

**MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY
TO BE HELD ON THURSDAY 1 DECEMBER 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. EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
 1. To highlight Agenda Item 17 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out at paragraph 7.2 of Agenda Item 17.
 3. If the recommendation is accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Agenda Item 17 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 4. MINUTES OF THE MEETING HELD ON 29 SEPTEMBER 2016** (pages 4 – 13)

For Decision

- 5. PROJECT APPROVALS AND INCLUSION OF YORK IN THE WEST YORKSHIRE PLUS TRANSPORT FUND**
(Member lead: Cllr Hinchcliffe, Director: Melanie Corcoran)
(pages 14 - 19)
- 6. ONE PUBLIC ESTATE**
(Member lead: Cllr Swift, Director: Rob Norreys)
(pages 20 - 26)
- 7. LEEDS CITY REGION FLOOD REVIEW**
(Member lead: Cllr Swift, Director: Rob Norreys)
(pages 27 - 36)
- 8. CREATING LOCAL JOBS THROUGH MAJOR CAPITAL SCHEMES**
(Member lead: Cllr Hinchcliffe, Director: Sue Cooke)
(pages 37 - 47)
- 9. DEVELOPING THE LCR STRATEGIC ECONOMIC PLAN : ENSURING GOOD GROWTH BENEFITS ALL**
(Member lead: Roger Marsh, Director: Ben Still)
(pages 48 - 67)
- 10. CITY REGION RESPONSE TO BREXIT**
(Member lead: Roger Marsh, Director: Rob Norreys)
(pages 68 - 73)
- 11. IMPLICATIONS OF THE AUTUMN STATEMENT FOR THE CITY REGION**
(Member lead: Cllr Box, Director: Rob Norreys)
(pages 74 - 78)
- 12. POST NGT FUNDING – LEEDS TRANSPORT STRATEGY**
(Member lead: Cllr Wakefield, Director: Rob Norreys)
(pages 79 - 84)
- 13. WYCA CONSULTATION RESPONSE – KIRKLEES DRAFT LOCAL PLAN**
(Member lead: Cllr Box, Director: Rob Norreys)
(pages 85 - 90)
- 14. WYCA MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2017/18**
(Member lead: Cllr Swift, Director: Angela Taylor)
(pages 91 - 97)

15. WYCA CORPORATE PLAN

(Member lead: Cllr Box, Director: Ben Still)
(pages 98 - 105)

**16. APPOINTMENT OF EXTERNAL AUDITORS & ADDITIONAL GOVERNANCE
AND AUDIT COMMITTEE MEMBERS**

(Member lead: Roger Marsh, Director: Angela Taylor)
(pages 106 - 111)

***17. TRANSPORT FOR THE NORTH RAIL PRIORITIES**

(Member lead: Cllr Wakefield, Director: Rob Norreys)

For Information

18. BETTER HOMES UPDATE

(Member lead: Cllr Swift, Director: Rob Norreys)
(pages 112 - 117)

**19. (a) DRAFT MINUTES OF THE GOVERNANCE & AUDIT COMMITTEE HELD
ON 29 SEPTEMBER 2016**

(Draft to be approved at the next meeting of the Committee on 1 December 2016)
(pages 118 - 123)

**(b) DRAFT MINUTES OF THE TRANSPORT COMMITTEE HELD ON
14 OCTOBER 2016**

(Draft to be approved at the next meeting of the Committee on 9 December 2016)
(pages 124 – 133)

Signed:



WYCA Managing Director

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE COMBINED AUTHORITY
HELD ON THURSDAY 29 SEPTEMBER 2016 AT WELLINGTON HOUSE, LEEDS**

Present:	Cllr Peter Box (Chair)	-	Wakefield MDC
	Cllr Tim Swift (Vice Chair)	-	Calderdale MBC
	Cllr Susan Hinchcliffe	-	City of Bradford MDC
	Cllr David Sheard	-	Kirklees Council
	Cllr Judith Blake	-	Leeds City Council
	Cllr Stewart Golton	-	Liberal Democrat Representative (Leeds City Council)
	Cllr Keith Aspden	-	City of York Council
	Roger Marsh	-	Leeds City Region LEP
In attendance:	Ben Still	-	WYCA
	Caroline Allen	-	WYCA
	Angie Shearon	-	WYCA

41. Apologies for Absence

Apologies for absence were received from Councillors Andrew Carter, Simon Cooke and Jeanette Sunderland.

42. Declarations of Disclosable Pecuniary Interests

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

43. Minutes of the Meeting held on 28 July 2016

Resolved: That the minutes of the meeting of the WYCA held on 28 July 2016 be approved and signed by the Chair.

44. Project and Spending Approvals

The Authority considered a report of the Director of Resources seeking the progression of, and approval of funding for, schemes from the West Yorkshire plus Transport Fund and the Local Growth Fund.

The report provided details of the projects considered by the Investment Committee on 7 September which were recommended to WYCA for progression and approval of funding. The report mapped each of the projects across to the new Project Management Office (PMO) process.

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

- (i) £400k to develop the Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan project.
- (ii) £130k to progress Mirfield to Dewsbury to Leeds (A653) corridor.
- (iii) £500k for feasibility works on East Leeds Parkway at Thorpe Park.
- (iv) £160k for Halifax Station Gateway.
- (v) £1.1m grant investment for Wakefield Civic Quarter site acquisition.
- (vi) £4.8m grant for the One City Park in Bradford.
- (vii) New Bolton Woods – part of the Bradford-Shipley Road Corridor, progressing from outline to full business case.
- (viii) In principle support to a £33.4m grant and £8.8m loan for Leeds City College.
- (ix) £1.0112m grant for Tackling Fuel Poverty Programme Phase 2.
- (x) A loan of £1m to LL309.

45. WYCA Medium Term Financial Strategy

The Authority considered a report of the Director of Resources regarding the budget process for 2017/18, the development of the medium term financial strategy and additions to the agreed budget following the award of further funding to the region.

It was reported that work was ongoing to produce a detailed budget for 2017/18 aligned with the priorities identified through the Strategic Economic Plan (SEP). The budget would need to be approved at the February meeting of the WYCA.

Members noted that work was underway to update the medium term financial strategy to ensure that funding available may be used to best effect in delivering its priorities for economic growth. It was acknowledged that there were significant challenges to address with increasing workloads for the Authority to support the growing agenda of activity including devolution and Transport for the North at a time

of pressure on local government funding. Early discussions with District Councils had also identified a requirement for WYCA to look at options for cutting services in order to reduce the transport levy. WYCA would be looking at the resources available and streamlining those resources and sharing costs where possible. Work was also required on the West Yorkshire plus Transport Fund to identify the extent of local funding required to support borrowing and to understand the growth of new business in the Enterprise Zone and the timing of how this translated to business rates income.

It was proposed that a further report be prepared for the Authority meeting of 1 December outlining the proposed budget for 2017/18 and addressing the issues set out above.

Resolved:

- (i) That WYCA note the process for the 2017/18 budget as set out in the submitted report.
- (ii) That WYCA note the work to date on the Medium Term Financial Strategy.
- (iii) That WYCA approve further budgets of £150k for the Enterprise Adviser Continuation Phase 1 and £192k for Strategic Heat Networks, funded as set out in the submitted report.

46. Implications of the vote to leave the European Union

The Authority considered a report of the Director of Policy, Strategy and Communications providing members with further information on the implications of the UK's vote to leave the European Union (EU).

In July, WYCA and the LEP approved a high-level joint Plan to provide a calm and measured approach to the decision to exit the EU in order to underpin investor and consumer confidence. The Plan covered short, medium and long-term issues which were considered to be best addressed at the city region level with close liaison with local partners such as universities, councils and business groups.

Members acknowledged that the UK's exit from Europe would present opportunities as well as some difficulties and discussed developments with Brexit over the summer, making the following observations:

- There had been very little further information from Government about the timing of Britain's exit from the EU, or what the outcome might mean for free trade and the movement of people.
- There had been no announcements of large scale job losses, although intelligence suggested that some contracts for overseas workers to come and work in the UK may have been withdrawn due to uncertainty in the job

market. It was acknowledged that there were particular skills shortages in the UK which needed to be addressed, for instance in the health sector.

- There had been a relatively calm economic reaction with no immediate recession, although it was projected that long-term growth would be lower than had the UK remained a member of the EU. It was acknowledged, however that there may be economic turbulence once Article 50 was triggered.
- Communities, local councils and employers continued to recognise the valuable contributions made to the city region by people of all nationalities and, although reports of hostility resulting from tensions had been limited, such crimes continued to be addressed swiftly.

European Funding

Members discussed the importance of securing the repatriation of European funding locally and felt that it was imperative that, once discussions commenced with government on the redistribution of funding, WYCA had a seat at the table.

Members were pleased to note that in August, HM Treasury had provided an assurance that all European Structural and Investment Fund (ESIF) projects under contract ahead of the Autumn Statement would be fully funded even if those projects were to continue beyond the UK's departure from the EU

In July 2015, WYCA had agreed to be the Urban Authority (UA) and take on intermediate Body (IB) status to be able to receive delegated authority from government for a Sustainable Urban Development (SUD) Strategy. Members noted that there had been renewed impetus from the Department for Communities and Local Government (DCLG) for SUD strategies to be agreed by the end of September 2016 and for IB status with the UA to be in place by early December largely because SUD was an EU regulatory obligation and therefore potentially more secure than ESIF funding.

Members discussed the response of city region partners in response to Brexit and felt it would be useful to convene a meeting involving representatives of the business community, health sector and universities and colleges to understand their interests and concerns.

Members noted that the short-term responses set out in the Plan had been completed and the medium-term actions were being developed, including helping growth sectors exploit new international opportunities and for exports to exploit the weak pound.

Resolved:

- (i) That the latest update of the joint CA/LEP plan to respond to the vote to leave the EU be noted.
- (ii) That authority be delegated to WYCA's Managing Director to finalise and agree, in conjunction with the Head of Legal and Democratic Services, the Legal Agreement with the Department for Communities and Local Government for Intermediate Body status, and commence operations as required.
- (iii) That a joint meeting be arranged with city region partners, including representative of the business community, health sector and universities and colleges to discuss their respective interests and concerns regarding the implications of leaving Europe.

47. Devolution

The Authority considered a report of the Director of Policy, Strategy and Communications on progress to secure the devolution of further powers and budgets away from Whitehall and Westminster to Leeds City Region (LCR), building on the first stage deal secured in 2015.

Members discussed progress made to date in securing a devolution deal and also the impact of recent events on progress, including the changes to the Government ministerial line up following the EU referendum. It was recognised that, in the absence of a clear steer on national policy over the summer, eg on the Northern Powerhouse and English Devolution, there had been some press speculation about a potential shift in Government policy on the requirement for directly elected Mayors in return for devolution.

Members welcomed the Prime Minister's confirmation of her Government's support for the Northern Powerhouse which the Leeds City Region wished to be a part of and help to shape.

Members re-affirmed their commitment to secure a devolution deal for the City Region and proposed, ahead of the Autumn Statement on 23 November 2016, to seek to progress discussions with officials and Ministers on the terms of a devolution deal, including seeking clarity on the following:

- that the ambition of WYCA and Leeds City Region Enterprise Partnership be matched by Government's commitment to devolve substantive powers and funding to local areas;
- the Government's position regarding the geographic area for devolution to the City Region; and

- the most appropriate model of Governance required in order to provide local accountability for powers and funding devolved from Whitehall and Westminster.

Resolved:

- (i) That the progress made to secure a devolution deal and the impact of recent events, including the changes to the Government ministerial line up following the EU referendum, be noted.
- (ii) That, ahead of the Autumn statement, WYCA should seek to progress discussions with officials and Ministers on the terms of any devolution deal.

48. One Organisation Programme

The Authority considered a report of WYCA's Managing Director providing an update on the One Organisation programme (the change programme for the WYCA officer body) and seeking approval to two director appointments.

The report provided a six monthly update on the One Organisation change programme and a detailed update on priority projects as set out in paragraph 2.4. Members discussed progress with the One Organisation programme and particularly welcomed the increased focus on delivery.

It was reported that, following a recruitment and selection exercise, the following appointments were recommend to WYCA for approval:

- Dave Pearson - Director of Transport Services
- Melanie Corcoran – Director of Delivery

It was further report that Sue Cooke had been appointed to the post of Executive Head of Economic Services and that external recruitment was underway for the post of Head of Communications.

Resolved:

- (i) That the progress made so far with the One Organisation Programme be noted.
- (ii) That the appointment of Dave Pearson to the post of Director of Transport Services with effect from 1 October 2016 and the appointment of Melanie Corcoran to the post of Director of Delivery, with a start date to be delegated to the Managing Director, be approved.
- (iii) That the appointment of the Executive Head of Economic Services be noted.

- (iv) That it be noted that external recruitment to the post of Head of Communications had commenced.

49. WYCA Appointments to Overview & Scrutiny Committee

The Authority considered a report of the Director of Resources seeking approval to a change in nomination by the City of York Council to the Overview & Scrutiny Committee

On 20 September, the City of York Council notified WYCA's Monitoring Officer of their wish to replace Councillor Helen Douglas with Councillor Jenny Brooks.

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

50. WYCA Overview & Scrutiny Flood Response

The Authority considered a report of the Director of Policy, Strategy and Communications seeking endorsement to the recommendations of WYCA's Overview & Scrutiny Committee regarding their investigation into the 2015 Boxing Day Floods.

Members discussed the progress made both nationally and regionally in response to the 2015 Boxing Day Flood events and the impact on businesses, residential properties, critical infrastructure and jobs. The economic and social impacts of the floods had been significant running into several hundred millions. Actual costs would need to be fully calculated in order to build a case for future investment and identify funding gaps for investment in flood defences and green infrastructure whilst taking account of whole catchment areas. Concern was expressed that some areas remained very exposed to the risk of flooding. Members considered the potential to make better use of infrastructure in readiness for future winters; for example, exploring how reservoirs could help mitigate the risk of flooding together with other Green Infrastructure measures such as land management in upper river catchments.

Members were keen to ensure that, despite a change in government Minister, the events of the Boxing Day floods on the Leeds City Region were not forgotten. A letter had been sent to the Rt Hon Andrea Leadson MP, Secretary of State for DEFRA, and responsible minister for planning and responding to flood risk and flood events, inviting her to visit the Leeds City Region and her response was awaited. Members considered that it was important that the Government funding commitments, made following the Boxing Day floods, to support flood alleviation and mitigation measures in the Leeds City Region continue to be honoured.

It was reported that, against the national and regional context, WYCA's Overview & Scrutiny Committee had, along with senior representatives from Yorkshire Water

and the Environment Agency, considered the broad range of issues relating to the Boxing Day Flood events. Arising out of their discussions, the Committee had formulated a list of recommendations which were set out in the Addendum to the report.

Members considered the recommendations of the Committee which, it was suggested, could be incorporated into the LCR Flood Review, commissioned by WYCA earlier in the year, and which was now nearing completion. The outcome of the LCR Flood Review would be reported to WYCA at their meeting on 1 December.

Resolved:

- (i) That the Overview and Scrutiny Committee's recommendations in response to the 2015 Boxing Day Flood events, as set out in the Addendum to the submitted report, be endorsed.
- (ii) That the recommendations of the Overview & Scrutiny Committee, and proposed associated actions, be considered within the LCR Flood Review.
- (iii) That WYCA considers with Yorkshire Water the potential contribution that upland land management and their reservoirs could make to reducing future flood risk in winter.

51. Response to consultation on 100% Business Rates Retention

The Authority considered a report of the Director of Policy, Strategy and Communications advising of the joint WYCA and Local Enterprise Partnership (LEP) submission to the Government consultation on 100% business rates retention.

The report provided information on the joint WYCA and LEP response to the Department for Communities and Local Government's (DCLG) consultation on retained business rates which had been developed over the summer and submitted by the deadline of 26 September. A copy of the response was attached to the submitted report.

Whilst the retention of business rates was welcomed, members were keen to ensure it was accompanied by a fair funding mechanism and national redistribution to match local need. Members expressed concern that there had been no detail of how the process would be implemented at a local level and how local councils would be able to manage the further responsibilities arising from it.

Resolved: That the joint WYCA/LEP response to the Government's consultation be noted.

52. Governance Update

The Authority considered a report of the Head of Legal & Democratic Services providing an update on the progress of an Order anticipated to affect WYCA governance arrangements in relation to overview and scrutiny, audit committee and access to information arrangements.

The Cities and Local Government and Devolution Act 2016 placed the overview and scrutiny arrangements, and audit committee arrangements of combined authorities on a statutory footing. For WYCA, the impact had principally been on the membership of the governance and audit committee, which may no longer include co-opted members. The Secretary of State had now indicated that a further Order may affect current arrangements further. Paragraph 2.4 of the submitted report set out the principles which the Department for Communities and Local Government (DCLG) have indicated will underpin any Order.

In terms of the impact on WYCA, it was noted that none of the proposals conflicted with current WYCA practices and arrangements, with the exception of the requirement to appoint an independent person to an audit committee.

The DCLG have not confirmed when any Order will be made, but it was understood that they were aiming to have it in place by spring 2017.

Resolved: That the approach of the Secretary of State in relation to the draft Order, as set out in the submitted report, be noted.

53. City of York Council Local Plan Consultation

The Authority considered a report of the Director of Policy, Strategy and Communications providing information of WYCA's response in support of the City of York Council's Local Plan under WYCA's Duty to Co-operate role.

The City of York Council had consulted WYCA in July 2016 on their Local Plan which had outlined the proposed housing and employment growth requirements for York and proposed preferred strategic site allocations to deliver that growth. The Plan set out a target for 841 net additional homes per annum and an employment land supply requirement of 33.3 hectares which supported the City Region's Strategic Economic Plan (SEP) aspirations to increase housing delivery and create additional jobs. The draft Plan also identified a series of 'Green Wedges' across York which would make an important contribution to the Green Infrastructure network across the City Region and support delivery of Priority 4 (Clean Energy and Environmental Resilience) of the SEP.

Members noted that the response which had been submitted by WYCA in accordance with the City of York Council's deadline and which was appended to the submitted report, had confirmed that York's 'Preferred Sites' consultation was

aligned with the SEP and provided support for the SEP's Spatial Priority Area at York Central and other major growth areas.

Resolved:

- (i) That the response to the City of York Local Plan consultation as set out in Appendix 1 of the submitted report be supported.

54. Draft minutes of the meeting of the Overview & Scrutiny Committee held on 13 July 2016

Resolved: That the draft minutes of the meeting of the Overview & Scrutiny Committee held on 13 July 2016 be noted.

55. Draft Minutes of the meeting of the Governance & Audit Committee held on 28 July 2016

Resolved: That the draft minutes of the meeting of the Governance & Audit Committee held on 28 July 2016 be noted.

56. Draft Minutes of the meeting of the West Yorkshire & York Investment Committee held on 7 September 2016

Resolved: That the draft minutes of the meeting of the West Yorkshire & York Investment Committee held on 28 July 2016 be noted.

Director: Melanie Corcoran,
Director of Delivery
Author: Emma Wright



ITEM 5

Report to: Combined Authority

Date: 1 December 2016

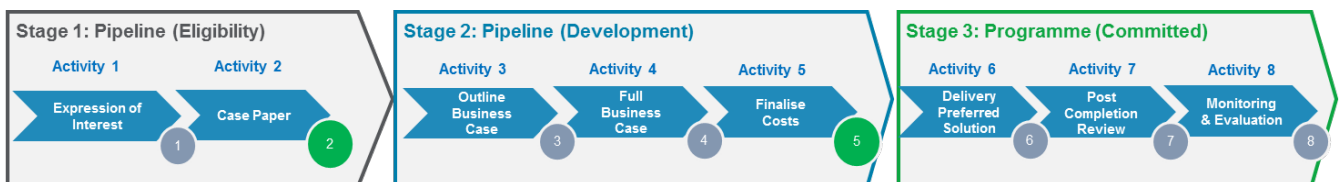
Subject: Project Approvals and Inclusion of York in the West Yorkshire Plus Transport Fund

1. Purpose

- 1.1 To approve the progression of and funding for schemes from the West Yorkshire plus Transport Fund and the Local Growth Fund.
- 1.2 To approve the inclusion of York in the West Yorkshire Plus Transport Fund.

2. Information

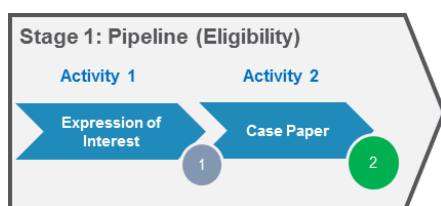
- 2.1 This report puts forward proposals for the progression of, and funding for, a number of West Yorkshire Plus Transport Fund and Growth Deal projects for approval by the Combined Authority, following consideration by the Investment Committee. The Authority will recall that a three stage approach is being introduced as part of an enhancement to current project management arrangements, with the requirement that all projects will as a minimum need to formally pass Decision points 2 and 5, highlighted in green below, with the requirement to meet the intervening activities deemed on a project by project basis.



3. Projects in Stage 1: Eligibility

Projects at the eligibility stage are seeking entry in to the portfolio and should demonstrate a strategic fit in terms of project outcomes, with further project definition including costs and detailed timescales to be developed as the project progresses

through the pipeline. At this stage funding may be sought to enable this work to progress. Two such projects are set out in the following section.



3.1 **West Yorkshire & York Broadband Coverage Phase 3**

This Broadband phase 3 project will help to deliver fast and reliable broadband, vital to improving the economic performance of West Yorkshire and York. It has the potential to increase economic growth by supporting innovation, improving business productivity and competitiveness, as well as wider economic and social benefits.

The scheme will support the creation of 45 jobs before 2021 and 75 post 2021 totalling 120. The capability will be provided to at least 985 eligible SMEs and 9,000 residential premises to access the internet with broadband speeds in excess of 30Mbps.

The Investment Committee has recommended that this project progress through to stage 2 and is brought back to the Investment Committee with a full appraisal and business case to request a £1.2m grant from the Local Growth Fund. An equivalent amount of BDUK funding is confirmed. If match funding from the Growth Deal is not confirmed by early 2017, there is a high risk that this funding offer will be withdrawn by HM Treasury. There is currently no allocation for this scheme within the current Growth Deal but this can be managed within over-programming.

3.2 **Leeds (Aire Valley) Enterprise Zone Power Solution**

The Leeds Enterprise Zone (LEZ) is located at the heart of the Aire Valley Leeds regeneration area and has the potential to bring forward 4.5 million square feet of employment floorspace between 2012- 2037 and accrue a considerable amount of retained business rates income. Income from business rates on this Enterprise Zone accrues to WYCA as the accountable body for the Leeds City Region Enterprise Partnership (LEP). It has previously been recognised that further upfront investment may be required to encourage further businesses to locate to the Enterprise Zones.

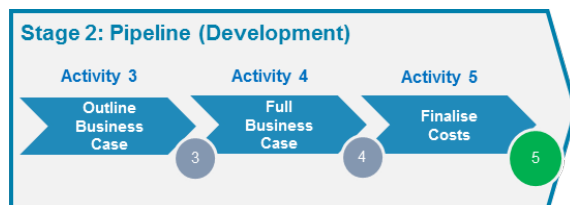
As development both within the LEZ and in the wider Stourton, Hunslet and city centre areas has taken place, the available capacity at the sub-station has now been utilised.

Therefore a new 11 Kv substation is proposed with potential to increase capacity should higher power consuming manufacturing businesses require it. The LEZ currently offers time limited fiscal benefits to companies, so it is critical that the Zone's opportunities are promoted widely whilst these incentives apply and that any barriers to development are resolved. Leeds CC can start the procurement process and this will provide some certainty to the Final Business Case, with costs and timescales firmed up.

Currently, the construction of the new substation is anticipated to be completed by December 2018.

The Investment Committee recommend to the Combined Authority that it approve the progression of the Leeds Enterprise Zone Power Solution scheme through to production of a Full Business Case with finalised costs at Decision Point 5 in 2017.

4. **Projects in Stage 2: Pipeline Development**



The projects set out below have progressed through stage one and have now developed robust costs and programme information that enables approval to be sought to the full costs of the project and for it to be recommended to progress to the delivery phase.

4.1 **Leeds City College – Quarry Hill**

This project will enable Leeds City College to develop advanced training facilities for the delivery of its healthcare and life science technical skills & training. This ambitious project will allow the relocation of both healthcare and sciences and digital, creative, performing arts and media (currently located in the Park Lane campus) onto a new site (Quarry Hill) that more closely meets the future needs of students and the city of Leeds. Leeds College of Music, the college's wholly owned subsidiary, requires expansion space and will be accommodated on the top floor of the creative, performing arts and media building, to accommodate its planned growth in higher education students. The Authority is requested to provide a cash flow (loan) facility of up to £8.8m alongside the grant award, secured against College assets which will be disposed of following the opening of the new build, when students will be relocated.

The college attended Investment Committee on 7th September. An action arose for the college to return to the Investment Committee on 9th December for its consideration once further due diligence has been undertaken and to present detailed information requested by the Committee on the College's vision for the future, projected student numbers, property strategy and an accurate valuation of the College's disposable assets.

The College addressed the above action and have made progress against outstanding issues, however, the following issues still are to be finalised before delivery can commence:

- 4.1.1 The acquisition of the land at Quarry Hill is paramount. Delays in acquisition will impact on the programme delivery and subsequent growth deal spend.

Progress on this risk has been made, the College has signed a conditional contract and is awaiting the vendor to sign, which is expected imminently.

- 4.1.2 The project is forecast to spend £10m in 2016/17. If land acquisition is completed by December, this spend profile is achievable but delays will have a significant impact on the overall growth deal spend profile.
- 4.1.3 The College's round one project was significantly delayed, resulting in slippage of growth deal spend from 15/16 to 16/17. The delay was principally attributable to the length of time taken to complete legal negotiations. Work to mitigate this issue in this project is taking place.

It is proposed that the Combined Authority approve the full business case and funding for the Leeds City College, Quarry Hill project with grant funding of up to £33.4m (with £10m to be spent in 2016/17) and a cash flow (loan) facility of up to £8.8m. The funding package is subject to addressing the outstanding risks above and subsequent legal negotiations, including the requirement for the College to repay to the Authority any asset surplus realised from the three assets to be disposed of as part of this project.

4.2 **Inclusion of York in the West Yorkshire Plus Transport Fund**

A key issue to be resolved in order to programme the size and scale of the WY+TF programme is the position of the York schemes within the Fund. From the signing of the City Deal that set up the WY+TF, City of York Council (CoYC) have been included as partners in the Fund along with the West Yorkshire authorities. There are two early win York schemes that are ready to progress but, given CoYC is not a full member of the West Yorkshire Combined Authority, it is necessary to enter into a funding agreement with them in order to progress their schemes. This would commit CoYC to making levy type funding contributions in the same way as the West Yorkshire Districts but with an appropriate cap and collar arrangement in place to ensure no party is unduly advantaged or disadvantaged by any changes agreed to the scope and scale of the WY+TF by the WYCA at a future date. CoYC will be seeking formal approval for these arrangements in December.

The Investment Committee support the above approach and recommend that the Combined Authority approve the above arrangements, and delegate approval of the final details of the agreement to the Managing Director.

4.3 **Project Approvals that are being progressed through delegation to the Managing Director**

The following projects were reported to Investment Committee on 9th November. Investment Committee recommended their progression and approval of associated funding. Investment Committee agreed that approval of these projects should be progressed through the delegation to the Managing Director.

- **UTMC (Urban Traffic Management Control) Centre** – Recommended progression from Stage 1 to Stage 2 and approval of £250K development funding. This will be funded from the WY+TF.
- **Wakefield City Centre Package** – Ings Road/Denby Dale Road – Recommended approval of the project’s revised mandate and progression of the project from Stage 1 to Stage 2 and associated £270K of development funding. This will be funded from the WY+TF.
- **Tackling Fuel Poverty Phase 3** – Recommended approval of the Full Business Case and associated £1.3m grant funding. This will be funded from the Local Growth Fund.
- **York Guildhall** – Recommended approval of the Full Business Case and associated £2.35m grant funding. This will be funded from the Local Growth Fund.
- **University of Leeds – Nexus (University Innovation and Enterprise Centre)** – Recommended approval of the Full Business case and associated grant funding of £3m. This will be funded from the Local Growth Fund.
- **LCR Flood Alleviation for Growth Programme** – Recommended the progression of an outline business case for this Programme and the approval of the full business cases for the Mytholmroyd, Skipton and Leeds flood alleviation schemes, including community resilience measures and the associated grant funding of £7.8m. The investment will be funded from the Local Growth Fund.
- **Bradford Forster Square** – Recommended the approval of an additional £114K in order to progress the development of the project to Outline Business Case. This will be funded from the WY+TF.
- **East Leeds Orbital Road** – Recommended that the project budget is increased by £6.75m to support the additional investment the scheme requires. This will be funded from WY+TF.

5. Financial Implications

- 5.1 As set out in the report. Funding for the projects set out in paragraphs 3.1 to 4.1 is from the West Yorkshire plus Transport Fund and the Local Growth Fund award for 2016/17.

6. Legal Implications

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

7. Staffing Implications

- 7.1 A combination of WYCA and District partner programme management resources are identified within the programme. The ability to secure external specialist resource is contained within the programme as well so that the resources are or will be in place

in order to manage the delivery of any of the projects that may be recommended for funding from this paper.

