

WEST YORKSHIRE COMBINED AUTHORITY

**MEETING TO BE HELD AT 11.00 AM ON THURSDAY, 5 OCTOBER 2017
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON STREET,
LEEDS**

A G E N D A

Please note that this meeting will be filmed for live or subsequent broadcast via WYCA's internet site. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. Generally the public seating areas will not be filmed; however by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting. If you have any queries regarding this, please contact Governance Services on 0113 251 7220.

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING HELD ON 3 AUGUST 2017**
Copy attached.
(Pages 1 - 10)

For Decision

- 5. CAPITAL SPENDING & PROJECT APPROVALS**
(Member lead: Cllr P Box, Director: Melanie Corcoran)
(Pages 11 - 48)
- 6. HS2 AND THE HS2 GROWTH STRATEGY**
(Member lead: Cllr K Wakefield, Director: Rob Norreys)
(Pages 49 - 56)
- 7. VISION FOR NORTHERN POWERHOUSE RAIL**
(Member lead: Cllr J Blake, Director: Rob Norreys)
(Pages 57 - 64)

8. CONSENT TO REGULATIONS ESTABLISHING TRANSPORT FOR THE NORTH

Please note Appendix 1 is confidential

(Member lead: Cllr J Blake, Director: Rob Norreys)

(Pages 65 - 74)

9. BUSINESS PLANNING & BUDGET 2018/19

(Member lead: Cllr S Hinchcliffe, Director: Angela Taylor)

(Pages 75 - 82)

10. INDUSTRIAL STRATEGY & AUTUMN BUDGET SUBMISSION

(Member lead: Roger Marsh, Director: Rob Norreys)

(Pages 83 - 122)

11. PROPOSED PENSION TRANSFER

(Member lead: Cllr S Hinchcliffe, Director: Angela Taylor)

(Pages 123 - 126)

For Information

12. ESIF SUD UPDATE

(Member lead: Cllr P Box, Director: Angela Taylor)

(Pages 127 - 130)

**13. (a) MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE
HELD ON 7 JULY 2017**

(Pages 131 - 140)

**(b) DRAFT MINUTES OF THE GOVERNANCE & AUDIT COMMITTEE
HELD ON 3 AUGUST 2017**

(Pages 141 - 144)

**(c) DRAFT MINUTES OF THE WEST YORKSHIRE & YORK INVESTMENT
COMMITTEE HELD ON 6 SEPTEMBER 2017**

(Pages 145 - 154)

**(d) DRAFT MINUTES OF THE BUSINESS INNOVATION & GROWTH
PANEL HELD ON 7 SEPTEMBER 2017**

(Pages 155 - 158)

Signed:



WYCA Managing Director



**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE COMBINED AUTHORITY
HELD ON THURSDAY, 3 AUGUST 2017 AT COMMITTEE ROOM A, WELLINGTON
HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Councillor Susan Hinchcliffe (Chair)	Bradford Council
Councillor Tim Swift (Vice-Chair)	Calderdale Council
Councillor Peter Box CBE	Wakefield Council
Councillor Keith Aspden	York Council
Councillor Judith Blake CBE	Leeds City Council
Councillor Simon Cooke	Bradford Council
Councillor David Sheard	Kirklees Council
Councillor Nicola Turner	Kirklees Council
Professor Bob Cryan CBE	University of Huddersfield

In attendance:

Ben Still	WYCA
Caroline Allen	WYCA
Angela Taylor	WYCA (minute 38 only)
Angie Shearon	WYCA

27. Appointment of the WYCA Chair

The Authority considered a report of the Director of Resources in respect of a vacancy in the office having arisen to appoint a Chair of WYCA and review committee membership and committee chairing arrangements.

Councillor Box advised members that he was resigning as Chair of the Authority because he had been appointed to the national role of chairing the Key Cities Group. He would however remain a member of the Authority.

Members were asked to consider nominations for the position of Chair of the West Yorkshire Combined Authority and Councillor Susan Hinchcliffe was proposed and seconded.

In reviewing committee membership, it was agreed that Councillor Box be appointed as Chair of the West Yorkshire & York Investment Committee and Councillor David Sheard as Chair of the Steering Inclusive Growth Group.

Resolved:

- (i) That Councillor Susan Hinchcliffe be appointed as Chair of the Authority.
- (ii) That Councillor Peter Box be appointed as Chair of the West Yorkshire & York Investment Committee.
- (iii) That Councillor David Sheard be appointed as Chair of the Steering Inclusive Growth Group.

28. Chair's Comments

Councillor Hinchcliffe thanked members for their support and was honoured to be given the opportunity to lead the organisation and build on the partnership progress to ensure the City Region continued to prosper. She also thanked Councillor Box on behalf of the Authority for his chairmanship, experience and wisdom since WYCA was established in 2014.

Members echoed Councillor Hinchcliffe's comments and paid tribute to the achievements made during Councillor Box's leadership which included securing the largest City Region Growth Deal outside London and supporting businesses to grow and create jobs in the City Region.

In response, Councillor Box thanked members for their support over the last 3 years and said he looked forward to continuing to play a constructive role with WYCA.

Members also welcomed Councillor Nicola Turner to her first meeting of the Authority.

29. Apologies for Absence

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

30. Declarations of Disclosable Pecuniary Interests

Councillor Judith Blake declared an other interest in Agenda Item 10, Transport for the North, as she is WYCA's representative on the Transport for the North Partnership Board.

31. Exclusion of the Press and Public

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

32. Minutes of the Meeting of the Combined Authority held on 29 June 2017

Resolved: That the minutes of the meeting of WYCA held on 29 June 2017 be approved and signed by the Chair.

33. Capital Spending and Project Approvals

The Authority considered a report of the Director of Delivery on the progression of and funding for the following schemes through WYCA's Assurance Process in line with WYCA's Assurance Framework:

- West Yorkshire Plus Transport Fund Transformational Scheme – Wakefield South Featherstone Link Road
- West Yorkshire Plus Transport Fund Transformational Scheme – York Outer Ring Road Dualling
- West Yorkshire Plus Transport Fund Transformational Scheme – North Kirklees Orbital Route
- WYCA's Portfolio Information Management System
- Pothole Action Fund

Details of the schemes were outlined in the submitted report. In respect of the Pothole Action Fund, it was reported that the decision to allocate monies was a Key Decision which should have been published 28 days in advance of consideration of the item. However, in view of the importance of passporting the funding to the District Councils as quickly as possible, the decision could not be deferred to a future meeting. It was therefore agreed to take this decision under the rules of General Exception as detailed in paragraph 5.2.1 of the submitted report. Further information in respect of the Pothole Action Fund would be circulated to members.

Resolved:

- (i) In respect of **West Yorkshire Plus Transport Fund Transformational Schemes - Wakefield South Featherstone Link Road -**

That following a recommendation from the Investment Committee, WYCA approves funding of £284k for the Wakefield South Featherstone Link Road scheme to progress through Decision Point 2 and develop a Strategic Case for the Transformational Project. In addition, that WYCA enter into a Funding Agreement with Wakefield Council for expenditure of up to £284K from the West Yorkshire Plus Transport Fund.

- (ii) In respect of **West Yorkshire Plus Transport Fund Transformational Schemes – York Outer Ring Road Dualling -**

That following a recommendation from the Investment Committee, WYCA approves funding of £295k for the York Outer Ring Road Dualling scheme to progress through Decision Point 2 and develop a Strategic Case for the Transformational Project. In addition, that WYCA enter into a Funding Agreement with York Council for expenditure of up to £295K from the West Yorkshire Plus Transport Fund.

- (iii) In respect of **West Yorkshire Plus Transport Fund Transformational Schemes - North Kirklees Orbital Route -**

That following a recommendation from the Investment Committee, WYCA approves funding of £248k for the North Kirklees Orbital Route scheme to progress through Decision Point 2 to develop a Strategic Case for the Transformational Project. In addition, that WYCA enter into a Funding Agreement with Kirklees Council for expenditure of up to £248K from the West Yorkshire Plus Transport Fund.

(iv) That in respect of **WYCA's Portfolio Information Management System** –

That following a recommendation from Investment Committee, WYCA approves:

- (a) That the Portfolio Information Management System (PIMS) proceeds through Decision Point 3 onto Stage 2 Activity 5 (Full Business Case with Finalised Costs).
 - (b) That an indicative approval to the total project value of £150k capital for the development of the system and £50k per annum on-going licence fee (the on-going licence fee will be required from 18/19 onwards), to be funded as an overhead cost from the overall Portfolio Management Office costs, is given. Ultimate approval to spend will be granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with finalised costs).
 - (c) That the future approvals at Decision Point 5 are made through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This approval route will be subject to the scheme remaining within the tolerances set out in paragraph 3.1.6 of the submitted report.
- (v) That WYCA approves the £2.231m for the **Pothole Action Fund**, which will be funded from the DfT's allocation to WYCA.

34. A City Region Policy and Funding Framework for Inclusive Growth

The Authority considered a report of the Director of Policy, Strategy & Communications and the Project Director for Inclusive Growth which sought WYCA's agreement to update its policy and funding framework to better foster inclusive growth.

Members welcomed the report and supported the proposal to broaden WYCA's policy remit to ensure a positive impact can be made on both direct and indirect drivers of inclusive growth. It would also allow WYCA and the LEP to better focus the funding programme to make more impact on business competitiveness and the living standards of city region residents.

It was acknowledged that transformation required funding and the opportunity of the industrial strategy and the new impetus in devolution negotiations would be used to secure further investment to address the funding gap that has emerged with other city regions.

The Authority noted the importance of working with the local authorities to add value and help inform decisions and the need to take immediate action and monitor progress was recognised.

Resolved:

- (i) That WYCA agrees, in principle, to broaden its policy remit to ensure it can make a positive impact on factors that drive inclusive growth.
- (ii) That the Steering Inclusive Growth Group (SIGG) be formalised into an Inclusive Growth Panel and a report be brought to a future meeting to set an appropriate remit over public services and tackling fuel poverty.
- (iii) That WYCA agrees, in principle, to review WYCA programmes to take account of inclusive growth, subject to the conditions on delegated funding.
- (iv) That it be noted that currently, funding streams are likely to prove insufficient and inflexible to resource a wider range of city region investment interventions. WYCA therefore seeks to maximise resources (eg. Shared Prosperity Fund) and secure more freedoms over in year spending.

35. Transport Strategy Adoption

The Authority considered a report of the Director of Policy, Strategy & Communications which sought WYCA's approval to adopt the West Yorkshire Transport Strategy.

A copy of the document, which set out the high level vision and policy aspirations for the transport system over the next 20 years had been circulated to members and could be viewed online via <http://www.westyorks-ca.gov.uk/transport-strategy/>.

Members expressed their concerns regarding the disparity of transport investment between the north and south of the country. It was recognised that all transport systems were in need of improvement as transport was a key driver for inclusive growth and the benefits an ambitious devolution deal would bring to the City Region were noted. Members discussed the current under-investment in respect of existing assets including highways maintenance and also for the development of new technologies/systems eg. ticketing and taxis.

Resolved:

- (i) That the Transport Strategy, which sets out the high level vision and policy aspirations for the transport system over the next 20 years be adopted.
- (ii) That a decision on the final appearance and any minor amendments of the Transport Strategy for publication be delegated to WYCA's Managing Director in consultation with the Chair of the Transport Committee.
- (iii) That a progress report be prepared for a future meeting.

36. Bus Strategy Adoption

The Authority considered a report of the Director of Policy, Strategy & Communications which sought approval to adopt the West Yorkshire Bus Strategy.

In noting the summary document which was attached at Appendix 1, members were advised that initial steps in delivering the Strategy had commenced. It was noted that the Strategy set a target of 25% patronage growth from 2016 levels over the next 10 years. However, because of the level of housing and employment growth forecast, this could possibly be increased and had the potential to lead an economic uplift to the region's economy.

Members highlighted problems being experienced by those who relied on bus services to reach employment and areas which were socially isolated. They welcomed the aspirations of the Strategy and the successes reported to date which included park and ride facilities, the Bus 18 partnership and the £173.5m DfT funding to improve public transport in Leeds which focussed on developing bus services.

It was noted that the Bus Services Act 2017 and devolution will provide the City Region with the powers to enable the delivery of the full Bus Strategy.

The Authority asked for their thanks to be passed to the Transport Committee for overseeing the development of the Strategy and requested a progress report to a future meeting.

Resolved:

- (i) That the Bus Strategy, which sets out the vision and policy aspirations for the bus system for the next 20 years, be adopted.
- (ii) That a progress report be prepared for a future meeting.

37. Transport for the North

The Authority considered a report of the Director of Policy, Strategy & Communications which sought:

- To re-affirm WYCA's commitment to agreed TfN priority areas.
- Consent in principle to the making of regulations by the Secretary of State for Transport to establish Transport for the North (TfN) as a Sub-National Transport Body (STB) under Section 102E of the Local Transport Act 2008.
- Subject to TfN being established as a STB, to agree the transfer of Rail North Limited to TfN, to enter into a new Rail Franchise Management Agreement with TfN and to make payments in respect of functions currently carried out by Rail North Ltd, to TfN.

Members confirmed WYCA's priorities for TfN and noted the implications for TfN becoming a statutory body which were detailed in the submitted report.

The Authority expressed concern regarding the Secretary of State for Transport's recent comments in respect of the Transpennine Route Upgrade (TRU) as it was essential to have rail links across the North to drive forward economic growth. The TRU was a vital part of a phased approach to investment in the North as well as HS2 and members noted the importance of working with TfN to continue to press the case for such projects.

It was reported that a summit had been arranged for 23 August 2017 to discuss and consider the current position, concerns and opportunities for lobbying across the North.

Resolved:

- (i) That WYCA re-affirms its commitment to the priority areas set out in paragraph 2 of the submitted report.
- (ii) That WYCA consents in principle to the Secretary of State making regulations under Section 102E of the Local Transport Act 2008 to establish Transport for the North as a Sub-National Transport Body (STB), and delegates authority to WYCA's Managing Director, in consultation with the Chair of WYCA and with WYCA's representatives on the Transport for the North Partnership Board, to consent to the regulations once they have been finalised.
- (iii) That WYCA agrees in principle the transfer of Rail North Ltd to TfN, once TfN has been established as a STB, and delegates authority to WYCA's Managing Director to take any necessary steps on behalf of WYCA to effect this transfer.
- (iv) That WYCA agrees to enter a new Rail Franchise Management Agreement with TfN, once it has been established as a STB, on terms consistent with the Rail North Ltd Members' Agreement.
- (v) That WYCA agrees to fund TfN to carry out functions to supporting rail franchise management which are currently carried out by Rail North Ltd, on

the existing basis, once TfN is established as a STB, and has assumed those functions.

38. Proposed Pension Transfer

The Authority considered a report of the Director of Resources which sought approval to a preferred way of meeting WYCA's element of pension obligations towards First Group, in response to consultation on a Secretary of State Direction on this matter.

It was noted that currently WYCA was required to pay an element of pension increase relating to people who were previously employed by the former West Yorkshire PTE and Yorkshire Rider who are now part of First Group. First Group were now seeking to consolidate its pension arrangements to Greater Manchester and members discussed the options outlined in the submitted report.

Resolved:

- (i) That Option 1, Bulk Asset Transfer, was the preferred option and that further work should be undertaken with regard to the proposed transfer of First Group pension arrangements.
- (ii) That a report be prepared for a future meeting of WYCA for decision but should timelines dictate an urgent decision to be made, then that authority be delegated to WYCA's Managing Director in consultation with the Chair.

39. Governance Arrangements

The Authority considered a report of the Director of Resources in respect of an appointment to the Overview & Scrutiny Committee.

It was noted that the City of York Council had notified WYCA of a change in one of their nominations to the Overview & Scrutiny Committee and that Councillor Jenny Brooks would replace Councillor Helen Douglas.

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

40. Minutes of the Meeting of the West Yorkshire & York Investment Committee held on 16 June 2017

Resolved: That the minutes of the meeting of the West Yorkshire & York Investment Committee held on 16 June 2017 be noted.

41. Draft Minutes of the Meeting of the West Yorkshire & York Investment Committee held on 12 July 2017

Resolved: That the draft minutes of the West Yorkshire & York Investment Committee held on 12 July 2017 be noted.

