

**MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY
TO BE HELD ON THURSDAY 4 FEBRUARY 2016 (11.00 am)
AT WELLINGTON HOUSE, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
 - 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
 - 3. EXCLUSION OF THE PRESS AND PUBLIC**
 - 4. MINUTES OF THE MEETING HELD ON 20 NOVEMBER 2015**
(pages 5 - 11)
-

Matters For Decision

- 5. BUSINESS FLOOD RECOVERY FUND**
(Member lead: Cllr Blake, Author: Rob Norreys)
(pages 12-17)
- 6. GROWTH DEAL APPROVALS**
(Member lead: Cllr Green, Author: Ian Gray)
(pages 18 - 44)
- 7. BUSINESS PLAN AND BUDGET 2016/17**
(Member lead: Cllr Box, Author: Angela Taylor)
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- 8. OFFICER ARRANGEMENTS – OFFICER DELEGATION SCHEME**
(Member lead: Cllr Box, Author: Angela Taylor/Nick Winney)
(pages 75 - 89)

- 9. RAIL NORTH AND TRANSPORT FOR THE NORTH**
(Member lead: Cllr Wakefield, Author: John Henkel)
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Matters For Discussion

- 10. STRATEGIC ECONOMIC PLAN REFRESH**
(Member lead: Roger Marsh, Author: Rob Norreys)
(pages 101 - 147)
- 11. FEEDBACK FROM COMBINED AUTHORITY SPOKESPERSONS REPRESENTING THE WYCA ON EXTERNAL BODIES (Verbal Update)**
- 12 January 2016 – Rail North Association (Cllr Wakefield)
-

For Information

- 12. (a) MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 23 SEPTEMBER 2015**
(pages 148 - 152)
- (b) MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE HELD ON 9 OCTOBER 2015**
(pages 153 - 162)
- (c) MINUTES OF THE MEETING OF THE WEST YORKSHIRE & YORK INVESTMENT COMMITTEE HELD ON 3 NOVEMBER 2015** (pages 163 - 167)
- (d) MINUTES OF THE MEETING OF THE GOVERNANCE & AUDIT COMMITTEE HELD ON 19 NOVEMBER 2015** (Draft to be approved at the next meeting of the Committee on 9 February)
(pages 168 - 173)

- (e) **MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON 2 DECEMBER 2015** (Draft to be approved at the next meeting of the Committee on 16 February)
(pages 174 - 178)

- (f) **MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE HELD ON 11 DECEMBER 2015** (Draft to be approved at the next meeting of the Committee on 26 February)
(pages 179 - 191)

Signed:

A handwritten signature in black ink, appearing to read 'AS Little', is written over a light blue rectangular highlight.

Head of Paid Service WYCA

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

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

Compilation of Agenda by:	Angie Shearon
Telephone No:	Leeds (0113) 251 7220
Date:	27 January 2016

ITEM 4

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE COMBINED AUTHORITY
HELD ON FRIDAY 20 NOVEMBER 2015 AT WELLINGTON HOUSE, LEEDS**

Present:	Cllr Peter Box (Chair)	-	Wakefield MDC
	Cllr Tim Swift (Dep Chair)	-	Calderdale MBC
	Cllr David Green	-	City of Bradford MBC
	Cllr David Sheard	-	Kirklees MC
	Cllr Judith Blake	-	Leeds City Council
	Cllr Stewart Golton	-	Liberal Democrat Representative (Leeds City Council)
	Cllr Andrew Carter	-	Conservative Representative (Leeds City Council)
	Cllr Stephen Baines	-	Conservative Representative (Calderdale MBC)
	Roger Marsh	-	Leeds City Region LEP
	In attendance:	Cllr Keith Wakefield	-
Adrian Lythgo		-	WYCA
Nick Winney		-	WYCA
Angela Shearon		-	WYCA

49. Apologies for Absence

Apologies for absence were received from Councillors Keith Aspden, Chris Steward and Jeannette Sunderland.

50. Declarations of Disclosable Pecuniary Interests

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

51. Exclusion of the Press and Public

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

52. Minutes of the Meeting held on 17 September 2015

Resolved: That the minutes of the meeting of the WYCA held on 17 September 2015 be approved and signed by the Chair.

53. Leeds City Region Growth Deal Delivery and Budget Approvals

The Authority considered a report which provided an update on the status of the Growth Deal budget for 2015/16 and seeking approval to Growth Deal funding packages for several programmes and projects scheduled to commence delivery in 2016/17.

Growth Deal Delivery 2015/16

Members were given an update on delivery of the Growth Deal and noted the progress to date on projects such as the Business Growth Programme, capital investment in further education colleges, housing and regeneration projects and the Wakefield Eastern Relief Road.

It was reported that due to the risks and challenges involved in delivering a major capital programme such as the Growth Deal, unexpected changes had meant that some expenditure would not go ahead as planned in the current year, details of which were set out in paragraph 2.2 of the submitted report. The Investment Committee had, in recent meetings, examined progress in delivering the Growth Deal allocation for 2015/16 and had made every possible effort to identify replacement schemes where original plans had been delayed or amended.

Members noted that the Government had now provided clarification regarding the ability to spend Growth Deal funding on other projects. Confirmation had been received that it was permissible for Growth Deal funding earmarked for projects planned for the current financial year to be re-allocated to other capital projects in the knowledge that the equivalent sum would be available to add to Growth Deal resources in 2016/17. It was noted that the option to carry unused funding forward into 2016/17 was not permissible.

Funding Recommendations: Leeds City Region Growth Deal 2016/17

It was reported that in preparation for delivery of the City Region's Growth Deal programme for 2016/17, the Investment Committee had considered, and recommended for approval, the following funding packages:-

- Access to Capital Grants programme – a new business support offer to encourage innovation and local supply chains and to help start-ups;
- Four new Skills Capital schemes to modernise Further Education Colleges in Bradford, Selby, Shipley and Wakefield;

- the Resource Efficiency Fund - a further new business support product to promote the more efficient use of energy, water and waste in the City Region;
- the Energy Accelerator - to fill a gap in the market and develop major energy efficiency and renewable energy projects to the point where they are investment-ready;
- the next stage of work on the Aire Valley Park and Ride scheme (part of the West Yorkshire plus Transport Fund) to proceed with procurement and land purchase.

Details of the schemes were set out in the submitted report.

Members discussed progress with work on the Wakefield Eastern Relief Road which would, in addition to the transport benefits, also open up land development opportunities and welcomed the recent extension to the concessionary fare offer to all 16-18 year olds which would particularly benefit those undertaking apprenticeships.

Members welcomed the very significant progress made in delivering schemes to date and noted that, including the schemes requiring approval above, the WYCA had to date authorised £76.5m of Growth Deal investments that by 2021 will have created 5,800 jobs, built 800 new homes, constructed 58,000m² of new commercial floor space and levered an additional £350m of private investment into the City Region.

Resolved:

- (i) That, subject to completion of the appropriate due diligence and confirmation of funding following the Comprehensive Spending Review, grant funding be approved as follows:-
- (a) £15.7m from 2016/17 to 2020/21 to support the Access to Capital Grants programme;
 - (b) £3.327m in 2016/17 to support the proposal from Wakefield College;
 - (c) £693,748 in 2016/17 to support the proposal from Selby College;
 - (d) £300,000 in 2016/17 to support the proposal from Shipley College;
 - (e) £250,000 in 2016/17 to support the proposal from Bradford College;
 - (f) £720,000 from 2016/17 to 2018/19 to support the Resource Efficiency Fund; and
 - (g) £640,000 in 2016/17 to 2018/19 to support the Energy Accelerator.
- (ii) That, should the applications for further EU funding for the Resource Efficiency Fund and Energy Accelerator projects not be successful, the Investment Committee be asked to re-examine the relevant business case(s).

- (iii) That progression of the Aire Valley Park and Ride project through Gateway 2, together with expenditure of up to £2.823m from Growth Deal transport funding, be approved.

54. West Yorkshire Area Based Review of Post-16 Education

The Authority considered an update report on the recently announced Area Based Reviews of post-16 Education.

It was reported that on 29 September 2015 a letter was issued by David Collins, the FE Commissioner, and Peter Mucklow, the Sixth Form College Commissioner, to Local Authorities, the Leeds City Region Enterprise Partnership and FE/Sixth Form Colleges announcing that an Area Based Review was to be undertaken of post-16 education in West Yorkshire, commencing in November 2015. The objective of the review would be to support the restructuring of the post-16 education and training sector by ensuring that education institutions are strong and resilient and meet the needs of young people, businesses and communities now and in the future. The following 11 further education and sixth form colleges have been informed that they will be in the scope of the review:-

- Bradford College
- Calderdale College
- Kirklees College
- Leeds City College
- Leeds College of Building
- Shipley College
- Wakefield College
- Greenhead College
- Huddersfield New College
- New College Pontefract
- Notre Dame Catholic SFC

Members noted that West Yorkshire Leaders had been consulted on the leadership, timing and geographical scope of the review and that a steering group had been established to undertake the review comprising of chairs and principals of the colleges, representatives from all 5 Local Authorities, the LEP, the Regional Schools Commissioner, Further Education Commissioner and Sixth Form Colleges Commissioner, funding agencies and the Department for Business, Innovation and Skills. The group would be chaired by Cllr Green in his capacity as Deputy Chair of the LEP's Employment and Skills Panel and Chair of the Authority's Investment Committee.

Councillor Green reported that he had met with the FE Commissioner, David Collins and had stressed the fundamental principle that the review should be founded on the Strategic Economic Plan and the Skills Plan and its priority should be to arrive at the best outcome for the area. The FE Commissioner had, however, made it very clear that the intention of the review was to rationalise provision and realise savings.

Members discussed the negative impact that this would have on the quality of further education provided in West Yorkshire, particularly on top of the government cuts to funding which had already taken place. It was recognised that further education gives those young people leaving school without the necessary skills to succeed in the labour market, a chance to acquire those skills and also provided an opportunity for more mature students to re-train.

Members considered that it would be beneficial to review sixth form provision in schools at the same time as reviewing FE college provision whilst recognising that, as school sixth form provision was covered by the Department for Education rather than the Department for Business, Innovation and Skills (who are leading the review), this may not necessarily happen.

It was reported that a letter would be sent to the Secretary of State for Education requesting that a moratorium be imposed on changes to sixth form provision until the steering group had concluded the review and reported back. It was understood that the final report of the Group would remain confidential, although an Executive Summary would be published.

Dates had been scheduled for the steering group to meet between November 2015 and March 2016.

Resolved:

- (i) That the review of Post-16 Education be noted.
- (ii) That a further report on the review of Post-16 Education be submitted to a future meeting of the Authority.

55. Leeds City Region Strategic Land and Assets Board

The Authority considered a report on the establishment of the Leeds City Region Strategic Land and Assets Board.

It was reported that in March 2015 it had been agreed with the government that a Joint Leeds City Region Assets Board would be established with the Homes and Communities Agency (HCA) to jointly consider and make recommendations on the use, re-use and disposal of public sector land and assets, including rationalisation of the public estate. The aim of the Board was to identify suitable public sector land for development, taking a strategic view on the use of surplus public sector land whilst seeking to maximise the delivery of the LCR Strategic Economic Plan objectives and targets; particularly housing and economic growth.

Initially work would focus on mapping and considering land and assets from Network Rail, Highways England, NHS Trusts, Homes & Communities Agency and government departments such as the Ministry for Justice and Ministry of Defence, but with a view to considering the inclusion of Local Authority land and assets in due course.

The Board would report to the WYCA Investment Committee on land and asset acquisition proposals; although policy and strategy issues would continue to be reported through the WYCA and LEP Board. It was proposed that a principle be established that the WYCA/LEP has first right of refusal on buying land and assets.

Resolved:

- (i) That the key issues and principles raised in the submitted report with regards to the establishment of a Leeds City Region Strategic Land and Assets Board be noted.
- (ii) That proposals for the Leeds City Region Strategic Land and Assets Board to replace the existing LCR HCA Board, and to hold its first meeting in February, be noted.
- (iii) That authority be delegated to the Head of Economic Strategy, in liaison with the West Yorkshire and York Investment Committee, to finalise and agree the Terms of Reference for the City Region Strategic Land and Assets Board in liaison with the Homes and Communities Agency, and to report the Terms of Reference back to the WYCA at a future meeting.
- (iv) That the operations and activities of the Leeds City Region Strategic Land and Assets Board be reported back to future meetings of the WYCA on a periodic basis.

56. Organisational Development

The Authority considered a report on management arrangements for the Leeds City Region Enterprise Partnership (LEP) Loans.

It was reported that in 2011, the Government announced the Growing Places Fund (GPF) to help deliver the key infrastructure required to promote economic growth, create jobs and build homes. At that time, Leeds City Council were nominated by the LEP to act as the accountable body for managing the fund, with the LEP taking a strategic role in deciding how best to direct funds.

The third round of funding provided LEP loans of between £500k and £1m to businesses to invest in capital projects. Members noted that the loan fund was only able to be used to provide loans where there was no possibility of private finance being used and inevitably this meant taking on projects with a significant degree of risk attached to them; although assessment of risk was undertaken as part of project appraisal and, wherever possible, risk mitigation and security taken.

Members noted that the WYCA had now taken over the role of accountable body for funding received post 1 April 2015 and consequently the arrangements for managing LEP loans would need to be re-considered. It was proposed that the existing loans, issued when Leeds City Council were the accountable body, should continue to be

managed by them and monitored by WYCA but that WYCA should take on full responsibility for issuing any new loans made by the LEP through its LEP Loan Fund.

Resolved: That the West Yorkshire Combined Authority becomes the accountable body for new loans made from the LEP Loan Fund and monitors the existing loans previously made on behalf of the LEP by Leeds City Council.

57. Appointment of Managing Director

The Authority considered a report detailing the recommendations of the Recruitment Panel regarding the post of Managing Director for the West Yorkshire Combined Authority.

It was reported that, following a process of advertising, shortlisting and interviewing, the Recruitment Panel were recommending, for approval by the Authority, the appointment of Ben Still to the post of Managing Director on the terms previously agreed and as advertised for the post.

Resolved: That Ben Still be appointed to the position of Managing Director for the WYCA.

58. Minutes of the meeting of the West Yorkshire & York Investment Committee held on 6 October 2015

Resolved: That the minutes of the meeting of the West Yorkshire & York Investment Committee held on 6 October 2015 be noted.

Originator: Head of
Economic
Strategy and
LEP Director



ITEM 5

Report to: Combined Authority

Date: 4 February 2016

Subject: Business Flood Recovery Fund

1. Purpose

- 1.1 To seek approval for establishing a Business Flood Recovery Fund to support critical capital investment by those businesses in Leeds City Region affected by the recent flooding. The funding would be used to support businesses in the process of returning to their pre-flood level of operation.
- 1.2 To seek approval for making an initial investment of up to £1.4m into the fund from WYCA's Local Growth Fund (LGF) allocation in 2015/16 (specifically the Business Growth Programme budget), with a view to increasing this by a maximum of £3.6m from WYCA's 16/17 LGF allocation. This would be dependent on the level of demand for, and take-up of, the funding.
- 1.3 To seek views on the merits of developing a mechanism to assist the cash flow of businesses that have been affected either directly or indirectly due to supply chain disruption. This would provide funding on a returnable basis only.

2. Information

Background and impact of floods

- 2.1 Storm Eva hit Leeds City Region between 25th and 27th December 2015. It has severely affected several districts with homes, communities and businesses all suffering as a result.
- 2.2 Initial assessment suggests that the economic impact could be in the order of £365m. Further work is being conducted to provide a more detailed assessment with partners such as the Environment Agency - and this figure does not consider the economic impact of the residential flooding damage.

- 2.3 In terms of businesses, those in Calderdale (Hebden Bridge, Sowerby Bridge, Elland, Brighouse, Mytholmroyd and Todmorden), Leeds (Kirkstall, Hunslet/Stourton and Otley), York and Bradford (Shipley and Bingley) have been the most severely affected, but there are also pockets of major disruption in Selby (Tadcaster), Wakefield (Horbury), Harrogate and Kirklees (Mirfield).
- 2.4 Although the situation on the ground is changing on a daily basis, current intelligence from Local Authorities, the Manufacturing Advisory Service (MAS) and the Chambers of Commerce, indicates that there are approximately 2,200 businesses affected to date, the majority in Calderdale.
- 2.5 The level of impact varies from business to business and from location to location, but it is clear that many strategically important businesses (often key manufacturers with significant numbers of employees and supply chain linkages) have had premises and equipment damaged or completely written-off. This could clearly have an impact on job losses across the city region, with Leeds alone estimating that up to 500 jobs are at risk.
- 2.6 Many of these businesses have stated an intention to relocate their operations either temporarily or permanently. This will result in significant capital costs for new or replacement equipment, machinery, premises and property fit-out. In addition, it appears that many businesses were not covered for flood damage within their insurance policies. The main reasons for this are that their locations have never previously flooded, the cost of insurance is prohibitively high or insurance could not be provided.
- 2.7 The table below provides the current best estimate of the number of businesses affected by the floods in the city region:

District(s)	Estimated Number of Businesses Affected
Calderdale	1250
Leeds	500
York	200
Rest of North Yorkshire in LCR	100
Bradford	100
Wakefield	20
Kirklees	10
TOTAL	2,180

- 2.8 Intelligence gathered from speaking directly with businesses in the worst-affected areas (mostly undertaken by Local Authorities and MAS) would suggest that there are approximately 100 businesses that need to make significant investment in capital equipment in order to recommence or maintain their operations. These are mostly, but not exclusively, manufacturers.

Current support for flood-affected businesses

- 2.9 A package of funding for businesses affected (SMEs only i.e. less than 250 staff) is currently available via Local Authorities in Leeds, Calderdale, York & North Yorkshire and Bradford. This consists of three elements: - 1. Business Recovery Grant (up to £2,500 as a rapid response grant to help businesses return to trading or keep trading). 2. Business Rates Relief (rates relief for businesses affected for a minimum of three months and possibly beyond depending on individual cases). 3. Flood Resilience Grant (up to £5,000 for improvements to a property's resilience to future flood damage over and above repairs that take place as part of an insurance claim).
- 2.10 Discussions are ongoing with Government regarding the potential allocation of funding to support businesses affected by the floods in Kirklees and Wakefield. Although the numbers are comparatively low (approximately 40 across both districts), many are strategically important businesses in terms of employee-numbers and supply chain linkages.
- 2.11 Local Authorities are currently visiting the worst-affected areas to distribute the application forms directly to businesses. Additional guidance and support from several sources, such as the Federation of Small Businesses and the Health & Safety Executive, are available on the websites of each Local Authority and on the LEP Growth Service site.
- 2.12 The LEP Growth Service Helpline (0113 3481818) remains a central number for any business in the city region to be advised of the support available and directed to the relevant application process.

Proposed new fund

- 2.13 The proposed new fund will support those businesses that as a result of flooding-damage need to make significant capital investment in machinery, equipment or premises in order to recommence or maintain their operations i.e. business continuity and longer-term recovery.
- 2.14 It would operate along similar lines to the existing LGF-funded Business Growth Programme (BGP), which provides a contribution of either 10 or 20% to capital investment by businesses in return for employment-creation and growth. It is proposed that the well-established and effective application, award and monitoring process for the BGP be applied to the new fund. This is managed between the LEP and Leeds City Council, with outreach, client-engagement and award-assessment provided by other local Authorities.

- 2.15 Similarly, it is proposed that the established governance mechanism for the BGP i.e. overall programme-management responsibility sitting with the LEP's Business, Innovation and Growth Panel and the application and award process overseen by the LEP Investment Panel and the Appraisal Advisory Group, is applied to the new fund.
- 2.16 The exact details for the new fund are currently being developed, but at this point it is proposed to use the following parameters:-
- Grants to flood-affected businesses of between £5,000 and £100,000 to contribute towards capital investment in new equipment, machinery or premises (including relocation) required to recommence or maintain their operations.
 - No new jobs required as the funding is directly linked to safeguarding jobs.
 - A maximum intervention rate of between 50% and 75% i.e. new machinery costs £100,000, the grant could be as much as £75,000.
 - Each applicant needs to have a robust flood recovery plan which clearly sets out the need for funding, with support available from the LEP, Local Authorities and other business support organisations to produce the plans.
 - Each applicant will need to provide written evidence of its insurance cover, which will be taken into account during the award-process. Priority will be given to businesses whose insurance cover did not include flood damage (further guidance is being sought from Government on this issue).
 - The fund will be primarily for SMEs and will operate under De Minimus, but will have the discretion to support larger businesses on a case-by-case basis.
 - Grants must complement and not duplicate any other public funding received by businesses in relation to flood response or resilience.
 - The fund cannot be used to replace or replenish damaged or destroyed stock.
 - The fund operates in a flexible manner to meet the needs of affected businesses on a case-by-case basis, but within the above parameters.
 - The fund is used to support capital investments by businesses in their own individual assets, and is not intended to be used to fund broader infrastructure improvements to local areas as a result of the floods. The latter is currently being explored with Central Government.
- 2.17 The field activities of Local Authorities, MAS and other partners confirm that there is already a strong pipeline of businesses in need of this type of funding. Therefore, it is proposed that these businesses are informed of the support available and given assistance with their flood recovery plans as a first 'priority' batch of applicants.

3. Financial Implications

- 3.1 The fund would be supported by an initial allocation of up to £1.4m from the 15/16 LGF-funded Business Growth Programme.
- 3.2 An additional amount of up to £3.6m is proposed from the BGP allocation for 16/17, which will be dependent on demand for, and take-up of, the funding from affected businesses.
- 3.3 The above allocation would only leave the BGP with £2.4m of its original £6m budget for 16/17. Based on past and current experience of the programme, this amount will not meet the ongoing high demand and take-up from businesses. Therefore, WYCA/LEP will need to consider an additional allocation to BGP from the wider LGF allocation for 16/17 of circa £3.6m.

4. Legal Implications

- 4.1 Advice will be required to ensure that the fund operates in compliance with State Aid.
- 4.2 The LEP Director and Head of Economic Strategy has delegated authority to commit expenditure upon the flood relief measures identified in this report, up to an initial cap of the already approved Business Growth Fund budget of £1.4m. Expenditure above this level requires the approval of the Authority.

5. Staffing Implications

- 5.1 The fund will be managed and delivered by existing staff within WYCA/LEP and Leeds City Council in the same way as the current Business Growth Programme. Although this will not require any additional staff, it may require existing staff to divert resource away from other work areas in the short/mid-term.
- 5.2 Existing staff within the LEP, Local Authorities (particularly the LEP Growth Service SME Growth Managers co-funded by the LEP and Local Authorities), and MAS will proactively promote the fund to businesses and support them with applications.

6. Consultees

- 6.1 Local Authority Directors of Development were consulted at their meeting on 8th January 2015, and provided guidance on the design of the proposed programme.
- 6.2 In addition, there has been ongoing dialogue with staff from Local Authorities, the Chair of the Local Enterprise Partnership (LEP) and MAS who have gained valuable 'first-hand' intelligence on those businesses affected and the investment required to recommence or maintain their operations.

7. Recommendations

- 7.1 That the Combined Authority be requested to approve the establishment of a new Business Flood Recovery Fund using up to £5m of WYCA's LGF allocation for 15/16 and 16/17, subject to the following conditions:
 - 7.1.1 That the fund uses up to an initial £1.4m of funding from the LGF-funded BGP in 15/16, with additional funding of up to £3.6m made available from 16/17 LGF monies depending on demand for, and take-up of, the support.
 - 7.1.2 That the fund is used to support businesses in the city region affected by the recent floods with capital investment grants of between £5K and £100K.
 - 7.1.3 That any business supported has a recovery plan in place that clearly sets out the funding gap to be filled and its insurance position.
 - 7.1.4 That the funding awarded to a business does not duplicate any public funds already received to support flood recovery or resilience.
 - 7.1.5 That the fund operates along similar lines as the BGP, but with a higher intervention rate (possibly up to 75%) and a focus on jobs safeguarded as opposed to jobs created.
- 7.2 That, subject to approval of the above recommendations, the fund is opened and proactively promoted to target businesses as soon as possible.
- 7.3 That the Head of Economic Strategy & LEP Director, in consultation with the Director, Resources develop a returnable financial facility aimed at assisting the cash flow of businesses, particularly those not directly affected by flooding, but suffering hardship by virtue of being within the supply chain, this facility to be funded as part of the Business Flood Recovery Fund as set out above.
- 7.4 That the approval of the draft financial facility be delegated to the Head of Economic Strategy & LEP Director, in consultation with the Chair of the Investment Committee.

8. Background Documents

- 8.1 None

Originator:
Director of Programme and
Delivery



ITEM 6

Report to: Combined Authority

Date: 4 February 2016

Subject: Growth Deal Approvals

1. Purpose

1.1. To approve the gateway stages for Growth Deal schemes as outlined in section 8.

2. Gateway Approvals

Leeds City Centre Gateway 1

2.1. The City Centre Package constitutes a number of changes to the existing network in and around Leeds City Centre and is focussed on supporting the continued development and regeneration of the city through:

- Supporting the growth in city centre living, the regeneration of Holbeck and the South Bank and to ensure that Leeds is High Speed 2 (HS2) ready;
- Creating opportunities for significant enhancements to the urban realm by reducing the impact of traffic within the city centre;
- Facilitating the creation of a world class gateway to the city at City Square;
- Supporting increased travel to the city centre by sustainable modes of transport; and
- Remapping and defining the local road network in the city centre.

2.2. The scope of the scheme encompasses network changes and improvements in the South Bank area of the city, the M621 and the Inner Ring Road which have two overriding 'traffic and transport' aims:

- Reduce traffic in the city centre, the South Bank and remove general traffic from City Square; and

- Improve the operation and capacity of the M621 from Junction 1 to Junction 4 and Armley Gyratory to maximise the efficiency of the existing orbital network and to provide for the changes to the city centre network.

2.3. Leeds City Council has made a submission to progress the scheme through Gateway 1. This has been subject to a peer review which reached the following conclusions:

- The scheme has a strong strategic case;
- Collectively, the components of the scheme have an estimated cost of £130.454m in outturn prices (excluding Optimism Bias);
- The WY+TF funded elements of the scheme (Armley Gyratory plus M621 Junctions 3 and 4 improvements) have an estimated cost of £79.718m in outturn prices (excluding Optimism Bias);
- The previous Gateway mandate process identified a £36.6m WY+TF contribution towards the scheme (in 2012 prices);
- The overall package relies heavily on the funding and delivery of key highway elements by Highways England;
- Overall, there is a current gap in funding to support the improvements to the network, including for the South Bank elements. A funding strategy will need to be developed as part of the Gateway 2 work; and
- The scheme does not have an economic case based on conventional Webtag guidance due to dispersal impacts. Further work is required to establish a multi-modal appraisal and to forecast wider economic benefits.

2.4. A summary business case and value for money statement are attached as Appendix 1a and 1b.

2.5. Approval is sought from the Authority to progress through Gateway 1 and for expenditure of up to £3.455m (including allowance for risk) to fund the necessary detailed design and progression to Gateway 2.

Glasshoughton Southern Link Road

2.6. The Glasshoughton Southern Link Road will provide a 7.3m wide carriageway, with footways and a segregated cycle route from the roundabout at Whistler Drive/Colorado Way extending the existing Whistler Drive and linking to the Coalfields Link Road at Flass Lane.

2.7. The provision of this link road will connect Coalfield Link Road at Flass Lane for business, leisure and commuter traffic and the M62 (east) whilst enabling housing and employment growth in the Glasshoughton Strategic Investment corridor.

2.8. The rationale exists for investing in infrastructure improvements in the Glasshoughton and Castleford area and much of the former colliery site has been allocated as a Special Policy Area within Wakefield Council's Local Development Framework.

- 2.9. Wakefield City Council has made a submission to progress the scheme through Gateway 1. This is has been subject to a peer review which reached the following conclusions:
- On the information presented the scheme appears to offer a high level of value for money, remains on track and is being well managed in terms of financial and delivery risks;
- 2.10. The total forecast outturn cost of the scheme is £6,388,000 (excluding Optimism Bias).
- 2.11. Approval is sought from the Authority to progress through Gateway 1 and for expenditure of up to £723,000 (including allowance for risk) to fund the necessary detailed design and progression to Gateway 2.
- 2.12. The current programme proposes a start on site at July 2017 and completion by August 2018.
- 2.13. A summary business case is attached as Appendix 2.

Rail Station Car Parks – Tranche 1 (Gateway 2) Tranche 2 (Gateway 1)

- 2.14. As part of the West Yorkshire plus Transport Fund a package of car park extensions at rail stations has been identified to enhance connectivity to, from and within West Yorkshire. The purpose of the package is to increase car parking capacity at selected stations. It will deliver more localised benefits as a result of improved access to the rail network. The package is designed to support sustainable employment growth in the main urban centres and will particularly benefit commuters, but also support more travel into and between the urban centres by rail for other purposes. For the purpose of delivery, the programme has been split into two tranches as shown below:

Tranche 1	Fitzwilliam Horsforth Mytholmroyd South Elmsall
Tranche 2	Hebden Bridge Menston Mirfield Morley Normanton ShIPLEY Steeton & Silsden

- 2.15. The scheme promoters are seeking approval for funding of £732,339 (including contingency) to progress the identified Tranche 1 to Gateway 3 and Tranche 2 to Gateway 2.
- 2.16. WYCA submitted a Gateway 1 Business Case for Tranche 2 and a Gateway 2 for Tranche 1 and these have been subject to a peer review panel. They were considered robust with some minor issues with the economic appraisal to be clarified.
- 2.17. A summary business case and value for money statement are attached as Appendix 3a and 3b.
- 2.18. Approval is sought from the Authority to progress Tranche 1 through Gateway 2 and Tranche 2 through Gateway 1 from the Combined Authority and for expenditure of up to £732,339 (including allowance for risk) to fund the necessary detailed design.

A629 Phase 1b

- 2.19. This scheme forms the delivery phase 1b of the A629 Halifax to Huddersfield Corridor Improvements which comprises a package of multi-modal corridor improvements. Interventions have been identified to drive economic growth by addressing transport and accessibility issues. Calderdale and Kirklees Councils are working together to develop the business cases required for the work proposed along the corridor.
- 2.20. The overall Phase 1 A629 comprises significant capital works and has therefore been split into 2 deliverable phases:
 - Phase 1a Stretching from Jubilee Road in the South to Free School Lane/Skircoat Road in the north; and
 - Phase 1b Stretching from the Elland Bypass north of Ainley Top to Jubilee Road (including the Calder and Hebble Junction).
- 2.21. Phase 1a secured Gateway 1 approval in March 2015 and the recent Gateway 1 submission is for Phase 1b.
- 2.22. Phase 1b will deliver improvements on the A629 corridor, specially targeting the current pinch point of the Calder & Hebble junction. The recommended option has been developed in combination with Phase 1a proposals to ensure both elements of the work package are complementary.
- 2.23. Key interventions include:
 - Extinguishment of the existing link between the A629 and the current mini roundabout at Stainland Road/Wakefield Road;

- Removal of the current A629 signal controlled junction at A6026/A629 Elland Wood Bottom;
 - A new highway link between the A629 and Stainland Road located across the parcel of land north of the River Calder; and
 - Widening of two traffic lanes northbound on the A629 to continue the existing two lane provision northbound on the A629 though to Calder & Hebble junction.
- 2.24. Calderdale Council has made a submission to progress the scheme through Gateway 1. This has been subject to a peer review which reached the following conclusions:
- The total forecast outturn cost of the scheme is £18,906,103 (excluding OB).
 - The scheme delivers very high value for money using standard evaluation methods (a Benefit Cost Ratio score of 5.89).
 - The scheme is forecast to deliver a Gross Value Added (GVA) increase per annum of circa £27.6m by 2026 giving a GVA/£ of 1.57.
- 2.25. The Peer Review considered the outline business case documents which had been prepared for both of the above mentioned phases and there was found to be a robust case for the scheme in general.
- 2.26. A summary business case and value for money statement are attached as Appendix 4a and 4b.
- 2.27. Approval is sought from the Authority to progress through Gateway 1 and for expenditure of up to £1,125,394 (including allowance for risk) to fund the necessary detailed design at Gateway 2 and to Gateway 3.

A629 Phase 2

- 2.28. This scheme forms the delivery phase 2 of the A629 Halifax to Huddersfield Corridor Improvements which comprise a package of multi-modal corridor improvements. Interventions have been identified to drive economic growth by addressing transport and accessibility issues. Calderdale and Kirklees Councils are working together to develop the business cases required for the work proposed along the corridor.
- 2.29. Phase 2 focuses on Halifax Town Centre to address key route traffic use through and around Halifax centre and to unlock and improve access to development sites to encourage economic growth.
- 2.30. The scheme will do this by overcoming specific access and connectivity issues to unlock development sites. It will also reduce the severance impact of the existing road network within the town centre, provide journey time savings and a more controllable distribution of traffic flows between the different routes via a complementary signing strategy.

- 2.31. Proposals are also looking to improve and enhance pedestrian movements and Environments within the town centre. Phase 2 will also look to provide a step change in public transport provision and facilities to meet passenger needs.
- 2.32. Calderdale Council has made a submission to progress the scheme through Gateway 1. This has been subject to a peer review which reached the following conclusions:
- The total forecast outturn cost of the scheme is £40,929,250 (excluding OB).
 - The scheme delivers high value for money using standard evaluation methods (a Benefit Cost Ratio score of 4.04).
 - The scheme is forecast to deliver a Gross Value Added (GVA) increase per annum of circa £40.7m by 2026 giving a GVA/£ of 0.99.
- 2.33. A draft summary business case and draft value for money statement are attached as Appendix 5a and 5b.
- 2.34. The Peer Review considered the outline business case documents which had been prepared for Phase 2 and while there was found to be a robust case for the scheme in general, there were however some specific concerns relating to the modelling work that had been undertaken for Phase 2, on which this economic case has been based.
- 2.35. Further discussions have therefore taken place between the scheme Promoters and WYCA to identify supplementary work on the economic case that will be required to enable progression through Gateway 1. Given the timing of the Gateway Review and the subsequent Christmas break, it was not possible to complete all of this additional work ahead of the January Investment Committee meeting where this was first considered. However, the scheme Promoters are continuing to work with WYCA to resolve the issues that have been identified ahead of the Combined Authority meetings to be held in March.
- 2.36. In order to ensure that the completion of the additional modelling work does not adversely affect the programme for the progression of the scheme, it is proposed that an initial funding allocation be sought now to allow some critical tasks to be progressed. The remainder of the funding would then be sought upon resolution of the outstanding issues and WYCA will work collaboratively with the scheme promoters to achieve this.
- 2.37. The total funding approval sought by the scheme Promoters to progress detailed design of the A629 Phase 2 scheme to Gateway 2 is £2,316,000 (including allowance for risk). It is proposed that approval is sought from the Authority in the following two phases:
- An initial funding allocation of £700,000 to fund critical survey work

- The remaining funding allocation of £1,616,000 to be sought following resolution of the outstanding modelling queries.

Revised Budgets

Tong Street

- 2.38. The A650 Tong Street scheme was approved by WYCA as one of the schemes forming part of the WY+TF and earmarked for delivery on site prior to 2021.
- 2.39. A Feasibility Study was mandated to explore potential schemes or scheme components that could be delivered as ‘early wins’ without the need to acquire third party land. The Feasibility Study has concluded and confirms that there are no options for an ‘early win’ scheme or partial scheme.
- 2.40. On this basis, a mandate for full scheme delivery has been developed along with a summary of the outcome of the feasibility study and an increased cost estimate of £12m (outturn prices, excluding optimism bias).
- 2.41. Approval is sought from the Authority for an additional allocation of £135,000 from the WY+TF to progress the Tong Street project to Gateway 1 by the end of Q4, 2015/16.

LBIA Access

- 2.42. The Department for Transport commissioned a study in 2014 in which recommendations for development were made for the following two schemes which are being progressed in parallel as described below.
- The A65 Airport Link Road in the short and medium term (up to 10 years).
 - Rail link in long term (beyond 10 years) although having a “relative low (but positive) economic case”.
- 2.43. The development of an A65-Airport-A658 Link Road is currently being funded through the WY+TF and led by Leeds City Council. The scope of the development work is focused on road options and excludes consideration of a rail link (other than interface issues between road and rail).
- 2.44. With regard to rail, WYCA has recently commissioned a further study undertaken by consultants to update the evidence base for a rail link (or other public transport ‘fixed link’ modes) and take into account the latest land-use changes proposed by the Airport Masterplan, local housing/commercial development and forecast passenger demand. The study will also establish the outline design feasibility of the potential heavy/light rail options and highlight opportunities for interface to ensure

that any potential rail alignment is not compromised by the highway (Link Road) alignment. It is envisaged that the study will be completed by February 2016.

- 2.45. The Airport Link Road project has been prioritised for delivery as part of the WY+TF before the end of 2021. An initial estimate for delivery at this time was £38m (2012 prices including Optimism Bias).
- 2.46. At mandate stage, an estimate of the costs for progressing the scheme to Gateway 1 was made for £210,000.
- 2.47. Greater understanding of the Gateway 1 requirements, and a number of scheme specific issues which have arisen from subsequent feasibility work and public consultation, has shown that this estimate was too low given the complexity and size of the project, and the lower level of detail of “inherited” work.
- 2.48. It is estimated that that an additional £600,000 will be required from the WY+TF to progress the project to Gateway 1. As a percentage of scheme cost, this would put the Link Road Gateway 1 development costs in a similar band to other WY+TF schemes.
- 2.49. Approval is sought from the Authority for an additional allocation of £600,000 from the WY+TF to progress the Airport Link Road project to Gateway 1.

Bradford Interchange

- 2.50. The Bradford Interchange project sits with the Station Gateways portfolio of projects.
- 2.51. The objectives of the scheme are to improve public transport integration and support the city centre regeneration project. In addition the scheme aims to increase public transport patronage, improve linkages between the interchange and the city centre, reduce future maintenance costs, rationalise and improve staff accommodation facilities and increase revenue income to off-set operating and maintenance costs.
- 2.52. All Station Gateway projects are at pre-mandate stage and working to identify what work streams and funding is required to develop the projects through feasibility stages.
- 2.53. The Bradford Interchange project is now looking to appoint external consultants to work with the project team to develop an ambitious, deliverable and comprehensive Master plan which will allow the identification and development of a project Mandate.
- 2.54. Approval is sought from the Authority for an allocation of £80,000 to allow key work streams to commence on this key gateway project.

3. Forthcoming decisions

3.1 At its January meeting, the Investment Committee discussed the following projects that may come before the Combined Authority at its next meeting on 31 March:

- **Leeds College of Building.** As part of the skills capital programme within the City Region Growth Deal, the College seeks funding to deliver Phase 2 of a major project to consolidate operations onto two sites in order to offer extra capacity and improved facilities. The application comprises a grant of £11.9m and a cash flow facility of £2.1m to be repaid at the end of the project from land disposal. Both the LEP's Skills Capital Appraisal Panel and the Investment Committee have recommended approval, subject to a number of conditions. The College is working to address them, and if and when they are met, the project will be presented to the Authority.
- **Leeds District Heating Spine Network.** Leeds City Council has requested funding to support the installation of a district heating pipeline that will use excess energy from the Recycling & Energy Recovery Facility in the Aire Valley to supply homes and other customers in the city centre. The Investment Committee discussed the Outline Business Case for the project and agreed to ask the sponsors to prepare a Full Business Case. If the full case is recommended for approval by the Investment Committee, it would be likely to come before the Authority in March.

3.2 Among other projects that are likely to be put before the Investment Committee in March is the revised business case for the BioVale project. If recommended by the Committee, this will also be put to the Authority on 31 March for a decision.

4. Financial Implications

4.1. The approval sought from the Authority for the Gateway approvals set out in section 2 includes approval to fund the following expenditure to be funded through the Local Growth Deal.

4.2. **Leeds City Centre** - £3.455m to progress the project from Gateway 1 to 2.

4.3. **Glasshoughton Southern Link Road** - £723,000 to progress the project from Gateway 1 to 2.

4.4. **Rail Station Car Parks** – £732,339 to progress Phase 1 through Gateway 2; and Phase 2 through Gateway 1.

4.5. **A629 phase 1b** - £1,125,394 to progress the project from Gateway 1 to 2 and 3.

4.6. **A629 phase 2** - An initial £700,000 to fund critical survey work up Approval for the balance of the £2,316,000m to progress the project from Gateway 1 to 2 would be sought at a future meeting.

- 4.7. **Tong Street** - The revised scheme budget would allocate a further £135,000 from existing development budgets.
- 4.8. **LBIA Access** - The revised scheme budget would allocate a further £600,000 towards the scheme.
- 4.9. **Bradford Interchange** - £80,000 to allow key work streams to commence on this key gateway project.

5. Legal Implications

- 5.1. 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.
- 5.2. Delivering these projects will require legal resources. The extent of these are not yet known and will depend on the method of project delivery. Legal support from external providers has been commissioned for the Skills Capital programme.

6. Staffing Implications

- 6.1. The Combined Authority has given approval for a programme of recruitment to ensure that all aspects of the Growth Deal can be delivered successfully. It is envisaged 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.

7. Consultees

- 7.1. The Director of Programme Delivery has been consulted in the preparation of this report.

8. Recommendations

- 8.1. That the Authority approves the progression of Leeds City Centre through Gateway 1 and expenditure of up to £3.455m to progress the project from Gateway 1 to 2.
- 8.2. That the Authority approves the progression of Glasshoughton Southern Link Road through Gateway 1 and expenditure of up to £723,000 to progress the project from Gateway 1 to 2.
- 8.3. That the Authority approves the progression of Rail Station Car Parks – Phase 1 through Gateway 2.
- 8.4. That the Authority approves the progression of the Rail Station Car Parks – Phase 2 through Gateway 1.

- 8.5. That the Authority approves expenditure of up to £732,339 to progress Phase 1 through Gateway 2; and Phase 2 through Gateway 1.
- 8.6. That the Authority approves the progression of A629 phase 1b through Gateway 1 and expenditure of up to £1,125,394 to progress the project from Gateway 1 to Gateway 2 and 3.
- 8.7. That the Authority approves the initial funding allocation of up to £700,000 for the A629 Phase 2 to fund critical survey work.
- 8.8. That the Authority approves the additional expenditure of up to £135,000 to progress Tong Street to Gateway 1.
- 8.9. That the Authority approves the additional expenditure of up to £600,000 to progress the A65 LBIA link road to Gateway 1.
- 8.10. That the Authority approves the pre-mandate expenditure of up to £80,000 for master plan work to commence on Bradford Interchange.

9. Background Documents

- West Yorkshire and York Investment Committee, 20 January 2016 – Item 7, Future Growth Deal Projects and Funding Appraisals.
- West Yorkshire and York Investment Committee, 20 January 2016 – Item 8, West Yorkshire Plus Transport Fund.

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **Leeds City Centre Package**

Summary

Promoting Authority	Leeds City Council
Project Executive	Gary Bartlett
Project Manager	Paul Foster
Gateway Stage for which approval is sought	Gateway 1
Approval for expenditure being sought	£3.455M (Up to GW2)

Project description

The City Centre Package constitutes a number of changes to the existing network in and around Leeds City Centre and is focussed on supporting the continued development and regeneration of the city through:

- Supporting the growth in city centre living, the regeneration of Holbeck and the South Bank and to ensure that Leeds is High Speed 2 (HS2) ready;
- Creating opportunities for significant enhancements to the urban realm by reducing the impact of traffic within the city centre;
- Facilitating the creation of a world class gateway to the city at City Square; and
- Supporting increased travel to the city centre by sustainable modes of transport.

The scope of the scheme encompasses network changes and improvements in the South Bank area of the city, the M621 and the IRR, specifically:

Inner Ring Road:

a) Reconfiguration of Armley Gyratory.