8. Consultees

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

9. Recommendations

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

- (i) progression of the West Yorkshire & York Broadband Coverage Phase 3 project to full business case for Growth Deal funding;
- (ii) progression of the Leeds Enterprise Zone Power Solution scheme to full business case for Growth Deal funding;
- (iii) approve the full business case and funding for the Leeds City College, Quarry Hill project with grant funding of up to £33.4m (with £10m to be spent in 2016/17) and a cash flow (loan) facility of up to £8.8m. The funding package is subject to addressing the outstanding risks above and subsequent legal negotiations, including the requirement for the College to repay to the Authority any asset surplus realised from the three assets to be disposed of as part of this project.

- 9.2 That the Authority approves WYCA entering into a funding agreement with City of York Council regarding their partnership in the WY+TF, and that the detail of the Funding Agreement should be approved through delegation to the Managing Director.

10. Background Documents

None.

Director: Rob Norreys, Director
Policy, Strategy and Communications
Author: Polly Hutton / Sally Hinton



ITEM 6

Report to: Combined Authority

Date: 1 December 2016

Subject: One Public Estate

1. Purpose

- 1.1 To provide an update on the One Public Estate Programme and the successful outcome of support for Phase 4 capacity funding and subsequent Phase 5 bid for further funding.
- 1.2 To recommend that the Combined Authority approves the full WYCA One Public Estate (OPE) Programme, incorporating the £330,000 confirmed for Phase 4 and the £712,500 requested for Phase 5 and note that further revenue funding may be applied for.
- 1.3 To recommend that ongoing approval for individual allocations to projects within the WYCA OPE programme be delegated to the WYCA Managing Director under his existing delegated authority under the officer delegation scheme.

2. Information

- 2.1 The One Public Estate programme is a pioneering initiative funded by the Cabinet Office Government Property Unit (GPU) and delivered in partnership with the Local Government Association (LGA). The programme is designed to facilitate and enable local authorities to work successfully with central government and local agencies on public property and land issues through sharing and collaboration. It has four main objectives:
 - Create economic growth - to enable released land and property to be used to stimulate economic growth, regeneration new housing and jobs.
 - Generate capital receipts - to release land and property to generate capital receipts.
 - Reduce running costs - to reduce the running costs of central and local government assets.

- Deliver more integrated and customer focused services – to encourage publically funded services to co-locate, to demonstrate service efficiencies, and to work towards a more customer-focused service delivery.

- 2.2 Councils who are successful in gaining membership on to the One Public Estate Programme are supported to develop and deliver property initiatives with central government and public sector partners which meet these objectives.
- 2.3 The WYCA One Public Estate partnership involves Calderdale, Leeds, Kirklees, Bradford, Wakefield and York Local Authorities. Bradford, Leeds and York authorities are already on the OPE Programme, having been successful in previous rounds, but this Partnership approach has joined up activity across all six authorities and has scope to extend to other Authorities in the city region.

3. Services and Assets Delivery Plan for Phase 4 OPE

- 3.1 Following discussions with Chief Executives, a joint Expression of Interest was submitted by WYCA in April 2016. This covered all six local authority districts and was led by Calderdale Council. On the 14th June 2016, WYCA was notified that the Expression of Interest had been successful and that the Partnership had been awarded £50,000 to progress the work onto the next stage. This involved completing a detailed Services and Assets Delivery Plan (SADP) to be considered for selection for Phase 4 of the One Public Estate programme.
- 3.2 The SADP was submitted to Cabinet Office on 29 July 2016. The Delivery Plan included an Asset Management Maturity Assessment across all local authorities and public sector partners and an overview of regional themes, anticipated outputs and resourcing requirements over the 3-5 year period.
- 3.3 The city regional themes and Local Authority leads, approved by the City Region Land and Assets Board are:

Regional Theme	Local Authority Leads
1. Asset Management	Calderdale & Kirklees
2. Health & Social Care Integration	Leeds & York
3. Housing & Regeneration	WYCA & Bradford
4. Co-location & Transformation	York & Wakefield

- 3.4 As part of the Programme pre-selection criteria all local authority partner land and property assets are to be recorded on the Government's ePIMS system to provide information on the estimated value of all LA partner land and buildings and make details of all land and property owned by the partnership publically accessible. This is an ongoing area of work with all partners having committed to achieving the December 2016 deadline.

- 3.5 On 27th October 2016 a response was received relating to the Phase 4 application. The following funding has been awarded. This covers the 2016-17 financial year, with an additional allocation for 2017-18, subject to further approval. This funding is additional to the £50,000 awarded in June.

Item / Project name	Description of funded item	Year of allocation		Total Allocation
		2016/2017	2017/2018 subject to approval	
Programme Coordination	Dedicated OPE programme coordination resources for WYCA	£ 70,000.00	£ 100,000.00	£ 170,000.00
Bradford: Public Sector Hub	Commission early feasibility and surveys, and to prepare an outline business case to access the requisite capital funding.	£ 50,000.00	£ -	£ 50,000.00
Calderdale: Halifax Fire Station	Detailed feasibility and design work, including surveys and architectural designs, detailed costings and benefits, and options for use, and assessment of further opportunities with blue light services	£ 30,000.00	£ -	£ 30,000.00
Leeds: Acceleration of Health Estate Review	50% of project manager to undertake Property scorecards produced by commissioned consultant	£ 50,000.00	£ -	£ 50,000.00
Kirklees: Batley Early Health hub	Detailed feasibility and design work, including surveys and architectural designs, detailed costings and benefits, and options for use	£ 75,000.00	£ -	£ 75,000.00
Wakefield: Waterton House, Connecting Care hub	Detailed feasibility and design work, including surveys and architectural designs	£ 25,000.00	£ -	£ 25,000.00
Asset Management Theme Consultancy: Primary	Asset Management Theme Consultancy: Primary	£ 30,000.00	£ -	£ 30,000.00
	Total	£ 330,000.00	£ 100,000.00	£ 430,000.00

- 3.6 Unfortunately the project submitted by York City Council was not successful within Round 4, and the Council has been informed of the reasons.
- 3.7 WYCA is being asked to approve the OPE programme as a whole and it is recommended that approval of the individual allocations to the projects (as outlined in the table in 3.5) are delegated to the Managing Director. It is also recommended that future allocations in Round 5 or any subsequent rounds, providing these are less than £1m, should also be delegated to the Managing Director.

4. Phase 5 Submission

- 4.1 In relation to Phase 5, on behalf of Bradford, Calderdale, Kirklees, Leeds and Wakefield Councils, WYCA has acted as the strategic and administrative lead for the partnership and has submitted a bid for a further £712,000 (including £100,000 allocated to Leeds CC in a previous OPE round). This is an annex to the SADP and is based on the Health and Social Care Integration theme. The bid was led by Leeds City Council. The decision on Round 5 is now expected in Jan 2017 along with announcements of new LA's onto the programme.
- 4.2 York Council remains part of the strategic WYCA One Public Estate group, however the Council has now submitted an independent bid under Round 5 for £350,000, also on the Health and Social Care Integration Theme. A separate bid was considered appropriate as York is covered by the Sustainability and Transformation Plan for York, the Humber, Coast and Vale, which has different priorities to those in West Yorkshire, Harrogate and Craven. WYCA has provided strategic support to this bid.

5. Governance

- 5.1 A key focus of the SADP was to develop a clear programme Governance structure, this is shown below, together with a brief explanation of the role of the various groups within it.