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Director: Melanie Corcoran, Director of Delivery
Author: Craig Taylor



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Capital Spending and Project Approvals

1. Purpose

- 1.1. To put forward proposals for the progression of, and funding for, a number of WYCA supported projects, including West Yorkshire Plus Transport Fund (WY+TF) and Growth Deal, for consideration by WYCA at Stages 1, 2 and 3 of WYCA's Assurance Process.
- 1.2. This report seeks approval for the progression of schemes through WYCA's Assurance process in line with WYCA's Assurance Framework. Further detail on the schemes summarised below can be found as part of this report.

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper) Total Value - £30.000m Total Value of WYCA Funding - £30.000m Funding sought – £0.570m	Development of a scheme which will deliver highway improvements at Ainley Top Roundabout and also implement strategic interventions across the A629 corridor to improve public transport journeys on this route.
Access Innovation Programme	Decision Point 2 (Case Paper) Total Value – £9.174m Total Value of WYCA Funding - £4.750m Funding sought – £0m	A grant programme to support innovation activity in growth-orientated SMEs.
Strategic Business Growth Programme	Decision Point 2 (Case Paper) Total Value - £7.058m Total Value of WYCA Funding - £3.146m Funding sought – £0m	A business support and grant programme, which will provide an integrated package of support to SMEs from priority sectors to assist them to grow and create employment opportunities.
Beech Hill, Halifax	Decision Point 2 (Case Paper) Total Value – £5.000m Total Value of WYCA Funding - £1.000m Funding sought – £0m	A scheme that will clear and remediate land to the West of Halifax City Centre in order for the land to be attractive for future housing development.
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case) Total Value of scheme – £4.511m Total Value of WYCA Funding - £4.511m Funding sought - £0.317m	A scheme that will enhance the existing Railway Station facilities and improve surrounding public realm to provide an attractive gateway to Castleford that both connects the town and encourages public transport patronage.
Energy Accelerator Programme	Decision Point 4 (Full Business Case) Total Value – £3.817m Total Value of WYCA Funding - £3.817m Funding sought - £0.180m	A scheme that will offer specialist expertise to organisations in the development of low carbon projects in the City Region
Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme – £21.276m Total Value of WYCA Funding - £4.000m Funding sought - £4.000m	A scheme that will provide reduced cost household heating by transferring heat created at the Aire Valley Recovery and Recycling Facility to customers in the north of Leeds City Centre through a network of underground super insulated pipework.

Portfolio Information Management System	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme – £0.240m Total Value of WYCA Funding - £0.240m Funding Recommendation sought - £0.240m	Delivery of an ICT system which will enhance and strengthen WYCA's approach to project, programme and portfolio management.
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- 1.3. These schemes have a total combined funding value of £81.076m when fully approved, £51.464m of this amount will be funded by WYCA with the rest coming from other public sector or private sector contributions. The majority of schemes are still in development and are not seeking an expenditure recommendation as part of this report, however approval to a total expenditure to the value of £5.307m is sought as part of this report for the development of the projects above.
- 1.4. This report also presents recommendations for the following schemes that have had an exceptions reports assessed in line with WYCA's Assurance Process. Further details on the schemes summarised below can be found as part of this report.

Leeds New Station Street	Activity 5 (Full Business Case plus finalised costs) Exception Total Value - £1.591m Total Value of WYCA Funding - £1.591m Funding Recommendation sought – £0m	Scheme to significantly improve the environment for pedestrians around the entrance to Leeds Station. Exception is to extend the timescales to completion on site to December 2018 from March 2018.
Wakefield Eastern Relief Road	Activity 6 Delivery) Exception Total Value - £37.593m Total Value of WYCA Funding - £37.593m Funding Recommendation sought – £5.574m	A completed 5.5km single carriageway highway between the A638 Doncaster Road to the south east and the A642 Aberford Road to the north east of the city centre. The scheme has improved transport links and provide strategically significant access to a large housing development site.

- 1.5. WYCA's Assurance Framework requires that formal approval is given to the following elements of a scheme as part of its development:
- The progression of a scheme through a Decision Point to the next activity
 - Indicative or full approval to the total value of the scheme
 - Funding requested
 - WYCA's entry into a funding agreement with the scheme's Promoter
 - The Assurance Pathway and Approval Route for future Decision points
 - The scheme's Approval Tolerances

This report provides the information required to enable WYCA to approve each of the above elements.

2. Information

- 2.1. This report puts forward proposals for the progression of, and funding for, a number of schemes for approval by WYCA, following consideration by the Investment Committee. WYCA will recall that a three stage approach has been introduced as part of an enhancement to current project management arrangements, with the

requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass Decision Points 2 (case paper approval) and 5 (final cost approval), highlighted in green below, with the requirement to meet the intervening activities deemed on a project by project basis.



2.2. The Programme Appraisal Team (PAT) appraises all schemes at the Decision Points. The PAT consists of an independent panel of officers representing policy, legal, financial, assurance and delivery supplemented with external experts. The scheme promoters from the District Councils or Partner Delivery organisations attend the meeting to introduce the scheme and answer questions from the panel. The Terms of Reference for the PAT are contained within the recently updated Assurance Framework.

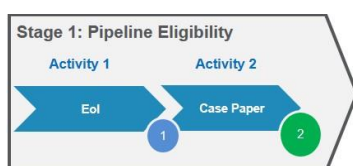
2.3. The nine schemes that are set out in the following report have been considered by West Yorkshire and York's Investment Committee and have been recommended for approval. These are summarised as:

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper)
Access Innovation Programme	Decision Point 2 (Case Paper)
Strategic Business Growth Programme	Decision Point 2 (Case Paper)
Beech Hill, Halifax	Decision Point 2 (Case Paper)
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case)
Energy Accelerator Programme	Decision Point 4 (Full Business Case)
Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs)
Leeds New Station Street	Activity 5 (Full Business Case with finalised costs)
Wakefield Eastern Relief Road	Activity 6 (Delivery) Exception

2.4. The Portfolio Information Management System (PIMs) project (Activity 5, Full Business Case with Finalised Costs) has proceeded directly to WYCA ahead of consideration by the Investment Committee, as this was considered by Investment Committee at its meeting on 3 August 2017 at Decision Point 3 (Outline Business Case).

- 2.5. In accordance with the Assurance Framework, an overview of all scheme business cases was published on the WYCA website as part of the Investment Committee papers for 6th September 2017, under Agenda Item 7 – Capital Spending and Project Approvals. These business case summaries can also be found under the ‘Decisions’ section of the West Yorkshire Combined Authority website, under the relevant entry for each of the WYCA decisions contained within this report. A Business Case summary for the scheme which proceeded directly to WYCA, can be found as an appendix to this report.

Projects in Stage 1: Pipeline Eligibility



- 2.6. Projects at the eligibility stage are seeking entry into 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.
- 2.7. **A629 Phase 4 (Activity 2 Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.7.1. The A629 Halifax to Huddersfield Corridor Improvements is a £120.6m transport package comprising multi-modal interventions which will improve journey time reliability, through a combination of road space reallocation and targeted junction improvements to address key congestion hot spots. Delivered in a number of phases over the next five years, it will also bring major transformations to Halifax town centre’s pedestrian environment, public transport network and infrastructure. The scheme is a crucial component in realising the Halifax Town Centre Delivery Plan aspirations, and unlocking key Local Plan growth sites.
- 2.7.2. Delivery of the project is being realised in a number of phases with implementation and works being undertaken on the following phases:
- Phase 1 – Calderdale Southern Section.
 - Phase 2 (incorporating Phase 3) – Halifax Town Centre.
 - Phase 5 – Ainley Top into Huddersfield.

2.7.3. Whilst the scope and interventions of the phases above is now largely understood, there remains two aspects of the corridor strategy yet to be developed:

- Preferred highway improvements for implementation at Ainley Top, as the one remaining pinch point where preferred solutions are yet to be identified; and
- Wider strategic interventions needed across the corridor as a whole in order to improve the appeal and uptake of public transport between Halifax and Huddersfield, and to provide journey time reliability for commercial (goods) vehicles.

2.7.4. Phase 4 approach will look to identify develop and implement solutions to address these residual aspects of the wider corridor strategy.

Costs

2.7.5. The scheme has an existing approval of £0.075m which has funded feasibility works on the scheme. The total scheme cost of the Phase 4 element of the programme is forecast to be £30.000m. The scheme promoters require of £0.570m development funding to cover the cost of undertaking further feasibility to determine scope and costs of the scheme, preliminary design, and outline business case preparation in order to take the scheme to Decision Point 3.

Timescales

2.7.6

- An Outline Business Case submission is programmed for May 2018, with approval in October 2018.
- Full Business Case plus finalised costs for December 2019.
- Start on site January 2020 with completion December 2020.

Tolerances

2.7.7 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded during the next Activity the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The project costs should remain with +10% of the total project cost set out in this report.
- The project's programme should remain within + 3 months of the delivery timescales set out in this report.

Project Responsibilities

2.7.8 Senior Responsible Officer: Mark Thompson, Calderdale Council
Project Manager: Chris Hoesli, Calderdale Council

WYCA Case Officer: Tom Murphy

Recommendations

2.7.9 That WYCA approves that:

- The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
- An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
- WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.8. Access Innovation Programme (Activity 2 Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

2.8.1. The Access Innovation Programme is designed to support innovation activity by Small and Medium Enterprises (SMEs) in the Leeds City Region.

2.8.2. The Programme is funded from three sources:

- European Region Development Funding (ERDF).
- Local Growth Fund Access to Capital Grants Programme.
- Private Sector Match Funding.

2.8.3. The programme will support growth-orientated SMEs by providing grants (in the form of redeemable vouchers) of between £2,000 and £50,000 to support innovation projects with a total cost of between £10,000 and £100,000. The grants will aim to address an identified 'market gap' in the funding of innovation activity, knowledge transfer and building capacity for innovation in SMEs.

- 2.8.4. Overall, the project will lead to establishing relationships between SMEs and Innovation Support Providers and fostering sustained mechanism for collaboration, innovation capacity building and knowledge transfer, in turn contributing towards inclusive growth.
- 2.8.5. There is a strong strategic fit as the scheme fits to the Leeds City Region Strategic Economic Plan (2016) and Priority Area 1, Key Action Area (B) – “delivery high quality innovation products and services and maximise the role of the universities in innovation”.

2.8.6. The high level outputs include:

- 98 jobs created/safe guarded.
- 444 Businesses created/assisted.

Costs

2.8.7. The total scheme costs are £9.174m. There are 3 funding sources:

- European Region Development Funding (ERDF) - £4.265m secured for this programme.
- LGF Access to Capital Grants Programme - £0.485m – already allocated.
- Private Sector Match Funding - £4.430m – expected from businesses as part of their application.

Timescales

- 2.8.8 Decision Point 2 Approval is requested from Combined Authority on 5th October 2017.
- Full approval with Finalised Costs (Decision Point 5) via the MD Delegation will be requested in late October 2017.
 - Scheme completion is forecast for March 2020 and full evaluation will take place during 2020/21 financial year.

Tolerances

2.8.9 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The WYCA’s funding contribution to the scheme should not exceed the total of £4.750m.
- The scheme’s programme should remain within 2 months of the timescales set out in this report.
- The outputs are forecast to remain within 10% of amounts forecast in this report (98 jobs created/ safe guarded 444 businesses created/ assisted).

Project Responsibilities

Senior Responsible Officer: Henry Rigg

Project Manager: To be appointed

WYCA Case Officer: James Bennett

Recommendations

2.8.10 That WYCA approves that:

- The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the LGF Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.9. Strategic Business Growth Programme (Activity 2 Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.9.1. Closure of the National Business Growth Service (BGS) in March 2016 due to funding cuts, has led to gaps in advisory provision for growth in the LCR. Assistance with strategic business planning is a common issue for many SMEs that contact support services, particularly the need for some expert coaching and mentoring to develop and implement a plan capable of unlocking their growth potential. This project and the availability of supporting funding through the ESIF programme provides the opportunity to address this gap in provision and address the needs of SMEs with growth potential.
- 2.9.2. The project will engage with SMEs across the Leeds City Region (LCR) with ambition and aspirations to grow through providing an integrated package of support. The package will comprise of tailored advice along with financial support (capital grants) to help them grow and create new employment opportunities.

- 2.9.3. The support will be targeted at SMEs operating within the LEPs priority sectors of; manufacturing, low carbon and environmental, financial & business services, digital & creative and health & life sciences.
- 2.9.4. The programme will run until January 2020 funded through a combination of local and EU funding, matched by the enterprises engaged in the project. The project will be managed by WYCA in partnership with a local delivery agency which has been procured through competitive tender. The project is mobilised and ready to commence delivery following approvals.

Costs

- 2.9.5. The total costs of the project are £7.058m. The WYCA funding contribution of £3.146m is made up of £2.156m ESIF Grant and £0.990m WYCA Capital Grants Fund. The remaining £3.914m will be match funding provided by the businesses in receipt of support and capital grants.

Timescales

- 2.9.6.
- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5 October 2017.
 - Approval of the Full Business Case with Finalised Costs (Decision Point 5) will be sought through WYCA's Managing Director Delegated Approval in late October 2017.
 - The project can commence immediately and the project will be completed by January 2020.

Tolerances

- 2.9.7. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- The WYCA funding allocation should remain at £3.146m.
 - The total Private Sector Match funding contribution must not decrease by more than 5%.
 - The programme completion date is fixed at January 2020.
 - Possible impact/disturbance caused by BREXIT negotiations and subsequent changes to UK/EU funding regimes is forecast to effect the availability of the ESIF grant.
 - The number of businesses supported should remain within 15% of the 302 target.
 - The number of businesses in receipt of grant funding should remain within 10% of the 44 target.
 - The number of jobs created should remain within 10% of the 604 target.

Project Responsibilities

Senior Responsible Officer: Sue Cooke, WYCA

Project Manager: Neill Fishman, WYCA

WYCA Case Officer: Fiona Limb

Recommendations

2.9.8. That WYCA approves that:

- The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants Fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.10. **Beech Hill, Halifax (Activity 2 Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.10.1. Beech Hill lies on the western edge of Halifax Town Centre. The regeneration of the site is a joint venture partnership with Calderdale Council and Together Housing Group (THG) who own the three derelict tower blocks in the area, as well as 17 social rented units.
- 2.10.2. This project is to assist with the remediation of Stannery Depot and with the demolition of three high-rise tower blocks to assist the delivery of new housing development in its place on the Beech Hill site.
- 2.10.3. As part of the strategic approach Beech Hill has been identified as an area where intervention and support is needed to drive regeneration and improve quality of life for its communities. It is the Council's aim to implement a programme of improvement and redevelopment at Beech Hill. Phase 1 of this scheme will allow

land to become available with an opportunity to develop approximately 140 new dwellings, of which the majority are proposed to become affordable homes.

- 2.10.4. Overall, the funding will principally focus on Phase 1 of the regeneration project; bringing the demolition of the three high-rise tower blocks and the remediation /development of Stannery Depot together as one project. Phase 1 has been selected because it aligns with early stage deliverables and represents the areas where investment will be focused in the short to medium term.
- 2.10.5. Through combining the two ventures of the Council depot and the tower blocks as one delivery phase, it is projected to achieve greater economies of scale. There is the potential to use material from the tower block demolitions to make up levels across the depot site and this will have an impact to any options considered for the overall remediation.
- 2.10.6. The proposed overall scheme has a strong strategic fit to and will contribute to the Leeds City Region Strategic Economic Plan 2016, Priority 4: Infrastructure for Growth (a) Integrated spatial priority areas which includes Urban Growth Centres, Housing Growth Areas and Employment Growth Areas.

Costs

2.10.7. The totals costs for Phase 1 are estimated as £5.000m

2.10.8. This will be funded from:

- WYCA Contributions - £1.000m (Local Growth Fund Growth Deal 3 allocation)
- Joint Venture Contributions - £4.000m

2.10.9. **Timescales**

- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5th October 2017.
- Full Business Case with Finalised Costs approval (Decision Point 5) via the MD Delegation will be requested in March 2018.
- Scheme completion for Phase 1 is forecast for December 2018.

Tolerances

2.10.10 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- WYCA's contribution should remain within £1.000m with a maximum 10% of capital budget underspend on the project as whole.

- If the project programme should remain within 3 months of the timescales set out in this report.

Project Responsibilities

2.10.11 Senior Responsible Officer: Heidi Wilson, Calderdale Council
 Project Manager: Steph Furness, Calderdale Council
 WYCA Case Officer: Caroline Coy

Recommendations

2.10.12 That WYCA approves that:

- The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3. Projects in Stage 2: Pipeline Development



3.1. Castleford Rail Station Gateway (Activity 3 Outline Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.1.1. The Castleford Rail Station Gateway scheme which will see the enhancement of the existing rail station facility to provide a new, high quality, modern waiting facility and pedestrian linkages with Castleford town centre and the bus station, providing an attractive and welcoming gateway to the town. This, together with the £6m

Castleford Bus Station refurbishment, will create a public transport 'Hub' for Castleford.