South Bank and City Centre:

- b) City Square and Bishopgate Street Buses and Cycles Only;
- c) Neville Street Northbound Buses and Cycles Only;
- d) A653 Great Wilson Street Buses and Cycles Only;
- e) A653 Meadow Lane / Victoria Rd Two-Way Operation and Enhancement;
- f) A61 Great Wilson St / Hunslet Lane / Hunslet Rd and Crown Point Road / Black Bull Street Enhancement;
- g) Meadow Lane reduced from dual to single carriageway north of Great Wilson Street.

M621 Improvements:

The following will be taken forward by Highways England (HE):

- h) M621 Jct. 1 to 2 Widening;
- i) M621 Jct. 2 Capacity improvements;
- j) Widening of M621 Westbound, west of Junction 2a;
- k) Closure of M621 Jct. 2a Westbound Off-Slip;

The following will be the responsibility of LCC:

- l) Widening of M621 Westbound at Jct. 3; and
- m) New Grade Separated Link Connecting M621 Westbound Jct. 4 Off-Slip to A653.

Aims & Objectives

The project forms a key element of the emerging City Centre Transport Strategy and will support the following objectives:

- To support the competitiveness and facilitate the sustainable economic growth of Leeds City Centre as the key driver for the Leeds City Region economy;
- To create a more accessible city centre by enhancing the range of suitable travel choices to access it, both from within Leeds District and from further afield;
- To enable transformational change and delivery of an improved environment and urban realm within the city centre to make it a welcoming and attractive place for residents, workers, shoppers and visitors; and
- To reduce CO2 emissions and air pollutants associated with travel to the city centre.

The proposed network changes promoted as part of this business case have two overriding 'traffic and transport' aims:

- Reduce traffic in the city centre, the South Bank and remove general traffic from City Square; and
- Improve the operation and capacity of the M621 from Junction 2 to Junction 4 and Armley Gyratory to maximise the efficiency of the existing orbital

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

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF			0.536	1.120	1.127	1.189	6.142	47.971	33.590			91.68

Key Outcomes	Quantified Impact	Comments
WY GVA / £	12.3M	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	131	Net WY jobs compared to Do Minimum at 2026.
WY Housing	N/A	Net WY households compared to Do Minimum at 2026.

Summary of current scheme against baseline

Summary: The design has been developed from the original GW0 submission and this has resulted in a change to the scheme costs (the GW0 costs totalled £36.027M) and scope. Since the original GW0 submission, the scheme design has been significantly developed to optimise its performance and ensure that it is able to deliver the scheme objectives and support wider regeneration and development aims.

The original GW0 submission was based on outline work carried out as part of the Transport for Leeds project. At the time of submission it was recognised that this was still work in progress and that the scheme would subsequently be modified. To that end, the project scope has been revised to more fully reflect the City's aspirations for transforming the South Bank area of the city centre, including accommodating the proposals for High Speed 2 (HS2). This has resulted in additional works to downgrade highway capacity within the wider area south of the River Aire by reallocating road space to cyclists, pedestrians and public transport. In addition, further detailed modelling work has revealed that the scale of works required to remove general traffic from City Square will require additional highway capacity on the M621 as well as at Armley Gyratory.

Costs

The scheme cost base estimate is based on Q4 2014 prices and in line with DfT Guidance the outturn costs include inflation and a quantified risk allowance as appropriate for a scheme at this stage of development. The outturn cost is £149.999M.

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref:	Project Name:	Leeds City Centre Package
Benefits		
<p>- The scheme is fundamental in supporting the development and regeneration aspirations of the City. There is a requirement to improve the public realm in the centre of the city and reducing the level of traffic and reallocating road space to other modes is an integral part of this;</p> <p>- This is forecast to deliver substantial economic benefits for active modes which is currently assessed to be £59M over 30 years;</p> <p>- One of the key objectives is the closure of City Square and the removal of through traffic from the centre of Leeds;</p> <p>- It is accepted that this will result in disbenefits when assessed using standard transport economic tools as some traffic will have to travel further;</p> <p>- The scheme will result in much wider economic benefits associated with the improvements to the public realm and through facilitating the following schemes:</p> <p>a) Regeneration of Leeds South Bank;</p> <p>b) Delivery of High Speed 2 (HS2);</p> <p>c) Supporting the City Centre Masterplan;</p> <p>d) Supporting the Station Masterplan, Leeds Southern Station Entrance; and Rail Growth Package.</p>		
Key risks		
	Description	
Risk 1	The scheme offers low Value for Money as a consequence of the dis-benefits associated with reducing road capacity in city centre and not being able to sufficiently capture the regeneration and development benefits.	
Risk 2	Insufficient funding allocated to project.	
Risk 3	Uncertainty over the progression of the South Bank development makes it difficult to assemble a viable scheme funding package involving third party contributions.	
Land Acquisition		
The City Centre Package is dependent on the acquisition of third party land to enable the Armely Gyratory to be reconfigured and the provision of the new grade separated link connecting M621 Westbound Jct. 4 Off-Slip to A653. As a result they are key project stakeholders and will be consulted during the next stages of the project.		
Key Stakeholders		
Internal		External bodies
Leeds City Council & Local Politicians		Key Stakeholders
West Yorkshire Combined Authority		Highways England; Public Transport Operators; landowners
		Emergency Services
		Statutory Consultees
		Parish Councils, Network Rail, Landowners,
		Canals & Rivers Trust, Environment Agency, English Heritage,
		Natural England, HS2 Ltd.
		Non-Statutory Consultees
		Public Transport Operators (Rail), Leeds Chamber of Commerce
		Leeds City Region Enterprise Partnership,
		West & North Yorkshire Chamber of Commerce, Sustrans
		Living Streets, Cyclist Touring Club, Leeds Cycling Action Group.
		General Public, Disability Groups, Driver Interest Groups.
Consultation		
To date, LCC has organised and attended a number of consultation events to discuss the underlying themes that the Leeds City Centre Package aims to address, including:		
a) Reducing traffic dominance, including removal of traffic from City Square and downgrading of highway infrastructure in the South Bank; and		
b) Integration of the South Bank into the city centre core, including improved pedestrian and cyclist connectivity.		
Engagement with stakeholders has been undertaken over a number of years, initially as part of the City Centre Conference in 2008, and most recently, as part of the Leeds Transport Symposium in 2015.		
A suggested communications strategy has been set out for the City Centre Package, it is expected that the key consultation stages will be as follows:		
1) Pre-Planning Application Stage;		
2) Planning Application Engagement;		
3) Pre-Statutory Orders; and		
4) Pre-Construction.		
Associated Documents		
Vision for Leeds 2011 to 2030; Leeds Growth Strategy; Leeds Local Development Framework Core Strategy 2014-2028; City Centre Vision and Wider Economic Strategy; West Yorkshire LTP3: Leeds Local Implementation Plan & Transport Strategy 2011-2016; Leeds City Centre Transport Strategy (Draft); Cross Cutting Break Through Project: Rethinking the City Centre.		
Highways England: Road Investment Strategy (2015-16 to 2019-20)		

Value for Money Statement

Scheme Name	Leeds City Centre Package
Scheme Promoter	Leeds City Council
Gateway Stage	GW1

Criteria	Assessment	Comments	
Quantified Benefits			
Present Value of Benefits	Time Savings	-£244.956M	Source - Major Scheme Business Case The scheme is fundamental in supporting the development and regeneration aspirations of the City. There is a requirement to improve the public realm in the centre of the city, reducing the level of traffic and reallocating road space to other modes is an integral part of this.
	Vehicle Operating costs	-£23.578m	
	User Charges	£0.238M	
	Private Sector Impacts	10.257M	One of the key objectives is the closure of City Square and the removal of through traffic from the centre of Leeds. It is accepted that this will result in disbenefits when assessed using standard transport economic tools as some traffic will have to travel further.
	Greenhouse Gases	-£1.052M	
	Indirect Tax	£2.017M	However, the scheme will act as a catalyst for a number of other developments which are expected to generate significant wider economic benefits for the City. These include: a) Regeneration of Leeds South Bank; b) Delivery of High Speed 2 (HS2); c) Supporting the City Centre Masterplan; d) Supporting the Station Masterplan, Leeds Southern Station Entrance; and Rail Growth Package.
	Delays During Construction & Maintenance	-£10.715M	
	Active Modes	£58.850M	As a result of many of the above being at an early stage of development, a wider economic appraisal has not been possible at this stage. It is expected that an assessment of these benefits will be completed at GW2.
	Accidents	£10.254M	
	Noise	-£3.450M	
	Air Quality	£0.555M	
Total		-£201.580m	
Cost			
Optimism Bias	15%	The City Centre Package is at an early stage of development, however a robust QRA process has been used to quantify the known project risks. Therefore a lower OB factor (15%) has been applied.	
Base year	2010	Base year used for appraisal	
Total Present Value of Costs	£119.76	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year.	
BCR (Benefit to cost ratio)			
Initial	-1.68	As explained above the scheme includes the closure of City Square and the removal of through traffic from the centre of Leeds. It is accepted that this will result in disbenefits when assessed using standard transport economic tools as some traffic will have to travel further. This BCR does not capture the expected wider economic benefits associated with the scheme and the other developments that it will support. It is expected that this will be completed at GW2.	
Adjusted	-1.54		
Qualitative Benefits			
Qualitative Benefits	Townscape: Slight Beneficial Historic Environment: Slight Beneficial Biodiversity: Slight Adverse Water Environment: Slight Adverse Journey Quality: Large Beneficial Security: Neutral Access to Services: Neutral Affordability: Slight Adverse Severance: Moderate Positive Option & Non-Use Values: Large Beneficial	Itemised in Appraisal summary table	
VfM (value for money)			
Value for Money Category	<1.0 = poor	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high	

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

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: 9 **Project Name:** Glasshoughton Southern Link Road

Summary	
Promoting Authority	Wakefield MDC
Project Executive	Neil Rodgers
Project Manager	Tracey Brewer
Gateway Stage for which approval is sought	Gateway 1 - Detailed Design Approval
Approval for expenditure being sought	£693k to progress to Gateway 2

Project description (250 words)
<p>The Glasshoughton Southern Road scheme is primarily the provision of a 7.3m wide carriageway with footways and a segregated cycle route from the roundabout (known as S2) at Whistler Drive / Colorado Way, extending the existing Whistler Drive and linking to the Coalfields Link Road at Flass Lane.</p> <p>The Glasshoughton Southern Link Road (GSLR) will open up substantial job creation opportunities by providing direct access to the former Colliery and Coke works allocated in the Council's Local Development Framework as Special Policy Area 5 (SPA5). The road acts as a link between the existing Whistler Drive and Flass Lane for business, leisure and commuter traffic and the M62 (east) whilst also supporting housing and employment growth in the Glasshoughton Strategic Investment Corridor. The route will provide an alternative route around the Glasshoughton Leisure and Retail area and will therefore reduce congestion and increase accessibility. Providing this additional highway capacity will improve conditions for bus services, pedestrians and cyclists and opening up further opportunities to provide complementary sustainable transport measures within and to the Glasshoughton area. It will also help to accommodate future development traffic from the housing and employment allocation.</p> <p>The Business Case for the GSLR demonstrates how it will support the key objectives of the Transport Fund to maximise GVA growth and to improve accessibility to employment within West Yorkshire. The specific scheme objectives are as follows:</p> <ul style="list-style-type: none"> - To ease the inbound congestion issues which are the lead cause of air quality issues, slow peak journey times and inefficient highway network operation - Improve the safety of the arterial road network into Glasshoughton and Castleford, alongside reducing the detrimental environmental issues - Enhance the accessibility of future housing and employment growth allocated in the Local Development Framework (LDF) <p>To improve access to existing employment sites and the strategic and primary route network</p>

Total Cost and Funding Profile (all figures in £000s)												
Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF			195	548	2,265	4,912	30					7,950
Third Party												
Total	0		195	548	2,265	4,912	30	0	0	0	0	7,950

Key Outcomes	Quantified Impact	Comments
GVA / £	3.6	Based on GVA p.a. at 2026 in 2009 prices.
Jobs	480	Net WY jobs compared to Do Minimum at 2026.
Housing	1200	Net WY households compared to Do Minimum at 2026.

Summary of current scheme against baseline	
Costs	
Overall costs have increased since the submission of the scheme into the WY+TF priority list, primarily due to the addition of a quantified risk assessment and construction inflation costs. The total forecast outturn cost to the fund is £6.388m including an allowance for risk outturn but excluding OB (£7.950m out turn costs including OB)	

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: 9 **Project Name:** Glasshoughton Southern Link Road

Key risks	Description
Risk 1	Land to be dedicated for the scheme
Risk 2	Specific construction risks - drainage, flooding, land stability
Risk 3	Archaeology

Land Acquisition

The GSLR goes through land in two ownerships; Harworth Estates and Waystone (who own the remainder of the Glasshoughton Colliery works). Harworth Estates have a s106 agreement to dedicate the land. Waystone have also agreed to dedicate land / offer land on licence for the construction of the road. A CPO would be used as a last resort, and this has been prepared by the WMDC Legal team in that eventuality. Deeds of Dedication / Licences are currently being prepared and expected to be signed prior to Gateway 2 (approval to procure)

Key Stakeholders

Internal (Wakefield Council)	External bodies
Highways Councillors	Police & Emergency Services Department for Transport
UTC & Traffic Regeneration	Highways Agency Statutory Undertakers
Drainage Finance	Environment Agency MPs
Communications Town & parish councils	Local Businesses (within an agreed area)
	Community / environmental groups / bodies
	Metro / bus operators Local Forums
	Cycle / Walking groups Local Residents (within an agreed area)
	Freight operators Local Councils and planning authorities
	Media Local schools & colleges
	Equality groups

Consultation

As part of the LDF consultation and Examination in Public, a number of consultations / exhibitions were held, both by the Council and the Consortium. The LDF was approved at Full Council in 2012. As part of the planning application required for the GSLR, a full consultation exercise will be undertaken to inform residents of the proposed planning application. At the same time, a comprehensive consultation letter will be sent to relevant / interested bodies as part of the Statement of Community Involvement.

Associated Documents

West Yorkshire Plus Transport Fund, Item 9, 29 May 2014, WYCA

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

**Project Ref: Rail
Package (Parking)
Programme - Tranche
2 GW1**

Rail Package (Parking) Programme - Tranche 2

Summary

Promoting Authority	WYCA
Project Executive	Ian Gray, Director WYCA
Project Manager	Peter Coello, WYCA
Gateway Stage for which approval is sought	1
Approval for expenditure being sought	£732,339

Project description

As part of the WY+TF, a package of car park extensions at rail stations has been identified to enhance connectivity to, from and within West Yorkshire. The purpose of the package is to increase car parking capacity at selected stations, and will deliver more localised benefits as a result of improved access to the rail network. The package is designed to support sustainable employment growth in the main urban centres and will particularly benefit commuters, but also support more travel into and between the urban centres by rail for other purposes. WYCA has authorised the commencement of the feasibility studies at 12 sites which have been divided into 3 tranches based on complexity and deliverability. This Business Case Summary is for Tranche 2 .

Delivery Tranche 2

- Hebden Bridge
- Mirfield
- Menston
- Morley
- Normanton
- Shipley
- Steeton & Silsden

Strategic Objectives:

- I. An increase in employment and productivity growth
- II. Better than average improvement in employment accessibility for residents in the most deprived 25% of West Yorkshire communities
- III. Every West Yorkshire district to gain an average improvement in employment accessibility no less than half the average across West Yorkshire
- IV. The overall impact of the Fund's interventions would be carbon neutral at the package level

Programme Objectives:

- I. GVA/ per £ of whole life cost
- II. Employment benefit
- III. Extended free car parking enhancing employment accessibility
- iv. Improved Added Value in line with the Green Infrastructure Task Group recommendations where appropriate

The car park improvements will deliver more localised benefits as a result of improved access to the rail network including in some sites:

- Reduced impact on local residents from commuter parking
- Development of waste ground improving local amenity of the area

Desired outcomes

- I. Increase passenger use-age at the identified stations
- II. Increase access to employment in deprived areas
- III. Alleviate unauthorised car parking on adjacent residential streets

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
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WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

**Project Ref: Rail
Package (Parking)
Programme - Tranche
2 GW1**

Rail Package (Parking) Programme - Tranche 2

WY+TF				350,000.00	382,339							732,339.0
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Key Outcomes	Quantified Impact	Comments
WY GVA / £	£9.1m	per annum (in 2009 prices)
WY Jobs	64	additional in WY by 2026
WY Housing	164	additional West Yorkshire households

Summary of current scheme against baseline

Key quantified impacts above - As specified in PDFH, this total of 14 minutes is weighted by a factor of 2.0 for rail walk access times. These journey time improvements were subsequently fed into the Urban Dynamic Model (UDM) as a combined package for all sites to assess the wider economic benefits of the scheme. The results of this modelling forecast the following headline economic benefits at 2026. Completion of GRIP 1-2 Feasibility has refined sites and costs resulting in current scheme against baseline figures as below:

WY GVA / £10.7m to £9.1m per annum (in 2009 prices)
WY Jobs 152 to 64 additional jobs in WY by 2026
WY Housing 209 to 164 additional West Yorkshire households

Combined Business Case

Calculated based on guidance from the Passenger Demand Forecasting Handbook (PDFH). The following components have been applied which result in journey time improvements totalling 14 minutes:

- o Secure parking 5 minutes
- o Guaranteed space 4 minutes
- o Walk access time 5 minutes (Not in Jacks Oct 2015 demand modelling)

The results from the UDM have also been used to provide a value for money assessment of the scheme. The GVA per £ and BCR figures presented below represent strong value for money:

- o 5.9 overall package BCR (not stated in Jacks Oct demand modelling report)
- o GVA per £ of whole life cost to the Fund of 1.1 (used for the priority order of schemes within the Transport Fund),

Modelling work for the scheme provides a wide range of further metrics to demonstrate scheme performance. Selected metrics include (at 2026):

- o An increase of 1,538 rail trips to work per weekday,
- o A reduction of 538 car trips to work per weekday,
- o A reduction of 46 tonnes of CO2 emissions from car trips to work per annum

The results demonstrate strong performance for the overall scheme combining all sites. The performance of individual sites will also be appraised to show how each site contributes to the package as a whole. It is not deemed suitable to run individual sites through the UDM modelling process due to the small scale of the interventions. Individual sites will instead be subject to a traditional transport appraisal in line with DfT's WebTAG guidance. It is proposed that a minimum threshold of achieving a BCR of at least 2 should be used, which is considered by the Department for Transport as 'high' value for money.

Key risks	Description
Risk 1	Existing utilities and services (Cost / Timescales / scope)
Risk 2	Tenancy agreements on Network Rail Land (Cost/Timescales)
Risk 3	Cost of land acquisition - Morley only (Cost/Timescales)

Land Acquisition

The acquisition of land is required for Morley only in Tranche 2; all other schemes in Tranche 2 will be developed on Network Rail land, the developments will be incorporated into Network Rail's Station Lease Area's and maintained by the TOC.

Key Stakeholders

Internal	External bodies
Finance	Network Rail
Legal	Northern Rail/ First
Facilities and Assets	Bradford Council
Bus Services	Calderdale Council
LEP	Kirklees Council
	Leeds Council
	Wakefield Council
	Utility Companies
	Site Tenants
	Environment Agency
	Friends of Mirfield Station
	Normanton Town Council
	Hebden Royd Town Council

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

**Project Ref: Rail
Package (Parking)
Programme - Tranche
2 GW1**

Rail Package (Parking) Programme - Tranche 2

Friends of Hebden Bridge Station

Friends of Morley Station

Bradford Urban Wildlife Group

Consultation

A Programme Board has been established to progress work and includes representation from Network Rail and Northern Rail who will be engaged throughout. WYCA have also engaged all District Councils via a nominated representative from each District. Monthly Highlight reports are channelled into the WYCA Portfolio Office Dashboard which is circulated amongst the Districts and through WYCA approval Groups such as the Officers Steering Group. Upon Gateway 1 funding approval, WYCA alongside District partners and Network Rail will begin consultation with Members, local residents and any tenants occupying sites.

Associated Documents

Value for Money Statement - Central Case

Scheme Name	Rail Package (Parking) Programme - Tranche 2
Scheme Promoter	WYCA
Gateway Stage	1

Criteria	Assessment	Comments
Quantified Benefits		
Present Value of Benefits	Time Savings	£10.06m
	Vehicle Operating costs	n/a
	Greenhouse Gases	n/a
	Indirect Tax	n/a
	Other	n/a
	Total	£10.06m
Cost		
Optimism Bias	44%	In line with TAG guidance 44% has been used in BCR calculations for a scheme at this stage of development. Given that the scheme costs have been derived based on a more thorough understanding of land and other costs than might be anticipated at this stage, it may have been acceptable to apply a 15% uplift as would be applied at Gateway 2. The use of 44% results in a conservative BCR being estimated.
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£2.79m	The sum of total capital costs for the Programme, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year. There are no revenue implications for the WYCA as a result of delivering these capital infrastructure schemes. To date the programme has not quantified on-going operating cost implications. For appraisal purposes a basic assumption has been included across all sites. A figure of £4k per site per annum has been sourced from previous car park extension projects carried out by Northern Rail. Operating cost assumptions should be considered more fully at later stages to understand the impact at individual sites.
BCR (Benefit to cost ratio)		
Initial	Most sites exceed the minimum BCR threshold of 2.0: Hebden Bridge 4.4, Morley 4.8, Mirfield 2.6, Normanton 3.2 with the exception of Steeton & Silsden 1.8, Shipley at 2 and Menston at 0.8 due to the high cost of decked car park options.	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme. The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	n/a at this stage.	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme.
Qualitative Benefits		
Qualitative Benefits	n/a	Itemised in Appraisal summary table. At this stage (on the basis of proportionate appraisal) it is not appropriate to undertake a detailed assessment of qualitative benefits.
VfM (value for money)		
Value for Money Category	High - Very high	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high

Sign-off	
Name	
Title	
Organisation	
Signature	

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **A629 Halifax to Huddersfield Improvements: Phase 1b – Southern Section**

Summary

Promoting Authority	Calderdale MBC
Project Executive	Tim Robinson - CMBC
Project Manager	Richard Binks - CMBC
Gateway Stage for which approval is sought	Gateway 1
Approval for expenditure being sought	£ 1,125,394

Project description

The A629 Halifax to Huddersfield corridor improvement represents the largest individual scheme with the WY+TF Delivery programme @ £120.6m and will enable Calderdale as primary beneficiary to full its 'growth ambition' and contribute strongly to the strategic pillar of the Leeds City Region Strategic Economic Plan (SEP).

Of the 6 Calderdale lead phases under the A629 strategy Phase 1b holds the key to unlocking constrained investment opportunities in Halifax under Phase 2 and surrounding district including Copley Valley. It also supports the 'Calderdale Local Plan' aspirations to deliver over 5000 new homes in the Halifax area together with over 60,000m² of employment floor space.

The Phase concentrates upon Calder and Hebble junction, an interchange which significantly delays its daily regular users whether seeking to reach their place of employment or transferring goods to the market place regionally and nationally.

The interchange is the convergence point of the A629 / A6026 Wakefield Road and the B6112 Stainland Road in an unusual triangular layout featuring at respective vertexes a signal junction, mini roundabout and priority give way; over 40,000 vehicles per day with 4500 p/h descending upon the junction in the peak periods. Congestion is extensive highlighted by a A629 Northbound queue reaching 1mile in length taking on average 12 to 15mins to pass through during peaks.

The historical layout of a dual carriageway forming into a single lane approach 400m prior to the signal junction simply cannot cope with volume of traffic defeating the signal situation point. Technically operating at 33% over practical reserve capacity which is forecast to reach 118% by the modelled future growth year of 2031 it is clear an intervention is needed.

Calderdale's Pennine topography channels principal vehicular flows in the valley bottoms with few alternatives to bypass the principal corridors. If seeking to access Halifax from junc 24 of the M62 the only rat run is via illegal use of a single track road at Exley (it is access only) or running through West Vale, a notorious pinch point in itself. As a result a higher concentration of HGV's are use the corridor and more cars than could be expected due to poor public transport options; a direct rail service does not exist and bus services won't use the Elland By pass and do route through Westvale resulting in a journey between the towns of only 15mph average.

The case being presented is the optimal scheme arrived at after considerable modelling work using a variety of software packages, Saturn, Paramacs and Linsig each fine tuning the package to ever greater depths of informed detail. 8 Outline designs were sifted down to 1 clear winner which itself was subject to over 20 iterations tested against a variety of lane configurations, signal timings, turning movements, junction types and new link alignment. It should be noted that this sifted option was actually the lowest cost and highest performing benefits model. The chosen outline design introduces a new highway link, approximately 400m in length across the adjacent canal to west and green field site joining Stainland Road at a new principal roundabout; the existing signal junction and slip road plus Wakefield Rd mini roundabout would be extinguished and replaced by a 2 multi lane approach signal junction on the A629 at the intersection of new link road and convergence point of Stainland Road.

The scheme while accommodating an 18% increase in traffic volumes is forecast by 2031 to reduce travel time by up to 17% compared to current levels, in real terms then a 35% journey time reduction is being achieved, approx. 4 ½ mins. As an update to the signal saturation stats, at opening day they would operate at 27% below rising to 7% below in 2031; they can in essence still cope in the future growth scenario.

The introduction of an express bus service could now be considered under Phase 4, air quality would improve, a Green Streets design approach can be embraced given the new green field link built, new pedestrian and cycle infrastructure can be introduced, rat running reduced, a poor accident record addressed and public health benefits can be derived.

The headline BCR case varies between 1:6 & 9, UDM forecasts show 345 direct jobs and an annual GVA of £27.6m

In summary the case offers the best technical solution, best journey time reductions, best value for money statement which can be achieved given the significant problems to overcome and best synergy with unlocking dependant strategies.

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

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF		0.30	0.95	1.15	6.09	8.34	2.08					18.91

Key Outcomes

Quantified Impact

Comments

WY GVA / £	27.6m	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	345	Net WY jobs compared to Do Minimum at 2026.
WY Housing		Net WY households compared to Do Minimum at 2026.

Summary of current scheme against baseline

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **A629 Halifax to Huddersfield Improvements: Phase 1b – Southern Section**

Summary

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

It has been agreed that there are no material changes to the assumptions surrounding the proposed interventions that require the overall programme to be retested at this point in time. Modelling work was completed in time for the Gateway 1 submission for Phase 1b and overall programme has been retested. Core sensitivity testing demonstrated a BCR of 5.89

Costs

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

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **A629 Halifax to Huddersfield Improvements: Phase 1b – Southern Section**

Benefits

Accessibility to and from Halifax and Huddersfield. Key employment areas, such as Copley as well.

Accessibility/severance between surrounding business and residential areas is improved.

Increased cycle mode share to key attractors on the A629 corridor.

Reduced levels of delay and queuing on the A629 through the Calder & Hebble junction for all modes.

Reduced levels of 'rat-running' through West Vale area, Siddal and Exley.

Increased vehicle throughput.

Decrease in public transport journey time variability.

Decrease in end to end corridor journey times.

Improvement in air quality.

Key risks	Description
Risk 1	Land Acquisition - 3 plots and 1 canal crossing licence
Risk 2	Ground Conditions - green field site, potential canal dredging depositions.
Risk 3	Flood Risk Mitigation - field site registered as flood zone 2 & 3.

Land Acquisition

Narrow strips of land to the east of A629 required to facilitate highway widening, encompasses 2 landowners.

Canal and Rivers Trust; bridge over Calder and Hebble navigation required to facilitate new highway link road.

New Bank Garden Centre Ltd; CMBC have commenced negotiations in relation to land required to deliver the new highway link between the A629 and Stainland Road. This land plot acquisition represents the biggest risk to scheme delivery.

Key Stakeholders

Internal	External bodies
CMBC Departments	Bus Operators
Members	Network Rail
	Utilities companies
	Environment Agency
	Historic England
	Emergency Services
	Natural England
	Canal and River Trust
	Adjacent land owners
	Sustrans
	Calderdale & Huddersfield NHS Trust
	Kirklees Council
	WYCA

Consultation

Internal consultation has been positive, with a strong cross party political support expressed and by Business and Economy teams.

Externally, the principal land plot owner (New Bank Garden Centre) has withdrawn outline planning permission for own development pending being superceded by WY+TF scheme. C&RT have been contacted with no adverse comment received and NHS Trust supports reduced journey time between respective sites in Halifax / Huddersfield. Local Community exhibition held for Phase 1a with significant positive interest shown towards intervention at Calder and Hebble junction (Phase 1b)

Associated Documents

A629 Phase 1a Gateway document

Value for Money Statement

Scheme Name	A629 Halifax to Huddersfield Improvements: Phase 1 – Southern Section (1a & 1b)	
Scheme Promoter	Calderdale MBC	
Gateway Stage	1	
Criteria	Assessment	Comments
Quantified Benefits		
Present Value of Benefits	Time Savings	£169m
	Vehicle Operating costs	£28.24m
	Greenhouse Gases	£1.66m
	Indirect Tax	£4.41m
	Other	£203.31
Source - Major Scheme Business Case		
Cost		
Optimism Bias	44%	Optimism Bias is an economic tool used to uplift costs for the purpose of estimating a robust BCR. It is not included however in the Outturn Cost 44% (£9.5m) used in BCR calculations.
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£28.24m	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year
BCR (Benefit to cost ratio)		
Initial	Core Growth, 44% Optimism Bias, Maintenance and Operation Costs - 5.89	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme. The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	Test 1 Core growth , 44% OB, no Maintain / Operation Costs - 6.35 Test 2 Core , no OB or Maintain / Op Costs - 9.08 Test 3 Low , 44% OB, Maintain / Op Costs - 5.71 Test 4 High , 44% OBs, Maintain / Op Costs - 6.26	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme. Additional TUBA assessment tests based on scheme cost variations and varying growth assumptions have been undertaken using TUBA and are reported in the section below:
Qualitative Benefits		
Qualitative Benefits	345 Jobs / £27.6m GVA / Reliability impact on business users / Regeneration / Air Quality / Townscape / Reliability / Journey Quality / Accidents / Security / Access to services /and Affordability all beneficial Qualitative assessments.	Itemised in Appraisal summary table Appendix L
Very High		
Value for Money Category	Very High	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high
Sign-off		
Name		
Title		
Organisation	WYCA	
Signature		

DRAFT - REVISED VERSION TO BE PRESENTED FOLLOWING RESOLUTION OF OUTSTANDING MODELLING QUERIES

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **A629 Phase 2 (Halifax Town Centre)**

Summary		
Promoting Authority	Calderdale Council	
Project Executive	Kate Thompson	
Project Manager	Jenny Marshall	
Gateway Stage for which approval is sought	Gateway 1	
Approval for expenditure being sought	Initial approval to fund critical survey work up to the end of March 2016	£ 700,000
	Remainder to be sought following resolution of the outstanding modelling queries and GW1 approval	£ 1,616,000
	Total funding requested to progress to GW2	£2,316,000

Project description

The A629 phase 2 scheme is intrinsically linked to the Halifax Delivery Plan and the A629 Phase 1 scheme which acts as an enabler to unlock the southern section of the A629 and act as a catalyst to allow Halifax Town Centre to benefit from both transport and public realm improvements. Due to the nature of the Town Centre delivery of phase 2 is in 3 sub phases: 2a, b and c.

Phase 2a creates a new Eastern Gateway for the town centre, includes immediate improvements to the rail station environs, and is linked to the ongoing developments at the Piece Hall, Square Chapel and Central Library, and is aimed at creating a direct access to the Cripplegate development site fronting onto the town centre network.

The components of Phase 2a are as follows:

- Shay Syke – widening of footway on eastern side to provide a footway/cycle way between Water Lane and Gaukroger Lane;
- Shay Syke/Water Lane/Hunger Hill – signalisation of junction and provision of cycle crossings;
- South Parade/Discovery Road – new southern access for Eureka! and car park/cycle route improvements. The car park is provided as a like for like replacement of car parking that will be removed from the existing Eureka! car park to allow for the provision of the bus rail interchange and rail station car parking that has been removed from the station bridge (see below);
- Church Street/Horton Lane – all red pedestrian facilities at junction, road widening on Church Street, re-establishing the road along the old Church Street alignment, enhanced access to Eureka! northern car park, provision of cycle crossings and creation of new public square to allow for improved connectivity between the town centre core, Piece Hall/Square Chapel/library and Eureka!/Rail Station;
- Lower Kirkgate/Bank Bottom – replacement of mini-roundabout with priority junction, new signal junction at Cripplegate to incorporate access into development site, new access for Matalan and new alignment at Southwram Bank to assist HGVs;
- Charlestown Road/PC World – conversion of mini-roundabout to priority junction;
- A58/Charlestown Road – approach lane capacity improvements on entry to roundabout;
- Removal of traffic from existing rail station bridge, except for taxis and disabled access/parking to improve conditions for pedestrians and provide strong linkages to the new public square;
- Eureka! northern car park improvements – provision of rail station parking, drop-off/pick-up facility and taxi rank to replace those removed from the bridge, and a cycle route connection to new public square;
- Public realm improvements under existing rail bridge

Phase 2b will introduce major changes to the town centre bus network, which in turn allows the creation of shared space treatment along Market Street, significantly enhancing pedestrian amenity on this important north-south link. Proposals for the bus station also provide additional floor space for development adjacent to the Northgate House site, as well as a direct frontage onto Northgate. This phase also provides a new Northern Gateway, aimed at addressing the connectivity issues previously identified between the town centre, Dean Clough and North Bridge Leisure Centre, encouraging the 4,000 employees of Dean Clough to utilise (and thus economically support) the wider town centre offer.

The bus accessibility components are key to the whole scheme as they allow pedestrianisation of Market Street and other town centre links that will increase footfall and therefore the commercial viability of existing and new sites. Furthermore, the changes will also allow greater rail bus integration to support the forecast additional demand for travel in a sustainable way and allow potential new development attractors on the eastern side of the town centre to be better served by public transport. It also allows for direct job creation through the rationalisation and redevelopment of part of the bus station site.

The components of Phase 2b are as follows:

- Additional Eureka! northern car park and rail station accessibility improvements, including bus interchange (5 stands) and new lift and stairs;
- Town Centre Bus Accessibility Improvements - bus accessibility and routing improvements (dedicated bus box), enabling introduction of shared space treatment on central section of Market Street to enhance accessibility and reduce severance;
- Town Centre Bus Interchange and Hubs – rationalisation of existing bus station site to unlock a key development site and creation of mini-interchanges at the rail station and west of town centre to provide further bus routing opportunities and bus stops;
- Commercial Street/Ward's End – all red pedestrian facilities at junction and bus routing improvements (dedicated bus box);
- Northgate/Winding Road – all red pedestrian facilities at North Bridge and Winding Road, footway widening on east side of Northgate to enhance pedestrian access to Dean Clough and enhanced access to development site on Northgate .

The changes to bus routing and the pedestrianisation of Market Street are designed in such a way that they can be phased in line with development realisation to ensure the proposals are commercial viability in the widest sense.

Phase 2c creates new Southern and Western Gateways, aimed at addressing the connectivity issues previously identified between the town centre and west of the A629, as well as removing the three height restricted bridges on Water Lane (not the live rail bridge), thereby opening up this area for employment land and facilitating the planned amendments to the Nestle site.

The components of Phase 2c are as follows:

- Removal of three restricted height bridges on Water Lane, with additional right turning capacity at Shay Syke/Water Lane/Hunger Hill junction providing access to Nestle and other development sites accessed via Water Lane (site area of 16,170 sq m);
- Church Street/Prescott Street – signalisation of junction and provision of cycle crossings to incorporate access into Royal London development site and road widening on Church Street (a longstanding pinch point where larger commercial vehicles cannot pass side by side);
- Skircoat Road – minor highway and landscaping improvements;
- Skircoat Road/Prescott Street – signal changes to improve pedestrian crossing amenity and enhanced access to swimming pool site;
- Bull Green – replacement of roundabout at Bull Green with traffic signals to increase capacity and provide enhanced pedestrian crossing facilities, closure of George Street and creation of new public square to enhance historic setting;
- Broad Street/Pellon Lane - closure of subway at Pellon Lane and enhanced at-grade pedestrian facilities at junction to reduce pedestrian severance;
- Broad Street/Orange Street - signal changes to improve pedestrian crossing amenity;
- Traffic signal upgrades and detection/management systems to help manage traffic on A58 and A629 approaches to the town centre;
- Variable message signs to aid way finding and help manage route choice and car park use.

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

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	TOTAL
WY+TF	0	0	526	6,617	11,221	9,123	9,942	3,500	0	0	0	40,929

Key Outcomes	Quantified Impact	Comments
WY GVA / £	£40.7m	
WY Jobs	945	Based on 417 unlocked at Development sites and 528 from the UDM assessment

WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

Project Ref: **Project Name:** **A629 Phase 2 (Halifax Town Centre)**

WY Housing NA

Summary of current scheme against baseline

Summary	<ul style="list-style-type: none"> • High congestion particularly during peak periods at junctions and historic highway infrastructure permeating the town's perimeter and core. • Restrictive multi junction orbital road network. • Slow journey times for buses contributing to declining public transport patronage on the corridor. • Delays for goods vehicles travelling to and from M62. • Constrained access to the employment zones in Halifax. • Limited access to developable land in the town's eastern sector. • Archaic rail station / platform infrastructure. • Bus infrastructure deficiencies.
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Costs		
Mandated	£40,000,000	Excluding OB
GW1 submission	£40,929,250	Excluding OB
Difference	£929,250	

Key risks	Description
Risk 1	Potential number of sites subject to CPO process significantly increases cost of scheme due to required legal process
Risk 2	Other committed rail investment projects (e.g. Calder Valley line) result in Network Rail unwillingness to accommodate scheme's rail interface components within current funding period, compromising viability of scheme
Risk 3	Requirement to schedule most disruptive works during quieter periods risks delay to scheme programme or loss of funds. For example Eureka!

Land Acquisition

£900,000 has been included to acquire 13 interests in land. This figure includes Optimism Bias

Key Stakeholders

Internal	External bodies
CMBC Offices	WYCA
Elected Members	Local businesses and organisations: Nestle, Eureka!, Dean Clough, Matalan, Piece Hall, Square Chapel, Woolshops, Halifax Minster, Corus Hotels.
	Prospective Developers: Royal London and Cripplegate Development Consortium.
	Historic England
	Northern / Network Rail
	Sustrans
	All bus operators in Halifax Town Centre

Consultation

Consultation meetings have taken place with Eureka!, Nestle, Dean Clough, Sustrans, WYCA, Piece Hall, Square Chapel, Historic England, Halifax Minster, Network Rail, Northern Rail, Abellio, Corus Hotels, Matalan, Woolshops shopping centre, Royal London, Birch Sites, Water Lane Businesses, CMBC Elected Members, CMBC Senior Management Team, Marketing Halifax, Halifax Town Centre Bus Operators. A Public Awareness Session will be arranged for Q4 2015/16.

Associated Documents

Halifax Delivery Plan, Gateway 1 submission Phase 1 A629.

**DRAFT - REVISED VERSION TO BE PRESENTED FOLLOWING RESOLUTION OF
OUTSTANDING MODELLING QUERIES**

Value for Money Statement

Scheme Name	A629 Phase 2 Halifax town centre	
Scheme Promoter	Calderdale Council	
Gateway Stage	1	
Criteria	Assessment	Comments
Quantified Benefits		
Present Value of Benefits	Time Savings	£183,011,000
	Vehicle Operating costs	£11,245,000
	Greenhouse Gases	£1,659,000
	Indirect Tax	-£4,189,000
	Other	£6,770,000
	Total	£198,496,000
Cost		
Optimism Bias	44% (£18,011,000)	Optimism Bias is an economic tool used to uplift costs for the purpose of estimating a robust BCR. It is not included however in the Outturn Cost 44% used inline with Treasury Guidelines BCR calculations.
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£49,120,000	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year. The capital costs of the scheme, including land, preparation and supervision costs is £29.859m at 2015 Q3 prices. An allowance of £5.083m has been made for inflation along with a QRA of £5.987m. Optimism Bias has been included in the figure provided.
BCR (Benefit to cost ratio)		
Initial	4.04	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme. The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	2.19 to 4.03	Given the significance of highway user benefits to the overall PVB presented above, a series of sensitivity tests using low and alternative (high) growth scenarios have been completed to confirm the robustness of the initial BCR presented. These sensitivities result in a BCR of between 2.19 and 4.03 when calculated using the PVB of highway user benefits <u>only</u> . For comparison, the BCR of the core scenario when considering highway user benefits <u>only</u> is 3.27.
Qualitative Benefits		
Qualitative Benefits	417 Jobs	Through development land release
	528 Jobs	Through improvements to highways
	£820,000 uplift in rateable value	Calculated through the TfL VURT, over a 15 year period
	Improvement in air quality	Reduced emissions of NOx, PM10, PM2.5 and hydrocarbons
	Improved access to services	Based upon 14 unweighted Strategic Accessibility Assessment proformas identifying key destinations and vulnerable social groups, the Halifax Town Centre scheme has been assessed as having a moderate beneficial impact upon accessibility, particularly for key town centre destinations. Transport hubs such as the rail and bus stations came out particularly favourably.
Very High		
Value for Money Category	Very High	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR) <1.0 = poor 1.0 – 1.5 = low 1.5 – 2.0 = medium 2.0 – 4.0 = high >4.0 = very high
Sign-off		
Name		
Title		
Organisation		
Signature		

Originator: Angela Taylor
Director, Resources



ITEM 7

Report to: West Yorkshire Combined Authority

Date: 4 February 2016

Subject: Business Plan and Budget 2016/17

1. Purpose

- 1.1. To consider the outline business plan for the Combined Authority for 2016/17 and its strategic aims on behalf of local people.
- 1.2. To approve the proposed revenue budget and transport levy for 2016/17, the indicative three year capital programme and the treasury management statement.

2. Information

- 2.1. Since its creation on 1 April 2014 the Combined Authority has established itself as the key player in developing and driving economic growth in West Yorkshire, York and the wider City Region, in conjunction with the Leeds City Region Enterprise Partnership (LEP) and District Council partners. Its success in establishing the West Yorkshire plus Transport Fund and securing one of the best Growth Deals nationally demonstrate the benefits of having a clear, democratically rooted strategic planning and decision making body for the city region.
- 2.2. Further substantial devolution will enable the partners in the region to build upon this success and ensure further economic growth through improvements to connectivity and housing, increasing the number of good quality jobs and moving young people into employment, education or training. In bringing together the work of the former transport authority and the city region economic agenda WYCA is confident it will secure the growth of the region and demonstrate its part in the Northern powerhouse.
- 2.3. WYCA's focus has been about driving economic growth and good progress has been made to date. Drawing on the ambition set out in the Strategic Economic Plan funding has been secured through the Growth Deal to deliver a range of interventions to improve housing, skills, regeneration and transport infrastructure. An ambitious programme for the coming years has been drawn together to enable WYCA to make a positive contribution towards the plans for the wider City Region. These include the creation of job opportunities, providing training to young people,

enabling further new homes to be built, enhancing transport connections and transforming public sector partnership working.

Business plan 2016/17

- 2.4. The Strategic Economic Plan (SEP), adopted by WYCA as its overarching strategic plan, is being updated to reflect a number of significant changes in the time since it was written. Progress on this is covered under a separate item on this agenda.
- 2.5. WYCA's business plan is in the process of being developed and will set out the practical actions for WYCA in 2016 that will assist in delivering its aspirations, in support of those put forward in the SEP. The budget proposed supports the delivery of those actions.
- 2.6. The outline of the business plan is attached as Appendix A and reflects input from Members. It sets out a number of key actions, including agreeing and implementing the devolution deal, moving to the delivery phase of the Growth Deal and West Yorkshire plus Transport Fund and supporting the work on connectivity.
- 2.7. WYCA will also be undertaking further organisational development during the coming year. It has been recognised that organisational realignment and change is required to fully integrate all the teams that have been brought together under WYCA and ensure they are clearly focussed on delivering WYCA and the LEP's priorities in the most effective and efficient way. It is envisaged that operationally activities will be broadly defined in the four categories set out in the business plan ie partnerships, policy and devolution, project delivery, customer services enabling growth and resources/building capability. This will require significant organisational change that will be focused on aligning the functions that may currently be carried out in different parts of the organisation. Processes and procedures will also be updated to reflect new ways of working and ensure accountable decision making can be swiftly and flexibly made.