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graph TD
    WYCA[WYCA] --- LA[Local Authorities  
(Local Decisions)]
    WYCA --- PG[Partner Governance]
    PG --- VSP[Voluntary Sector Partners]
    PG --- PSP[Public Sector Partners]
    PG --- PPS[Private Sector Partners]
    WYCA --- LCRBAB[LCR Land & Assets Board]
    LCRBAB --- LCRPEPB[LCR OPE Programme Board]
    LCRPEPB -.-> WYCA_CEG[WYCA Chief Executive's Group  
(Oversight)]
    LCRPEPB -.-> CG[HCA Land & Assets  
Government Property Unit]
    CG --- CG_Label[Central Government]
  
```

The diagram illustrates the organizational structure of WYCA and its relationship with various entities. At the top is WYCA, which is connected to Local Authorities (Local Decisions) and a Partner Governance box. The Partner Governance box includes Voluntary Sector Partners, Public Sector Partners, and Private Sector Partners. A dashed line separates the 'Decision Making' section from the 'Oversight' section. Below the dashed line is the LCR Land & Assets Board, which connects to the LCR OPE Programme Board. The LCR OPE Programme Board is connected to the WYCA Chief Executive's Group (Oversight) and the Central Government (HCA Land & Assets and Government Property Unit).

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6. Financial Implications

- 6.1 The Cabinet Office (Government Property Unit) and Local Government Association (LGA) made available **£50,000** capacity funding for the WYCA/LA Partnership to further develop and submit a Service & Assets Delivery Plan (SADP) to secure full membership of the OPE Programme.
- 6.2 The Cabinet Office (Government Property Unit) and LGA approved the Services and Assets Delivery Plan, securing **£330,000** Phase 4 feasibility funding for project development.
- 6.3 A Phase 5 bid seeking **£712,500** in OPE funding was submitted to Cabinet Office on 28 October. The focus is on the 'Health & Social Care Integration' theme. This involves the development of structures and opportunities through which CCGs, NHS Trusts, and Local Authorities can collectively progress the integration of health and social care across the Leeds City Region.

7. Legal Implications

- 7.1 WYCA has signed a Memorandum of Understanding with the Cabinet Office, providing accountability for the funding and preparation of the next stages of Partnership work.
- 7.2 Funds will be provided to Local Authority Partners under the terms of a funding agreement.

8. Staffing Implications

- 8.1 The Head of Infrastructure & Investment is the SRO for the project and local partners are providing client/project manager support. The OPE Programme is being managed within this team and interim resources have been assigned while recruitment is concluded for manager and co-ordination posts.
- 8.2 Following a procurement led by WYCA with input from local authority partners, Turner & Townsend were appointed to support the production of the SADP and the wider OPE programme.

9. Consultees

- 9.1 Chief Executives have considered this programme at their joint meetings.

10. Recommendations

WYCA is asked to:

- 10.1 approve the allocated WYCA One Public Estate Programme, consisting of £330,000 confirmed for Phase 4 and support both the £712,500 requested for Phase 5 and any submissions to further phases.
- 10.2 agree that the WYCA Managing Director uses his existing delegated authority to approve individual allocations to projects within the Phase 4 WYCA OPE programme.
- 10.3 agree that the WYCA Managing Director uses his existing delegated authority to approve projects within any future phases of the One Public Estate Programme, providing the value of each phase is less than £1m.

Originator: Rob Norreys, Director of Policy, Strategy and Communications
Author: Colin Blackburn



ITEM 7

Report to: Combined Authority

Date: 1 December 2016

Subject: Leeds City Region Flood Review

1. Purpose

- 1.1 To consider the findings of the Leeds City Region Flood Review in response to the 2015 Boxing Day Floods, and endorse the recommendations aimed at implementing a more consistent and effective approach to both flood risk management and mitigation, and responding to future flood events across the Leeds City Region.
- 1.2 The final details of the draft report are being completed, but the final draft report will be available to Members at the meeting. It is therefore proposed that the Chair is delegated authority to sign-off the final document, prior to publication on both the Combined Authority and the Leeds City Region Enterprise Partnership's websites.

2. Context

- 2.1 The 2015 Boxing Day floods were unprecedented in the Leeds City Region in both the extent and severity of the flooding and the damage and devastation that was caused. Over **4,000 homes** and almost **2,900 businesses** were flooded with the economic cost to the City Region being over **half a billion pounds**, £100m of which was damage to key infrastructure such as bridges, roads and Yorkshire Water assets.
- 2.2 In a 24 hour period the equivalent of 5-inches of rain fell – 20% more than would be expected for the month of December as a whole. The rain fell on already saturated ground with November and December 2015 being the third and first wettest respectively for over 100 years. The run-off in to the river system was rapid across the City Region, and river levels rose very quickly allowing little time for communities to prepare, with record levels being experienced on the River Calder and River Aire.
- 2.3 The result was unprecedented flooding in places across the City Region but with the main focus of the damage being in:
 - **The Calder Valley** (Todmorden, Hebden Bridge, Mytholmroyd & Sowerby Bridge)
 - **Leeds** (Kirkstall Road, Otley)

- **York City Centre**
- **Bradford** (Keighley, Bingley & Shipley).

- 2.4 Whilst the scale of the impacts varied, all districts apart from Barnsley suffered damage due to the flooding including in Tadcaster, Elland, Brighouse, Wakefield, Skipton, Cross Hills, Silsden, Addingham, Ikley, Collingham and Ulleskelf. The greatest devastation was experienced in the Calder Valley where the steep valleys and narrow valley bottoms along the River Calder provide a natural topography that magnifies the risk and potential damage from flooding.
- 2.5 Whilst the flooding brought no loss of life this was not due to the scale of the disaster but a combination of outstanding emergency work and timing; as the floods happened on a Bank Holiday when schools and businesses were closed and travel at a minimum such as Kirkstall Road in Leeds which was devoid of its usual 12,000 commuters.
- 2.6 Over 100 bridges within the City Region required remedial works due to damage including at Tadcaster, Linton and Elland. The financial costs were accompanied by huge inconvenience for local communities and significant indirect economic impacts. East and West parts of Tadcaster are still largely cut off nearly one year on from the floods whilst major repair works to the bridge are completed.
- 2.7 The scale of the social impact of the flooding on communities and individuals should not be underestimated. For some of the communities this was the fifth major event in four years, whilst for others, it was the first time they had experienced flooding so was unexpected. Each situation carried its own type of shock and emotional toll, and in areas where the residual risk remains high, there is the potential for significant pressures on health and social care as a result of this stress.
- 2.8 It is estimated that 20,000 properties were saved from flooding due to existing investments in flood defences but the scale of the problem in Leeds City Region remains significant with over 63,000 residential properties and more than 27,000 non-residential properties still having some degree of flood risk. Of these, 7,385 residential properties and 4,698 non-residential properties are at a high risk of flooding.
- 2.9 As a response to the broad extent and severity of the flooding and because the greater frequency and severity of future floods are likely to be inevitable due to climate change, the Combined Authority Leaders requested that a Leeds City Region Flood Review be undertaken, to be overseen by the Deputy Chief Executive of Leeds City Council and the Director of Communities and Service Support of Calderdale Council. The Review was to report on:
1. The **economic impact** of the flooding on Leeds City Region;
 2. The lessons learnt and best practice in relation to **emergency response and civil contingency** arrangements;
 3. How **recovery** from such a civil emergency can be improved in the future; and

4. The potential steps that need to be undertaken to improve our **resilience and preparedness** over the longer term.
-
- 2.10 The remit of this Review was to better understand the causes and impacts of the flooding and develop recommendations for action that, when implemented, would reduce the likelihood and impacts of flooding and enable more effective and joined up response and recovery phases to be put in place across the City Region. This Review doesn't have all the answers; further work and activity will be required to implement the Key Review Recommendations, but it does highlight the significant scale of the challenges that lie ahead, which will require a strategic approach that considers priorities and resources and encompasses short and long-term actions to address flood risk and food management in a more effective and holistic manner.
 - 2.11 Earlier this year the WYCA Scrutiny and Overview Committee also undertook an investigation into the Boxing Day Floods, and their conclusions have informed this wider City Region Review.
-
3. **Emergency Response**
-
- 3.1 The Review showed that the immediate response to the floods, particularly in the worse hit areas of the Calder Valley, Leeds City Centre, York and Bradford was on the whole positive and effective. The emergency services, local authorities and the Environment Agency responded rapidly with the initial emphasis being on public safety with the most vulnerable people targeted first and then broadened to incorporate key infrastructure assets.
 - 3.2 The actions of the local communities affected was awe inspiring, helping support the evacuation of the elderly and most vulnerable, erect emergency flood barriers and help in the rapid clean up after the flood waters subsided. The dedication and commitment shown by Elected Members and help from a broad range of organisations was also invaluable including support from water companies across the UK and in places the Army; for example, Yorkshire Water pulled in 1,000 staff and accessed every water pump they could from across the Country to deal with the incident.
 - 3.3 Regional utility companies including Yorkshire Water, Northern Powergrid and Northern Gas Networks played an important role both during and in the immediate aftermath of the floods by helping to manage the incident and mobilising staff to restore or maintain essential services including power and drinking water supply; and were in the process of trying to secure further equipment from mainland Europe.
 - 3.4 Inevitably there are lessons and insights that emerge from the experience. The Review showed that these include:

- There is a need for more structured support for residents and businesses in high flood risk areas to enable them to prepare better to help themselves in times of flooding;
- The greater use of flood wardens and flood groups which provide immediate on the ground informed help;
- More effective use of the knowledge and resources within local communities, including a better understanding of key infrastructure, assets and vulnerable groups;
- Improvements to communications associated with the emergency response command and control structures and processes in places; and
- Improvements to infrastructure resilience preparatory work and how essential works to sewerage facilities and power networks are prioritised in times of flooding.

3.5 The West Yorkshire and the North Yorkshire Resilience Forums are responsible for planning and co-ordinating flood responses in their respective areas, and so this learning will need to be incorporated in the reviews of their respective Flood Resilience Plans.

4. Recovery Stage

- 4.1 Local Authorities play the key role in terms of the provision of leadership, advice and support in the recovery phase. It was admirable that officer support was provided in the weeks and months after the floods by Local Authorities to those districts that were most badly affected, to assist in the recovery phase. This was vital support enabling the recipient authorities to effectively cope with the demands of residents and businesses.
- 4.2 Almost 12 months after the floods, households and businesses in several areas are still dealing with the physical damage and associated emotional stress. For some it is about completing the process of rebuild and recovery whilst for others it was and is a question of whether they should remain and live with the risk of a re-occurrence of the flooding. Some local businesses have already moved out of the Leeds City Region as a consequence of the floods, so building resilience within our businesses and communities, and investing in people, places and business support as well as infrastructure, is key to enhancing how we deal with and recover as a City Region from future flood events.
- 4.3 The Review found that although a key attribute of the emergency response phase is the command and control structures that are put in place to allot responsibilities and to guide and structure the activity undertaken, the recovery phase can suffer from the lack of a similar approach. In some places the move from the emergency response phase to the recovery phase happened too early and didn't include all the necessary agencies, resulting in the transition being less coordinated and effective. In Calderdale, the Council responded quickly to put in place a structured approach

through its Single Integrated Recovery Plan, and this could provide a template through which similar approaches could be developed elsewhere.

- 4.4 Critically, the Review showed that Government, Local Authorities and the City Region Enterprise Partnership were quick to identify additional funding for the recovery for repairs to key infrastructure and to put in place to support businesses to continue operating; for example, the Enterprise Partnership's Business Flood Recovery Fund provided a life-line to support small and medium sized companies to clear up, replace machines and equipment, and provide cash flow to enable them to continue operating and paying salaries.
- 4.5 Crucial to recovery is also the ability to not only secure the appropriate insurance but also to be able to claim against it. However, due to the known risk of flooding events in some areas many have either been left unable to secure reasonable insurance; which is a situation compounded by the size of premiums, excesses and the potential impact on securing future insurance if a claim is made. The Review suggests that a more streamlined and simple claims process is needed to speed-up claims and ensure residents and businesses can have the means to return to normality as soon as possible after a flood event.

5. Planning, Risk Reduction and Mitigation for Future Events

- 5.1 It is crucial that the experience of the Boxing Day floods, combined with the knowledge that climate change is likely to worsen the situation, is used to strengthen our strategic approach to the threat of flooding. Local authorities are already acting upon the experience of the Boxing Day floods in terms of their own procedures and responses but it is essential that this knowledge, insight and best practice is shared and rolled out across the City Region.
- 5.2 The **Local Planning System** has an important part to play in helping better prepare and mitigate future flood events through Local Plan policy and implementation. The Review found that although all districts were adopting a sequential approach to flood risk, more consistent planning policies across the City Region would provide greater integration, particularly in relation to whole river catchment areas which all transcend multiple districts. This includes developing a strategic approach to Sustainable Urban Drainage Systems as implementation is current hampered by a lack of robust national guidance.
- 5.3 Further investment in flood defences and other flood mitigation and adaptation measures will continue to be critical. Positive action is already underway and the recently published Yorkshire Flood Risk Capital Investment Programme incorporates the announcements for 'booster' funding that were made in the 2016 Budget to support additional flood mitigation measures across the City Region. The allocation for the Current Spending Review Period in Leeds City Region is £207m (2016-21).
- 5.4 However, the Review has shown that there remains a pipeline of projects that could be enhanced and/or be brought forward if further additional funding could be

secured from Government or other sources; thereby protecting more communities, businesses and homes earlier. It is estimated that a further circa £5m pa is needed over the next 5 years to support this work. As a start in this respect, the Combined Authority has recently agreed to invest £7.8m to fund an initial three schemes in Leeds, Mytholmroyd and Skipton, to help enable and accelerate delivery of these key schemes.

- 5.5 In addition to the funding identified above, further work is required to understand the full costs and wider considerations of:
- a comprehensive maintenance regime for waterways;
 - the risks associated with third party assets;
 - natural flood risk management opportunities;
 - upland management, including upstream storage and reservoirs.
- 5.6 Whilst reservoirs could have the potential to play a much greater role as part of whole river catchment management programmes, the Review concluded that Water Companies are constrained in their ability to use these assets as part of a package of flood mitigation measures because their primary role is to ensure that there is adequate water available for public supply. Any proposal to use reservoirs for flood storage would require careful consideration of all related issues and may also require regulatory or legislative changes.
- 5.7 The long-term costs of protecting properties at risk of flooding in the City Region will be in the hundreds of millions of pounds. As public resources are being increasingly stretched, the effective prioritisation of limited resources will be increasingly important. The Review recommends the need for stronger collaboration with a range of partners who have a role to play in investing in combined multi-benefit infrastructure schemes that increase the resilience of existing economic activity and enhances our economic growth. This will lead to better long-term strategic thinking and future investments more closely linked to the City Region's Strategic Economic Plan.
- 5.8 The Review therefore concludes that there would be significant benefits in adopting new ways of closer partnership working between WYCA, Environment Agency, Local Authorities and other partners to join up flood resilience planning and investment with future housing and economic growth and development. This would include a stronger strategic evidence base for infrastructure investment prioritisation linked more closely to economic and housing growth plans as set out in the City Region Strategic Economic Plan and district Local Plans. This would help realise the benefits more quickly and better align and make best use of funding from all available sources.
- 5.9 Collectively, this greater alignment is already underway by developing a long-term **City Region Flood Resilience and Investment Delivery Plan**. There could also be opportunities to consider longer term issues through the devolution discussions with Government to maximise effective, more integrated arrangements in the future.

6. Key Strategic Review Recommendations

- 6.1 To address the issues identified in the Review the following key strategic recommendations are as set out below. A multi-partner officer group supported by and reporting to the Combined Authority will oversee the work programme to implement these Review recommendations.

Economic Impacts of Flooding

1. That the Combined Authority in liaison with the Environment Agency, Local Authorities, Local Resilience Forums and other partners map, and undertake a full assessment of the resilience of the critical infrastructure to cope with major future flood events within whole river catchments, further developing the approach taken by the National Flood Resilience Review.
2. That a City Region Flood Resilience Delivery and Investment Plan be developed, drawing together all funding sources to enhance and/or bring forward flood mitigation projects over the next 5 years and beyond to protect communities and support economic growth and development. This will include setting out the approach to addressing the long-term infrastructure resilience needs across the Leeds City Region, including the contribution of green infrastructure.
3. That further work is carried out to better understand and quantify the indirect economic impacts of floods in the City Region to better understand infrastructure resilience needs.

Emergency Response and Recovery

4. That both the West Yorkshire and North Yorkshire Resilience Forums lead a review in their respective areas of the operations of the emergency command structures to identify any potential improvements and ensure they are fit for purpose.
5. That all City Region Local Authorities review their approaches to recovery including the appropriate time period to move from the response to the recovery phase, and prepare Single Integrated Recovery Plans referring to the Calderdale Integrated Recovery Plan as an example of good practice.
6. That Local Authorities support people and businesses in high flood risk areas to prepare 'Personal Emergency Plans' and provide suitable materials, Flood Boxes and support for future flood events.

7. That the Local Resilience Forums and Local Authorities seek to increase the number of trained flood wardens across the City Region in preparation for future flood events.
8. That the benefits and practicalities of establishing a single public emergency contact telephone number for the Leeds City Region to provide an effective single contact point for the general public in times of floods, be explored.
9. That the Local Resilience Forums and Local Authorities build strong relationships with local media to raise awareness of real time issues and access to emergency help, and embed best practice from social media into Emergency Plans.
10. That both the West Yorkshire and North Yorkshire Resilience Forums undertake joint work to identify best practice and exploring the benefits of adopting a consistent definition of critical infrastructure to be targeted in the event of floods; for example, hospitals, schools, vulnerable residents, communications infrastructure.
11. That WYCA explore with the insurance industry and Government the opportunities for a simpler claiming process for individual residents or businesses after flood events.

Planning, Risk Reduction and Mitigation for Future Events

12. That WYCA and Local Authorities develop consistent planning policies and approaches across the City Region to mitigate flooding and improve resilience, including preparing City Region Supplementary Planning Guidance to provide a stronger steer for adoption of Sustainable Drainage Systems.
13. That a 'whole catchment' approach to flood risk and resilience be adopted and resources made available to promote and instigate Natural Flood Management, identifying best practice and building on what has already been achieved across the City Region.
14. That WYCA explores with DCLG the opportunities for updating Building Control legislation to help deliver greater resilience and resistance to flooding of new buildings and development.
15. That WYCA gives consideration to extending Climate Change Allowance modelling for fluvial flooding beyond existing scenarios to align with the LCR Strategic Economic Plan forecasting timescales, and support delivery of longer term Strategic Priority Growth Areas.
16. That WYCA convenes a strategic working group of local partners reporting to WYCA, to share expert advice and good practice, and coordinate actions to deliver the City Region Flood Review recommendations.

17. That WYCA and the Local Planning Authorities identify resource sharing opportunities to ensure the necessary flood and drainage expertise is in place to inform the local planning process across the City Region.
18. That WYCA works with Water Companies to identify where reservoirs may better assist with flood risk management as part of a package of measures, without compromising the supply of water to the City Region. This may include WYCA seeking amendments to legislation and regulations to enable Water Companies to manage their reservoirs to more effectively contribute to reducing the impacts of flooding.
19. That WYCA / City Region LEP explore with Government through Devolution, the potential long-term opportunities to maximise effective, more integrated arrangements for flood risk management and investment in the future.

7. Financial Implications

- 7.1 None directly as a result of this report. The Combined Authority is considering the Business Cases for Local Growth Funding for three flood alleviation schemes as part of a separate item on the agenda. The WYCA Infrastructure and Investment Team will support both the strategic officer group and the activities to implement the City Region Flood Review through existing staff resources, although there may be a further call on the budget to implement some actions, subject to detailed scoping of the tasks.

8. Legal Implications

- 8.1 None directly as a result of this report.

9. Staffing Implications

- 9.1 Officers in the WYCA Infrastructure and Investment Team will support the strategic officer group by coordinating the work programme to implement the recommendations of the City Region Flood Review as part of their core activities; in liaison with the Environment Agency, local authorities and other partners.
- 9.2 There are no further resource implications at this time as a result of this report.

10. Consultees

- 10.1 The Deputy Chief Executive of Leeds City Council and the Director of Communities and Service Support of Calderdale Council, whom have been jointly responsible with overseeing the Review have been consulted on this report.

11. Recommendations

- 11.1 That the Leeds City Region Flood Review and its recommendations be endorsed, and the Chair be delegated authority to sign-off the final report in liaison with the WYCA Managing Director.
- 11.2 That the need for additional funding of at least £5m per annum over the next 5 years to enable and bring forward flood mitigation schemes to protect more homes, businesses and communities earlier, be noted.
- 11.3 That the Combined Authority be kept updated on progress by the City Region Flood Resilience Group with implementing the recommendations of the Leeds City Region Flood Review.

12. Background Documents

- 12.1 Draft Leeds City Region Flood Review.

Director: Sue Cooke, Executive
Head of Economic Services
Author: Michelle Burton



ITEM 8

Report to: Combined Authority

Date: 1 December 2016

Subject: Creating Local Jobs through Major Capital Schemes

1. Purpose

1.1 To ask the Combined Authority to:

- agree that a consistent approach should be taken to embedding employment and skills outcomes in the procurement of major schemes by the West Yorkshire Combined Authority. The scoring criteria and contract clauses developed for the West Yorkshire Transport Fund should be used for the procurement of all major schemes by WYCA;
- approve the draft “policy statement” for embedding jobs and skills in the delivery of major capital schemes across Leeds City Region. See draft statement at **Annex A**.

2. Information

2.1 Research carried out by the Construction Industry Training Board (CITB) demonstrates the following:

- there is a pipeline of approximately £13bn of investment currently in the planning system in Leeds City Region. This is likely to represent a significant underestimate of the true volume of schemes as it only includes those with a value of over £5m and does not include schemes (eg repair and maintenance) that do not require planning consent or those that have not yet entered the planning system);
- it is estimated that this pipeline will generate demand for 120,000 workers against the current construction workforce of 107,000 (plus replacement demand);

- existing shortage occupations include: civil engineers, labourers, plant operatives, logistics and non-construction occupations;
- the largest proportion of employment opportunities between 2015 and 2019 will be created by new housing (in excess of 33%) followed by private commercial (25%), public non-housing (<19%) and infrastructure (13%).

2.2 This pipeline of developments represents a significant opportunity and challenge for the Leeds City Region:

- HS2 will create 25,000 jobs in the UK, peaking around 2025 with a uniquely high proportion of high level skills;
- Growth Deal and other public sector investments, particularly the West Yorkshire Transport Fund, will create significant numbers of employment opportunities but there are already skills shortages in the construction sector and these schemes will face competition from other sectors and schemes.

2.3 As one of the major strands of the LEP's "Inclusive Growth" task group WYCA has been working with the Joseph Rowntree Foundation's "More Jobs, Better Jobs" project for the last few months to support WYCA's coordinating role in the development of a Leeds City Region approach to maximising jobs, skills and poverty reduction through the procurement of major capital schemes, and to support the West Yorkshire Combined Authority to embed jobs, skills and poverty reduction in its own procurement processes. Currently, there is some excellent practice within Local Authorities but there is significant variation between and even within Authorities, with a stronger approach being taken with some schemes than others. A consistent approach should also be taken to embedding employment and skills outcomes in grants and loans, and this will be considered separately.

2.4 Progress to date includes:

- Work led by Kirklees Council to embed employment and skills in the procurement of frameworks to deliver the West Yorkshire Transport Fund has been supported by LA and WYCA/LEP officers and the Joseph Rowntree Foundation. Scoring criteria and contract clauses have now been agreed for the WYTF and it is proposed that these should be included in the procurement of any major schemes by WYCA.
- A policy statement (attached as Annex A) has been developed, building on existing good practice in Local Authorities. Businesses and intermediaries, including Chambers of Commerce, have been consulted on the proposed approach. 100% of respondents agreed with WYCA's ambition to maximise the benefits from the investments we make by applying procurement policies that increase employment, apprenticeship and skills opportunities for local people.

- A workshop took place with LA and WYCA Employment and Skills and Procurement Officers in July 2016, with the support of the Joseph Rowntree Foundation “More Jobs, Better Jobs” project, to share practical approaches to overcoming barriers to maximising local employment outcomes.
- “Supply side” activity is being carried out by the LEP/WYCA and Local Authorities to address skills shortages in the medium and long term, including:
 - a dissemination event in Autumn 2016 to present the findings of CITB/LEP research into construction skills shortages in order to influence schools, colleges, universities and private training providers) and careers advisers;
 - an options appraisal considering different approaches to employment and apprenticeship recruitment and brokerage, including through a single “gateway”, is currently being carried out;
 - a specification is being developed for activity aimed at improving the employability of young people in schools, linked specifically with gearing up to deliver major infrastructure schemes. It is anticipated that the scope of activity will include teacher CPD, a budget for release time, innovative extra curricula activities that will focus on encouraging more girls to consider STEM careers and the pathways to them. Peter Duffy (Managing Director of a Wakefield-based civil engineering and construction company) has offered to be involved with this process, providing a valuable private sector perspective.

3. Financial Implications

- 3.1 Employment and skills outcomes are already included in procurement by some Local Authorities and there is no evidence of an increase in prices as a result. Value for money must remain a critical consideration.
- 3.2 It is anticipated that a more consistent approach will in fact create efficiencies. At present, Project Managers within WYCA and Local Authorities are spending time creating their own requirements, definitions and introducing their own monitoring systems. The inconsistent approach also makes it difficult for tenderers and partners to anticipate WYCA’s expectations and the extent to which they will be held to account. The proposed approach includes introducing a “how to” guide for Project and Procurement Managers which will make it far easier for requirements to be implemented.

4. Legal Implications

- 4.1 The scoring criteria and contract clauses developed for the West Yorkshire Transport Fund have been approved by Beechcroft who are providing legal advice to WYCA on the procurement of the West Yorkshire Transport Fund. It is proposed that these

scoring criteria and contract clauses should be used for the procurement of all major schemes by WYCA.

- 4.2 WYCA's Legal team will assist with the implementation of this policy statement.

5. Staffing Implications

- 5.1 It is anticipated that the monitoring of employment and skills outcomes from capital schemes will be embedded in the functions that the Delivery Directorate, and the Portfolio Management Office (PMO) in particular, will carry out. In particular, the PMO will work closely with the employment and skills team to identify the jobs and skills outcomes that will form part of the business case for an investment. Employment and skills outcomes will form part of the contract and will be monitored closely as the project is delivered.

6. Consultees

- 6.1 Beverley Parrish (Managing Scientist, Exponent International Limited) and Peter Duffy (MD, Peter Duffy Ltd), construction employers on the Employment and Skills Panel, have provided a valuable business perspective on the development of the policy statement.
- 6.2 The Business Communication Group (BCG) of the LEP also been consulted – with a detailed feedback received from West and North Yorkshire Chamber of Commerce. 100% of respondents agreed with WYCA's ambition to maximise the benefits from the investments we make by applying procurement policies that increase employment, apprenticeship and skills opportunities for local people. The Chamber urged that requirements should keep bureaucracy to a minimum – should these recommendations be approved, we will work closely with them to ensure that the implementation does not include any unnecessary bureaucracy.

7. Recommendations

- 7.1 The Combined Authority is asked to:
- (i) agree that a consistent approach should be taken to embedding employment and skills outcomes in the procurement of major schemes by the West Yorkshire Combined Authority. The scoring criteria and contract clauses developed for the West Yorkshire Transport Fund should be used for the procurement of all major schemes by WYCA;
 - (ii) approve the draft "policy statement" for embedding jobs and skills in the delivery of major capital schemes across Leeds City Region. See draft statement at Annex A.

Leeds City Region and WYCA – Maximising Good Growth Benefits through Procurement

Proposed Policy Statement

Overview

Leeds City Region's economic vision as set out in its Strategic Economic Plan (SEP) 2016-2036 is:

"To be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone".

The SEP's focus on 'good growth' means achieving the right quantity *and* quality of growth, and combines:

- improved productivity and economic output;
- good jobs, incomes and reduced inequalities; and
- quality of place, environmental good practice and low carbon emissions

The four priorities of the SEP will take forward this principle and cover business growth, employment and skills, clean energy and environmental resilience and infrastructure for growth. The SEP makes clear the City Region's intent to increase skill levels and employability to meet future labour demands and enable people from all communities across the City Region to secure more and better jobs. This includes closing the gap to national average on higher level skills and progressing the City Region's poverty reduction and 'NEET free' ambitions (i.e. no young people Not in Education, Employment or Training). Specifically, the SEP seeks to:

"Support the most disadvantaged to access jobs through employment in the delivery of major schemes and their subsequent end use, including through procurement and planning processes".

There is great potential for major physical developments in the City Region to contribute to this goal, the SEP's four priorities and its good growth principles. Development should in itself lead to improved infrastructure, housing and business growth. In addition, the *way* in which development is procured and delivered can bring about further benefits such as jobs, apprenticeships and skills.

Leeds City Region partners and the West Yorkshire Combined Authority are committed to maximising the benefits from their investments, including through procurement, exerting influence through the planning system and working in partnership with the private sector and developers. The delivery of capital schemes and physical developments provide significant opportunities for creating jobs, skills, apprenticeships and social inclusion and this will be a particular area of focus. Our approach will maximise these benefits and help the construction industry to meet its long term skills and labour needs, whilst also ensuring that schemes are efficiently delivered, are good quality and provide good value for money.

Specific Goals

In line with the SEP and its good growth goals, Leeds City Region partners and the Combined Authority will seek to maximise benefits in six main areas when it procures capital development schemes, and revenue contracts and the end use of schemes where appropriate. These goals will be embedded into what we procure and the way we procure it and are:

- 1) **Employment** – we seek more jobs and good jobs, and improved access to them across our communities, specifically including those who are unemployed or face barriers to employment.
- 2) **Apprenticeships and traineeships** – we seek the creation, progression and completion of good quality traineeships and apprenticeships (including at advanced, higher and degree level) which help to develop the workforce of the future and provide routes into long term employment and career opportunities, especially for young people and marginalised groups.
- 3) **Skills development** – we seek training and upskilling activity at all levels (including routes into higher level and technical skills) that will increase workforce skills and provide benefits for productivity, progression and earnings and the quality of work that is delivered.
- 4) **Engagement with schools, colleges and universities** – to make pupils and students aware of career opportunities in relevant sectors and the skills and subject choices that are required for them, and to engage students in the world of work and enhance employability and enterprise skills, including through visits, curriculum activity, placements and internships and 'new entrant trainee' job opportunities.
- 5) **Opportunities for SMEs and local suppliers** – including through awareness of, and ability to, bid for potential contract opportunities as well as prompt payment to suppliers.

- 6) **Environmental and carbon reduction benefits** – for example through incorporation of good practice on energy efficiency and low carbon; minimisation of waste, resource use and transport impacts; and incorporation of green infrastructure and environmental resilience into physical development.

Creating ‘first job opportunities’ is a priority for the City Region/Combined Authority and we will progress this goal through a focus on ‘New Entrant Trainees’. This term spans the employment, training and apprenticeship goals covered in points 1 and 2 above and is further defined in the sections that follow.

The six goals are in addition to the normal high standards that we would expect around health and safety and considerate construction. Across them, we expect there to be an emphasis on the quality as well as the quantity of benefits (e.g. good quality jobs and apprenticeships). Delivering them will bring about long term benefits for businesses, the economy, communities, inclusion and poverty reduction.

Implementation through Procurement

It is the policy of Leeds City Region and the Combined Authority to incorporate good growth goals (as per 1-6 above) into its procurement practices, including:

- specification of what we procure
- contract clauses that detail what we expect to be delivered
- scoring and selection processes for choosing contractors
- the monitoring and verification of what is delivered
- use of penalties/incentives/enforcement mechanisms to encourage and ensure compliance