- 3.1.2. The proposed scheme will see significantly improved facilities provided at the rail station with the replacement of the existing life expired poor waiting shelter with a new modern building design which seeks to complement the architectural style of the bus station. The new waiting facility will incorporate a fully enclosed waiting room and partially enclosed waiting areas; kiosk/retail space including a ticket vending machine; staffed ticket office; disabled toilet and seating. Sheltered cycle parking will also be provided.
- 3.1.3. The scheme will also deliver significant public realm improvements both to the forecourt area and on the key walking routes between the rail station, town centre and the bus station through footway treatments, landscaping and signage. In the forecourt area, provision will be made for taxis, private hire vehicles and buses. The car park layout will be improved to allow for easier pedestrian and non-motorised access, with the existing on-site parking provision retained and complemented by the creation of 10 new on-street parking bays adjacent to the station. Significant refurbishment of the underpass will be delivered, including waterproofing, lighting and CCTV, to create a more attractive link between the rail station and large residential areas in the south of Castleford town centre, which will be available for rail and non-rail users, boosting connectivity.

Costs

- 3.1.4. The total scheme cost is forecast as £4.511m. The scheme requires development funding of £0.317m to cover the cost of progressing the scheme to Decision Point 5 (Full Business with Finalised Costs). The scheme has an existing approval of £0.021m, which has funded its development to Outline Business Case.

Timescales

- 3.1.5. Full Business Case with Finalised Costs submission in January 2019, with scheme completion by February 2020.

Tolerances

- 3.1.6. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- That the forecast project costs remain within +/- 10% from the total scheme cost set out in this report.
 - That the project's programme remains within +/- 3 months from the timescales set out in this report.

Project Responsibilities

- 3.1.7 Senior Responsible Officer: Kate Thompson, WYCA
Project Manager: Chris Dunderdale, WYCA
WYCA Case Officer: Adam Kendall Ward

Recommendations

- 3.1.8 That WYCA approves that:
- The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
 - An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
 - Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC with Finalised Costs), taking the total project approval to £0.338m.
 - WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.2 Energy Accelerator (Activity 4 Full Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.2.1 The Energy Accelerator (Accelerator) is an innovative project development programme that offers specialist expertise to local low carbon projects. The Accelerator will act as an 'enabler' to low carbon and energy efficiency projects, moving them from concept to the point of investment.
- 3.2.2 The potential for commercially viable, revenue-generating low carbon / zero carbon projects is still largely untapped within Leeds City Region. To date the initial risk associated with project development has prevented good schemes from leveraging the finance available to them. The lack of schemes that are investment ready is underpinned by a lack of availability of project development finance combined with a

lack of specialist knowledge in the development of low carbon projects. This is therefore currently a market failure that the Accelerator aims to address.

3.2.3 The Accelerator will only focus on technical support for the following:

- Commercial and Domestic Retrofit including Integration of Renewable Energy sources into the built environment e.g. Solar PV, biomass.
- District Heating.
- Street Lighting.

3.2.4 The main outcomes will be to:

- Secure just under £3 million of commercial and technical support for a range of regional low carbon projects.
- Enable £100m of capital investment in low carbon projects across the region.
- Result in a substantial decrease in regional carbon emissions.
- Create temporary and some permanent jobs.

3.2.5 Once established, the Accelerator will be the first of its kind in the UK.

3.2.6 WYCA have been developing the Accelerator over a number of years. In November 2015 Investment Committee (IC) approved £0.640m of Local Growth Funding to support the development and delivery of the Accelerator, subject to a successful European Investment Bank's (EIB) funding bid. In the summer of 2016 WYCA submitted a bid for approximately £5.700m (exact amount dependent on Euro exchange rate) from the EIB European Local ENergy Assistance (ELENA) facility. ELENA provides grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy projects and programmes. In line with recommendations received from the ELENA Team, WYCA in May 2017 revised the bid to approximately £2.997m (exact amount dependent on Euro exchange rate at the date of approval). To date WYCA is awaiting a decision from EIB, which is expected September 2017.

3.2.7 The Accelerator has a Governance and Appraisal Framework which has been aligned with the Leeds City Region Assurance Framework. Under the Accelerator's Governance and Appraisal Framework a Programme Advisory Group will be established to support the delivery of the Accelerator. The Accelerator's Programme Team (commercial and technical experts) will assess potential projects against an established Project Assessment Framework and make recommendation on the conditions of the support to be offered (the value of the technical support given is likely to range from £10K – £500,000). Individual Support Agreements followed by quality review with WYCA's legal team will also be undertaken by the Accelerator Programme Team. Monitoring and evaluation of individual projects will be undertaken by the Accelerator's Programme Team.

3.2.8 It will be the responsibility of the Project Sponsors (who receive support through the Accelerator) to deliver any capital schemes that are deemed technically viable by the

Accelerator. Actual delivery of these capital schemes is not part of the Accelerator programme.

Costs

3.2.9 The total revised project value of the Accelerator is approximately £3.817m with £2.997m (€3,513,847) of funding being secured through the EIB's ELENA fund (application pending) and £0.820m from the Local Growth Fund (£0.640m was approved in 2015, subject to a successful ELENA bid). Exact costs will be dependent on the Euro exchange rate at the date of approval.

3.2.10 As an innovative programme a robust evidence base was needed including preliminary commercial and viability appraisal work to identify a shortlist of potentially deliverable low carbon projects. This work identified over 70 potential projects to explore, with just over 20 projects shortlisted for Accelerator assistance. Staff and technical bespoke support were also needed to develop the operational model and to compile the ELENA bid. £0.165m of project cost have been incurred to date and a further £0.015m is required to progress the scheme to Decision Point 5.

Timescales

3.2.11

- EIB Decision on ELENA funding – August / Sept 2017.
- WYCA Decision Point 4 (Full Business Case) Approval - 5 October 2017.
- WYCA Decision Point 5 (Full Business Case with Finalised Costs) via Managing Director (MD) delegation - November 2017.
- Launch Energy Accelerator –January 2018.
- Project Completed – January 2021.

Tolerances

3.2.12 In order for the whole Accelerator Programme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That Scheme cost remains within the allocation of £3.817m.
- That the scheme remains within the timescales set out in this report.
- That less than £2.5 million pounds (€3 million euro) be offered by the EIB.
- If at the mid-way point (18 months into the contract with the EIB) less than 85% of the total programme spend is expected to result in projects that reach the 'point of implementation' (defined as procurement stage with ELENA) within the ELENA contract period.
- In addition to meeting the above programme tolerance, if at the mid-way point (18 months into the contract with the EIB) the Programme Leverage Factor is less than 15.

Project Responsibilities

3.2.13 Senior Responsible Officer: David Walmsley, WYCA
Project Manager: Jacqui Warren, WYCA
WYCA Case Officer: Peter Coello

Recommendations

3.2.14 That WYCA approves, subject to a successful ELENA application, that:

- The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- Approval to spend the £0.640m LGF allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (exact amount dependent on Euro exchange rate at the date of approval - application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £2.997m ELENA).
- Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (FBC with finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.
- WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

3.3 Leeds District Heat Network - Phase 1 (Activity 5 Full Business Case with Finalised Costs)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

3.3.1 The Leeds District Heat Network (LDHN) involves the construction of a new 4.5 kilometre District Heating Network of super insulated underground pipework

connecting the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to customers across the City.

- 3.3.2 Phase 1 of the LDHN will initially bring heat to Council-owned flats to the north of the city centre. The project will tackle fuel poverty through reducing fuel bills for vulnerable residents and in addition make a significant contribution to Leeds City Council's (LCC) ambition to achieve a 40% reduction in carbon dioxide between 2005 and 2020. Once the LDHN is operating at full capacity it holds the potential to heat the equivalent of 25,000 flats.
- 3.3.3 Leeds City Council has a 15 year vision to grow the LDHN to cover the city centre with Phase 2 extensions to Leeds City Region Spatial Priority Areas of the Southbank and Aire Valley regeneration areas. Investing in Phase 1 of a LDHN will create the confidence for future low carbon developments, underpinned by district heating.
- 3.3.4 WYCA approved £7 million towards the LDHN on 31 March 2016. A revised business case was submitted in February 2017 requiring an additional £3 million funding from WYCA as a result of an increase in total project cost from £21 million to £25 million. WYCA conditionally approved a grant of £10 million for the LDHN on 6 April 2017, subject to the full funding package being secured from other sources and robust evidence regarding anticipated levels of demand.
- 3.3.5 The project's scope has been amended and the Full Business Case has been re-submitted. The key change is that the Energy Centre will no longer be located on the Enterprise Zone which means that Leeds City Council will no longer need to pay business rates to WYCA. The previous £10m request was predicated on the need to pay these rates, the funding request has now been reduced. The £4 million grant would instead be repayable to WYCA under the state aid clawback mechanism. If an operating profit is made by the network, up to £4 million of the profit would be recoverable to WYCA. This will be specified as part of the detailed grant conditions, the approval of which is requested to be delegated to WYCA's Managing Director.
- 3.3.6 The final business case focuses on Phase 1 of the LDHN and reflects cost efficiencies achieved through the now concluded design, build and operate contract procurement. Match funding has been confirmed and the demand required to support the business model has been evidenced. 60% of demand has been secured through Housing Leeds and detailed discussions and technical surveys have been undertaken with the other lead anchor customers.
- 3.3.7 The Leeds District Heat Network was approved by Leeds City Council Executive Board on 17 July 2017.

Costs

- 3.3.8 The final scheme is seeking a £4.00m grant from the Local Growth Fund towards total project costs of £21.276m

Timescales

3.3.9

Full planning approval for the energy centre	January 2018
Construction of the energy centre complete	August 2018
The underground District Heat Network installed	December 2018
The LDHN to be fully operational	April 2019
Key clients connected	June 2019

Tolerances

3.3.10 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That the project cost (and WYCA's contribution) should remain within 10% of the costs stated in this report.
- That the programme should remain within 3 months of the timescales stated in this report.

Project Responsibilities

3.3.11 Senior Responsible Officer: Neil Evans, LCC
Project Manager: Polly Cook, LCC
WYCA Case Officer: Chris Maunder

Recommendations

3.3.12 That WYCA conditionally approves the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- The Funding Agreement makes provision for up to £4 million to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.4 Leeds New Station Street (Activity 5 Full Business Case with Finalised Costs) Exception

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.4.1 The aim of the New Station Street project is to significantly improve the environment for pedestrians on New Station Street and around the entrance to the main concourse of Leeds Station. Current plans involve rationalising the bus stops on New Station Street and a doubling of the area of footway available for pedestrian circulation. This will involve widening the footway along most of the distance from the concourse doors down to City Square and also to the east past City House. The complete length of New Station Street will be repaved, from the junction with Wellington Street/Bishopgate Street to the junction with Boar Lane. The New Station Street project is recognised as the next phase of delivery for the wider Leeds Station masterplan work, delivering much needed improvements prior to the implementation of the longer term masterplan works that are currently in development.
- 3.4.2 Following the Gateway 1 submission in August 2016, the project was approved subject to not exceeding cost estimates of £1.591m, and achieving delivery by winter 2017/18. The start on site date was anticipated to be January / February 2018. The approval route for the project was for all future approvals to be made by the WYCA MD subject to remaining within the tolerances above. The project development is taking longer than anticipated following delays between Network Rail and their sub-contractor. As a result Network Rail were asked to produce a revised programme which set out the project tasks from development through to construction end. This programme now shows a site start date of 29/06/18 and a construction end date of 14/12/18.
- 3.4.3 In light of these delays the project is being brought back to WYCA to highlight the changes to the delivery programme, and confirm that the agreed approval process, which grants Managing Director delegation at DP5, is accepted in order to prevent further delay to the project. This delegation would be on the basis that the project remains within the previously approved budget of £1.591m, and starts on site by July 2018 with completion by December 2018.

Costs

- 3.4.4 The scheme is forecast to cost £1.591m.

Timescales

3.4.5

- The scheme is forecast to receive Full Business Case Approval with Finalised costs (Decision Point 5) in May 2017.
- Construction on the scheme is forecast to commence in July 2018 with completion by December 2018.

Tolerances

3.4.6 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That total project costs remain within +/- 10%.
- That project timescales remain within 3 months of forecast date for completion.

Project Responsibilities

3.4.7 Senior Responsible Officer: Liz Hunter, WYCA
Project Manager: Thomas Murphy, WYCA
WYCA Case Officer: Sara Brook

Recommendations

3.4.8 That WYCA approves:

- The exception to extend the Leeds New Station Street project timescale to completion on site by December 2018 is approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

4. Projects in Stage 3 – Delivery & Evaluation



4.1. **Wakefield Eastern Relief Road (Activity 6 Delivery) Exception.**

4.2.

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

- 4.2.1. The Wakefield Eastern Relief Road (WERR) is a 5.5km single carriageway highway between the A638 Doncaster Road to the south east and the A642 Aberford Road to the north east of the city centre. The Road crosses the River Calder and the Wakefield–Normanton–Castleford railway line.
- 4.2.2. Gateway 3 Approval (equivalent to Full Business Case/Decision Point 5 in the current Assurance Process) was granted by WYCA in December 2014 with a total pre-tender project cost estimate of £33.954m. Following a tender process, a Funding Agreement was signed between Wakefield Council and WYCA in October 2015 for a total ceiling cost of £32.019m which included the provision for any cost over-runs beyond this ceiling figure to be met by Wakefield Council.
- 4.2.3. The funding agreement, dated 12 October 2015, states that “The recipient (Wakefield Council) are to pay any costs of the project which are not payable from the grant”. WYCA are therefore under no obligation to make payments over and above the contracted amount.
- 4.2.4. The scheme is now complete and opened to the public on 27 April 2017, and is viewed as a significant success in terms of the strategic benefits that it will deliver. These benefits are already materialising with the first phase of housing development adjacent to the road at City Fields well under way, with 329 new homes either completed or under construction. Planning applications for further stages of development are well advanced, with projections of over 2,000 houses coming forward. This is a strategically significant scheme in the Leeds City Region providing access to a large strategic site providing housing development, reducing congestion and improving journey times.
- 4.2.5. The total project cost is currently estimated at as a maximum figure of £37.593m, some £5.574m (or approximately 15%) over the designated budget approval. Notwithstanding the cost increase, the project still represents ‘very high’ Value for Money with a Benefit:Cost ratio of 8.89 (reduced from 10.4). The causes leading to the cost over-run and the measures taken to mitigate them are summarised below:
- 4.2.6. A review of the project risk register by WYCA post-completion has shown that a number of key risks materialised which had been allocated insufficient risk cost in the risk register. These included unforeseen ground conditions, design changes, construction risks, land access costs paid to Network Rail and traffic signals costs. Had these risks been more fully understood and costed, it is arguable that a higher

risk cost allocation would have been included with the Funding Agreement, and that the project over-spend would have been lower – albeit with a potentially higher budget ceiling figure agreed. The budget allocation to Wakefield Council set at the time of the funding agreement was partly a function of the calculated risk figure.

- 4.2.7. Prior to the signing of the funding agreement, Wakefield Council were advised by WYCA to remove all Optimism Bias allowance from the submitted business case on the understanding that provision would be made centrally within the WY+TF programme and managed outside the project. However, as WY+TF projects have progressed through our revised Assurance Process, the position has been clarified and these costs are included within approved project costs.
- 4.2.8. The project was identified as an “early win” for the overall Transport Fund. In order to achieve delivery within Programme timescales, the timing of the construction was such that an accelerated start on site was required.
- 4.2.9. A number of site issues occurred during construction which contributed to the project cost increases
- Further River Bridge Design
 - Ground Conditions requiring additional works
 - Unexpected level of Network Rail Shared Value Charge

Wakefield Council are in on-going discussions to reach an agreed settlement figure in respect of the above.

- 4.2.10. Three options have been considered in dealing with the Change Request. These are:
- Accepting the extenuating circumstances around WERR, that WYCA fully meet the cost of the change through the WY+TF budget. Alongside this, Wakefield Council seek to reduce the £1m Network Rail ‘Shared Value’ charge and negotiate with contractors around liability in areas such as bridge design (these are common to all options);
 - Accepting that there was a lack of clarity from WYCA around the treatment of Optimism Bias/risk within the approved project costs, agree to meet half of the cost over-run from the WY+TF budget, with the other half potentially coming from Wakefield Council; and
 - All elements of the cost over-run falling to Wakefield Council, as per the Funding Agreement.
- 4.2.11. In the course of discussions with Wakefield Council in respect of the means by which the overspend would be funded, they have indicated that if it were to fall on Wakefield Council, then there is a high likelihood that front-line services would be affected.