Revenue budget 2016/17

- 2.8. The WYCA has previously considered a number of reports on the medium term financial strategy and the budget strategy for 2015/16. This work has been informed and supported by the Finance Working Group which has considered a range of matters with regard to actual and planned expenditure on a number of budget heads.
- 2.9. When the budget was set last year WYCA had direct control and management of the budget relating to transport activities, largely funded by the transport levy on the District councils. On 1 April 2015 the WYCA became the accountable body for the LCR Enterprise Partnership which has been undertaking the economic development functions for the region for some time. This year therefore is the first time a budget has been established for the full extent of the WYCA. The LEP Board has considered and provisionally approved the budget presented for economic activities within this overall budget. Since 1 April 2015 all staff formerly employed by Leeds City Council on these activities have been TUPE transferred to the WYCA along with the inward

investment posts relating to the former Leeds and Partners. The budget presented in these papers includes the costs of these functions and reflects the growth of these teams required to deliver the challenging Growth Deal programme. As far as possible the capital budgets of the Growth Deal have been utilised to fund the costs of delivering this programme and any other associated costs.

- 2.10. Work has been undertaken to establish a robust position for 2015/16 that recognises the severe funding difficulties facing the District Councils but which enables WYCA to continue delivering and developing the services required to support economic growth and other WYCA and local authority partner objectives. The proposed budget is set out below in table 1, along with a narrative of the key movements in each block. Pay negotiations have not yet commenced for 2016/17 and a small pay award could be accommodated within the proposals should it be agreed.

Table 1

WYCA budget	2014/15	2015/16	2015/16	2016/17
	Actual	Original	Revised	Original
	£000	£000	£000	£000
Transport Expenditure				
Concessionary travel scheme	53,736	55,474	55,339	57,003
Subsidised bus services	19,544	19,632	19,354	18,999
Passenger Services	7,617	7,791	6,928	8,216
Prepaid Tickets	29,678	31,000	29,000	29,580
Rail support	43,154	43,155	44,371	904
Policy and Delivery		485	502	634
Strategic priorities - rail/bus	0	0	0	350
Economy				
Policy and Delivery	0	0	1,720	1,918
Trade and Inward investment	0	0	1,544	1,778
Shared/Corporate				
Pensions	1,370	1,406	1,356	1,394
Financing charges	6,904	7,081	6,891	6,689
Corporate	5,944	5,722	5,763	6,049
	167,947	171,746	172,768	133,514
Less Prepaid Ticket sales	29,678	31,000	29,000	29,580
Special Rail Grant	43,154	43,155	44,371	904
Interest Receivable	291	378	708	529
Net Expenditure	94,824	97,213	98,689	102,501
Funded by:				
LEP Funding	0	0	2,913	1,707
Enterprise Zone receipts	0	0	0	500
Transport levy	96,198	96,198	96,198	96,198
(Addition to)/Use of reserves	-1,374	1,015	-422	4,096
	94,824	97,213	98,689	102,501

- 2.11. The budget is presented in the current transport/economy/resources costs blocks. As further integration of functions takes place in the coming year this presentation will be revised to match the delivery/strategy/resources/customer services arrangements as set out in the business plan.
- 2.12. **Concessionary travel** – this is the largest budget line funded by the transport levy and represents the payment to bus and train operators for reimbursement of travel concessions. The largest component of this is the £46.2m reimbursement to bus operators for the statutory English National Concessionary Travel Scheme (ENCTS). The WYCA is required to reimburse operators on a ‘no better no worse’ principle which is achieved through using the Department for Transport approved reimbursement model.
- 2.13. Any changes to the costs of funding the statutory scheme are not matched by changes in funding and hence as costs have increased savings have had to be found in other areas. Three year agreements which expire at the end of 2016/17 have been negotiated with the major bus operators in order to better manage the significant risks that can arise from variations applied to the model as bus fares increase for example.
- 2.14. £10.2m of this budget funds the concession for young people. Changes have been made in recent years to the way in which these concessions have been provided, with the bus operators providing a larger commercial contribution to these costs. In support of the Authority’s clear objective to increase the concessionary offer to young people, to assist in travelling to college or training for ,n extension to the current scheme was introduced in November 2015. This extended the half fare offer to all young people aged up to 19. This supports the twin objectives of increasing gross added value and access to employment or training for those in the most deprived communities.
- 2.15. The increase in the budgeted costs for 2016/17 is in accordance with the three year agreement and reflects the modelled expected costs for the discretionary elements ie young persons’ concessions and senior rail concessions. Reimbursement of operators is now based upon smartcard readings.
- 2.16. **Subsidised bus services** – this budget line represents the net payment to bus operators for providing supported bus services, schools services and AccessBus. The major element is the £15m of non-schools tendered services which supplement the commercially run network. These services are procured in accordance with value for money criteria ie there are too few passengers for the service to run commercially but sufficient passengers to justify operating the service for the social benefits it provides.
- 2.17. A programme of area network reviews commenced in 2011 and has established a core network of services largely operated commercially and which has reduced WYCA costs by over £5m per annum. There is now little scope to further reduce these costs without cutting services and reducing the viability of the network.

- 2.18. An effective procurement strategy in renewing recent tenders coupled with low inflation rates to be applied to ongoing contracts means this budget remains stable going into 2016/17 but it will be challenging to maintain this.
- 2.19. **Passenger services** - the passenger services budget line covers the direct costs of provision of bus stations, bus shelters and passenger information across West Yorkshire. This includes the provision of 8 major bus stations with customer care staff, travel centres, toilets, CCTV, retail and electronic information. In addition WYCA operates a number of unstaffed bus stations such as Batley, Cleckheaton, South Elmsall, Hemsworth and Ossett.
- 2.20. WYCA has 14,000 bus stops and 4,500 bus shelters. An advertising contract allows for a number of these shelters to be maintained by a third party and income of £850k pa is generated through this contract as well as saving on maintenance costs. Opportunities to generate further income at bus stations continue to be explored. There is currently a high level of occupancy of the retail units.
- 2.21. This budget also covers all the direct costs of passenger information. This includes the MetroLine call centre which is open 7 days a week from 7am to 10pm, with an element of this cost being met by bus operators to bring the net operating cost down to £210k. Printed timetables are available for all bus and train services in West Yorkshire as well as printed bus stop timetable displays at 9,000 stops. Bus real time information is available through the internet based journey planner, on screens at bus stops and via text messages. Marketing campaigns to get key messages to public transport users take place periodically and support work to encourage commuters to use public transport through the Travel Plan Network. Funding is also provided to assist job seekers into employment. Automated messages and updates on changes to travel are provided through MetroMessenger. Transport operators make contributions to the costs of these services.
- 2.22. This budget also includes the costs of service monitoring (surveys to establish bus usage and adherence to conditions), support for businesses in travel planning, management and planning of bus networks and tenders and the provision of schools transport liaison through agreements with LEAs. Savings have been possible in setting the 2016/17 budget as a result of reducing costs in a number of areas. This includes the renegotiation of the contract for shelter repairs and savings in passenger information as well as an increase in the income generated by advertising on bus shelters. As part of a supplier's right to extend an existing contract a fixed some contribution of £950k has been recognised in this line in 2015/16 and will be transferred to reserves at the end of the year. Other opportunities, such as bids to funding bodies, are taken to generate income to support these activities.
- 2.23. **Rail costs** – for 2015/16 the costs of meeting the rail franchise in West Yorkshire are paid out via the WYCA but fully funded from the Department for Transport (DfT). In addition an administration grant is received which meets the costs of managing the franchise, including the rail monitoring team and producing rail timetables. For 2016/17 the rail franchising costs are to be paid via Rail North as part of the devolved franchising agenda with the Department for Transport. The administration grant continues to be received by WYCA for 2016/17 and an element of it is required to

support Rail North activities, along with other rail related activities which will continue in the short term.

- 2.24. **Policy and delivery** – these are the costs funded by revenue of the teams providing transport policy, strategy and planning. Costs, including staffing, of delivering infrastructure investment and other projects are charged to capital budgets and are included in the expenditure figures for capital set out later in this paper.
- 2.25. **Strategic priorities** – a sum of £350k has been included in the budget for 2016/17 to enable WYCA to respond to new and emerging priorities that could include for example the Buses Bill and/or the Cities and Local Government Devolution Bill. WYCA has also been supporting the work being undertaken through Transport for the North on smart ticketing for example, largely so far through the provision of staff time.
- 2.26. The **economy** block reflects the revenue costs of delivering on the economic agenda, both with regard to developing policy and strategy across the economic lead areas, supporting the LEP Board and its panels and to delivering the trade and inward investment agenda.
- 2.27. During 2016/17 this work will include revision of the Strategic Economic Plan (SEP) and continued development and roll out of activity supporting each of the four priorities in the plan. The LEP Board will be supported in its thought leadership role around the ‘good growth’ agenda, as one of the leading economies in the Northern Powerhouse. The development of an integrated approach to WYCA’s research, intelligence, appraisal and evaluation capability will be fundamental to the successful delivery of the SEP. Work will be undertaken across all parts of the organisation to ensure that key intelligence assets and capabilities are developed to support the “joined up” appraisal and evaluation of transport and economic development funding. The development of a more clearly defined intelligence capacity will improve the WYCA’s ability to use its information assets more effectively and ensure delivery choices are supported with the most robust intelligence of the needs of local businesses, communities and partners.
- 2.28. Business growth, innovation and enterprise will be supported through the continuation of the LEP Growth Service, operation of LEP grants/loans for businesses creating jobs or recovering from flood losses, including a new finance scheme accessible to start-up firms. The Innovation Strategy will be progressed into implementation, with the launch of ESIF innovation programmes. A Digital Mapping Project will complete and inform a new Digital Strategy for the city region.
- 2.29. The LEP’s three year business plan for trade and investment will be implemented by a strengthened LEP International team, including dedicated trade policy resources to conclude a joint Export Plan with UKTI. Priorities for inward investment will be the four sectors of manufacturing, finance, professional and services (FPS), health and digital, with a focus on opportunities arising from London, US and Europe.
- 2.30. With regard to the second priority of skills and jobs work will continue to address skills gaps and promote employability. This will include taking part in the West Yorkshire Area Review of 16+ provision, publishing a revised Skills Plan, rolling out

Enterprise in Education initiatives and continuing to deliver skills support for business through the LEP Skills Service and Apprenticeship programmes, including the devolved AGE grant. Close working with the Joseph Rowntree Foundation will see new approaches to progression for low paid workers developed in our joint 'More Jobs, better Jobs' programme.

- 2.31. In support of the third priority of energy and resource efficiency a new business support product will be offered providing grant support to SMEs who wish to invest in resource efficiency improvements as well as a new commercial and technical advice service for low carbon energy projects (the Energy Accelerator). Other work will include continuing to deliver energy efficiency improvements to homes across the Leeds City Region through the Better Homes programme, the launch of a white label municipal energy company across all or part of the Leeds City Region and a new, nationally significant research programme into transition to non-conventional energies, with a focus on hydrogen.
- 2.32. For the fourth priority of infrastructure and regeneration, the LCR Infrastructure Investment Framework will be developed. Work will be undertaken to establish the joint LCR Land and Assets Board with HCA and Government and develop a strategic approach to surplus public sector land and assets use and disposal. Partnership working will be enhanced with housing associations, private developers, HCA and other bodies to accelerate delivery of more new homes and to join up policy and investment, particularly in relation to health and housing. Work will be undertaken with the Environment Agency and other national and local bodies to develop a more strategic approach to flood resilience across the city region including establishing a LCR Flood Resilience Board.
- 2.33. To support the priorities of the Strategic Economic Plan (SEP) the European Structural and Investment Funds (ESIF) €392m programme, with which the investment priorities of the SEP are aligned, will enter its second year of implementation. The ESIF is spread across 9 thematic areas ranging from innovation, SME Competiveness, low carbon, environment through to addressing skills, social inclusion and employment.
- 2.34. Throughout 2016/17 work will be undertaken to progress and design Calls, working closely with the Governments Managing Authorities and the ESIF Committee, which is the process for applicants to apply for the funds, and which outline local priorities for funding. Work will also be undertaken to allow the West Yorkshire Combined Authority to take on responsibility of an Intermediate Body (IB), to fulfil its obligations to deliver the Sustainable Urban Development part of the programme as well as considering how IB status can also be secured, under the Devolution Deal for the City Region for the rest of the ESIF programme. IB will itself allow greater control and autonomy for the CA in the decision making process for ESIF and allow greater alignment of other funding coming in to the area.
- 2.35. The **corporate/resources** block reflects the costs of supporting all the above activities. Further detail is set out below.
- 2.36. **Pensions** - the pension costs are a fixed sum payable to the West Yorkshire Pension Fund in relation to former bus employees prior to 1986; whilst this figure will reduce

over time it is a commitment that must be met. The ongoing pension costs of current employees are included in the relevant budget lines to their activity.

- 2.37. **Financing costs** - the financing charges relate to the interest and minimum revenue provision for the WYCA's loan book of £79m. The loans in place are part of the capital financing undertaken in the years prior to receiving capital funding as grant and are all at low rates of interest. Decisions on the means of funding the West Yorkshire plus Transport Fund will have an impact on this budget line in future years but for 2016/17 it is assumed that no borrowing will be required for this purpose. Further information is set out in the prudential funding statement at appendix C.
- 2.38. **Corporate** - the corporate budget line covers all central costs including accommodation and all the costs of ICT, HR, finance, public relations and communications, business planning and legal and democratic services, including staffing, insurance and Members allowances. Savings and efficiencies have continually been sought in these areas through staffing reviews and renewals of contracts.
- 2.39. The total staffing figure for WYCA expressed as full time equivalents is 416, an increase of 24% compared to last year reflecting the impact of the TUPE transfer in of the LEP, Leeds and Partners trade and inward investment function and Regional Economic and Intelligence Unit and the need to increase the number of project posts in order to deliver the Growth Deal interventions. Much of the increase in headcount is funded by capital or other grant with the total revenue staffing budget for 2016/17 only increasing by 8%. There has been an increase in funding from the transferred- in functions which is meeting these costs. A vacancy target is set each year and a process to challenge all vacancies before proceeding to recruitment is in place.
- 2.40. The funding for the revenue activities set out above is shown in the lower section of table 1. It can be seen that the funding for rail activities reduces in line with the changes in expenditure set out in paragraph 2.23 above and the income is in relation to the administration grant only. Funding for economic activities is provided through a range of income streams including contributions from the city region authorities, funding from central government, top slicing various grants and most significantly through the use of Enterprise Zone receipts. The LEP Board has set their 2016/17 contributions from member authorities at the same level as 2015/16.
- 2.41. Whilst it has been agreed that the business rates income from the Enterprise Zone can be used to fund the work of LEP International, the trade and inward investment arm of the LEP, there is an initial commitment to meet development costs of the site and then an issue with regard to timing of these receipts, both of which result in a short term funding shortfall. There are projections for significant income and growth of income on the site, but the initial receipts will only commence in 2016 and will be insufficient to provide the full level of income to WYCA required in 2015/16 and 2016/17. Latest calculations forecast income to WYCA for 2016/17 of £500k but with the possibility that other businesses will commence operations in that timescale, making further receipts available.

- 2.42. There is little doubt that future years will see significant millions of income from the Enterprise Zone and the ongoing work of the LEP International should result in further growth on the site. The delay in receiving this income is a matter of a timing issue and the approach of managing this situation through utilisation of reserves has previously been endorsed. The current level of reserves is such that this is a viable position for 2015/16 and 2016/17 although by the close of 2016/17 reserves are forecast to be slightly below those set out in the reserves strategy. It should be noted however that EZ receipts may exceed the budgeted level in 2016/17; if this is not the case, and other savings are not forthcoming during the year as part of the usual close monitoring of expenditure, it is proposed that an element of the £5m levy contribution to the West Yorkshire plus Transport Fund in 2016/17 be utilised to support reserves pending the receipt of business rates in the following year. At this stage it is not expected that this contribution would be required in full in 2016/17 to fund WY+TF investment.
- 2.43. The reserves position following the adjustments set out for above is set out in table 3 and shows a significant use of reserves in 2016/17. An approach whereby some £2m of reserves were to be utilised to support planned expenditure has previously been endorsed by the Authority. The timing issue with regard to business rates income from the Enterprise Zone requires the utilisation of a further £1.9m of reserves which will be returned back in subsequent years as receipts flow. Further work on cuts, savings and efficiencies would be required during next year to enable a balanced three year medium term strategy to be set for subsequent years and it is anticipated that this work will again be overseen by the Finance Working Group.

Reserves policy

- 2.44. The budget proposals must be supported by an appropriate reserves policy. Good practice is that such a policy should be based on a risk assessment of the different areas of spend and as such will vary from year to year and from organisation to organisation. The Finance Working Group and the Governance and Audit Committee have considered the calculation of the policy, taking into account the related risks for each of WYCA's budget blocks. The workings are set out in Table 2 below with the reserves position arising from the proposed budget set out in table 3 below.

Table 2								
Reserves Policy Calculation for 2016/17								
						Budget	Reserves	
						£m	£m	
Risk on Concessions	Total ENCTS Budget					47.0		
	2.5% contingency for volatility of ENCTS agreements					43.0	1.1	
	5% contingency for volatility of ENCTS non-agreements					4.0	0.2	
	Young Persons Concession					10.0		
	5% contingency re patronage volatility						0.5	
Subsidised services	Tendered service budget					20.0		
	7.5% contingency re contract inflation/renewal rate/BSOG						1.5	
Risk on expenditure on other activities	Passenger Services					8.2		
	Development/corporate					6.9		
	Financing charges					6.7		
	LEP					3.7		
	5% contingency for other spend areas -capacity /income/ interest risk						1.1	
	10% contingency economic - risk/volatility on EZ funded exp						0.4	
							4.8	

Table 3				
Reserves				
		2014/15	2015/16	2016/17
		Actual	Latest projection	Budget
		£000	£000	£000
	brought forward	6,570	7,944	8,366
	movement in year	1,374	422	-4,096
	carried forward	7,944	8,366	4,270

- 2.45. The projected reserves for the end of 2015/16 are higher than those previously assessed as required, due largely to savings achieved in 2014/15 over those budgeted. This effectively provides the opportunity to release £4m of reserves to support the 2016/17 budget, both to fund general expenditure and to cover the timing difference with regard to Enterprise Zone receipts. This will then enable the time for a considered approach to be undertaken in the coming year with regard to cost reductions. The reserves policy will be kept under review to ensure it is kept at the optimum level to meet the requirements of WYCA and the District Councils.

Transport levy

- 2.46. The transport levy for normal transport activities has been either reduced or frozen for a number of years, a position that has been agreed between WYCA and the District Councils who are served by the public transport network. Cost reductions over recent years have been achieved against a background of an increasing workload with the development and implementation of the Single Transport Plan,

Combined Authority developments and work towards bus strategy, rail devolution and the WY+TF. In 2013/14 the Government clarified that the transport levy falls within the council tax referendum limit for the District Councils that pay the levy.

- 2.47. Small increases to the levy have been made to respond to the demands of the West Yorkshire plus Transport Fund (WY+TF). These have been kept in a ringfenced reserve and released solely to fund WY+TF activities. As part of the negotiations with government regarding a payment by results approach to the WY+TF Districts agreed to a small annual increase in the levy for a ten year period. For 2016/17 that increase is £419k, a 0.41% levy increase. Further information on the position with the WY+TF is set out in the capital programme section of the report.
- 2.48. The levy proposal for 2016/17 has been previously endorsed by the WYCA and is that the levy for normal transport purposes remains unchanged. This position is supported by a use of reserves and will enable the WYCA to set a balanced and robust budget for 2016/17 which will see current service levels and activities maintained, supported by reserves at a level which is in accordance with the proposed reserves policy.
- 2.49. Adjustments have been made to the levy for a number of years to enable an equitable distribution of funding that has been paid to Districts when formerly it was paid directly to WYCA the former WYITA. This includes for example concessionary fares funding that was paid to the Districts on a different formula basis than population. These adjustments were agreed with the Districts and ensure that they each 'passport' through to the Authority any relevant direct funding received. The mechanism involves setting a gross levy and providing a rebate to each District in the year to compensate for any over-recovery. In order to ensure consistency in respective levy payments these agreements have been presumed to continue for 2016/17.
- 2.50. Table 4 below sets out the net and gross levy by population, in accordance with the regulations. Table 5 below demonstrates the movement in the net levy between 2015/16 and 2016/17 which takes into account the 0.41% increase in the levy and the movement in population which this year is relatively small.

Table 4 District Council levies						
	Relevant Population June'14 for 2016/17	Net Levy 2015/16 £	Gross 16/17 £	% of levy by District	Refund 2016/17 £	Net levy 2016/17 £
Bradford	528,155	23,915,744	24,957,762	23.4%	977,117	23,980,645
Calderdale	207,376	9,155,061	9,799,473	9.2%	609,538	9,189,935
Kirklees	431,020	18,718,197	20,367,685	19.0%	1,558,222	18,809,463
Leeds	766,399	34,160,948	36,215,892	33.8%	1,887,601	34,328,291
Wakefield	331,379	15,531,517	15,659,188	14.6%	66,936	15,592,252
	2,264,329	101,481,467	107,000,000	100.0%	5,099,414	101,900,586

Table 5 Change in Levies				
	Relevant	WYTF Extra	Lewy Change	Total levy
	Population	Lewy	Population	Increase
	June'14 for 2016/17		£	
Bradford	528,155	98,633	-33,732	64,901
Calderdale	207,376	37,798	-2,923	34,875
Kirklees	431,020	77,364	13,903	91,267
Leeds	766,399	141,192	26,149	167,341
Wakefield	331,379	64,132	-3,397	60,735
	2,264,329	419,119	0	419,119

- 2.51. In accordance with the regulations District Councils will be notified of the transport levy by mid February and will make payments to the WYCA in ten monthly instalments from 1 April 2016.

Capital programme

- 2.52. The following paragraphs set out the capital funding available to the WYCA for 2015/16 and subsequent years and the indicative capital programme for which this funding will be used. It reflects the impact of the changes to the way in which the Department for Transport provides capital funding, most notably the devolution of the major scheme funding and the topslice of Local Transport Plan (LTP) Integrated Transport (IT) block funding to the regional Growth Deals. It also sets out the impact of taking on responsibility as accountable body for the Growth Deal monies awarded to the region. Whilst this provides significant sums for investment in interventions there are also requirements to ensure grant conditions are met, including a requirement to spend in year and this has necessitated a review of funding and expenditure to ensure the most effective and efficient use of resources to ensure delivery of key priorities alongside maximising the funding available.
- 2.53. The indicative programme for 2016/17 reflects the priorities of the WYCA as set out in the business plan, and will see the completion of a number of key projects such as Kirkstall Forge and Low Moor Rail Stations, Temple Green park and ride, the cycle superhighway and the start of work on a range of projects across all West Yorkshire Districts. This will include work on colleges in Bradford, Selby, Wakefield and Shipley, the Leeds University Innovation and Enterprise Centre, the continuation of the Business Growth Programme and development work on station gateway masterplans, the A62 Cooper Bridges scheme, the East Leeds Orbital Road and the Halifax Station Gateway scheme. The work being undertaken on a strategic Single Transport Plan will inform future project prioritisation and funding allocations.

Integrated transport block

- 2.54. The LTP settlement letter issued on 24 July 2014 by the Department for Transport confirmed the Integrated Transport block allocations from 2015/16 to 2017/18 with indicative allocations provided for 2018/19 to 2020/21. The Combined Authority is

deemed to be the accountable body in West Yorkshire and funding will be allocated to the Combined Authority.

- 2.55. The Authority therefore has the responsibility for distributing LTP funding to the District Councils to deliver the agreed Implementation Plan. In order to do this a mechanism has been established to make payments to Districts during the year that reflects the planned delivery of the Integrated Transport Block funded programme.
- 2.56. The Highways Maintenance allocations are made to District Councils in full with the funding received by the Authority paid over to the Districts via the quarterly payments, as determined by the DfT's formulaic allocation.
- 2.57. The Integrated Transport Block funding for 2015/16 to 2018/19 including funding from Implementation Plan 1 (IP1) supports schemes that will be delivered across the coming years. Table 6 below sets out the cash allocations for this year and the next three years.

Funding Source	IP2				
	2015/16	2016/17	2017/18	2018/19	Total
	(Confirmed)	(Confirmed)	(Confirmed)	(Estimated)*	
	£000	£000	£000	£000	£000
Integrated Transport	13,104	13,104	13,104	13,104	52,416
Integrated Transport C/Fwd	20,563	4,719	0	0	25,282
Total LTP IT Block	33,667	17,823	13,104	13,104	77,698
Non LTP3 Funding	27,682	11,516	17,051	0	56,249
Maintenance	29,213	26,781	25,971	25,971	107,936
DfT Major Scheme	198	0	0	0	198
Total	90,760	56,120	56,126	39,075	242,081

- 2.58. The Authority's capital allocation for transport schemes in 2016/17 is therefore £90.76m, with this funding being provided as capital grant (not supported borrowing).
- 2.59. The governance arrangements that have worked effectively during the first years of the Combined Authority will continue to operate for 2016/17 with the Transport Committee approving quarterly payments to partners and overseeing delivery of the transport schemes identified in the indicative capital programme.
- 2.60. The IP2 shows a detailed breakdown of project interventions across the partners with allocations of funding reflecting this plan. The allocation of IP2 funding reflects the impact of the local growth fund (LGF) which top sliced nationally off the Integrated Transport Block. The impact of this on the IP2 integrated transport block allocations for 2015-17 is a reduction of 52% against the 2014/15 allocation and the IP2 plan has been adjusted to reflect this new strategic approach to funding allocations.

2.61. The 3 year implementation plan 2014-2017 included successful funding bids to DfT including major scheme funding for Kirkstall Forge Apperley Bridge (Rail Growth), Cycle City Ambition Grant and Local Sustainable Transport Fund grant. Additionally other funding sources are identified including Leeds City Council contributions to NGT development and developer contributions funding the Rail Growth scheme. Implementation Plan 3 from 2017-2020 is still in development and this process will continue through 2016/17 in consultation with district partners. The West Yorkshire Implementation Plan 2 2014-17 is shown in detail at Appendix B. A summary of the funding for IP2 is shown below:-

Funding Source	IP1		IP2		
	2015/16	2016/17	2015/16	2016/17	IP2 TOTAL
	£0	£0	£0	£0	£0
LTP IT Block Funding	13,104	13,104	13,104	13,104	52,416
LTP IT Block Funding (Carried Forward from IP1)	20,563	4,719	0	0	25,282
Non LTP Funding	27,682	11,516	17,051	0	56,249
DFT Major Scheme Funding	198	0	0	0	198
Total LTP3 IT Implementation Plan	61,547	29,339	30,155	13,104	134,145
IT overprogramming	2,554	6,776	0	0	9,330
Total WY Implementation plan value (including overprogramming and Major scheme Funding)	64,101	36,115	30,155	13,104	143,475
Transfer (from)/to Growth Deal	-18,090	18,090	0	0	0
Total IP programme value	46,011	54,205	30,155	13,104	143,475

The Strategic Economic plan (SEP) and Growth Deal

2.62. Government has created a Local Growth Fund, of around £2bn per year, to operate from April 2015. Each of the 39 Local Enterprise Partnerships (LEPs) in England was asked to submit a Strategic Economic Plan (SEP) to government by 31 March 2014 as part of a competitive bidding process to win a share of the new Fund. The government then announced 'growth deals' that allocate both financial resources and devolved powers and flexibilities for each LEP for 2015-16 and beyond.

2.63. The government announced the Growth Deals for all LEPs on 7 July 2014. The headlines are that over the 6 year period (2015/16 – 2021/22) of the deal the Leeds City Region has secured £572.9 million, which is the largest settlement in the country. This includes £180m for the West Yorkshire plus Transport Fund (WY+TF). In addition a further £420m will be provided between 2020/21 and 2034/35 (£30m

per year) for the Transport Fund and also the legacy DfT major scheme funding of £175m relating to NGT. A further allocation was awarded to the region of £54.6m in summer 2015 providing further funding for skills, housing regeneration and energy.

2.64. The funding for the West Yorkshire plus Transport Fund (WY+TF) is supplemented by local contributions to enable a £1billion programme to be delivered over a ten year period. The additional £420m from 2020 onwards is only available subject to satisfying an independent gateway review at five yearly intervals. The review will consist of an assessment of the economic impact of the schemes delivered as well as considering the success of delivering on time and on budget.

2.65. The Growth Deal funding award over the period 2015-2021 totals £627.5m with the table below showing expenditure and funding for the capital reporting period 2015-2019:-

Table 8 Allocation of Growth Deal - Economy					
Scheme Expenditure	Growth Deal				Total £000
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	
Business Growth Programme (inc. Access to Cap & Leeds, Hudds Uni Innovation)	6,800	12,590	8,030	4,000	31,420
Skills Capital Program	5,170	68,830	0	5,000	79,000
Energy Efficiency/Bio renewables	0	1,860	1,990	470	4,320
Housing and Regeneration	5,340	11,580	3,680	2,490	23,090
WYTF	22,000	55,700	85,000	122,000	284,700
Majors	0	0	60,000	73,500	133,500
Transport Projects	18,090		0	0	18,090
Capitalisation	900	0	0	0	900
Total	58,300	150,560	158,700	207,460	575,020
ERDF Match	5,800	8,100	2,600	1,600	18,100
Non Growth Deal Economy	4,685	23,478	0	0	28,163
Funding					
Growth Deal	68,300	122,470	121,710	135,120	447,600
LTP Transport Funding	0	18,090	0	0	18,090
ERDF	5,800	8,100	2,600	1,600	18,100
WY+TF Reserve Borrowing	-10,000	10,000	36,990	72,340	109,330
Non Growth Deal Economy	4,685	23,478	0	0	28,163

2.66. The table demonstrates that across the capital reporting period the forecast expenditure on Growth Deal schemes is £575.02m to 2019 funded by £447.6m of

grant from central government and a borrowing requirement of £109.33m to deliver the West Yorkshire plus Transport Fund element of the Growth deal.

- 2.67. The delivery of the non-transport elements of the Growth Deal are being progressed through the LEP panels with both the transport and non-transport projects being overseen by the Investment Committee which provides recommendations to the Combined Authority to approve schemes. During 2016/17 further resources will be invested in the portfolio management of projects to ensure that there is effective management of the delivery of current projects and that the pipeline of future projects continues to progress. This will also include consideration of the deliverability of projects and the potential to substitute schemes in order to achieve outcomes.

Forward Application of Growth Deal

- 2.68. As set out in the report, the WYCA capital programme covers interventions and projects focussing on both transport and economic interventions. These are funded through a number of income streams, some of which are specifically for transport projects such as the LTP IT block and highways maintenance and others which are specifically for economic investments and then the Growth Deal which covers both aspects. Certain conditions are attached to some of the funding streams whilst others have a degree of flexibility both in and across years.
- 2.69. As part of the award of Growth Deal funding certain flexibilities were granted enabling funds to be switched between individual schemes within year but with a need to ensure that ultimately the agreed outcomes would still be achieved. The main condition attached to the Growth Deal funding is that it must be spent in the year of award on capital projects. There is a significant risk in financial year 2015/16 that growth deal funding will not be spent within this annual time frame, with £40.1m of expected spend against a funding allocation of £68.3m, reflecting the time required to work up a range of complex projects in a short space of time. In order that the Authority does not lose funding it is proposed that the application of LTP and other Economy funding streams be deferred and Growth Deal money utilised to fund the other projects across the entire portfolio in order to ensure current and future Growth Deal funding awards are protected.
- 2.70. Discussions have been undertaken with the Investment Committee regarding the need to protect funding to ensure priorities are delivered but balanced against the need to spend money in accordance with the grant conditions ie to spend the awarded sum in year. The proposed approach whereby Growth Deal funds are substituted for integrated transport (IT) block funding and other West Yorkshire plus Transport Fund funding in the current year with these funding streams carried forward for use against Growth Deal projects in future years has been endorsed by the Investment Committee. This approach has also been endorsed in principle by the Department for Business Innovation and Skills and also was supported in the DCLG Growth Deal Funding conference which recognised that it was an appropriate funding strategy to ensure retention of growth deal capital with other funding streams repaying the Growth Deal projects in subsequent years.

Treasury management

- 2.71. The treasury management function is undertaken in conjunction with Leeds City Council. The WYCA is required to prepare an annual prudential statement, setting out treasury activity in the year, the arrangements in place and details of the funding position. This is set out in full in Appendix C.
- 2.72. The current treasury management arrangements have been regularly reviewed to ensure they are appropriate for the organisation. The next year will see significant change, with further increases in funding arising from Growth Deal funding, the development of the WY+TF and potentially through devolution. The arrangements will be kept under review to ensure they continue to best meeting the needs of the WYCA. Any proposed changes will be progressed through the Governance and Audit Committee.

3. Financial implications

- 3.1. As set out in the report.

4. Legal Implications

- 4.1. The Combined Authority is required to set the transport levy for the coming year in accordance with the Transport Levying Bodies Regulations.

5. Staffing Implications

- 5.1. The budget for 2015/16 and 2016/17 includes the funding for the current approved establishment and the associated employer on-costs.

6. Consultees

- 6.1. The Head of Paid Service, Directors and the Finance Working Group have provided input to this report.

7. Recommendations

- 7.1. That approval be given to the revised budget for 2015/16 and the proposed budget for 2016/17 for the WYCA.
- 7.2. That approval be given to the indicative capital programme for 2016/17 – 2018/19.
- 7.3. That the Transport Committee be delegated to approve individual schemes within the integrated transport block of the 2016/17 capital programme up to a maximum cost of £3m.
- 7.4. That in accordance with the powers contained in the Local Government Finance Act 1988 (as amended) and by virtue of article 9(6) of the West Yorkshire Combined

Authority Order and the Transport Levying Bodies Regulations 2015 (as amended) a levy of £107m be determined for the year ended 31 March 2017.

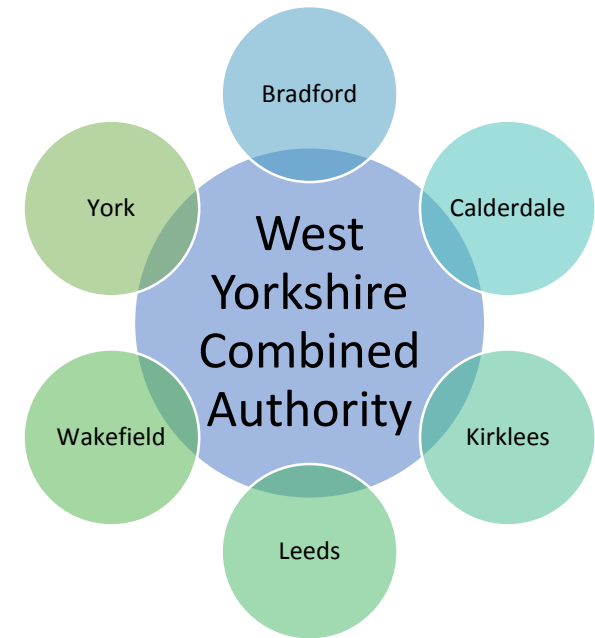
- 7.5. That the Chief Financial Officer be authorised to issue the levy letter in respect of the financial year ending 31 March 2017 to the five District Councils in West Yorkshire.
- 7.6. That a payment of £5.099m be made to the District Councils in accordance with table 4 of the report.
- 7.7. That authorisation be given to the Chief Financial officer to arrange appropriate funding for all expenditure in 2015/16 and 2016/17 subject to statutory limitation, including the most appropriate application of capital funding as set out in the report.
- 7.8. That the adoption of the CIPFA Code of Practice for Treasury Management in Public Services be reaffirmed.
- 7.9. That the treasury management policy as set out in Appendix C be approved.
- 7.10. That the prudential limits for the next three years as set out in Appendix C be adopted.

WYCA Business Plan **DRAFT**

Overview

At the heart of the West Yorkshire and York Partnership are the six local authority districts and the established Combined Authority (CA). They are the democratically accounted and trusted bodies, ready to coordinate ambitious place-leadership for good growth and successful communities.

As part of the CA the Leeds City Region Enterprise Partnership (LEP) plays a critical role providing the voice and leadership of business and managing programmes for boosting the region's economy.



Vision

“The partnership for prosperity, enabling good growth”

Delivering sustainable and accelerating growth, transport, jobs, employment, investment, skills, and housing accessible to all aiming to improve quality of life across the region.

What WYCA is delivering for you

DRAFT

WYCA works with private and public sector partners to raise the quality of life in our region through businesses growth, job creation, a trained and skilled workforce and the building of new and affordable homes, underpinned by a modern, integrated transport network.

Supporting growing businesses

We help small businesses and private sector firms to grow by providing support and finance, creating international links and paving the way for innovation, enterprise and new business investment.

Developing a skilled and flexible workforce

We're working with employers and education providers to create more and better jobs, with a highly skilled workforce to sustain them.

Building a resource-smart City Region

We're developing innovative new energy infrastructure in the region and helping businesses and households to become more energy-efficient, saving them money and supporting economic growth.

Delivering the infrastructure for growth

We're building the modern infrastructure our region needs to develop and grow including transport, broadband and housing

What WYCA has achieved so far.....

Secured a £1billion-plus Growth Deal to support growing businesses, develop a skilled and prosperous workforce, improve energy efficiency and create the housing and transport infrastructure for growth.

Agreed a first-stage devolution deal giving us greater influence over investment decisions on skills, transport, housing and support for small businesses.

Worked closely with LEP, which has created an additional 3,200 jobs for local people, unlocked around £491million of private sector investment in the region, supported over 4,000 businesses and, with its partners, will add an extra £1.4 billion to the City Region economic output by 2020.

Worked with partners to open the new Apperley Bridge station and build the new Leeds Station Southern Entrance and Kirstall Forge station.

Started a £1bn programme of 26 transformational transport investments that will support and maximise economic and employment growth over the next 10 years.

Provided £29m funding for Wakefield Eastern Relief Road to create an environment where businesses can grow, 62,000 new, good-quality jobs can be created and 2,500 new homes can be built.

Signed a £13m superfast fibre broadband deal that will provide more than 98 per cent of homes and business in West Yorkshire with access to fibre broadband.

Agreed to extend Leeds' popular Elland Road Park and Ride, which saw 150,000 passenger journeys made and 68,000 cars parked in its first year of operation.

Continued to roll out MCard, the largest travel smartcard scheme of its kind outside London.

Completed the award-winning £6m Castleford Bus Station refurbishment to provide better facilities for passengers and support the regeneration and growth of the Five Towns area.

Approved £55m for 14 Growth Deal projects and programmes which have attracted almost £350m in private sector investment designed to create around 4,000 jobs, and up to 700 homes.

Approved £55m for 14 Growth Deal projects and programmes which have attracted almost £350m in private sector investment designed to create around 4,000 jobs, and up to 700 homes.

Embarked in the 'Better Homes Yorkshire' programme, delivering energy efficiency improvements to over 12,000 Leeds City Region households and attracting over £20m of investment.

Started work on the new £10.8m rail station at Low Moor, Bradford, to improve travel links between Bradford, Halifax and Leeds, and attract new jobs and investment.

Developed gateway projects at Bradford Forster Square, Bradford Interchange, Castleford, Halifax, Huddersfield and Leeds rail stations to enhance the environment for commuters and visitors and improve their travelling experience.

Refurbished Wakefield Kirkgate Rail Station with partners, delivering a much-improved environment for passengers.

Agreed half-fare bus and train travel for all 16 to 18 year-olds living in West Yorkshire to increase their access to apprenticeships and training.

WYCA's delivery 2016/17

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Establishing a second-stage devolution deal to give further control over funding and investment decisions across the City Region.

Aire Valley Park and Ride (Total Scheme Value: £9.5m)

The Aire Valley Park and Ride will deliver a 1,000 space Park and Ride site located at Temple Green in the Aire Valley, within the City Region's Enterprise Zone. The site is adjacent to the A63 Pontefract Lane (East Leeds Link Road).

Kirklees Housing Sites (Total Scheme Value £47m) The costs of transport access and site condition will be tackled to accelerate delivery and improve viability on three Council owned housing sites. Together, these will deliver over 600 new homes.

Apprenticeships – increase the number of SMEs offering apprenticeship opportunities (Total Scheme Value £4.6m) Provide support to SMEs in the West Yorkshire and York local authority areas who have not offered apprenticeships before or not in the past 12 months through a Grant of up to £2,000 per Apprentice, up to 3 apprentices per company.

Wakefield Kirkgate (Total Scheme Value: £5m) This scheme comprises highway works, including traffic signals, urban realm improvements to footways, storm-water drainage and pedestrian links to Kirkgate Rail Station.

Elland Road Park & Ride Phase 2

Due to the success of Phase 1 with over 370 cars parking per day, a further 350 spaces are to be provided at the site to take the total up to 800 spaces, along with improved waiting facilities and toilets, at a total cost of £1.8m.

Leeds City College – Printworks (Total Scheme Value: £9,998,175) - To complete the refurbishment of phase 3 of the Printworks campus to provide a world class training facility in the training of future and current employees in the Leeds City Region in vocational, technological, engineering and manufacturing sectors.

Low Moor new rail station An £11m project to construct a new rail station in south Bradford to serve the Low Moor, Oakenshaw and Wyke communities by car or bus, and the nearer communities by cycle or foot and improve connectivity from these areas to Bradford, Halifax, Leeds and beyond.

Calderdale College – Unlocking Potential (Total Scheme Value: £8,877,000) –The refurbishment / upgrade of the Percival Whitley Centre. The project will significantly improve the poor condition of three floors of the building including windows to the whole building, to enhance and extend its curriculum offer.

Leeds Brownfield Sites (Total Scheme Value – £36.5m) The development of a number of brownfield sites in East Leeds (Seacroft and Halton Moor) will be enabled to provide for up to 280 new homes. Local Growth Funding will be used for site clearance and remediation, to complement the nearby strategic growth point at the East Leeds Extension.

Kirkstall Forge new rail station Part of the £16m project including the recently opened new rail station at Apperley Bridge that will serve and play a key role in facilitating the adjacent major mixed-use development of the Kirkstall Forge site that will make a major contribution to the growth of the local economy, as well as improving access to Leeds for the local community.