In taking forward this approach, the stipulations we make will be ambitious and in line with what is possible through applying good practice approaches, whilst maintaining compliance with relevant procurement legislation. This will include targeting benefits at Leeds City Region (and where possible in and around the location of the schemes being delivered) whilst respecting legislation and relevant case law about ensuring a level playing field for potential contractors. We will seek to influence both prime contractors and the sub-contractors they may deliver through.

Within procurement, we expect the following requirements (and others that may be agreed and added by WYCA and City Region partners from time to time) to be adopted to meet our stated economic and community (good growth) goals whilst applying a practical, targeted and balanced approach.

Our approach and requirements will include:

- a) Proactively seeking and monitoring Good Growth benefits in all schemes, and applying the conditions set out below in those with a full contract value of £500,000 or above (measured cumulatively if contractors have multiple contracts in the City Region) and a duration of 12 months or more. Flexibility will be retained to include requirements in specific contracts below this threshold where significant opportunities are apparent.
- b) Encouragement and support to recruit as a high a proportion of the additional labour (jobs and apprentices) needed for projects from in and around the areas where projects are delivered.
- c) A specific focus on the employment of 'New Entrant Trainees' within contract clauses and selection criteria. This is a broad term covering those with no substantial work experience (e.g. school or college leavers) and long term unemployed people and includes apprenticeships and employment with training. It is used so that projects create opportunities for those who lack the skills or experience to compete in the labour market, alongside wider job and apprenticeship opportunities.

In relation to the above, a *New Entrant Trainee* is defined as a person who needs training and support to achieve full accreditation, sustainable employment and productivity and is:

- a person leaving school, college, university or training; or
- a person who has not been employed regularly in the preceding 12 months¹; or
- a person who is not employed and has a disability or limiting health issue; or
- a person already engaged as a new entrant trainee (including apprentices) on another contract but who requires a further period of training.

Limits will be placed on the numbers of existing new entrant trainees that can be counted and on the proportion that are apprentices or graduate trainees to ensure that sufficient new job opportunities are available for those who are unemployed or less well qualified. A new entrant trainee who is an apprentice on an industry recognised scheme may be counted as a new entrant for up to 104 weeks, those who are an 'other trainee' can be counted as a new entrant trainee for up to 52 weeks.

- d) Counting employment (new entrant trainee) benefits in 'person-weeks' and allowing these to be counted at framework level across a number of contracts delivered by one

¹ This period can be reduced to 6 months at the discretion of the relevant contracting authority in instances where evidence on labour market conditions shows that there are insufficient new entrant trainees available who have not been employed regularly in the previous 12 months.

contractor. This helps to ensure the sustainability of training and employment and brings benefits for employers and employees.

- e) Stipulating the expected minimum number of new entrant trainee person-weeks required per £1million (pro rata) of full construction contract value, based on the following benchmarks: 26 new entrant trainee person weeks of employment for infrastructure contracts, 52 person-weeks for building contracts
- f) Stipulating that for service contracts that are mainly delivered within Leeds City Region, the expected minimum benchmark for 'new entrant trainees' person weeks will be 10% of the total person-weeks required to deliver the contract where there is not an existing workforce with TUPE rights, or that new entrant trainees are recruited to fill a minimum of 40% of vacancies² in the workforce delivering the contract where there is a workforce with TUPE rights.

Within (e) and (f) above, contractors will be asked to specify their own targets for numbers of new entrant trainees and how they will be achieved within their contract proposals/method statements. This will build ownership of the targets set, allow flexibility according to the nature of the work and its labour requirements, and enable approaches for putting targets into practice to be set out, explained and assessed. Assessment and scoring of contractors will favour those that go beyond expected minimum benchmarks and set higher targets. Quality factors (e.g. mechanisms to target the most disadvantaged) may also be taken into account. Delivery of commitments and targets set within proposals will be monitored and enforced.

- g) Specifying that new entrant trainees should be recruited through named sources specified from time to time by the client and in and around the area a project is being delivered within. To support this, the City Region will seek to specify a 'gateway' agency/mechanism through which potential employers/developers can access new entrant trainees and unemployed people who are suitable for the vacancies in question (often via employment and training projects around the City Region).
- h) Promoting *good quality apprenticeships* (both within and in addition to those taken up by a proportion of new entrant trainees) – for instance by stipulating expectations on pay and progression or targeting a proportion of apprenticeships to be at advanced, higher or degree level.
- i) Including other contract conditions and minimum benchmarks as relevant, typically including those to cover:

² Or a lower percentage where more than 50% of the workforce required to deliver the contract will require entry level qualifications at A-Level (or equivalent) or above.

- setting requirements to *engage with a number of schools, colleges and universities* - for instance through visits, engagement on curriculum and careers information, and providing work experience and placement opportunities;
- encouragement and support for *training, upskilling and progression across the workforce*, including progression to level 3 and higher level skills;
- encouragement of good practice on *environmental and low carbon criteria* in line with the SEP – for example, by asking contactors to specify how they will reduce waste, energy, transport impacts, resource use and CO2 emissions to support local/city regional goals;
- providing *supply-chain and SME opportunities* that benefit the City Region, for instance by promoting contract opportunities widely, adopting procurement approaches that do not disadvantage smaller businesses, and by stipulating expectations for prompt payment of suppliers.

Model clauses will be developed and made available on the above points to assist with implementation.

- j) Ensuring that clear requirements for monitoring are set out in contracts, that these are consistent across contractors and local authority areas, and that mechanisms and resources are in place to follow them through. This should include employment of/access to appropriate expertise and capacity, and the use of reporting, databases and pro-formas to collect and collate data on new entrant trainee and other good growth outcomes.
- k) Adopting a collaborative and pragmatic approach with industry that seeks to help the construction industry and others to find suitable recruits and apprentices, to meet their long term skills and labour needs, and to work within a clear, consistent and predictable contracting framework. Mechanisms to support these needs will be developed, including ongoing engagement with industry and sign-up to partnership schemes where relevant (e.g. the CITB/National Skills Academy for construction ‘Client Based Approach’ or Yorbuild, subject to agreement on suitably ambitious benchmarks for the social value benefits gained and targeting of opportunities for Leeds City Region residents).

The above points will be incorporated into Combined Authority/Leeds City Region contracts and systems and we will develop a range of standard tools which will assist with implementation. These will include:

- model clauses and pro forma documents to be used in procurement/contract processes;
- standard monitoring forms;

- a database to collect, collate and verify outcomes data on new entrant trainee and other 'good growth' benefits/outcomes; and
- training on the use of these as required.

Tools developed by the Combined Authority/Leeds City Region will be available for partner local authorities and agencies to use. They will complement activity to gain similar benefits through working with developers and investors on a voluntary basis, and through operation of the planning system. The approach will combine flexibility for local partners (reflecting their circumstances, preferences and existing good practice) with collaboration to apply a consistent, efficient and effective approach across the City Region.

Director: Ben Still, Managing Director
Author: Jonathan Skinner



ITEM 9

Report to: Combined Authority

Date: 1 December 2016

Subject: Developing the LCR Strategic Economic Plan: Ensuring Good Growth Benefits All

1. Purpose

- 1.1 The Combined Authority (WYCA) and Leeds City Region Local Enterprise Partnership (LEP) have agreed a Strategic Economic Plan (SEP) with good growth at its heart - meaning a growing, more productive economy where significant improvements are felt in the most deprived communities.
- 1.2 Inclusive growth is now a key national and international agenda and the report outlines a project to position the city region at the forefront of this.

2. Information

Strategic context

- 2.1 Good, or inclusive, growth is arguably the foremost global challenge, with significant attention from the UN¹, OECD², World Economic Forum³ and International Labour Organisation (ILO)⁴. Put simply, “recovery” from the 07/08 global financial crisis has been unbalanced and exacerbated inequality. Its consequences are seen in international migration, dissatisfaction with the tax status of global corporations and examples of more extremist politics.
- 2.2 Business and civic leaders in the city region have, through the Strategic Economic Plan (SEP), an agreed vision “to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”. The SEP expands on the relationship between a growing, more productive economy with quality, connected places and good jobs where everyone can fulfil their potential:

¹ Via the UN, world leaders agreed in September 2015 to the ‘Agenda 2030’ which sets the economic, social and environmental components of future global sustainability.

<https://sustainabledevelopment.un.org/post2015/transformingourworld>

² OECD – All on board: Making Inclusive Growth happen - <http://www.oecd.org/inclusive-growth/all-on-board-9789264218512-en.htm>

³ WEF (2015) http://www3.weforum.org/docs/WEF_Forum_IncGrwth.pdf

⁴ **Decent work and inclusive growth** is one of the ‘Agenda 2030’ goals and is subject to specialist research by the ILO



Fig: 'Good Growth formula' in the Strategic Economic Plan (SEP)

- 2.3 At its recent meetings, the WYCA has debated how Brexit voting patterns revealed some stark divisions in society - between rich and poor, young and old, people enthusiastic about globalisation and those concerned by it. Concern was expressed that people felt disaffected and not valued. Members considered it vital to address the concerns of the electorate – particularly those people feeling economically insecure, who feel they haven't benefitted from globalisation and are most vulnerable to further public sector austerity. The agreed joint Combined Authority and LEP Brexit action plan includes a workstream to support a cohesive society by overcoming the disconnection between communities and national politics through the unique, democratic leadership of councils.
- 2.4 The Prime Minister invoked similar themes by making "*a country that works for everyone*" the mission of the government she leads. This is beginning to take effect through the emerging industrial strategy and establishment of the Inclusive Growth Unit in the Department for Culture, Media and Sport (DCMS) to focus on expanding opportunities for those who are struggling to cope and harness the power of private investment and business for the advantage of everyone. The Autumn Statement is likely to increase pace and may provide further investment opportunities.

Progress so far on Inclusive Growth

- 2.5 Current work underway across the city region includes: the Joseph Rowntree Foundation (JRF) 'More Jobs, Better Jobs' project; the LEP's inclusive growth task group; the RSA (Royal Society of Arts) Inclusive Growth Commission; the Low Paid Workers' Group and examples of district based activity.
- 2.6 Working collectively, West Yorkshire and York authorities are already at the heart of high-profile national work, including the RSA's Commission on Inclusive Growth⁵, which included a 'deep dive' of issues and successes in Bradford and whose sponsors

⁵ RSA Inclusive Growth Commission Interim Report (September 2016) <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission#>

include the Local Government Association (LGA), Key and Core Cities Groups. There is support from across the city region for an RSA/Leeds City Region-led national conference to be held in Bradford in early 2017 for the launch of the final RSA report, focusing on how inclusive growth can be achieved and airing authentic views from members of the public who stand to benefit to highlight the leadership that local communities and politicians can provide.

- 2.7 The Joseph Rowntree Foundation, Leeds City Council and the LEP have led the More Jobs, Better Jobs project to look at ways to better connect the economy, jobs and poverty through practical research. This programme has informed the LEP's inclusive growth task group.
- 2.8 In May 2015, the LEP Board initiated an inclusive growth task group, chaired by Roger Marsh, to examine what the LEP could contribute to good growth and addressing poverty and other practical steps to deliver inclusive growth. Four particular workstreams cover:
- **Strategic direction** – the spring 2016 SEP refresh took account of research undertaken, resulting in a stronger 'good growth' narrative.
 - **Procurement** – the WYCA, LEP and partner authorities are working to embed employment and skills outcomes in the procurement of major infrastructure schemes to maximise local employment opportunities, particularly disadvantaged communities. Working closely with local authorities, the WYCA has developed a draft policy statement and model contract clauses, which are being discussed with employers.
 - **In-work progression** – although the number of unemployed people (including young people) in the city region has fallen steadily over recent years, the number of people in receipt of in-work benefits is increasing and is currently estimated to be around 200,000. Many people are earning too little – or working insufficient hours – to come off benefits. The city region has used its influence over European Funds to initiate a £1m project to support in-work benefit claimants to progress into higher paid work.
 - **Anchor Institutions** – research has highlighted the impact that major employers have in their local area as 'anchor institutions'. They include large businesses, hospitals, universities and local authorities that employ many people, have significant buying power and a strong place-base. The LEP may wish to consider the merit of a 'call to action' to recognise the contribution such organisations can make, in addition to the many strong links which already exist. Dialogue with partners on the right scale for such an initiative will be necessary.
- 2.9 The Lower Paid Workers Group continues to pursue the recommendations set out in the Low Pay Charter, which was signed by all West Yorkshire and York Local Authority Leaders in March 2015. The Charter is based on an ambition to proactively tackle low pay in local authority and WYCA workforces – either directly through pay, or through mechanisms that stretch income, improve quality of life, and provide tools for development and progression to better and higher paid work. It also considers how we will maximise our role as local leaders, influencers, employers and buyers of

goods and services to address low pay. A full progress report on the Group's original recommendations is attached as **Appendix A**.

Proposed project to address the challenge

- 2.10 It is proposed that a project will be led by the lead chief executive for inclusive growth (Kersten England, chief executive of Bradford MBC) and Ruth Redfern (Kirklees MBC's Director of Communities, Transformation and Change), who is seconded⁶ to act as project director on behalf of all partner authorities. WYCA and partner resources will support the project, including secondments from local authorities.
- 2.11 The project will better enable the city region to capitalise on new opportunities and achieve the SEP's outcomes. As a first stage it would seek to:
- Provide analysis of intelligence and data to inform priorities for action, establishing strengths and gaps in current work;
 - Undertake an audit of current activities across the WYCA geography, and draw out best practice;
 - Determine collective priorities, and engage widely with local members, businesses and community groups on what good growth means to them; and,
 - Support the RSA conference as required.
- 2.12 The results of this stage would enable a fuller proposal to be brought back to the LEP Board and WYCA, alongside the resource and budget implications. This would also include governance arrangements which would bring together the existing LEP work with this project.
- 2.13 The WYCA and LEP Board are accountable for driving delivery of the Strategic Economic Plan and the pursuit of good growth on behalf of city region residents and businesses. Those boards will agree shared priorities, drive improvements in the outcomes and ensure this is communicated clearly to residents and businesses. The project outputs are vital to help the WYCA and LEP Board to further sharpen and evaluate city region activity and their effect on outcomes. A steering group will provide strategic direction, drawing together elected members, business leaders and expert advisers.

3. Financial Implications

- 3.1 There are no direct financial implications as a result of this report. All financial costs for the Kirklees Director (Ruth Redfern) will be paid by Kirklees MBC for the duration of the secondment.
- 3.2 There will be financial implications in respect of how the WYCA and partners respond to the strategic 'good growth' direction set for the WYCA and LEP. These will be subject to further reports to the LEP Board and WYCA.

⁶ For three days per week for a period of 18months.

4. Legal Implications

- 4.1 There are no direct legal implications as a result of this report.
- 4.2 The report explains that some aspects of 'good growth' might extend beyond the powers of the Combined Authority / LEP. However, there are strong links to the economic and social agendas.

5. Staffing Implications

- 5.1 There are no direct staffing implications as a result of this report. However, as the core role of the WYCA is to develop and pursue the SEP, it is likely that there will be implications for WYCA's resources. These implications will be addressed through business planning processes for 2017/18.

6. Consultees

- 6.1 All WYCA Members have previously been consulted on the purpose for this work and the opportunity provided for by the secondment of a project director from Kirklees MBC.
- 6.2 West Yorkshire and York local authority chief executives have been consulted on the approach to this work.

7. Recommendations

- 7.1 It is recommended that the Combined Authority:
- (i) endorse the outline project presented in this paper, accountable to the WYCA and LEP Board; and,
 - (ii) support an RSA/Leeds City Region-led national conference in Bradford on inclusive/good growth. This follows the RSA's Inclusive Growth Commission and its deep-dive of the issues and successes in Bradford.

8. Background Documents

- 8.1 Background reports previously discussed/agreed by the WYCA:
- May 2015 – LEP Board minutes
 - 31 March 2016 - Endorsement of the Strategic Economic Plan
 - 28 July 2016 - Implications of vote to leave the EU
 - 29 September 2016 - Implications of vote to leave the EU

**'NO SILVER BULLET':
DOING MORE TO SUPPORT OUR LOWER PAID WORKERS**

Progress Report from the Lower Paid Workers' Group

November 2016

1. INTRODUCTION: THE BACKGROUND TO, AND PURPOSE OF, THE LOWER PAID WORKERS' GROUP

The Lower Paid Workers' Group (LPWG) was established in the spring of 2014 at the request of the Leaders of the West Yorkshire Combined Authority (WYCA) area. This came on the back of discussions regarding the quality of growth, the growing gap between the best and worst off in society, and the rising prevalence of insecure employment practices such as zero hours contracts. It also emerged from decisions on the adoption or not of the living wage within local authorities, and that whilst this was unanimously agreed to be a very important tool, it should not be the sole response to tackling low pay. The view was that councils had scope to go further than they already did on supporting and providing 'good' jobs for their lowest paid workers.

The LPWG, comprising a cross-departmental mix of senior officers from each local authority in the WYCA area and the Combined Authority itself, was given the remit of exploring approaches (be they collective or individual) to answer the question "what more can be done to support our lowest paid workers?" It launched its report, including a Low Pay Charter signed by WYCA Leaders, in March 2015, setting out a 10 point plan for tackling low pay.

Since then, the LPWG has continued to meet on a regular basis to ensure that the recommendations of the Charter have been proactively pursued. Thanks must go to officers for their contribution to this. This report is designed to provide a stocktake of progress to date, reflecting where good strides forward have been made as well as where action has been more challenging; and to provide a number of suggestions for further action.

2. AN OVERVIEW OF PROGRESS AND RECOMMENDATIONS FOR THE FUTURE

The table below summarises the headline progress that has been made in implementing the recommendations set out in the Group's March report and in the Low Pay Charter. Further detail is set out in section 4. Colour coding has been used to show progress. This is by its very nature a big and complex agenda, cutting right the way across each authority, in a context where there is little spare capacity. It should be noted therefore that these colours are a tool used to denote where specific work has moved forward in the 18 month period. They are not a judgement on the commitment or level of importance placed on particular recommendations. They look at progress on the whole, not by authority, recognising that action has varied across the group in keeping with individual corporate priorities.

	Strong progress made
	Good progress but with more to do
	Limited specific action to date

The Group firmly believes that this agenda continues to be of great importance for multiple reasons. Firstly, in terms of our own responsibility as good corporate citizens, and having a workforce that is well equipped to enable us to successfully evolve our form and function to respond to new pressures and continue to provide value for local people. We are in many ways already exemplar employers. But we will always have a need for low paid roles. It is a challenge to us that these are often part-time, filled by people working multiple jobs, and a predominantly older and female workforce. We must ensure that these roles are 'good' jobs that support people to lead fulfilling lives.

Secondly, in terms of being entirely consistent with the 'good growth' ambition set out in the Leeds City Region's refreshed Strategic Economic Plan (SEP). As local authorities we have a role to play in delivering the vision set out in that document to create a strong, productive and resilient economy where growth goes hand in hand with access to good jobs that pay higher wages and where all residents have access to opportunity and enjoy improved quality of life. As the SEP notes, the value of this is clear – people are better off, the local economy is boosted, the environment is improved, society is fairer and government is able to spend less on welfare and public services.

Thirdly, because the evidence base for tackling low pay continues to grow and it does so in a national policy context that continues to evolve. The introduction of the National Living Wage goes some way towards addressing the

enduring trend for low pay in the UK economy, recognising that for too many people, employment is not offering the route out of poverty that it should. Add to this the continued backdrop of austerity measures, ongoing programme of social reform and an economy where the cost of living and polarisation of wages continues to grow it is clear that acting to tackle low pay matters now more than ever.

On this basis, the table below sets out a headline next step for each recommendation, either to cement progress or to get action more fully off the ground. The report goes on to outline more detailed next steps in relation to specific recommendations. This forward look is designed to ensure that we continue to embed a culture that is at all times conscious of the needs of our lowest paid staff. Recommendations are made in full recognition that difficult decisions around service provision and delivery still lie ahead that will by their nature impact on lower paid staff but that a low pay lens must be applied at all times.

Recommendation	Progress	Headline next step
1. Pay scales and the living wage		Evolve as per individual authority circumstances and in view of national pay settlements and Living Wage Foundation increments
2. Pensions		Harness the capacity of the employee non pay benefit scheme technology (see recommendation 6) to reach lower paid staff to communicate the value of pensions and to promote options
3. Skills and development		Work to instil a culture shift in perception of the value of skills, training and development and establish its link to higher paid work
4. HR policies and practices		Make the lowest paid a named equality group with protected characteristics so that decisions are consciously made with them in mind. Collaborate to scope a wider approach to HR policy.
5. Management and leadership		Continue individual programmes with a focus on managerial expectations and behaviours, equipping managers to manage, performance managing accordingly and communicating with lower paid staff to monitor impact
6. Employee benefits		Implement proposed solution. Embed the cost of a dedicated Project Officer for two years into the scheme (shared amongst participating authorities) to manage collaboration between authorities, retain low pay focus, drive targeted communication, and maximise the capacity of the IT platform as a corporate communication tool, notably in addressing other recommendations made here.
7. Health and wellbeing		Ensure all health and wellbeing support programmes are fully accessible and proactively promoted and targeted at lower paid staff to recognise the links between low pay and health inequalities. Use employee non pay benefit scheme technology (see recommendation 6) to assist in this.
8. Procurement		Accelerate the application of social value across procurement, driven through our portfolio of major investment and development schemes and the associated policy statement developed for this
9. Zero hours contracts		Maintain stance on zero hours contracts and continue to use leadership role to champion and embed a culture of good jobs
10. Good growth		Use leadership mandate to continually champion and embed inclusive growth and social justice with direct translation into action and difference on the ground
Overarching next steps		
<p>COMMUNICATE: Maintain consistent and frequent dialogue with lower paid staff, embedded in internal communications processes so that action remains relevant to peoples' circumstances.</p> <p>LEAD: Use our leadership mandate to pursue at the highest level good jobs and opportunities for all our people secured through good growth. Use our role as major local institutions to bring leadership to this agenda and to make the case for good jobs that deliver good outcomes for the lives of people across all of our communities.</p> <p>COLLABORATE: Continue to collaborate on this agenda, through empowered senior staff who can champion, communicate and embed action within their own organisations.</p>		

4. PROGRESS ON THE RECOMMENDATIONS OF THE WEST YORKSHIRE COMBINED AUTHORITY LOW PAY CHARTER

The Low Pay Charter's recommendations are based on an ambition to proactively tackle low pay in our own workforces – either directly through pay, or through mechanisms that stretch income, improve quality of life, and provide tools for development and progression to better and higher paid work. They also consider how we will maximise our role as local leaders, influencers, employers and buyers of goods and services to address low pay. Recommendations are being delivered either by individual councils or in partnership across the WYCA area; and are a mix of new action and shaping existing activity to better focus on the needs of lower paid staff. Progress is set out below.

THE PAY DIMENSION: Recognising financial constraints, we will work to boost levels of take home pay now and through to retirement.

RECOMMENDATION 1	For those who have not implemented a living wage policy - Apply a managed and staggered approach to reaching a living wage by removing the bottom two pay scales for the two years 2015/16 and 2016/17
PROGRESS	

A recap on why this is important

We are seeking to ensure that all constituent members of the WYCA area go as far as they can to ensure that lower paid staff are not held back from achieving an acceptable standard of living and stable financial footing, with important knock-on impacts on individual, family and community wellbeing and the economy.

Action to date to deliver the recommendation

All local authorities in the WYCA area are now paying a living wage. Two of the five – York and Calderdale - are accredited Living Wage Foundation (LWF) employers, thus the LWF rate of £8.25 per hour is paid. WYCA are currently in discussions with Trade Union colleagues about the possibility of the organisation achieving full accreditation to LWF i.e. scoping out a plan for third party contracted staff to be paid the LWF rate. Others have implemented a local Living Wage, in all cases above the national living wage rate of £7.20, as follows:

Local Authority	Pay position
Bradford	Local living wage of £7.85
Kirklees	Local living wage of £7.88 at SCP11, rising to £8.06 on approval of pay agreement
Leeds	Contractual minimum pay rate of £8.01. Over 2016/17 this will rise to meet the LWF rate of £8.25. This increase includes the latest pay award, but any staff who would be better off under the new pay award will get a subsequent increase.
Wakefield	Local living wage of £7.85, reviewed annually as part of budget process
WYCA	Living Wage Foundation rate of £8.25

In addition, authorities are looking for areas in which this recommendation can be applied through procurement to achieve best impact on service delivery. Leeds for example is looking at how it can encourage providers to pay travel time for home carers. This is a particular concern looking ahead to the potential implications of Brexit and a situation in which there may be an erosion of workers' rights and the employment legislation on which this rests.

In relation to pay, an issue has been flagged in which low paid and short-serving employees are currently discouraged from taking very low value severance packages. In Leeds a de-minimis payment of £750 is being offered to staff provided a viable business case can be agreed to allow voluntary severance in order to better help lower paid workers to cope with changed financial circumstances upon leaving employment.

Next steps

All authorities are awaiting recommendations regarding national pay spines prior to making onward commitments regarding living wage pay rates beyond 2016/17. From an accredited perspective in particular, significant annual increases to the LWF rate make the position increasingly financially challenging. Both also require a view on pay differentials to be taken. The Group continues to support the decisions of individual authorities to act in accordance with their own unique financial circumstances in this regard; and does this in the context of our principle that the living wage is an important, but not sole, tool in tackling low pay. Through the continued implementation of our recommendations, much more can, and now is, being done to support lower paid workers to stretch their take home pay. Beyond this, in keeping with recommendation 8, we urge authorities to continue to explore options for the payment of living wage rates through the services it procurers.

RECOMMENDATION 2	Review pension information to make the case for membership from a low pay perspective and proactively target communication at lower paid workers to drive uptake
PROGRESS	

A recap on why this is important

Across the board, too few people are saving for their future. Auto-enrolment has gone some way towards addressing this, but low earners remain the least pensioned. We are not starting from scratch - levels of pension membership in our councils are encouraging and demonstrate the value that people place in the scheme. But we must maintain these levels and go further to provide accurate, clear and concise information that allows people to make informed decisions regarding financial planning for their future.

Action to date to deliver the recommendation

Kirklees continues to be notably proactive in this area, and accordingly has a high level of pension take up amongst lower paid workers. The authority has recently undertaken a re-enrolment exercise whereby all employees earning £10,000 per year, and who were not contributing into the pension scheme, were automatically re-enrolled. They then had to decide whether or not to continue paying pension contributions. Of the 542 people that were re-enrolled, 207 or 38% have since opted out. The council also offers an advice service and spends time explaining the 50/50 scheme to staff (50% contribution for a reduced offer) and to encourage people to stay in the scheme.

For others, auto-enrolment has supported progress in delivering this recommendation. Data suggests that the majority of those that subsequently opt-out of the pension still tend to be those who are lower paid. In some cases, for example in York, there has also been a review of the pensions information that is provided to staff; and in Wakefield, all low paid employees have received a letter detailing the benefits of joining the scheme, a fact sheet and information on the 50/50 scheme. Uptake as a result of this will be monitored. Wakefield have also called upon Government to reconsider transitional arrangements for women born on or after 6 April 1951 to prevent these women from living in hardship due to pension changes.

Overall therefore, there is still further to go to implement this recommendation fully, particularly to focus effort on communication and targeting in a way that reaches the right people and positively promotes the pension and helps them to make a decision on how to balance their immediate financial needs versus those in the future.

Next steps

Resource capacity dictates that the best way to further this recommendation is through piggy-backing on communication tools and collaborating with others. Further action therefore should be centred around:

- Harness the capacity of the employee non pay benefit technology (see recommendation 6) to communicate and demonstrate the value of pensions to individuals; and to promote options such as the 50/50 scheme
- Work with the West Yorkshire Pension Fund so pension information is relevant to individuals; and work in partnership with the Credit Union and trade unions to communicate and drive take-up

- Undertake analysis of low take-up groups to allow for more effective targeting to promote take-up

THE NON-PAY DIMENSION: We will help people to make their money go further, improve their quality of life, and have the tools that they need to develop and, in time, progress to better and higher paid work.

RECOMMENDATION 3	Commit to communicating the positive relationship between skills and opportunity; and to ensuring that lower paid staff are supported to reach their potential through implementation of a strategy for inclusive personal and professional development
PROGRESS	

A recap on why this is important

There is a clear correlation between skills and the ability to earn an income across the life-course that either prevents risk of poverty or allows a person to move out of poverty. Skills enhancement facilitates movement through the labour market and in turn scope to achieve higher wages. It also raises productivity and contributes to long term growth and economic prosperity.

This presents a challenge to councils where, by the very nature of the work we do, there will always be a need for relatively low paid and low skilled roles. This is compounded by a lack of learning culture, by poor perceptions about the value of training and by views that progression brings increased responsibility with little improvement in pay. However, local government is changing and our workforce must evolve accordingly. Albeit in a context where training budgets are constrained, we must understand where and how we can most effectively deliver a package of skills, training and development for our lower paid staff that will maximise use of all skills and build the sort of flexible, future-proofed workforce we need. This will also allow us to sustain productivity improvements we have seen in our workplaces in recent years.

Action to date to deliver this recommendation

Local authorities have been moving forward with developing approaches to workforce skill development, including for example across the following areas:

In Bradford, work has taken place within Facilities Management, Catering, Cleaning & Hospitality Services. A Skills Audit and Training Needs Analysis has been undertaken allowing for a career progression pathway to be developed. This identifies the minimum core skills required for each role within the service, together with the expected route to progress to the next career point. This has been adopted by all, from senior management and team leaders to staff engagement groups and Union Learn representatives. In addition, specialist apprenticeship vacancies have been created to enable career progression to management level for those employees who have demonstrated potential but still need to develop and grow in skills, confidence and experience. A rolling programme of literacy and numeracy skills is also on-going, targeting staff in lower paid roles where English is a second or other language. This helps to develop confidence prior to undertaking formal training / qualifications. This initiative will be rolled out to other service areas where there are lower paid members of staff. A Frontline Worker Development Programme is also in place to ensure that these workers have the support they need.

Calderdale has continued to operate its 'Future Workforce Programme' as a way to match employee strengths to suitable internal vacancies. This is helping to open up opportunities for all employees to apply for positions that may previously have not been available to them, and allows the council to invest in talent, skills and knowledge.

Kirklees formally recognised the link between personal development and career progression in its paper, 'The Kirklees Approach to Low Pay', endorsed by Full Council in Spring 2015. Given the nature of the work undertaken by lower paid workers, it is often the case that they have the least flexibility when it comes to being able to access development opportunities. The council is looking at ways in which flexibility can be built into training and development so as to

maximise uptake by all. Examples of activity include a programme of learning and development for customer service staff going through formal service change consisting of weekly one hour sessions around e-learning topics to help them identify skills and strengths, cope with change and develop a resilient mindset; and working with trade unions and in partnership with Kirklees College to offer staff functional numeracy and literacy skills. To date 142 people have benefited from this, receiving a confidence boost that has encouraged them to go on to further learning.

Wakefield Council has offered support to achieve NVQ level 2 qualifications to staff in low skill jobs many of whom have no formal qualifications. For example Street Scene are working with front line staff to gain qualifications including Horticulture, Waste Recycling, Local Environmental Services and Street Cleansing. Staff who would benefit from support with Maths and English can also access support from the Council's Adult Education Service. Cleaning and catering teams offer NVQ Level 2 qualifications in Food Safety, Health & Safety and Customer Services including Maths and English qualifications were appropriate. Proposals for a District Education and Skills Strategy will also support the Council, working with partners and the community, to boost economic growth in the district. It aims to provide opportunities for better jobs, better career progression and higher income for local people. It will link directly to the Leeds City Region Enterprise Partnership Employment and Skills Plan - 'Skilled people, better jobs'.