- 4.2.12. WYCA has a reasonable degree of confidence that the Change Request as presented can be accommodated within the overall programme and that the initial option set out in 1.6 (above) be brought forward.
- 4.2.13. WYCA are clear that the means of dealing with this Change Request will not become the norm and are mindful that the precedent of approving the change may have ramifications in terms of other Districts perceptions of the Assurance Process. The rationale here is clear, in that due to the issues around the Assurance Process at the point in time at which WERR was approved, allowances have had to be made in resolving the Change Request at this stage.
- 4.2.14. A lessons learnt exercise has been undertaken to ensure that future projects can benefit from the knowledge relating to the issues that arose from the initial WY=TF scheme.
- 4.2.15. Going forward Funding Agreements will be adhered to, which WYCA believe is a defensible position due to the robustness of the Assurance Process that has been implemented after WERR was approved.

Costs

- 4.2.16. The maximum scheme cost is forecast to be £37.593m. However this may reduce as a result of on-going discussions with the contractor on an agreed settlement figure and negotiation with Network Rail on the on the final shared value charge.
- 4.2.17. The current funding approval in place for the scheme is £32.019m

Timescales

- 4.2.18. Construction of the scheme is complete and the scheme was open to the public in April 2017.

Tolerances

- 4.2.19. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- 4.2.20. The final project cost should not exceed £37.593m

Project Responsibilities

- 4.1.21 Senior Responsible Officer: Neil Rodgers, Wakefield Council
 Project Manager: Brian Thomas, Wakefield Council
 WYCA Case Officer: Dave Haskins

Recommendations

4.1.22 That WYCA:

- Conditionally approves the up to a £5.574m increase to the estimated final project cost of Wakefield Eastern Relief Road, and the increased total project up to a maximum of £37.593m.
- Delegates the final approval of the exception and the signing of the addendum of the Funding Agreement to WYCA's Managing Director subject to settlement of the final account by Wakefield Council following endeavours to resolve outstanding contractor issues and seeking to reduce the cost figure payable to Network Rail.

5. Schemes proceeding directly to WYCA

5.1. The following scheme has proceeded directly to WYCA ahead of consideration by the Investment Committee due to the nature of its funding stream.

5.2. Portfolio Information Management System (PIMs) (Activity 5 Full Business Case with Finalised Costs)

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

5.2.1. The project includes the implementation of a new IT Portfolio Information Management System (PIMS) using Microsoft's Project Online/SharePoint Online software. The PIMS is a key system for the Portfolio Management Office (PMO) and will support and strengthen the Leeds City Region Assurance Framework, as well as underpinning the enhanced project, programme and portfolio approach.

5.2.2. PIMS will provide functions such as folders to store and view documentation, a central repository for project information, a centralised way to view project summaries, standardised templates and dashboard reports, all accessible by Districts and partners.

5.2.3. The chosen solution is Microsoft Project Online with SharePoint and Power BI. Together, these provide an out of the box solution that can be easily configured and will provide the organisation and its partners with the required functionality, negating the need for a bespoke system with its associated development and support costs. The solution will integrate with WYCA's existing Microsoft Office 365 installation.

5.2.4. A summary of the scheme's Expression of Interest/ Case Paper is included in **Appendix 1.**

Costs

- 5.2.5. The total capital expenditure sought for the recommended option, including contingency and licences is £240,000. This is an increase of £90k on the previous approval at Decision Point 3, and as such falls outside the tolerances agreed at that time. The new costs are based on the accurate costs as outlined in the successful tenderer's bid rather than a forecast implementation cost obtained during the market testing phase.
- 5.2.6. There will be an on-going annual cost for licensing charges. Based on Microsoft's current licencing arrangements, this is likely be in the region of £50,000 per annum (this cost has been based on Project Online and Power BI licences for 100 users per annum). It is recommended that the licence costs be capitalised and funded as an overhead cost from the Portfolio Management Office costs (in turn funded from various capital funding streams and projects that WYCA are responsible for) from 2018/19 onwards.

Timescales

- 5.2.7. The tender and evaluation process has now been completed and a preferred Microsoft partner selected. Subject to final funding approval, development and implementation is expected to be complete by December 2017. Following a period of soft launch it is expected that PIMS will be live during the first quarter of 2018.

Tolerances

- 5.2.8 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- Cost increases up to 10% can be approved by the Managing Director and will not require further approvals from WYCA. Cost increase over 10% will require further approvals from WYCA.
 - If the programme is forecast to slip more than 3 months then this can be approved by the Managing Director and will not require further approvals from WYCA. If the programme is forecast to slip by more than 3 months then this will require further approvals by WYCA.

Project Responsibilities

- 5.2.9 Senior Responsible Officer: Melanie Corcoran, WYCA
Project Manager: Richard Capenerhurst, WYCA
WYCA Case Officer: James Bennett

Recommendations

5.2.10 WYCA approves:

- That the Portfolio Information Management System (PIMS) project proceeds through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6 (Delivery).
- Approval to the total project value of £0.240m for the development of the system and £0.050m per annum on-going licence fees (the on-going licence fee will be required from 2018/19 onwards) is given and is funded as an overhead cost from the overall Portfolio Management Office costs.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

6. Financial Implications

6.1. The following schemes will be funded from the WY+TF:

- A629 Phase 4
- Wakefield Eastern Relief Road
- Leeds New Station Street
- Castleford Railway Station

6.2. The following schemes will be funded from the Local Growth Fund

- Beech Hill
- Leeds District Heat

6.3. The following schemes will be funded through a combination of Local Growth Fund and European Funding (ERDF/ESIF/ELENA)

- Access Innovation Programme
- Strategic Business Growth Programme
- Energy Accelerator

6.4. WYCA's Portfolio Information Management System will be funded as an overhead cost from the overall Portfolio Management Office costs.

7. Legal Implications

7.1. The payment of any funding received through the Local Growth Deal or WY+TF to any partner will be subject to a funding agreement being in place between the WYCA and the partner in question.

8. Staffing Implications

8.1. None arising from this report.

9. Recommendations

A629 Phase 4 Halifax to Huddersfield Corridor Improvements

9.1. That following a recommendation from Investment Committee, WYCA approves that:

- i) The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
- ii) An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- iii) Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
- iv) WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Access Innovation Programme

9.2. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the LGF Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Strategic Business Growth Programme

9.3. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants Fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Beech Hill, Halifax

9.4. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- ii) An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Castleford Rail Station Gateway

9.5. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
- ii) An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).

- iii) Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC with Finalised Costs), taking the total project approval to £0.338m.
- iv) WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Energy Accelerator Programme

9.6. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) Approval to spend the £0.640m LGF allocation as match to support the development of the Accelerator is confirmed.
- iii) An indicative Approval to the £2.997m ELENA funding (exact amount dependent on Euro exchange rate at the date of approval - application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £2.997m ELENA).
- iv) Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (FBC with finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.
- vi) WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

Leeds District Heat Network

9.7. That following a recommendation from Investment Committee, WYCA conditionally approves the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- i) The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- ii) Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- iii) WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- iv) The Funding Agreement makes provision for up to £4 million to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Leeds New Station Street

9.8. That following a recommendation from Investment Committee, WYCA approves that:

- i) The exception to extend the Leeds New Station Street project timescale to completion on site by December 2018 is approved.
- ii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Wakefield Eastern Relief Road

9.9. That following a recommendation from Investment Committee, WYCA:

- i) Conditionally approves the up to a £5.574m increase to the estimated final project cost of Wakefield Eastern Relief Road, and the increased total project up to a maximum of £37.593m.
- ii) Delegates the final approval of the exception and the signing of the addendum of the Funding Agreement to WYCA's Managing Director subject to settlement of the final account by Wakefield Council following endeavours to resolve outstanding contractor issues and seeking to reduce the cost figure payable to Network Rail.

Portfolio Information Management System (PIMs)

9.10. WYCA approves:

- i) That the Portfolio Information Management System (PIMS) project proceeds through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6 (Delivery).
- ii) Approval to the total project value of £0.240m for the development of the system and £0.050m per annum on-going licence fees (the on-going licence fee will be required from 2018/19 onwards) is given and is funded as an overhead cost from the overall Portfolio Management Office costs.
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

10. Appendices

10.1. Appendix 1 – Portfolio Information management System Business Case Summary

11. Background Documents

11.1. None.

Business Case Scheme Summary

Name of Scheme:	Portfolio Information Management System
PMO Scheme Code:	WYCA-PIMS-001
Lead Organisation:	West Yorkshire Combined Authority
Senior Responsible Officer:	Melanie Corcoran
Lead Promoter Contact:	Craig Taylor
Applicable Funding Stream:	TBC
Growth Fund Priority Area (if applicable):	n/a
Forecasted Full Approval Date (Decision Point 5):	September 2017
Forecasted Completion Date:	Q1 2018
Total Scheme Cost (£):	£240,000 capital (plus £52,000 pa on-going licensing costs from year 2, financial year 18/19 onwards)
WYCA Funding (£):	£240,000 capital (plus £52,000 pa on-going licensing costs from year 2, financial year 18/19 onwards)
Total other public sector investment (£):	n/a
Total other private sector investment (£):	n/a
Is this a standalone Project?	Yes
Is this a Programme?	No
Is this Project part of an agreed Programme?	No
Current Funding Allocation:	£6,750 already approved for procurement support

Current Assurance Process Activity:



Scheme Description:

In order to improve the delivery of the Leeds City Region £2bn Growth Deal and other capital funded schemes within WYCA, the Leadership Team has asked for a greater focus on project delivery and associated costs and benefits. In order to achieve this, the WYCA Board and Leadership Team are supporting the Portfolio Management Office (PMO), which will work closely with partner organisations to manage and provide assurance on the programme of delivery.

The scheme is the implementation and configuration of a new IT Portfolio Information Management System (PIMS) using Microsoft's Project Online software. As a key output of the PMO the PIMS will provide the following benefits:

Transparency

- Permit informed and improved decision making.
- Provide quick visibility of project and portfolio progress.
- Provide a full audit trail of supplied project data.
- Enable linkages and dependencies between various projects in the portfolio to be viewed and managed more easily.
- Ensure lessons learned can be more easily understood and shared between stakeholders and project teams.

Consistency

- A consistent folder structure to view and store project documentation relevant to the Assurance Framework and aligned to the new project assurance process.
- A central repository for project information including outputs, outcomes / benefits, risks, issues, costs and milestones that will provide a uniform approach
- A centralised way to view project summaries, documents, tasks and calendars.
- Provides a robust and automated method of scheme assurance.
- Standardised templates and reports will offer more robust project controls.

Efficiency

- Help to reduce manual data input and manipulation.
- Provide partner organisations with an efficient method of submitting and managing project documentation.
- Provide standardised templates, documents and dashboard reports enabling project teams and stakeholders to concentrate on delivery and help understand project issues earlier.

- Increase the organisation's ability to plan using future project deliverables.

Focus on Delivery

- Aggregation of project data can identify trends in advance.
- Facilitate the alignment of projects to corporate strategy.
- Recommendations and actions to be carried out in a more structured and timely way.

Following a detailed options appraisal at the PMO design phase, the chosen solution for the PIMS is Microsoft Project Online with SharePoint and Power BI. Together, these provide a proven Microsoft software platform that can be easily configured and will provide the organisation and its partners with the required functionality, negating the need for a bespoke system with its associated development and support costs. The solution will integrate with WYCA's existing Microsoft Office 365 installation.

Business Case Summary:

Strategic Case	<p>The Leeds City Region Assurance Framework has now been approved and agreed by the LCR LEP and WYCA. This framework ensures compliance with the Government's requirement that all localities in receipt of a 'Local Growth Fund' as part of their devolution Growth Deal agreement can demonstrate appropriate levels of transparency. It also ensures that procedures and processes are in place to monitor projects to ensure that they achieve value for money and projected outcomes.</p> <p>To deliver the £2bn Leeds City Region local growth deal, an enhanced project, programme and portfolio management approach is being developed that complies with this Assurance Framework. This is being led by the newly formed Portfolio Management Office (PMO) within the Delivery Directorate of WYCA.</p> <p>The Portfolio Information Management System (PIMS) is a key output of the PMO and refers to the IT system that will support and strengthen the Leeds City Region Assurance Framework as well as underpinning the enhanced project, programme and portfolio approach.</p>
Commercial Case	<p>The outputs from PIMS implementation will underpin the enhanced project, programme and portfolio approach as outlined in the Strategic Case. The procurement of the preferred Microsoft partner to implement the PIMS will be governed by the EU compliant G-Cloud 9 framework.</p> <p>All commercial risks associated with this project will be captured on the PIMS RAID (Risk Action Issues Dependencies) log and managed through the PMO Risk Management Strategy.</p>
Economic Case	<p>To achieve the desired objectives and benefits, four options were evaluated during the PMO design phase:</p> <p>Do Nothing - Maintain and exploit current systems and manual processes.</p> <p>Build on Existing Systems – leverage existing systems (e.g. Covalent) wherever possible, relying on manual data capture and analysis.</p> <p>PMO SharePoint Solution – implement a functionally rich and already proven SharePoint based PMO solution.</p>

	<p>Best of Breed – implement an integrated PMO and Project Delivery solution that includes a suite of systems.</p> <p>A number of critical success factors were defined and assigned weightings, and the options were scored against them. Options were also scored against a range of risk factors and the costs of each option were compared.</p> <p>Based on this analysis, the recommended option to adopt a PMO SharePoint solution using Microsoft Project Online has been agreed.</p> <p>Microsoft Project Online will provide a proven SharePoint based solution that can be easily configured and will provide the organisation with the required functionality, negating the need for a bespoke ‘front end’ with its associated development and support costs.</p>																						
Financial Case	<p>All capital costs will be incurred in the financial year 2017-18. The total capital expenditure, including contingency for the agreed option is £240,000 shown in the breakdown below:</p> <table border="1"> <thead> <tr> <th>Expenditure</th><th>Cost</th></tr> </thead> <tbody> <tr> <td>Software configuration, build and test (preferred bidder)</td><td>£204,375</td></tr> <tr> <td>First year licensing (assumes Dec-17 - Mar 2018)</td><td></td></tr> <tr> <td>Project Online (assumes 2 x Premium, 100 Professional)</td><td>£9000</td></tr> <tr> <td>Power BI (assumes 100 Professional licences)</td><td>£3000 (~£10/month per user)</td></tr> <tr> <td>Azure Active Directory (assumes 100 Premium P1 licences)</td><td>£3000 (~£10/month per user)</td></tr> <tr> <td>Procurement/Tendering support</td><td>£6,750 already allocated</td></tr> <tr> <td>Training costs during implementation</td><td>Incl. in software configuration</td></tr> <tr> <td>Associated system hardware costs</td><td>None required</td></tr> <tr> <td>Contingency</td><td>£20,625</td></tr> <tr> <td>TOTAL</td><td>£240,000</td></tr> </tbody> </table> <p>The total capital expenditure figure of £240,000 represents an increase of £90k on the approved figure at Decision Point 3, and as such falls outside the tolerances agreed at that time. This revised cost is based on the accurate costs as outlined in the preferred tenderer’s bid rather than a forecast implementation cost obtained during the market testing phase.</p> <p>In addition to the capital costs of purchasing the preferred solution, £6,750 has already been allocated for external support to assist with the procurement and requirements gathering.</p> <p>At this time there is no anticipated capital spend requirement for additional IT hardware as the preferred solution will be a cloud based service hosted externally to WYCA.</p> <p>There will be an on-going annual cost for licensing/maintenance charges. Based on Microsoft’s current licencing arrangements, this is likely be in the region of £52,000 per annum. This cost has been based on:</p>	Expenditure	Cost	Software configuration, build and test (preferred bidder)	£204,375	First year licensing (assumes Dec-17 - Mar 2018)		Project Online (assumes 2 x Premium, 100 Professional)	£9000	Power BI (assumes 100 Professional licences)	£3000 (~£10/month per user)	Azure Active Directory (assumes 100 Premium P1 licences)	£3000 (~£10/month per user)	Procurement/Tendering support	£6,750 already allocated	Training costs during implementation	Incl. in software configuration	Associated system hardware costs	None required	Contingency	£20,625	TOTAL	£240,000
Expenditure	Cost																						
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Associated system hardware costs	None required																						
Contingency	£20,625																						
TOTAL	£240,000																						

	<p><i>Project Online licences (assumes 2 x Premium, 100 Professional) = £27000</i></p> <p><i>Power BI licences (assumes 100 Professional) = £12000</i></p> <p><i>Azure Active Directory licences (assumes 100 premium P1) = £12000</i></p> <p><i>Power BI Report Pack maintenance = £1000</i></p>
Management Case	<p>The delivery of the new PIMS will be managed through the existing WYCA PMO team and its associated Project Management procedures and supporting documentation.</p> <p>In order to ensure the project is governed, designed and delivered appropriately, the project will be managed in accordance with PRINCE2 and it will be assured in accordance with the Assurance Framework. A Project Board and Project Team has been formed as follows:</p> <p><u>Project Board</u></p> <ul style="list-style-type: none"> • Project Executive – Melanie Corcoran. • Senior Supplier – TBC • Senior Users – Lynn Cooper, Haq Nawaz. • PMO – Craig Taylor. <p><u>Project Team</u></p> <ul style="list-style-type: none"> • Project Manager – Richard Capenerhurst. • Design and Implementation lead – TBC • ICT input – Haq Nawaz. • Finance – Christine Armitage • PMO – Lynn Cooper, Craig Taylor • Research & Intelligence – Lisa Littlefair. • Districts-Jamie Saunders, Alistair Falconer • Case officer – James Bennett

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



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: HS2 and the HS2 Growth Strategy

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

- 1.1 To provide WYCA with an update on the development of HS2.
- 1.2 To seek endorsement from WYCA for the principles of the Leeds City Region HS2 Growth Strategy and approve submission to Government.
- 1.3 To seek endorsement from WYCA for the principles of the joint WYCA and Leeds City Council response to the High Speed 2 rolling stock depot consultation.