Northgate House, Halifax (Total Scheme Value - £10.8m) As part of a major programme of investment and rationalisation of council property assets in the Borough, this important site will be redeveloped for new commercial opportunities

PROGRAMME AREA	2015/16			2016/17			2017/18			2018/19		
	TOTAL	LTP	Non LTP	TOTAL	LTP	Non LTP	TOTAL	LTP	Non LTP	TOTAL	LTP	Non LTP
Public Transport Asset												
Leeds Bus Station Carriageway Reconstruction	100	100		725	725							
Smart 5 refurbishment to extend asset life	100	100		1,700	1,700							
Access bus and operational vehicle replacement				893	488	405						
ICT Projects <£500k	419	419		543	543							
Public Transport Assets <£500k	573	573		898	898							
SUB TOTAL PUBLIC TRANSPORT ASSET	1,192	1,192		4,759	4,354	405						
Network Management												
Improved Data Communications	669	669		484	484							
More Efficient Traffic Signal Control	1,328	1,328		1,812	1,812							
Variable Message Signs	605	605		445	445							
Asset Management	725	725		487	487							
Leeds Thornbury barracks	531	531										
Network Management schemes <£500k	1,021	1,021		189	189							
SUB TOTAL NETWORK MANAGEMENT	4,879	4,879		3,417	3,417							
Information												
SCIP Programme	1,364	1,292	72	2,070	2,070							
Bus real time Evolution	369	329	40	900	540	360						
SUB TOTAL INFORMATION	1,733	1,621	112	2,970	2,610	360						
Cycling and Walking												
CCAG City Connect superhighway	18,628	6,832	11,796	10,279	3,528	6,751			13,941			
Cycling Schemes <£500k	441	358	83									
SUBTOTAL CYCLING AND WALKING	19,069	7,190	11,879	10,279	3,528	6,751			13,941			
Integrated Public Transport												
Bus Strategy	800	800		561	561							
Hubs Programme	836	797	39	435	150	285						
Low Moor Rail Station	7,074	6,694	380	2,773	2,773							
Leeds Elland Road Park and Ride Phase 2	175	175		1,475	1,475							
Huddersfield Town Centre	1,278	1,278										
Integrated Public Transport Schemes <£500k	387	287	100	309	309							
SUBTOTAL INTEGRATED PUBLIC TRANSPORT	10,550	10,031	519	5,553	5,268	285						
Safer Roads												
SUB TOTAL SAFER ROADS	5,173	5,173		4,400	4,400							
Bids and Leverage												
Rail Devolution	671	235	436									
Bids and Leverage schemes <£500k	928	878	50	500	355	145						
Local Sustainable Transport Fund 2015/16	2,884		2,884									
SUBTOTAL BIDS AND LEVERAGE	4,483	1,113	3,370	500	355	145						
Low Carbon Fuels and Technologies												
Low Carbon Fuels and Technologies schemes <£500k	362	336	26									
SUB TOTAL LOW CARBON FUELS AND TECHNOLOGIES	362	336	26									
Other												
Other Schemes <£500k	216	216		167	167							
TOTAL OTHER	216	216		167	167							
TOTAL INTEGRATED TRANSPORT BLOCK	47,657	31,751	15,906	32,045	24,099	7,946	27,045	13,104	13,941	13,104	13,104	
DfT Major Schemes												
Rail Growth	5,569		5,569									
Leeds Station Southern Entrance	4,992	4,470	522	500	500							
NGT	5,883		5,883	3,570		3,570	3,110		3,110			
TOTAL MAJOR SCHEMES	16,444	4,470	11,974	4,070	500	3,570	3,110		3,110			
INTEGRATED CAPITAL PROGRAMME TOTAL	64,101	36,221	27,880	36,115	24,599	11,516	30,155	13,104	17,051	13,104	13,104	
TRANSFER TO GROWTH DEAL EXPENDITURE	-18,090	-18,090		18,090	18,090							
INTEGRATED CAPITAL PROGRAMME GRAND TOTAL	46,011	18,131	27,880	54,205	42,689	11,516	30,155	13,104	17,051	13,104	13,104	

PRUDENTIAL FUNDING STATEMENT

- 1 This statement has been prepared in accordance with the CIPFA Code of Practice ‘Treasury Management in Local Authorities’ which is re-adopted each year by Members of the Authority. The statement and its implementation is currently reviewed and updated twice annually, in the final accounts and budget reports.
- 2 The Local Government Act 2003 and Local Authorities (Capital Finance and Accounting) Regulations 2003 set out the system of capital finance to be followed by all local authorities from 2004. This appendix is intended to take account of the requirements of the regulations and to set them in the context of the Treasury Management Code of Practice.
- 3 This report assumes no borrowing takes place in 2016/17 to support the West Yorkshire plus Transport Fund (WY+TF) but that there will be borrowing requirements from 2017/18 onwards. Estimates of the likely funding required are set out in the capital annex and further work is underway to ensure there is a full robust programme of delivery for all schemes within the WY+TF that will enable the borrowing requirements for future years to be fully understood. A full report on the projected borrowing requirements of the Transport Fund will be prepared at the appropriate time for approval.

Treasury management activity – borrowing and investments

		£m
Total Loans outstanding at 1/4/2015		
Interest:	Fixed (incl LOBOs)	77.5
Activity expected during 2015/16:		
Loan repayments		-1.0
Net movement in temporary loans		0.0
New borrowing		0.0
Anticipated loans outstanding at 31/3/2016:		76.5
Activity expected during 2016/17		
New borrowing		0.0
Debt repayments		-1.0
Anticipated loans outstanding at 31/3/2017:		75.5
Total Investments		
Investments at 1/4 /2015		35.0
New Investment		20.0
Anticipated Investments placed at 31/3/2016		55.0

- 4 The current financial year has seen a continuation of the overall situation from 2014/15. Interest rates have remained low, with bank base rate remaining at 0.5% and opportunities both to refinance loans and to place money on the market at competitive rates remain limited.

- 5 Leeds City Council undertakes the monitoring of the financial markets on behalf of the Authority. The agreed policy is to seek to minimise the rates at which the Authority borrows and to continue to refinance any longer term loans if rates appear advantageous.
- 6 No such opportunities have arisen so far in 2015/16. The Authority has a loan portfolio with extremely competitive rates and the economic climate has been such that there have been no suitable opportunities identified for refinancing.
- 7 The Authority is in a position where it is unlikely to be required to undertake more borrowing in future years for its normal activities as all of its funding is cash grant. Without the need to borrow brought into play by the WY+TF under the prudential regulations the Authority would need to start repaying debt within the next five years and the investment strategy has been geared towards ensuring it is in a position to do so without incurring financial penalties for early repayment of loans. Further work with financial advisors is underway to establish the level and timing of the borrowing that may be required to support the WY+TF and the impact this will have on the overall loan portfolio.
- 8 The expected debt repayment for 2016/17 shown in the table above relates to the next instalment of the EIP loan. No further repayments are anticipated. One of the LOBO options will fall due during 2016/17 but given the current position with interest rates it is not expected to be called in by the banks. This will be monitored and appropriate action taken if this occurs.
- 9 Since 1 April 2015 WYCA has become the accountable body for the Leeds City Region Enterprise Partnership (LEP) which has resulted in significant extra cash balances coming into the Authority as a result of the Growth Deal funding paid in one instalment in April. In recognition of the increasing cash balances counterparty limits had been revisited during 2014/15 and a policy adopted whereby tranches of £7.5m have been invested for terms ranging from 3 months to one year in order to maximise the returns available to the Authority on cash balances. The rates achieved ranged from 0.5-0.98% being significantly higher than the prevailing rate of 0.25% with the Authority's bankers Natwest. The selected counterparties are constantly monitored and meet the strict eligibility criteria stipulated under Leeds City Council's investment policy which has been adopted by the Authority. This approach will continue during 2016/17 with an expectation that the Combined Authority will have cash balances to invest due to the advance payment of capital and other grant funding. Within the existing policy the Authority can also invest in money market funds and this opportunity may also be taken to enable effective management of what is expected to be further significant cash advances in April 2016 of Growth Deal funding.
- 10 The general level of borrowing and investments is handled efficiently by Leeds City Council and has produced a situation where the Authority has, in relative terms, very low borrowing costs. Regular meetings are held with the Leeds City Council staff who undertake treasury work for the Authority and these meetings ensure a satisfactory level of control and monitoring is achieved. These meetings also consider the overall treasury management strategy and ensure that the policies in place continue to be

appropriate to ensure that the Authority's funds are managed in the most effective and secure way.

- 11 The Authority has strict rules on investment criteria which are set out in paragraphs 12 to 14 for consideration and re-approval. These are set so as to minimise the risk to the Authority's funds but does also mean that interest earned on deposits is lower than it could be. It is therefore in the Authority's interests to seek to utilise any cash balances to reduce the costs of long term borrowing and this policy will continue to be pursued if possible. The increase to the PWLB rates announced in October 2010 reduced the opportunities to repay long term debt without incurring extra cost. The PWLB rates were later improved through the introduction of a certainty rate reduction but discount rates have not changed and it is these rates that are used to determine premiums and discounts on loan repayments. The Combined Authority would incur significant premiums by repaying borrowing but will review this situation as and when interest rates start to rise.

Treasury Management Activity – Investments Criteria

- 12 In general it is intended there should be no long term investments by the Authority with any surplus cash being invested short term up to a maximum term of one year. The level of future investments will fluctuate on a short-term basis due to cash flow requirements but will be maintained as low as possible. Any investments undertaken by the Combined Authority follow the guidance of DCLG having regard to the concept of Security, Liquidity and then Yield with emphasis being placed on the "return of funds" rather than the "return on funds".
- 13 It is proposed that the existing policy of utilising the expertise of the Treasury Management Team in Leeds City Council be reaffirmed for 2016/17.
- 14 The Authority has a number of rules in place for short term investments/borrowing, as set out below and that these should continue to be applied with the addition of the amendments added in bold:-
- a. The Chief Financial Officer shall determine the amounts and periods.
 - b. The procedural document as approved for their Treasury Management Division by Leeds City Council shall be adopted in relation to the Authority's short-term investments encompassing the Council's list of approved financial organisations and the maximum lending limits per organisation, as specified in that document from time to time.
 - c. No investment will be for a period exceeding 12 months **other than with other local authorities and then only for a period not exceeding 36 months.**
 - d. In principle there shall be no cross borrowing or investments with Leeds City Council (although this may be varied if late cash movements on the bank account occur creating a surplus/deficit cash position after the markets have closed for the day).

- e) Investments with any one counterparty should not exceed £15m.
 - f) **Investments with WYCA's bankers are specifically excluded from the limits set out, in recognition of the fluidity of such arrangements.**
- 15 The amendments proposed above would provide further flexibility for WYCA to invest its surplus funds which, as they are expected to continue to increase, will become increasingly difficult to place on the market. The amendments proposed are deemed low risk and are in accordance with the criteria applied by Leeds City Council to its treasury arrangements.
- 16 With reference to point d) above it is proposed that the Chief Financial Officer explore, with the Chief Financial Officer at Leeds City Council whether it is possible to establish an appropriate procedure whereby surplus WYCA funds could be lent to Leeds City Council at a rate deemed beneficial to both whilst not favouring one over the other. Similar arrangements are in place in other organisations and these will be explored and the outcome reported to the Governance and Audit Committee.

PRUDENTIAL FUNDING ARRANGEMENTS

- 17 The principal purpose of the prudential system is to allow authorities as much financial freedom as possible whilst requiring them to act prudently. There will be no government borrowing approvals issued but restrictions are imposed through the CIPFA Prudential Code which requires every authority to set prudential indicators and limits and thus be satisfied that it can afford the results of its borrowing. These limits, which must not be exceeded, have to be formally agreed by the authority before the start of each financial year. The government has retained the power to, if it so wishes, limit the level of borrowing incurred by authorities.
- 18 The Code requires full capital and revenue plans to be prepared for at least 3 years forward in order to assess the financial effects of the planned capital investment. In this Authority the three year financial strategy is considered by Members on a regular basis and to ensure a level of affordability it is currently the policy that borrowing to meet capital expenditure will be limited to existing levels plus any additional SCE(R) or SCA issued by the government through the LTP settlement and the SEP (Local growth fund and devolved major scheme funding). Restricting borrowing in this way ensures that all debt charges are covered by the Combined Authority through its levy on the Districts.
- 19 The capital programme is considered in detail earlier in this report. It should be noted that in accordance with the above overall capital expenditure will be met firstly by grants and other resources leaving the balance to be met by borrowing or through charges to revenue. The programme assumes there is to be no unsupported borrowing for 2016/17.
- 20 There are significant levels of grant provided to the Authority under the Integrated Transport block and Growth Deal for 2015/16 and 2016/17. Recognising the demands upon infrastructure investment it is proposed that other alternative methods of financing during the year remain under consideration as and when

appropriate. As an example leasing might be used for the acquisition of vehicles. The financial viability and value for money of such methods will require investigation and savings found within the budget to accommodate the costs involved. Members will be asked to approve any such methods before they are implemented.

- 21 Discussions are underway with the European Investment Bank regarding the provision of an option whereby it could provide a flexible financing offer to support the West Yorkshire plus Transport Fund. Many of the schemes in the Fund meet their funding criteria and this would provide an attractive alternative to the traditional PWLB lending.
- 22 It is not proposed at this stage that the Authority enter into any credit arrangements as defined by the regulations, other than as described above. If and when these are to be progressed then it should be recognised that they would be classified as borrowing and would need to be recognised in the operational boundary and authorised limit approval. Should any such arrangements be required these will be expected to be funded within the approved strategy.
- 23 When Leeds City Council last reviewed the borrowing limits in the light of market rates they determined that they would allow the limit to be set at a level sufficient for the current year plus the equivalent of 2 years anticipated borrowing requirement which is derived from the capital allocations. This was intended to provide flexibility for fund management allowing borrowing to take place when rates are low rather than being tied into strictly annual borrowing.
- 24 The Annex initially creates limits set at the required level of borrowing for 2015/16 and 2016/17. To provide more flexibility in managing the funding operation it was previously agreed that approval be given to borrow to cover loan requirements for the current plus the following 2 years. In view of the change to the LTP allocation from borrowing to grants this is now irrelevant and will only be applied if any new major schemes are approved. Such approval will therefore be sought at that time.
- 25 The attached Annex shows the calculation of the following prudential indicators:
 - a. The ratio of debt charges to overall expenditure. This is not significant to this Authority as it is effectively controlled through the level of the Levy (as referred to above).
 - b. Setting the borrowing requirement for the year (similar to total loans outstanding) but called 'the operational boundary'.
 - c. Setting the maximum borrowing permitted in the year defined as 'the authorised limit'. This is about £10m higher than the operational boundary to create flexibility to allow temporary additional borrowing (for example if it becomes prudent to borrow in advance of normal requirements because long term interest rates are low).
 - d. Setting the maturity loan structure which is defined as 'amount of projected borrowing that is fixed rate maturing in each period as a percentage of total

projected borrowing that is fixed rate' as well as the draft capital programme. These are set out in the Annex.

- 26 The Prudential Code requires Members to have an approved Treasury Management Policy (this is set out above) and to agree limits for variable and fixed rate loans. It is recommended that the maximum limit for variable rate loans continues to be set at 40% and the limit for fixed rate loans remains at 200%. This reflects the current position that arises from the increase in cash balances and investments resulting from an increase in advance grant funding.

West Yorkshire Combined AuthorityCapital Financing Annex**Summary Capital Programme**

	2015/16	2016/17	2017/18	2018/19
Expenditure per programme	£000	£000	£000	£000
Local Transport Plan	18,131	24,599	13,104	13,104
Highways Maintenance Plan	29,213	26,781	25,971	25,971
Major scheme Expenditure	198	0	0	0
Non LTP Funding (Excluding Majors)	27,682	11,516	17,051	0
Growth Deal & Economy	68,785	182,138	161,300	209,060
	144,009	245,034	217,426	248,135
Less overprogramming	-2,554	-6,776	0	0
	141,455	238,258	217,426	248,135
Financing				
LTP Grant	13,104	13,104	13,104	13,104
LTP Grant (C/Fwd IP1)	2,473	22,809	0	0
Highways Maintenance Plan	29,213	26,781	25,971	25,971
Major scheme Expenditure	198	0	0	0
Non LTP Funding (Excluding Majors)	27,682	11,516	17,051	0
Growth Deal & Economy	68,785	164,048	124,310	136,720
Borrowing Requirement	0	0	36,990	72,340
Total Funding Available	141,455	238,258	217,426	248,135
Funding Applied	141,455	238,258	217,426	248,135

Calculation of Prudential Indicators:

	2015/16	2016/17	2017/18	2018/19
AFFORDABILITY	£000	£000	£000	£000
Ratio of financing costs to net revenue stream				
Debt Charges	6,158	6,160	6,607	9,592
Levy	101,481	101,901	102,680	105,616
(Assumes continuing levy freeze)				
Resultant ratio:	6.1%	6.0%	6.4%	9.1%

Notes: All additional debt charges should be covered by Levy

PRUDENCE

Net external borrowing does not exceed the total of capital financing requirement in previous year plus the estimate of any additional financing requirement for the current and later years.

Loans outstanding at 1 April	77,500	76,500	112,490	184,330
Estimate of Capital Financing Requirement (CFR)	88,267	84,736	118,337	187,423
Additional borrowing requirement in year	0	0	0	0
Less debt repayments in year	-3,531	-3,300	-3,254	-3,762
Estimate of (CFR) 31 March	84,736	81,347	115,083	183,661
Calculated Operational Boundary	88,267	84,736	118,337	187,423
Safety factor	10,000	10,000	10,000	10,000
Forecast Authorised Limit	98,267	94,736	128,337	197,423

Maturity of Loan Structure	Minimum	Maximum	Projected 31/03/2016	Interest Rate Structure:
Loans up to 1 year	0%	30%	1%	Variable rate loans - maximum 40%
Loans between 12 and 24 months	0%	20%	1%	
Loans between 24 months and 5yrs	0%	50%	28%	Fixed rate loans - maximum 200%
Loans between 5 and 10 years	0%	75%	0%	
Loans between 10 and 20 years	25%	100%	0%	70%
Loans between 20 and 30 years			0%	
Loans between 30 and 40 years			43%	
Loans between 40 and 50 years			27%	
Loans 50 years +			0%	
			100%	

Originator: Nick Winney
Secretary and Solicitor



ITEM 8

Report to: Combined Authority

Date: 4 February 2016

Subject: Officer Arrangements – Officer Delegation Scheme.

1. Purpose

- 1.1. To approve variations to the Officer Scheme of Delegation following the creation of/and appointment to the post of Managing Director.

2. Information

Current Scheme of Delegation

- 2.1 WYCA's officer delegation scheme currently relates to the following posts:

Figure 1

DIRECT DELEGATIONS OF WYCA TO OFFICERS	
Head of Paid Service	Statutory functions of a Head of Paid Service
Director of Resources	Statutory S73 Chief Financial Officer (equivalent to s151 Officer)
Secretary and Solicitor	Statutory functions of a Monitoring Officer
Executive Director of Transport	Transport Functions Delegated to the Acting Director of Transport
Head of Economic Strategy and LEP Director	All functions of the WYCA in relation to the Economic Development and Regeneration.
SUB DELEGATIONS	
Director of Passenger Services (DPS)	Acting Director of Transport sub delegates Bus functions to DPS
Director of Development (DD)	Acting Director of Transport sub-delegates Rail functions to DD

2.2 Since the Annual Meeting of the WYCA in June 2015, the following changes have occurred within WYCA:

- The Director of Development post holder has been appointed as Rail North Director and works for Rail North Limited which is assuming much of the day to day management of the rail functions of WYCA as a Local Transport Authority;
- The Authority has recruited Ben Still to the post of Managing Director of WYCA from 1 February 2016.
- Ian Gray has joined WYCA as Director of Programme Delivery.

Proposed New Delegation Scheme

2.3 In view of the changes above it is proposed that the following changes to the Officer Delegation Scheme be adopted by the WYCA:

Figure 2

Executive Director of Transport	<ul style="list-style-type: none"> • Post to be deleted • Delegation to be deleted
Acting Director Transport	<ul style="list-style-type: none"> • Post to be deleted • Delegation to be deleted
Head of Paid Service	<ul style="list-style-type: none"> • Post to be deleted and replaced by Managing Director • Functions transfer to Managing Director.
Managing Director	<ul style="list-style-type: none"> • Post has been created. • Delegated authority for all functions of the WYCA save those expressly reserved to WYCA, any WYCA committee, or to another Officer. Functions include those currently delegated to: <ul style="list-style-type: none"> • Head of Paid Service • LEP Director • Executive Director of Transport
Director of Resources	No change proposed
Secretary and Solicitor/Monitoring Officer	No changes proposed
Director of Passenger Services	Functions to be sub delegated from the post of Managing Director
Director of Development	<ul style="list-style-type: none"> • Post to be deleted • Managing Director to Sub Delegate appropriate functions between other posts.
Director of Programme Delivery	Functions to be sub delegated from the post of Managing Director

Head of Economic Strategy and LEP Director	<ul style="list-style-type: none"> • Delegation deleted • Functions to be sub-delegated by the Managing Director.
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Consequential Amendments to Standing Orders

- 2.4 Minor amendments to reflect the loss of posts proposed to be deleted will be made if the recommendations are approved. Such clarificatory and consequential amendments fall within the delegated authority of the Secretary and Solicitor to implement.
- 2.5 A draft Officer Delegation Scheme to reflect the proposals in Figure 2 is attached to this Report as Appendix 1.

3. Financial Implications

- 3.1. The changes to the staffing budget as a result of the creation and deletion of posts set out in this report has been taken account of in separate reports. There are no financial implications arising from this report.

4. Legal Implications

- 4.1. The Managing Director must be empowered by a delegation of functions by the WYCA in order for them to carry out the functions within their job description.
- 4.2 Changes to the Officer Delegation Scheme must be approved by the WYCA.

5. Staffing Implications

- 5.1. The Officer Delegation Scheme provides that any officer may sub-delegate their functions to another officer of suitable experience and seniority.

6. Consultees

- 6.1. None.

7. Recommendations

- 7.1. That the proposals for changes to the Officer Scheme of Delegation be adopted as set out in the table headed figure 2.
- 7.2 That the Secretary and Solicitor revise the Officer Delegation Scheme and the Standing Orders to reflect the changes approved.

8. Background Documents

- 8.1. None.

West Yorkshire Combined Authority

Officer Delegation Scheme

Introduction

General roles and responsibilities of Members and Officers

The Authority has approved policies which determine the framework in which operational decisions are made. The policies are supported by the Local Transport Plan, and strategies covering bus, rail and passenger information.

Key overarching decisions are made by Members (such as approving the budget, the capital programme and agreeing individual capital projects).

Officers implement decisions made by the Authority (or its committees). They also take measures to carry out these policies and decide day-to-day operational matters, within the framework of these decisions.

In doing so, officers are subject to other control measures. These include:-

- standing orders and financial regulations (incorporating procurement regulations and contract awards);
- Officers' Code of Conduct, a gifts and hospitality policy and a register of Directors' interests;
- organisational values;
- anti-fraud and anti-corruption policy; and
- internal audit and risk management arrangements.

Delegations by the Authority and Committees

The Authority may lawfully delegate functions to the Authority's committees or officers.

Table A in this scheme sets out:

- functions which the Authority cannot lawfully delegate, together with
- functions which the Authority has decided not to delegate.

This Officer Delegation Scheme sets out functions delegated to officers by the Authority. The Authority may also make other delegations to officers in relation to any specific matter.

The Financial Regulations, Contracts Standing Orders and other Standing Orders of the Authority also contain delegations to officers; under these, certain decisions may only be made by, or must be approved by, specified officers.

Where the Authority have appointed a committee to discharge its functions, that committee can also delegate its functions to an officer¹.

The Authority (or a committee) may continue to exercise any function which it has delegated to an officer.

Sub-delegations

Unless required by law, or expressly indicated in the scheme, an officer is not required to discharge their delegated authority personally. An officer may arrange for another officer of suitable experience and seniority to exercise their delegated authority on their behalf. However, the officer with authority delegated to them by the Authority under this scheme will remain responsible for any decision taken.

Referral of matters to the Authority or relevant committee

An officer may decide not to exercise their delegated authority in relation to any matter. If so, the officer shall refer the matter to the Authority or a relevant committee.²

When exercising their delegated authority, an officer must:

- ensure that decision conforms with and furthers policies approved by the Authority; and
- follow approved practices and procedures of the Authority, relevant Government Guidance and industry/professional best practice.

Recording Officer Decisions³

An Officer is required to make a **written record** of their decision if the decision has been delegated:

- under a specific express authorisation, or
- under the Officer Delegation Scheme where the effect of the decision is to:
 - a) grant a **permission** or **licence**;
 - b) affect the **rights of an individual**; or

¹ A committee's power to delegate may, however, be limited by the Authority, or in some circumstances by the law.

² For determination or consultation.

³ See further Access to Information Annex to the Procedure Rules

- c) award a **contract** or **incur expenditure** which, in either case, **materially affects the Authority's financial position**.

For the purposes of c) above, any award of a contract over the value of £500,000 or expenditure incurred over £500,000 will be deemed to materially affect the Authority's financial position.

An Officer may also record and publish any other decision if they consider this to be in the public interest.

The written record of the decision should be made on the **template form** attached as an Annex to this Officer Delegation Scheme.

Officer Delegation Scheme: delegations

Any reference to a **Director** within this Officer Delegation Scheme should be construed as a reference to any officer to whom functions are directly delegated by the Authority under the scheme, except where the context requires otherwise.

Any reference to a function within this Officer Delegation Scheme should be construed in a broad and inclusive fashion and includes the doing of anything which is calculated to facilitate or is conducive or incidental to the specified function.

Under this Officer Delegation Scheme, the Head of Paid Service may direct a Director not to exercise their delegated authority in respect of a particular matter and instead refer the matter to the relevant committee or the Authority.

General Delegations

Each Director is authorised to carry into effect without reference to the Authority or to any of its committees, matters of day-to-day management and administration in relation to functions within their remit. This includes the following:

Expenditure

1. To incur expenditure within the revenue budget in accordance with the Financial Regulations and Contracts Standing Orders.
2. To incur expenditure on capital schemes, in accordance with the Capital Programme and Financial Regulations.

Human Resources

3. To appoint staff within the approved structure in accordance with the Authority's Recruitment and Selection Procedure.

4. To appoint staff on a temporary basis to provide cover for absences or cater for peaks in workload subject to there being budgetary provision.

5. With the exception of:-

- granting voluntary redundancy requests;
- releasing preserved pension benefits on ill health grounds; and
- payments to officers for loss or damage to property arising out of their employment with the Authority.

to deal with employment issues arising in respect of individual officers, in accordance with agreed procedures and the relevant national conditions of service as modified or extended by any local or national agreements.

Proper Officer functions

6. Each Director is appointed the Proper Officer for any function within their remit.

Miscellaneous

7. To carry out functions relating to health and safety.

8. To implement and ensure compliance with requirements relating to:-

- a) data protection;
- b) human rights;
- c) surveillance activities;
- d) freedom of information; and
- e) equality and diversity.

Table A:

Functions reserved to the West Yorkshire Combined Authority

Functions	Relevant legislation
To approve, amend, withdraw and revoke the major economic and transport investment policies and strategies for the Authority from time to time including the Strategic Economic Plan, the Single Local Growth Fund, the West Yorkshire and York Transport Fund, and any European funding strategies.	
To prepare, review, alter or replace a Single Transport Plan ⁴	S108 Transport Act 2000
To appoint the Local Enterprise Partnership Member and substitute member to the Authority. To grant any voting rights to the Local Enterprise Partnership and non-constituent Council member.	West Yorkshire Combined Authority Order 2014 (the 2014 Order) S85(5) Local Transport Act 1985 and Schedule 1 paragraph 4(5) of the 2014 Order
To appoint a Chair and Vice Chair for the Authority.	The 2014 Order 2014
To make arrangements for the discharge of functions by a committee or officer and to appoint committees.	S101 and S102 Local Government Act 1972
To appoint one or more overview and scrutiny committees , and give any voting rights to any member of any such committee appointed by the non-constituent Council.	The 2014 Order
To approve, amend, withdraw or revoke any plan or strategy for the control of the Authority's borrowing, investments or capital expenditure .	Part 1 Local Government Act 2003
To approve the Authority's budget .	
To set a levy .	Local Government Finance Act 1988; Transport Levying Bodies Regulations 1992
To approve, amend, withdraw or revoke Standing orders ⁵	The 2014 Order, Schedule 1
To consider the review of the effectiveness of the Authority's system of internal control (including internal audit), and to approve an annual	Accounts and Audit (England) Regulations 2011

⁴ This is the Authority's Local Transport Plan.

⁵ Except in so far as this function is specifically delegated under the Officer delegation scheme.

governance statement , and consider the annual audit letter . To prepare and approve the statement of accounts .	
Functions relating to a review of the Authority ⁶ .	S111-113 Local Democracy, Economic Development and Construction Act 2009
To make, amend revoke or re-enact byelaws .	S83 West Yorkshire Act 1980
To promote or oppose any Bill in Parliament.	S239 Local Government Act 1972 and s10 Transport Act 1968
To make, amend, revoke or replace a Members' Allowances Scheme .	The 2014 Order
To authorise a person to exercise a function pursuant to an Order, or to revoke any such authorisation.	S70 Deregulation and Contracting Out Act 1974
To appoint Proper Officers .	S270(3) Local Government Act 1972 (see further Officer Delegation Scheme)
To designate a Head of Paid Service , and to consider any report of the Head of Paid Service under S4 Local Government and Housing Act 1989.	S4 Local Government and Housing Act 1989
To designate a Monitoring Officer , and to consider any report of the Monitoring Officer under S5(2) Local Government and Housing Act 1989.	S5 Local Government and Housing Act 1989
To appoint a Chief Finance Officer , and to consider any report of the Chief Finance Officer under S114 Local Government Finance Act 1988.	S73 Local Government Act 1985 S114 Local Government Finance Act 1988
To appoint, discipline and dismiss Directors.	S112 Local Government Act 1972
To appoint to outside bodies .	
To adopt, revise or replace a Members' Code of Conduct .	S28 Localism Act 2011
To appoint at least one independent person .	S28(7) Localism Act 2011
To make arrangements for investigating and making decisions about allegations of failing to comply with the Members' Code of Conduct .	S28(6) Localism Act 2011

⁶ Except in so far as these functions may be specifically delegated.

To adopt, revise or replace the LEP assurance framework ⁷ .	
The publication of an annual report on the exercise and performance of transport functions .	S16 Transport Act 1968
Functions relating to road user charging schemes .	Part III Transport Act
Approval of joint quality partnership arrangements .	S114 Transport Act 2000
To approve joint quality contracts arrangements .	S124 Transport Act 2000
To approve joint ticketing arrangements .	S135 Transport Act 2000
To discharge any other function which, by virtue of any enactment, may be discharged only by the Authority, including the approval any other plan or strategy which must by law be adopted or approved by resolution of the Authority.	

⁷ Except in so far as specifically delegated to a Director.

Managing Director

The Managing Director is authorised:-

1. To exercise the statutory functions of a Head of Paid Service.
2. To carry out the following functions with the exception of any matter which the Chair of the Authority has directed should be referred to the Authority for determination:-
 - a) to approve⁸:-
 - the manner in which the discharge by the Authority of their different functions is coordinated;
 - the number and grades of staff required by the Authority for the discharge of their functions;
 - the organization of the Authority's staff; and
 - the appointment and proper management of the Authority's staff⁹.
 - b) to exercise any function of the Authority which is not expressly:-
 - reserved to the Authority¹⁰,
 - within the terms of reference of any committee of the Authority; or
 - otherwise delegated to a Director.
 - c) to give effect to any recommendation of the Leeds City Region Partnership Committee

⁸ The Head of Paid Service is under a duty to prepare a report to the Authority setting out his proposals in relation to any of the matters specified in a) where he considers this appropriate (S4(2) Local Government and Housing Act 1989).

⁹ Except so far as this has been otherwise reserved to the Authority, or otherwise delegated to a committee or officer.

¹⁰ These functions are set out in Table A to the Officer Delegation Scheme.

Director of Resources

The Director of Resources is authorised:-

1. To exercise the statutory functions of the Chief Finance Officer.¹¹
2. With the exception of any matter which is:-
 - reserved to the Authority¹² or
 - which the Head of Paid Service has directed the Director of Resources to refer to the Authority or the Governance and Audit Committee for determination,

to carry out functions in relation to:-

- a) making arrangements for the proper administration of the Authority's financial affairs¹³;
- b) human resources¹⁴ ;
- c) information and communications technology;
- d) procurement and purchasing;
- e) corporate planning and policy development;
- f) corporate performance management;
- g) corporate service improvement and transformation;
- h) knowledge and information management;
- i) risk management and business continuity; and
- j) office accommodation and facilities management.

¹¹ Appointed under S73 Local Government Act 1985.

¹² These functions are set out in Table A to the Officer Delegation Scheme.

¹³ This includes authority to approve Financial Regulations and Contracts Standing Orders.

¹⁴ Including granting voluntary redundancy requests, and releasing preserved pension benefits on ill health grounds and payments up to £250 to officers for loss or damage to property arising out of their employment with the Authority, but excepting those functions which are otherwise specifically delegated to the Head of Paid Service.

Secretary and Solicitor

1. To exercise the statutory functions of the Monitoring Officer¹⁵.
2. With the exception of any matter:-
 - reserved to the Authority¹⁶ or
 - which the Head of Paid Service has directed the Secretary and Solicitor to refer to the Authority or the Governance and Audit Committee for determination, to carry out the following functions:

Legal proceedings and settlements

- a) To take any legal action to implement a decision of the Authority.
- b) To institute, defend or participate in any proceedings or disputes where such action is necessary to give effect to a decision of the Authority or to protect the interests of the Authority.
- c) To enforce byelaws.
- d) To make payments or provide other benefits in cases of maladministration.
- e) To settle claims for or against the Authority whether or not legal proceedings have been begun subject to:
 - the value of the settlement not exceeding the Category B threshold¹⁷ at the time; and
 - professional advice being obtained as appropriate, that the settlement represents good value for money, and
 - the agreement of the Director of Resources.
- f) To enter into compromise agreements and undertakings with objectors to New Generation Transport¹⁸ :-
 - up to £100k; or
 - subject to the agreement of the Director of Resources, up to £500k.

¹⁵ Designated under S5 Local Government Act 1989.

¹⁶ These functions are set out in Table A to the Officer Delegation Scheme

¹⁷ For contracts within the Contracts Standing Orders.

¹⁸ Pursuant to the Objection Management Strategy.

Standards

- g) To establish, maintain and publish the register of Members' interests.
- h) Following consultation with the Chair of the Governance and Audit Committee, to consider and determine written requests for dispensations.¹⁹
- i) To administer the appointment and remuneration of Independent Persons.²⁰
- j) To maintain and keep the register of Officers' declarations of interests.

Documentation

- k) To certify documents on behalf of the Authority.
- l) To sign or execute any legal instruments on behalf of the Authority.
- m) To authenticate the seal of the Authority and keep custody of it.
- n) To sign certificates for contracts in accordance with Local Government (Contracts) Act 1997.

Insurance and indemnities

- o) To secure all necessary and sufficient insurances and indemnities (including Officers' and public and employer's liability).

Authorising officers

- p) To authorise officers possessing such qualifications as may be required by law or in accordance with the Authority's policy, to take samples, carry out inspection, enter premises and generally perform the functions of a duly authorised officer of the Authority (however described) and to issue any necessary certificates of authority.

Governance

- q) To discharge secretarial and other functions in relation to meetings of the Authority and its committees.
- r) To make any changes²¹ to the standing orders, committees' terms of reference, or officer delegation scheme of the Authority, which are required:

¹⁹ S33 Localism Act 2011.

²⁰ S28 Localism Act 2011.

²¹ Any such changes shall be recorded and published.

- as a result of legislative change or decisions of the Authority;
- to enable them to be kept up to date; or
- for the purposes of clarification only.

s) To make any changes²² to the LCR LEP Assurance Framework which are required:

- as a result of legislative change or decisions of the Authority;
- to enable it to be kept up to date; or
- for the purposes of clarification only.

Members' Allowances

t) To administer the Members' Allowances Scheme.

Interests in Land

u) To obtain particulars of persons interested in land²³.

²² Any such changes shall be recorded and published.

²³ S16 Local Government (Miscellaneous Provisions) Act 1976.

ITEM 9

Report to: Combined Authority

Date: 4 February 2016

Subject: RAIL NORTH AND TRANSPORT FOR THE NORTH

1. Purpose

- 1.1. To provide an update in relation to Rail North and Transport for the North.

2. Information

Rail North

- 2.1 Rail North Ltd comprises 29 Local Transport Authorities in the North and is designed to enable the devolution of rail franchising responsibilities in northern England. The Rail North Ltd Association is chaired by Sir Richard Leese (Manchester City Council). The Rail North Ltd Board comprises 11 elected members representing each sub-region, and is chaired by Liam Robinson (Merseyside) with Cllr Wakefield representing West Yorkshire and York.
- 2.2 The awards of the new Northern and Trans-Pennine franchises were announced 9 December. The new franchises are based upon supporting growth and provide very considerable benefits to the Leeds City Region (LCR). A note of the content of the new franchises is appended.
- 2.3 The franchises commence in April 2016 and will be managed by a Rail North staff, based in WYCA offices in Leeds, working under the terms of the partnership with the Department for Transport (DfT).
- 2.4 A formal Partnership Agreement has been signed between Rail North and the Secretary of State for Transport which sets out Rail North's level of engagement in the franchise management process.

- 2.5 The Agreement makes it clear that the Partnership Agreement is an initial step towards the full devolution for franchising the Northern and Transpennine services to Rail North. Thus, Rail North must demonstrate the capacity and capability to take on this role over the next eight years.

Transport for the North

- 2.6 It is proposed that Transport for the North will be established as a Statutory Sub National Transport body. Development of the 'Order' that will comprise the TfN proposal is underway through the Cities and Local Government Devolution Bill, with Royal Assent anticipated by end January 2016. Advice on constitutional arrangements, including integration of Rail North Ltd, functions and powers is being sought through external legal expertise.
- 2.7 David Brown has been appointed as the Chief Executive of Transport for the North and John Cridland (former Director General of the CBI) has been appointed as the Chair. A meeting between David Brown, John Cridland and WYCA members has been arranged for 10 February.
- 2.8 It is understood that a proposal will be made that Transport for the North has 'bases' in both Leeds and Manchester.
- 2.9 Transport for the North is progressing a number of work-streams feeding into a March update report. Two of these work-streams (Local Strategic Connectivity and Integrated and Smart Travel) are being led by WYCA, with John Henkel as the SRO and representing Leeds City Region on the Transport for the North Executive Board. Roger Marsh and Cllr Keith Wakefield represent LCR on the Partnership Board.
- 2.10 The work-streams are:

Rail	<p>Considering how to meet a Conditional Output specification for significantly reduced journey times between key northern cities. Content for the March report is now being developed. There are issues to resolve about a consistent approach to forecasting future demand arising from a transformed economy.</p> <p>It is proposed that WYCA commission work to set out the economic case for a high speed rail alignment that provides economic benefit to other centres of West Yorkshire, as well as to Leeds, and connecting into a high quality Leeds station hub. The work undertaken by Arup, looking at an alignment that would benefit Bradford, is of interest.</p>
Road	<p>The Strategic Roads Network strategic studies have moved on significantly, as follows.</p> <p>The Trans Pennine Tunnel Strategic Study Interim report has been published, and work is underway to develop a prioritised list of corridors, along with indicative analysis of two routes.</p>

	<p>The M60 Strategic Study Stage 1 report has been drafted and is currently out for comment, with transport objectives agreed and a long list of transport interventions identified.</p> <p>The Northern Trans Pennine Strategic Study interim report has been drafted and circulated for comment, with an options workshop to take place in mid-January.</p> <p>Work is being undertaken to understand TfN's role regarding the next round of the roads' investment programme and we need to be ready to feed in our view of Highways England's network. As the studies above show, HE is willing to look at new solutions and not be constrained by the existing network.</p>
Freight	<p>The demand forecasting element of the Freight Study is now largely complete and the outline of the draft strategy is being prepared. Discussions have been held between TfN and DfT on the requirement for the analytical assurance of the freight modelling, and the Executive Board have supported a proposal for a Quality Assurance and Peer Review exercise. Agreement with DfT is required to ensure this exercise will not prevent the use of the Freight Study outputs as part of the March report</p>
Strategic Local Connectivity	<p>SDG has been appointed to support the Strategic Local Connectivity (SLC) workstream. The SDG commission will be supported by SQW.</p> <p>The SLC work will integrate with the Independent Economic Report, other TfN workstreams and other key stakeholders, with a draft report (that will not confirm a set of prioritised projects) to be completed by the end of February, 2016 for inclusion into the March report.</p> <p>From the LCR perspective, it is important to develop the case for the Calder Valley route as a pan-northern priority.</p>
Integrated and Smart Travel	<p>The contract with the Integrated and Smart Travel team's Development Partner (PwC) – to assist with producing a Scheme Design, Implementation Plan and Strategic Outline Business Case (SOBC) – is now completed and the work is underway.</p> <p>For March, HMT's Smart requirements comprise a multi-modal SOBC, together with an implementation plan (including a strong management case) with deliverable tranches, timescales and budgets</p> <p>Further clarity on assurance is being worked through with DfT, with timescales dictating that assurance will need to occur in parallel with the SOBC development.</p>

International Connectivity	This workstream commenced later, with a preferred contractor recently identified. Attention will be needed to ensure that initial outputs are useful for the Northern Transport Strategy update in what is a compressed timescale.
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- 2.11 Liz Hunter (Leeds City Council) is working on the overall Transport for the North strategic narrative. An Independent Economic Review has also been commissioned from SQW consultants. The Independent Economic Review is intended to strengthen the evidence base for transport investment to transform the economy of the north. Work has also been commissioned on funding and financing options to consider ways of using Government funding but also the scale of possible local contributions.
- 2.12 Funding for Transport for the North in 2016/ 17 will be subject to the preparation of a formal business case, which will be submitted to DfT in March 2016. Clarity on the breakdown of the various funding announcements (including the £150m for TfN to deliver a smart ticketing solution and the £300m to create a new Transport Development Fund), and gateway processes required to draw-down the funds, will be required.
- 2.13 The recently established National Infrastructure Commission is also considering how better to connect the cities of the north, as well as considering transport issues in London and power generation. LCR contributed to the Transport for the North initial input to the National Infrastructure Commission, as well as submitting a supplemental response.

3. Financial Implications

- 3.1. There are no financial implications arising from this report.

4. Legal Implications

- 4.1. None arising from this report

5. Staffing Implications

- 5.1. None arising from this report

6. Consultees

- 6.1. The Rail North Director and Transport for the North Programme Manager have been consulted.

7. Recommendations

- 7.1. That the Combined Authority consider Rail North and Transport for the North developments.

Appendix 1 – Rail Franchise Awards

Current Position

Over the past two years Rail North, acting on behalf of WYCA and all Transport Authorities in the north of England, has worked closely with the DfT on the specification and procurement of the Northern and TransPennine Express rail franchises. Rail North has sought to ensure the best possible foundations are set for the North of England's future rail network, to support the growing economy and truly contribute to a transformation in rail service provision.

Earlier this year, prospective franchise operators were invited to tender against a specification which provides for a significant uplift in train capacity, rolling stock quality and customer service. The DfT and Rail North have today announced the outcome of the bidding process and the award of franchises from April 2016 onwards.

This note sets out the outcome of the franchise processes and what it means for West Yorkshire and York.

The franchises are to be awarded as follows

- The winning bidder for the new Northern franchise starting in April 2016 is Arriva Rail North (part of Deutsche Bahn). The Northern franchise will run for nine years with a possible one year extension.
- The winning bidder for the TransPennine franchise starting in April 2016 is First Group. The TransPennine franchise will run for seven years with a possible two year extension.

Key aspects of the new franchises across the North

- Over 500 new-build carriages, including 125mph intercity bi-mode trains (that run on both diesel and electric) will be introduced across both franchises.
- All Pacer units will be withdrawn by end 2019. All remaining rolling stock to be refurbished by 2020.
- 50% extra morning peak capacity on Northern into the major cities by the end of 2019
- 80% extra morning peak capacity on TransPennine Express into the big cities by 2019
- Free wi-fi on trains and some stations, with on-board entertainment and real-time passenger information.
- Stations will be improved, with over £40m of investment, including interactive ticket vending machines
- 45 currently unstaffed stations will be staffed for at least part of the day.
- Automatic compensation for delays for registered season and advance purchase ticket holders.
- More train services will run in the week, including on Sundays.
- Northern Connect will provide a range of longer distance providing an inter-city standard of service using new and upgraded trains.

- Initiatives to improve customer service setting the train operators challenging customer satisfaction targets.
- There will be increased support and funding for Community Rail.
- The new train operators will cooperate with local smart ticketing schemes, simplify fares, and improve the door-to-door journey experience for passengers.
- The Northern franchise requires the train operator to convert trains to enable drivers to operate the passenger doors at station stops; this will be rolled out progressively between 2018 and 2022. The franchise also provides for increased ticket sales both on trains and at stations.

How The New Franchises Will Benefit The North of England

- Significant economic benefits for the region, supporting business, tourism and job growth and contributing to the prosperity of the north of England through better connections and faster journeys.
- Reduced crowding – more seats at the busiest times and fewer people having to stand.
- Improved customer service and increased passenger satisfaction.
- Customer and community engagement – better communications with passengers and local communities.
- Enhanced connections with other forms of transport – making it easier for passengers to use a mixture of trains and other transport options for their journeys.
- The franchises will be managed in the North of England (Leeds) by Rail North working in partnership with the DfT .