Union Learn is highly regarded in terms of its ability to reach staff and broker learning solutions in a way that managers find more challenging. Trade unions are therefore a key route to helping to identify where people could benefit from skills development particularly in terms of literacy, numeracy and IT.

Leeds has developed member-led breakthrough projects, including a More Jobs Better Jobs stream. This is working across traditional boundaries on economic development and skills to look at how workers can be upskilled generally. The Apprentice Levy is being assessed as means of re-thinking skills development in the Council which as a large employer needs to influence the skills market and re-think career progression through apprenticeships. There is a dual aim to encourage young people to work for the Council as well as looking at up-skilling internal staff.

As part of its Workforce Development Strategy, WYCA are scoping an audit of employee skills within the organisation. This has the dual purpose of tapping into all available skills and identifying where there are gaps so all employees can be supported to reach their potential.

Next steps

It is clear that fully delivering this recommendation demands concerted organisational effort, clearly focused on making the case for skills to shift culture and backed up by commitment to ensuring that budgets for critical skills development are available (particularly given changes in government funding in relation to apprenticeships and further education). The key to this is in ensuring that investment is firmly framed in a context of generating lasting productivity improvements via a workforce that is more skilled and confident in their abilities to perform their current and future roles. Individual responses should continue to be applied and developed to meet specific organisational needs. Suggested areas for further collaboration include:

- Work to instil a culture shift in perception of the value of skills, training and development and establish its link through to higher paid work
- Share learning to help inform development of corporate models for skills, training and development
- Work with the union learn model to maximise access to staff
- Explore how to make best use of the capacity and resources of partners to support up-skilling of the workforce
- Consider the best way to approach the release of staff to attended courses; as well as to the skills required to access on-line learning

RECOMMENDATION 4	Proof all HR policies for their impact on lower paid workers, with particular focus on progression and reducing institutional barriers such as constrained career structures
PROGRESS	

A recap on why this is important

We must consider how inclusive our HR policies are to the needs of lower paid staff. How does our demand for skills fit in to this? How flexible are we to developing progression pathways? Can we look at multi-skilling to give greater choice of movement within wider job families that help tackle constrained internal labour markets and act as barriers to progression out of low pay? Can we make room for low earners to progress whilst at the same time have the flexibility they need to manage non-work commitments? The answer to these questions is critical if our lower paid staff people are to find space in the future shape of local government.

Action to date to deliver this recommendation

This is a very substantive area of activity in terms of both the volume and complexity of work required, and in terms of the capacity needed to deliver such a review. A number of authorities are beginning to schedule a full review of HR policies and practices, whilst others are carrying out a rolling programme of review. Either way there remains plenty of scope for collaboration across the WYCA area to share ideas and approaches around how policy review can best be given a low pay focus.

Next steps

Maintain this as a recommendation to take forward in the next phase of activity on supporting lower paid workers. Continue to work as a group to explore how the recommendation can be tackled, looking at how to segment activity into more manageable parcels, possibly in the first instance establishing a set of shared criteria around which policies can be assessed so as to avoid duplication of effort. As an immediate first step, our lowest paid should be made a named equality group with protected characteristics so that decisions are consciously made with them in mind.

RECOMMENDATION 5	Deliver excellent management and leadership practices as standard across the organisation, with specific focus on equipping those who manage lower paid workers with the skills and systems they need
PROGRESS	

A recap on why this is important

Good management practices and positive work environments are fundamental to good jobs. This includes recognising and rewarding positive results and effort; ensuring everyone understands how they make a difference; engendering pride, empowerment, teamwork and values; and building confidence in leadership. It also means having open communication and giving people the right tools to do their jobs properly.

Our managers play a critical role in ensuring that HR policies and practices are well communicated, well implemented and well adopted. They have a significant influence on our ability to provide 'good' jobs. It is unacceptable that the experience of management and leadership can vary vastly from team to team. If we are to achieve our recommendations, it is critical that our managers and leaders – especially those who manage in predominantly low paid areas - are equipped with the right skills, knowledge, support and confidence to do so.

Action to date to deliver the recommendation

Programmes are in place across the WYCA area. The principle behind these lies in enabling leaders and managers to understand what is expected from them, to themselves demonstrate excellent practice, and to have the skills that they need. Support for these programme comes from the top of each organisation, with clear messages on participation flowing from Chief Executive level. Action includes:

- Kirklees Ideal Manager Programme and focus on building a pool of internal leaders equipped in coaching skills

- Bradford Leadership and Management Development Programme, Front Line Manager Programme and Future Leaders Programme
- Calderdale Leadership and Management Programme as part of wider People Development Framework
- Performing for Wakefield management programme focused on outcomes, managing people, efficiency and governance and with manager standards built in to each. Peer to peer pairing has been critical to success, supported by Performance Coaches enabling managers to apply new techniques and skills and improve their own performance.
- York approach to behavioural standards, helping managers to support staff to reach their potential and specific reference to lower paid workers in the council's Learning Strategy
- Leeds Manager Challenge includes work on valuing people and having a stronger employee voice for all staff

Next steps

There remains more to do. Any action must be conscious of cultural barriers, for example in helping front line supervisors to feel part of the management team and to move in some instances away from a 'command and control' style. Often the corporate 'language' of management does not help, so there is work to do to try and make this more accessible. There are also issues to tackle in some cases around the perception of management and the visibility of more senior staff. The use of IT and e-learning as a vital tool in delivering leadership and management learning modules needs to be fully exploited. Overall, programmes must be given time to embed and take effect and we must measure their impact, asking lower paid workers specifically, and subsequently build this into the appraisal system.

Continue to deliver and ensure a focus on:

- Setting out the basic expectations of behaviour, attitudes and practices that the council expects from its managers and building this into performance management
- Equipping managers with the skills they need including in terms of managing change
- Consistently applying HR policy alongside organisational values and behaviours, in particular in appraising performance, identifying opportunities for personal and professional development and promoting progression
- Engage with lower paid workers to test whether management and leadership skills are evolving positively e.g. through regular pulse surveys and to hear their voice on what matters to them
- Exploring use of e-learning to deliver this training and tackling the barriers that prevent wide uptake of this tool

RECOMMENDATION 6	Agree to the principle of investing in and promoting a responsive employee benefits package that is accessible and communicated to target groups consistently, frequently and through the right channels, and that complements the approach in individual Districts to directly support lower paid workers to stretch their take-home pay. Wherever possible, use our collective leverage to broker deals with providers.
PROGRESS	

A recap on why this is important

Employee benefit packages play an important role in attracting and retaining talent and boosting staff morale, performance and perception of having a 'good' job. Each local authority across the WYCA area provides a well-intending benefits package that is open to all and enjoyed by many. However, the Group challenged the extent to which lower paid workers are able to reap the full benefit of what is on offer given that many of the benefits by their very nature make take-up amongst this group hard. In respect to the existing position, we do not currently:

- 1) Explicitly use the employee benefits package to help lower paid workers to make their money go further, support their families, better manage work/life commitments, and access opportunities they may ordinarily be cut off from

- 2) Collaborate as authorities to boost our purchasing power and to maximise the combined customer base of 100,000 employees across the WYCA area
- 3) Optimise and then ring fence the savings we accrue as employers through salary sacrifice to re-invest in benefits for our lower paid staff
- 4) Listen directly to our lower paid staff to understand their needs
- 5) Adequately communicate our employee benefits on offer, target it at lower paid groups, or in many cases make it easy to access, or promote it as being in line with our values
- 6) Maximise the social multiplier and reach of our benefits package in helping not just employees, but also their families, with unlocked potential to connect to local businesses and boost local circulation of wealth

Action to date to deliver this recommendation

Excellent progress has been made in progressing this recommendation, enabling us to arrive at a point in which a proposed employee benefits solution for WYCA members is in place for discussion amongst WYCA area Directors, Chief Executives and Leaders. This is directly attributable to the distinct Project Officer role appointed for this work. This role, currently a secondment, has been financed by Kirklees, hosted by Leeds and jointly managed by the two. Key aspects of work undertaken to arrive at this point have included:

- Focus groups with relevant target groups to explore the types of benefits staff considered helpful to their everyday lives and to gain an insight into how any such 'offers' may be accessed.
- Establishment of a working group with representatives from each WYCA authority to formulate what a scheme should provide; how it would be made available to all, including through on and off line provision and a robust communication strategy; and how it could be used to communicate and promote wider corporate messages, deliver training, advertise vacancies etc.
- Market testing and invitation to providers to demonstrate how they could respond to this brief. Briefly, four providers participated, each offering similar discounts and at stores staff had expressed a preference for. Access varied greatly, with one provider having no off-line access whereas another provider offered a 24/7 freephone number. Cost ranged from £0.60/0.70 to £3 per head, with quotes at the lower end appearing to have hidden costs related to any printed items needed for an off line offer. The testing demonstrated an appetite for the delivery of a benefits scheme that aims to stretch the take home pay of our lower paid staff and more importantly that it can be delivered in a way that will achieve this result.
- Using other opportunities being created by partners e.g. Credit Union discount schemes to buy white goods and the recently launched White Rose Energy scheme. Plus also promoting simple discount schemes for council staff with local small businesses.

Next steps

Moving forward the group are now preparing the documentation for a procurement exercise along with any internal procedures that are required in order to progress the project towards implementation.

Subsequent to implementation, ongoing work in this area will require consistent and constant targeted communication and be managed in a way that allows responsiveness to changing staff demand and uptake behaviour. Maximising the capacity of the IT platform as a corporate communication tool will allow us to fully leverage the value, notably in addressing other recommendations made in the Low Pay Charter. To do this, as well as to proactively

contract manage the scheme, manage the required collaboration between authorities and retain the focus and emphasis of the work on our lowest paid members of staff, it is suggested that the cost of employing the Project Officer for a further two years is included in the total costings for the scheme and divided amongst participating authorities.

Note this will need to be aware of Inland Revenue amendments to salary sacrifice schemes. Government announced in 2015 that it was concerned at the rising cost to the Exchequer of salary sacrifice schemes, with the March 2016 Budget announcing that Government was looking to limit the range of schemes that attract salary sacrifice benefits. HMRC has since issued a consultation document setting out their proposals and seeking comments. Under the proposals the Government intends to introduce legislation so that where a Benefit-in-Kind is provided under a salary sacrifice arrangement it will be chargeable to income tax and Class 1A NICs. The proposals do not prevent the use of salary sacrifice but they will remove the tax and NIC advantages. The Government has announced that the proposals will not cover the following Benefits-in-Kind:-

- Employer pension contributions;
- Employer-provided pension advice based on the recommendations of the Financial Advice Market Review;
- Employer-supported childcare (nursery vouchers) and the provision of workplace nurseries; and
- Cycle to Work scheme.

RECOMMENDATION 7	Collaborate across the WYCA area to streamline health and wellbeing activities, learn from good practice and target lower paid workers to increase participation
PROGRESS	

A recap on why this is important

Good health allows people to enjoy life to the full, build their individual resilience and make a productive economic contribution. As gaps between the best and worst off in society grow, so do the gaps in health and life expectancy. Improving the health and wellbeing of staff can help to improve productivity, engagement, job satisfaction and morale, as well as reduce the amount of time lost through sickness absence. Initiatives aimed at improving health and wellbeing can mean that staff feel more valued and better supported at work. Due to their size, any initiative that a local authority implements to improve staff health and wellbeing has the potential to reach a significant number of people. In addition, this has important positive multiplier effects as these initiatives extend further, benefiting not just the families of employees, but also the wider community and local economy, and through easing pressure on local health systems. This is a critical issue as the number of working households living in poverty continues to rise, with Sir Michael Marmot noting that “low paid workers are not paid enough to live healthily”.

Action to date to deliver the recommendation

There is a range of action taking place in authorities across the WYCA area, linked to local health and wellbeing strategies, the work of Directors of Public Health and focus on early intervention and prevention.

Specific examples include that in Kirklees, where work has been undertaken with the Catering and Cleaning service to discuss the possibility of wellbeing interventions within their service. This is a typically hard to reach, diverse, dispersed and isolated part of the local government workforce, featuring low pay and often part time roles and with staff that often have complex lives, multiple jobs and responsibilities, as well as health related and social issues that affect their attendance to work. Based on evidence that front line routine and manual staff do not have the same opportunities to access information and services, the aim of the work has been to improve access to information and knowledge of services that could support their health and wellbeing in a timely way.

Historically, wellbeing interventions have been delivered within the town hall for staff to “drop in” and have an MOT, because to visit staff at their place of work would not be practical due to the nature of job roles and environments. These sessions tend not to be well attended and exemplify the challenge we have in reaching our lower paid staff.

Employee Healthcare are working with the Senior Management Team and staff to find an alternative workable solution.

In Wakefield the first Wellness summit was held in July 2016, at which the Wakefield Workplace Wellness programme was launched with an aim to improve the wellness for staff working in the public sector in the district. It is providing 650 Wakefield Council employees with a free comprehensive fitness assessment alongside tailored individual support to help with lifestyle changes. This will help foster a positive culture of workplace wellness in the Council. Many of the 650 places will be allocated to low paid workers and will be done across the district.

Calderdale Council is striving to be 'the most Active Borough in the North'. As progress towards this the Council has a 'Better Living Team (BLT)' as part of the Better Living Movement, which have put together a wide range of packages that are designed to help people lose weight, get active, be healthier, make friends, and have fun in the process – and the packages are free. The focus of the BLT is not solely on Council employees but the Calderdale community as a whole, however there are specific initiatives in place that employees can access such as discounted sports and gyms membership, walking groups, cycling ideas amongst others that are aimed at encouraging more physical activity in the workplace. The Council has also just taken part in the Global Corporate Challenge (see www.gettheworldmoving.com for details).

In Leeds, a three year employee wellbeing programme is being launched that will consider some of the differences in health outcomes that affect our staff groups ensuring support will be more accessible to front-line staff.

Next steps

There is more to do and we suggest consideration of approaches including:

- Getting wellbeing messages out in the quarterly newsletter and using this to get staff engaged with the idea of wellbeing and get their views on what would work for them
- Sharing good news stories published from staff who have used a service and consider how 'Wellbeing Ambassadors' might be used
- Reviewing the induction process to include Employee Healthcare and other helpful services and information; and build into training
- Use existing meetings to promote health and wellbeing

COUNCILS IN SOCIETY: We will work with and through others to maximise our role, influence and leadership to deliver improvements in pay, resilience and good growth.

RECOMMENDATION 8	Apply Social Value policy, prioritising in the first instance those commissioned services where low pay prevails; and work collaboratively to influence others to do the same
PROGRESS	

A recap on why this is important

The scale of local authority procurement presents a huge opportunity to influence pay and behaviour in supply chains, not least given the extent to which we enter into contracts with traditionally low paying sectors such as care. The Public Services (Social Value) Act has legislated local authorities and other providers of public services to actively explore economic, social and environmental benefits in their procurement processes and decisions. The Group would like to see the authorities of the WYCA area move forward with pace to embed social value in procurement to achieve

maximum benefit for their areas, as well as to shift organisational culture accordingly. We believe all discussions with suppliers should be framed in a way that builds a long term shared perspective on eradicating low pay.

Action to date to deliver this recommendation

At a wider geography, local authorities, the LEP and WYCA have collaborated via the Joseph Rowntree Foundation More Jobs Better Jobs partnership to identify how to maximise opportunities for embedding social value in procurement across the City Region, specifically in relation to investment in transport infrastructure and major scheme development. This has engaged procurement practitioners and employment and skills colleagues to establish a specified set of contractual obligations and a supporting policy statement setting out expectations for example on local employment, training and development and apprenticeships. This is now being taken to leadership teams for agreement. In Leeds for example, the Executive Board has endorsed a Social Value Charter, which covers all activity of the authority including commissioning. Employment and Skills is as a result embedded in the procurement process particularly for construction contracts ensuring that consideration is given as to whether there may be issues around low pay and how workers are employed/engaged for particular types of contract, and how the commissioning process can be used to challenge, inform, raise awareness and encourage contractors to improve such matters. A City Region 'how to' guide is also being developed. Robust measurement, monitoring, evaluation and policing will need to be in place from the outset.

Other action across WYCA area authorities includes:

- Development of a social value toolkit in Bradford
- Development of a Social Value Charter in Calderdale and notification in Invitations to Tender of its position as an accredited Living Wage Foundation employer to encourage and influence the adoption of the living wage by contractors
- Introduction of a social value policy in Kirklees to help the council to achieve maximum benefit for the area through its procurement of goods and services. Action has included drop-in sessions to encourage small businesses to do business with the council, raising awareness about procurement opportunities, and support for non-traditional contractors. It also includes dividing large contracts into smaller 'lots' and simplified / standardised processes especially to ease effort required to bid up to the value of £20,000.
- Leeds have held a regional conference on procurement and links to living wages and local sourcing with speakers included the Living Wage Foundation, Citizens UK and trade unions discussing approaches to promoting social value.

Next steps

Specifically we want to see the acceleration of the application of social value across procurement, driving this through our portfolio of major investment and development schemes.

RECOMMENDATION 9	Guard against inappropriate use of zero hours contracts and protect casual workers from effects of low pay, concentrating on our own workforces and commissioned services
PROGRESS	

A recap on why this is important

Zero hours contracts have come to the fore as a marker of poor employment practice linked to low pay. Our priority here is twofold. Firstly, to ensure that people working for us, either directly or on a casual basis, are not at risk of becoming trapped in low paid, insecure roles from which they will 'churn' between unemployment and low paid work.

Secondly, we recognise that there is a need to balance this with flexibility from an organisational perspective and the critical factor that for some people, casual or zero hours work is in fact their preferred way of working. In these instances, where all parties consent freely, we can see the mutual benefit that can be gained from this type of arrangement. However, in any other circumstances, we do not approve of their use. In total, our goal is to continually apply and evolve as ethical employers across all employment types using poverty-proofed human resource practices to test and benchmark ourselves against and ensure that we are always striving to do our best for lower paid workers. We do this with an eye on the potential implications arising from Brexit and the scope for erosion of employment rights legislation.

Action to date to deliver this recommendation

At the time of reporting, there were only 13 casuals employed on zero hours contracts in employment across the WYCA area, those being employed by the West Yorkshire Combined Authority in a specific role. The nature of the employment relationship between these individuals and the Combined Authority is clear, with none of the individuals being solely dependent on this work for income and no exclusivity clauses. All parties are confident that the contract is being used appropriately. This remains the case.

There continues to be a ban across the WYCA area on the use of exclusivity clauses, and on the use of ‘false agencies’ that bypass the Agency Workers Regulations, which entitle agency workers to the same basic pay and conditions as comparable employees after a 12-week qualifying period. Furthermore Leeds, Kirklees, Wakefield and WYCA have signed a Minimum Standards Charter relating to employment practices, particularly in the construction sector. As noted in the procurement section, authorities are continuing to encourage suppliers to move away from zero hours contracts after a period of time, with opt-outs for those workers who wish to retain such level of flexibility.

Work is ongoing to implement Wakefield’s Good Growth Action Plan which will include the introduction of a ‘Good Growth Charter’ led by Wakefield’s Enterprise Partnership. This will involve extensive engagement with businesses, fronted by the private sector, to encourage their application of Good Growth principles. These principles will include tackling the inappropriate use of zero hour contracts and encouraging employers to support low paid workers through skills progression etc. An ongoing review of procurement practises will be used to influence commissioned services in the same way.

There do though continue to be a significant numbers of casuals being employed across each authority in the WYCA area. This raises the question of zero hours contracts in all but name. To protect against poor practice, casual workers are paid the job evaluated rate (including where that is the Living Wage rate) and are eligible for enhancements such as leave and training, and there is formal guidance on their proper use, for example to cover seasonal peaks in demand.

Next steps

Maintain this position and continue to use leadership role to champion and embed a culture of good jobs.

RECOMMENDATION 10	Use local authority influence and local leadership to tackle low pay across the West Yorkshire Combined Authority area in pursuit of a ‘good growth’ agenda
PROGRESS	

A recap on why this is important

As economic recovery gathers pace we need a shared vision for the sort of cities, towns and Combined Authority area that we want to be. We suggested in our initial report that this should be based on a narrative of good growth that bridges prosperity and fairness. This has subsequently been taken on in the revised Leeds City Region Strategic Economic Plan.

Action to date to deliver this recommendation

Two specific areas of activity have been carried out by members of the Lower Paid Workers' Group, including inputting to the review of the Leeds City Region Strategic Economic Plan to influence and embed the narrative of good growth; and working with the LEP and the Joseph Rowntree Foundation to form an Inclusive Growth Task and Finish Group examining issues such as embedding social value in procurement, sector-based career progression and the role of anchor institutions. The Chair of the LPWG has also held positive ongoing discussions with regional trade union partners to discuss how we can fully progress our recommendations and maximise impact through a systematic approach to communicating with our lower paid staff and identifying ways we can work together to achieve this.

Individual authorities have also carried out work, for example Wakefield Council has formally endorsed a Good Growth Action Plan with supporting measures and interventions that will be monitored for impact on indicators such as average wages, economic activity, levels of low skill/low wage elementary occupations, higher skill levels and housing affordability. Bradford is working with the RSA Inclusive Growth Commission, including participating in a 'deep-dive' to identify and understand the challenges and opportunities for place-based inclusive growth.

Next steps

We would like to see the WYCA area move forward with embedding and making a reality the ambition for good growth through matters including:

- Breaking down internal silos to effectively connect growth, jobs and poverty, including the need to develop integrated approaches to tackling low pay across sectors
- Establishing a new deal with the private sector based whereby the council is open for business in return for a commitment to a menu of behaviours including living wage, apprenticeships, corporate social responsibility and environmental policy
- Using tools at our disposal to influence business behaviour, for example trading standards, Section 106 agreements, Key Account Management and daily engagement with the local business base
- Leveraging new investment and infrastructure schemes to connect local labour, pay a living wage and shape regeneration projects for the benefit of local people and good jobs
- Work collaboratively across institutions to systematically join up investment and action on jobs, growth and poverty, including through long term engagement in the More Jobs Better Jobs partnership

Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jonathan Skinner



ITEM 10

Report to: Combined Authority

Date: 1 December 2016

Subject: City Region response to Brexit

1. Purpose

- 1.1 For the Combined Authority to consider an 'in principle' position to flex established business support programmes, should they offer an effective means of addressing risks as the UK leaves the European Union and may be affected by potential changes to global trade.

2. Information

- 2.1 Civic and business leaders across the city region acted swiftly following the vote to leave the EU, culminating in a joint LEP Board / WYCA plan, attached at **Appendix A**, with three workstreams with short, medium and long-term actions:
- To build business confidence and channel intelligence to decision makers;
 - To help businesses play a leading role in the city region retaining its reputation for tolerant and cohesive communities where everyone is able to make the most of their talents; and,
 - To ensure public and private investment channels remain effective. Understand local business feeling and build confidence.
- 2.2 The Autumn Statement (23 November) will provide more detail on the UK's macroeconomic outlook, including any changes to growth projections. This may also begin to take account of any changes to global trading relationships precipitated by political changes, including in the United States. The US is established as the largest source of inward investment into the UK and second-largest export market (after the European Union). There are risks that these vital drivers of growth in the Leeds City Region might be muted from a more protectionist stance from President-elect Trump.
- 2.3 Since the last report, the UK government has confirmed its intention to trigger Article 50 (the mechanism by which a member nation will formally leave the EU) by the end

of March 2017; meaning the UK will leave the EU by 1 April 2019 at the latest. Until formal negotiations begin, the implications for exporters, inward investors or EU citizens living in the city region are uncertain. There has been a successful High Court challenge that the Prime Minister must attain Parliamentary approval to trigger Article 50 (although government is appealing to the Supreme Court, with the hearing beginning on 5 December). In the meantime, the government is developing its negotiating position.

- 2.4 At its last meeting, the West Yorkshire Combined Authority resolved to convene a ‘round-table’ of businesses, universities, unions and other interested parties to ensure the city region is clear about its priorities to mitigate risks and exploit the opportunities of leaving the EU. There are impending direct discussions with all Universities, while the LCR’s business representative networks continue to evaluate implications and concerns of their members. A formal roundtable will be scheduled in the New Year to reflect on the city region implications of the UK government’s formal negotiating aims.
- 2.5 The Local Government Association (LGA) has issued a call for evidence from its members about effects on local growth, public services and funding streams. A number of others, including major consultancies, are developing their own models to quantify effects from EU exit.
- 2.6 While the city region economy continues to perform well¹, there is no room for complacency. The level of inward investment enquiries received since June has been particularly strong, with 26 new enquiries landing (of which 11 are UK based ‘North shoring’ requests, for which we expect a continuing trend). Of the remainder, four are new EU-sourced and three US-sourced projects, however, it is too early to establish clear impacts to other US-sourced projects on the project pipeline following the US election. There is currently very limited evidence of projects being cancelled post-Brexit, however a few are on hold or decisions deferred.
- 2.7 The joint LEP and WYCA Action Plan reflected a medium-term need (by the end of the year) to be prepared to recast city region activity – in terms of helping businesses exploit new opportunities and being prepared to flex funding streams. Therefore, the LEP is asked to consider whether, in principle, it might permit flexibility in its current programmes to address particular risks that might emerge as the UK leaves the EU.
- 2.8 The table below scopes out the implications and consequences of such action:

Issue	Financial implications	Policy implications	Consequences
Companies relocating or rechanneling investment	<ul style="list-style-type: none"> Flex growth funds to protect jobs. 	<ul style="list-style-type: none"> More intensive investor development of FDI owned businesses (i.e. dedicated resources for stronger key account management). 	<ul style="list-style-type: none"> Re-allocating finite SME growth manager resources in emergency circumstances would mean that growth targets are unlikely to be achieved.

¹ LCR quarterly economic report

		<ul style="list-style-type: none"> • LCR company supply chain patterns become severely impacted requiring a better understanding of current landscape (such as LCR exposure to key Original Equipment Manufacturers (OEMs) and Tier 1 suppliers. • Inward investment – more proactive targeting of non-European companies, including US and Commonwealth countries 	<ul style="list-style-type: none"> • Profiling Tier 1, 2 and 3 companies should also align strongly with need to materially improve our capacity and target new EU trade opportunities. • The resource implications in terms of our support for both inward investment and our investor development (key account) work should be considered – there is strong logic in us increasing capacity in both respects recognising both the risks and opportunities.
Companies not able to access supply of labour	<ul style="list-style-type: none"> • Discrete additional resource required to support primary research in key sectors (can be accommodated within existing resources). 	<ul style="list-style-type: none"> • Skills and training support offer would need to be re-prioritised with a focus on sectors with greatest exposure to migrant labour and consider ways in which the CA and LEP could mitigate the supply side and cost issues to local businesses. 	<ul style="list-style-type: none"> • We could reprioritise skills service funding for sectors vulnerable to migrant labour shortages. • Working with DWP and delivery organisations, maximise ESIF funds available to offer skills and recruitment support to businesses.
Devaluation and inflationary pressures could lead to insolvencies and redundancies	<ul style="list-style-type: none"> • In the short to medium term the CA and our local authority partners will be subject to rising costs (in terms of infrastructure spend costs) and will likely face rising staff costs (inflation will rise above 2% in the early half of 2017 according to the Bank of England). 	<ul style="list-style-type: none"> • Early on in our Brexit policy thinking we should consider the levers we can pull in supporting existing businesses – in certain key sectors such as food manufacturing and logistics Sterling Devaluation has already precipitated labour market supply constraints. • We should accelerate our thinking on shared services design so that we avoid duplication of costs and deliver economies across local authority partners. 	<ul style="list-style-type: none"> • Development of Rapid Response offer to businesses and consider what could be included in that offer, for example flexing of LEP Grant funds (e.g. Skills Service & BGP) to offer financial/strategic health checks and address job safeguarding as well as job creation, where justified. • Smart approaches to align/upskill labour pools affected by redundancy to new investor opportunities • If DWP Redundancy Support Service is not able to respond fully, consider whether more flexible local training is needed to link to known shortage areas.
Businesses losing markets and customers	<ul style="list-style-type: none"> • May require enhanced resource to provide greater focus and impact 	<ul style="list-style-type: none"> • Existing exporters lose markets and customers • Difficulty in encouraging new customers to build customer base outside of the UK. 	<ul style="list-style-type: none"> • Potential loss of benefits to the economy associated with buoyant overseas trade activity – businesses trading internationally recognised as more productive and innovative

		<ul style="list-style-type: none"> • May require more LCR specific resource and activity to encourage/inspire LCR businesses to look for overseas opportunities and provide support to enter new markets. 	<ul style="list-style-type: none"> • Potential for businesses to look inwardly and reject opportunities for growth, may require stimulus from business support programmes to promote alternative strategies • Working with DIT, seek resources to proactively increase support to encourage more businesses to take advantage of the export opportunity created by a weak sterling, especially manufacturers.
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- 2.9 In addition, the WYCA Leadership Team is undertaking a review of our programme for securing European Structural and Investment Funds (ESIF) funding for the city region, with a view to prioritising internal resources to enable the organisation to bid for remaining calls relevant to our work.

3. Financial Implications

- 3.1 There are no direct financial implications as a result of this report. There are, however, several potentially significant financial issues raised, including the overall strength of the UK economy, inward investment into the city region and access to European funds.

4. Legal Implications

- 4.1 There are no direct legal implications of this report. However, the substantive point of the UK's exit from the European Union will significant effects on the legal position of the WYCA, ranging from state aid financial rules to regulations on air quality and transport emissions.

5. Staffing Implications

- 5.1 While there are no automatic or immediate staffing implications, the report does specifically seek the Combined Authority's approval to be flexible in using staff to – if necessary – focus on emerging priorities. To manage this change within existing resources would mean diverting staff away from established workstreams, which would have an effect on achieving established organisational targets.

6. Consultees

- 6.1 This report has been developed based on previous discussions and resolutions of the LEP Board and West Yorkshire Combined Authority. It has been informed by ongoing discussions with businesses, potential inward investors, local authorities and government contacts.

7. Recommendations

7.1 The Combined Authority is asked to:

- (i) note the contents of the report;
- (ii) continue to monitor the evolving global situation and its impacts on the Leeds City Region economy; and