2 Information

- 2.1 This report provides a summary of progress to ensure the City Region makes the most of the HS2 opportunity for local growth and regeneration.

HS2 Overview

- 2.2 In November 2016, the Secretary for State for Transport confirmed the majority of the Government's preferred route for Phase 2b of HS2, which will complete the full Y network. Following the previous public consultation HS2 Ltd has been developing the scheme and has recommended a number of refinements to the route in order to respond to concerns raised.
- 2.3 HS2 has the potential to help WYCA and its partners deliver its transport strategy through:
 - Reshaping our economic geography by bringing together the city regions centred on Leeds, Sheffield, Nottingham and Birmingham into a coherent and integrated economic zone of over ten million people, five million jobs, and some of the UK's

most significant manufacturing clusters. HS2 will enable people to have greater access to jobs and attract businesses to invest here.

- Adding capacity to the national network and therefore freeing up capacity creating opportunities to improve the frequency and reliability of rail services for commuters, business travel and potentially freight on the local and regional network.
- Being a catalyst for growth – in Leeds and York where HS2 currently arrives and then, with improved local connectivity, to the economic hubs in Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Selby and Wakefield.
- Creating opportunities for skills and employment which Leeds City Region is well placed to take advantage of with fourteen further education colleges and eight higher education institutions, the latter producing 35,000 graduates every year, many in vital STEM subjects.
- Transforming Leeds Station – after local intervention, the proposals for an integrated station will now create a single interchange between HS2 services, and local rail services to places such as Bradford, Wakefield, Huddersfield and Halifax, and potentially future Northern Powerhouse Rail ('NPR') / HS3 services.

2.4 In February 2017, Parliament granted powers for the construction of the first part of the route (Phase One) from London to the West Midlands. Construction contracts have now been signed and train services are due to commence in 2026.

2.5 In July 2017, Government reaffirmed its support for Phase 2b¹ and confirmed the preferred route for the full Y network – the Eastern Leg to Leeds and the Western Leg to Manchester. This enables preparations for the third HS2 hybrid Bill, which is intended to be deposited in Parliament in autumn 2019 and enables construction to commence in 2023 with train services to Leeds and Manchester commencing in 2033.

2.6 WYCA set out its continuing support for HS2 coming to Leeds at its meeting in July 2016. The eastern leg of Phase 2 delivers a greater financial benefit, at a lower cost, than any other part of HS2. Without the eastern leg, the case for the rest of HS2 is weaker. WYCA concluded that only transformational change to connectivity through new and radically improved HS2 and NPR networks, together with improvements to City Region transport networks, would support the Leeds City Region's Strategic Economic Plan vision and objectives. The proposed LCR HS2 Growth Strategy will sit firmly within the City Region policy framework and as such is clearly linked to the Strategic Economic Plan 2016 – 2036 vision and wider strategic framework and investment priorities and also complements the West Yorkshire Transport Strategy.

¹ Phase 2b includes both the Eastern and Western legs of HS2 from Birmingham. Further details can be found here: <https://www.gov.uk/government/publications/hs2-from-concept-to-reality>

HS2 / NPR touchpoints

- 2.7 Alongside the Department for Transport, Transport for the North (TfN) are continuing to work with delivery partners HS2 and Network Rail on the development of the Northern Powerhouse Rail (NPR) concept. WYCA are involved and represented in the work. Item 7 provides a detailed overview on the progress of the HS2 / NPR touchpoints.

Leeds City Region HS2 Growth Strategy

- 2.8 Transport Committee and LEP Board have both considered reports on HS2 Growth Strategy during September 2017.
- 2.9 These reports have provided an overview around the development of the Strategy, and its role to unlock the benefits of HS2 across the city region, as well as a focused look at growth in the area around Leeds station (e.g. South Bank, and City Square areas). The proposed ambition for the LCR HS2 Growth Strategy is:

HS2 is the catalyst for accelerating and elevating the Leeds City Region's position as an internationally recognised place of vitality, connecting the North and creating an inclusive, dynamic economy, accessible to all.

- 2.10 The emerging ambitions / outcomes of the Strategy are set out below:
- Establish Leeds Station as a world class gateway (*further details in the following section*)
 - Inspiring all of our People
 - Develop our business and supply chain
 - Create a step change in City Region connectivity
 - A catalyst for regeneration
 - A magnet for investment and cultural destination
- 2.11 In delivering these ambitions, it is proposed that the Strategy will aim to:
- Create significant additional new jobs across the City Region
 - Double the GVA of Leeds City Centre
 - Triple residential completions in Leeds City Centre
 - Deliver 20% of the total workforce on HS2 (within LCR) to live in the LCR, of which 5% will be previously unemployed
 - Ensure HS2 delivers significantly enhanced regional connectivity
- 2.12 Following the WYCA meeting, the Strategy will be considered by LCC Executive Board at its meeting on 18 October, prior to the initial submission to Government. The HS2 Growth Strategy will continue to develop over the coming 12 months.

Leeds Integrated Station Masterplan (LISM)

- 2.13 Following the Government announcement in November 2016 that Leeds will be served with the station configuration as proposed by Sir David Higgins in *The*

Yorkshire Hub (November 2015), the multi-agency team incorporating HS2 Ltd, London Continental Railways, Leeds City Council, WYCA and DfT have been jointly overseeing initial development work to create the Leeds Integrated Station Masterplan (LISM). LISM is a key workstream of the LCR HS2 Growth Strategy, providing the key interchange for this region serving both commuter and long distance markets.

2.14 There is broad consensus about the need to create a single integrated transport hub in Leeds to support the ambitions of the city and the region. Leeds station's role in the city region's transport network needs to be further strengthened to ensure the benefits of HS2 and Northern Powerhouse Rail (NPR) are spread across the city region and beyond.

2.15 It is intended that a 'blue-print' is created that will ensure each component project can be defined, designed and delivered in a harmonised manner over time that will ultimately realise the greatest overall value for money. It has been led by following the four key design objectives;

- **World Class Hub:** from quality of architecture and urban design to intermodal connectivity, clarity and delivery.
- **Distinctive Gateway:** that celebrates travel, proudly announces arrival into Leeds and speaks of the unique characteristics of the city.
- **Destination Station:** an attractive place to visit in Leeds city centre, where South Bank meets City Square.
- **Connected Place:** that seamlessly integrates national / regional / local transport modes and optimises every form of connectivity for all users.

2.16 The draft masterplan is yet to be finalised but a summary of the emerging principles for the masterplan are presented below:

- **Common concourse:** A common concourse of a combined station is achievable despite of the physical constraints.
- **Multiple transport hubs and multiple entrances** are desirable to take advantage of the linear configuration of the combined station and to unlock growth in the South Bank area.
- **Accessible station:** The combined station should be easily accessible by all modes of transport.
- **Capacity for growth:** The station should have sufficient circulation capacity to cater for future passenger growth and cater for potential additional platforms to accommodate the levels of local and regional connectivity proposed in the Yorkshire Rail Network Study and Rail Plan 7 alongside with NPR and HS2.
- **Value of investment and affordability:** The study has identified opportunities for development within the station boundary which could be re-invested to help fund the work.
- **Early delivery:** The plan has identified some potential opportunities for early improvement to ensure that the station and the region is 'HS2 ready'.

- **Support Growth:** The masterplan has identified opportunities to enhance station environment and public realm that aligns with the Leeds City Council's South Bank Regeneration framework and ambition for City Square,

2.17 The conclusions of the study will also be subject to the sign off by the Leeds City Council Executive Board on 18 October 2017. The key principles of the study will be served as our inputs to the HS2 Hybrid Bill for phase 2b.

HS2 – Rolling Stock Depot Consultation

2.18 At the time of the November 2016 High Speed 2 (HS2) consultation, Government explained that HS2 Ltd was actively looking at alternatives to the proposed Eastern Leg Rolling Stock Depot at New Crofton in Wakefield. HS2 Ltd believes it has now identified a better site for the depot, to the east of Leeds in the Aire Valley adjacent to the M1. The government is now consulting on this proposal with a deadline of the 12 October 2017.

2.19 Concerns were raised about the initial proposal for the depot at New Crofton in Wakefield². The new location, is brownfield land, but is within the Leeds Enterprise Zone and as such could potentially blight a large part of the Zone. It should be noted that the LEP has also previously invested in the EZ through the Growing Places Fund (GPF) with a loan for site remediation to Aire Valley Land. Work is still ongoing to consider the impact of the HS2 depot. Included within this is the impact on a current GPF loan application by Gateway 45 to support development of commercial buildings on the site.

2.20 WYCA is therefore asked to endorse the following principles that officers can work up into a response. It is proposed to support the new location subject to the following:

- Working with Leeds City Council (LCC), HS2 and Aire Valley Land to review the exact location and to consider refinements to minimise the impact on the Enterprise Zone.
- Confirmation of how the remaining land could be utilised to its full potential via minimising sterilisation of plots or the need for significant new infrastructure
- Seeking to ensure that the expected outcomes of WYCA/LEP/LCC investment in the EZ to date (i.e. jobs and business rate growth) are supported either within the EZ or via mitigation to account for the loss of land and blight implications.
- Proposing mitigation options on the impact on the Leeds Enterprise Zone and business/economic case for the LCR EZs Programme. Including on inward investment in the medium term and on EZ business rates income for the LEP. Mitigation options may include seeking a range of the following:
 - An extension to the boundary of the Leeds EZ
 - An extension to the EZ Business Rate retention period

² A summary of the issues raised during consultation and HS2 Ltd's rationale for relocating the eastern leg rolling stock depot are summarised by: HS2 Phase 2a route refinement advice (HS2 Ltd, 2017) (see sections 5.3 and 15). Available at: <https://www.gov.uk/government/publications/hs2-phase-2b-summary-of-route-refinements--2>

- Enhanced flexibility to relating to occupier incentives (Enhanced Capital Allowances and Business Rate Discount). This may include an extension to eligibility periods and/or the ability to offer both incentives
 - An opportunity to consider designation of a new EZ within the Leeds/LCR geography
 - Seeking political and financial support for the University of Leeds plans to create an Institute for High Speed Rail Engineering, which will be a world-leading research and innovation hub and wider technology park. There is a unique opportunity to locate this next to the HS2 depot and to integrate the plans to act as an exemplar for how major infrastructure projects can drive economic growth.
- 2.21 LCC and WYCA officers will be preparing a joint response which is the preferred approach from DfT/HS2 Ltd. This will consider HS2's alignment for the depot and other potential viable/technically feasible alternatives. The response will also outline collective LCC/WYCA views regarding the potential impact on the Leeds EZ, wider EZ programme and options to provide mitigation for this impact.
- 2.22 The joint response will require approval from LCC and WYCA. It is proposed that WYCA endorse the principles of the response with delegated powers for the WYCA Managing Director to submit the final response in consultation with the LEP Board Chair and WYCA Chair.
- 2.23 Following the formal consultation process there will need to be further detailed discussion regarding the potential mitigation options (as outlined in paragraph 2.10). This discussion will include liaison between all interested parties and stakeholders.

3 Financial Implications

- 3.1 Funding for development of the LCR HS2 Growth Strategy includes two grant awards totalling £1.25m from central government. WYCA is the accountable authority for the grants. Financial approval was gained from WYCA to spend the Phase 2 grant of £625k as part of the Capital Approvals report at the 6 April 2017 meeting.

4 Legal Implications

- 4.1 None as a result of this report

5 Staffing Implications

- 5.1 Development work is being undertaken within the Economic and Transport Policy team, in partnership with Leeds City Council.

6 External Consultees

- 6.1 All LCR district authorities are being consulted with on the development of the LCR HS2 Growth Strategy.

- 6.2 The draft HS2 RSD consultation response has been developed collaboratively with officers from Leeds City Council.

7 Recommendations

- 7.1 That WYCA endorse the principles of the Leeds City Region HS2 Growth Strategy and delegate final drafting of the submission to the Managing Director in consultation with the WYCA Chair.
- 7.2 That WYCA endorse the principles of the response to the HS2 rolling stock depot location consultation and delegate final drafting of the submission to the Managing Director in consultation with the LEP Board Chair and WYCA Chair.

8 Background Documents

- 8.1 None.

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Director: Rob Norreys, Director of Policy,
Strategy and Communications
Author: James Nutter



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Vision for Northern Powerhouse Rail

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

- 1.1 To update WYCA on the progress being made in Transport for the North's Northern Powerhouse Rail development programme, including on Leeds City Region's established position.

2 Information

Summary

- 2.1 WYCA and its Leeds City Region (LCR) partners have put forward a clear, convincing and evidence led position on its ambitions for Northern Powerhouse Rail and how it should serve this area. This includes NPR serving Leeds, York and Bradford. WYCA has also argued in support of a series of HS2/NPR touchpoints that will enable NPR services to use HS2 infrastructure, and for that to be included now in HS2's forthcoming design work for Phase 2b, the HS2 legs to Leeds and Manchester.
- 2.2 TfN are working on a Strategic Outline Business Case for NPR over the coming 12 months. This is on the basis of an emerging, preferred network endorsed by the Transport for the North (TfN) Partnership Board at its meeting on 14 September 2017.
- 2.3 The TfN Partnership Board agreed that the solution for NPR between Leeds and Manchester is a new railway that serves Bradford. They also agreed that Leeds – Newcastle will involve an upgrade of the existing lines and use of HS2, so enabling York to be served by NPR.

- 2.4 The TfN Partnership Board has a series of HS2/NPR touchpoints for inclusion in HS2's Phase 2b design work, including but not limited to junctions at Garforth, Stourton and Clayton, as well as refinement of the HS2 route near Manchester Piccadilly.

Background

- 2.5 WYCA has recently re-affirmed its priorities in relation to Transport for the North's (TfN) work programme and investment planning:
- A **Northern Powerhouse Rail Network (NPR)** that radically improves journey times across the North with **stops in Leeds, Bradford and York** and **integrates effectively with HS2**;
 - Continued investment in the existing networks including significant improvements to the **Calder Valley Line** and **East Coast Mainline**;
 - Consider how to reduce congestion and improve reliability on the **M62**. As part of this and the priority above, understanding how best to support our economic objectives by improving transport between Lancashire and Greater Manchester to West and North Yorkshire (including serving Leeds Bradford Airport (known to TfN as the '**Central Pennines Corridor**'));
 - Delivery of the **Transpennine Route Upgrade** programme by 2022, to improve capacity and connectivity between but not limited to Manchester, Huddersfield, Leeds and York; and
 - Delivery of **HS2** to the Leeds City Region.
- 2.6 WYCA and the Leeds City Region (LCR) LEP agreed this region's position and priorities for NPR in 2016. This was developed through collaboration with LCR public and private sector partners, and evidence based work on how NPR could best support the LCR SEP and emerging transport strategy vision and objectives. The position includes:
- NPR is just one part of the region's connectivity requirements and there are other layers and supporting measures that are needed e.g. intra-city region rail, other public transport and highways improvements;
 - Nowhere should lose the connectivity that they have now, or will have through planned investments e.g. improved services committed through the new Northern and TransPennine Express rail franchises, and Transpennine Route Upgrade;
 - Northern connectivity is multi-modal & NPR forms only one part of the connectivity that rail will provide for the North;
 - NPR station design is fundamental in being able to make seamless connections to other rail and transport services.
 - Intermediate NPR stations would deliver significant additional GDP benefits to the LCR economy over and above a single stop at Leeds. There is a strong case for a West Yorkshire NPR station to the west of Leeds. The evidence points to it being located in Bradford and in particular in Bradford city centre based on regeneration

opportunities and benefits to the economy and the labour market. There are strong, positive regeneration impacts and therefore a case for a NPR stop at York that would serve northern and eastern parts of LCR and Yorkshire.