How The New Franchises Will Benefit West Yorkshire & York

Capacity improvements - rail commuters into Leeds will benefit from an almost 70% increase in the number of seats in the morning peak on TransPennine Express trains and a 36% increase in the number of passengers that can be carried on Northern trains. Commuters into other towns and cities will experience a similar uplift.

New and refurbished rolling stock – all TPE services will operate with new intercity 125 mph trains. New diesel trains will be introduced on the Northern Connect services. New electric units will be introduced. Existing rolling stock remaining the Northern franchise will be refurbished to improve the customer experience.

Northern Connect – the following services operating under the Northern Franchise will be provided with new trains, customer host, enhanced station facilities and new ticketing products

- Manchester Airport-Halifax-Bradford
- Liverpool-Manchester-Halifax-Bradford
- Chester-Warrington-Manchester-Leeds via Calder Valley
- Nottingham-Sheffield-Leeds-Bradford
- Blackpool-Preston-Bradford-Leeds-York

Hebden Bridge, Wakefield Kirkgate, Sowerby Bridge, Todmorden, New Pudsey, Halifax and Bradford Interchange will all become Northern Connect stations, staffed 0600 to 2200 daily, with catering facilities and free Wi-Fi.

Increase In Staffed Stations - The following currently unstaffed stations and will have staff available to assist passengers for at least part of the day:

Saltaire, Steeton and Silsden, Burley Park, Castleford, Crossflats, Burley in Wharfedale, Mirfield, Frizinghall, South Elmsall, Brighouse, Headingley, Outwood, Chapeltown, Morley, Glasshoughton, Bramley, Woodlesford, Batley, Sandal and Agbrigg, Fitzwilliam, Normanton, Pontefract Monkhill, East Garforth, Baildon, Ben Rhydding, Mytholmroyd and Knottingley.

Passengers travelling to/from Leeds will benefit from

- Increased capacity of trains at peak times on most routes
- Increased capacity and frequency of trains to Manchester
- Additional hourly TPE service to Newcastle and Edinburgh
- Additional hourly fast service to Sheffield and reduced journey time to Nottingham

Passengers travelling to/from Bradford will benefit from

- Increased capacity and an extra train per hour to Leeds from Interchange
- A new hourly direct link to Wakefield, Sheffield, Chesterfield and Nottingham
- One extra train per hour to Manchester, with enhanced links on evenings and Sundays
- New direct links to Liverpool, Chester, Warrington and Manchester Airport
- Improved Sunday services

Passengers travelling to/from York will benefit from

- Increased capacity and faster journeys to Leeds and Manchester
- Additional hourly TPE service to Newcastle and Edinburgh
- An hourly Northern service to Selby and Hull.
- An additional hourly Northern service direct to Scarborough
- Sunday services to Carlisle

Passengers travelling to/from Huddersfield will benefit from

- Increased capacity and faster journeys to Leeds and Manchester
- Additional hourly TPE service to Newcastle and new link to Edinburgh
- Earlier morning links to/ from Bradford
- Ticket office improvements

Passengers travelling to/from Halifax will benefit from

- One extra train per hour to Manchester, with enhanced links on evenings and Sundays
- New direct links to Liverpool, Chester, Warrington and Manchester Airport
- Improved Sunday services

Passengers travelling to/from Wakefield will benefit from

- One extra train per hour to Sheffield via Westgate
- New direct link to Lincoln from Kirkgate , link to Nottingham switches to Westgate
- Improved Sunday services

Passengers travelling to/from Castleford/ Pontefract will benefit from

- One extra train per hour to Leeds from Pontefract via Wakefield Westgate
- Improved Sunday services

Changes To Services – the following summarises the changes to timetables. These will take place in stages from December 2017 onwards

Route	Changes
Airedale Line/ Settle & Carlisle	Additional PM peak departures from Leeds. Increase to 7 trains per day to Lancaster via Skipton, with an extra train on Sundays. One extra train departing Leeds for Settle & Carlisle between 1600 and 1900, and two extra services on Sundays
Calder Valley Line	One extra train per hour to Manchester, with a significantly enhanced evening service and double the current hourly frequency on Sundays. New direct links to Liverpool, Chester, Warrington and Manchester Airport, as part of the Northern Connect network. Additional train per hour between Bradford Interchange and Leeds, Sheffield and Nottingham as part of the Northern Connect network Earlier morning services between Huddersfield and Bradford
Hallam Line	Leeds – Wakefield Kirkgate – Sheffield extended to Lincoln. Leeds – Moorthorpe – Sheffield stopping service will double in frequency to hourly on Sundays
Harrogate Line	Four trains per hour to Harrogate between 0700 and 1900 (in combination with Virgin East Coast), plus enhanced evening services. The additional Northern services to Harrogate will be limited stop 20% faster. Later evening services Harrogate to York.

Route	Changes
	Increased frequency on Sundays to Harrogate and Knaresborough
Huddersfield Line	The Northern Leeds – Huddersfield and Huddersfield – Manchester Victoria stopping services will transfer to TransPennine Express who will provide a Leeds – Huddersfield – Manchester stopping service Slaithwaite and Marsden will have a direct hourly service to Leeds.
TransPennine Express	Six trains per hour between Leeds and Manchester Three extra TransPennine Express services per day to Hull
Penistone Line	No major changes
Pontefract Line	Double the frequency of trains from Knottingley and Pontefract to Leeds by extending the current Knottingley to Wakefield service to Leeds; giving a new link to Leeds from Featherstone, and Streethouse. Sunday services increase to one train per hour.
Wakefield Line	Increase to an hourly service on Sundays. Through Northern Connect services from Leeds to Sheffield and Nottingham via Wakefield Westgate
Wharfedale Line	Additional PM peak departures from Leeds. Hourly Bradford to Ilkley service on Sundays
York and Selby Lines	Leeds to Selby service extended to Hull

Timescales

Northern Franchise

Dec 2016	Call centre open 22 hours per day Mobile barcode tickets introduced Travel Safety Officers on the network
Dec 2017	First phase of new rolling stock introduced (c 77 carriages) Enhanced Sunday services More off-peak trains New automatic ticket gates at 8 stations New customer mobile app Direct debit season ticket purchase, print at home ticketing Peak and off-peak discounted multi-journey tickets (carnets)
Dec 2018	Second phase of new rolling stock introduced (c 92 carriages) Northern Connect introduced on 5 routes
Dec 2019	All Pacers removed Third phase of new rolling stock introduced (c 163 carriages) Wi-Fi available on all services Train refurbishment programme complete Northern Connect introduced on further 7 routes Now over 2,000 additional services in total each week All metropolitan stations staffed
Dec 2020	217 virtual ticket office machines installed Capital investment in station improvements complete, including 250 extra car park spaces. Northern Connect stations fully staffed, with Wi-Fi and catering
2021	Ticket vending machines installation programme complete
2022	Final phase of new rolling stock introduced (c 36 carriages)
2025	End of franchise

TPE Franchise

Dec 2016	Introduce customer loyalty rewards scheme Free wi-fi available at all TPE stations
Dec 2017	New 125mph rolling stock begins to enter service. Capacity uplift compared to May14, increase in morning peak seats: by more than 30% into Leeds, Manchester- Leeds-Newcastle services doubled to two per hour Mobile-enabled website in operation Discounted advance fares available for students aged 16-18 and for job-seekers. Free wi-fi available on all Anglo-Scottish routes Station improvements at MIA, Cleethorpes and Scarborough New Click-and Collect service facilities at nine stations

Dec 2018	Capacity uplift compared to May14: increase in morning peak seats by more than 50% into Leeds, Free wi-fi available on all trains All retained Class 185 DMUs fully refurbished. New cycle parking facilities (535 spaces) at nine stations
Dec 2019	Extension of services beyond Newcastle to Edinburgh, with new build trains Capacity uplift compared to May14: increase in morning peak seats by more than 50% into Leeds,
Dec 2020	All new 125mph trains in operation (from April)
2023	End of franchise

Originator: Rob Norreys,
Head of Economic Strategy,
WYCA



ITEM 10

Report to: Combined Authority

Date: 4 February 2016

Subject: Revision of the Leeds City Region Strategic Economic Plan

1. Purpose

- 1.1 To update the Authority on the progress of work to revise the Leeds City Region Strategic Economic Plan.
- 1.2 To inform the Authority of the planned next steps towards completion of the Plan.
- 1.3 To ask the Authority to comment on the attached draft of the Plan.

2. Revision of the Strategic Economic Plan – progress to date

- 2.1 At its meeting in September 2015, the Authority was advised of the decision of the LEP Board to carry out a 'light-touch' revision of the Leeds City Region Strategic Economic Plan. The Authority endorsed that decision.
- 2.2 The work to date has included:
 - an update of the economic evidence base underpinning the strategy, including a new SWOT analysis;
 - internal consultation within the LEP and West Yorkshire Combined Authority across the priority policy areas of skills, business, energy/resource efficiency, housing, regeneration and transport; and
 - an external consultation event, held on 3 December 2015, giving stakeholders from across the public, private and third sectors the opportunity to share, shape and influence the high level narrative and ambition of the Plan.
- 2.2 This has enabled a first working draft to be produced for discussion and comment by both the LEP Board (at its meeting on 26 January) and by the Authority at this meeting. The document is summarised in Section 3 below, and attached for information.

Timetable for completion of the Strategic Economic Plan

- 2.3 Subject to the discussion at the 26 January meeting of the LEP Board, the aim is for the final version of the revised Plan to be approved at the Board's next meeting on 5 April, with a public launch to follow shortly afterwards. In view of the timings of the forthcoming LEP Board and Combined Authority meetings, this meeting of the Authority offers the opportunity for members to comment on and shape the final content of the Plan.
- 2.4 Following this meeting, a programme of further external engagement will be undertaken between now and the end of February 2016. This will take the form of both online and face-to-face consultation with business, wider public sector stakeholders and members of the public. There will also be further opportunities for both elected members and officers across City Region local authorities to discuss and shape the content and priorities of the Plan.
- 2.5 During this process, we will continually reflect on policy as it continues to emerge, most notably in terms of the discussions with government regarding further devolution.

3. Draft Strategic Economic Plan: summary and issues for consideration

- 3.1 The draft Strategic Economic Plan is structured as follows:
- Chapter 1 describes the vision and the role and purpose of the strategy;
 - Chapter 2 details key messages from evidence to make the case for investment;
 - Chapter 3 introduces the strategic priorities and the good growth principles;
 - Chapter 4 describes each of the four strategic priorities; and
 - Chapter 5 covers how delivery will be managed, e.g. governance and assurance.

A focus on good growth

- 3.2 The draft proposes that the vision for the Leeds City Region should be: ***to be a globally recognised economic powerhouse that creates good growth, jobs and prosperity.*** In achieving this vision, the City Region will unlock its full economic potential, cementing its place as an engine for growth in the north that becomes a **net contributor to the UK economy.**
- 3.3 The aspiration is that nobody will be left behind in this transformation. The SEP is driven by a resolute focus on **good growth** – where a radical uplift in growth, productivity and business success goes hand in hand with quality jobs that connect all people and places to opportunity and improved quality of life. Good growth will underpin everything we do and be used as a principle against which we will test, judge and measure success in delivering the vision for businesses, people and places across the City Region.

Strategic priorities

3.4 To achieve the vision and ambitious growth targets, delivery by the LEP and WYCA will continue to be based on the four inter-connected strategic investment priorities set out in the first Strategic Economic Plan submitted to government in 2014:

- Priority 1: **Growing Businesses**
- Priority 2: **A Skilled and Flexible Workforce**
- Priority 3: **Cost Effective, Clean Energy**
(please note the proposed refocus of emphasis from 'resource smart' to energy generation and efficiency)
- Priority 4: **Infrastructure for Growth**

3.6 Spanning these priorities, the SEP contains a list of key initiatives we want to deliver (or be well on the way to delivering) over the next decade in order to demonstrate the difference that the LEP and WYCA, working with partners from across the City Region and beyond, can make to the economy and the lives of residents and businesses over this time period. **They are set out on p22 of the draft.**

How will success of the Strategic Economic Plan be measured?

3.7 Economic modelling to support the first SEP in 2014 projected that action by the LEP and its partners, if delivered in its entirety and enabled by Growth Deal resources, would create:

- £5.2 billion in additional economic output;
- 62,000 extra jobs; and
- £675 million in benefits savings to the exchequer.

Further analysis is required to examine whether these targets remain appropriate.

3.8 In line with the ambition to create good growth, including jobs and prosperity across the City Region, success will also be judged against five key economic indicators:

- growth & productivity – e.g. total economic output (GVA) and output per hour;
- employment – e.g. employment and unemployment rates;
- earnings – e.g. median incomes and incomes at the 20th percentile;
- skills – e.g. % of the working age population with qualifications at NVQ Level 4+ and 2+; and
- sustainability – e.g. CO₂ emissions per capita and fuel poverty levels.

The goal will be to perform better on all of these measures year by year to benefit people and businesses, and to leapfrog the performance of other city regions.

Key questions for consideration by the Authority

3.9 Members are asked to provide comments on any aspect of the document, and in particular to consider the following questions:

- do members support 'good growth' as the SEP's main defining concept?
- are the four strategic priorities (pillars) still right?
- do the set of proposed headline interventions provide the right focus, balance and ambition for the next ten years?

4. Financial Implications

4.1 There are no financial implications arising from this report.

5. Legal Implications

5.1 There are no legal implications arising from this report.

6. Staffing Implications

6.1 There are no staffing implications arising from this report.

7. Consultees

7.1 The consultation process that led to the completion of the attached working draft of the SEP is described in Section 2 above.

8. Recommendations

8.1 That the Combined Authority notes progress to date on the revision of the Leeds City Region Strategic Economic Plan.

8.2 That members discuss and comment on the working draft of the Plan.

9. Background Documents

9.1 West Yorkshire Combined Authority, 17 September 2015 – Item 11, Leeds City Region Strategic Economic Plan Revision

LEEDS CITY REGION STRATEGIC ECONOMIC PLAN 2

WORKING DRAFT

19 JANUARY 2016

WORKING DRAFT

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ANNEX

1. Further Evidence: Strengths, Weaknesses, Opportunities and Threats
2. Fit with Government Policy

1. THE VISION FOR TRANSFORMATIONAL CHANGE IN THE LEEDS CITY REGION

1.1 This Strategic Economic Plan 2016-2036

This Strategic Economic Plan (SEP) is led by the Leeds City Region Local Enterprise Partnership (LEP), working with the West Yorkshire Combined Authority (WYCA) and other key partners, on behalf of the City Region. It has been produced in consultation with multiple stakeholders across the City Region and beyond. It replaces the previous SEP produced in 2014 at the request of the Chancellor.

Where 'we' is used in the strategy, it refers to the LEP and WYCA, with the ambition of widening its reach through an ongoing engagement process with other partners. The transformational change we seek cannot be delivered by the LEP and WYCA alone – businesses, public and third sector organisations and individuals in all parts of the City Region will have to play a part, alongside central government.

1.2 Leeds City Region: the strategic vision

Leeds City Region has a proud economic and cultural history. Its spirit of inventiveness, enterprise and hard work was at the heart of the industrial revolution, whilst its creative talents have led advances in science, literature and sculpture. The energy and innovation that powered change have continued to be writ large, with countless technical advances, such as hip replacements and cash machines, invented here. The Leeds City Region, with an economy bigger than that of nine EU member states, continues to transform. Since 2011, over the short lifetime of the LEP alone, thousands of jobs have been created, thousands of businesses helped to grow, and almost half a billion pounds of private investment unlocked.

As the Local Enterprise Partnership, we view that as 'a job well begun'. Indeed progress has been noted as 'phenomenally successful' by the Prime Minister. It demonstrates the ability of all sectors across the Leeds City Region to work together to tackle historically low levels of growth, productivity, investment and earnings, and puts us in excellent stead to continue to fully exploit the many opportunities that lie ahead. The City Region has the assets, drive and capability needed to continue to transform our economy.

Transformation will not be without challenges. Like other places that initially led the industrial revolution, the decline of heavy industry has taken a weighty toll on many of our communities. These trends, evident over many decades, have left a legacy of pockets of serious deprivation and an economy that is less productive than those in many other parts of the country, typically in the south east, that have had a different economic history.

The residents and business people of Leeds City Region are however, nothing if not resilient, and the City Region is embedding its resurgence. Although there is much further to go, with increasing control of the levers needed to drive success, the building blocks for future lasting growth will be firmly in place.

What do we want the Leeds City Region to look like in 20 years time?

The LEP's **vision for the Leeds City Region** is:

to be a globally recognised economic powerhouse that creates good growth, jobs and prosperity

[NB: this is a proposed amendment to the previous SEP Vision (“to unlock the potential of the City Region, developing an economic powerhouse that will create jobs and prosperity”). The change adds to the vision’s brevity and distinctiveness, builds in the ‘good growth’ concept which is set out later in the strategy, and a global recognition aspect in line with feedback from a stakeholder event.]

In achieving this vision, the City Region will unlock its full economic potential, cementing its place as an engine for growth in the north that **becomes a net contributor to the UK economy**.

Our aspiration is that nobody will be left behind in this transformation. We are driven by a resolute focus on **good growth** – where a radical uplift in growth, productivity and business success goes *hand in hand* with quality jobs that connect all people and places to opportunity and improved quality of life. This will underpin everything we do and be used as a principle against which we will test, judge and measure success in delivering the vision for businesses, people and places across the City Region.

So, what will this truly prosperous City Region economy look like 20 years from now? Overall, it will be an economy where thriving businesses lead to there being more people in work, in jobs that pay higher wages, and living in towns, cities and villages with excellent quality of life and attractive environments. And it will be fully in control of the levers it needs to achieve this.

Specifically, for **business** it means that many more firms will be innovating, exporting and fully utilising the skills and aptitudes of all staff at all levels, becoming highly productive and often world-leading as a result. Starting a business will be widely seen as a realistic life choice; and one that many people take and make work. More businesses will look to the Leeds City Region as the investment location of choice, basing themselves here because they know they can access the right skills and knowledge, premises and infrastructure, and supply chains to add value to their operations.

For **people**, it will mean a well-qualified workforce, with the right skills for the jobs of today and the future. There will be enough high quality and attractive jobs, paying decent wages, to ensure that graduates and other young people will not need to leave the region to find work which befits their skills. More people in good jobs will have benefits for health, just as improved health will widen the labour pool and enhance productivity. City Region unemployment rates will no longer be above the national average.

For **places**, our towns and cities areas will be thriving, healthy and people-friendly places to live, work and visit – cars will no longer dominate the major centres. Vibrant, regenerated urban areas will sit alongside a rural hinterland that plays its full and highly significant role in the City Region economy. There will be enough of the right-sized, high quality, carbon neutral homes in the right places to give residents a choice of where they want to live in good housing at a price they can afford. They will be connected by high quality **transport and wider infrastructure** that serves the needs of businesses and people. Movement between towns and cities will be easy and fast, based on a single ‘metro style’ public transport system that connects residents to jobs and companies to their markets with ease and reliability. HS2 and a fast east-west rail connection across the North of England, plus improved access to Leeds-Bradford and Manchester International Airports, will ensure excellent physical links to the rest of the UK and the world. Schools and colleges, green infrastructure, flood prevention and management measures and digital connectivity will likewise be comparable to the best in the world.

For the **environment**, our businesses will be highly efficient in their use of energy and resources, allowing them to decouple growth from carbon emissions and pollution. Fuel poverty will be a thing of the past – homes will be well-insulated and efficient energy generation, usage and smart networks will ensure everyone is actively in control of their energy consumption. We will not just have maintained and enhanced our already beautiful landscape, but will have found innovative new ways to work with it, for example through clean energy generation and flood alleviation linked to green infrastructure.

In this way, and working with partners across Yorkshire, the North West and the North East, Leeds City Region will play a leading role in the **realisation of the Northern Powerhouse** – a revitalised North that complements London and the south east as one of the most prosperous and dynamic regions in the developed world.

And the end result? Leeds City Region will have a global reputation as a vibrant, prosperous and dynamic economy - a great base for business and with high quality of life for all its residents.

1.3 Track record and future impact

The 11 local authorities that comprise Leeds City Region (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York, alongside North Yorkshire County Council) have been working in partnership to improve the economy since 2004. This was formalised in 2011 through the establishment of the Leeds City Region Enterprise Partnership ('the LEP'), also bringing private sector experience and expertise into the partnership.

Since then, government has steadily enabled LEPs to have control over budgets in a number of key aspects of economic development. Investment of the relatively limited sums available to the LEP from 2011-15 (£125m) will by 2020 create an additional 3,200 jobs for local people, benefit 4,300 businesses and unlock nearly half a billion pounds of private investment¹. The City Region economy will be around £220m bigger in 2020 as a result.

The strength of our partnership, the economic ambition expressed in the first SEP, and the ability to deliver in a highly cost effective manner enabled us to secure from government the largest Growth Deal of any LEP area in the country in 2014. The £1 billion Growth Deal is a major programme of investment and includes over 30 new transport schemes to improve access to jobs and markets for people and businesses in West Yorkshire and York. The Growth Deal will create an additional 20,700 jobs and £2.1 billion of economic output for the City Region economy by 2031 over and above current projected growth.

Impact has spanned all four priorities of the strategy and will continue to do so in the future. For example:

- **Business:** The City Region has 15% more businesses than in 2011, a rise that outstrips national performance; and attracted 31 inward investments, helping to raise foreign investment in Yorkshire by 145%
- **Skills:** Programmes have created 2,000 new apprenticeships for young people and enabled 2,700 more young people to enter employment, education or training

¹ Small report of big impact 2011-2015; Leeds City Region Enterprise Partnership, November 2015

- **Resource smart/energy:** Significant reductions in carbon emissions, energy improvements to over 1,000 properties, and major progress on business resource efficiency and a district heat programme
- **Infrastructure:** A £1.4 billion programme of transport improvements has been successfully secured and is being delivered across West Yorkshire and York to support growth and jobs; alongside investment in digital infrastructure and a £40m housing and regeneration programme

The availability of pounds and powers to promote growth in Leeds City Region is now moving onto a different level entirely. The West Yorkshire Combined Authority (WYCA) was established in 2014 as the vehicle to bring together the five authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield, working in tandem with City of York Council, to deliver transport and economic development across the area.

Economic modelling to support the first SEP in 2014 projected that action by the LEP and its partners, if delivered in its entirety and enabled by Growth Deal resources would create²:

- £5.2 billion in additional economic output
- 62,000 extra jobs
- £675 million in benefits savings to the exchequer

In addition, in line with the vision's ambition to create good growth, including jobs and prosperity across the City Region, **success will be judged against five headline economic indicators**. The goal will be to perform better on all of these measures year by year to benefit people and businesses, *and* to leapfrog the performance of other city regions, hence improving the City Region's position compared to national averages.

The headline indicators draw on core economic measures and expert analysis on measuring inclusive growth in Leeds City Region³, and are:

- Growth & Productivity - total economic output (GVA) and output per hour worked
- Employment – employment and unemployment rates
- Earnings – median incomes and incomes at the 20th percentile
- Skills - % of the working age population with qualifications at NVQ Level 4+ and % with NVQ Level 2+
- Sustainability – CO₂ emissions per capita and fuel poverty levels

1.4 Devolution and the national policy context

The Strategic Economic Plan fits with the contexts of local devolution to the City Region, the opportunities presented by the Northern Powerhouse initiative, and with national policy across departments. Following the establishment of the West Yorkshire Combined Authority, spring 2015 saw the agreement of a **devolution deal** with government, giving council leaders and businesses greater influence over long term planning and investment decisions on skills, transport, housing and support for small businesses. The deal

² Figures are based on change above baseline economic forecasts and ability to refine these will be kept under review as forecasts are updated

³ Christina Beatty, Richard Crisp and Tony Gore, A framework of indicators for measuring inclusive growth, CRESR, Sheffield Hallam University, July 2015

opened the door to new ways of working locally, e.g. between WYCA and the LEP, as well as with national agencies including UKTI, the Homes and Communities Agency, Highways England and Network Rail. The Combined Authority therefore now has greater scope to influence national planning and investment decisions, ensuring they are shaped by, and responsive to, local priorities.

The devolution agreement allows for negotiations on further devolution of powers and investment with any future governance changes being subject to consultation by the Combined Authority. Combined Authority leaders have acknowledged that the deal was a good starting point. However, it falls short of the full package of freedoms and flexibilities (across responsibilities, power and fiscal aspects) needed to realise the City Region's economic ambitions and to deliver a Northern Powerhouse that competes on a global stage and rebalances the UK economy.

Looking ahead, WYCA will, on behalf of the Leeds City Region, continue to work with government on taking this process further to achieve the comprehensive devolution that would provide the powers and resources necessary to achieve the City Region's ambitions.

The **Northern Powerhouse** initiative is an opportunity for the UK to have a second powerhouse economy to compete globally alongside London and the south east. A successful Northern Powerhouse that unleashes the full and collective economic potential of the North offers the chance to rebalance the UK economy - transforming the lives of millions, adding thousands of jobs and billions to economic output. This will benefit not just those living in the North of England but also the rest of the UK.

The North needs to work collaboratively to create a radical vision for more rapid but good, sustainable growth. The devolution of powers and budgets that we seek in order to make better decisions is largely in the hands of government to grant to each part of the North. There are however many other fields in which progress can be made by business, public and third sectors working together across the North independently of government. As the largest city region economy in the North, the Leeds City Region will play a leading role in developing this cross-LEP, cross-local authority and cross-sector partnership working.

This type of cooperation is already happening – for example, with Rail North and Transport for the North, two initiatives led by the North that have already brought about a substantial level of local control over new rail franchises and influence over the government's plans for investment in high-speed rail connectivity running east-west, and which will ultimately result in local control over substantial transport budgets for the North.

[Further input on devolution and the Northern Powerhouse to be added once the position is sufficiently clear.]

The investment priorities in this strategy serve to support the delivery of national priorities. These include raising productivity (Fixing the foundations: Creating a more prosperous nation, 2015); local economic development (the 'Plan for Growth', 2011); skills (Skills for Sustainable Growth, 2010); innovation (the 'Plan for Growth: science and innovation', 2014); transport ('An engine for growth', 2013); balanced growth (the Government's Industrial Strategy, 2012); and infrastructure (the National Infrastructure Plan, 2014).

1.5 Review of the Strategic Economic Plan

The first Strategic Economic Plan was submitted to government by the LEP on behalf of the City Region in March 2014, establishing an ambitious programme of investment and delivery. In so doing it acted as the basis for securing the country's largest 'Growth Deal' settlement, providing over £1 billion in government investment, and establishing a ground breaking Transport Fund for the City Region to help rectify decades of underinvestment.

Two years on much has been achieved; with good progress made on unlocking investment, supporting businesses to grow and creating new jobs. This has happened in the context of what remains a very mixed global economic outlook; as well as a political landscape that has continued to evolve, seeing substantive new policy on devolution of responsibility from Whitehall to new Combined Authorities in particular.

In keeping with this, despite there being no formal requirement from government to do so, we firmly believe that the time is right to take stock and reflect in order to ensure that our strategy continues to serve the City Region and its ambitions. This does not mean starting from scratch. We remain committed to working with partners to achieve lasting growth and prosperity for the benefit of all in Leeds City Region. Rather it is a process of fine tuning, ensuring that we are continually alive to opportunities, and that we are swift and proactive in our response. Critically, reviewing the strategy also allows us to assess and learn from action and impacts to date, and to direct resources where the greatest return for the people, places and businesses will be achieved.

This Strategic Economic Plan is the long term plan to unlock the full economic potential of, and to transform, the Leeds City Region economy to create good growth, jobs and lasting prosperity. **It is led by the LEP, working with WYCA and other key partners, on behalf of the City Region.** It has been produced in consultation with stakeholders across the private, public and third sectors in the City Region and beyond.

The role of the Strategic Economic Plan is two-fold.

Firstly, **it is intended to set the high level ambition for the sustainable economic transformation of the Leeds City Region and the strategic priorities that need to be addressed in response.** In this way, it sets long term direction but also retains the flexibility to allow the City Region to respond rapidly to events as they emerge that have the potential to bring significant opportunity or detrimental impact to the economy, including for example the devastating floods of December 2015.

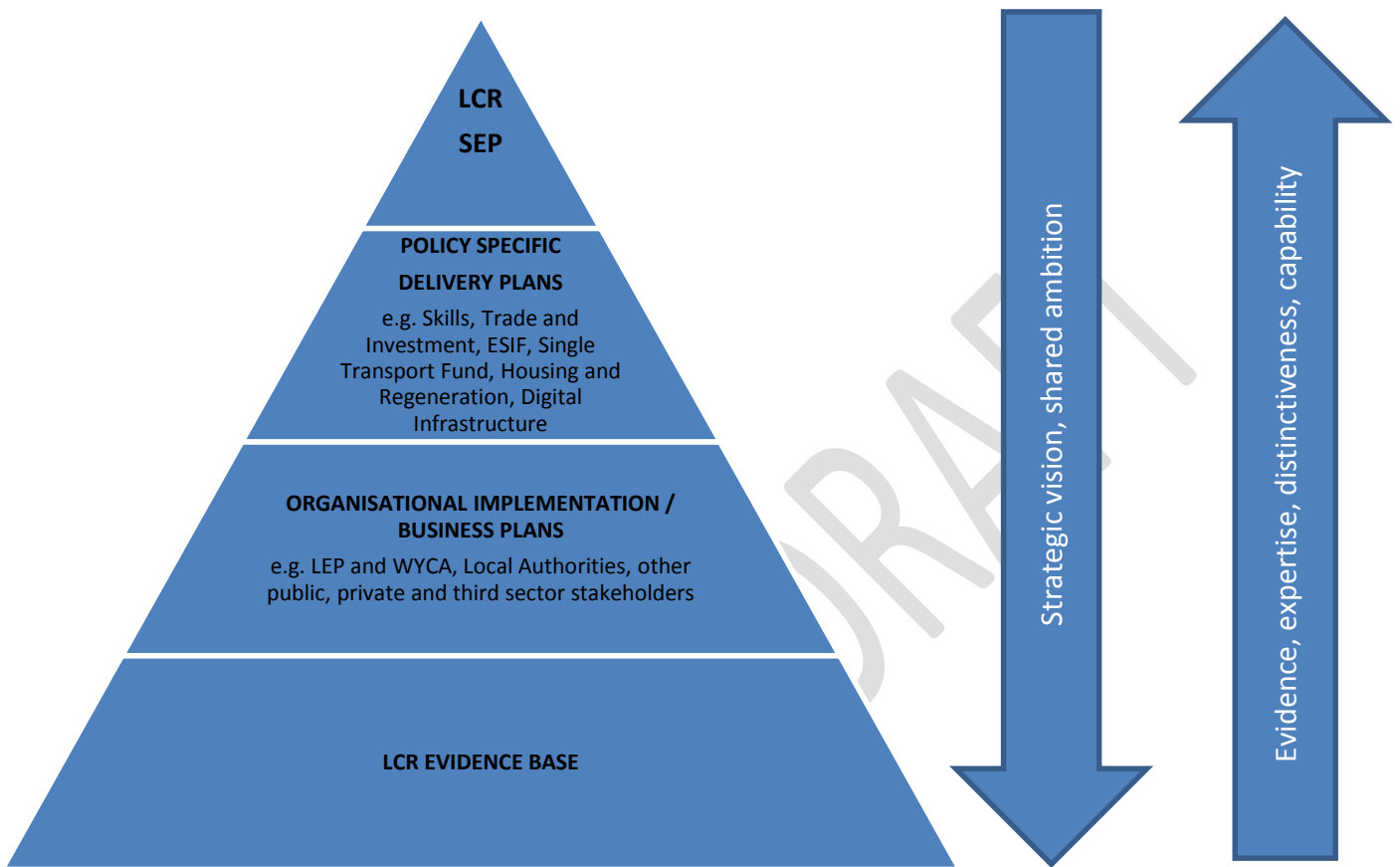
Secondly, it recognises that this transformation cannot be delivered by the LEP alone. Transformational change requires an integrated and long term view around a shared commitment and ambition. As such, **it acts as the framework for the LEP's engagement with others in the City Region and beyond – working with WYCA and across the private, public and third sectors – to coalesce action around a shared intent for good growth.** In support of this, the strategy will increasingly seek to influence the levels of private and public investments that flow into the City Region each year to fully lever the City Region's collective assets and influence. This is in keeping with the emerging direction of travel being taken in the City Region examining wider reform of the public sector.

The strategy is intentionally high-level. **It is supported by specific delivery plans that provide further detail on what will be delivered, by whom, by when and with what funding in specific policy areas.** These include the City Region European Structural and Investment Funds strategy, the Skills Plan, the Trade and Investment Plan, the Housing and Regeneration Strategy and the Single Transport Plan. In addition, the strategy supports and is supported by local level strategies and plans produced by local authorities and other public, private and third sector partners. These include economic development, infrastructure (including transport, flood mitigation, digital, employment sites, etc.) and employment and skills strategies and plans. There are also mutual benefits in making connections with local investment in areas including housing, health, planning, inclusion and the environment. The strategy therefore looks to align its activity and investments with those of wider public and private sector partners and with government policy to achieve maximum impact.

Specifically, the SEP has a clear and mutually reinforcing relationship with the European Structural and Investment Funds (ESIF) strategy. The two are wholly aligned, including in goals to deliver good growth. The ESIF will be a vital tool in helping to deliver the SEP. It will be a key route to harnessing the resources and capacity of a broad range of partners across the City Region, and in so doing, will ensure that the impacts are combined and maximised to deliver lasting outcomes for businesses, people and places in the City Region.

Figure 1 shows how this strategy and its vision act as the top layer of a pyramid which includes specific City Region delivery plans that will guide the specific actions and investments across a range of policy areas and stakeholders, as well as the evidence that will guide delivery and the funding that enables it. A process of widening and deepening the partners and investments that the strategy aligns with will continue where that delivers win-win benefits.

Figure 1: The Strategic Economic Plan and its relationship to delivery



The role of the LEP and WYCA

The LEP and WYCA have a core function to undertake on behalf of the City Region in relation to the Strategic Economic Plan. Both organisations will be relevant, essential and enabling, notably for businesses. They will broker dialogue and action across stakeholders and continue to extend the essential relationships and investment that will underpin success. This will help the Leeds City Region to maximise its wealth of knowledge and capacity to design, invest in and deliver programmes that meet the needs of business, people and communities. We will leverage this network to amplify the City Region’s voice and presence to make the case for investment here; be that by business or government. We will continue to work in partnership with government to go further on devolution – to give us the real power we need to shape our economic future – because we firmly believe this is the best way to take the decisions needed for the Leeds City Region to build the inclusive, vibrant economy of the future.

From a LEP and WYCA perspective, the SEP is the **framework against which the LEP and WYCA will direct our combined investment in support of good growth in the Leeds City Region.** We will direct our decision making and investment in support of this, using economic intelligence and evidence to inform decision making, continually challenge the status quo, and learn and horizon scan across policy domains. We will continue to apply well-established, robust, transparent and accountable governance arrangements. The LEP

and WYCA will lead by example, applying the principles of this strategy to everything we do. This includes refreshing the way we measure the impact of activity to ensure it is not just the quantity of jobs and growth that is assessed, but also the quality.

The Strategic Economic Plan is structured as follows:

Chapter 1 describes the vision and the role and purpose of this strategy

Chapter 2 details evidence and its implications

Chapter 3 introduces the strategic priorities and the good growth principles that underpin it

Chapter 4 describes each of the four Strategic Priorities

Chapter 5 describes assurances on delivery and evaluation

Section 1: Questions:

- Is the ownership and role of the SEP noted correctly?
- Is emphasis on good growth appropriate - including the quality and benefits, as well as quantity, of growth?
- Does the refinement of the previous vision articulate the ambitions for the City Region economy?
- Do the output measures and new headline indicators provide the right framework for measuring success?

2. LEEDS CITY REGION: EVIDENCE AND IMPLICATIONS

2.1 Approach to evidence and performance overview

Wide ranging and robust evidence has been used to inform this updated strategy to ensure it is cogent of City Region strengths and challenges and remains focused on the key issues. This has included econometric modelling and forecasts; extensive labour market and skills intelligence; tracking progress on key indicators; and expert inputs and bespoke studies to inform specific areas of activity.

This section sets out summary points from the evidence, including messages on key areas of economic performance based on strategic priorities and good growth principles – which the economic performance analysis (2.2) is structured around. It also considers long term trends, the policy context, and an overview of findings. Annex 1 presents a SWOT analysis, whilst Annex 2 demonstrates fit with an array of government policy.

2.2 Economic performance - evidence and assets

a) Businesses, economic output and productivity

Key statistics and messages

- The City Region economy is the largest in England outside London and worth £60.5bn. However, GVA per head of £20,250 in 2013 is just 84% of the comparable figure of £24,100 in England. Moreover, long term growth rates have been persistently below national average, meaning that this gap has widened over recent years. Improving this position will be a long term process - even if annual rises in GVA per head in the City Region significantly outstripped growth nationally, it would take 60 years to close the gap⁴.
- Productivity is similar to most core city LEAs in the North and Midlands (just under £27 per hour in 2013), but stands at just under 90% of England average. It is rising, but more slowly than average.
- The same picture is evident with key drivers of productivity such as skills, R&D and innovation, enterprise and investment – they are improving but not fast enough to close gaps to national averages. The City Region needs more innovation, investment, exports; a stronger national and international profile; and to see more high growth companies and successful business starts, with improvement already evident on the latter.
- Major forecasters are all suggesting global growth will be dampened in the short term, and that this will act to slow down UK GDP growth (but not necessarily employment growth). The latest Leeds City Region growth forecasts reflect this caution and suggest that employment and output will continue to grow, but less quickly than under previous forecasts and than in the UK overall.
- Baseline forecasts are for an extra 89,000 FTE jobs in the next 15 years, and an extra £24.3bn in GVA. 'Policy on' modelling of Leeds City Region's Growth Deal suggests an additional 20,700 jobs and £2.1 billion of GVA will be created by 2031 as a result of these interventions. That will offset some of the lagging behind UK levels, but would not be enough to narrow output and employment gaps.

⁴ Based on City Region growth of 3.3% per annum compared to an assumed national growth rate of 3.0%

Key Assets for improving performance

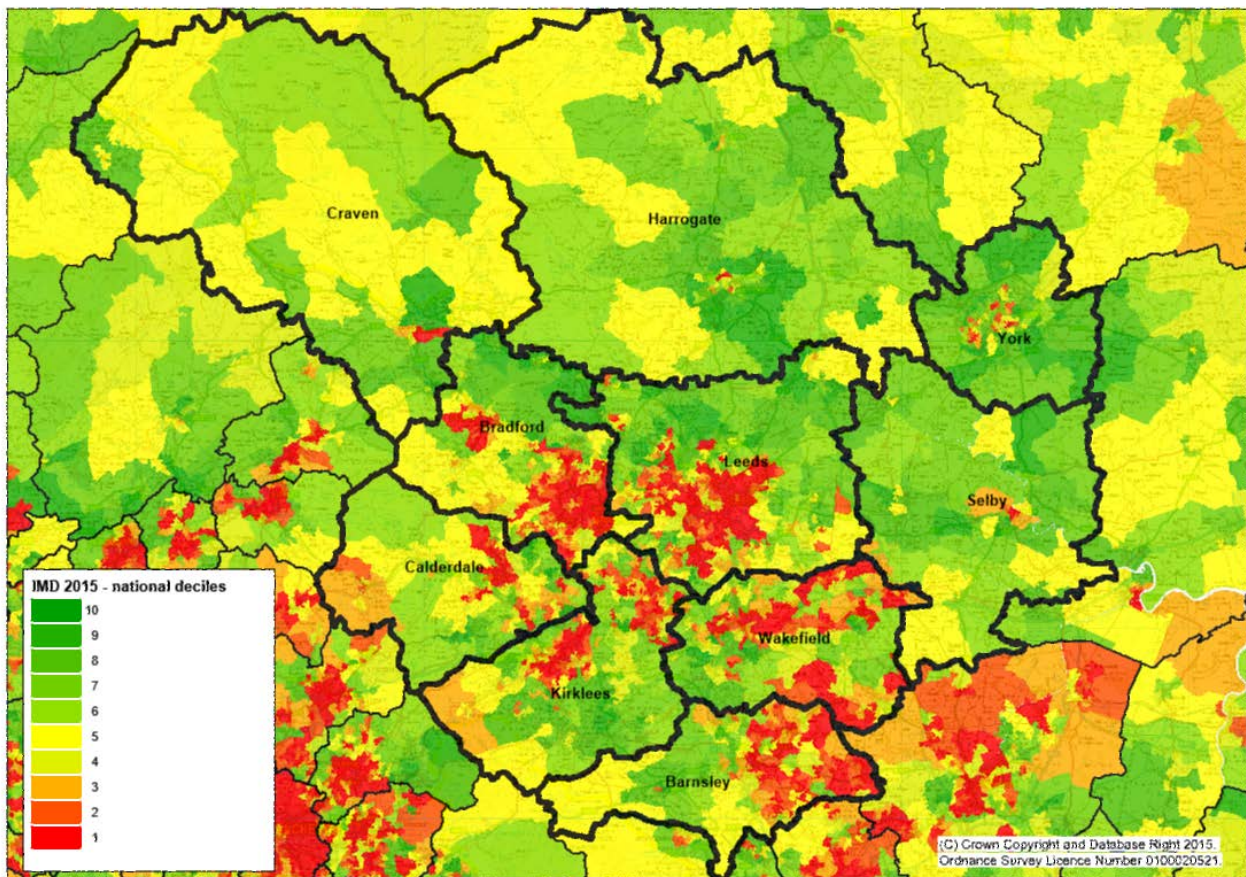
- 14 FE colleges and one of the largest concentrations of higher education institutions in Europe (120,000 HE students in 9 institutions, where 23% of the research is world-leading and 42% is internationally excellent).
- Distinctive clusters of businesses and research expertise, for example:
 - heart of the UK's advanced manufacturing and engineering industry, with world leading specialisms and businesses, and a workforce of around 140,000 – more than in any other LEP;
 - the UK's largest centre for financial, professional and business services outside London;
 - a strong low carbon sector and energy generation that is critical to the UK and a focus for innovation;
 - life sciences and related industries (particularly biosciences and healthcare/medical technologies);
 - digital technologies (particularly in telehealth, IT and internet exchange technology);
 - a diverse food & drink sector, spanning supermarket HQs, manufacturers and cutting edge biosciences;
 - a network of strong local clusters of activity in the creative and cultural industries;
 - a strong tourism/leisure sector, capitalising on events such as the Tour de France and Tour de Yorkshire; and
 - an attractive location for the logistics industry at the heart of UK rail and motorway networks.

b) People - employment, skills and inclusion

Key statistics and messages

- Employment has risen notably, with 32,000 more jobs than five years ago and an employment rate of 72%, just below pre-recessionary peak levels and typical compared to other city regions. A sharp increase in self-employment has mirrored national trends. Both the number of 16-18 year olds who are NEET and overall youth unemployment have fallen sharply, and the overall unemployment rate has fallen to 6.5%, a little above national average. All of these statistics vary considerably across and within districts. Underemployment is a significant issue with sizeable increases in those in temporary work and part time work, and significant numbers (e.g. graduates) in jobs that do not fully utilise their skills.
- City Region income levels are around 90-95% of national average and vary notably between localities.
- The City Region still has much more than its 'fair share' of poverty and deprivation: 17% of local areas in Leeds City Region are in the most deprived 10% in England, two-thirds higher than the national average. Average life expectancy is below the national average and varies widely for localities and social groups. Figure 2 illustrates deprivation across the City Region and the degree of variation that exists, with polarity between sizeable areas that are amongst the least deprived in England, but also a disproportionate share of the most deprived areas, concentrated in parts of West Yorkshire and Barnsley. In this map, the least deprived areas are in darker shades of green whilst those in red (deciles 1 and 2) are in the most deprived 20%.