- (iii) agree to delegate authority to the WYCA Managing Director to implement any of the flexibilities indicated, with the agreement of the LEP Chair, if circumstances demand urgent action to secure the health of the city region economy.

8. Background Documents

8.1 Reports to:

- West Yorkshire Combined Authority - 28 July 2016
- West Yorkshire Combined Authority - 29 September 2016
- LEP Board – 23 November 2016

Joint plan to respond to the vote to leave the EU

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

Director: Rob Norreys, Director of
Policy, Strategy and Communications
Author: Jonathan Skinner



ITEM 11

Report to: Combined Authority

Date: 1 December 2016

Subject: Implications of the Autumn Statement for the City Region

1. Purpose

- 1.1 To inform Members of relevant content from the Autumn Statement and provide opportunity to discuss implications for the West Yorkshire Combined Authority (WYCA) and city region residents and businesses.

2. Information

- 2.1 The Autumn Statement is, along with the Budget, one of government's set-piece fiscal events with significant implications for the economy and public spending. The 2016 Autumn Statement will be made by the Chancellor on Wednesday 23 November. This means it will be made after papers are published.
- 2.2 The Managing Director will highlight major implications to Combined Authority Members at the meeting, which are likely to cover:
- Headline growth projections and the strength of the UK economy;
 - Fiscal changes (i.e. tax and public spending plans); and,
 - Major policy announcements, including on an emerging Industrial Strategy and funds for regional development.
- 2.3 The WYCA has been active in seeking to shape the government's approach to the Autumn Statement by:
- Making a direct submission covering the city region's major investment priorities (attached as **Appendix A**);
 - Continuing to seek devolved powers;
 - Calling for government to provide assurances around European funding in-light of Brexit; and,

- Suggesting parameters for the Industrial Strategy, which will be a major element of the UK being a more balanced and productive advanced economy.

3. Financial Implications

- 3.1 The Autumn Statement will almost certainly have financial implications for the WYCA, its partner local authorities and businesses and residents across the city region (e.g. on European funding or major scheme investment).
- 3.2 Detailed implications will be subject to further reports to the Combined Authority as required.

4. Legal Implications

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

5. Staffing Implications

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

6. Consultees

- 6.1 There has been no direct consultation on this report.
- 6.2 However, local authorities - via Leaders and Chief Executives - were consulted on the content of the submission to the Autumn Statement and other work with government on matters like devolution.

7. Recommendations

- 7.1 It is recommended that the Combined Authority note the implications of the Autumn Statement and discuss its impact for the city region.

8. Background Documents

- 8.1 None.

Autumn Statement Submissions
The Correspondence and Enquiry Unit
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

20th October 2016

To whom it may concern,

As Ministers prepare for the autumn statement, this letter sets out on behalf of the West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership our priorities to support and develop a thriving economy, where the benefits of ‘good growth’ are felt by all.

We are an ambitious, effective partnership that is forecast to deliver significant additional economic benefits from our current growth deal – a net additional 3,200 jobs per year by 2020 worth £1.4 billion between 2015-2020.

Quicker private sector growth at risk from continued austerity

Stronger private sector-led growth can rebalance local economies. There are, however, two significant risks as a result of ongoing austerity:

- The first is that local authorities are at risk of being unable to play their role in delivering this vital infrastructure if government continues with its funding squeeze. West Yorkshire’s councils have already delivered austerity savings of over £500m, while recent ONS data shows local government’s national headcount has reduced by 24% while central government’s headcount has increased by 2%. By prioritising their statutory responsibilities, councils have less and less capacity for the often overlooked work of specialist planners, lawyers, engineers and project managers who deliver infrastructure schemes.
- The second is that cuts, particularly to welfare and care services, are increasing demand on some local authority services. The answer lies in more devolution with commensurate fiscal powers so local partners have the opportunity to tailor the positive power of the state to better reflect local economic strengths and needs, and drive behavioural change.

Priority schemes, where good growth reduces inequality

Our strategic policy priorities flow directly from the Leeds City Region’s refreshed Strategic Economic Plan with its distinct focus on “good growth” – ensuring that growth benefits all, with the greatest improvements felt by the most marginalised.

Our analysis has identified a number of opportunities (see overleaf) to bring forward new priority investment projects to ensure our communities benefit directly in terms of quality jobs, the efficiency of the transport system and the quality of the places they live in. Local and national economies will benefit by:

- Investing in the rollout of ultrafast broadband working with the market to address spatial gaps in coverage and to ensure that all our communities and businesses have access to significantly faster speeds than the minimum currently specified by BDUK.

- Supporting the development of the H21 hydrogen network to be pioneered in Leeds through research and capitalising on the commercial opportunities.
- Aligning Northern transport investment, including the significant commercial development opportunities available through new Transport for the North stations locations at Bradford and York in the Leeds City Region area.
- Accelerating with English Heritage the commercial impact of the significant number of industrial assets where there is potential to bring these back into use in a co-ordinated and planned manner, but is not viable for private development.
- Accelerating the pace of housing development in key sites via the city region's Growth Deal 3 proposition for Spatial Priority Areas where market conditions are significantly tougher and where local viability constraints mean the market will not act.
- Facilitating investment in private sector innovation to increase productivity. This includes investing in smart hubs (centres of excellence for manufacturing, technology and developing/testing infrastructure); smart finance by working with Innovate UK; building smart transport, and developing smart energy infrastructure.

As government finalises the Autumn Statement, further support of the collective work of councils across the Leeds City Region offers an excellent way to achieve our 'good growth' outcomes. We would welcome the opportunity to discuss our ambitions for investment and growth across Leeds City Region as preparations are made for setting the Government's investment priorities.

Yours sincerely,



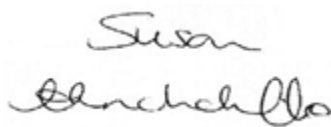
**Roger Marsh OBE,
Chair, Leeds City Region
Enterprise Partnership**



**Cllr Peter Box,
Chair, West Yorkshire
Combined Authority and
Leader, Wakefield Council**



**Cllr Judith Blake,
Leader, Leeds City Council**



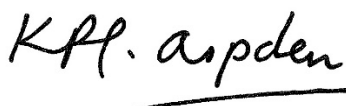
**Cllr Susan Hinchcliffe
Leader, Bradford Council**



**Cllr David Sheard
Leader, Kirklees Council**



**Cllr Tim Swift
Leader, Calderdale Council**



**Cllr Keith Aspden
Deputy Leader, City of York Council**

Investment summary

Project	Summary	Areas that will benefit
Accelerating key sites	<p>Current GD3 proposal includes £25 million for infrastructure acceleration in the city region's spatial priority areas.</p> <p>Additionally other development opportunities outside our existing SPAs offer significant potential for the public sector to accelerate to accelerate development (including Leeds South Bank, Kirkstall Forge). This extends to delivering York Central Enterprise Zone and Housing Zone through supporting infrastructure investment, including the Outer Ring Road.</p>	Leeds, Kirklees, Wakefield, Bradford, Calderdale, York and wider LCR.
Stimulating the development of heritage assets	<p>Enhancing community commercial development opportunities by addressing gaps in the market.</p> <p>Investing between £20 million to £40 million up to 2021.</p>	Bradford and Wakefield
Enhancing Northern Powerhouse Rail (NPR)	Enhancing the investment case for the development of NPR based on commercial benefits (£850 million from additional NPR stop in Bradford over 10 years).	Leeds, Bradford, Wakefield, Calderdale, Kirklees, LCR, North of England and UK.
Developing Innovation Assets	<p>Smart Hubs, Smart Finance, Smart Transport and Smart Energy Infrastructure.</p> <p>GD3 proposal includes £10 investment in these key areas (especially in SMART energy) with the potential for us to scale up our investments going forward (up £30 Million).</p>	Leeds, Bradford, Kirklees, Calderdale and Wakefield.
Supporting businesses	Current LCR GD3 proposal includes up £24 million for supporting businesses and will play a key role in the CA's and LEP's work supporting large and small business in adjusting to the supply chain environment post Brexit.	Wakefield, Leeds, Bradford, Kirklees, Calderdale and wider LCR.
Ultrafast broadband	Working with the market to shape the deployment of ultrafast broadband to meet the needs of our priority sectors.	Leeds, Bradford and Wakefield

Director: Rob Norreys, Director,
Policy, Strategy and Communications
Author: Tom Gifford



ITEM 12

Report to: Combined Authority

Date: 1 December 2016

Subject: Post NGT funding – Leeds Transport Strategy

1. Purpose

- 1.1. To note the development of the Strategic Outline Case submission to the Department for Transport for the £173.5m funding which had previously been allocated to the NGT project.
- 1.2. To delegate consideration of the schemes to be incorporated within the SOC to WYCA Transport Committee.
- 1.3. To note the use of WYCA Growth Deal Assurance Framework as the proposed governance model in the Strategic Outline Case submission. As with Growth Deal schemes, WYCA Investment Committee would therefore have responsibility for assurance of the package, following DfT approval.

2. Information

- 2.1. On the 12th May 2016, Government announced its decision not to grant powers for the construction and operation of the Leeds New Generation Transport (NGT) trolleybus system. This frustrating news follows years of detailed work and close liaison with the Department for Transport and prior to that, a similar period of development work associated with Supertram.
- 2.2. Ordinarily, in such circumstances, if a scheme fails at the developmental stages including the public inquiry, no funding is made available to the sponsoring authorities, with all the associated costs having to be borne by the sponsors. In an unprecedented move, recognising the history and the continuing need for significant public transport improvements, the Department for Transport's funding element for NGT of £173.5m is being made available for "public transport improvements in Leeds". The letter from DfT is included in **Appendix 1** to this report.

- 2.3. The devolution of the £173.5m provides a unique opportunity, to develop a new transport strategy for the city, which will include the devolution of the £173.5m as a milestone, but will look beyond that for the next 20 years. The renewed commitment to HS2, the Northern Powerhouse agenda, the prospect of further devolution deals and the new West Yorkshire Transport / Bus Strategies creates the appropriate context to set a new strategic transport approach for the city.
- 2.4. As a result, Leeds City Council and West Yorkshire Combined Authority officers are now working jointly on the development of new Leeds Transport Strategy and also on a Strategic Outline Case for the devolution of the £173.5m. In line with the Department's expectations, it is envisaged that the Strategic Outline Case is submitted to the Department for Transport in December 2016. Based on the DfT requirements, it is proposed that the Strategic Outline Case £173.5m be used to fund initiatives which:
- Support Economic Growth, housing and regeneration prioritised in the adopted Leeds City Region Strategic Economic Plan;
 - Improve Public Transport in Leeds District;
 - Align with the emerging Leeds Transport Strategy, West Yorkshire Transport and Bus Strategies, as well as the national/pan northern growth strategies including HS2 and Northern PowerHouse Rail;
 - Improve health outcomes especially improving air quality;
 - Complement the existing schemes being delivered through the WY Transport Fund such as Leeds City Centre Package and the Corridor Improvement Programme;
 - Reflect the key messages from the ongoing Transport Conversation;
 - Are deliverable within the short to medium term;
 - Leverage match funding from the private sector; and
 - Are cognisant of and adaptable for the delivery of the longer term Leeds Transport Strategy.
- 2.5. This approach of providing local flexibility to deliver change in the shorter term in a realistic and publicly acceptable way, whilst at the same time developing a longer term transport strategy to deliver outcomes which will create significant benefits for the city, is considered to be a pragmatic way forwards. The approach is also informed by the 'conversation' which embarked in June 2016 with the communities across Leeds about the future of transport in the City.
- 2.6. Given the transport focus of the Strategic Outline Case, at its meeting on 1 December 2016, it has been proposed that WYCA delegates consideration of the

details of the initiatives to be included within the Strategic Outline Case to WYCA Transport Committee, at its meeting on 9 December. In parallel Leeds City Council Executive Board will also be considering the proposed Strategic Outline Case submission at its meeting on 14 December.

- 2.7. To enable the proper conclusion of the Leeds 'conversation' to inform the development of the Strategic Outline Case submission and to also provide sufficient time to include robust private sector contributions to be incorporated within the submission, for example from bus operators, we anticipate formally submitting the Strategy Outline Case to DfT in mid-December 2016, subject to LCC approving a report at its Executive Board on the 14th December. This would enable DfT to consider the submission and reach a 'Decision to Proceed' by March 2017.
- 2.8. At the request of DfT, WYCA is proposed to be the accountable body for the £173.5m of funding from DfT. As such it is proposed that the WYCA Growth Deal assurance framework will provide the governance approach for the initiatives within the programme. Following DfT approval to proceed in March 2017, in accordance with the existing Growth Deal / Transport Fund schemes, WYCA Investment Committee would have delegated responsibility for assurance of the package.

3. Financial Implications

- 3.1. Consultancy support to develop the Strategic Outline Case is funded from existing budgets.

4. Legal Implications

- 4.1. To delegate consideration of the schemes to be incorporated within the SOC to WYCA Transport Committee.
- 4.2. To note the use of WYCA Growth Deal Assurance Framework as the proposed governance model in the Strategic Outline Case submission. As with Growth Deal schemes, WYCA Investment Committee would therefore have responsibility for assurance of the package, following DfT approval.

5. Staffing Implications

- 5.1. Existing WYCA staff are being utilised to support Leeds City Council in the development of the Strategic Outline Case.

6. Consultees

- 6.1. The Managing Director, Director of Resources and Director of Transport Services have been consulted in the development of this report.

7. Recommendations

- 7.1. To note the development of the Strategic Outline Case submission to the Department for Transport for the £173.5m funding which had previously been allocated to the NGT project.
- 7.2. To delegate consideration of the schemes to be incorporated within the SOC to WYCA Transport Committee.
- 7.3. Subject to LCC approving the Leeds Transport Strategy report at its Executive Board on the 14th December, to note the use of WYCA Growth Deal Assurance Framework as the proposed governance model in the Strategic Outline Case submission. As with Growth Deal schemes, WYCA Investment Committee would therefore have responsibility for assurance of the package, following DfT approval.

8. Background Documents

Appendix 1 – June 2016 Letter from Department from Transport to WYCA



Department for Transport

Department for Transport
Zone 2/15
Great Minster House
33 Horseferry Road
London
SW1P 4DR

DIRECT LINE: 020 7944 6425
EMAIL: graham.pendlebury@dft.gsi.gov.uk
Web Site: www.dft.gov.uk

23 June 2016

Ben Still Esq
Managing Director
West Yorkshire Combined Authority
Wellington House,
40-50 Wellington Street,
Leeds LS1 2DE

Dear Ben

Thank you for coming to see us on 23rd May to discuss the arrangements for the funding previously allocated to the NGT scheme. We appreciated the constructive discussion, and as agreed I'm now writing to suggest the next steps based on our discussion.

Following the decision not to approve the Transport and Works Act Order for the NGT scheme, the Department for Transport confirmed that the £173.5m previously set aside for the scheme should remain available for public transport improvements in Leeds. Our working assumption is that all of the money will be transferred during the current Spending Review period (i.e. no later than 2020/21), with payments made at the start of each financial year, the annual profile to be agreed. We do not envisage that any other conditions will be attached to the funding, beyond those set out in this letter. The Secretary of State has asked us to stay closely involved as the plans for spending this money are drawn up.

The £173.5m sits within the Local Growth Fund (LGF), but is retained in the DfT budget, alongside the funding for LGF 'portfolio' schemes and the new large local majors fund. DfT is therefore the accountable Department so we need to understand how the money will be spent, the outcomes to be delivered, and how value for money will be assured - all in a way that is consistent with localism and allows detailed decision making to be taken by the competent authorities in Leeds. This letter sets out what we see as the next steps to achieving that and finalising a funding agreement by the end of 2016.

The £173.5m has been retained for Leeds because of the well rehearsed and long standing need for significant public transport improvements in the city, particularly in the absence of a rapid transit system along the lines previously envisaged. This does not have to be a like for like alternative to the NGT scheme, a programme of smaller coordinated interventions may deliver change in a more realistic and publicly acceptable way.

We agreed that you would draw up an outline strategic case for the funding by the early Autumn. That case should

- confirm the strategic case for investment
- clarify the objectives and outcomes for the funding

- include basic details of specific projects or investments with rationale for their selection. This does not need to include individual business cases for projects.
- explain how the new programme will align with wider growth objectives, for example how it correlates with the growth deal bid that you will be preparing in parallel, as well as other planned future investments.
- Include a proposal for the governance and value for money assurance of the funding and its relationship to the West Yorkshire Transport Fund.

We would like to work with you as you develop the above.

Once the strategic case has been understood and agreed, we expect that individual investment decisions and project approvals should happen at the local level, with limited oversight by the Department. Key to achieving that will be working closely with you on your proposed assurance framework, ensuring that it meets at least the minimum standards as defined in the national LEP assurance framework guidelines. We do not expect to require VFM sign off of individual components of the programme, but need to reserve the right to do so depending on their size and nature.

The aim, therefore, is that ideally by the end of November, certainly by Christmas we will have reached a clear, transparent and concise funding agreement for the £173.5m that will set out:

- The scope and purpose of the funding
- Arrangements for governance and decision making
- Details of the spending profile and payment arrangements
- Expectations on reporting and evaluation

This final agreement will be subject to the approval of DfT Ministers and HM Treasury.

We look forward to working with you on this exciting programme to bring about real change to the public transport offer for the people of Leeds. We have a great team here in DfT ready to assist, your first points of contact should be Margaret Jackson, Head of DfT's Northern Engagement team in our Leeds office, and Bob Collins from our Local Infrastructure team in London:


margaret.jackson@dft.gsi.gov.uk

tel. 0207 944 6677

bob.collins@dft.gsi.gov.uk

tel. 020 7944 2622

Yours sincerely



GRAHAM PENDLEBURY
Director, Local Transport

Originator: Rob Norreys, Director of Policy, Strategy and Communications
Author: Colin Blackburn



ITEM 13

Report to: Combined Authority

Date: 1 December 2016

Subject: WYCA Consultation Response – Kirklees Draft Local Plan

1 Purpose

- 1.1 To seek endorsement of the proposed West Yorkshire Combined Authority (WYCA) response to support the Kirklees Draft Local Plan as part of the Combined Authority's role under the Duty to Cooperate.

2 Information

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

- 2.5 Attached at **Appendix 1** is the proposed Combined Authority response to the Draft Kirklees Local Plan.

3 Kirklees Draft Local Plan Consultation

- 3.1 The Combined Authority was consulted by Kirklees Council in November 2016. The Draft Local Plan consultation document outlines the housing and employment growth requirements for Kirklees and provides a portfolio of proposed site allocations to meet these needs.
- 3.2 The draft Plan sets out the vision for Kirklees until 2031 and outlines how development will be delivered in a sustainable way balancing economic, social and environmental priorities. The Plan forms a complete suite of local policies therefore it directly addresses many aspects of the strategies laid out in the SEP and emerging West Yorkshire Transport Strategy.
- 3.3 The Plan allocates land for 31,140 new homes over the plan period which will assist in accelerating housing growth across Kirklees. The Plan also sets out policies which seek to deliver affordable homes on 20% of new developments. These elements of the Plan support the SEP's ambitions to increase housing growth and increase provision of affordable homes. This target is consistent with the agreed range for City Region housing requirements as identified for each district to support the SEP's aspiration to increase housing delivery in the City Region to 10,000 – 13,000 net additional homes each year.
- 3.4 The Plan allocates or protects 165 hectares of land for employment purposes which will support delivery of 23,000 new jobs and protects mineral resources within the district. The focus of most new development will take place within the urban areas taking advantage of existing services and high levels of accessibility. This element of the Plan aligns with our City Region evidence base on employment floorspace demand and projected job growth. It also aligns with the SEP's overarching aspirations to deliver 'good growth' alongside 35,700 net additional jobs above baseline job growth projections across the City Region by 2036.
- 3.5 The Plan sets out a range of policies to facilitate the delivery of new infrastructure, including provision for new strategic and sustainable transport facilities. These policies are also supported by an Infrastructure Delivery Plan (IDP) and emerging Community Infrastructure Levy (CIL). These policies and proposals support the SEP in delivering objectives for wider coverage of digital infrastructure, a transformed transport system across the north and an integrated flood risk reduction programme.
- 3.6 The Plan is consistent with the transport infrastructure elements of the SEP and emerging West Yorkshire Transport Strategy. This is noting the Plan's support for delivery of strategic transport infrastructure and sustainable development with a focus on developing existing urban areas.

3.7 The proposed response also supports a range of strategic land allocations in the plan that are consistent with the SEP's Spatial Priority Areas. These are:

- Copper Bridge, Huddersfield;
- North Kirklees Growth Zone (including Chidswell, Dewsbury);
- Lindley Moor East and West; and
- Moor Park, Mirfield

3.8 The Combined Authority's response to the consultation is set out at Appendix 1 and confirms that the Draft Kirklees Local Plan document is aligned with the SEP and emerging West Yorkshire Transport Strategy.

4 Financial Implications

4.1 There are no financial implications for the Combined Authority.

5 Legal Implications

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

6. Staffing Implications

6.1 There are no staffing implications for the Combined Authority.

6.2 There are no further resource implications at this time as a result of this report.

7. Consultees

7.1 The Combined Authority Managing Director has been consulted on and has supported the consultation response.

8. Recommendations

8.1 That the Combined Authority endorses the response to the Kirklees Draft Local Plan consultation as set out in Appendix 1.

9. Background Documents

None.

APPENDIX 1

Richard Hollinson
Kirklees Council
Planning Policy Group
P O Box B93
Civic Centre 3
Huddersfield
HD1 2JR

2 December 2016

Dear Mr Hollinson

Kirklees Council: Alignment of Local Plan with the Leeds City Region Strategic Economic Plan and Emerging West Yorkshire Transport Strategy

The West Yorkshire Combined Authority (WYCA) and the Leeds City Region Enterprise Partnership (LEP) have a shared vision for economic growth throughout the Leeds City Region and work closely together to deliver a shared Strategic Economic Plan (SEP).

The Combined Authority endorses the self-assessment pro-forma completed by Kirklees as demonstrating that the draft Local Plan aligns with the SEP and the emerging West Yorkshire Transport Single Transport Plan (STP) that will update the current Local Transport Plan (LTP3, 2011-16), and is proposed to come into effect from 1 April 2017 to run to 2037.

The draft Plan sets out the vision for Kirklees until 2031 and outlines how development will be delivered in a sustainable way balancing economic, social and environmental priorities. The Plan forms a complete suite of local policies therefore it directly addresses many aspects of the strategies laid out in the SEP. The following SEP Strategic Priorities are addressed by the Plan:

- Growing businesses: The Plan allocates or protects 165 hectares of land for employment purposes which will deliver 23,000 jobs and protects mineral resources within the district. The focus of most new development will take place within the urban areas taking advantage of existing services and high levels of accessibility. This is consistent with the SEP aspiration to attract inward investment into the City Region and LTP / STP objectives to promote sustainable accessible development.

The allocated sites are in prime locations that provide large areas of undeveloped land that are strategically located to take advantage of established business corridors. Generally, the policies within the Plan set out a presumption in favour of sustainable development that seeks to accelerate economic growth and attract inward investment.

- Skilled people, better jobs: The Plan encourages the development of new jobs and aims to deliver 23,000 jobs over the plan period as part of a wider skilled and flexible workforce. This will be provided by the allocation / protection of 165 hectares of employment land. This is consistent with the SEP aspiration to create more jobs and encourage job creation.

The Plan also recognises the strategic role of educational facilities across the district, including Kirklees College and the University of Huddersfield. This is consistent with the SEP aspiration to align skills and training investment with growth opportunities and sectors.

- Clean energy and environmental resilience: The Plan supports delivery of decentralised energy networks and wider energy efficiency by supporting the delivery of renewable and low carbon infrastructure. The consideration of low carbon technologies is supported as part of the master planning process for new development sites. The Plan also includes a criteria based policy (DLP 27) which expresses general support for freestanding renewable and local carbon proposals. These elements of the Plan are well aligned with the SEP, specifically its aim to promote energy efficiency and low carbon energy generation infrastructure. The Plan's policies seek to ensure a town centre first approach is taken to main town centre uses, this is consistent with the SEP's aspirations in relation to resource efficiency. The Plan's policies (PLP 30-32) in relation to strategic Green Infrastructure (GI) and biodiversity also support this element of the SEP.
- Infrastructure for growth: The Plan allocates land for 31,140 new homes over the plan period which will assist in accelerating housing growth across Kirklees. The Plan also sets out policies which seek to deliver affordable homes on 20% of new developments. These elements of the Plan support the SEP's ambitions to increase housing growth and increase provision of affordable homes.

The Plan sets out a range of policies to facilitate the delivery of new infrastructure, including provision for new strategic and sustainable transport facilities. These policies are also supported by an Infrastructure Delivery Plan (IDP) and emerging Community Infrastructure Levy (CIL). These policies and proposals support the SEP in delivering objectives for wider coverage of digital infrastructure, a transformed transport system across the north and an integrated flood risk reduction programme.

The Plan's support for the delivery of strategic transport infrastructure is also consistent with the SEP as it aims to capitalise on the opportunities presented by HS2 by linking communities and businesses within Kirklees to areas such as Leeds.

- SEP Spatial Priority Areas: The Plan proposes growth across Kirklees, including within Huddersfield which is identified in the SEP as a Growth Centre. The district also includes the North Kirklees Growth Zone which is identified in the SEP as a Housing Growth Area. The Plan supports the delivery of this location and identifies it as an area for significant growth.

The Plan allocates a range of large employment sites, including Cooper Bridge, Huddersfield (33 hectares) and mixed use development at Chidswell, Dewsbury (35 hectares). These sites are identified as being suitable for a significant quantum of new employment floorspace. The allocation of these locations supports the SEP as they are identified as Employment Growth Areas of sub-regional significance.

The Plan also supports the delivery of new employment development at Lindley Moor East & West and Moor Park, Mirfield. These sites have been designated as Enterprise Zones, as part of a wider suite of sites along the City Region, collectively referred to as the Leeds City Region Enterprise Zones. Enterprise Zones are recognised within the SEP as playing a strategic role in meeting wider City Region ambitions such as supporting growth in priority sectors, attracting

inward investment and providing a longer term funding stream to facilitate delivery of other strategic locations across the City Region.

The current LTP3 policy advocates collaboration in strategic land use planning to ensure that Local Plans include the policy hooks to facilitate sustainable travel within development. LTP3 sets out that development should be concentrated in sustainable, accessible and safe locations in a way that encourages sustainable travel choices to be made. The draft plan sets out policies to deliver such sustainable development with a focus on developing existing urban areas. It also sets out a requirement for collaboration with partners to deliver infrastructure to facilitate the delivery development sites including seeking contributions from developers.

We are encouraged that strategic transport infrastructure will be sought from developments where they would directly benefit from the scheme and that development will not be permitted if it may prejudice the developer of strategic transport schemes or public transport facilities. This includes the schemes that have been identified through the West Yorkshire plus Transport Fund. Furthermore, the plan sets out specific policies relating to Sustainable Travel supporting measures to encourage the uses of sustainable travel options which is welcomed.

The emerging West Yorkshire Transport Strategy, which is proposed to replace LTP3 from 2017 is being developed in collaboration with Kirklees Council and is expected to strengthen transport policy and strategies in respect of delivering a modern, integrated transport system with appropriate capacity in road and public transport and investment in sustainable transport facilities and options.

The Combined Authority confirms that Kirklees Council's Draft Local Plan is in general conformity with the SEP and LTP3 and that it is also aligned with the principles of the emerging West Yorkshire Transport Strategy.

Yours sincerely

Colin Blackburn
Head of Infrastructure and Investment
On behalf of West Yorkshire Combined Authority

ITEM 14

Report to: Combined Authority

Date: 1 December 2016

Subject: WYCA Medium Term Financial Strategy and Budget 2017/18

1. Purpose

- 1.1. To consider a draft business plan and budget for WYCA for 2017/18, noting the challenges, pressures and assumptions supporting these.

2. Information

- 2.1. Members have considered at previous meetings the challenges in setting a balanced budget for the WYCA, taking into account the difficult funding climate in local government and the growing operational requirements on the organisation. The WYCA is required to set its budget by mid February each year in order to meet the statutory deadline for issuing the transport levy and this paper is brought to enable consideration of key assumptions and principles underpinning the budget ahead of the meeting scheduled for 2 February at which the budget will need to be agreed.
- 2.2. A business planning process has been underway during the autumn to ensure that the budget is aligned with the priorities identified through the Strategic Economic Plan and which will be translated into specific actions and services in the 2017/18 corporate plan. The following item on the agenda considers progress to date on the corporate plan for 2016/17. **Appendix A** sets out the emerging priorities for 2017/18 that have been identified from business planning and aligns them with the directorate that will be responsible for their delivery. Further work will take place to work these up into clear actions and deliverables and a draft corporate plan will be tabled in February alongside the detailed budget.
- 2.3. **Appendix B** sets out a revised forecast budget for the current year, a proposed budget for 2017/18 and indicative figures for the following years. The presentation of the budget blocks has been revised from those used in the budget report in February 2016 and now fully reflect the new organisational structure that is being implemented through the One Organisation programme. The revised forecast for 2016/17 then presents known changes from the original budget and the impact this has on the closing reserves.

- 2.4. The appendix sets out expenditure across each of the directorate areas and then summarises in the lower half of the page the income streams which are available to the Authority. Income from tenants in bus stations and from bus operators with regard to departure charges and information provision are netted off against the passenger services expenditure line and the Authority seeks to maximise these in order to reduce the running costs of its facilities. The LEP general funding is received from the City Region authorities and central government and there are no real opportunities to seek to increase this. The income in relation to the Enterprise Zone and the transport levy are considered in more detail below, along with a number of other factors affecting both the 2016/17 outturn and the 2017/18 draft budget.
- 2.5. **Enterprise Zone receipts:** the WYCA took on the inward investment function of the former Leeds and Partners in April 2015. The costs of this function (circa £1.5m) were to be met through business rates income from the Leeds Aire Valley Enterprise Zone (EZ) in part in 2015/16 and then in full from 2016/17 onwards, this income accruing to WYCA as the accountable body for the Leeds City Region Enterprise Partnership (LEP). The timing of new businesses opening on the EZ has been slower than anticipated and to date actual income has not met forecast levels. This leaves a funding timing difference over this and future years, necessitating WYCA funding the costs of the inward investment team through the use of reserves. Appendix B shows only £311k income for current year and £669k for 2017/18 which is significantly short of the income expected when budgets were set a year ago. To date no money has actually been paid across to WYCA. Further work is underway to fully understand the timing of the payment of business rates to Leeds City Council and the risk of appeals to rateable values and this may result in providing for a higher level of income than currently shown. There is also a need to consider how to encourage further businesses to locate to the Enterprise Zones and to recognise that further upfront investment, potentially through capital budgets, may be required to achieve this.
- 2.6. **Concessionary reimbursement:** this is the highest individual budget line with Appendix B currently showing a £1m saving against the original budget for reimbursement to bus operators of the statutory element of the concessionary travel budget of £47m. From 1 April 2017 data collected through smartcard technology will be utilised in the Department for Transport calculator which is used to establish the basis of the 'no better, no worse' reimbursement principle. This is expected to demonstrate that future levels of reimbursement should remain at a similar level as at present under the old system and the 2017/18 budget is therefore showing no increase against the revised outturn for 2016/17. This creates an area of risk for WYCA as there may be expectations from bus operators that they will see a further increase as has been the situation previously with a history of annual increases in reimbursement driven by inflation in salary and fuel costs within the bus industry.
- 2.7. **Pressures on local government budgets:** the transport levy of £101m (of which £96.2m is utilised to support revenue expenditure) is paid by the five West Yorkshire District authorities. £85m of this directly supports passenger transport activities in accordance with the policies and principles established by the Authority. Work has been undertaken to understand how a review of the policies applied to these areas

of expenditure could result in changes that would lead to service cuts and thereby reduce expenditure. This could include for example reducing the support provided for Sunday services, increasing the minimum number of passengers required to be carried to qualify for support, the withdrawal of the more expensive services (on a cost per passenger trip basis) or reductions in the dial-a-ride AccessBus service. Whilst these could in total reduce annual expenditure by up to £5-6m there would be significant consequences to the bus network and passengers affected negatively by the changes.

- 2.8. **West Yorkshire plus Transport Fund:** This has received £30m funding through the Local Growth Deal for each of 20 years subject to achieving targets at periodic gateway review points. The ambition is to deliver these schemes over 10-11 years in order to address the backlog of underinvestment and make a step change in the economic growth needed in the region. To achieve this requires a local contribution, and this was recognised at the time of agreeing the City Deal. Small annual increases to the levy have been made to date but the intention was always to borrow against the future income in order to make faster progress, with these costs met by increases in the transport levy. Original projections showed significant borrowing requirements over the coming years to be met by a growing transport levy.