- Those parts of LCR not directly on NPR can receive benefits from released capacity on the existing rail network.

2.7 NPR has been in development for a number of years, originally starting with the One North work and subsequently being promoted jointly by both TfN and the Department for Transport. WYCA, its district partners and wider stakeholders have been involved in this development phase to date, and a great deal of work has gone in to evidencing and arguing the case in support of the Leeds City Region's position on NPR.

2.8 It is a critical time in NPR's development over the next few months, with decisions being taken now around touchpoints with HS2 and the inclusion of these in HS2's Phase 2b Hybrid Bill design work. Also, a preferred, single option for the NPR network is being decided upon, as part of the development of a Strategic Outline Business Case (SOBC) to be completed later in 2018.

Information

2.9 At its recent Partnership Board meeting¹, TfN confirmed that its emerging vision for the NPR network is:

- A new line between Liverpool and the HS2 Manchester spur via Warrington;
- Capacity at Manchester Piccadilly for about 8 through services per hour;
- A new Trans Pennine rail line that connects Manchester and Leeds via Bradford;
- Significant upgrades along the corridor of the existing Hope Valley from Sheffield to Manchester line via Stockport;
- Leeds to Sheffield delivered through HS2 Phase 2b and upgrading the route from Sheffield;
- Leeds to Newcastle via HS2 junction at Garforth and upgrades to the East Coast Mainline; and
- Significant upgrades to existing line for Leeds to Hull (via Selby) and Sheffield to Hull (via Doncaster).

2.10 The NPR network could be delivered in phases, building upon committed and planned investment, matching outputs to the ambition of a network which can support the transformation of the northern economy.

2.11 An immediate priority for the TfN Partnership Board is ensuring that Northern Powerhouse Rail is fully integrated into the planning of Phase 2B of HS2, to ensure both maximum value for money and that NPR can be developed without delay. The

¹ 14 September 2017. A note of the main points of that meeting is appended to this report.

Board is calling on the Secretary of State for Transport to ensure that six vital touchpoints are included in the HS2 Phase 2B Hybrid Bill:

- Provision for a junction between HS2 and Northern Powerhouse Rail east of Leeds at Garforth to create capacity for NPR services from Leeds to York and beyond. This would enable faster Leeds – York – Darlington – Durham – Newcastle services, and release capacity for more local and commuter services east of Leeds.
- A connection south of Leeds at Stourton between the HS2 Eastern Leg and existing line into Leeds, enabling NPR trains to run from Sheffield to Leeds and on to York and the North East, thus connecting Leeds from north and south.
- A connection north of Sheffield at Clayton, enabling trains to run through Sheffield and rejoin the HS2 line to Leeds.
- Provision for a junction between HS2 and Northern Powerhouse Rail on the HS2 Manchester Airport spur south-west of the airport, allowing construction of a new line to serve Liverpool-Manchester Airport-Manchester.
- Provision for a junction on the HS2 mainline north of Crewe, allowing for HS2 services to Liverpool.
- Realignment of the HS2 route on the approach to Manchester Piccadilly to enable either an underground Northern Powerhouse Rail through station adjacent to the HS2 Manchester Piccadilly station or a surface turn-back station that supports delivery of higher level NPR service frequencies.

2.12 This clearly represents a significant step towards delivery of the Leeds City Region's ambition for NPR and how it should best serve this area in support of both the north's and our own economic and wider objectives.

2.13 NPR is however still in the early stages of development, and challenges remain in relation to but not limited to:

- The Secretary of State's decision in relation to the HS2/NPR touchpoints and their inclusion in the HS2 Phase 2b design work over the coming months;
- How exactly Bradford will be served by NPR – city centre or alternative option, along with the implications for classic rail network (and other transport mode) requirements in order to maximise the benefits;
- Development and delivery of an SOBC that meets a mutually acceptable appraisal criteria that recognises the north of England's specific requirements;
- Development and delivery in the short-medium term of the TransPennine Route Upgrade programme in a way that meets both DfT and north of England objectives.

3 Financial Implications

3.1 None as a result of this report.

4 Legal Implications

4.1 None as a result of this report.

5 Staffing Implications

5.1 None as a result of this report.

6 External Consultees

6.1 None.

7 Recommendations

7.1 That WYCA notes the positive progress being made through Transport for the North's Northern Powerhouse Rail programme, including in delivering the Leeds City Region ambition for NPR.

8 Background Documents

8.1 None.

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Director: Rob Norreys, Director, Policy, Strategy and Communications

Author: Liz Hunter, Caroline Allen



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Consent to Regulations establishing Transport for the North as a statutory body

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A (S100A LGA 1972)

1 Purpose

- 1.1 To ask WYCA to confirm the consent previously given in principle to regulations establishing Transport for the North (TfN) as a statutory body and granting TfN the concurrent exercise of specified WYCA functions.

2 Information

- 2.1 In 2014, local transport authorities and Local Enterprise Partnerships across the North of England came together in partnership with the Department for Transport (DfT) and the National Transport Agencies to form TfN for the purpose of transforming the transport system of the North of England. The aim of TfN is to plan and deliver the improvements needed to truly connect the region with fast, frequent and reliable transport links, driving economic growth and creating a Northern Powerhouse.
- 2.2 Getting transport right is central to achieving the Northern Powerhouse ambition which is itself central to a successful UK industrial strategy. A world class transport system linking towns and cities across the North will create a unified economic area, attracting new business, improving productivity in the North and thereby rebalancing the UK economy.
- 2.3 In October 2016, a proposal was submitted on behalf of 19 constituent authorities (including WYCA) to the Secretary of State, that TfN should be established on a statutory basis, as a Sub-National Transport Body (SBT). The reasons for the proposal were set out in detail in a report considered by WYCA in July 2016, with the aim being to putting in place appropriate governance to enable the economy of the North to grow through provision of better strategic transport connectivity.

- 2.4 At their meeting on 3 August 2017, WYCA considered a report detailing TfN's priorities, and seeking consent in principle to regulations establishing TfN as a SBT, and to proposals to transfer Rail North Ltd (which carries out rail franchise management functions on behalf of authorities including WYCA) to TfN.
- 2.5 At that meeting, WYCA resolved to:
- re-affirm WYCA's commitment to the priority areas set out in the report,
 - agree in principle to the transfer of Rail North Ltd to TfN once TfN has been established as a STB,
 - enter a new Rail Franchise Management Agreement with TfN on terms consistent with the Rail North Ltd Members' Agreement, and
 - fund TfN to carry out functions relating to supporting rail franchise management which are currently carried out by Rail North Ltd, on the existing basis, once TfN is established as a STB, and has assumed those functions.
- 2.6 Although regulations to establish TfN on a statutory basis had not been finalised, the report identified the general functions to be exercised by TfN. It also detailed functions to be exercised concurrently by TfN and its constituent authorities (such as WYCA) which include making capital grants, specified ticketing functions and rail franchising functions. It is intended for TfN's constitution to require TfN to consult with TfN's constituent authorities, before exercising these concurrent functions.
- 2.7 At the meeting on 3 August, WYCA consented in principle to the Secretary of State making the regulations. As consent to the finalised regulations was required by the beginning of September, WYCA also delegated authority to the Managing Director, in consultation with the Chair of WYCA and with WYCA's representatives on the Transport for the North Partnership Board, to consent to the regulations once they were finalised.
- 2.8 Timescales for consent have now been revised providing an opportunity for WYCA to consider revised draft regulations provided on a confidential basis which are attached as appendix 1 to this report. The draft regulations generally reflect the proposal endorsed in principle by WYCA but are different in some respects to the arrangements anticipated in the report to WYCA on 3 August. In particular, the regulations now provide for TfN to exercise specified highways and footpath functions.
- 2.9 These include the following functions of the Secretary of State under the Highways Act 1980, in relation to the construction of trunk roads:
- Section 6(5) (power to enter into agreements for works relating to trunk roads),
 - Sections 105A – 105C (functions relating to environmental impact assessments),
 - Sections 239 to 240 and 246 (powers to acquire land in connection with highways), and
 - Section 250 (powers relating to the acquisition of powers over land).

- 2.10 Secondly, the following powers under the Highways Act 1980 are conferred on TfN concurrently with local highway authorities (which in West Yorkshire are the district councils, not WYCA):
- Section 8(1) (power to enter agreements with local highways authorities etc for doing certain works),
 - section 24(2) (power of local highway authority to construct new highways),
 - section 25(i) (powers to enter into agreement for creation of footpath etc),
 - section 26 (i) (compulsory powers for creation of footpaths etc),
 - various functions in sections 239, 240, 246 and 250 relating to the acquisition of land for highway purposes.
- 2.11 Importantly, Regulations 14 and 15 taken together provide that TfN will not be able to carry out any of the functions which it holds concurrently with the district authorities unless the manner in which it proposes to exercise the function has been approved by each of the highway authorities through whose area the highway will pass. The functions would therefore only be exercised in circumstances where all the local highway authorities consider that there would be a benefit in TfN carrying out the work. There is no intention that TfN will itself become a highway authority.
- 2.12 It is also intended that before TfN exercises any transport powers or functions it holds concurrently with any of the constituent authorities or highways authorities within the TfN area, TfN will enter into a written Protocol with the relevant authorities covering the way in which the functions will be exercised.
- 2.13 TfN will also participate in the Highways North Board which will consist of the Members of TfN along with representatives of the Department for Transport and Highways England. The role of the Board will be to make recommendations in respect of the future Roads Investment Strategy and competitive major roads funding programmes.
- 2.14 **Appendix 2** outlines the constitutional arrangements set out in the regulations. These will be reflected in TfN's constitution, to be approved at the first TfN meeting once it has been established as a STB. Further details were provided in the WYCA report of 3 August previously considered.
- 2.15 It is anticipated that TfN will be established as a statutory body on the following timetable:

Activity	Date
TfN constituent authorities and WY districts consent to the regulations	By 20 October 2017
Regulations made by Secretary of State	By December 2017
Shadow STB Board created	When regulations have been made
TfN established as a statutory body	1 April 2018 (provisional)

3 Financial Implications

- 3.1 Regulation 18 provides that TfN constituent authorities including WYCA must make a contribution in respect of reasonably incurred costs of TfN, if they **all** agree on the need for a contribution and the amount required. In this event, the amount would be apportioned between the constituent authorities on the basis of population, or on another agreed basis. Regulation 18 also provides that each constituent authority may contribute to the costs of TfN, if it chooses to do so.

4 Legal Implications

- 4.1 **Appendix 1** (the draft regulations) is confidential information provided by DfT on terms which currently forbid its public disclosure. As such, it cannot be published and the public **must** by law be excluded from the meeting whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed (S100A(2) Local Government Act 1972).
- 4.2 WYCA's decision to consent to the regulations in principle was published as a Key decision before the WYCA meeting on 3 August 2017.
- 4.3 As a constituent authority of TfN, WYCA must consent to the Secretary of State making the regulations, including the provisions in regulations 6, 7 and 8 for TfN to exercise concurrent functions with WYCA as set out in paragraph 2.6 of this report.
- 4.4 Further to representations by WYCA, TfN and DfT have acknowledged that to comply with statutory requirements, the consent of each individual WY district council is also now required to the regulations, but only in so far as they provide for TfN to exercise concurrent highways functions with those districts. WYCA's consent to this aspect of the regulations is neither sought nor required.

5 Staffing Implications

- 5.1 None

6 External Consultees

- 6.1 WYCA officers have been liaising closely with their counterparts in WY councils about the regulations, in particular the concurrent functions to be exercised by TfN.

7 Recommendations

- 7.1 To note that Transport for the North are now liaising directly with each WY district council to seek the consent of each individual district to the regulations, in so far as they provide for Transport for the North to exercise concurrent highways functions with those districts, once it is established as a Sub-National Transport Body.

- 7.2 To confirm WYCA's consent previously given in principle to the making of regulations (attached as Appendix 1 to this report) by the Secretary of State for Transport to establish Transport for the North as a Sub-National Transport Body under section 102E of the Local Transport Act 2008, and which provide for Transport for the North to exercise concurrent functions with its constituent authorities, including WYCA.

8 Background Documents

- 8.1 None

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Appendix 2: Summary of TfN constitutional arrangements.

In relation to **TfN membership**, the regulations provide for **19 voting Members**: each of the 19 Constituent Authorities who are local transport authorities in the TfN area, (including WYCA) is to appoint one of its elected members to be a voting member of TfN, and a substitute for that person. (For WYCA, the TfN Member must be WYCA's Chair, or the elected member with responsibility for Transport¹).

The Secretary of State is not a member of TfN.

The regulations also provide for the following **co-opted members**:

- each local transport authority which is a member of Rail North Ltd but not a constituent authority, to appoint one of its elected members to be a co-opted member of TfN,
- the Chair of the Partnership Board to be appointed as a co-opted member, and
- TfN may agree to appoint further co-opted members.

Co-opted members are **non-voting** subject to any resolution by voting members.

The **Chair** for TfN may be appointed only from among the TfN Members or co-opted Members. No additional vote attaches to the position, and the Chair does not exercise a casting vote in the event of a vote being tied.

In relation to **voting arrangements**,

- in relation to most matters, each TfN member's vote is weighted by dividing the total resident population² of the area of a constituent authority by 200,000 and rounding up to the next whole number,
- any decision to approve TfN's annual Budget, to change TfN's constitution or to approve or change the Transport Strategy will require 75% of the weighted votes **and** a simple majority of TfN Members,
- different voting arrangements are apply to any question about the management of the Northern or TransPennine Express franchises, in respect of which a vote is determined by multiplying the percentage of passenger miles on the Northern and TransPennine Express franchises that are in the area of the constituent authority by ten, and if the result is not a whole number, rounding to the nearest whole number, and
- TfN must establish a "**Partnership Board**" to advise TfN on matters relating to transport.
- TfN must appoint a **scrutiny committee** and each constituent authority may appoint **one** member (and substitute) to this committee. For WYCA this must be an elected Member of WYCA or any of WYCA's constituent authorities.

¹ A Constituent Authority with an elected Mayor must appoint the Mayor to this position, or the elected member with responsibility for Transport

² as estimated by the Statistics Board on 30th June in the financial year two years before the financial year in which the vote takes place.

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Director and Author: Angela Taylor, Director of Resources



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Business planning and budget 2018/19

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1. Purpose

1.1 To advise WYCA of the work underway to progress business and budget planning for 2018/19.

1.2 To seek approval to establish a Member Working Group on budgets.

2. Information

2.1 The budget for 2017/18 was set at the meeting in February 2017 where a one year position was agreed, recognising that significant organisational change was still underway that would need to be further developed during the year. The transport levy was cut by £1m, with a plan to reduce expenditure across a number of budget heads and utilise reserves to enable a balanced budget. It was recognised that there were considerable financial pressures facing WYCA, in common with the local authorities, in the coming years and that a robust three year medium term strategy would need to be developed.

2.2 A corporate plan http://www.westyorks-ca.gov.uk/uploadedFiles/Content/What_We_Do/WYCA%20Corporate%20Plan%20Digital.pdf was developed alongside the budget and progress is being made on achieving the objectives and plans set out in this, including work on devolution, inclusive growth and the implementation of organisational change, as well as improving project governance and increasing the speed of delivery of capital projects. Progress on the Key Performance Indicators identified in the corporate plan is set out in **Appendix 1**.

2.3 Work is now underway to identify the key strategic objectives for 2018/19 and successive years and ensure that the available budgets and funding are aligned with

these. It is proposed to bring the outline 2018/19 corporate plan and detailed budget figures to the meeting of 10 December to then enable the full budget for 2018/19 to be approved at the meeting of 1 February, in line with the legislative requirements.