Figure 2: Variation in Deprivation across Leeds City Region (based on Index of Multiple Deprivation 2015)



- Skills at all levels have continued to increase across the City Region. However, they have not improved quickly enough to close gaps to national average, especially at higher levels. Closing this gap is vital given the links between higher qualifications and productivity, earnings and economic resilience. There are also gaps in employability skills and mismatches between the supply and demand for skills at sector level, including skills shortages in areas such as engineering, construction and software/coding.

Key Assets for improving performance

- Improving skills across levels; GCSE pass rates that have moved from below to above average in some areas
- Success in reducing NEETs, and good career opportunities through routes such as apprenticeships
- Large student population and strong on graduate retention and employment
- 600,000 job opportunities ahead (including replacement demand)

c) Place and Infrastructure

Key statistics and messages

- Decades of underinvestment in strategic transport infrastructure have restricted connectivity within the City Region and to other parts of the UK and the rest of the world. Investment per capita in Yorkshire

and Humber is only 45% of that in London. Motorway congestion has been increasing, rail passenger numbers have risen (but so has overcrowding), whilst bus patronage is declining.

- House building levels have been below those required, and were hit hard by recession. Demand exceeds supply, which is raising housing costs (especially in desirable locations) and limits economic benefits. Major redevelopment and regeneration schemes in towns and cities were also stalled by the recession, only recently seeing recovery from the 2008 crash. Whilst house building is now increasing, lack of supply contributes to housing affordability issues, with these sharpest in Harrogate, Craven and York.
- Flooding poses significant risks to 44,000 homes and over 17,000 non-residential properties (such as businesses and critical infrastructure) in West Yorkshire and York. This has been illustrated all too clearly by repeated flooding episodes in the last decade, including the devastating floods of December 2015.
- 83% of West Yorkshire businesses can access high speed broadband; take up is just below national levels.

Key Assets for improving performance

- A competitive business location at the heart of the UK– low costs, enterprise zones, access to labour
- The establishment of the West Yorkshire plus Transport Fund and Rail North, plus the long term opportunities presented by HS2, Northern Powerhouse fast rail and Leeds rail station projects
- A sizeable local bus and rail network, and opportunity to build on this with a ‘metro-style’ transport system and integrated transport combining an enhanced bus network, smart ticketing, walking and cycling
- A distinctive mix of urban and rural areas in close proximity, including large cities, market towns and service centres, complemented by quality green infrastructure and improving broadband provision.

d) Environment and Low Carbon

Key statistics and messages

- Carbon emissions fell by 16% between 2005 and 2013, with falls greatest in industry / commerce and lowest for transport. Emissions per capita are below those nationally, if falling less quickly. Land use and development locations and energy and transport decisions will impact on future emissions.
- Many businesses are improving their environmental performance and there is an appetite to do more.
- Air pollution has been ‘high’ on 16 days since 2012; compared to an average of 13 across UK regions.
- An estimated 140,000 households are in fuel poverty.

Key Assets for improving performance

- A good economic case and opportunities for the City Region to exploit around low carbon and energy
- A strong low carbon sector, excellent expertise and a track record of innovation and delivery
- A beautiful natural environment which attracts businesses, investment, skilled employees, tourism

2.3 Why do we need good growth?

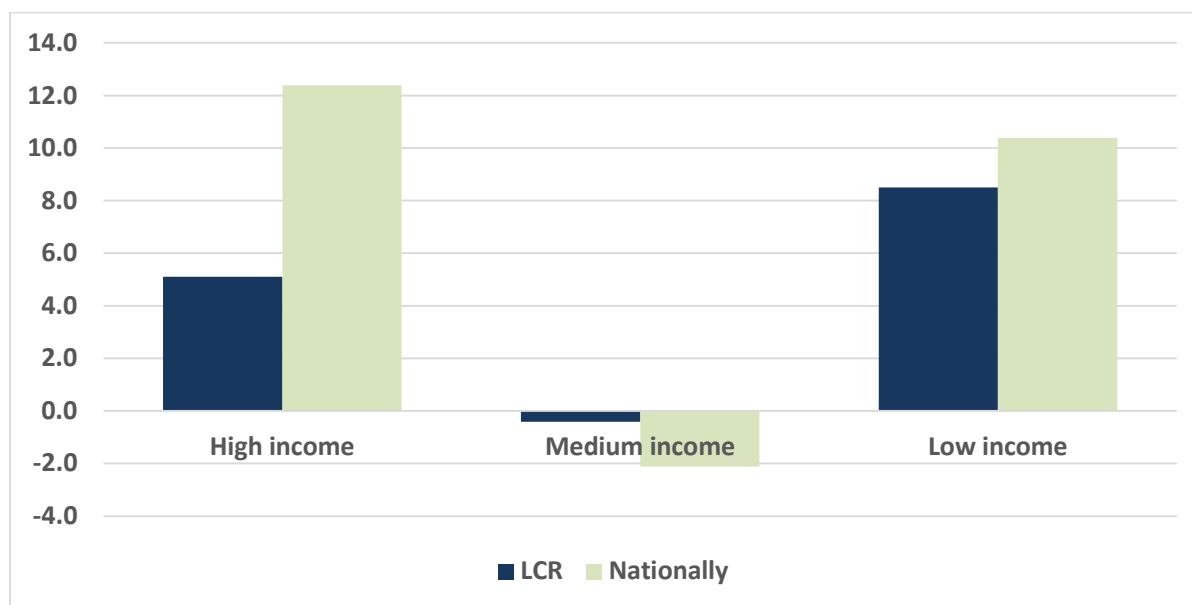
The analysis of the Leeds City Region economy shows an area with enormous potential but which faces key challenges on innovation, exporting, skills and connectivity if it is to realise that potential. The 2014 SEP set out the approach to building on these strengths and tackling the weaknesses, an approach which also aimed to promote low carbon growth and resource efficiency.

What was less well recognised two years ago, however, was the scale of the challenge in ensuring that the opportunities and benefits of economic recovery were spread across all communities.

As figure 3 demonstrates, there has been substantial job growth – both locally and nationally. However, growth has been concentrated in economic sectors and occupations that are characterised by high or low incomes, whereas the number of posts offering middle incomes has declined. This pattern of recovery, with a ‘hollowing out’ of the job market, means that there are fewer middle level jobs in the kind of manufacturing and service companies that have previously been at the heart of the UK economy. The result is a lack of job progression opportunities for many who are either entering the job market for the first time or seeking to improve their skills and earnings. Many others are denied a role in the economy that their education and skills would merit.

Additionally, in Leeds City Region, growth in low-income sectors/occupations outstrips that in high-income jobs, whereas the reverse is true for the UK as a whole. The mismatch between the type of economy we want to become and current realities is widening, with income inequalities also growing as a result.

Ensuring that the skills are in place to enable many of those who would have been in middle income roles to secure higher level roles instead is part of the solution. But higher productivity cannot come from an increase in higher level jobs alone. To innovate, compete and deliver benefits across business and society, our economy also needs to create more middle income jobs (e.g. through meeting skills needs and supporting business growth); and to ensure that more lower level jobs offer reasonable incomes and progression opportunities; ensuring that skills and potential are fully tapped and leading to reduced in-work poverty. In other words, if we can create a City Region that grows faster and creates jobs at **all** income levels, this is not just a vital part of good growth, but a key component of creating a balanced, highly productive and globally competitive economy.

Figure 3: Employment change by income level, 2009-14

Following on from this analysis, table 1 shows current and historic performance on this strategy's five headline indicators, including factors such as productivity, skills and incomes.

Table 1 Good Growth Headline Indicators and Measures

Headline Indicator and notes	Measure	2007		2011		Latest data	
		LCR	UK	LCR	UK	LCR	UK*
Growth & Productivity (2013 data)	Economic output (GVA) £ billion	55.4	1,327.9	57.8	1,441.6	60.5	1,525.3
	Output £ per hour worked	24.7	26.5	26.3	29.4	26.8	30.1
Employment (June 2015)	Employment rate (%)	72.4	72.5	67.6	70.0	72.2	72.9
	Unemployment rate (%)	5.4	5.3	8.7	7.9	6.4	5.8
Earnings ⁵ (2015 data)	Weekly median income £	358	376	376	400	398	426
	Income at 20 th percentile	193	187	194	190	204	204
Skills ⁶ (2014 data)	% with NVQ level 4+	25.3	28.5	28.1	32.6	30.6	35.8
	% with NVQ level 2+	61.7	64.2	66.5	69.3	69.9	73.1
Sustainability (2013 data)	CO ₂ emissions per capita	7.6	8.5	6.3	6.9	6.4	7.0
	% households in fuel poverty (*England data)	n/a	n/a	11.1	10.9	11.0	10.4%

⁵ Leeds City Region income data is not available, the figure is a proxy based on an average of local authority areas

⁶ Data are percentages of the working age population

The position has improved on all the indicators in Leeds City Region between 2007 and the latest data year with the exception of employment and unemployment levels, which are much improved compared to 2011 but not back to pre-recessionary levels. However, on all indicators, improvements in the City Region have not kept pace with those nationally. This is particularly notable for areas such as growth, productivity and high level skills as well as for incomes at the 20th percentile. This latter figure illustrates the weekly wages of those on a relatively low but not rock bottom income, and has risen by only £11 a week in the City Region between 2007 and 2014. That compares to a national average increase of £17 and to a median (i.e. 50th percentile) increase of £40 in the City Region, further illustrating rising inequalities.

2.4 Long term trends and horizon scanning

It is important to factor in long term trends and their implications within a strategic approach. These will be further considered as this strategy is developed and delivered, however, key trends and issues include:

<p>Political & Social</p> <ul style="list-style-type: none"> • Devolution and decentralisation • Changing demographics – ageing population and migration • Pressures for immediacy and individual tailoring • Increasing polarisation and inequalities • Risk of global political instability 	<p>Economic</p> <ul style="list-style-type: none"> • Globalisation • Changing international economy powers – BRIC+ • Changing skills demands – increasingly for higher level and for transferable skills • Changing work patterns, e.g. self-employment • Continuing austerity and economic uncertainty
<p>Environmental and Infrastructure</p> <ul style="list-style-type: none"> • Climate change impacts (e.g. flood risk and drought extremes) and adaptation • Climate change mitigation • Changing energy supply and demand patterns • Increasing transport demand 	<p>Technological</p> <ul style="list-style-type: none"> • Automation/robotics and impact on jobs • Health advances (e.g. genomics), bio-economy • Internet of things, new technologies with big impacts (e.g. 3D printing, driverless cars) • Continued digitalisation and processing power

2.5 Conclusions and implications

Clear and consistent conclusions emerge across policy areas and the range of evidence. These are that:

- The City Region economy is improving, and this has been bolstered by the work of the LEP and its partners.
- However, it is not improving fast enough to significantly reduce gaps to the national average in many areas.
- There are excellent assets to utilise in transforming future performance, as well as long term trends, opportunities and challenges to tackle or exploit. Greater devolution will improve the capacity to do so.
- Key areas that are critical to future performance include business productivity and its drivers; the labour market and skills; low carbon, energy and climate change adaptation (e.g. flood risk); and infrastructure – spanning transport, digital, housing, employment sites and key centres, and green infrastructure.
- There are considerable variations across districts and communities. ‘Good growth’ is required so that GVA growth translates into well paid and fulfilling jobs for more people and reduced inequalities and poverty, as well as to long-term business success and increasing profitability.

Despite its undoubted strengths and assets, the City Region is not realising its full potential. An integrated and long term approach is needed to build the strong, sustainable and international competitive economy to which we aspire. The interconnected priorities and good growth principles of this strategy respond to that challenge.

Questions

- Does the evidence bring together the right range and level of information to inform strategic direction?
- Do the content and conclusions spell out the reality as you see it?
- Does the section strike the right tone and balance between statistics, challenges and opportunities?

WORKING DRAFT

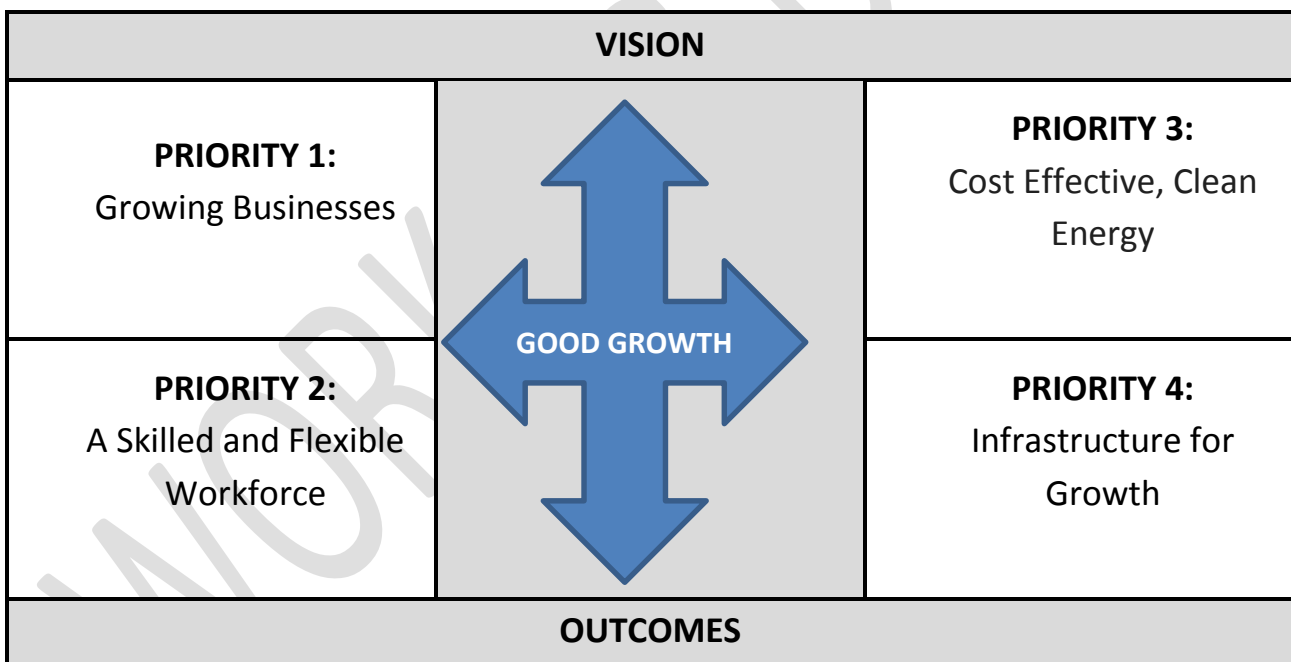
3. OVERVIEW OF STRATEGIC PRIORITIES AND GOOD GROWTH

3.1 Strategic Priorities

To achieve the vision the SEP will continue to be based on the four inter-connected strategic investment priorities set out in the first SEP submitted to government in 2014 as below:

- **PRIORITY 1:** Growing Businesses
- **PRIORITY 2:** A Skilled and Flexible Workforce
- **PRIORITY 3:** Cost Effective, Clean Energy
- **PRIORITY 4:** Infrastructure for Growth

These priorities are simple, streamlined and evidence based. They bring together the diversity and strengths of the City Region and respond to opportunity, whilst also tackling known market failures and barriers to businesses and individuals realising their full potential. By taking account of local economic priorities, they provide an investment framework that is firmly rooted in place and which will maximise impact and return on investment. They are also aligned to national priorities for sustainable and balanced economic growth, and drive the action that will make the City Region a net contributor nationally. Full detail on each priority is set out in Section 4.



3.2 The guiding principles of good growth

To transform our economy over the next 20 years, pursuing growth for its own sake won't be good enough. The vision for **good growth** is in everyone's interest. It is one of a strong and productive economy where business competitiveness, productivity and profits go hand in hand with access to good jobs, earnings and opportunities for residents in all of our communities. Achieving this will require a workforce with skills, abilities and attitudes that match business needs; and a physical, digital and energy infrastructure that allows businesses to function efficiently and ensures that everyone has good access to job opportunities. The value is clear - people are better off, the local economy is boosted, detrimental environment impact is

minimised and government is able to spend less on welfare and public services. So what will good growth look like in the Leeds City Region?

For business: Good growth will equate to **heightened productivity** and a culture of innovation, collaboration, and openness to ideas and technology. Increasing numbers of businesses in the City Region will make 'good growth' an intrinsic part of their long term corporate strategy and the route to delivering value for shareholders. Their outlook will span both local supply chains and international markets, embodying an open and collaborative culture where innovation, creativity and a degree of risk-taking are the norm. They will strive to offer 'good' jobs (see inclusive growth below). This, along with investment in the skills they need at all levels, will allow them to attract and retain the talented people they need to increase innovation, output and quality and to move into higher value product and service markets. This will be challenging in some sectors – like retail, catering and care – but the City Region will work together to help these businesses find practical, realistic solutions that help move them along a path towards good growth.

For people: We will adopt an **inclusive growth** agenda recognising that the benefits of growth do not automatically trickle down to all. Many more of our jobs will be 'good' jobs defined by decent income, fair terms and appropriate flexibility and job security, where effort is recognised and people have the opportunity to learn, contribute, progress and to work in a safe and healthy environment. This new norm, coupled with higher productivity as noted above, will raise pay and incomes in the City Region over time, helping to reduce in-work poverty. The value of a growing and prosperous economy with good quality jobs is clear. People are better off, business and the local economy are boosted and government is able to spend less on welfare and public services. We will therefore prioritise growth options that extend job and income opportunities to *all* communities, and proactively make connections that bring business, public and third sector agencies together to achieve this.

For places: High quality and connected places are central to the ambition for good growth. Leeds City Region is home to a distinct network of places. Towns, cities and rural areas here each bring unique business, physical and environmental assets, as well as a diversity of culture and heritage that add up to an outstanding quality of life offer. Good growth depends on all of these places playing their distinct role in building prosperity. At the same time, the City Region is far more than the sum of its parts. Excellent and fully integrated digital, transport, business and green infrastructure will underpin connectivity, innovation and trade. Building a collective reputation as a business friendly area with good housing and schools, safe communities, environmental and cultural assets, and quality of life will attract skilled people and investment. Finally, we will seek people-friendly town and city centres no longer dominated by the car and with clean air and the highest quality green infrastructure and public realm. This is not just investing in the environment for its own sake – but for the economic purpose of ensuring that the City Region is an attractive place able to compete successfully for increasingly mobile workers and companies.

For the environment: We will adopt a **low carbon and sustainable** approach in everything we do. This is incorporated across policy areas and investments, including work with business and on places and infrastructure. Low carbon leadership will include exploiting new economic opportunities with potentially huge global market opportunities following the Paris agreement on climate change. Businesses of all sizes and sectors can become more productive, competitive and resilient through efficient, low carbon processes, products and premises. Low carbon approaches can incorporate aspects spanning energy, resources,

transport, water, waste and green infrastructure, and be joined up with wider work to adapt to and mitigate against the impacts of a changing climate (e.g. flood prevention).

Good growth is embedded in each priority of this strategy and should be embedded in everything done to deliver it, including decision making, prioritisation and resource allocation. It is not just well-intended words. Measures of success in delivering good growth have been built into the strategy and will be evident in onwards monitoring and evaluation. In this way it will become part of the way we will do business in the City Region. It is aligned with and will be carried through in the delivery plans that support it in specific policy areas including transport and skills.

3.3 **Headline Initiatives**

The initiatives below represent vital developments that we wish to see delivered – or well on the way to delivery - over the next ten years. They span the priorities of the City Region strategy and will support its good growth principles. They will be led by the LEP and WYCA, but will be delivered with and through a wide range of partners and funding, including local, City Regional, national and European sources.

- Complete **New Generation Transport (NGT), the 30+ schemes within the West Yorkshire plus Transport Fund** and create a more sustainable environment for walking and cycling
- Make good progress towards developing a **single ‘metro style’ public transport network** and other investments required to ensure the City Region economy maximises benefits from HS2, Northern Powerhouse fast rail and associated schemes and investment
- Develop an **integrated flood prevention programme** (incorporating flood defences; green infrastructure and sustainable drainage measures; resilient development; preventive measures in existing businesses, and influence to gain greater national funding and local control)
- Close in on achieving the City Region’s **NEET-free ambition** and enable many more firms to take on **apprentices**
- Establish the City Region as a **globally-recognised centre for big data**
- Make substantial progress in the development and regeneration of **integrated Strategic Priority Areas**
- Achieve significant progress towards the ambition of becoming a **zero carbon energy economy**, including cleaner transport and improved air quality
- Meet the target to **build 10-13,000 new homes per year** and sustain these rates into the future
- Substantially increase the flow of **foreign direct investment and relocations** of UK companies into the City Region
- Develop locally-led **programmes that contribute to reducing unemployment** to below national average, and help to raise incomes and reduce in-work poverty through improved access to jobs, skills and progression opportunities
- Deliver high quality, business friendly, single gateway advice and signposting initiatives such as the **Business Growth Hub** and **Skills Service** to support businesses in raising skills, growth and productivity.

Questions

- This section defines what good growth will look like in Leeds City Region. Is this the right strategic direction and approach? Is it the right emphasis and level of detail?
- Does the set of priorities reflect economic priorities and interconnect sufficiently?
- Are the headline initiatives the right ones?

WORKING DRAFT

4. DELIVERING STRATEGIC PRIORITIES

4.1 PRIORITY 1: Growing businesses

PILLAR 1 SUMMARY	
AIM	To boost enterprise and drive productivity gains by creating an entrepreneurial culture and environment that will help businesses to start-up, grow and thrive
KEY ACTION AREAS	<ul style="list-style-type: none"> a) Business Growth Hub (LEP Growth Service) b) Access to finance c) Innovation and digital technology d) Supply chain development e) Enterprise f) International trade and inward investment
SUCCESS MEASURES	<ul style="list-style-type: none"> • Increase in number of businesses innovating to bring new products or services to market • Increase in SME productivity, investment and jobs created • Increase in value of jobs created as measured through improvements in hourly / average wages and uptake of higher levels of skills • Increase business start-ups • Increase in business exports and inward investment

Overall Rationale

Businesses are the generators of wealth and growth in the economy. A key priority for the City Region is to provide the right environment and support that allows businesses to fulfil this role and to fully unlock their economic potential. This is key to positioning the City Region as a globally relevant and competitive place to do business.

All stakeholders that play a role in this must take their direction from business itself. We must collectively listen to the needs of businesses that want to grow in order to develop, commission and deliver a world class business support and improved access to finance offer. This will enable City Region businesses to grow and to become more resilient, productive and competitive; as well as to support them to embrace an outward-looking, innovative and enterprising culture and to draw on the diverse skills and talents of all our people. In pursuing good growth, we will work with businesses to drive improved productivity hand in hand with both creating more and better jobs and with environmental good practice (see Priority 3 for detail). We recognise that measuring success through the creation of new jobs will not always adequately capture our ambition in this regard. There will be times when fewer jobs will be created as a result of investment, but critically they will be jobs of higher value and will bring other value adding outcomes for the business, people and the economy.

The City Region has many strengths to play to. It is home to the largest manufacturing base in the UK with distinct assets in automotive, bio-science, turbo technology, digital health, advanced textiles and medical devices. We are also the largest regional financial and professional services centre. These provide the City Region with unique competitive capability in globally significant markets demonstrating major scope for

future growth, and as such will provide the focal point for positioning investment propositions in international market places.

Whilst many businesses are striving to grow and are seeing returns on productivity and competitiveness; there are those who face barriers, and the action areas below are designed in direct response. Too few businesses export, innovate or collaborate – either with each other or with the universities or science base. Investment in skills at all levels is also a challenge – from apprentices, to technical and higher level skills to those needed to successfully manage and lead; and more businesses could value the role that skills and progression can play in helping their business become more competitive and productive. Furthermore, digital connectivity and access to finance continue to be barriers. For the latter, although the market place has evolved substantially, with important new players in place, there remains a critical gap for investment in the £20,000-£100,000 category, and in the market for seedcorn funding for technology investment. We will help businesses navigate this journey and ensure that more of them are ‘investor ready’.

Current and Future Priorities for Action

Action Area	Current and Immediate Action	Future Priorities
1a) Business Growth Hub (LEP Growth Service)	<ul style="list-style-type: none"> Continue to deliver the LEP Growth Service as the focal point for simplified high quality business support across the City Region, promoting access to the right support at the right time 	<ul style="list-style-type: none"> Expand the range and quality of services accessible in the City Region via the LEP Growth Service and extend its reach to support 20,000 SMEs by March 2020 in the first instance Ensure financial sustainability of the LEP Growth Service from April 2018
1b) Access to Finance	<ul style="list-style-type: none"> Deliver a five-year £30m Access to Finance programme of capital expenditure grants and loan funding in support of business growth, expansion and investment in innovation and enterprise 	<ul style="list-style-type: none"> Work with local and national partners across the public and private sectors to influence and shape future Access to Finance schemes, including at a pan-northern level Support SMEs to be investor-ready
1c) Innovation and digital technology	<ul style="list-style-type: none"> Work with private, public and academic partners to develop a pipeline of high quality innovation products/services in order to drive a significant shift in levels of SME investment in innovation and collaboration to bring new products and processes to the market Enhance Leeds City Region innovation networks and their connection to business 	<ul style="list-style-type: none"> Work as a partnership of public, knowledge and business institutions to participate in government’s Science and Innovation Audits, and related activity, with a focus on medical technology, digital health, turbo technology and bio-science Maximise business utilisation of digital innovation, technology, skills and connectivity in support of good growth Integrate InnovateUK more closely in the City Region in order that local firms secure a greater proportion of funding
1d) Supply chain development	<ul style="list-style-type: none"> Develop a Leeds City Region Supply Chain Group to support more SMEs to meet the supplier specifications of large 	<ul style="list-style-type: none"> Engage with and support companies primarily but not exclusively, in the manufacturing sector to build capacity in

	employers and infrastructure commissioners	<p>the City Region centred on innovation, quality and service</p> <ul style="list-style-type: none"> Engage with commissioners of large infrastructure schemes, e.g. HS2 to reap maximum participation and impact for businesses in the city region
1e) Enterprise		<ul style="list-style-type: none"> Work with public, private and academic partners to tackle market failures in the City Region’s business start-up architecture, covering pre-start to survival at three-years old
1f) International Trade and Inward Investment	<ul style="list-style-type: none"> Develop LEP International model Deliver inward investment and investor development focused on global strengths in financial and professional services, health, digital and manufacturing sectors 	<ul style="list-style-type: none"> Deliver LEP International working with partners to ensure an integrated international approach to trade and investment Work with the full range of International Trade partners and the private sector to significantly increase the city region’s export performance

Key Partners, Links and Spatial Implications

The LEP will work with and through partners in the private and public sectors to ensure that all interventions are directly targeted to local need as articulated by business, effectively coordinated so as to avoid complication and confusion in the market place, and streamlined with national priorities.

Impact on Good Growth

- Productive, innovative, enterprising firms that are resilient, adaptive and outward looking
- Include a focus on quality of jobs, skills, progression and good business practices that support people and drive productivity; including the leadership and management skills needed in businesses to pursue good growth
- Globally competitive firms operating in the low carbon sector, and a culture of resource efficiency embedded to drive productivity, growth and quality across the business base
- Collaborate with skills and transport providers to ensure disadvantaged communities are connected to new jobs from business growth and inward investment

Questions

- What should the balance be between productivity and jobs if the two are at odds? Are there any gaps in action?

4.2 PRIORITY 2: A skilled and flexible workforce

Note: The Leeds City Region Skills Plan is being reviewed alongside the review of the SEP. The summary below is taken from the current Skills Plan which has driven activity since 2013. Potential future action areas which would refine those below are included in the table on ‘current and future priorities’ overleaf.

PILLAR 2 SUMMARY	
AIM	Create more and better jobs for a skilled and flexible workforce so that businesses can prosper whilst residents across all communities can work and progress
KEY ACTION AREAS	<ul style="list-style-type: none"> a) Building Skills in Education – including creating better links between education and employers; improving enterprise education; and improving the employability skills of students in school, college and university b) Transition into Work – including reducing youth unemployment; apprenticeships; and improving careers information, advice and guidance (including emphasis on ‘STEM’ subjects) c) Raising Demand and Improving Skills Levels (in business) – including increasing employer investment in skills and addressing skills gaps
SUCCESS MEASURES	<ul style="list-style-type: none"> • Ambition of moving to a NEET-free City Region • Skills Plan outcomes include improved GCSE attainment in core subjects; more work-ready young people; increased apprenticeships; lower youth unemployment; more employers providing training; fewer skills gaps and shortages; and heightened workforce qualification levels

Overall Rationale

Better skills drive higher profits for businesses and higher earning for workers, and are essential to improved productivity and competitiveness. A key ambition is to create more and better jobs for a skilled and flexible workforce so that businesses can prosper whilst all residents can work and progress.

Long term trends are resulting in a ‘shrinking middle’ in the labour market, with growing demand for higher level skills in particular. Additionally, skills shortages are holding back growth in specific areas such as software development, engineering and construction. The City Region has improving skills levels and areas of excellence, but overall skills levels lag behind national averages, especially at higher levels. Developing a workforce with the right qualifications, skills and attitudes can help to drive productivity, employment and earnings. There also is potential to enhance GCSE performance, and to thereby bring about the excellent education and skills performance that is pivotal to leapfrogging other city regions in terms of employment, productivity and earnings.

Businesses state that they require entrants to the workforce at all levels to possess enterprise and employability skills as well as qualifications. Apprenticeships are central to the skills that businesses require and offer a route into employment at all levels, and the City Region has excellent initiatives to build on. There are also opportunities to develop and promote routes into higher level technical education. Stronger links between schools, businesses and careers advice will help in this respect. More widely, good labour market intelligence is vital in identifying business skills shortages and needs which can then be addressed. Excellent assets including 9 HE institutions, 14 FE colleges, a skills capital programme and the largest city

region workforce and the biggest undergraduate population outside London, will assist in addressing the challenges ahead and filling over half a million future jobs opportunities.

Current and Future Priorities for Action

NOTE: The potential action areas and future priorities in the table below are *initial proposals* that will be consulted upon in more detail as part of the Skills Plan review that is being carried out alongside the development of this strategy.

Potential Action Area	Current and Immediate Action	Potential Future Priorities (following initial partners discussions)
1a) Connecting business and education	<ul style="list-style-type: none"> • Employability programme • Better informed choices • Enterprise advisers 	<p>Early messages suggest appetite to continue:</p> <ul style="list-style-type: none"> • Working towards the ambition for a NEET-free City Region • Local delivery models for youth employment, apprenticeship hubs and enterprise/employability activity • Encouraging employers to invest in skills • Engaging with schools to prepare young people for future job opportunities
1b) Addressing unemployment at all levels and ages	<ul style="list-style-type: none"> • Apprenticeship Hubs • Apprenticeship Grant for Employers • Headstart • Talent Match • Devolved Youth Contract 	<p>Emerging priorities and new themes may include:</p> <ul style="list-style-type: none"> • Forecasting of future employment and skills requirements, including in priority sectors, and encouraging providers to respond to this demand; • Addressing evidenced skills shortages that limit business growth, e.g. across the manufacturing sector and in software/coding/data skills;
1c) Skills for business growth	<ul style="list-style-type: none"> • Skills Service • Labour market intelligence (e.g. to guide action on skills shortages) • Skills capital • Skills Network 	<ul style="list-style-type: none"> • Anticipating the skills profile of future employment opportunities, particularly the deficit of people with high level skills; • Exploring links between productivity and skills in order to increase productivity; • Greater focus on the skills of unemployed, employed and under-employed people of all ages; • Developing local delivery models to address other employment challenges; and • Following the West Yorkshire Area Review of post-16 Education, ensure sustainable FE and 6th form provision with excellent facilities.

Key Partners, Links and Spatial Implications

In addressing employment and skills, the LEP will combine a strategic and co-ordinated approach across the City Region that provides efficiency and simplicity for end users with tailored local approaches where these add value and ensure that solutions reflect local assets, needs and opportunities. The Skills Network, which includes HE, FE and private training providers will have a central role.

Impact on Good Growth

- Build employability skills that support business productivity and success
- Collaboration and cross-sector partnership (including utilisation of the Skills Network)
- Include a focus on the quality of jobs and higher earnings alongside productivity improvements
- Support access to jobs and progression, including for those facing challenges and disadvantage
- Skills to support the low carbon sector and transition

Questions

- Do you agree with the proposal to continue to build on activity to address youth employment, SME take up of apprenticeships, employer investment in skills and engagement with schools?
- Do you have any comments on the emerging priorities for action that are set out?
- Are the three potential action areas the right ones?

4.3 PRIORITY 3: Cost effective, clean energy

PILLAR 3 SUMMARY	
AIM	The long term ambition is to become a zero carbon energy economy
KEY ACTION AREAS	a) Energy Generation & Innovation b) Empowering People c) Low Carbon Industry d) Energy Efficiency <i>[Note: The first three priorities focus on energy generation and new fuels, communities and industry respectively. The fourth priority on energy efficiency cuts across those focused on people (through energy measures in homes) and businesses (through measures in business processes, products and premises). Could consider simplifying into three priorities with energy efficiency cutting across them]</i>
SUCCESS MEASURES	Potential measures include: <ul style="list-style-type: none"> • Overall ambition of becoming a zero carbon energy economy (definition and metrics to be determined) • GVA, jobs growth and innovation in the clean energy sector • Reduced energy demand and costs in homes and businesses (and associated competitiveness benefits) • Reduced fuel poverty and associated improvements in health and spending power • Growth in skills, research and development expertise and its application

Overall Rationale

Our long term ambition is for the City Region to become a zero carbon energy economy. Doing so will:

- foster and apply new expertise and innovation;
- create economic opportunities and jobs across the low carbon energy sector (many of them skilled and in key sectors such as engineering), for example in clean and renewable energy generation;
- reduce costs for businesses and households through energy efficiency measures;
- enhance energy security and generate new local resource streams;
- provide resilience and certainty in the face of increasingly volatile energy markets;
- help to reduce fuel poverty, with benefits for health and additional spending in local economies; and
- position the City Region at the forefront of global action to reduce carbon emissions.

Leeds City Region has marked strengths and assets in this area that underpin the rationale for this priority. It has energy assets which generate a major share of the UK’s energy, a well-developed energy sector with the skills and infrastructure for growth; and £300 million of energy projects in the pipeline. The City Region’s ongoing transition from large scale and predominantly fossil fuel based power generation to clean, low carbon energy will be one of the most dramatic in the UK, bringing with it innovation, expertise and opportunities for sector development, growth and export.

Current and Future Priorities for Action

Action Area	Current and Immediate Action	Future Priorities
1a) Energy generation & Innovation	<ul style="list-style-type: none"> Introduce new support to help energy projects get from concept through to investment (via the Energy Accelerator) 	<ul style="list-style-type: none"> Provide a test bed for game changing fuel technologies like hydrogen power
1b) Empowering People	<ul style="list-style-type: none"> Introduce new support to help community groups develop energy projects (via the Energy Accelerator) 	<ul style="list-style-type: none"> Establish municipal energy companies that provide benefits for local communities
1c) Low Carbon Industry	<ul style="list-style-type: none"> Introduce new business support that will provide grant funding for resource efficiency improvements (via the Resource Efficiency Fund) 	<ul style="list-style-type: none"> Drive growth in energy intensive industries by promoting resource smart technologies like carbon utilisation and district heat
1d) Energy Efficiency	<ul style="list-style-type: none"> Deliver improvements that make homes across the Leeds City Region warmer 	

Whilst the focus is on energy generation and consumption, activity extends to vehicle fuels and usage, and there will be instances where it makes economic sense to incorporate other aspects of the low carbon agenda into activity. For instance, energy audits of business may easily cover other resource efficiency opportunities such as around waste, water and flood resilience with little extra expense but potentially sizeable benefits for business.

Key Partners, Links and Spatial Implications

Key partners will include investors, utility providers, community groups, industry and small businesses, DECC and Innovate UK, as well as wider local level or scheme specific partners as relevant.

Some schemes such as those that focus on energy generation will often have area specific implications, based on the location of schemes and the organisations involved. For instance Leeds is set to become the first ‘Hydrogen City’ in the UK and district heat networks will be based in specific centres such as Bradford, Huddersfield and Leeds. Other programmes will focus on community ownership or benefit from energy assets in specific locations across the City Region, or programmes that extend across the whole area.

Impact on Good Growth

- Productivity growth through innovative energy solutions, 'smart cities' activity and collaboration between partners
- Target home improvements to benefit disadvantaged communities and reduce fuel poverty
- Ensure that schemes which offer community ownership and financial benefits include lower income areas
- Design schemes that progress and balance environmental goals and add to quality of place
- Support transition to low carbon energy

Questions

- Are you content with the change in focus from 'resource smart' to 'cost effective, clean energy', and the new set of priorities reflecting this shift (e.g. content on community and decentralised energy solutions)
- Could the four action areas be reduced to three, with energy efficiency prominently incorporated into those centred on communities and businesses to present a crisper focus and reduce overlap?
- Is there scope for flexibility to exploit other low carbon economy opportunities should these present themselves (especially given timing after the Paris agreement and potential market shifts that follow)?

4.4 PRIORITY 4: Infrastructure for growth

PILLAR 4 SUMMARY	
AIM	The long term ambition is to build a 21 st century physical, green and digital infrastructure that supports the City Region to grow and compete globally – and to do this in a way that maximises GVA benefits with minimised carbon impact, and that enables all businesses, people and places to have even access to opportunity.
KEY ACTION AREAS	a) Integrated Strategic Priority Areas combining: <ul style="list-style-type: none"> - Strategic Growth Centres - Strategic Housing Growth Areas - Strategic Employment Sites including Enterprise Zones - Green infrastructure and flood mitigation - Digital infrastructure b) Transport
SUCCESS MEASURES	<ul style="list-style-type: none"> • Increases in GVA and job growth • Increases and acceleration in the number of new homes built, including affordable homes, and employment / commercial floorspace • Increases in the amount of brownfield land and buildings brought back into use and/or development ready • Increases in connectivity bringing people, places and jobs closer together • Reduced delays, congestion, overcrowding and faster journey times across all modes on the transport network • Increase in superfast and ultrafast broadband network coverage and access/take-up by business and households • Increase in the number of homes and business premises protected from flooding or with mitigation measures in place (blue infrastructure) • Reduced carbon emissions and vehicular air pollution

Overall Rationale

Spatial Priorities for the Leeds City Region

The Leeds City Region is a large geographical area at the heart of the country, and is home to a diverse and polycentric economy. The opportunity to leverage the unique assets of each city and town – across urban and rural areas - in order to attract people and investment, drive business competitiveness, sustainable growth and jobs is huge. When aligned to wider policy objectives, for example on flood mitigation, clean energy generation, health and wellbeing, and connecting all communities to economic opportunity, the impacts are amplified further. Ensuring the right quantity and quality of transport, housing, green, blue and digital infrastructure in the right places across the City Region is key to enabling good growth and job creation.

The City Region’s infrastructure can play a much greater role in achieving growth and in serving the needs of businesses, people and communities. From a good growth perspective the challenge is also critical, for

whilst the City Region is home to some of the most prosperous neighbourhoods in the UK, too many places do not have the same chance to benefit from the prosperity and opportunities that economic growth can bring. A priority must be to reduce this divide through an approach where places shape their destiny supported by a City Region partnership that facilitates the strategic investment to make this happen.

Many parts of the City Region have seen a return in investor confidence in recent years, with developers back in the market and actively bringing forward schemes for business, residential and leisure purposes – the Trinity developments in Leeds and Wakefield and Broadway in Bradford are good examples of this. However, whilst much activity is now happening without the need for additional public sector intervention, market conditions remain challenging and, even in prosperous places, the regeneration we wish to see often still requires public intervention to correct market failures and de-risk investment.

Evidence points to an approach that prioritises the holistic regeneration of those places that have the best potential to grow at the greatest rate (over and above what would be achieved without intervention) and which offer scope to deliver more and better outcomes. Critically, this approach must also ensure their full connection to the wider City Region. Getting it right in these places will generate a step change in local *and* City Region performance.

The first SEP concentrated on three categories of spatial priorities: a) Strategic town and city centres; b) Strategic housing growth areas; and c) Strategic employment and mixed use sites. Each category had within it a number of designated sites and mix of programmes for investment. In many cases, progress is being made towards delivering identified action, with funding packages and plans in place. In others, factors including tight market conditions have continued to impede progress. Furthermore, new opportunities have since come on stream that offer unprecedented opportunity to the City Region including the designation of a number of new Enterprise Zone sites and new Strategic Housing Growth Areas, each with the potential to deliver several thousand new homes.

In response, we will embed a ‘whole place’ based approach to ‘Strategic Priority Areas’ (SPAs). This will allow the LEP, WYCA and partners such as the Environment Agency and the Homes and Communities Agency to take a holistic view on the infrastructure needs and opportunities across housing, transport, energy, digital, and green and blue infrastructure. We will go further by connecting this approach to wider policy objectives including those on skills, business growth, low carbon, inclusion and health. This is essential to ensure a full understanding of how the SPAs should develop over time and how different funding sources, including private sector investment, are being brought together to support their development. In this way we will focus activity, and maximise and lever investment to achieve better economic, social and environmental outcomes for local areas and for the City Region as a whole.

These ‘Strategic Priority Areas’ will include the previously agreed focus on the Growth Centres of:

- Bradford
- Barnsley
- Halifax
- Huddersfield
- Leeds (including the South Bank linked to HS2)
- Wakefield
- York

Alongside this, the Strategic Housing Growth areas of **City Fields, Wakefield; East Leeds Extension; York Central** and the **Bradford-Shipley Canal Road Corridor** will additionally include the **Castleford Growth Corridor** which has recently been announced by government as a national Housing Zone; and **North Kirklees Growth Zone** due to its strategic impact with the potential to deliver up to 7,500 new homes and significant employment opportunities, including the potential to create over 5,000 new jobs. **The focus will also include the 10 Enterprise Zone sites:** at Leeds (Aire Valley) and the nine ‘M62 Corridor’ sites announced in 2015, those being:

- Gain Lane, Parry Lane and Staithgate Lane (Bradford)
- Clifton Business Park (Calderdale)
- Lindley Moor East, Lindley Moor West, Moor Park Mirfield (Kirklees)
- South Kirkby Business Park and Langthwaite Grange Extension (Wakefield)
- York Central

Programmes of investment are under review, but action will include a mix of delivery of existing schemes for business, residential and mixed use; alongside delivery plans to unlock and accelerate the new opportunities. Other key growth priorities may also be identified following further development work and planning processes, for example future Enterprise Zones and the major proposed employment site at Leeds Bradford International Airport.

Transport investment will be focused on facilitating growth in the Strategic Priority Areas, by investment in the centres themselves or in the corridors that connect the places that commuters and businesses move between.

[Map of Spatial Priority Areas under development for inclusion here]

Specific areas of policy intervention

Efficient transport linkages are essential to the functioning of a modern economy. They underpin business efficiency, stimulate investment, connect to labour pools and open up competition and trading routes. We welcome the substantial funds secured through the Growth Deal to invest locally to improve transport infrastructure, but must continue to work with government to find ways to address all of our connectivity needs and to turn around decades of under-investment. This is essential if we are to have a system that is fit for purpose in supporting our economic ambitions. The ‘Urban Dynamic Model’ (UDM) has been used to predict where and by how much future employment growth would be constrained by rising transport costs, congestion and rail crowding. This has supported identification of the schemes that will be most effective in unlocking growth.

Key transport improvements and policies that need to be delivered through investment led by the forthcoming West Yorkshire Transport Plan, other relevant transport plans (e.g. covering wider modes and geographies), and the planning of developments, include:

- an integrated, accessible, safe, healthy and low carbon transport system which meets the needs of people and business and connects new and existing centres of work and of population; including transport infrastructure to support the holistic growth and regeneration of Strategic Priority Areas;
- a fully integrated metro style City Region public transport network, further enhancing rail travel and spreading the benefits to communities of rail schemes such as HS2 and improved Trans-Pennine rail links;
- an efficient, resilient highways network, optimised by real time traffic management and information systems, providing new or improved access to unlock development;
- a strengthened and affordable bus network, which supports growth, inclusion and accessibility – including for disadvantaged and non-urban communities;
- enhancing connectivity (within the City Region, to other city regions and internationally) and reducing congestion to enhance the City Region’s attractiveness to businesses and investors;
- reducing carbon emissions, fossil fuel use, air pollution and danger from transport to achieve clean air standards and create liveable centres and neighbourhoods, including through reducing demand for travel, influencing modal choices and supporting electrified transport options;
- establish cycling as a major mode of transport, with increased active travel benefiting health;
- fully exploiting new and ‘smart’ technologies; and
- ensuring that transport systems serve all communities, including disadvantaged and rural ones.