- 2.9. Work is underway to confirm a robust programme of project expenditure, accompanied by the necessary financial modelling to identify the extent of further increases that would be required to the levy to support the borrowing required to deliver the programme. Whilst District Councils are aware of the commitment to local contributions to fund the WY+TF it is recognised that increases in expenditure in the current financial climate are especially difficult. At this stage the WYCA is undertaking to deliver the WY+TF schemes and other Growth Deal capital projects within the funding it has available (through a combination of grant and cash balances) and not undertake any borrowing in 2017/18 to meet these costs. As the delivery timescales for projects are further developed by the new Delivery directorate and the Director of Delivery future years' budgets are likely to require an element of funding to support borrowing.
- 2.10. Opportunities, possibly through the devolution asks, to raise this funding for future years without requiring a levy increase, will continue to be explored. Another way to approach this may be 'recycle' any reductions in the levy generated by cuts or efficiencies elsewhere into providing the funding for increased borrowing to support the WY+TF.
- 2.11. **Other pressures on expenditure:** Inflation on contracts, including bus tendered services as well as on salaries and other overheads will have to be managed with these budgets. The pension revaluation is due in 2017 with early indications from the West Yorkshire Pension Fund being that it expects employer contributions to increase. Work underway on establishing the policy and strategy teams suggests that it is likely that if the Authority wishes to operate at an influential national level on a broad range of policy areas then current staffing levels are likely to be insufficient and ways of increasing and funding resource in this area need to be identified. The work of the economic services teams is funded from specific funding awards, providing the capacity to support employers with skills training, business

support and apprenticeship funding. These funding awards are time limited and from 2018/19, unless new funding sources are identified, some of these workstreams will cease.

- 2.12. Detailed work has been undertaken in previous years on the general reserves position. Closing reserves at the end of 2015/16 were higher than forecast due to increases in investment income and a range of smaller underspends on a number of budget heads. A risk based reserves strategy determines the appropriate level of reserves required, in accordance with best practice in this regard. Current reserves exceed that level but are being utilised to fund overall budget shortfalls and to manage the delay in receiving income from the EZ. Further work will be done on the appropriate level of reserves as the budget process progresses. It is generally expected that £4m will be the absolute lowest level of reserves acceptable, although it is likely the detailed work will highlight a level higher than this in at least some years.
- 2.13. Appendix B at this stage sets out a reduction of 1% or £1m in the transport levy in 2017/18, (to be followed by a further £2m in 2018/19- 2019/20). It should be noted that given the non-discretionary nature of the English National Concessionary Scheme reimbursement of £46m a 1% cut in the levy effectively represents a 2% cut of discretionary expenditure. Taking such a cut in conjunction with the other budget assumptions and pressures set out above this would necessitate savings or cuts of £2m to be found for 2017/18.
- 2.14. The options available to achieve savings on this scale include consideration of a number of service reductions. Work is being undertaken as set out in 2.7 above on understanding the implications of changing policies in relation to bus tendered services which could realise reductions in expenditure of up to £5m per annum. Capitalising on the investment in electronic information and ticketing a channel shift programme is being established which could reduce costs, for example, in producing printed passenger information and potentially realise savings of up to £150k. Work is also underway on debt financing costs with a particular emphasis on capital funding and the opportunities to recalculate the minimum revenue provision required as part of the debt charges. This could realise a reduction of £1m on the financing charges line. The WYCA is asked to consider the approach it wishes to take in finalising the detailed budget for 2017/18.

3. Financial implications

- 3.1. As set out in the report.

4. Legal Implications

- 4.1. None arising directly from this report.

5. Staffing Implications

- 5.1. None arising directly from this report.

6. Consultees

- 6.1. Directors and the WYCA Deputy Chair have been consulted in preparing this paper.

7. Recommendations

- 7.1. That the WYCA note the draft budget for 2017/18 and the underlying assumptions and challenges.
- 7.2. That the WYCA consider any further work to be undertaken in finalising a budget for 2017/18.

The table below summarises the main focus, key priorities and headline deliverables for each of the newly established WYCA directorates. The **focus** reflects the WYCA Leadership Team's overarching objectives for each directorate, the **priorities** relate to our long-term Strategic Economic Plan (SEP) objectives and explain what we are working towards during the coming year and the **deliverables** are focused on additional planned activities without listing all existing services and Business as usual activities.

	Policy and Strategy	Delivery	Economic Services	Transport Services	Resources
Focus	<ul style="list-style-type: none"> Develop a Transport vision for the Leeds City Region integrating existing strategies and plans. Maintain the SEP and keep it current. Support the development of devolution asks and implement the outcome of negotiations 	<ul style="list-style-type: none"> Increase the pace of delivery 	<ul style="list-style-type: none"> Develop new and existing services to meet demands and deliver against the SEP objectives. Meet Key Performance Indicators and provide excellent customer service. Forge new relationships with the wider organisation and exploit synergies between transport and economic services. 	<ul style="list-style-type: none"> Deliver Transport services efficiently and effectively. 	<ul style="list-style-type: none"> Enable WYCA to work as 'One Organisation'
Priorities	<ul style="list-style-type: none"> Maximise positive connections between health, jobs and prosperity through the LCR Cohesion Agenda. Close the gap to the UK average on high level skills. Establish Leeds City Region Infrastructure Investment Framework. Explore opportunities to use alternative technologies to improve the region's digital infrastructure. Refresh and deliver the Leeds City Region Green Infrastructure Strategy. 	<ul style="list-style-type: none"> Deliver the early win strategic projects within £1 billion West Yorkshire plus Transport Fund Accelerate delivery of sustainable homes in spatial priority areas Deliver improvements that make homes across the City Region warmer and reduce fuel poverty. Develop and embed the Portfolio Management Office and support new ways of working to improve consistency, transparency deliver better outcomes from project and programme delivery. 	<ul style="list-style-type: none"> Introduce new services to support SMEs to be more strategic, innovative, and resource efficient. Deliver targeted inward investment and investor development through tailored propositions in financial and professional services, health, digital and manufacturing sectors. Address skills gaps and shortages with education and employers in key areas including digital, engineering and infrastructure. Review grant schemes for business, including LEP capital grants, skills fund and apprenticeship grants. 	<ul style="list-style-type: none"> Plan, procure and manage socially necessary bus services. Reduce costs by reviewing and managing a rolling programme of contract renewals. Provide quality bus stations and public transport assets to improve connectivity and customer experiences. Support "Bus 2018" initiatives and Leeds Transport Strategy outcomes Implementation of smart card ticketing and back office systems to transform the customer experience. Expand the existing product range to grow the market in multi-operator ticketing schemes. Enhance the digital information offer to encourage channel shift. Continual improvement of health and safety at bus stations. 	<ul style="list-style-type: none"> Provide fit for purpose accommodation to meet the changing needs of the organisation. Implement strategy to maximise the use of corporate resources and technology. Embed new values and behaviours through workforce development. Develop new procurement function and associated processes Develop approach to business planning and performance management.
Deliverables	<ul style="list-style-type: none"> Implement the outcome of the LCR devolution bid Develop a Leeds City Region Digital Delivery plan. Support and influence the implementation of the Portfolio Management Office. Develop economic research, analysis, appraisal and evaluation services to support internal decision-making. Develop strategic housing and regeneration policy for the Leeds City Region 	<ul style="list-style-type: none"> Deliver key infrastructure projects (LTP, Growth Deal and Transport Fund) Deliver projects to transform transport ticketing and information provision. Deliver the West Yorkshire Broadband programme. Deliver the FE college skills capital programme 	<ul style="list-style-type: none"> Resource Efficiency Fund launched and integrated with other Business Growth services. ESIF funded business support programmes set up for: <ul style="list-style-type: none"> Access to innovate Strategic business growth Digital and STEM campaigns launched to address skills shortages. Preparation for devolution of adult education budgets and post-area review strategic planning with FE. Inward investment pipeline expanded and increased export appetite from businesses. Expansion of capital grants programme to support large firms and inward investors 	<ul style="list-style-type: none"> Review door to door transport services linking communities with local facilities. Monitor contracted bus services to meet agreed standards. Develop Low emission bus bids. Develop bus stations as community hubs. Improve partnership working with West Yorkshire Police and Safer Travel Partnership. Expand the range of services on offer to Local Authorities for home to school transport. Support the Policy and Delivery teams to understand impacts of policy changes, new schemes and proposals. 	<ul style="list-style-type: none"> Support and monitor the delivery of capital expenditure programmes. Develop approach to 'thought leadership' in finance to maximise funding. Support the organisational transformation and development programme. Develop the risk-based audit plan Develop and deliver WYCA's ICT strategy.

Appendix B

Combined Authority revenue requirement

All £000's

	Actuals 2015/16	Budget 2016/17	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20
<u>Transport Services:</u>						
Concessionary Fares	55,452	57,003	55,994	55,994	55,994	55,994
- <i>English National Concessionary Scheme</i>	45,142	46,205	45,455	45,366	45,366	45,366
- <i>rail</i>	646	662	662	708	708	708
- <i>young people</i>	9,664	10,136	10,136	9,920	9,920	9,920
Subsidised Bus Services	19,614	18,999	18,999	18,885	19,210	19,410
Passenger Services	6,725	8,216	8,515	8,540	8,668	8,798
Rail - franchise costs	44,375	904	932	920	920	0
<u>Economic Services</u>						
Business, Skills and Employment		##	8,542	8,942	3,342	3,342
Trade and Inward Investment	1,332	1,778	1,163	1,163	1,163	1,163
<u>Policy, Strategy and Communications</u>	2,323	2,552	3,217	3,467	3,617	3,617
<u>Delivery - funded through capital</u>		0	0	0	0	0
<u>Resources</u>						
Pensions	1,240	1,394	1,274	1,274	1,274	1,274
Financing Charges	6,089	6,160	5,785	6,256	6,070	5,869
Corporate inc one organisation	5,431	6,049	6,330	6,018	6,108	6,200
Strategic priorities	0	350	0	0		
Savings/cuts				-2,000	-5,000	-5,500
	142,581	103,405	110,751	109,459	101,366	100,167
Funded by:						
Special Rail Grant	44,372	904	920	920	920	0
LEP General Funding	2,872	1,407	1,407	1,407	1,407	1,407
Growing Places Fund Interest	1,026	300	592	169	586	329
Enterprise Zone Receipts		500	311	669	1,495	1,878
Transport levy applied	96,198	96,198	96,198	95,198	93,312	93,312
Business and Skills Funding		##	8,420	9,050	3,050	3,050
Net (addition to)/use of reserves	-1,887	4,096	2,903	2,046	596	191
	142,581	103,405	110,751	109,459	101,366	100,167

Closing Reserves 9,831 4,270 6,928 4,882 4,286 4,096

these lines were not separately identified in the original budget for 2016/17. The income received is used to fund the activities of the business, skills and employment teams.

Director: Ben Still, Managing Director
Author: Giles Nightingale



ITEM 15

Report to: Combined Authority

Date: 1 December 2016

Subject: WYCA Corporate Plan

1. Purpose

To provide a mid-year update on progress and performance against the WYCA Corporate Plan and help to identify any areas where changes or further actions are required to improve performance.

2. Performance snapshot

The tables below provide an update on performance against the agreed measures in the following areas:

2.1. Growing businesses

The number of Foreign Direct Investment (FDI) projects and the number of resulting jobs is currently lower than expected at this point in the year, however the volume of new enquiries is increasing and we currently have 96 live enquiries on the pipeline. We also anticipate a decision on a large 200 job enquiry during November.

A campaign to inspire future exporters will take place in early 2017 and is expected to help contribute to the annual target. Systems have been in place since May 2016 to track the outcome of growth service referrals to delivery partners.

The Export Ambassador Network forms part of the Exporting for Growth ESIF project. This is subject to procurement with activity due to start in early 2017. We are currently working with project sponsors to develop the next phase of the ambassador network.

Performance Indicator	September		Annual Target	Note
	Target	Value		
# of business supported that want to grow	1050	991	2100	

Performance Indicator	September		Annual Target	Note
	Target	Value		
# of business provided with intensive account management support	305	367	525	<i>Profile weighted slightly to start of the year when growth managers will work with most new clients</i>
Investment in capital investment growth projects (£)	£4.55m	£4.32m	£ 9.1m	
# of businesses supported through co-funding of capital investment growth projects	60	99	120	
# of new jobs created via capital grant investment	600	531	1200	<i>This figure for September (531) doesn't include 436 jobs safeguarded by the Flood Grants.</i>
# of new Foreign Direct Investment (FDI) projects	18	9	36	
# of new jobs resulting from FDI projects	450	231	900	
# of new active exporters supported from LCR	25	28*	85	<i>*We have supported 28 businesses to engage with Chinese online retailer. This will be tracked for the remainder of the year</i>
# of Export Ambassadors	(annual target)		50	
# of extra export enquiries	33	38	50	
# of export referrals	40	49	100	<i>Slightly weighted to the end of the year as that's when the impact of the marketing will be seen.</i>

2.2. Skilled people, better jobs, better connected

Where the data is available, all measures are on track to meet the agreed targets by March 2017. The notes included help to provide some additional context or explanations of how the figures have been calculated.

Performance Indicator	September		Annual Target	Note
	Target	Value		
# of businesses supported to determine skills needs	315	330	800	
# of school children undertaking the SAFEMark programme	6250	12,806	12500	<i>The SAFEMark target has been achieved as we do workshops in June/July with seasonal staff (rather than apportioned throughout the year).</i>
# of young people receiving careers advice	(annual target)		7000	

Performance Indicator	September		Annual Target	Note
	Target	Value		
Investment in 'community bus services' (£)	£ 9.5m	£19m	£19m	<i>Investment already committed</i>
# of passengers on supported bus services	1.45m	1.42m	16.44m	<i>Loss of passengers from journeys withdrawn that did not meet 'value for money' criteria or were commercialised by operators.</i>
# of employees accessing training as a result of WYCA involvement	2670	2680	5500	
# of businesses offering apprenticeships	500	585	1000	
# of links identified/created between business and schools	50	69	100	
Number of skills capital projects completed (#)	2	2	4	
# of pupils and students enabled to access education via public and tendered transport services.	50000	50000	50000	<p><i>This daily figure includes:</i></p> <ul style="list-style-type: none"> • <i>Procurement of bus and taxi services for students who are eligible for free travel (on behalf of the district councils);</i> • <i>Procurement of bus services for children who are not eligible for free travel but would otherwise be unable to access their school or college by public transport due to a lack of a suitable service or there being insufficient capacity on services that are available (Socially Necessary services);</i> • <i>Procurement of services for primary schools to encourage modal shift from private transport (Mybus);</i> • <i>Provision of School Passes for eligible children for use on the public transport network (on behalf of the district councils);</i> • <i>Purchase of operator passes for eligible children travelling to schools outside West Yorkshire (on behalf of district councils);</i> • <i>Encouraging operators to provide commercial school special services through support with service planning and the provision of boarding permits;</i> • <i>Encouraging operators to make changes to the commercial public transport network to improve access to schools (revised routes/timetables).</i>

2.3. Clean Energy and Environmental Resilience

3 of 4 measures are expected to meet their annual targets. The conversions of Access Bus vehicles to ultra-low emissions standards is currently delayed as a result of compatibility issues between the delivery partner and vehicle manufacturer.

Performance Indicator	September		Annual Target	Note
	Target	Value		
# of homes where energy efficiency is improved through the Better Homes Programme	408	391	815	
Increase in Travel Plan Network membership	18	18	35	<i>The target for increase in Travel Plan Network companies should be to increase by 35 (not 77)</i>
% of West Yorkshire workforce encouraged to travel sustainably	23%	23%	23%	<i>The 230,000 employees (23% of West Yorkshire workforce) encouraged to travel sustainably is the number of employees within the current membership. Throughout the year we encourage greater participation through campaigns and the monthly TPN newsletter.</i>
# of Access Bus vehicles converted to ultra-low emission standards	13	0	26	<i>Our delivery partners are experiencing some compatibility problems and anticipate fitting will now commence in April 2017</i>

2.4. Infrastructure for growth

A number of indicators in this area are focused on the longer term outcomes of infrastructure projects and other interventions and are therefore reported upon less regularly. Further work is underway to establish the most appropriate methods of measurement.

Performance Indicator		September		Annual Target	Note
		Target	Value		
Increases in GVA and job growth	GVA (£)	Annual average target		£130m	<i>These measures are linked to the metrics developed in the SEP based on modelling work undertaken to determine the impact of the growth deals. This has been translated into annual average targets to enable reporting on the cumulative position.</i>
	Job Growth	Annual average target		2100	

Performance Indicator	September		Annual Target	Note
	Target	Value		
Increases in connectivity bringing people, places and jobs closer together.	<i>Measures under development</i>			
Reduced delays, congestion and faster journey times across all transport modes, both within and beyond the City Region.	<i>Measures under development</i>			
# of premises provided with superfast broadband access through the Broadband Infrastructure Programme	6359	10,483	10,900	
# of new homes enabled for development as a result of housing and regeneration schemes	n/a			<p>The work currently underway to enable the development of homes and commercial floor space is primarily focused on preparing suitable sites through decontamination, demolition, moving uses, clearing sites and developing site infrastructure. Our revised longer term targets taking this into account are as follows:</p> <ul style="list-style-type: none"> • Target: 2,000 new homes built by 2021 • Target: 186,022 sqm of commercial floor space enabled for development by 2021 through WYCA/LEP site investments. • Target: 2521 new homes enabled for development by 2021 through WYCA/LEP site investments.
Amount of Commercial Floor Space enabled for development (m2)	n/a			
Customer satisfaction with information provided and customer-facing activities.	<i>Annual Target</i>		8	
Income generation from facilities and infrastructure (£)	<i>Annual Target</i>		2.5% Increase	
Car Park usage at Elland Road Park and Ride site	11,168	12,524	20% Increase	Currently forecasting a 25.5% increase year on year.

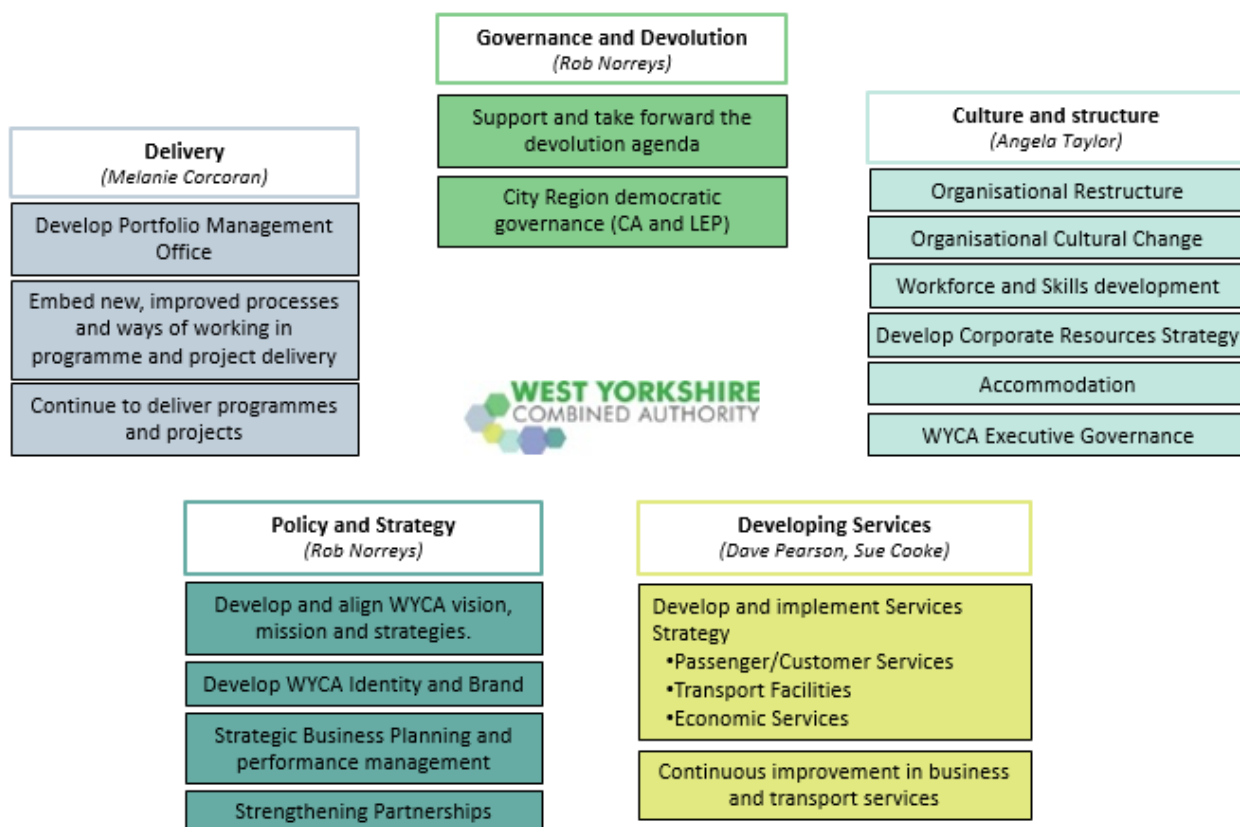
3. One Organisation change programme update

3.1. During 2016/17 WYCA is also undergoing an extensive change programme to deliver the following outcomes:

- Driving stronger economic growth, while addressing increasing inequality and improving quality of life.
- Providing integrated policy and delivery functions to increase efficiency and service.
- Doing more with less – in response to the challenges of public sector austerity.
- Supporting the LEP and Combined Authority – including transparent decision making with a strong focus on delivery to time and budget, and a ‘can –do’ culture.

Members’ views on this programme would be welcome.

3.2. The programme consists of 17 connected projects that are being managed as an integrated programme:



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

3.3.1. Accommodation

A review is underway considering future accommodation requirements and the available options, including potential improvements to Wellington House and alternative accommodation.

Consultation is taking place with staff and stakeholders to ensure the chosen option meets the business needs of the organisation and key partners. These changes are necessary to support cultural change and respond to the organisation’s changing role.

3.3.2. Branding and identity

Work is underway to develop the branding and identity of the Combined Authority to raise the profile of the organisation and improve understanding of its role amongst key stakeholders. Extensive consultation and engagement has informed the proposal of a new identity that supports the organisation's role in the region and this will be followed up with the creative process to develop complementary branding.

3.3.3. Cultural change (Values and Behaviours)

A new set of values and behaviours have been developed to energise the organisation and support the required new ways of working. The new values and behaviours are aligned with the needs of key stakeholders, emphasising the importance of partnership working, being aspirational and being responsive in a rapidly changing environment. The process of embedding these values is underway through widespread engagement with staff and a review of related cross-cutting processes. This will be supported by a manager and workforce development programme that will help to develop the skills and capabilities necessary to deliver the required change.

3.3.4. Democratic governance

A review of WYCA and LEP committee structures has been commissioned to introduce improved delegated arrangements, and remove any overlaps between existing committees. This work is seeking to future-proof the democratic governance arrangements to support the outcomes of a potential devolution deal.

3.3.5. Developing Services

New strategies have been developed to improve the way we provide transport and economic services for our customers and the organisational design process is underway in priority areas. There is a focus on aligning transport and economic functions to deliver effective and efficient services for the public.

3.3.6. Devolution

We continue to support ongoing devolution negotiations and forward planning in this area. The prospect and implications of a devolution deal remain a key consideration in the planning and delivery of other projects (future-proofing the organisation).

3.3.7. WYCA Organisational Structure and Executive officer body governance

A revised structure is now in place and is helping to bring together economic and transport functions while supporting a new joined-up way of working that supports the delivery of the Strategic Economic Plan (SEP). Clear leadership arrangements are in place, with senior management positions now filled, most recently with the announcement of Melanie Corcoran as the new Director of Delivery and the appointments of the Heads of Service in her directorate. A new head of Communications has also been appointed.

A programme of organisational design is underway to ensure teams are equipped to deliver what is needed from them and the new shape of the organisation is aligned with our strategic objectives and the needs of our customers.

3.3.8. Portfolio Management Office

The creation of a Portfolio Management Office (PMO) will help to deliver the following benefits:

- Governing and controlling the delivery of key projects and programmes to ensure benefits are realised on time and on budget.
- Ensuring all projects are run on common lines. There will be a consistent approach to reporting and project controls, ensuring greater transparency and accountability;
- Assurance and VFM assessment - improved appraisal of investments will ensure value for money is maximised and better handling of change processes.

In this area, the design phase is complete, a Head of PMO has been appointed, improvements have been made to reporting and transition/implementation is underway, currently testing the new process for appraisal, monitoring and evaluation of projects and programmes.

3.3.9. Strengthening partnerships

Events have been held to engage with key stakeholders, a statement of intent has been shared and a further event is being planned for 2017. A pro-active approach to managing partnerships is being developed within the new Policy and Strategy directorate and associated principles and objectives are being embedded in all other projects and new ways of working.

4. Financial Implications

4.1. As set out in the report.

5. Legal Implications

5.1. None arising directly from this report.

6. Staffing Implications

6.1. As set out in the report.

7. Consultees

7.1. The WY Chief Executives are being kept sighted on the work, and involved in key decisions and processes.

8. Recommendations

8.1. That the West Yorkshire Combined Authority note the report.

9. Background Documents

9.1. WYCA Corporate Plan 2016-17

Director: Angela Taylor, Director,
Resources
Author: Elizabeth Davenport



ITEM 16

Report to: Combined Authority

Date: 1 December 2016

Subject: Appointment of External Auditors & additional Governance and Audit Committee Members

1. Purpose

1.1 This report:

- sets out options in relation to new arrangements for appointing the WYCA's auditor, further to the Local Audit and Accountability Act 2014 (the Act), and
- asks Members to review the current membership of the Governance and Audit Committee and approve arrangements for the appointment of an independent Chair for the Committee, in due course.

2. Information

2.1 External Auditor appointment arrangements

- 2.1.1 The Act abolished the Audit Commission (with effect from 1 April 2015), and established new arrangements for the audit of authorities including combined authorities.
- 2.1.2 Before 1 April 2015, auditors were appointed under contracts let by the Audit Commission. Under transitional arrangements, Public Sector Audit Appointments (PSAA) are now responsible for managing the existing contract, which will end when the 2017/18 accounts are completed. PSAA is an independent, not-for-profit company limited by guarantee, established by the Local Government Association.
- 2.1.3 External auditors must be appointed by 31 December 2017 for the 2018/19 accounts, under one of the new processes provided for in the Act. However, before appointing external auditors, the WYCA must decide how it is going to make the appointment.

- 2.1.4 There are three options available to the WYCA for appointing an auditor for the 2018/19 accounts:
- **Option 1:** undertake an **individual auditor procurement and appointment** exercise;
 - **Option 2:** undertake a **joint audit procurement and appointing exercise** with other bodies, those in the same locality for example; or
 - **Option 3: opt-in** to a 'sector led body' scheme where specified "appointing person" status has been granted under the relevant Regulations.
- 2.1.5 For **options 1 and 2**, WYCA must establish an **auditor panel**, to advise the authority on:
- selecting and appointing an auditor
 - whether to adopt a policy on obtaining non-audit services from the auditor
 - any proposal to enter into a liability limitation agreement
 - maintaining an independent relationship with its auditor
 - the outcome of any investigation of an auditor's resignation from office, or any proposal to remove a local auditor from office.
- 2.1.6 Under options 1 and 2, the function of appointing an auditor remains with the WYCA, but WYCA must consult and take into account the advice of its audit panel. Members of the panel must be wholly or by majority independent members, and an independent member must chair the panel.
- 2.1.7 For **option 1**, the WYCA may:
- set up a WYCA only auditor panel, or
 - use an existing WYCA committee or sub-committee to act as the auditor panel.
- 2.1.8 Option 1 offers potential for a bespoke contract. However, there is limited elected member involvement on the auditor panel itself, as set out above. The WYCA would bear all costs of setting up and running the audit panel, and of the procurement exercise.
- 2.1.9 For **option 2**, the WYCA may
- set up an auditor panel with one or more other authorities
 - ask another authority's auditor panel to carry out the functions of the authority in question.
- 2.1.10 Under Option 2, joint arrangements offer less WYCA influence over arrangements and an increased risk of independence issues arising (where an auditor has recently or is currently carrying out work such as consultancy or advisory work for an authority, and so is not eligible to act as auditor). However, costs of the panel and the procurement exercise would be shared between authorities involved.

2.1.11 In relation to **option 3**, the Secretary of State for Communities and Local Government has specified PSAA as an appointing person. This allows PSAA to make auditor appointments from 2018/19 on behalf of relevant principal authorities that opt into its scheme. Opted-in arrangements are for a compulsory specified period of 5 consecutive financial years, starting in April 2018.

2.1.12 Under option 3, WYCA would not itself appoint the auditor. However, the PSAA must consult the WYCA about any proposed auditor appointment for the WYCA. The PSAA have identified the potential benefits to opting-in as including:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible and requested, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, to enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector.

2.1.13 The WYCA has now received a formal invitation from the PSAA to opt into the national scheme for auditor appointments. The deadline for opting-in is 9 March 2017.

2.2 Governance and Audit Committee membership

2.2.1 Further to legislative changes, the WYCA cannot by law appoint co-opted members to its Governance and Audit Committee, unless or until this is provided for by Order of the Secretary of State.

2.2.2 To reflect these legislative changes, the WYCA appointed 3 CA Members to its Governance and Audit Committee at its annual meeting, and did not appoint any co-optees. The current quorum for the committee requires all 3 members to attend, although each CA Member has a substitute who may attend in their place, providing some flexibility.

2.2.3 The quorum cannot for practical reasons be any lower: it cannot by law be 1, and a committee of 2 with no casting vote for the Chair raises the risk of stalemate arising in respect of any decision. This could have serious implications for the WYCA if there is a deadline for making a decision, for example approving the accounts.

- 2.2.4 To reduce the risk of an inquorate meeting, Members are asked to consider whether any additional CA Member(s) ought to be appointed to the Governance and Audit Committee.
- 2.2.5 It is anticipated that by May 2017, the WYCA will by Order be required to appoint an independent Chair for the Governance and Audit Committee. Members are asked to request the Head of Legal and Democratic Services to progress appointment arrangements, including convening an interview panel of 3 CA Members to make recommendations to the WYCA in relation to the appointment, and asking the WYCA's Independent Remuneration Panel to advise on appropriate remuneration.

3. Financial Implications

- 3.1 External auditor fees levels are likely to increase when the current contracts end in 2018, as the current contracts were negotiated nationally by the Audit Commission, offering maximum economies of scale. Audit fees for 2016/17 for WYCA were £33k.
- 3.2 For **options 1 and 2**, (a local or joint auditor panel), costs arise in relation to:
- recruiting independent appointees (members),
 - servicing the Panel, running a bidding and tender evaluation process,
 - letting a contract and
 - panel members' allowances.
- 3.3 The LGA estimate initial costs to be about £15,000, with further ongoing expenses.
- 3.4 **Option 3**, (opting-in), provides an opportunity to limit the fees increases after 2018, by allowing the WYCA to benefit from large scale collective procurement arrangements, and removing the costs of establishing and administering a local auditor panel. The WYCA will have to agree to opt-in before the PSAA begins its procurement exercise, but the PSAA must consult opted-in authorities (and others) before specifying or varying the scale of fees.
- 3.5 There are no financial implications arising from appointing any additional CA Member to the Governance and Audit Committee; CA Members do not receive allowances.
- 3.6 The WYCA's Independent Remuneration Panel will consider and make recommendations to the WYCA in respect of remuneration for any independent Chair to be appointed to Governance and Audit Committee.

4. Legal Implications

- 4.1 The Local Audit (Appointing Person) Regulations 2015 require that any decision to accept an invitation to become an opted in authority (that is, choose option 3) must be made by the WYCA meeting as a whole (that is, the decision cannot be delegated).

- 4.2 The WYCA will have to comply with the provisions of any Order relating to membership of its audit committee. It is not at present known whether the Order will provide for co-opted membership, but DCLG have confirmed that an independent Chair of the committee will be required.

5. Staffing Implications

- 5.1 Option 1 (and potentially option 2) relating to external audit arrangements would require additional staff resources to set up, administer and advise the auditor panel.

6. Consultees

- 6.1 To date, there is no appetite apparent from other West Yorkshire authorities to set up a joint audit panel.
- 6.2 The Governance and Audit Committee at its meeting on 29 September 2016 recommended that the WYCA opt into the 'sector led body' scheme for appointing its auditors further to the Local Audit and Accountability Act 2014 (option 3 in the paper).

7. Conclusion

- 7.1 In the light of the resource and the other implications of the different options as set out in this report, the Director of Resources considers that option 3 provides the preferred option for the new arrangements for appointing external auditors.
- 7.2 Increasing the membership of the Governance and Audit Committee would reduce the risk of inquorate meetings. The recruitment process for an independent Chair of the Governance and Audit Committee needs to be progressed, so that the anticipated requirement to appointment may be met at the WYCA's meeting in April 2017.

8. Recommendations

- 8.1 WYCA are asked to:
- (i) note and consider the new options for appointing external auditors;
 - (ii) resolve to opt into a 'sector led body' scheme for appointing its auditors for the 2018/2019 accounts and onwards for the compulsory period of 5 years further to the Local Audit and Accountability Act 2014 (as set out in option 3 of this report); and
 - (iii) authorise the Director of Resources to sign and return the notice of acceptance of the invitation to become an "opted-in" authority, and to take any other steps to progress the new arrangements as required;

- (iv) consider appointing additional CA Member(s) to the Governance and Audit Committee;
- (v) request the Head of Legal and Democratic Services to progress appointment arrangements for an independent Chair for the Governance and Audit Committee, including convening an interview panel of 3 CA Members to make recommendations to the WYCA in relation to the appointment, and asking the WYCA's Independent Remuneration Panel to advise on appropriate remuneration.

9. Background Documents

9.1 None.

Director: Rob Norreys, Director Policy,
Strategy & Communications
Authors: Colin Blackburn/Vicky Dumbrell



ITEM 18

Report to: Combined Authority

Date: 1 December 2016

Subject: Better Homes Update

1. Purpose

- 1.1. To provide WYCA members with an update regarding delivery of the Better Homes Yorkshire Programme and projects in the first year.
- 1.2. To support the emerging principles to underpin the proposed city region policy in response to the forthcoming Flexible Eligibility element of Energy Company Obligation funding.

2. Background

- 2.1. The Leeds City Region has around 140,000 fuel poor households, which represents an average fuel poverty rate of 10.8%, compared to 10.4% nationally. At Local Authority level the indicator shows a range of fuel poverty rates from 7% in Selby to over 14% in Bradford.
- 2.2. Priority 3 of the Leeds City Region Strategic Economic Plan (Clean Energy and Environmental Resilience) sets out a long term ambition to become a resilient zero carbon energy economy underpinned by high quality infrastructure. Priority 3 particularly emphasises the ambition to:
 - Deliver improvements that make homes across the Leeds City Region warmer and reduce fuel poverty;
 - Develop partnership and funding models with the health sector to deliver collaborative interventions that reduce extreme cold and damp and improve health.
- 2.3. The Better Homes Yorkshire programme was procured at the end of December 2014 to respond to the challenge of cold homes and fuel poverty. WYCA, and 9 of the 10 Local Authorities, contracted with Keepmoat and Wilmott Dixon to deliver domestic energy efficiency measures, secure ECO and Green Deal funding (and their successors), up to 2022. Green Deal was scrapped during 2015, and ECO funding has

reduced considerably since contract signing. Top up funding, from other sources has been required since 2015 to continue to tackle fuel poverty.

- 2.4. Realignment of delivery expectations and contract Key Performance Indicators for Years 1 and 2 have been undertaken by the Better Homes Programme Board due to changes in the operating and funding environment since contract award.
- 2.5. The partnership between the WYCA, Local Authorities and the private sector partners is now well developed and, together with existing Framework and Call Off contracts which avoid the need for procurement, has proved advantageous in securing, and delivering external funding. Delivery of measures, quality, and customer service standards provided by Keepmoat, and their supply chain, has been of a high standard.
- 2.6. Year one of the Programme (2015/16) delivered energy efficiency measures to **1,733 homes**, with an **investment value of £7.7m**.
- 2.7. 50% of the contract value in year one has been delivered by supply chain partners (SMEs) located within the Leeds City Region, and a further 44% has been delivered by contractors just outside the City Region based in Rotherham, Sheffield and Doncaster. In total **35 SME sub-contractors** were awarded work through the programme and **204 jobs** have been sustained during 2015/16.

3. Key Delivery Outputs

- 3.1 Green Deal Communities (GDC) funding was secured from Government and the programme has now been completed. This city region wide programme commenced in 2014, led by Leeds City Council. Phases 2 and 3 have been delivered by Better Homes Yorkshire. In total 1,246 homes have received measures through the programme, with GDC funding of £4.9m invested (see Appendix A for breakdown by Local Authority).
- 3.2 A Central Heating Fund programme comprising over £1.76m is currently nearing completion. This city region wide programme commenced in 2015 and has involved WYCA, all ten city region Local Authorities, and three Housing Associations¹. Central heating systems, and often a gas connection, will have been provided to 445² fuel poor households with no existing central heating system.
- 3.3 The programme has involved multiple stakeholders in delivery including Northern Gas Networks to provide the new gas supplies, and Groundwork which provided a post install Green Doctor service to assist with tariff set up and switching, advice and registering for Warm Homes Discount and Priority Services Register, if eligible. All beneficiaries of the scheme are fuel poor residents, and a significant proportion have also had health conditions made worse by cold. It is the first time these households have had gas central heating, and therefore, the impact can be significant.