- 2.4 The funding for WYCA's revenue activities is predominantly through the transport levy at £95m, with a further £4-5m from central government, subscriptions from partner authorities, interest and Enterprise Zone receipts. Previous WYCA/LEP agreement was that EZ income was to be prioritised to support inward investment and thereafter economic services whilst there has been some small increase in business rates income from the Leeds Enterprise Zone the income has yet to reach the expected level to fully fund the inward investment team.
- 2.5 The budget for this year also includes funding from government and other agencies to directly support business and skills activities. Much of this money is awarded for limited timespans, making longer term planning difficult and forcing changes of direction of interventions depending on the conditions of funding. The current funding is expected to fall significantly in 2018/19 unless further funds are secured – this will have a significant impact on the outcomes the teams are currently achieving and opportunities to secure further funding or divert funding from elsewhere will need to be explored.
- 2.6 The Delivery directorate is fully funded through the capital awarded to WYCA through the Growth Deal, Integrated Transport block, Leeds Public Transport Investment Programme, etc, with all staffing costs charged to projects and with a recovery against supporting teams' costs also agreed.
- 2.7 As set out in paragraph 2.1 reserves of £3.5m were to be used to balance the budget in expectation of future EZ receipts or devolution funding. The outturn may require a lower use of reserves but is still likely to be in the region of £3m. This will be further refined as the detailed budget is scrutinised but at this stage this reflects the net position taking into account savings achieved so far against the targets set in February, the effects of in-year organisational restructuring, the increase in employer pension contributions notified after the budget was set and movements on a number of other budget heads. Further in-year savings will be sought via a review of current uncommitted budgets.
- 2.8 Looking ahead to 2018/19, and adjusting current budgets for known changes presents a funding gap of £4m. Further use of reserves to close a gap of this scale is not possible as it would utilise the remaining reserves. WYCA is required to maintain a prudent level of reserves, as agreed through a risk based assessment.
- 2.9 In setting the budget for 2017/18 it was recognised that WYCA needed to contribute to the budget savings being sought by the local authorities and £1m was cut from the transport levy. Work is underway with the Transport Committee to explore further saving options. Members will also recall that the scale of any savings required is magnified by the high proportion of non-discretionary spend - £43m of the £95m

transport levy is spent on the statutory English National Concessionary Travel Scheme.

- 2.10 Options to achieve efficiencies or make cuts to services will need to be progressed over the autumn, alongside consideration of opportunities to increase income. It is proposed that a Member Working Group is formed to enable a more detailed scrutiny of the options available to close the funding gap. Work will also continue with the West Yorkshire Directors of Finance to ensure they have visibility and understanding of the detailed budget position.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

- 4.1 As set out in the report.

5. Staffing Implications

- 5.1 None arising from this report.

6. External Consultees

- 6.1 None.

7. Recommendations

- 7.1 That a Member Working Group be formed to progress detailed budget scrutiny and inform reports back to the meetings of WYCA.

8. Background Documents

- 8.1 None.

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Appendix A: Corporate Plan KPI's 2017/18: Progress to Date

	TARGET	CURRENT POSITION	RAG Rating	Notes
Policy Strategy and Communications				
Percentage increase in digital presence and reach across our channels	500%	TBC		Newly appointed Head of Digital started in post in September and is putting a digital strategy to deliver against the stated KPI.
Estimated 'advertising value equivalent' (AVE) of media coverage (new technical indicator)	£2m	Current estimated run rates of c£250k-£350k pcm and rising		New processes to measure AVE and reach of media coverage were put in place in August.
Delivery				
Actual spend vs planned spend (Growth Deal)	Within 10%	Sept target £20m End Aug figure £12.8m		The current forecast for Q2 expenditure indicates that the target will be exceeded
Percentage of schemes with identified programme funding progressing from Expression of Interest to (activity one) Combined Authority decision point two within three months	90%	91%		On track.
Number of 'live' projects in the Assurance Process	Monitor only	85	Monitor only	This figure only includes those projects which have been through the new WYCA assurance process in start of 17/18.

	TARGET	CURRENT POSITION	RAG Rating	Notes
Transport Services				
Average cost per mile of tendered bus services	£1.74	£1.86		Overall spend on supported bus services has reduced. The current figure does not reflect the expected impact of reductions in supported services in September and October that will generate significant savings p.a. in excess of £1m. In addition inflation is running at 3.6% against the original forecast of 2%.
Percentage of concessionary passes ordered online	65%	48%		In mitigation - marketing campaign now underway to promote online transactions. Peak period for ENCP between Sept-Jan
Percentage of MCard ticket sales via travel centre alternatives	70%	69%		On track. App now launched and online sales increasing.
Online interactions/enquiries as a proportion of total	97%	96%		On track. Information kiosks being installed at bus stations
Value of MCard sales	£30.5m	£10.3m		Behind expected level. Sales expected to increase now that the summer period is over when sales volumes are generally lower
Economic Services				
Number of businesses that want to grow receiving support	2,500	1,020		On track. Current figure in line with expected position for this time
Average cost per job created in businesses receiving capital investment	£12,500	£13,271		Cost per job has decreased since end of 2016/17. To be updated quarterly and this is expected to improve further by year end.

	TARGET	CURRENT POSITION	RAG Rating	Notes
Proportion of businesses supported by the Growth Service likely or very likely to recommend it	80%	TBC	TBC	Annual survey due to take place in Q4
Number of 'disadvantaged' pupils (i.e. pupils who receive free school meals, pupil premium, are looked after children or are under care orders) engaged with by business volunteers through delivery of a model of enhanced enterprise, employability and careers activity	6,000	1,199		Of the standard Enterprise in Education offer for young people, 1199 disadvantaged pupils have had one employer 'encounter'. It is too early to report on the enhanced offer of 2 or more encounters for disadvantaged pupils however these are expected to be delivered by the end of the spring term.
Number of businesses supported to offer apprenticeships	1,000	1376		On track
Number of strategic links made between businesses and schools	160	133 (schools) 117 (businesses)		Indicator measured quarterly and expected to improve further in Q3/4
Jobs created or safeguarded as a result of inward investment successes	1,000	1252		On track
Number of additional active exporters	100	To be reported end of Q3	TBC	Data reporting arrangements have recently been finalised with Dept of International Trade and will be reported in Q3
Resources				
Average time per transaction (requisitions/invoices /purchase invoice paid)	3 days/100%	100% Requisitions processed in 3 days		On track

	TARGET	CURRENT POSITION	RAG Rating	Notes
		98% undisputed invoices paid within 30 days		
Number of apprentices working for the Combined Authority	11	4		Current issue in terms of entry level apprenticeships – further work being undertaken to provide guidance to recruiting managers to assist in addressing this. However 25 expressions of interest have been received for developmental apprenticeships
Website availability - (ie working and accessible to the public)	98%	Q1 - 98.3% Q2 - 99.9%		

Director: Rob Norreys, Director of Policy,
Strategy and Communications
Author: David Walmsley



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Inclusive Industrial Strategy and Autumn Budget submission

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

1.1 To update WYCA on:

- Progress in setting a more comprehensive approach to economic and social policy, tailored to the lives, challenges and opportunities of city region residents;
- The city region submission to government ahead of the Budget on 22 November; and,
- The next steps in bringing about an inclusive industrial strategy.

2 Information

- 2.1 WYCA, along with the Leeds City Region Enterprise Partnership, sets the strategic direction for economic and social policy. Partners have previously agreed to a single, bold top-level city region strategy owned by both the LEP and WYCA, with inclusive growth at its core. This will guide decision-making over a strategic programme of activity tailored to inclusive growth.
- 2.2 WYCA members agreed at the last meeting to expand the policy range to address the direct and indirect determinants of inclusive growth. Members also emphasised that such an approach must focus on the diverse lives of West Yorkshire residents – recognising that people have different ambitions, concerns and opportunities. The more local the decision-making, the better policies and programmes can take account of these factors.

- 2.3 LEP Board met in workshop format on 19 September to review emerging findings from a review of the evidence base, focussed particularly on productivity and earnings power, as key contributors to inclusive growth.
- 2.4 In respect of economic policy, the recent LEP workshop marked an important step in developing the city region's approach to inclusive growth. In reviewing the latest evidence base and opportunities, business and civic leaders identified that increasing the competitiveness and productivity of firms across the city-region offers the transformative potential to sustainably improve wages and living standards. The structure of the city region's economy provides different challenges and opportunities than elsewhere.
- 2.5 It follows, therefore, that bold sub-regional solutions are more effective than approaches set in London to addressing different economic and social conditions across the country. The following products help city region partners to bring those solutions to life, at different stages of development:
- City region submission to government ahead of the Budget on 22 November (attached as **Appendix 1**). Here, partners champion clear, costed short-term priorities such as the continuation of the Business Growth service, and the city region's HS2 Growth Strategy, along with bold longer-term ambitions that form the basis of further work on industrial strategy.
 - Projects and programmes being refocused to drive inclusive growth. For example, business engagement in schools could be focused on the most disadvantaged areas, or public grants being conditional on firms taking practical steps to be more inclusive organisations.
 - Ambitious new ideas, co-produced between government and city region partners. This sets the foundations for innovative devolution terms that could be used flexibly depending on governance arrangements and additional locally-controlled funding via a significant 'single pot'.
- 2.6 Understanding the impact of an inclusive industrial strategy is as important as the projects and programmes we deliver. City region partners are, therefore, developing a cohort approach that better reflects the 'real life' concerns of different groups in society and what can make a difference to their quality of life. As ambitious new ideas are developed, this allows decision-makers to better understand the impact and trade-offs in policy decisions.

3 Financial Implications

- 3.1 There are no direct financial implications as a result of this report. However, without putting forward the city region's costed and tested plans for development, there is a risk that funding will not be sustained which could lead to the closure of services that have proved effective.

- 3.2 WYCA has previously understood that bolder activity depends on resources and powers. Additional investment is, to a significant extent, conditional on a mayoral devolution agreement.

4 Legal Implications

- 4.1 There are no direct legal implications as a result of this report.
- 4.2 WYCA has previously understood that bolder activity depends on resources and powers. Additional powers are, to a significant extent, conditional on a mayoral devolution agreement.

5 Staffing Implications

- 5.1 This report has no direct staffing implications. However, failure to secure continued resources for some economic services would have significant staffing implications. Alternative resourcing options are also being pursued.

6 External Consultees

- 6.1 There are no external consultees.

7 Recommendations

- 7.1 That WYCA note and endorse:
- The city region's submission to the Autumn Budget (Appendix A);
 - The people-focused approach to an inclusive industrial strategy, based on bold local decision-making, backed-up by new powers and resources; and,
 - That existing projects and programmes be refocused more clearly on inclusive growth outcomes.

8 Background Documents

- 8.1 None

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LEEDS CITY REGION AUTUMN BUDGET SUBMISSION

September 2017

CONTENT

Executive summary (pages 3-6)

1. About us (pages 7-14)

- Opportunities and the challenges we face

2. Our proposals (pages 15-30)

- Devolution & public sector reform
- Supporting businesses
- Skills and labour market
- Transport
- Upgrading infrastructure
- Energy



3. Delivering positive outcomes (pages 31-35)

- Impact
- Funding model
- Meeting national objectives



EXECUTIVE SUMMARY

OUR PRIORITY

Leeds City Region has a track record where local public investment unlocks strong value – each £1 invested in our growth deal levers in an additional £4 from the private sector, and achieves a cumulative economic impact of £10+ (Leeds City Region Strategic Economic Plan 2016-2036, 2016).

Our strategic plan is to capitalise on the relatively strong prevailing economic conditions (albeit with some major headwinds) to tackle deep-seated structural issues. We will focus on bold steps **to improve the productivity of the economy and economic inclusion** so benefits are felt by all, and firms become more competitive for a new international trading environment.

The transfer of powers and resources is vital to support more local decision-making attuned to local economic and social conditions. This is also vital to revitalising our politics, bridging the disconnect between some communities (particularly in the post-industrial North) and power.

Through this submission, we build on our response to the Industrial Strategy consultation – **where we urged government to redouble its efforts to deliver on the spirit of a significant single pot**, as championed in the Heseltine Review. Our approach is to address long term structural economic issues, helping to spread prosperity and opportunity across the country. Although the reasons for the UK and Leeds City Region's poor productivity are complex, a bolder, locally-led approach across private and public sectors gives vital long-term leadership and accountability.

In addition to short-term proposals (covered elsewhere), this puts forward to government a bold set of ideas, developed in partnership with local authorities, universities, business groups and others. This includes **a bold, innovative approach to the Shared Prosperity Fund that offers government the chance to demonstrate people have 'taken back control' and are closer to decision-making that will make a difference to their lives ... and if it doesn't, they will have the power to bring change through the ballot box**. We are keen to further develop the opportunities in a co-production model with government.



WHAT GOVERNMENT IS DOING AND LOCAL RESONANCE TO LEEDS CITY REGION

PRODUCTIVITY	POWERS AND RESOURCES AT THE RIGHT LEVEL	LIVING STANDARDS
<p>Developing Sector Deals (7 in advanced stages, 50+ others)</p> <p>They have strong merit for tight industries, but are too narrow for supply chain diverse economies such as Leeds City Region. Place dimension can get lost.</p>	<p>Discussing devolution options</p> <p>Has to be resolved for Leeds City Region – agenda slightly lost steam across the piece.</p>	<p>Increasing New Living Wage to £8.75 by 2020</p> <p>Clearer forward guidance (as per BoE on interest rates) might help businesses to take long-term investment decisions.</p>
<p>Industrial Strategy Challenge Fund</p> <p>Welcomed investment in cutting-edge research, commercialisation and universities. Leeds City Region will take full advantage of this.</p>	<p>UK Shared Prosperity Fund</p> <p>Welcome purpose to rebalance growth, but significant element needs to form the single investment pot for local determination. Option for a Regional Public Accounts Committee to provide strong checks and balances and Parliamentary oversight.</p>	<p>Implementing remainder of £8.8bn of welfare cuts</p> <p>The IFS shows this falls disproportionately on low income households. Therefore, need to ensure work pays for all. Interplay of wages, benefits and costs is different nationwide, so need strong devolved nexus to unpick problems locally.</p>
<p>Deliver existing Growth Deals</p> <p>Conditions and targets relate to new jobs / houses, and not productivity gains. This needs addressing.</p>	<p>Funding from the National Productivity Investment Fund (including HIF, Transport, etc.)</p> <p>Investment welcome, but better to channel as part of devolved single pot (with VfM / accountability as above).</p>	<p>Monetary and tax policy</p> <p>Manifestos and previous Budgets clear that business rates, council tax, NICs ripe for review. Can use reviews from position of (relative) economic strength to better calibrate resource to function.</p>

SUMMARY OF OUR PROPOSALS

POLICY OUTCOME	SHORT-TERM PROPOSALS Subject to specific, evidence-based proposals	MEDIUM-TERM AMBITIONS Outline proposals for co-production with government and stakeholders
Empowering leadership at the right level, with strong local accountability.	<ul style="list-style-type: none"> Agree a devolution settlement – Single Pot. Signal support for Leeds 2023 European Capital of Culture. 	<ul style="list-style-type: none"> UK Shared Prosperity Fund forms part of wider Single Pot and is implemented in collaboration with Government and Partners.
Productive, internationally successful and inclusive businesses.	<ul style="list-style-type: none"> Commit to Leeds City Region Growth Hubs Plus Core Offer - £2 million. £50 million for five years to secure the Leeds City Region's world-leading med-tech position with new scale-up support, linked to the Leeds Innovation District. Support the establishment of an Institute for High Speed Railways & System Integration as a core component of the City Region's High Speed Rail Growth Zone. Support Innovation North £1 million-£3 million proposal being developed by Northern LEPs. 	<ul style="list-style-type: none"> Private-sector led cooperation through supply chains to raise productivity in less-productive firms.
Investing in people's education, skills and health to compete globally.	<ul style="list-style-type: none"> Commit £2.5 million to successful local apprenticeship hubs and £1.3 million over three years to enterprise in education offer, targeted on the most deprived communities and individuals. 	<ul style="list-style-type: none"> Childcare offer to unlock a more inclusive labour market.
Build great communities with quality, affordable housing and a supply of employment land.	<ul style="list-style-type: none"> £100 million Leeds City Region Housing Deal. Digital - 5G testbeds in Bradford & Leeds + Local Full Fibre Network Programme. £44 million to enable full fibre/gigabit capable connectivity to all public sector sites across West Yorkshire. Enterprise Zones – flexibility to vary incentives (enhanced capital allowances or business rate discounts). 	
A well-connected city region, with clean, affordable and reliable transport.	<ul style="list-style-type: none"> Support the Leeds City Region HS2 Growth Strategy (detail to follow in formal submission of the Growth Strategy). Trans Pennine Route upgrade – renewed commitment to the outcomes promised with Northern Authorities including WYCA involved in the decision making and funding decisions. 	<ul style="list-style-type: none"> Northern Powerhouse Rail, including stops in Bradford and York.
Environment, energy and connectivity.	<ul style="list-style-type: none"> Invest up to £40 million Local Energy Fund. Flood resilience programme. 	