Other transport investments/improvements will continue beyond those in the Transport Fund including:

- HS2 preparations;
- New Northern and Trans-Pennine rail franchises that will increase capacity by 40% in less than 10 years;
- Electrification of the Trans-Pennine line to Manchester;
- Highways England motorway network and junction improvements; and
- Local level transport schemes, for instance for cycling and walking options and road safety.

The LEP and WYCA will ensure that there is co-ordination and integration across schemes and look to influence and engage with partners to achieve that.

Regeneration helps improve the attractiveness of places which in turn helps attract people and businesses looking to live, work and invest. The Leeds City Region must compete on a global scale in this regard.

On housing, the scale, nature and quality of housing stock is a critical element of the infrastructure needed to support economic growth. It provides jobs and skills through construction and the wider supply chain, helps attract investment, kick-starts regeneration and ensures that a changing population and workforce has access to safe, affordable and decent homes. As such it plays a major role in the inclusive regeneration and growth of the City Region.

The housing market is still recovering from the 2008 housing crisis, and an increasing proportion of the new housing stock needed is now being brought forward by private developers. But despite having planning permissions in place for over 60,000 new homes in the City Region, and many other permissions coming through the pipeline, in many places action remains stalled. Site viability issues, access to suitable development funding (particularly for SME developers), and land banking continue to act as barriers to development. Affordability, the quality of private rented accommodation, and the need for a better mix of

tenure and more effective use of stock to support a changing population are also key issues affecting the housing market across the City Region. We need to continue activities to address development barriers and accelerate homes being built, including through new innovative building techniques such as modular homes, if we are to ensure the forecasted 10,000 – 13,000 new homes per annum needed by 2021 and beyond are built. Current build rates are approximately 7,000 per annum but are rising.

On green infrastructure, there is clear evidence that creating and maintaining attractive networks of green space, woodland, waterways, habitats and wildlife add not only to the attractiveness of places, but also to their economic value and to health. Reflecting this, we will seek to make the integration of high quality green infrastructure a mainstream part of how we plan and shape places and developments and the corridors between them. Key to this will be examining how green infrastructure can complement (or in some instances act as an alternative to) ‘hard blue infrastructure’ to mitigate major and increasing flood risk issues, especially where surface area run off is the major issue. The City Region’s rural areas have enormous potential in this regard. More broadly, an **integrated approach to flood prevention** that brings together relevant partners and resources could include flood defences; green infrastructure and sustainable drainage measures; resilient development; preventive measures in existing businesses; and influencing activity.

High quality digital infrastructure can support inclusive growth. Super Connected Cities and Superfast West Yorkshire and York, as well as North Yorkshire projects have delivered big infrastructure programmes, but we want to go further still to ensure no business – in urban and rural areas – faces digital disadvantage that holds back growth and perpetuates exclusion. Currently the coverage sits at 96%, with an ambition and infrastructure programmes in place to reach 99% by 2018/19. However, this is about more than infrastructure. We want to go further and faster to ensure that the Leeds City Region maximises the capacity of rapid digital technology advances and open data, aligned to the capacity of businesses to deliver investment and productivity improvements, and opportunities to transform outcomes for residents – such as on health, transport and education.

Current and Future Priorities for Action

Action Area – Other Infrastructure	Current and Immediate Action	Future Priorities
1ai) Strategic Growth Centres	<ul style="list-style-type: none"> Projects are being taken forward in Halifax, Barnsley, Bradford and Leeds city centres, creating over 1,300 jobs and 160 new homes. 	<ul style="list-style-type: none"> Deliver homes and jobs outputs aligned to LCR growth and SEP ambition (to be determined as part of ongoing discussion and the SEP review process) A holistic view of each Strategic Priority Area (SPA) is being taken, focussing on infrastructure requirements, committed infrastructure investments and the immediate and future pipeline of housing and regeneration projects. This will ensure that there is a full understanding of how the SPAs should develop over time and how different funding sources can be bought together to support their development.
1aii) Strategic Housing Growth Areas	<ul style="list-style-type: none"> Two projects connected to the East Leeds Extension will produce 380 homes by 2021 with more to follow. Further projects are being developed in York Central and Bradford Shipley Canal Road Corridor. 	
1aiii) Strategic Employment Sites (including Enterprise Zones)	<ul style="list-style-type: none"> Development in Enterprise Zones: Leeds (Aire Valley), M62 Corridor, York Central 	
1aiv) Green infrastructure and flood mitigation	<ul style="list-style-type: none"> To be added following Board discussion 	
1av) Digital infrastructure	<ul style="list-style-type: none"> To be added following Board discussion 	

Current Transport Fund Priorities (examples of schemes)	Future Transport Priorities
<p>1b) On transport, the priority is the transformation of Leeds City Region’s local, national and international transport connectivity. The City Region’s £1 billion West Yorkshire Plus Transport Fund 1 (up to 2025) will deliver a package of 31 strategic projects and has prioritised five types of schemes:</p> <ul style="list-style-type: none"> Radial improvements, focused on public transport solutions that allow more people to travel into urban centres quickly and affordably (e.g. rail station gateways and parking and bus packages) Ring road improvements that allow efficient movement of goods and people around urban centres (e.g. York Northern Outer Ring Road improvements, Wakefield Eastern Relief Road) Transformation of key development areas (e.g. Aire Valley, Leeds; Canal Road, Bradford; Cooper Bridge, Kirklees; East Wakefield) Improved motorway access (e.g. Halifax-Huddersfield A629 corridor improvements) Improvements between major centres to ensure high capacity, modern, fast and attractive connectivity (e.g. Leeds-Bradford; Huddersfield-Halifax) 	<p>Schemes and priorities will be reviewed during 2016 and 2017 based on evidence and practicalities with a view to agreeing Transport Fund 2 priorities in line with our vision. These will include creating a single, metro style, public transport network.</p>

Key Partners, Links and Spatial Implications

This priority is intrinsically spatial in nature and priorities within it are place specific as detailed in the text. Furthermore, this priority and its focus on delivering integrated solutions under a ‘whole-place’ based approach, can only be delivered by the LEP and WYCA working with the private sector and across bodies such as local authorities (including those in neighbouring city regions where appropriate), Network Rail, Highways England, the Homes and Communities Agency, Housing Associations, and the Environment Agency.

Impact on Good Growth

- Deepen relationships with the investor and development industry community to influence the scale, location and quality of investment and to collectively address barriers to development
- Best practice green infrastructure solutions adopted as an intrinsic element of spatial planning and future-proofing investment
- Support the most disadvantaged to access jobs through employment in the delivery of major schemes *and* their subsequent end use, and through excellent connectivity between population centres and economic opportunity
- Joined up infrastructure investment and policy, e.g. on skills and inclusion to deliver high quality sustainable communities that attract people and investment
- Modern transport solutions include SMART systems, alternative vehicle fuels and ICT solutions that reduce the need to travel
- Transport choices will be fundamental to connecting places, to environmental quality within them (e.g. air quality and health) and carbon emissions. The selection of transport schemes and development locations will affect these choices and environmental and health outcomes
- The quality, type, location and energy efficiency of homes/premises will impact upon fuel poverty, carbon emissions, travel patterns and the accessibility of jobs and services
- Digital connectivity and smart use of data to drive innovation, growth, access and outcomes

Questions

- Is the enhanced emphasis on Strategic Priority Areas, to focus limited investments and seek to maximise overall growth and development, the right approach for the SEP?
- Is there sufficient content on transport and the selection of future transport priorities?
- What is the steer on digital infrastructure and the priority action(s) within this area? What level of detail is required at this time?
- Given recent flooding, how far should we go in adding content on flood management/climate change adaptation – e.g. by including the specific additional blue infrastructure investment priorities to be proposed to be included in our Devolution Deal?

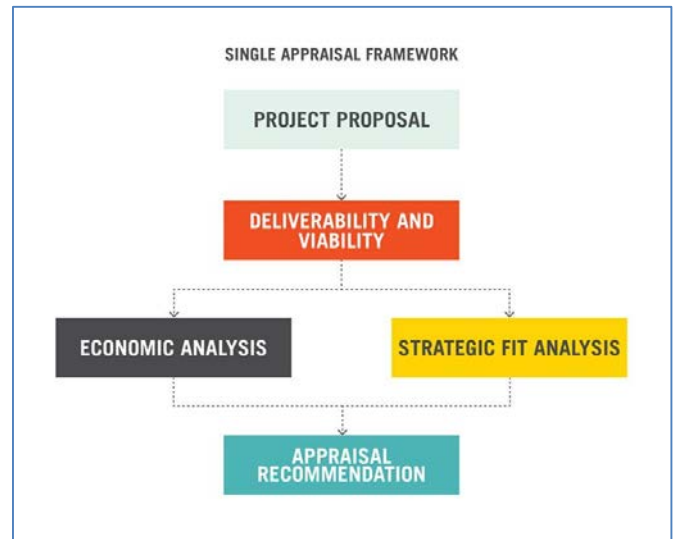
5. ASSURED DELIVERY

5.1 Assured delivery

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

Since the publication of the first SEP in March 2014 significant steps have been made to further develop our governance and decision-making processes and procedures. Agreed in March 2015 by the LEP Board and WYCA our **Assurance Framework** sets out the safeguards and processes that we have put in place to ensure the proper use of public funds and that value for money is secured from all the funding under our remit.

We view the Assurance Framework as an essential part of good practice and as asset which further builds government trust in the partnership’s capability take its own investment decisions.



Launched in April 2015 a **Single Appraisal Framework (SAF)** forms a vital component of our Assurance Framework. The SAF does not make decisions, instead it informs decision-making by ensuring cases for funding that meet the strategic priorities of the SEP are based on the right sort of investment, are affordable, deliver economic impact and value for money. **During 2014 and 2015 the SAF has helped allocate over £100m to projects across the City Region including** transport, housing and regeneration, skills capital and innovation and enterprise support. The SAF will be updated to ensure that the *good growth principles* of this Strategy are assessed and influential within decision making.

5.2 Approach to evaluation

To support our overall monitoring and evaluation activities we are working work closely with national and local policy evaluation experts, including the **What Works Centre for Local Economic Growth**, the **Institute for Transport Studies** at the University of Leeds and the **national LEP Evaluation Working Group**. Effective knowledge transfer will be key to helping inform our approach to impact evaluation and robustly assessing which policies are most effective in supporting and increasing local economic growth. A draft **Leeds City Region Evaluation Strategy** has now been agreed in in principle with Government and will be used to further assess how well and cost-effectively schemes have delivered, and the learning points that have emerged. Our strategy will play an important role in strengthening our evidence base in order to inform the future strategic direction of policy development and assist in the design and delivery of future policy.

Annex 1: Further Evidence: Strengths, Weaknesses, Opportunities and Threats

Issue	Strengths	Weaknesses	Opportunities	Threats
Business, Growth & Innovation	<ul style="list-style-type: none"> • A major economy (£60bn), with 5% of England’s GVA • 120,000 businesses and the largest UK manufacturing base • 9 HEIs with world leading research 	<ul style="list-style-type: none"> • Below average economic output and productivity • Lags competitors on innovation, investment exports and enterprise 	<ul style="list-style-type: none"> • Major growth potential, especially in key sectors, global markets and the Government’s ‘8 great technologies’ • Raising output to national average creates £11.5 billion 	<ul style="list-style-type: none"> • Low productivity • Limited access to finance • Uptake of technologies (including digital) and investment levels subdued
Skills & Workforce	<ul style="list-style-type: none"> • Improving skills across all levels • Success in reducing NEETs • Large student population and strong on graduate retention and employment 	<ul style="list-style-type: none"> • Gaps to national average on higher skills not closing • Significant unemployment and underemployment • Below average earnings 	<ul style="list-style-type: none"> • 600,000 job opportunities ahead (including replacement), including in key sectors • Some excellent skills projects • ‘Good growth’ agenda • Apprenticeships 	<ul style="list-style-type: none"> • Availability of labour • Specific skills shortages • Limiting aspirations /low skills equilibriums in some areas • Retention of high level skills, including graduates?
Infrastructure and Place	<ul style="list-style-type: none"> • Competitive, heart of UK business location – costs, labour market, etc. • West Yorkshire plus Transport Fund • Sizeable bus and rail network • Concentration of major cities • Recent high quality city centre developments (retail, cultural, etc.) • Improved digital infrastructure 	<ul style="list-style-type: none"> • Transport underinvestment • Congestion/car dependency • Leeds/Bradford airport access • Uptake of digital infrastructure • Access to affordable housing in some areas and quality of housing stock (notably private rented) 	<ul style="list-style-type: none"> • High speed rail, TransPennine and Leeds rail projects • Increased cycling • Enhanced bus system • Electric vehicles, ‘smart’ systems • 2 enterprise zones, strategic housing, & employment developments • Town/city centre regeneration 	<ul style="list-style-type: none"> • Modern business premises gap • House prices rise as volume and quality lag demand, with delayed market recovery from recession • Failure to develop strategic sites and infrastructure • Failure to achieve full coverage of super/ultrafast broadband coverage
Energy, Environment & Climate Change	<ul style="list-style-type: none"> • Reducing carbon emissions • Energy and low carbon sector • Outstanding landscapes and heritage, easily accessed 	<ul style="list-style-type: none"> • Air pollution health impact • Energy dependency 	<ul style="list-style-type: none"> • Green infrastructure • Renewable energy and low carbon energy industry • Regenerate degraded sites 	<ul style="list-style-type: none"> • Climate change and flood risk • Traffic and air quality impact • Loss of natural environments • Volatile energy supply/markets
Demographic & cross cutting	<ul style="list-style-type: none"> • 1.9 million working age people – largest core city region • Young populations in cities 	<ul style="list-style-type: none"> • Disproportionate number of deprived areas • Health issues/inequalities 	<ul style="list-style-type: none"> • Diversity; migrant community ideas and enterprise • Students and young people 	<ul style="list-style-type: none"> • Ageing population • Public sector cuts/match fund • EU referendum

Annex 2: Fit with Government Policy

Investment priorities have been designed to support the delivery of national economic development, skills and infrastructure policies. These include:

- **Fixing the foundations: Creating a more prosperous nation** (2015), sets out a 15-point plan to boost the UK's productivity through measures to build dynamic, resurgent cities and to build up a Northern Powerhouse. This will include activities to accelerate the re-development of brownfield land;
- the **'Plan for Growth'** (2011) aims 'to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries'; **Unlocking Growth in Cities** (2011) identifies cities as engines of growth; and the **Strategy for Sustainable Growth** (BIS, 2010) sets out plans for 'a sustainable economy that is greener, more enterprising, more technologically advanced, more balanced and grounded in diverse sources of sectoral strength'. This Strategy supports these goals by unlocking business growth in key economic sectors through targeted business and innovation support;
- **Skills for Sustainable Growth** (2010) sets ambitions for a world-class skills base to stimulate private sector growth, new jobs and competitive advantage. This includes a highly skilled engineering workforce. Pillar 2 of this Strategy will help to achieve this by exploiting City Region strengths and progressing a demand-driven approach to providing skills in line with economic and job opportunities;
- the **Government's Industrial Strategy** (2012) focuses on competitiveness in key sectors – including ones in which the City Region has strengths and expertise, such as advanced manufacturing, knowledge-intensive traded services (particularly the information economy), professional and business services, and enabling industries, such as energy and low carbon. This strategy sets out plans to become a world-leading hub for a knowledge-based bio-economy and a great place in which to innovate and export;
- **National Infrastructure Plan** (2014) sets out a strategic approach to infrastructure planning, financing and delivery. The Government intends to build on this with a new long-term Infrastructure Plan for key economic infrastructure including energy, flood defences, water and science. The LEP and its partners are committed to ensuring that local funding streams (e.g. LGF and ESIF) complement the national investment programme to support sustainable strategic economic growth and job creation for the UK;
- **'An engine for growth'** (DfT, 2013), sets out current commitments and future plans to transform Britain's transport network, through investment in road, rail and local transport that drives growth and reduces carbon emissions. Pillar 4 of this strategy (on infrastructure) supports these goals and sets out the key transport priorities that will support them in the City Region;
- We will build on our track record of delivering over £100m of housing investment in partnership with the Homes and Communities Agency (HCA) across the City Region to support the priorities of **Laying the Foundations: A Housing Strategy for England** (2011), including economic and social mobility goals. We will align also to the **Housing and Planning Bill** (2015-16).

- We will contribute to the delivery of the Broadband Delivery UK ambitions to stimulate growth via broadband infrastructure in both urban and rural areas (as set out in '**Investing in Britain's Future**');
- This strategy supports the Government's ambition to stimulate innovation and greater private investment in it, as set out in '**our plan for Growth: science and innovation**' (2014) and the **Innovation and Research Strategy for Growth** (2011). By supporting the commercialisation of new technologies and collaboration between businesses and Further and Higher Education Institutions, the strategy also supports the **Witty Review of universities and economic growth** (2013), **Mapping Local Comparative Advantage in Innovation** (2015) and aspirations to drive innovation across the 'eight great technologies'; and
- The City Region will seek to maximise European funding that supports innovation, including Horizon 2020 (in relation to research, technology development and innovation infrastructure for SMEs); COSME (on access to finance and expert markets); and LIFE (for projects to facilitate a resource-smart economy).

WORKING DRAFT

**MINUTES OF THE MEETING OF THE
 OVERVIEW & SCRUTINY COMMITTEE HELD ON
 THURSDAY 23 SEPTEMBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present:	Cllr Robert Light (Chair)	-	Kirklees MC
	Cllr Mohammed Amran	-	City of Bradford MC
	Cllr Scott Benton	-	Calderdale MBC
	Cllr Barbara Boyce	-	City of York Council
	Cllr Andrew Cooper	-	Kirklees MC
	Cllr Ian Cuthbertson	-	City of York Council
	Cllr Helen Douglas	-	City of York Council
	Cllr Mike Ellis	-	City of Bradford MC
	Cllr Kim Groves	-	Leeds City Council
	Cllr Peter Harrand	-	Leeds City Council
	Cllr Albert Manifold	-	Wakefield MDC
	Cllr Marielle O'Neill	-	Kirklees MC
	Cllr Jonathan Pryor	-	Leeds City Council
	Cllr Betty Rhodes	-	Wakefield MDC
	Cllr David Green	-	Chair, Investment Committee
	Roger Marsh	-	Chair, LEP
In attendance:	Angela Taylor	-	WYCA
	Rob Norreys	-	WYCA
	James Flanagan	-	WYCA
	Liz Davenport	-	WYCA
	Ruth Chaplin	-	WYCA

11. Apologies for Absence

Apologies for absence were received from Councillors F Ali, M Isherwood and F Shaheen.

12. Declarations of Disclosable Pecuniary Interests

Councillor Ellis declared an interest in Agenda Item 5, Devolution, as he is a member of the Regional Flood and Coastal Committee.

13. Exclusion of the Press and Public

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

14. Minutes of the Meeting held on 23 July 2015

Resolved - That the minutes of the meeting held on 23 July 2015 be approved and signed by the Chair.

15. Devolution and Feedback from the Governance Task & Finish Group

The Committee considered a report and was given a verbal update on the latest position with regard to the devolution proposals.

It was noted that the 27 fiscal, transport, housing, business, skills and public service devolution proposals had been submitted to the Treasury on 4 September 2015 and a copy of the letter and the 27 asks were attached at Appendix A. Members discussed the proposals and asked for clarification in respect of who was involved in meetings with the Treasury, who would be responsible for approving any devolution deal for the Leeds City Region and whether there had been any discussions in respect of governance structures and democratic accountability.

In response Councillor Green advised the Committee that the Treasury were leading the discussions which were proceeding at pace and the Chair of the WYCA, Leader of Leeds City Council and the Chair of the Leeds City Region LEP were involved in them, supported by officers and Chief Executives. It was expected that a proposed devolution deal for the region would be announced alongside the Comprehensive Spending Review in November 2015. However it was stressed that not all the detail in respect of the asks would need to be agreed by that time and any proposed Devolution Deal should then be considered by each individual Council. It was noted that at this stage discussions with Government were only focussing on the asks and not on the detailed governance models. Whilst it was recognised that at the present time much of the information/discussion was confidential, the Committee asked that they be kept informed and be given the opportunity to provide an overview of the proposals prior to any formal decision being taken by the WYCA. The also considered it would be helpful to understand the timescales and process for a devolution deal to be agreed by District Councils and WYCA.

The Committee discussed the notes of the meeting of the Governance Task & Finish Group which had met on 2 September 2015 to consider Devolution. They had concluded that greater detail in respect of the 27 asks should be provided to the Overview & Scrutiny Committee when available so they could be evaluated and to allow the Committee to contribute in the debate. They also requested that an option for a directly elected and proportionate Assembly be considered and that this be included within the asks. It was stressed that adequate checks and balances should be incorporated within the framework for any Mayoral office to ensure proper accountability and provide scope for effective scrutiny.

Resolved -

- (a) That the update on the Devolution Deal be noted.
- (b) That the Overview & Scrutiny Committee agree the recommendations of the Governance Task & Finish Group held on 3 September 2015:
- (i) That greater detail of the 27 asks should be provided to the Overview and Scrutiny Committee when available in order that they could properly contribute to the debate.
 - (ii) That an option for a directly elected and proportionate Assembly should be considered within the Devolution debate.
 - (iii) That proper effective checks and balances must be incorporated within the framework of any Mayoral office so that there was scope for effective scrutiny.
- (c) That as much information as possible in respect of the ongoing negotiations with Treasury be shared with the Overview & Scrutiny Committee.
- (d) That the Committee be given the opportunity to provide an overview of the proposals once a devolution deal has been received.

16. LEP Priorities and Investment Committee Activities

The Committee was given a presentation which provided an overview of the Leeds City Region Local Enterprise Partnership (LEP) priorities and Councillor Green, Chair of the West Yorkshire and York Investment Committee provided an insight into the work and activities of the Committee.

Members discussed the remit of the LEP and Investment Committee which included skills, training and employment, transport, innovation, housing and regeneration projects and programmes and the following comments were made:

- Ensure people in the City Region have the skills to match jobs.
- Identify/monitor which areas people getting jobs within the LCR are from and, if possible, where vacancies are filled by zero hour contracts.
- The NEETs statistics were welcomed and a breakdown of areas would be useful.
- The need to provide transport connections to employment areas was highlighted.

It was noted that in working together the WYCA and the LEP brought together the best of both local authorities and the private sector and enabled seamless delivery of the Strategic Economic Plan.

Members were advised that the Investment Committee was responsible for monitoring the spend on the projects and programmes and making recommendations to the WYCA in respect of the progression of schemes and the reallocation of funds if needed. It was reported that there were mechanisms and governance arrangements in place in respect of all spend within the WYCA and it was suggested that these could be considered at a future meeting.

At their last meeting, the Committee had established a Priorities Task & Finish Group and it was suggested that they consider three practical examples of projects in respect of how skills are developed, how jobs are created in deprived areas and how a pioneering industry is supported. It was also suggested that they be provided with the summary of the recent National Audit Office Report on the Wave 1 City Deals for their next meeting.

It was noted that the Single Appraisal Framework (SAF) was used to appraise all City Region projects and programmes prior to investment, and it was suggested that the Priorities Task & Finish Group could work with officers to review this in the future to ensure it remained relevant and fit for purpose.

Councillor Green, Roger Marsh and Rob Norreys were thanked for attending the meeting and for the discussion which had been informative. It was suggested that in view of the large and varied areas of work covered by the LEP that they be invited to attend a future meeting of the Committee.

Resolved - That the LEP priorities and work and activities of the West Yorkshire & York Investment Committee be noted.

17. Forward Programme of Work

The Committee considered the work programme for the coming year which had been agreed at the last meeting.

It was reported that the Governance Task & Finish Group had met on 2 September 2015 and the notes of the meeting were attached to the agenda. The Priorities Task & Finish Group was to meet following this meeting and further meetings would be arranged for them to review the Strategic Economic Plan, Single Transport Plan and Single Appraisal Framework.

It was noted that transport issues and priorities would be considered at the meeting scheduled for 16 February 2016 and it was requested that Councillor Keith Wakefield, Chair of the Transport Committee, be invited to the meeting.

Members were reminded that the programme could be amended to incorporate any further requests.

Resolved -

(a) That the forward programme of work be noted.

(b) That Councillor Keith Wakefield be invited to attend the meeting to be held on 16 February 2016.

18. Items for Information:

- (a) **Minutes of the meeting of the WYCA held on 23 July 2015**
- (b) **Agenda for the meeting of the WYCA held on 17 September 2015**
- (c) **Feedback regarding Item 9 of WYCA – Request to Change Overview and Scrutiny Committee Standing Orders**

The Committee was advised on the outcome of the request to make an amendment to Scrutiny Standing Orders in respect of the call-in arrangements. The request had been considered at the WYCA meeting held on 17 September 2015 and the proposed amendment to Standing Orders to extend the length of time for registering a call-in following decisions made by the WYCA or Transport Committee from 3 working days to 5 working days had been approved.

Resolved –

- (i) That the minutes of the meeting of the WYCA held on 23 July 2015 be noted.
- (ii) That the agenda for the meeting the WYCA held on 17 September 2015 be noted.
- (iii) That the decision taken by the WYCA to amend Scrutiny Standing Orders in relation to call-in arrangements be noted.

ITEM 12b

**MINUTES OF THE MEETING OF THE
TRANSPORT COMMITTEE
HELD ON FRIDAY 9 OCTOBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor E Firth (Chair)

Councillors N Buckley, E Firth, A Hussain, M Johnson, D Kirton, G Lloyd,
M Lyons, A Pinnock, R Poulsen, T Salam, L Smaje, T Swift, D Sutherland and
M Ward

In attendance: Councillors I Gillies (York), V Slater (Bradford) and
Mr K Crossley (Talking Buses)

14. Apologies for Absence

Apologies for absence were received from Councillors A Stubbley, C Towler,
K Wakefield and P McBride.

15. Declarations of Disclosable Pecuniary Interests

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

16. Minutes of the meeting of the Transport Committee held on 31 July 2015

Minute 5 – Transport Update

With reference to minute 5, members were informed that the bid for funding from the Ultra-Low Emission Vehicle Fund had been submitted by the deadline of 2 October. The WYCA and District Councils were now working jointly on the bus and taxi bids, and on a further bid to the Clean Bus Technology Fund. Members would be kept informed of progress with those bids.

Minute 9 – Boxing Day Services 2014/15

Members asked that information on services available on Boxing Day 2015 be marketed and promoted widely in order to increase patronage and secure their future continuation.

Resolved - That the minutes of the Transport Committee held on 31 July 2015 be approved and signed by the Chair.

17. Next Stop Information on Buses

The Committee considered a report regarding the provision of real-time audio announcements on buses and received representations from Mr Kevin Crossley and members of the user group Talking Buses.

It was reported that the current 'yournextbus' real-time information system had been introduced 10 years ago using then 'state of the art' technology. The on-bus tracking equipment (Deltatrack150), which had been purchased by the former PTA/PTE and loaned to operators, used information from the ticket machines and, using GPS technology, tracked the location of vehicles, communicating the information back to a central system. The Deltatrack150 equipment, although robust and reliable, did not support the provision of on-bus next stop displays or audio announcements. The equipment had now reached its life expectancy, and the ownership and de-commissioning and disposal responsibilities of that equipment had been transferred to the bus companies.

The WYCA, who were responsible for provision of displays at stops, web based and SMS services, had previously approved work to re-procure the real-time system and approval of expenditure to implement an updated system was being sought through a separate report on the agenda. However, the responsibility for vehicle tracking and on-bus information was the responsibility of the bus operator.

Members of the Talking Buses group explained the difficulties experienced by the visually impaired when using bus services and reinforced the view that audio announcements were a necessity to enable those with visual impairments to travel confidently and safely on public transport. Comment was made that the ability to provide on-bus announcements was not progressing quickly enough and it was felt that the government should legislate for this. Concerns were also raised about the lack of awareness of some bus drivers to the needs of visually impaired passengers, in particular it was highlighted that some drivers did not afford passengers sufficient time to find a seat before setting off and that driving style was sometimes an issue (eg erratic and last minute braking).

The Committee thanked members of the group for their valuable contributions to the discussion which would be taken on board and considered as part of the review of the Bus Strategy and Bus Information Strategy.

Resolved -

- (i) That Mr Crossley and representatives of the Talking Buses user group be thanked for attending the meeting and for their valuable contributions.

- (ii) That the information received from representatives of Talking Buses be considered as part of the review of the Bus Strategy and Bus Information Strategy.

18. Transport Issues

The Committee considered a report providing an update on strategic transport issues.

Buses Bill

It was reported that the Department of Transport (DfT) were undertaking consultations in advance of preparing a Buses Bill that was intended to provide bus franchising powers for elected mayors as well as addressing other perceived deficiencies with current legislation relating to Bus Quality Contract Schemes and bus partnership arrangements. Members were provided with a copy of the DfT's consultation document, together with a draft of the joint City Region response which was currently being developed.

Members noted that it was proposed that an elected mayor would have the power to introduce Bus Quality Contracts but would have to demonstrate that it was in the public interest to do so. The Bus Strategy was being updated to build the blocks for franchising should the Leeds City Region have an elected mayor in the future, or if an amended Quality Contract Scheme route was adopted.

Devolution

Members were informed that the Leeds City Region devolution bid had been submitted to government on 4 September. The report set out details of the transport components of the submission which included:-

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at Spending Reviews;
- Responsibility for franchised bus services (subject to the Buses Bill) with simple, integrated smart ticketing across all local modes of transport.
- Devolved ownership of local rail stations, with associated budgets;
- Devolved powers, responsibility and maintenance budgets for a locally defined strategic highways network (including the M621 and M606), including new traffic management powers such as moving traffic enforcement; and
- A Memorandum of Understanding with Highways England with regards to traffic management and emergency management on the M62.

It was reported that discussions were continuing with the Treasury and a deal was expected to be finalised during the autumn.

Single Transport Plan

It was reported that consultations were continuing on the development of the Single Transport Plan (STP) with additional workstreams on Connectivity and Bus Strategy now underway. Work had also now commenced on refreshing the Strategic Economic Plan (SEP). The STP was intended to support delivery of the SEP, and it was therefore proposed to adjust the project timetable, as detailed in the report, to allow for the refresh of the SEP and the outcome of the Connectivity and Bus workstreams.

In developing the STP, members expressed the importance of air quality and were informed that work had been ongoing to develop a West Yorkshire Low Emissions Strategy for consultation in the near future.

Transpennine Electrification

Members welcomed the news that the Secretary of State had announced that the pause on both the Transpennine and Midland mainline schemes had been lifted and work would resume albeit with an elongated timescale. It was reported that the temporary pause had allowed Network Rail to develop schemes which were expected to provide six fast trains per hour, take up to 15 minutes off the present journey time between Manchester and York and should be completed by 2022. WYCA would be working with the DfT, Rail North and Transport for the North on the details of the scheme.

Concern was expressed at recently reported comments from the Secretary of State for Transport regarding the Calder Valley line. Members were assured that the WYCA would continue to press for electrification and other enhancements to the route.

Members discussed the logistics of accommodating additional faster trains on the same track as slower trains and were informed that Rail North would be looking at the infrastructure required, in particular the need for additional tracks and passing points.

Network Rail Reviews

Three ongoing reviews of Network Rail were discussed. Views on the structure of the rail industry were appended to the submitted report for information.

Transport for the North

Members were provided with an update on work taking place through the Transport for the North (TfN) partnership, which included developing smart ticketing for the North, a new TransNorth rail network (HS3), motorway upgrades, a freight strategy and international connectivity. Members welcomed the workstream on new rail

lines to ensure that other main centres, in addition to Leeds and Manchester, benefit from the planned investment.

Rail North

Members were provided with an update on the work of Rail North, the bidding process for the Northern and Transpennine franchises and the main principles of the Rail North Members' Agreement which WYCA would now enter into along with the 29 other member authorities representing the Rail North Ltd Board. It was reported that David Hoggarth had been appointed as Rail North Director and would be taking up his new position in November when it was also expected that the Rail North team would move into Wellington House.

Resolved -

- (i) That the report be noted.
- (ii) That congratulations be extended to David Hoggarth on his appointment as Rail North Director and that the thanks of the Committee be recorded in recognition of the hard work and commitment demonstrated by David during his time as Director of Development for both the WYCA and the former West Yorkshire Passenger Transport Executive.

19. Leeds City Region Growth Deal Delivery and Budget Allocation Process

The Committee considered an update report, by exception, on the delivery of the West Yorkshire plus Transport Fund (WY+TF).

It was reported that the progression of feasibility and design work across the 'early win' projects had provided a much better understanding of risks to project delivery resulting in the ratings of some schemes being escalated to amber or red.

Members were advised that the following projects were now rated 'amber' and were provided with the rationale behind the change to the individual project ratings:-

- York Central Access
- York Centre Public Transport Improvements
- A629 Halifax to Huddersfield Improvements (Phase 2)
- Huddersfield Station Gateway

It was reported that the A65 Airport Link Road had been escalated to 'red' and furthermore that delivery risks were reported as reduced on the Aire Valley Phase 1 (Temple Green Park and Ride).

Members commented that, for any schemes which were at risk of not being delivered due to insufficient resources, concerted efforts should be made to

ensure that the WYCA and the District Councils had in place the appropriate resources to facilitate delivery of those projects.

It was suggested that the operation of the Gateway procedures should be kept under review to ensure a balance between delivery and robust governance.

Car Park Extensions Gateway

It was reported that, as part of the West Yorkshire plus Transport Fund, a package of car park extensions at rail stations had been identified. At its meeting on 17 September, the Combined Authority had given approval to the Gateway 1 submission of Tranche 1 consisting of four stations (Fitzwilliam, Horsforth, Mytholmroyd and South Elmsall) where there were no anticipated land ownership barriers. The remaining seven stations in Tranche 2 would be progressed for delivery within the first 3 years of the Fund being established subject to land ownership issues being resolved.

Members requested that they, and relevant ward members, be fully consulted on any car park extension proposals.

Resolved - That progress to date in developing and delivering the West Yorkshire Plus Transport Fund programme be noted.

20. Local Transport Plan Approvals

The Committee considered a report which sought approval for Quarter 3, 2015/16 payments for the following programmes:

- Local Transport Plan (LTP) Integrated Transport and Highway Maintenance Blocks
- Cycle City Ambition Grant (CCAG1) for City Connect programme
- Cycle City Ambition Grant 2 (CCAG2)

Approval was also sought for the following Implementation Plan 2 (IP2) schemes:

- Bus Hotspots 2015-17 Programme
- Real-time Information - New System Implementation
- Website Project
- Innovate UK - Smarter Travel Solution

Integrated Transport Block and Highways Maintenance Block Quarter 3, 2015/16 Allocations

Members considered the Integrated Transport Block and Highways Maintenance Block payments to be made to partners in Quarter 3 as set out in Table 1 of the submitted report.

Cycle City Ambition Grant (CCAG1)

Members considered the payments to be made to partners in Quarter 3 as set out in Table 1 of the submitted report.

Cycle City Ambition Grant (CCAG2)

Members were reminded that at its meeting held in March 2015, the Committee had approved interim payments to each district council partner to fund development work on CCAG2. It was noted that for Bradford, Calderdale and Wakefield the funding remained sufficient to cover activities and therefore no further payments for Quarter 3 were proposed. However, based on current spend/forecast information from Leeds, Kirklees and WYCA, the following payments were proposed for Quarter 3:

- Leeds £55,995
- Kirklees £48,000
- WYCA £16,000

Local Transport Plan – Implementation Plan 2 Approvals

Bus Hotspots 2015-17 Programme

The Committee were reminded that in October 2014, they had approved expenditure of £115,000 to enable feasibility work to be undertaken to develop a Bus Hotspots programme of small scale schemes to address congestion 'hotspots'. It was reported that a programme of 12 schemes had now been developed and approval of expenditure to deliver the schemes between 2015-17 was now sought.

Members suggested that, where appropriate and in the interests of clarity, future reports should identify whether local ward members had been consulted on proposals and if they had given their support.

Real Time Information System

The Committee were asked to approve expenditure in respect of implementation, transition and contingency costs associated with renewing the Yorkshire wide "YourNextBus" real-time information system.

Website Project

It was reported that the Combined Authority had seen a significant increase in the usage of its websites and that further investment was required to ensure that they were able to accommodate the continuing increase in customer usage, contribute to the implementation of other cost reduction measures and could be more efficiently and effectively maintained. Members were asked to approve expenditure to cover project management and infrastructure resources.

Innovate UK – Smarter Travel Solution

It was reported that the WYCA, as part of a consortium, had successfully bid for funding from Innovate UK to develop a multi-modal journey planner (the Smarter Travel Solution); a digital mobile/internet solution taking existing and planned initiatives and integrating them with other transport options under one umbrella. The project was due to commence on 1 November 2015 and Members were asked to approve expenditure to cover the costs of staff to develop and deliver the project.

Resolved –

- (i) That the quarterly payments set out in Table 1 of the submitted report be approved. A correction to Table 1 was noted at the meeting. For clarity the correct figures in Table 1 that were approved are set out below:-

District	IT	Maintenance	CCAG 1	CCAG 2	Total
Bradford	452	1,545	46	0	2,043
Calderdale	288	985	0	0	1,273
Kirklees	808	1,529	0	48	2,385
Leeds	966	2,175	2,812	56	6,009
Wakefield	338	1,069	0	0	1,407
WYCA	3,174	0	527	16	3,717
York	0	0	0	0	0
Total	6,026	7,303	3,385	120	16,834

- (ii) That expenditure of £119,995 to fund the Quarter 3 Cycle City Ambition Grant payments to Leeds, Kirkees and WYCA, to be funded by the DfT grant for CCAG in 2015/16, be approved.
- (iii) That expenditure of £400,000 to deliver the 2015/16 – 2016/17 Bus Hot-Spots programme, to be funded through the Local Transport Plan, be approved.
- (iv) That expenditure of £1,000,000 to fund the new Real Time Information System, to be funded by the Local Transport Plan and from contributions from South Yorkshire Transport and City of York Council (£36,000), be approved.
- (v) That expenditure of £138,000 to deliver the Website project, to be funded through the Local Transport Plan, be approved.

- (vi) That expenditure of £72,031 to cover staff costs working on the Innovate UK – Smarter Travel Solution project, to be funded by grant funding from Innovate UK, be approved.

21. Enhancement to the Young Persons' Concessionary Travel Scheme

The Committee considered a report regarding enhancements to the Young Persons' Concessionary Travel Scheme.

Residency Criteria for a Young Person Photocard

Members noted that currently young persons between the age of 11 and 16 were required to have a photocard to benefit from a concessionary fare and these were issued to anyone meeting the age requirement, with no requirement for West Yorkshire residency. It was proposed that, with effect from 1 April 2016, West Yorkshire residents only would be entitled to obtain the photocard.

The Committee were advised that a charge could be considered at a future date for non-West Yorkshire residents.

Name Changes

In view of the extension of the currently named Scholars Photocard to all 16 to 18 year olds, and in negotiation with bus operators, it was proposed to re-name the cards '11-16 Photocard' and '16-18 Photocard'.

Members asked that consideration be given to finding a way of making photocards more easily identifiable for people with visual impairments.

Reimbursement Arrangements

Members noted that there was a legal requirement to ensure that operators were financially no better or worse off as a result of being in the scheme. It was reported that there was a risk surrounding the introduction of an enhanced scheme to include all 16 to 18 year olds as there was some uncertainty in predicting the take up rates or potential number of trips likely to be made. An established way of managing the risk for both the WYCA and operators would be by way of agreed payments (Settlement Agreements). In order to manage the risk, large operators had indicated that they would consider a two year Settlement Agreement covering 2015/16 and 2016/17 and it was therefore proposed that, where this represented value for money, negotiated payments be agreed for 2015/16 and 2016/17.

Resolved -

- (i) That the introduction of a West Yorkshire residency requirement for a Young Persons (11-16) Photocard from 1 April 2016 be approved.

- (ii) That the use of Settlement Agreements for re-imbusement of young person concessions with larger operators covering 2015/16 and 2016/17, within the approved budget forecasts, be approved.

***22. Advertising Shelters**

The Committee considered a report on performance regarding revenue from advertising shelters and options to extend, vary or re-tender the current contract for advertising on bus shelters. The Committee discussed the financial forecasts and risks associated with the three options.

Resolved –

That option 1, as detailed in the submitted report, be approved.

ITEM 12c

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE & YORK INVESTMENT COMMITTEE
HELD ON TUESDAY 3 NOVEMBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present:	CLlr David Green (Chair)	-	WYCA/City of Bradford MDC
	CLlr Val Slater	-	City of Bradford MDC
	CLlr Barry Collins	-	Calderdale MBC
	CLlr Peter McBride	-	Kirklees MC
	CLlr Richard Lewis	-	Leeds CC
	CLlr Denise Jeffery	-	Wakefield MDC
	CLlr Ian Gillies	-	City of York Council
	Roger Marsh	-	WYCA/Leeds City Region LEP
In attendance:	Rob Norreys	-	WYCA
	Ian Gray	-	WYCA
	Sue Cooke	-	WYCA
	Nigel Guy	-	WYCA
	Ruth Chaplin	-	WYCA
Observers:	CLlr Eric Firth	-	WYCA

19. Apologies for Absence

There were no apologies for absence.

20. Declarations of Disclosable Pecuniary Interests

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

21. Minutes of the Meeting held on 6 October 2015

Further to minute 17, Growth Deal Projects for 2016/17 – Funding Appraisals, Wakefield College, it was reported that the additional information required in respect of costings had now been provided and that additional information to support the projected growth in demand from learners and employers would be provided ahead of the Combined Authority meeting to be held on 20 November 2015.

Resolved - That the minutes of the West Yorkshire and York Investment Committee held on 6 October 2015 be approved and signed by the Chair.

22. Growth Deal Projects for 2016/17 – Funding Appraisals

The Committee considered a report which sought approval to progress the following projects that could begin delivery in 2016/17:

- Resource Efficiency Fund Programme
- Energy Accelerator Programme

Members discussed the summary business cases attached at Appendix 1 and endorsed the recommendations for the funding arrangements as outlined in the submitted report, subject to the following caveats:

- Resource Efficiency Fund Programme - it was noted that match funding was being sought from the LCR European Structural and Investment Fund (ESIF) Programme. However if ESIF was not approved, the Local Growth Fund allocation would be subject to further review by the Committee.
- Energy Accelerator Programme - a large proportion of the funding was subject to a successful application to the 'ELENA' fund run by the European Investment Bank. However if the application was unsuccessful, the project would be subject to further review by the Committee.

It was noted that all funding agreements would be subject to successful completion of due diligence and agreements of contracts and to the availability of Local Growth Funds. The above projects would be considered by the Combined Authority at their meeting to be held on 20 November 2015.

Comment was made that there were a number of district heating schemes which had the potential to be further developed and would provide employment opportunities across the City Region. It was requested that an overview be provided to a future meeting and it was further noted that these schemes should be linked with the skills planning process.

Resolved –

- (a) That, subject to the confirmation of match funding from the ESIF programme, the recommendations for a grant funding package of £720,000 for the Resource Efficiency Fund Programme, to commence from 2016/17 as set out in the submitted report, be endorsed.
- (b) That, subject to the application to the 'ELENA' fund being successful, the recommendations for a funding package of up to £640,000 for the Energy Accelerator Programme, to commence from 2016/17 as set out in the submitted report, be endorsed.

- (c) That an overview of potential district heating schemes be provided to a future meeting.

