. The table below details target expenditure for the year and the first quarter, actual spend and percentage against target.

	Target spend 2017/18	Target Spend Quarter 1	Spend to end May 2017	% of 2017/18 target
Priority 1 - Business	£13.52m	£0.59m	£1.85m	14%
Priority 2 - Skills Capital	£29.33m	£3.03m	£0.51m	1.5%
Priority 3 - Environmental Infrastructure	£8.07m	£0.46m	£0.08m	0.1%
Priority 4a - Housing & Regeneration	£3.87m	£0.15m	£0	
Priority 4b - West Yorkshire + Transport Fund	£37.46m	£0.80m	£0	
Priority 4c - Flood Resilience	£2.00m	£0	£0	
Priority 4d - Enterprise Zones	£4.00m	£0	£0	

WYCA Programme Management	£1.90m	£0	£0	
Total	£100.15m	£4.22m	£2.44m	2.4%

- 3.2. In reviewing the table it should be noted that whilst spend on the WYCA internally delivered projects (included in Priorities 1, 3 and 4b), as well as Skills Capital and Housing projects, is monitored each month, the partner led WY+TF projects submit quarterly claim forms so spend on these projects can only be updated at the end of each quarter.
- 3.3. The attached Growth Deal Dashboard at **Appendix 1** and Growth Deal Pipeline at **Appendix 2** detail the latest forecast expenditure and provide a RAG rating of each project. Although it is too early in the year to determine how the Growth Deal is performing against its annual target of £100.15m the forecast spend is currently £95.34m, this reduction is due to changes made to forecast expenditure following direct consultation with partner organisations on the spend targets for each project. This shortfall against target will be addressed through changes in project spend during the year and the development of projects in pipeline.
- 3.4. A number of projects are currently assessed as Red rated, the reasons for these are detailed below:
- **Huddersfield Incubation and Innovation Unit**
Huddersfield University has reported that a change request will be submitted on this project which is likely to come forward for consideration by the Investment Committee at its next meeting in September. Expenditure on the project cannot be achieved until the change request is considered.
 - **Energy Accelerator**
A revised application was submitted in May 2017 to the European Investment Bank for the match funding for this project. Following negotiation the funding requested has been reduced from €5.5m to €3.5m (this reduction will not impact on Growth Deal spend). Clarification was requested by the EIB on a number of points, this has now been provided. A decision on the application is expected by the end of July 2017.
 - **Leeds District Heat Network**
The Combined Authority agreed conditional approval to additional funding for this project up to £10m subject to receipt of further information and confirmation of business rates. A revised proposal is due to come forward for consideration through the Assurance Process in the autumn. Leeds City Council has confirmed that there will be no expenditure on the project in 2017/18, expenditure will commence in 2018/19.
 - **WY+TF Pipeline**

Projects to the values of £21.6m in this financial year are currently included in the WY+TF pipeline, this represents 66% of the total programme pipeline. The majority of this spend relates to three projects: East Leeds Orbital Road £8.5m, A629 Phase 1a £4.5m and Rail Station Car Parks £5.8m.

4. Financial Implications

4.1. As set out in the report.

5. Legal Implications

5.1. There are none arising directly from this report.

6. Staffing Implications

6.1. There are none arising directly from this report.

7. Recommendations

7.1. It is recommended that the Investment Committee notes the progress towards achievement of the KPI's and the implementation of the Growth Deal.

8. Background Documents

8.1. None.