- 3.4 Comments received back from householders who have benefitted from the improvements have included one couple in their 80s with multiple health conditions made worse by the cold who said *"it has made a world of difference. It used to be so*

¹ Yorkshire Housing, Kirklees Community Association, Leeds Jewish Housing Association

² 291 have been delivered through Better Homes contracts

cold! We didn't use to go into the kitchen or upstairs. We just used to huddle in front of the gas fire. We had to use electric blankets to stay warm."

- 3.5 Savings to households are difficult to quantify as we are at the start of the heating season, and as households are now switching to dual fuel and there is no historic gas usage as a comparison. However anticipated savings, as recorded by Groundwork post install, based on current and new tariff set up, show a range from £100, up to £600, per year. The Warm Homes Discount (if eligible) provides a further £140 per Winter.
- 3.6 Installing these new central heating systems alone has increased the average energy rating of properties from Band F to Band D (where A is the most efficient, and G is the least efficient). At Band C and above, a household is no longer considered to be at risk of fuel poverty. The national target is that 'as many homes as possible achieve a minimum energy efficiency rating of Band C, by 2030'.
- 3.7 Building on the successes outlined above, in June and September 2016, the Combined Authority approved a LCR Tackling Fuel Poverty Programme to be delivered through Better Homes Yorkshire. Projects have been developed using the BRE Housing Condition research and evidence base (see Section 7 below for further details). A further phase of projects (Phase 3) is presented for Leaders' consideration under a separate item. This includes projects from Leeds and Wakefield to specifically target fuel poor households with health conditions made worse by cold, through collaboration with health and social care partners.
- 3.8 City Region Local Growth Fund funded Tackling Fuel Poverty projects have already commenced in Bradford, Barnsley, Craven, Harrogate, Selby and York.

4. Wakefield Affordable Warmth Charter Mark

- 4.1 Wakefield launched their Affordable Warmth Partnership Charter Mark at the end of October; this initiative invites partners to make a pledge towards bringing affordable warmth to more households in Wakefield. City of Wakefield Council have recently opted to join the Better Homes Yorkshire programme, following the ending of their previous energy efficiency contract and fuel poverty schemes are already being developed for fuel poor homes in the district. It is recommended that WYCA join this initiative, and pledge to support the campaign through the Better Homes Yorkshire programme and partnership working.

5. Energy Company Obligation (ECO) Consultation Proposal – 'Flexible Eligibility'

- 5.1 The Government has consulted on whether to allow energy suppliers to achieve up to 20% of their 2017/18 ECO target, in households identified by local authorities. This is to be known as 'Flexible Eligibility'.
- 5.2 Although the ECO obligation is mandatory for the big 6 suppliers, Flexible Eligibility will be voluntary and there will be no mandate on suppliers, or local authorities to use this form of eligibility. Ofgem guidance is to be published in early 2017 with a view for begin applying the proposed approach in April 2017.
- 5.3 The Better Homes Programme Board has recommended a city region wide consistent policy approach is developed and adopted by WYCA and all local authorities. This would need to be in place by the end of March when the new proposed ECO approach

would begin. To develop the policy approach in advance of this date, the Programme Board as developed the following principles which could help frame and inform the development of a policy approach once the Ofgem guidance is published. These principles are supported by the Green Economy Panel which recommends them to the Combined Authority for agreement:

- i) Eligibility criteria are to be as streamlined, and simple, as possible
- ii) Focus on attracting ECO funding to support Local Growth Fund schemes
- iii) Early engagement with energy suppliers
- iv) Early engagement with local Members and partners
- v) Eligibility via 2 routes: (1) Geographic areas based on deprived communities; and (2) Eligibility for funding due to individual circumstances (based on criteria developed and refined already for the Central Heating Fund programme).

6. Housing and Health Integration - BRE Housing Condition Research and Evidence Base

- 6.1 Six local authorities (Bradford, Calderdale, Kirklees, Wakefield, York and Leeds) commissioned the consultant BRE in 2015 to model housing conditions across the whole housing stock of 1.3 million dwellings in the Leeds City Region. This also included undertaking Health Impact Assessments funded by Health officials, identifying the extent and distribution of poor housing and estimating the impact on health. The study is nearing completion and the results show that mitigating the main hazards alone (Category 1 Hazards) in private dwellings could save the NHS over £36 million, at a time of budget challenges and organisational change.
- 6.2 The headline results in relation to private dwellings in the Leeds City Region are:
 - 16% contain category 1 hazards (22% private rented sector)
 - 12% contain a category 1 falls hazard and 6% contain category 1 excess cold hazards
 - 7% are in disrepair
 - 11% of households are in fuel poverty (Low Income High Cost)
 - 26% of households are on low incomes
 - 11.5% of private rented stock have Energy Performance Certificate band ratings of F or G (G being the worst conditions)
- 6.3 The research showed that there are significant challenges of poor energy efficiency and trips and fall hazards in the existing private sector housing stock, which are not only impacting on people's living conditions but also on their health and wellbeing.
- 6.4 The City Region Land and Assets Board has therefore asked officers to work with the Health Sector to explore opportunities for joint working and investment to tackle these trips and falls, and excess cold hazards. An initial meeting of Directors of Public Health and chief housing officers recently took place to discuss how the data and messages emerging from the BRE commission can be used, and, critically what further areas exist for joint working in relation to the housing and health agenda. A proposed work programme will be presented to the next meeting of the Land and Assets Board for consideration.

7. Financial Implications

- 7.1 There are no specific financial implications arising from this report. Activity to continue to deliver the Better Homes Programme and to work with the Health Sector on joint health and housing issues is part of the core activity of the WYCA Infrastructure and Investment Team.

8. Legal Implications

- 8.1 Realignment of contract KPIs noted in 3.4 is being undertaken by WYCA, via contract variation, according to the procedure outlined in the Framework Agreement.

9. Staffing Implications

- 9.1 There are no specific staffing implications arising from this report. Activity to continue to deliver the Better Homes Programme and to work with the Health Sector on joint health and housing issues is part of the core activity of the WYCA Infrastructure and Investment Team.

10. Consultees

- 10.1 The Better Homes Yorkshire Programme Board fed into and informed this report.

11. Recommendations

That the WYCA:

- (i) Note the progress of the Better Homes Yorkshire programme and projects, including the Central Heating Fund which is nearing completion.
- (ii) Welcome the intention of City of Wakefield to join the Better Homes Yorkshire programme and support the proposal for WYCA to pledge support to the Wakefield Affordable Warmth Charter.
- (iii) Agree the principles set out in para 6.3 to underpin the proposed city region ECO Flexible Eligibility policy approach, and delegate authority to the WYCA Managing Director to approve the final wording in liaison with the Green Economy Panel Chair, following publication of Government and Ofgem guidance.
- (iv) Note ongoing work with Public Health regarding joining up policy and investment in relation to health and housing.

Appendix 1 - Summary of Green Deal Communities Programme, measures by Local Authority

	Barnsley	Bradford	Calderdale	Harrogate	Kirklees	Leeds	Selby	Wakefield	York	Total LCR
Cavity wall ins.	152	1	51	72	25	42	1	-	-	344
External wall ins.	1	197	-	-	-	848		48	-	810
Internal wall ins.	-	1	1	-	-	151		-	1	78
Windows/doors	-	1	-	-	-	424		1	1	216
Attic room ins.	4	24	14	1	-	406		-	-	262
Loft ins.	7	1	1	2	-	-		-	1	12
Roof	1	-	-	-	-	349		-	-	176
Boiler	5	4	3	1	2	10		2	3	28
Heating	-	1	-	-	-	15		-	-	9
Heating controls	-	-	-	-	-	1		-	-	1
Underfloor ins.	-	1	-	-	-	-		-	-	1
Total Measures	170	231	70	76	27	2,246		51	6	1,937
Properties	165	226	68	75	27	917	1	48	4	1,246

**MINUTES OF THE MEETING OF THE
GOVERNANCE & AUDIT COMMITTEE
HELD ON THURSDAY 29 SEPTEMBER 2016 IN WELLINGTON HOUSE, LEEDS**

Present:

Roger Marsh (Chair)
 Councillor David Sheard
 Councillor Nadeem Ahmed
 (by telephone)

In Attendance:

Angela Taylor	-	WYCA
Russell Gott	-	WYCA
Angie Shearon	-	WYCA
Steve Appleton	-	Mazars

12. Apologies for Absence

An apology for absence was received from Councillor Andrew Carter.

13. Declarations of Disclosable Pecuniary Interests

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

14. Minutes

Resolved: That the minutes of the meeting held on 28 July 2016 be approved.

15. Appointment of External Auditors – New Arrangements

The Committee considered a report setting out options in relation to new arrangements for appointing WYCA's auditor further to the Local Audit and Accountability Act 2014 (the Act).

It was reported that the Act abolished the Audit Commission with effect from 1 April 2015 and established new arrangements for the audit of authorities, including combined authorities. Prior to 1 April 2015, auditors had been appointed under contracts let by the Audit Commission. Under transitional arrangements, Public Sector Audit Appointments (PSAA) were responsible for managing the existing contract which would end when the 2017/18 accounts were completed. For the 2018/19 accounts, external auditors must be appointed by 31 December 2017 under one of the new processes provided by the Act and therefore WYCA must make a timely decision about the appointment process it wished to adopt.

The options available to WYCA for appointing an auditor for the 2018/19 accounts were summarised in paragraphs 2.4 to 2.13 of the submitted report. Having considered the three available options, and resource and financial implications, and the expected preference of the West Yorkshire local authorities, members were of the view that Option 3 provided the preferred option for the new arrangements.

Members were informed that a letter had recently been received from PSAA indicating that, unless WYCA advised them to the contrary, Mazars would be appointed as WYCA's external auditors for 2017/18.

Resolved:

- (i) That the new options for appointing external auditors be noted.
- (ii) That the Committee recommend to WYCA that it should opt into a 'sector led body' scheme for appointing its auditors for the 2018/2019 accounts onwards further to the Local Audit and Accountability Act 2014 (option 3 set out in the submitted report).
- (iii) That the Committee endorse the notification from PSAA that Mazars be appointed as WYCA's external auditors for 2017/18.

16. Internal Audit Progress Report

The Committee considered a report on work undertaken by the Internal Audit Section from 1 July 2016 to 1 September 2016.

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

The Committee discussed the Audit Plan which was forecast to overrun by 206 days due to a shortfall in resource which had previously been reported to both the Committee and the WYCA at their meeting in April. It was reported that progress with the Plan was continually monitored and adjustments made where possible; for example, if an activity was not sufficiently developed to enable audit to take place. However, despite this, it was acknowledged that the 2016/17 Plan could not be delivered on time without additional resource.

Members discussed available options to resolve the situation and were advised that a number of local authority and private sector audit providers had been contacted concerning provision of resource to help complete the Audit Plan. Information and costs were currently being collated and evaluated and a decision would be made on the most effective way forward. Information would be forwarded to the Committee ahead of the next meeting with a full update on progress presented to the next meeting in December. Members accepted that it was important that the Plan was completed in its entirety in order to facilitate preparation of the statutory annual audit opinion.

The Committee discussed progress with certain activities within the Audit Plan, particularly issues surrounding risk management and data protection/security and the arrangements in place to protect WYCA ICT systems from attack. Members asked that an update on these issues, including the Authority's risk appetite statement and other risk management arrangements, be provided to the next meeting of the Committee.

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

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

Review

Contract Monitoring (facilities maintenance)
Transparency Code
Local Transport Plan
English National Concessions Travel Scheme

Opinion

Requires Improvement
Controlled
Well controlled
Controlled

In addition to completion of the above audit reviews, audit testing work had also been undertaken in relation to Skills Capital Funding, West Yorkshire and York Broadband Programme, Tendered Subsidised Bus Services and Apprenticeship Grant for Employers. A summary of the results from those reviews would be provided at the next meeting.

Resolved:

- (i) That the report be noted.
- (ii) That the progress made in addressing the forecast internal audit resourcing shortfall, as detailed in paragraph 4.1 of the submitted report, be noted and a further update be submitted to a future meeting of the committee.
- (iii) That a report on risk management and arrangements to protect WYCA's ICT systems from attack be submitted to the next meeting of the committee.

17. Approval of Annual Accounts 2015/16

The Committee considered the Annual Accounts for 2015/16 for the West Yorkshire Combined Authority.

It was reported that the Annual Accounts had now been finalised, and were attached to the report at Appendix A. WYCA's external auditors, Mazars, had completed their audit work and their conclusions were set out in the Audit Completion Report at Appendix D. The report provided members with all the information required to enable them to consider the accounts for approval.

Steve Appleton of Mazars provided an overview of the work involved in the audit of WYCA's accounts together with a summary of key findings and talked the committee through the conclusions set out in the Audit Completion Report. Mazars would be issuing an unqualified opinion, without modification, on the statement of accounts and an unqualified value for money conclusion.

It was reported that it was the first year where the budgets of the Leeds City Region Enterprise Partnership (LEP) had been combined with those of WYCA. Members acknowledged the difficulties of the work involved and extended their thanks to the WYCA officers involved in the completion of the accounts and to Mazars.

Members were informed that, as part of the audit process, the auditors required a representation letter providing assurance that WYCA had provided all necessary information and disclosures to the auditors. The wording for this was within their report and it was noted that the Director, Resources would be signing this letter.

It was reported that, in order for Mazars to issue an audit completion notice along with the audit opinion, the Whole of Government Accounts submission had to be audited, in line with instructions issued by the National Audit Office, by the deadline of 30 September. This work had been completed and the submission was ready to sign off, however, members were asked to note that, due to a technical issue, it may not be possible to meet the deadline. Steve Appleton provided assurance that this would have no impact on the audit and that a follow up certificate would be provided as soon as practically possible.

The Committee considered the Treasury Management Statement at Appendix B of the report and noted that a number of changes had been made to treasury management arrangements during the year as a result of the scale of funding received for the Growth Deal enabling funds to be placed securely with a range of counterparties. Members considered that it would be prudent for the Committee to review, on an annual basis, WYCA's Treasury Management arrangements and asked that the item be included on the agenda for the December meeting.

Resolved:

- (i) That the Treasury Management policy and report and the methods of capital funding as outlined in Appendix B of the submitted report be approved.
- (ii) That the final report of Mazars be noted.
- (iv) That the Annual Accounts for the West Yorkshire Combined Authority for the year ended 31 March 2016 be approved.
- (v) That a representation letter providing assurance that WYCA had provided all necessary information and disclosures to the auditors be signed by Angela Taylor, Director of Resources and Section 73 officer, and provided to Mazars.

- (vi) That Leeds City Council's Treasury Management Team be invited to attend the December meeting of the committee to discuss treasury management arrangements provided by them for WYCA under a Service Level Agreement.

18. Internal Controls and Financial Monitoring

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

Internal Controls

It was reported that since the last meeting there had been no significant changes to the arrangements for internal controls within the Combined Authority. Members noted that regular governance meetings continued to be held with Leeds City Council (LCC) to consider and review the transactions relating to investments and treasury management being carried out jointly with LCC. The Service Level Agreement (SLA) regulating the arrangement had recently been fully updated and signed off by both organisations.

Key Indicators

The Committee had previously requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and key controls. There had been one reportable accident in the period 1 April – 31 August 2016 relating to a fall at a bus station but there was no indication of any defect having contributed to the incident.

Financial Monitoring – Revenue Budgets

Members noted the final position for 2015/16 was covered as part of the item on the annual accounts. It was reported that the position for 2016/17 up to the end of August showed a saving of £1m against the concessionary fares budget which, together with small overspends against other budget lines and an increase in expected income, would reduce the call on reserves for 2016/17.

The Committee noted that the ongoing work on organisational development within WYCA and the need to respond to the growing city region agenda would continue to put pressure upon budgets and that government funding continued to reduce putting pressure on maintaining the current level of WYCA funding. It was noted that work was underway to update and develop the medium term financial strategy.

Financial Monitoring – Capital Budgets

It was reported that delivery of the Transport Fund and Local Growth Fund projects was being monitored by the Investment Committee. Members noted that there had been an element of underspending on the Growth Deal projects in 2015/16 but it had been possible to carry the funding forward to 2016/17. Work was underway to update programme delivery profiles which would be reported to the next Investment Committee with revised forecasts for this year using a dashboard approach.

Risk Management

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

Work to fully integrate the activities of the former Passenger Transport Authority/Executive, Leeds City Region Enterprise Partnership, the inward investment team from Leeds and Partners and the Regional Economic Intelligence Unit had been completed and had resulted in a unified set of objectives and priorities aligned with the Strategic Economic Plan. These had been incorporated in WYCA's corporate plan for which a detailed risk register was being developed and would be brought to a future meeting of the Committee for consideration.

Resolved: That the report be noted.

DRAFT

Item 19(b)

**MINUTES OF THE MEETING OF THE
TRANSPORT COMMITTEE
HELD ON FRIDAY 14 OCTOBER 2016 IN WELLINGTON HOUSE, LEEDS**

Present: Councillor K Wakefield (Chair)

WYCA Transport Committee:

CLlr Martyn Bolt
CLlr Neil Buckley
CLlr Peter Caffrey
CLlr Eric Firth
CLlr Abid Hussain
CLlr Hassan Khan
CLlr Glynn Lloyd
CLlr Mick Lyons
CLlr Andrew Pinnock
CLlr Rebecca Poulsen
CLlr Taj Salam
CLlr Dan Sutherland
CLlr Kevin Swift

In Attendance:

CLlr Alex Ross-Shaw (Bradford)
CLlr Peter McBride (Kirklees)
CLlr Richard Lewis (Leeds)
Dave Pearson (WYCA)
Dave Haskins (WYCA)
James Nutter (WYCA)
Fiona Limb (WYCA)
Ruth Chaplin (WYCA)

18. Apologies for Absence

Apologies for absence were received from Councillors Ian Gillies, Marielle O'Neill, Tim Swift and Christine Towler.

19. Declarations of Disclosable Pecuniary Interests

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

20. Minutes of the meeting of the Transport Committee held on 1 July 2016

Resolved - That the minutes of the Transport Committee held on 1 July 2016 be approved and signed by the Chair.

21. Appointment of Kirklees District Consultation Sub-Committee Chair

The Committee considered a report on the appointment of the Chair of the Kirklees District Consultation Sub-Committee.

Resolved - That Councillor Marielle O'Neill be appointed as Chair of the Kirklees District Consultation Sub-Committee.

22. West Yorkshire's Rail Delivery and Ambition

The Committee considered a report which outlined and sought approval for West Yorkshire's rail delivery and ambition which was a framework that WYCA will seek to pursue, develop and implement by working with District partners, Government, Transport for the North (TfN), Rail North and the rail industry.

It was noted that West Yorkshire's proposed rail narrative is summarised in the draft West Yorkshire Transport Strategy. The report highlighted the significant level of rail delivery and ambition being pursued in support of the Leeds City Region SEP vision and members discussed the following five key points which were outlined in the submitted report:

- National rail connectivity
- North of England rail connectivity
- Leeds City Region connectivity
- Station gateways
- Customer-led integration

The key points were supported by proposals attached at Appendices 1 and 2 and these provided more detail in respect of the different categories of improvement. Members discussed the proposals which provided a timeline, detailed table of outputs that WYCA was seeking to deliver, their associated benefits and evidence base/justifications in respect of providing for growth in rail passenger and freight demand. They considered the aspirations and importance of improving connectivity on the local rail network highlighting the Pontefract, Penistone and Wharfedale lines in particular. Members also stressed that as well as providing new rail stations it was important for existing ones to be made accessible for all with staff provided and waiting facilities improved.

The Committee was also given an update on access to Leeds Bradford International Airport. They discussed the feasibility and technical work being undertaken on the public transport access to the Airport and also international connectivity in the North. A progress report would be brought to a future meeting of the Committee.

Resolved - That the proposed West Yorkshire rail delivery and ambition contained in the submitted report and detailed in Appendices 1 and 2 be approved.

23. Developing the Northern and Trans-Pennine Rail Franchises

The Committee considered a report which:

- Provided an overview of the areas where the train service specifications of the new Northern and Trans-Pennine Express franchises leave gaps as against the aspirations of the Leeds City Region.
- Sought approval for WYCA to work together with Rail North and the two rail franchisees to explore options to move towards delivering further improvements that will close the gaps identified and provide an overall better and more coherent service.
- Provided an update on the new Direct Award the Department for Transport (DfT) has granted to Arriva Cross-Country.

It was noted that the new Northern and Trans-Pennine franchises would provide for a substantial improvement in train services in the Leeds City Region with most improvements being delivered by the December 2019 timetable change. However it was considered that there was scope for further improvement in some areas and members considered a list of the adjustments and enhancements that WYCA would wish to see beyond the existing franchise commitments. These were attached at Appendices C and D and had previously formed part of WYCA's submissions to Rail North during the franchise specification process and it was proposed to approach the franchisees to discuss these in more detail. Members welcomed the ambition of both franchises and reiterated comments regarding the importance of the Penistone line to the region, particularly in providing faster links to the South. It was considered that all opportunities to extend the rail network should be investigated although it was stressed that this should not be at the expense of the electrification of the Trans-Pennine route. The Committee expressed concern that the electrification of the Trans-Pennine line remained subject to confirmation of a work programme and members asked for clarification to be sought of the Government's commitment to electrification and a timetable for the scheme.

It was reported that WYCA was working with Rail North to provide input into deciding what the railway's priorities should be for infrastructure enhancements in the coming 2019-2024 investment control period. The Committee considered it important for both members and officers to work with the franchisees and the wider rail industry to explore the scope, methods and timescales to introduce the improvements sought.

Members discussed the mechanisms for holding the franchisees accountable. It was reported that regular meetings were held to review performance and further information in respect of contractual financial penalties would be circulated. It was also requested that members are updated on progress with the future service developments outlined in Appendix C.

The Committee was updated on the franchise extension via a direct award which had been granted to Arriva Cross-Country by the Department for Transport (DfT). It was

noted that WYCA had raised concerns of severe overcrowding, rolling stock quality and high fares and it was disappointing that the Direct Award contained minimal commitments to improvements relevant to the Leeds City Region. It was noted that WYCA would work both directly and via Rail North and Transport for the North, to ensure that commitments to significant upgrades are included in the specification for the 2019 replacement franchise.

Resolved – That WYCA, both members and officers, continue to work together with Arriva Rail North, with Trans-Pennine Express, with Rail North and Network Rail (and with the wider industry) to seek to deliver service improvements to address the aspirations summarised in this paper and listed in the appendices to the submitted report.

24. Yorkshire Hub Requirements

The Committee considered a report which outlined the requirements of “Yorkshire Hub” that WYCA would pursue by working closely with HS2, Government, Transport for the North (TfN) and the rail industry.

Members discussed the key principle requirements of the future Yorkshire Hub station in Leeds. It was reported that WYCA, together with members of the Leeds Station Joint Board, was leading the Yorkshire Hub – Leeds Station masterplanning study. The study will provide a framework that ensures each component project can be delivered and maximise opportunities to materialise early wins that achieve the overall station vision and the greatest value for money.

The Committee noted the focus of the work and the main requirements around the themes which were outlined in the submitted report:

- Common concourse
- Integrated transport hub
- Capacity
- Deliverability and phasing
- Support growth

Members welcomed the work being undertaken and were advised that the study would be completed in summer 2017 and its results shared at a future meeting.

Resolved – That the proposed requirements outlined in the submitted report be approved.

25. Transport for the North Update

The Committee considered a report which provided an update on Transport for the North (TfN), including Northern Powerhouse Rail (NPR).

Members noted that TfN would become a Statutory Transport Body in Spring 2017. The funding sources that TfN could access, which all originated from the DfT, and the composition of the current year's £31.8m budget were outlined in the submitted report.

It was reported that TfN continued to develop the case for rail connectivity improvements between the north's city regions. The next 6-12 months were important in developing the project from its current conceptual state and members noted the Leeds City Region input into the work (known as Northern Powerhouse Rail (NPR) and also referred to as HS3). Members noted that WYCA had provided an evidence-base to TfN relating to the potential for an intermediate stop between Leeds and Manchester, to be located in Bradford Centre or as a Parkway option and further technical work was ongoing in this area.

Members were advised that the Strategic Transport Plan was currently being developed. The process was set out in the report, together with information in respect of the following various component parts:

- Economic analysis and travel demand
- Integrated rail report
- Integrated roads report
- Existing TfN programmes

The timescale for engagement around the emerging strategy outlined in the submitted report was noted. The period of public engagement was scheduled to take place in Spring 2017 and WYCA officers are involved in this work and will be acting as the point of contact between the authorities and TfN. Members requested that briefing meetings be arranged at key stages in the process to ensure effective input into the development of the strategy.

The Committee was updated on the Integrated and Smart Travel (IST) programme which will be seeking to maximise public transport's role in supporting pan-northern activity. It was noted that TfN was preparing the Outline Business Case for submission to DfT by December 2016 and would include the proposals for contactless bank card travel across the north as well as a number of early year 'quick wins' which were being refined through discussion with partners.

Resolved – That the updates provided in the submitted report be noted.

26. City Region Transport Update

The Committee considered a report which provided an update on the following:

- Transport and Bus Strategy Consultation
- Leeds Transport Strategy
- Bus Services Bill
- Bus 18

- Access Fund
- Leeds Bus Station
- Safeguarding
- Competition & Markets Authority Investigation
- Rail Passenger Information

Transport and Bus Strategy Consultation

It was noted that the public consultations on both strategies was due to end on 21 October 2016 and to date c.4,000 people had taken part. Drop-in sessions had been arranged across West Yorkshire and Councillor Bolt expressed his disappointment that Mirfield had not been included in these sessions. Officers would seek to organise an event in the area before the close of the consultation period. Detailed analysis of the consultation results would be reported to a future meeting.

Bus Services Bill Update

It was noted that the Bus Services Bill was at Lords report stage and the Parliamentary Select Committee was reviewing provisions. The lead WYCA Transport Committee members had written to all Leeds City Region MPs setting out their broad support for the Bill. However one area of detail where the concerns of many parties was shared was that all non-mayoral authorities should have equal access to franchise powers.

Bus 18

The Committee noted the progress on the key themes of the short term initiatives to be progressed with the West Yorkshire bus operators pending the introduction of the Buses Act.

A public launch of the Bus 18 programme was planned for 28 October 2016. The EcoStars initiative, which was a scheme where buses would display an environmental star rating, would be launched later in the year.

Leeds Bus Station

It was reported that whilst there were direction signs on the M621 to Leeds Bus Station none were provided when you left the motorway. Comment was also made that there were no drop off or pick points near the bus and coach station.

Rail Passenger Information

It was noted that the production of rail timetable information was now the responsibility of the franchisee. Members were disappointed that the West Yorkshire composite timetable, previously published by WYCA, would no longer be provided. They asked for assurances that the timetables being produced would

contain all trains operating between stations within West Yorkshire. It was reported that WYCA officers were working with Northern to ensure local rail passenger needs were maintained.

Resolved – That the updates provided in the submitted report be noted.

27. Concessionary Travel Scheme

The Committee considered a report which:

- Sought approval to revise the Young Persons' Concessionary Travel Scheme to accommodate changes to the means of reimbursing operators.
- Sought approval to revise the formal scheme document issued under the English National Concessionary Travel Scheme (ENCTS) to accommodate changes to the means of reimbursing operators.

It was noted that the Concessionary Travel Scheme was a formal legal document which set out who is eligible for concessionary fares and how operators are reimbursed. There were two schemes, one for the statutory ENCTS scheme (seniors and disabled) and one for the discretionary young people's scheme. Members considered the proposed revision to the Young Person's Concessionary Travel Scheme in accordance with legislation. They were advised that the changes to the method by which bus operators are reimbursed was necessary to formalise the use of smartcard data. This would be used as the means of calculating the value of travel to be reimbursed to transport operators for carrying passengers at reduced or free fare.

Resolved –

- (i) That the Transport Committee endorses the recommendation to the WYCA the publication of the Young Persons' Concessionary Travel Scheme.
- (ii) That the Transport Committee endorses the recommendation to the WYCA the publication of the ENCTS Concessionary Travel Scheme.

28. CityConnect (CCAG) Programme Update

The Committee considered a report which provided an update on the CityConnect (CCAG) Programme.

Members noted the progress with delivery of the CityConnect programme which was funded through the two phases of the DfT Cycle Cities Ambition Grant and local match funding. Details of the progress of Phase 2 projects were summarised in Table 1 of the submitted report. It was reported that progress of those projects had been delayed and work was ongoing to review the timescales, costs and risks to delivery for the programme. Members were advised that a number of the construction timescales would slip into the 2018/19 financial year but this could be

accommodated through re-profiling the match funding through the Local Transport Plan Implementation Plan 3 development and the Committee endorsed this approach.

In response to questions raised at the last meeting, the report also provided information in respect of the approach to monitoring and evaluation of the programme, setting out the baseline cycling levels for the route before the cycle superhighway was constructed. Members noted the cost per mile of the cycleway and it was noted that monitoring of the completed routes had commenced. Early indications were positive, with increases in cycling between 30% and 70% on both the Leeds-Bradford superhighway and canal towpath routes.

The Committee was assured that there would be regular maintenance of the new cycle superhighway and details of the plans for its day to day cleansing were outlined in the submitted report. With regard to winter maintenance, it was reported that Leeds City Council were exploring a range of options as specialist equipment would be required due to the unique nature of the cycleway.

Resolved –

- (i) That the proposal to extend the CityConnect Programme and to reprofile the match funding contribution within the LTP IP3 programme – to be accommodated within the development of the LTP IP3 Programme be endorsed.
- (ii) That the approach to monitoring and evaluation for the programme along with the maintenance regime being developed for the cycle superhighway be noted.

29. Local Transport Plan Approvals

The Committee considered a report which sought approval for Quarter 3, 2016/17 payments for the following programmes:

- Local Transport Plan (LTP) Implementation Plan 2 (IP2) Integrated Transport and Highway Maintenance Blocks
- Highways Maintenance Incentive Funding
- Cycle City Ambition Grant (CCAG)

Integrated Transport Block and Highways Maintenance Block Funding

Members considered the Integrated Transport Block and Highways Maintenance Block payments to be made to partners in Quarter 3 of 2016/17 as set out in Table 1 of the submitted report. It was noted that the payments were based on the current allocations set out in Appendix 1 and details of the distribution of the indicative Highways Maintenance Block Funding 2014-2017 were set out in Appendix 2.

Highway Maintenance Incentive Funding

It was reported that the Highway Maintenance Incentive Fund rewarded councils who demonstrated that they were delivering value for money in carrying out cost effective improvements. The Department for Transport had advised that all West Yorkshire local highway authorities had achieved Band 2 status and the Committee considered the Quarter 3 allocations to district partners which were set out in Table 1 of the submitted report.

Members had asked for further information regarding the criteria for banding status and were advised that the allocations reflected the maturity of local highway authorities in fulfilling their highway maintenance responsibilities. It was anticipated that all West Yorkshire local highway authorities would achieve Band 3 status, the highest allocation, by 2017.

Cycle City Ambition Grant (CCAG) Funding

Members considered the proposed Quarter 3 payments of 2016/17 which were set out in Table 1 and Appendix 3 of the submitted report.

Resolved – That the quarterly payments set out in Table 1 of the submitted report be approved.

30. WYCA Budget and Transport Levy

The Committee considered a report which advised the Transport Committee of the work being undertaken to produce WYCA's budget for 2017/18 and to identify cost savings.

Members discussed the position regarding the transport levy in the 2017/18 budget and noted that for 2016/17 £95.2m of the levy was being used to fund revenue activities with a further £5.7m supporting the West Yorkshire plus Transport Fund. It was proposed that WYCA would explore ways in which the transport levy could be reduced in future years and identify and consider areas of potential service reductions, efficiencies and income generation.

A report was being prepared for WYCA and this would be brought to a future meeting of the Transport Committee.

Resolved - That the work being undertaken on developing the budget for 2017/18 and identifying areas for service cuts/savings be noted.

31. Feedback from Spokespersons Representing WYCA on External Bodies

The Committee was provided with feedback from Councillor Firth who had represented the WYCA at the following external meetings:

TfN (Transport for the North) Partnership Board – 22 September 2016

The TfN Partnership Board were advised of a positive initial meeting which had been held between David Brown, Sir Richard Leese and the Secretary of State for Transport. It was also reported that John Cridland and Nigel Foster had hosted a visit from Andrew Percy MP, the new Northern Powerhouse Minister.

Updates had also been provided on the development of the TfN Strategic Transport Plan, the Northern Powerhouse Rail Prioritisation, Strategic Road Studies and the Outline Business Case development for Integrated and Smart Travel.

Association of Rail North Partner Authorities – 22 September 2016

The meeting had noted updates on the Arriva Northern and Transpennine Express rail franchises and investment planning.

East Coast Main Line Authorities – 3 October 2016

It was reported that the meeting had included presentations from the TfN Strategy Director on the Single Transport Plan and how the Northern Powerhouse could be linked in strategically with ECML.

Resolved - That the feedback from the TfN Partnership Board, Association of Rail North Partner Authorities and East Coast Mainline Authorities meetings be noted.

32. Minutes of the Joint District Consultation Sub-Committee held on 11 July 2016

Resolved - That the minutes of the meeting of the joint District Consultation Sub-Committee held on 11 July 2016 be approved.