23. Leeds City Region Growth Deal Delivery & Budget Allocation Process

The Committee considered a report which provided an update on the status of the Growth Deal budget for 2015/16 and on the position concerning the reallocation of Growth Deal expenditure.

It was reported that new clarification regarding the ability to spend Growth Deal funding on other projects had been received and the key points were outlined in paragraph 2.3 of the submitted report. It was noted that the option to carry unused funding forward into 2016/17 was not permissible.

Members discussed the following possible approaches to ensure all Growth Deal expenditure was spent in the current year to avoid the risk of future years' funding being reduced:

- Reallocation of development investment for the West Yorkshire plus Transport Fund to the Growth Deal.
- Advance funding for schemes where all the necessary contracts and Combined Authority approvals are in place by the end of March 2016.
- Allocation of Combined Authority capital investment on other transport and economic development projects to the Growth Deal in the current year, enabling an equivalent sum to be applied to Growth Deal expenditure in 2016/17.

Other options could include front funding of non-contracted projects and/or to undertake strategic land purchases. However it was currently unclear how sites put forward for such purchase could be guaranteed to release the funding back into the Growth Deal next year. Members noted that it could also be challenging to complete any purchases within the timescales and discussed the need to delegate responsibility in respect of strategic acquisitions.

The Committee endorsed the proposal to recommend to the Combined Authority a mix of the approaches outlined above and that the best combination be finalised closer to the year end when the exact extent of any required reallocation was clear. This would allow for further discussion with the Department for Business, Innovation and Skills (BIS) and the Department for Communities and Local Government (DCLG) and it was suggested that the Committee await confirmation that the proposals met their criteria for expenditure before a final decision was taken. Members also endorsed the proposal to delegate responsibility to the Head of Economic Strategy & LEP Director, in consultation with the Chairs of the West Yorkshire & York

Investment Committee, WYCA and the LEP, for any decisions that might be necessary on financial allocations, in line with the principles set out above, should it be necessary to take such decisions outside the normal meeting cycle.

Resolved –

- (a) That the approach outlined in paragraph 3.2 of the submitted report be endorsed.
- (b) That a report be prepared for a future meeting outlining the definitive proposals on Growth Deal allocations once confirmation has been received from BIS/DCLG.
- (c) That the proposal to delegate responsibility for financial decisions, if necessary, to the Head of Economic Strategy & LEP Director, in consultation with the Chairs of the West Yorkshire & York Investment Committee, WYCA and the LEP be endorsed.

24. West Yorkshire plus Transport Fund

The Committee considered a report which:

- Provided an update on the forward plan of reports in connection with the Transport Fund over the coming year.
- Sought endorsement for the progression through Gateway 2 of the Aire Valley Park and Ride project.
- Sought endorsement for the commencement of work in line with the A629 Huddersfield to Halifax corridor mandate.

Forward Plan of Transport Fund Reports

Members were given an update on the projects and forward programme of reports for which endorsement was expected to be sought from the West Yorkshire & York Investment Committee during 2015/16. These included:

- Aire Valley Park & Ride
- Leeds City Centre
- Glasshoughton Southern Link Road (Gateway 1)
- York Outer Ring Road (Phase 1a) (Gateway 2)
- Harrogate Road/New Line (Gateway 2)
- GW1 – A629 Halifax-Huddersfield (Phases 1 & 2)

Members noted a summary of all the projects within the Transport Fund which was attached at Appendix 1 to the submitted report. They discussed the content and format of future reports and suggested that additional sections be included to provide information on transport, housing, procurement opportunities and skills and the benefits they provide. This would ensure that information in respect of all areas of activity was linked together and shared between all Committees and Sub-Committees.

It was recognised that there was a vast programme of housing development planned across the City Region and it was essential that the Combined Authority was aware of what was being proposed so that this could be linked to land use planning. The Committee was advised that a procurement event was being arranged by Kirklees Council which would provide an opportunity to talk to developers. Members also noted that the Leeds City Region Homes & Community Agency Board had requested a report on surplus public sector land (apart from that owned by Local Authorities) and a map to show locations, with a view to better co-ordinating land disposals and increasing the delivery of new homes. This would be prepared for the first meeting of the new City Region Strategic Land and Assets Board, to be held in February 2016.

Aire Valley Park and Ride – Gateway 2 Approval

Members noted the summary business case for the proposed Aire Valley Park and Ride project which was attached to the submitted report. They endorsed the recommendations for the project to progress through Gateway 2 and for approval to be sought from the Combined Authority for expenditure of up to £2.823m (including allowance for risk) to fund the land purchase cost and undertake the necessary procurement to be funded through the Local Growth Deal. It was noted that approval to proceed to construction would be sought at Gateway 3.

A629 Huddersfield to Halifax Corridor Mandate

The Committee was provided with an update on the work being undertaken on a number of 'early win' schemes at the known pinch points along the A629 corridor. Calderdale Council had submitted a strategic mandate for the whole corridor to enable assessments to be made on what further interventions may be required. This work would cost up to a maximum of £75,000 and would be funded from the existing approved budget to progress the development of early win projects. It was noted that the expenditure would be subject to a funding agreement between WYCA and Calderdale Council.

Resolved –

- (a)** That the Forward Plan of Transport Fund reports be noted and an update provided to a future meeting.
- (b)** That the recommendation for progression of the Aire Valley Park and Ride project through Gateway 2 be endorsed.
- (c)** That the commencement of work in line with the A629 Huddersfield to Halifax corridor mandate be noted.

DRAFT

**MINUTES OF THE MEETING OF THE
GOVERNANCE & AUDIT COMMITTEE
HELD ON TUESDAY 19 NOVEMBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor G Hussain (Chair)

Councillors G Burton and H Richards
R Marsh (WYCA/LEP)

In attendance: D Brown and B Chana (Leeds City Council)
S Appleton (Mazars)

14. Apologies for Absence

Apologies for absence were received from Mark Kirkham (Mazars) and Councillors N Barnes and S Benton.

15. Declarations of Disclosable Pecuniary Interests

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

16. Minutes

Resolved: That the minutes of the meeting held on 28 July 2015 be approved.

17. Treasury Management

The Committee received a presentation on treasury management arrangements in place for the West Yorkshire Combined Authority, the operations of which were carried out between WYCA and Leeds City Council under a Service Level Agreement.

Members considered the following areas of the Authority's treasury management arrangements and discussed the adequacy of the policies and practices and the application of those policies to safeguard the Authority's funds:-

- the Treasury Team;
- the Treasury Management Framework including the legislative framework, reporting mechanisms and governance;
- the Role of the Governance & Audit Committee;

- the Treasury Strategy including work-streams, management of debt, investments and the economic environment.

Members noted that the Service Level Agreement with Leeds City Council had been in place for a number of years, but were given assurances that it had been updated to reflect the changes in arrangements since establishment of the WYCA on 1 April 2014. The Committee discussed the arrangements in place for managing the various funding streams coming into the Authority, such as the Transport Fund, Growth Deal and LCR City Deal.

Members were confident that the current arrangements were robust and ensured WYCA compliance with statutory guidance.

Resolved:

- (i) The Committee thanked David Brown and Bhupinder Chana for their presentation.
- (ii) That the Treasury Management Policy and Service Level Agreement be brought to the next meeting of the Committee for consideration.
- (iii) That the mid year review be submitted to a future meeting of the Committee.
- (iv) That the Committee be provided with information on the risk ratings of the Authority's investments, balances and yield.

18. External Audit Update

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

External Audit 2014/15

It was reported that, at its meeting on 17 September, the WYCA had approved the annual accounts for 2014/15 and the Auditors had issued their audit opinion and certificate on 30 September. As expected, a clean audit opinion had been received on both the accounts and the value for money conclusion.

Members noted the Annual Audit Letter, appended to the submitted report, which concluded the external audit process. The Letter set out the work undertaken during the year and the audit conclusions, including the conclusions on the risk matters identified at the start of the audit and fee payable. It was reported that there were no matters of concern raised in the Letter.

Appointment of External Auditors/Fees

Members noted that Mazars had been appointed auditors to the WYCA from 1 April 2015 and would be carrying out all future external audit work. Initial discussions had commenced on the work to be undertaken for the 2015/16 year end.

It was reported that a letter, commencing consultation on the proposed work programme and scale of fees for the 2016/17 audit, had been received from Public Sector Audit Appointments, the body responsible for managing audit contracts and fees. There were no planned changes to the proposed work programme and members were pleased to note that the fees for 2016/17 would remain the same as for 2015/16 which at £33,720 were a saving of £11,000 on the 2014/15 audit fee which in turn was £22,000 less than the previous combined WYITA and WYPTE audit fees.

It was reported that consultation on the work programme and fees for 2016/17 was scheduled to run until 15 January 2016. The letter of consultation also confirmed that the Department for Communities and Local Government (DCLG) had approved the extension of current audit contracts for 2017/18 and that the retained earnings of the Audit Commission would be paid out to all audited bodies; it was understood this was likely to be in the order of 15% (£6,500).

Resolved -

- (i) The Committee noted the Annual Audit Letter.
- (ii) The Committee noted that there was no change to the work programme for 2016/17 and welcomed that there would be no increase in fees.

19. Internal Audit Progress Report

The Committee considered a report on work undertaken by the Internal Audit Section from 1 July 2015 to 31 October 2015 and the key issues which had been identified were outlined in paragraphs 4.3.1 to 4.3.4 of the submitted report.

Review

English National Concessions Travel Scheme (ENCTS)
SmartCard & Information Programme -
Web 1 Project Healthcheck
Payzone Sales System
Anti-Fraud

Opinion

Controlled

Requires Improvement
Requires Improvement
Well Controlled

The Committee was given a brief overview of the key elements of each of the Audit Reviews, the purpose of which was to:-

- (i) identify the objectives and key risks associated with the Audit entity;

- (ii) determine controls which Internal Audit would expect to be present to mitigate risk;
- (iii) review the existence and operation of controls through a combination of substantive and compliance testing.

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 a number of overdue high priority recommendations. A suggestion was made that it would be useful to have a further column included in the schedule at Appendix B to indicate a revised date for any overdue recommendations.

Details of progress made to date in completing the Audit Plan 2015/16 were provided in Appendix A of the submitted report. It was also noted that work on this year's audit plan was on schedule with only a slight over-run forecast.

It was reported that in addition to completion of the above audit reviews, audit testing work had been concluded in relation to Purchasing, Transport Fund Scheme Appraisal, Castleford Bus Station Project Healthcheck, Health & Safety and Low Moor Rail Station Project Healthcheck. A summary of the results from those reviews would be provided to the Committee at the next meeting.

Resolved:

- (i) That the report be noted.
- (ii) That the Committee receive confirmation at its next meeting that the high priority recommendations listed as overdue, as detailed in Appendix B of the submitted report, have been fully implemented or be notified of a revised implementation date and the reasons for the delay.

20. Internal Controls and Financial Monitoring

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

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 to consider and review the transactions relating to investments and treasury management being carried out jointly with Leeds City Council.

Key Indicators

The Committee considered the 'key indicators' specifically with regard to accidents to date in 2015 and noted that there were no matters of concern. Since the Committee last reviewed the data available for the period 1 January to 30 June 2015, there had only been

one reportable accident to the HSE with no particular accidents or near misses which would require further work/investigation.

Financial Monitoring – Revenue Budgets

Members were provided with a summary of the latest forecast position for 2015/16 in relation to the budget agreed at the WYCA meeting in January and noted that work was underway on preparing the detailed budget for 2016/17.

Members asked for clarification on the saving of £300,000 on concessionary travel that related to young persons' concessions and reflected changes that had arisen following revisions both to the type of tickets available and the way in which schools transport had been provided. It was reported that the WYCA had now approved an extension to the scheme, effective from 1 November, to provide concessionary travel to all young people aged 16-18, not just those in full time education. The expected costs were included in the forecast provided in the submitted report, although members noted that these were best estimates as take up of the offer was not yet known but would be closely monitored.

It was reported that the budget forecast for 2015/16 included both the transport levy and budget as approved by the WYCA at its meeting on 29 January together with the budget and funding for the Leeds City Enterprise Partnership which passed to the WYCA on 1 April 2015 and the inward investment function of Leeds and Partners transferring to the LEP/WYCA on 1 April 2015. These budgets had been consolidated and would be reviewed by the Combined Authority's Finance Working Group to ensure that all available funding was being utilised to best effect. The Finance Working Group would also be looking at identifying opportunities and options for reducing expenditure from 2016 onwards and the medium term financial strategy, with a view to ensuring a balanced budget for the coming 3 years without an increase in costs to the District Councils.

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 and appropriate organisational arrangements for the delivery of a much enhanced capital programme of both transport and economic regeneration projects were being progressed.

Risk Management

Members noted that there had been no significant changes to risk management arrangements since the last meeting of the Committee and the detailed risk registers and corporate risk register continued to be monitored.

It was reported that in response to an issue raised in the internal audit review of risk management in 2014/15, a risk appetite statement had been drafted and was appended to the submitted report for the consideration of the Committee. This, alongside the risk management strategy statement, was intended to support the organisation in ensuring everyone understood the extent to which risk would be tolerated in different areas.

An element of risk previously identified related to the delivery of the Local Growth Deal and the need to ensure expenditure was achieved and properly managed. It was reported that measures in place to support this (including the Assurance Framework and the Single Appraisal Framework) were currently under review to ensure they remained relevant.

Officers from all five District Councils had been working collaboratively to develop a Finance handbook which would set out details of how schemes within the West Yorkshire plus Transport Fund should be costed, how to seek approvals, how funding would be advanced and the responsibilities and accountabilities of different parties working on schemes. Early drafts of the handbook had been presented to the District Portfolio Holders and a final draft would be considered by the Investment Committee early in 2016 prior to submission to the WYCA for approval.

Members were informed that the intention was that the Assurance Framework, Single Appraisal Framework and Finance handbook would form part of a suite of guidance documents intended to assist in mitigating the risks to delivery of complex projects and input would be sought from the Committee at a future meeting once the documents had been further developed.

Resolved:

- (i) That the report be noted.
- (ii) That the Authority's risk management arrangements be kept under review.

DRAFT

**MINUTES OF THE MEETING OF THE
OVERVIEW & SCRUTINY COMMITTEE HELD ON
WEDNESDAY 2 DECEMBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present:	Cllr Robert Light (Chair)	-	Kirklees MC
	Cllr Ferman Ali	-	Calderdale MBC
	Cllr James Baker	-	Calderdale MBC
	Cllr Ian Cuthbertson	-	City of York Council
	Cllr Helen Douglas	-	City of York Council
	Cllr Mike Ellis	-	City of Bradford MC
	Cllr Kim Groves	-	Leeds City Council
	Cllr Peter Harrand	-	Leeds City Council
	Cllr Margaret Isherwood	-	Wakefield MDC
	Cllr Albert Manifold	-	Wakefield MDC
	Cllr Marielle O'Neill	-	Kirklees MC
	Cllr Jonathan Pryor	-	Leeds City Council
	Cllr Betty Rhodes	-	Wakefield MDC
	Cllr Fozia Shaheen	-	City of Bradford MC
In attendance:	Angela Taylor	-	WYCA
	James Flanagan	-	WYCA
	Ruth Chaplin	-	WYCA

19. Apologies for Absence

Apologies for absence were received from Councillors M Amran, S Benton and B Boyce.

20. Declarations of Disclosable Pecuniary Interests

Councillor Ellis declared an interest in Agenda Item 5, Devolution, as he is a member of the Regional Flood and Coastal Committee.

21. Exclusion of the Press and Public

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

22. Minutes of the Meeting held on 23 September 2015

Resolved - That the minutes of the meeting held on 23 September 2015 be approved and signed by the Chair.

23. Devolution

The Committee was given a verbal update in respect of devolution and noted that the recent Comprehensive Spending Review (CSR) had confirmed the Government's commitment to pursuing devolution deals with City Regions.

Members noted the latest position in respect of a devolution deal for the Leeds City Region. It was envisaged that the Local Government and Cities Devolution Bill, which was currently at report stage, would pass through Parliament and become legislation in mid-January 2016. It was considered that an announcement on a deal for the Leeds City Region would need to be made by March 2016 to allow sufficient time for the required governance arrangements and consultation to be undertaken prior to the election of a Mayor from 2017. The Committee reiterated their views and issues which had been raised by the Governance Task & Finish Group, the notes and recommendations of which had been included on the WYCA agenda. However the Committee was disappointed that they had not received any formal feedback or response from the WYCA.

The Committee discussed the CSR announcement and their concerns on how it would impact on local authorities and their budgets because of the effect on business rates, council tax precepts, the health and work programme, social care and hard to reach families. It was noted however that there had been significant success in respect of Enterprise Zone status for some parts of the City Region and a map outlining the areas would be circulated to members.

The Committee would be updated at their next meeting in February 2015 when it was expected that further clarity in respect of the devolution proposals would be available.

Resolved -

(a) That an update on the Devolution Deal be provided at the next meeting.

(b) That a map outlining the Enterprise Zone areas be circulated to members.

24. 2016/2017 Budget and Business Plan

The Committee considered a report which provided information on the 2016/17 budget and business plan.

Members recognised the need for the Local Enterprise Partnership (LEP) and WYCA service plans to be integrated into one plan and one budget for the organisation. In respect of the business plan the need to ensure that there was clarity with regard to objectives and priorities was noted so that the budgets could be properly aligned to ensure delivery of those priorities. Key priorities were likely to include progressing the

devolution proposals, delivering the Growth Deal, including the West Yorkshire plus Transport Fund and shaping the northern powerhouse.

It was reported that the proposed format of the business plan would include a short summary that was meaningful to West Yorkshire citizens, a more detailed section outlining how WYCA worked and delivered with its partners and detailed work plans for each team within the organisation. Members discussed the shape and content of the business plan and were given the opportunity to input into its further development. The following comments/questions were raised:

- Important that the document is written in easy to read language.
- Use the opportunity to engage and explain the role of WYCA and how it makes a difference.
- Ensure that everything in the business plan is relevant and meaningful and the actions to be undertaken are clear and measurable.
- Funding should be monitored to ensure it is targeting the right areas. Was LEP money being used to deliver WYCA priorities and not just LEP ones?
- Need to have checks against what the business plan has achieved and delivered and have year by year measurable progress against actions/targets.
- Should air quality feature formally as one of the priorities as a number of projects related to cleaner transport and energy efficiency?

It was noted that the CSR would not directly impact on the business plan as much as it would affect the District Councils. However devolution may significantly change the shape of WYCA's activities and it would therefore be difficult to develop a 3 year business plan at the present time. It was reported that in respect of plans to implement devolution, work had been undertaken on governance models and understanding the likely steps needed. However until there was clarity on the powers that would devolve, it had been decided not to carry out any detailed work that could be abortive.

The Committee was advised that the budget setting process for 2016/17 was ongoing and the latest draft position was attached at Appendix C with additional information on each budget head provided in the submitted report. Members were advised of the challenges of setting a balanced budget in a time of change and when much of the budget was committed to statutory items such as the English National Concessionary Travel Scheme.

Members discussed the transport and economic funding and the need to ensure that best use was made of the combined funding to deliver WYCA's agenda. It was noted that the proposed budget for 2016/17 was balanced through the use of some surplus reserves and savings/cuts would need to be identified for future years to balance budgets from 2017/18 onwards. It was noted that reserves may be utilised to smooth out timing differences on revenue economic funding and this would be clarified as the budget is finalised. In response to a question on what was the appropriate level of reserves, members were advised that WYCA had undertaken a risk based analysis of its activities which had been discussed with the Governance & Audit Committee and Finance Working Group. The figure for next year was £5.0m and members considered that with the challenging agenda facing WYCA, this was

very much a minimum figure. It was acknowledged that significant funding may be required to develop the case for bus franchising and the outcome of the current devolution negotiations. The importance of getting people to work was highlighted and the need to ensure funding was available for tendered bus services. Members considered that the bus strategy work was critical to this and that they should be given the opportunity to contribute to the consultation that is currently underway. It was agreed to circulate details of the consultation.

The Committee questioned the impact HS2 would have on WYCA's plans and priorities. It was noted that the Single Transport Plan recognised the need to be 'HS2 ready' and also to ensure the rail network continued to be improved ahead of HS2 and that new rolling stock was included in the transport vision. Members also discussed the role of Rail North and it was noted that WYCA were represented on the Board of Rail North Ltd. Clarification on whether Rail North would have a scrutiny function would be sought.

It was reported that further work was being undertaken to ensure the best use of all the resources available to WYCA and the need to support a much increased programme of delivery and ambition. Restructuring to better align teams and functions was being planned.

Details of the capital budget were attached at Appendix E to the submitted report. It was noted that the planned expenditure on skills for 2016/17 was high and reassurance was sought that WYCA had plans in place that recognised the skills West Yorkshire would need in the future and the funding required to deliver the plans.

There was some concern that much of the good work taking place was not being disseminated through the District Councils despite press releases and communications to their offices. Members reiterated that it should be a priority to get better information out on activities, opportunities and successes. They also stressed the importance of using every opportunity to promote WYCA through advertising on the transport network to raise public awareness of WYCA's role and achievements.

Resolved -

- (a) That members' comments on the 2016/17 business plan and budget be fed into the development of the documents.
- (b) That the bus strategy consultation be circulated to members.
- (c) That clarification on the scrutiny function of Rail North be sought.

25. Forward Programme of Work

The Committee considered the work programme for the coming year which had been agreed at the last meeting.

It was suggested that if the devolution deal was agreed by the time of the budget there would be the opportunity to discuss this in detail at the meeting scheduled for 23 March 2016. However if the timing of an announcement did not allow for this, an extra meeting could be arranged.

Members also suggested that a review of the 2015/16 business plan be brought to a future meeting.

It was reported that the Priorities Task & Finish Group had met on two occasions and further meetings would be arranged for them to review the Strategic Economic Plan, Single Transport Plan and Single Appraisal Framework.

Members were reminded that the programme could be amended to incorporate any further requests.

Resolved - That the forward programme of work be noted.

26. Items for Information:

- (a) Minutes of the meeting of the WYCA held on 17 September 2015**
- (b) Notes of the meetings of the Priorities Task & Finish Group held on 23 September and 27 November 2015**

Resolved –

- (a)** That the minutes of the meeting of the WYCA held on 17 September 2015 be noted.
- (b)** That the notes of the meetings of Priorities Task & Finish Group held on 23 September and 27 November 2015 be noted.

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ITEM 12f

**MINUTES OF THE MEETING OF THE
TRANSPORT COMMITTEE
HELD ON FRIDAY 11 DECEMBER 2015 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor K Wakefield (Chair)

Councillors N Buckley, E Firth, M Johnson, D Kirton, G Lloyd, M Lyons,
A Pinnock, R Poulsen, T Salam, L Smaje, and C Towler

In attendance: Councillors B Collins (Calderdale), P McBride (Kirklees),
V Slater (Bradford), T Howard (RMT), C Johnston (RMT), N Rafiq (RMT)

23. Deputation from RMT (National Union of Rail, Maritime & Transport Workers)

The Committee received a representation from members of the RMT regarding the recent award of the Northern and TransPennine Express rail franchises.

Referring to the recent announcement and the details of the franchise awards, the RMT representatives welcomed the news that passengers would benefit from additional services, new rolling stock and investment in infrastructure. They did, however, seek to highlight a number of their concerns as follows:-

- Driver only operation on trains – some services will be ‘driver only operated’ meaning that there will be no guard on the train. The role of the guard is to sell tickets, provide travel advice, deal with operational emergencies and signalling problems, assist passengers, help customers with disabilities to board the train and deal with any incidents of anti-social behaviour. Concerns were raised that the absence of a guard could compromise the safety of passengers and diminish customer service.
- De-staffing of stations/ticket office closures – the RMT representatives expressed concerns about customer service and passenger safety should staffing be withdrawn from stations.
- Job losses – the RMT expressed concerns that there may be job losses in the rail industry as a result of the driver only operation proposals and changes to

staffing levels on rail stations. Concerns were raised about the potential loss of jobs and what arrangements would be put in place for displaced staff.

- Rail North – the RMT welcomed the involvement of northern Transport Authorities in the management of the new franchises and encouraged Rail North to be transparent and accessible.

Resolved – that the deputation be thanked for attending the meeting and highlighting their concerns to the Committee.

24. Apologies for Absence

Apologies for absence were received from Councillors A Hussain, R Lewis, A Stubbley, D Sutherland and M Ward.

25. Declarations of Disclosable Pecuniary Interests

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

26. Appointment of Managing Director, WYCA

It was reported that Ben Still, who had been appointed to the position of WYCA's Managing Director, would be taking up the position on 1 February 2016.

Members thanked John Henkel for the hard work and commitment he had shown over the past couple of years in leading on transport activities as the organisation has transitioned from an Integrated Transport Authority to a Combined Authority. The thanks of the Committee were also extended to other members of the leadership team and senior officers in recognition of their hard work.

27. Minutes of the meeting of the Transport Committee held on 9 October 2015

Minute 19 – Leeds City Region Growth Deal Delivery

Clarification was sought on the current position with the A65 Airport Link Road project which had been escalated to a red rating. Members were assured that the scheme was still progressing and the red rating had been given because of a slippage against the original programme. It was reported that a working group had been established to look at public transport access to the Airport, the first meeting of which was to be held on 18 December.

Resolved - That the minutes of the Transport Committee held on 9 October 2015 be approved and signed by the Chair.

28. Minutes of the briefing on the Medium Term Financial Strategy held on 9 October 2015

Resolved -

- (i) That Councillor L Smaje's attendance at the briefing be recorded.
- (ii) That, subject to the amendment detailed above, the minutes of the briefing held on 9 October 2015 be approved and signed by the Chair.

29. Minutes of the Workshop on the Single Transport Plan held on 25 September 2015

Resolved - That the minutes of the workshop held on 25 September 2015 be approved and signed by the Chair.

30. Minutes of the meetings of the District Consultation Sub-Committees

Resolved:

- (a) That the minutes of the meeting of the Kirklees District Consultation Sub-Committee held on 8 July 2015 be approved.
- (b) That the minutes of the meeting of the Wakefield District Consultation Sub-Committee held on 9 July 2015 be approved.
- (c) That the minutes of the meeting of the Bradford District Consultation Sub-Committee held on 10 July 2015 be approved.
- (d) That the minutes of the meeting of the Leeds District Consultation Sub-Committee held on 13 July 2015 be approved.
- (e) That the minutes of the meeting of the Calderdale District Consultation Sub-Committee held on 15 July 2015 be approved.

31. Minutes of the meetings of the District Consultation Sub-Committees

Leeds District Consultation Sub-Committee - 5 October
Minute 10 (Bus Services – Alwoodley)

In response to a request for a position update, it was reported that work was ongoing to identify measures to improve traffic flow in parts of Alwoodley.

Councillor Lyons also assured the meeting that proposals to unlock housing development in East Leeds were being progressed.

Kirklees District Consultation Sub-Committee - 7 October
Minute 9 – Dementia awareness training for bus and rail staff

It was reported that a discussion had taken place on dementia awareness training for staff of bus and rail operators and useful feedback had been received at the meeting. Good progress had been made in Kirklees with the help of the Kirklees Dementia Action Alliance and it was reported that WYCA were in the process of co-ordinating a shared dementia awareness scheme for West Yorkshire bus and rail operators. Initial feedback indicated that most operators were keen to be involved.

Bradford District Consultation Sub-Committee – 16 October
Minute 11 – Boxing Day Bus Services

In response to a request for an update on Boxing Day Bus Services, it was reported that the schedule of WYCA supported services operating on Boxing Day had now been agreed with operators and would be publicised on the website, on board buses and at bus stops.

Resolved:

- (a) That the minutes of the meeting of the Leeds District Consultation Sub-Committee held on 5 October 2015 be approved.
- (b) That the minutes of the meeting of the Kirklees District Consultation Sub-Committee held on 7 October 2015 be approved.
- (c) That the minutes of the meeting of the Calderdale District Consultation Sub-Committee held on 13 October 2015 be approved.
- (d) That the minutes of the meeting of the Wakefield District Consultation Sub-Committee held on 15 October 2015 be approved.
- (e) That the minutes of the meeting of the Bradford District Consultation Sub-Committee held on 16 October 2015 be approved.

32. Minutes of the joint meeting of the District Consultation Sub-Committees held on 28 September 2015

Resolved - That the minutes of the joint meeting of the District Consultation Sub-Committees held on 28 September 2015 be approved and signed by the Chair.

33. Transport Update

The Committee considered a report providing an update on national and regional transport developments impacting upon the Combined Authority.

Transport for the North

Members were provided with an update on Transport for the North detailing progress with governance arrangements, leadership and projects. The Devolution Bill was to be amended to establish Transport for the North as a statutory body and appointments had been made to the positions of Chief Executive and Chair.

The report detailed the importance of the work-stream being managed by WYCA staff on behalf of TfN on Strategic Local Connectivity. The focus of the work-stream was to identify major local transport investments which could have strategic pan-northern, as well as local, economic benefits and which could form part of the Transport for the North programme. Members were asked to consider three major projects which had been proposed as local priorities with pan-northern significance, the Calder Valley rail line; the Metro-style one system network and HS2 integrated rail hubs.

Rail North and Rail Franchising

It was reported that on 9th December the winning bidders for the Northern and TransPennine rail franchises had been announced as Arriva Trains North and First respectively. The new franchises would commence in April 2016 and would be managed in the offices of the WYCA by Rail North working in partnership with the DfT.

Members welcomed the outcome of the franchising process which the 29 northern transport authorities had played a major part in.

Whilst welcoming the outcome of the franchising process, members stressed that better connectivity remained of paramount importance, particularly electrification of the Calder Valley Line and faster links into the Hub. In connection with the increase in patronage on the rail network, members felt there could be an increase in anti-social behaviour which they were keen to ensure would be monitored and addressed.

Review of Network Rail

It was reported that Sir Peter Hendy's review of Network Rail's Control Period 5 programme and expenditure had been published alongside the Comprehensive Spending Review on 25 November. The review concluded that the vast majority of programmes and projects would go ahead for delivery by 2019. Key implications for West Yorkshire include a commitment to enhancements to Transpennine and Calder Valley services.

HS2

It was reported that the Higgins Report into the preferred solution for an HS2 station in Leeds had been published on 30 November and set out a preferred solution for

HS2 at Leeds station (the abutting 'T' solution) in line with the aspirations of WYCA, District partners and the Chamber of Commerce. It also further recommended integration with through routes on a future HS3 network.

The Secretary of State for Transport had published a Command Paper alongside the Higgins Report which identified the option to accelerate early delivery of the Birmingham to Crewe section of HS2 and highlighted the benefits of accelerating construction of the eastern arm from Leeds progressing south to Sheffield and Birmingham. Members discussed the benefits of starting work on the line in Leeds and then progressing south and agreed that the WYCA should commence lobbying to further the case.

Members expressed concerns that the UK suppliers did not have the appropriate skills and capacity to benefit from major rail investment programmes. It was acknowledged that the opportunity to create local jobs and boost the economy of the UK would be lost if contracts for HS2 and electrification were awarded outside of the country. Discussions took place about the best way to ensure that the UK workforce was skilled to carry out this work and opportunities were identified to do this via schools and colleges and the LEP.

East Coast Main Line Authorities Update

The Consortium of East Coast Main Line Authorities, of which the WYCA is a funding partner, represents local authorities throughout the area served by the East Coast Main Line and represents a unified voice to Government and the rail industry, working with business, to deliver the investment needed to enable economic growth. Members acknowledged that investment in the East Coast Main Line and its services was beneficial and complementary to the case for HS2. £250m had been identified in the rail industry investment programme during Control Period 5 for interventions on the ECML to bring about a reduction in journey times to key cities, including Leeds. Work had identified enhancements along the full length of the route from Kings Cross to Scotland to eradicate 'pinch points' which would deliver the speeding up of journey times and lobbying was ongoing for the works to go ahead.

Members noted the scale and scope of activity of the Consortium proposed for the 2016/17 financial year and were asked to consider the level of financial support required to enable the Consortium to lobby/provide evidence for ongoing enhancements on the East Coast Main Line.

Nexus Quality Contract Scheme Board and Buses Bill

It was reported that on 3 November, the Nexus Quality Contract Scheme Board had published their opinion of the proposed scheme which concluded that the Nexus proposed scheme failed to meet Public Interest Tests relating to consultation and proportionality. The outcome reflected the concerns of the WYCA and others with

the process and the need for viable options for securing a bus network to support the Authority's economic and policy ambitions.

Members noted that the Department for Transport were continuing to undertake preparatory work associated with a Buses Bill which was intended to enable city region elected mayors to exercise franchising powers, strengthen aspects of partnership working and address difficulties which authorities have experienced in trying to use Quality Contract Scheme powers. A regional workshop had been held with the DfT, hosted by WYCA, to enable input into the Bill and to share experiences of exploring the Quality Contract Scheme route.

Members discussed the opportunities which may be presented via the Buses Bill and it was suggested that an all-party approach be considered to lobby members of parliament on the key issues to be addressed in the Buses Bill.

Autumn Statement

Details of the Chancellor's autumn statement, summarised in a letter from the DfT and appended to the submitted report, contained some significant announcements relating to future transport investment, namely a 37% reduction in funding for local transport over the next 5 years. Bus Services Operators Grant (BSOG) had been retained at the current rate.

National Infrastructure Commission

It was reported that a National Infrastructure Commission, chaired by Lord Adonis, had been established in order to identify, prioritise and justify infrastructure investments of national significance, including improved connectivity between Northern cities.

Resolved -

- (i)** That the updates provided in the submitted report be noted.
- (ii)** That the locally proposed interventions for consideration as part of the Transport for the North Strategic Local Connectivity (SLC) work-stream, as set out in paragraph 2.6 of the submitted report, be endorsed.
- (iii)** That WYCA lobby, and provide evidence, to HS2 and Government for the acceleration of the delivery of the Eastern arm of HS2 starting with the Leeds to Sheffield section.
- (iv)** That a contribution of up to £12,000, to support the work of the Consortium of East Coast Main Line Authorities (ECMA) for 2016/17, be approved.
- (v)** That an all-party report be prepared to lobby parliament on the Buses Bill and the opportunities it may present to strengthen partnership working with the

bus operators and address difficulties which operators have had in trying to use Quality Contract powers.

- (vi) That WYCA contribute to a Transport for the North response to the National Infrastructure Commission call for evidence.

34. Single Transport Plan Update

The Committee considered a report providing an update on development of the West Yorkshire Single Transport Plan including the Bus Strategy and Low Emission Strategy.

The Committee had previously agreed to amend the timetable for developing the Single Transport Plan (STP) to align with the Local Enterprise Partnership's (LEPs) refresh of the Strategic Economic Plan (SEP) and key workstream inputs.

Following the workshop held on 25 September for Transport Committee and Transport Portfolio Advisory Group members, a draft set of overarching objectives had been developed as identified in paragraph 2.7 of the submitted report.

Work had progressed on the following key STP workstreams:

Bus Strategy

The Committee had previously agreed that the STP should incorporate a complementary workstream to develop an updated West Yorkshire Bus Strategy and had provided input into drafting the vision and principles of the Strategy. Stakeholder consultation on the vision and principles had been undertaken and over 300 individual stakeholders had been contacted via email, newsletters and telephone and 100 feedback forms or email responses had been received. The feedback received had been supportive and would be used to develop and shape the Strategy document for public consultation in early 2016.

Connectivity Strategy

Work had commenced on the Connectivity Strategy which will provide detailed analysis to identify routes, network gaps and options for a 'metro style' one-system public transport network. Initial outputs were expected in January 2016. A member working group (the 'Leeds Bradford Airport Public Transport Access Working Group') had been established to contribute to the Airport Fixed Link Study which was also underway and to provide advice to the WYCA in developing enhanced public transport access to the airport. The first meeting of the Group would be held on 18 December.

West Yorkshire Low Emission Strategy (WYLES)

Consultation had commenced on the West Yorkshire Low Emission Strategy, being developed by the five West Yorkshire local authorities and WYCA, which sought to

reduce traffic related emissions and improve air quality. The consultation was scheduled to run until 11 December. The outcomes of the consultation and a revised strategy would be reported to a future meeting of the Committee.

Integrated Sustainability Appraisal (ISA)

The STP is subject to the requirements of the EU Directive for a Strategic Environmental Assessment (SEA). This requirement had been incorporated within a broader Integrated Sustainability Appraisal (ISA) encompassing an Environmental, Habitats, Equalities and Health Impact Assessment of the STP and WY+TF. Initial outputs from the appraisal were expected in January 2016.

Members noted that a further workshop of the Transport Committee and TPAG was scheduled to be held on 22 January to consider the draft STP and SEP documents and ISA inputs. The outcome of the workshop would inform the preparation of a consultation draft of the STP for consideration by the Committee at its meeting in February 2016 followed by a 12 week consultation from April - June 2016, with the plan to be finalised and approved in summer 2016.

Resolved –

- (i) That the progress with the development of the Single Transport Plan be noted.
- (ii) That the proposed draft objectives identified in paragraph 2.7 be endorsed.
- (iii) That a workshop be held on Friday 22 January 2016 to provide input to the development of the consultation draft of the STP.

35. Transport Strategy and Health Impacts

The Committee considered a report providing an update on current transport strategy and delivery activities seeking to deliver positive health impacts.

It was reported that the work to develop the Single Transport Plan had identified a strong, shared political, stakeholder and public desire that it should achieve positive outcomes for Health and Quality of Life. Members were provided with an update on some of the activities taking place which sought to deliver health impacts in respect of air quality and active travel.

Air Quality

West Yorkshire Low Emission Strategy (WYLES)

It was reported that consultation was underway on the WYLES as detailed in minute 34 above. Members discussed strategy and the fact that some areas outside of cities

also suffered from poor air quality. It was considered that a county-wide strategy should be developed.

Ultra Low Emission Vehicles Programme (ULEV)

It was reported that following the launch of the £500m ULEV fund in June 2014, the WYCA had submitted bids to three capital funding schemes as follows:-

- £14m bid to the Go Ultra Low Scheme for range of 'mobility' packages aimed at supporting the replacement of older, polluting vehicles with ULEVs across West Yorkshire. WYCA was one of 12 authorities shortlisted for the funding and announcement of the winning bids was expected in January 2016.
- £350k bid to the Low Emission Bus Scheme for 8 hybrid electric buses for Leeds Park and Ride sites, match funded by the operator. An announcement of successful bidders was expected in January 2016.
- £20m Ultra Low Emission Taxi Scheme – the WYCA successfully bid for a funded feasibility study delivered by the Energy Savings Trust to feed into a capital bid submission for electric vehicle DDA compliant taxi vehicle purchases and charging infrastructure. It was expected that the announcement of successful authorities would be made in early 2016.

Clean Bus Technology Fund

WYCA had submitted a £422k bid to install clean engine technology on 26 older Access Buses in order to reduce NO2 emissions. Furthermore, Leeds City Council had submitted a £498k bid to install clean vehicle technology on up to 35 commercial bus vehicles across West Yorkshire.

It was reported that it was possible to clean up diesel bus emissions effectively by retro-fitting vehicles with 'clean vehicle technology' at a fraction of what it would cost to purchase a new vehicle. There were currently around 200,000 buses on the road in West Yorkshire and the aim was to ensure they were all emissions compliant before 2020.

New Generation Transport (NGT)

Funding had been conditionally secured for NGT which would provide a zero-emission rapid transit bus system between North and South Leeds. The outcome of the Transport and Works Act submission was awaited.

Active Travel

Local Sustainable Transport Fund (LSTF)

The current West Yorkshire LSTF 2015-16 programme, which was funded by way of revenue grant from the DfT, focussed on four travel packages aimed at supporting economic growth and access to employment through promotion of sustainable travel options.

CityConnect

As the Committee were aware, WYCA had secured a total of £40m funding from the DfT's Cycle City Ambition Grant programme to deliver two programmes of cycle infrastructure and behaviour change activities (CityConnect 1 and 2). It was reported that, to date, the two phases had been managed separately; but in order to create resource efficiencies and increase effectiveness, it was now proposed to combine the two programmes.

Resolved –

- (i) That the scope of work being undertaken to achieve health benefits from transport interventions be noted.
- (ii) That the proposal to combine the City Connect 1 and 2 projects for reasons of efficiency and effectiveness be endorsed.

36. Transport Committee Business Plan 2015/16 Progress

The Committee considered a report providing an update on progress with delivering the Transport Committee Business Plan for 2015/16 and to seek early input to the 2016/17 plan.

The Committee considered progress with actions they had previously approved in the 2015/16 plan as follows:-

- Three new rail stations were being constructed, with Apperley Bridge due to be opened on 13 December, and stations at Kirkstall Forge and Low Moor scheduled for opening in 2016.
- The Leeds Station Southern Entrance was scheduled for opening in early January 2016.
- Major role in the upgrading and regeneration of Wakefield Kirkgate rail station.
- Opening of the new Castleford Bus Station which had received a UK Bus Award.

- Extending the young person's concessionary travel entitlement to apprentices (and others under 19 not in full time education).
- Further efficiency savings of c£500,000 per annum on tendered services.
- Progressing the Transport Fund programme, with work on the Wakefield Eastern Relief Road underway.
- The establishment of Rail North, and new franchise awards with investment in new trains and other passenger benefits.

Members asked that efforts be made to ensure integration between the rail and bus timetable at Low Moor rail station prior to its opening in 2016.

It was reported that the planning process for the 2016/17 Business Plan was underway and members considered key actions/priorities, including:-

- Accelerating delivery of Transport Fund schemes;
- Completing the Single Transport Plan update, and new Bus Strategy; to complement the Strategic Economic Plan refresh;
- Replacing the bus real time information system;
- Further greening of the vehicle fleet (buses, taxis, private vehicles), subject to the successful outcome of ULEV bids as detailed in minute 35 above;
- Progressing, subject to the award of powers, the NGT scheme;
- Further efficiencies through effective management, procurement and contract management;
- Completing the City Connect 1 scheme and progressing City Connect 2.

Resolved - That progress on delivery of the 2015/16 Transport Business Plan be noted and the feedback of the Committee be taken into consideration in preparing the 2016/17 Business Plan.

37. Items Referred by the Finance Working Group

The Committee considered a report on items referred to it by the Finance Working Group.

It was reported that the Finance Working Group had asked that the Transport Committee consider issues relating to the procurement of taxi services and young persons' concessionary travel.

Taxi Service Procurement and Safeguarding

The Finance Working Group had asked the Transport Committee for confirmation of whether WYCA's policies and procedures in relation to adults and children's transport services provided via licensed taxis were in harmony with those of the

Districts in view of the current focus on and importance of dealing with the risk of Child Sexual Exploitation.

It was reported that WYCA undertook Special Educational Needs (SEN) taxi work on behalf of the relevant District Council, primarily in Wakefield and to a lesser extent in Leeds and Calderdale, by way of an Agency Agreement. Members noted the Authority's policies relating to the procurement of taxi services, and the close joint working relationship with District Council's as Taxi Licensing Authorities.

It was proposed that an independent review of the present arrangements be commissioned to provide further assurance that WYCA's police and procedures were robust in protecting vulnerable people from the risk of harm. The costs would be met from the budget for taxi service procurement.

It was reported that WYCA was currently in discussion with Calderdale, Kirklees and Leeds about undertaking SEN functions on their behalf and this had identified potential savings. Over the past year, WYCA had started to undertake eligibility work for Bradford and was now organising swimming transport for Kirklees, both had generated savings and economies of scale.

Young Persons' Concessionary Travel

It was suggested that the issue of a comparative analysis of young persons' concessionary travel be brought to a future meeting of the Committee.

Resolved –

- (i) That the arrangements for safeguarding young people be noted.
- (ii) That a review of the present arrangements in place for safeguarding vulnerable adults and children be commissioned.
- (iii) That a comparative analysis of young persons' concessionary travel be brought to a future meeting of the Committee.

***38. NGT – Chadwick Street Land Disposal**

The Committee considered a report seeking approval to dispose of land owned by WYCA at Chadwick Street, Leeds.

Resolved - That the disposal of land owned by the WYCA at Chadwick Street be approved.