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ABOUT US: THE CHALLENGES AND OPPORTUNITIES WE FACE



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

ABOUT US

Leeds City Region makes up 20% of the 'Northern Powerhouse' economy. The successful transformation of the northern economy is not truly possible without a Leeds City Region that fulfils its potential.

Under current plans, the Leeds City Region's ambition is to:

- **deliver an extra 36,000 jobs by 2036** (115,000 jobs are forecast without our activity, 151,000 with); and
- **increase economic output by £3.7 billion by 2036** (£95 billion without our activity and £98.6 billion with).

But equally, we are already playing – and will continue to play – our full part in driving this policy agenda.

The current powers and resources available to us are insufficient to deliver this ambition.



A NEAR
£100 BILLION
CITY REGION ECONOMY BY 2036



£3.7 BILLION
ADDITIONAL ANNUAL
ECONOMIC OUTPUT BY 2036



35,700
ADDITIONAL NET JOBS
CREATED BY 2036

**TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY,
JOBS AND QUALITY OF LIFE FOR EVERYONE**

Our vision for Leeds City Region

LEEDS CITY REGION

A TRULY DIVERSE ECONOMY AT THE HEART OF THE NORTHERN POWERHOUSE WITH RECOGNISED WORLD LEADING CAPABILITIES

The Leeds City region generates 5% of England's output with a GVA of £65 billion and home to almost 122,000 businesses, world-class educational and research institutions, a workforce of 1.9 million and the 'youngest' city in the UK.

The size of our economy, its wide variety of economic and cultural assets and its many strengths remain a great platform on which we can build future prosperity.

A successful Northern Powerhouse is impossible without Leeds City Region:

- the Leeds City Region represents 20% of the North's economy;
- the recent Independent Economic Review by Transport for the North (TfN) shows that the four 'prime capabilities' of the Northern Powerhouse (digital, energy, health innovation, advanced manufacturing) align very closely to our key sectors;
- we are also strong in the three enabling capabilities identified in the report (logistics, education, financial & professional services).



LARGEST ECONOMY OUTSIDE
LONDON AND SOUTH EAST



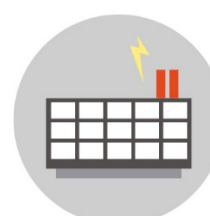
3 MILLION
RESIDENTS



£64.6 BILLION
ECONOMY



LARGEST UK FINANCIAL AND
PROFESSIONAL SERVICES
SECTOR OUTSIDE LONDON



121,600
BUSINESSES



LARGEST UK
MANUFACTURING CENTRE

ABOUT US

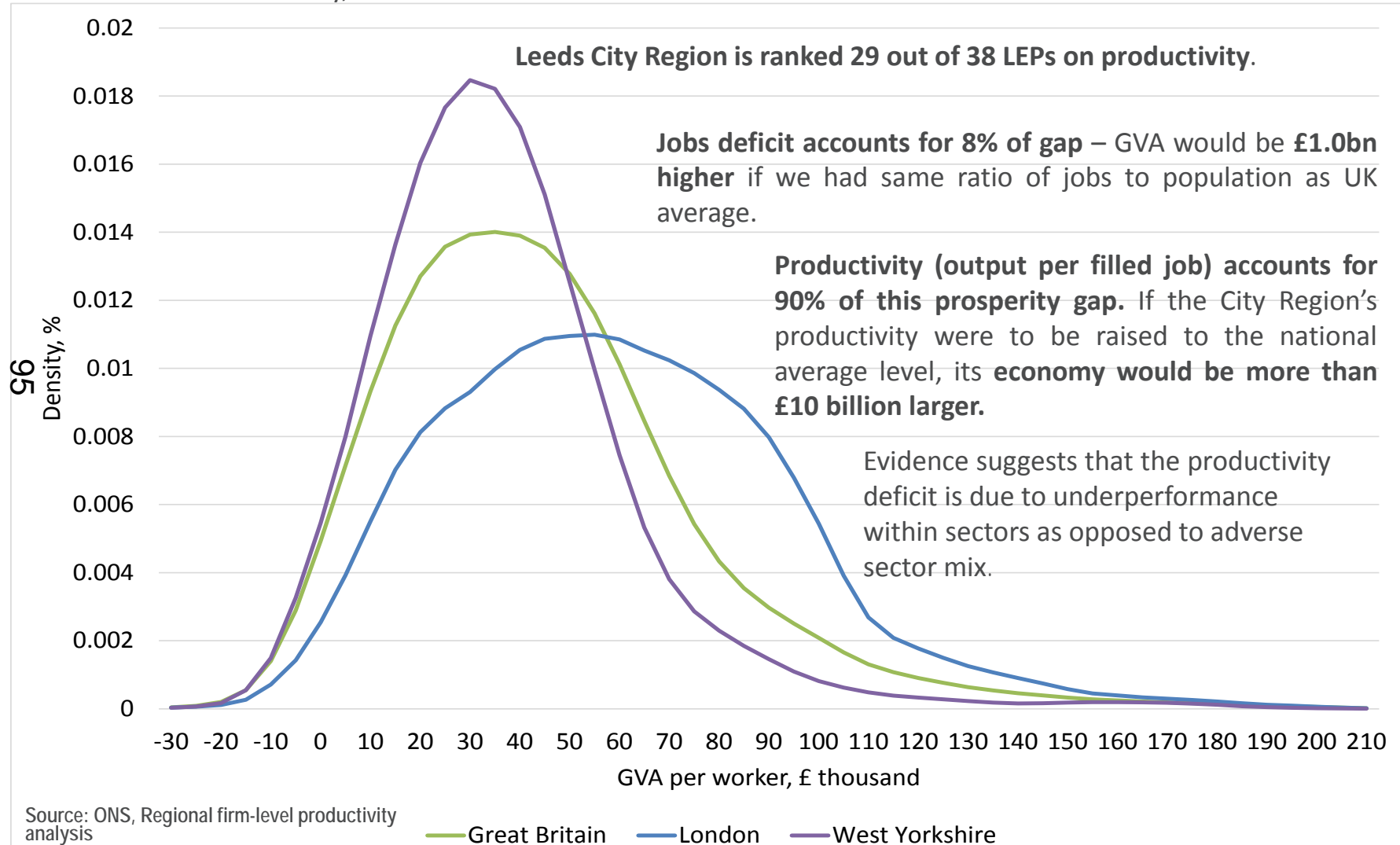
OUR 4 KEY CHALLENGES

- The productivity gap is increasing
- Innovation and R&D is very low
- Living standards have stalled
- Stubborn deprivation persists

Existing powers and resources (Growth Deal/ ESIF) are insufficient to tackle these challenges

ISSUE 1: PRODUCTIVITY GAP IS INCREASING

UNDER-PERFORMANCE “BULGE: Distribution of firm level productivity (GVA per worker) in the non-financial business economy, 2014



ISSUE 2: INNOVATION & R&D IS VERY LOW

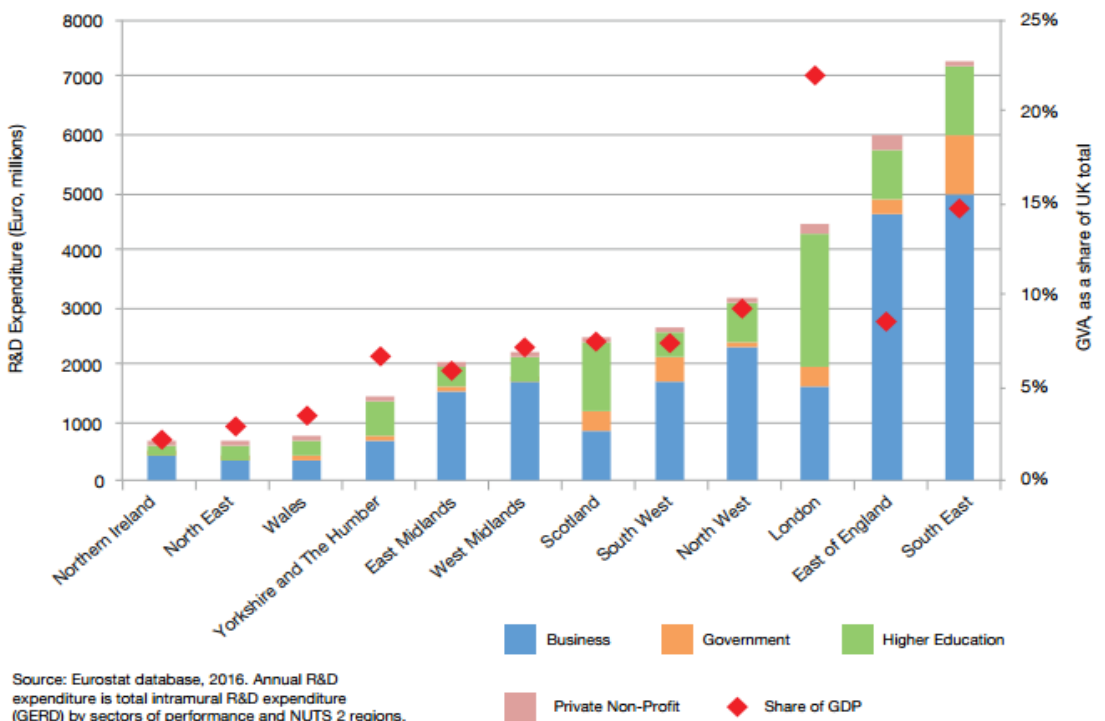
Successful regions around the world are characterised by high rates of innovation across small and large firms, universities and governments. The Leeds City Region is home to many R&D and innovation assets and distinctive clusters of businesses and research expertise.

HOWEVER - rates of R&D and innovation in the city region are improving, but not fast enough to close the gap with national averages. Our companies seem to export less, introduce fewer new products or processes to market, whilst the Leeds City Region has a below average rate of business start-ups.

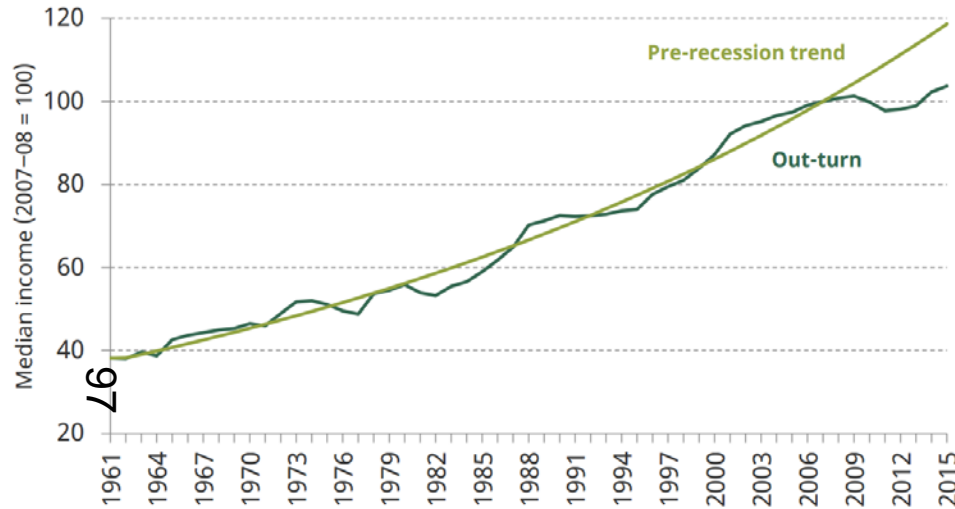
LEEDS CITY REGION R&D SPENDING IS VERY LOW:

- Over half of all UK R&D spending is from businesses. Government funds 20% and universities a further 9%.
- Relative to the size of the Y&H economy, total R&D spend in the region is lowest in the UK (excl. London).
- Business R&D is very low (proportionately 6x lower than East and 4x lower than South East).
- Most UK business investment (51%) comes from foreign-owned firms.

Annual research and development expenditure
GERD, average 2010-2014

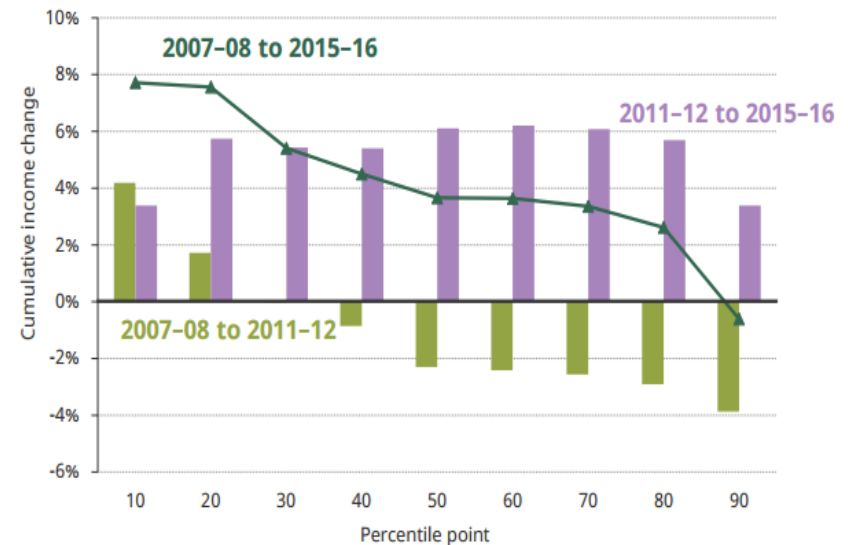


ISSUE 3: LIVING STANDARDS HAVE STALLED

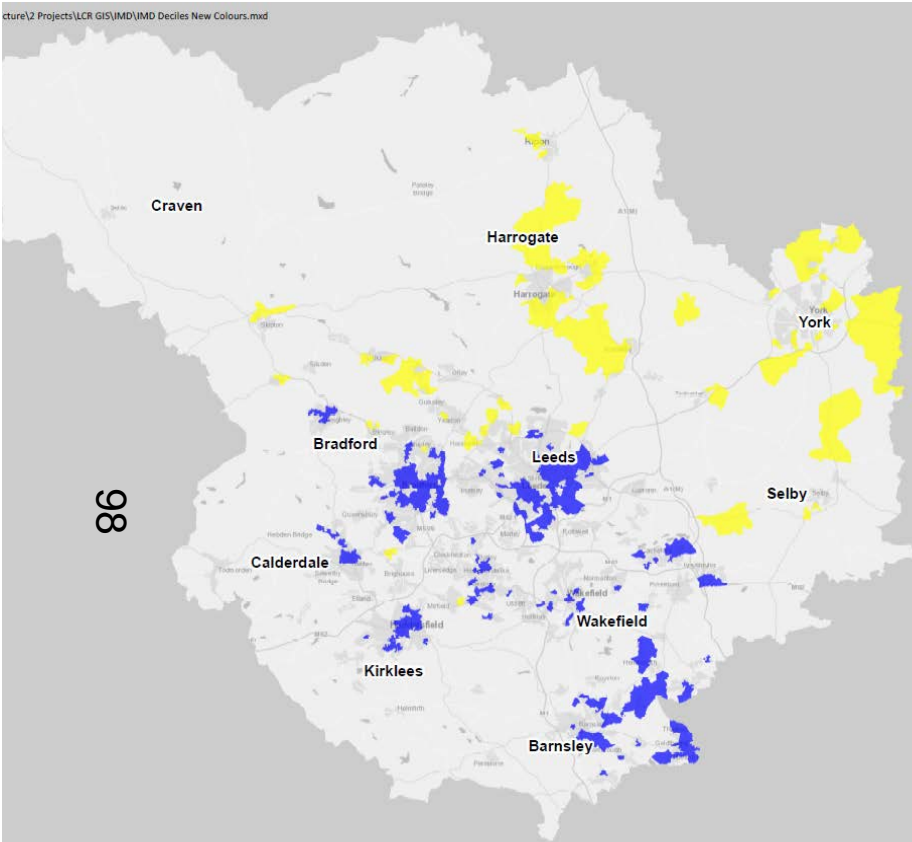


← The great recession put a halt to about half a century of increasing median household income, according to the IFS.

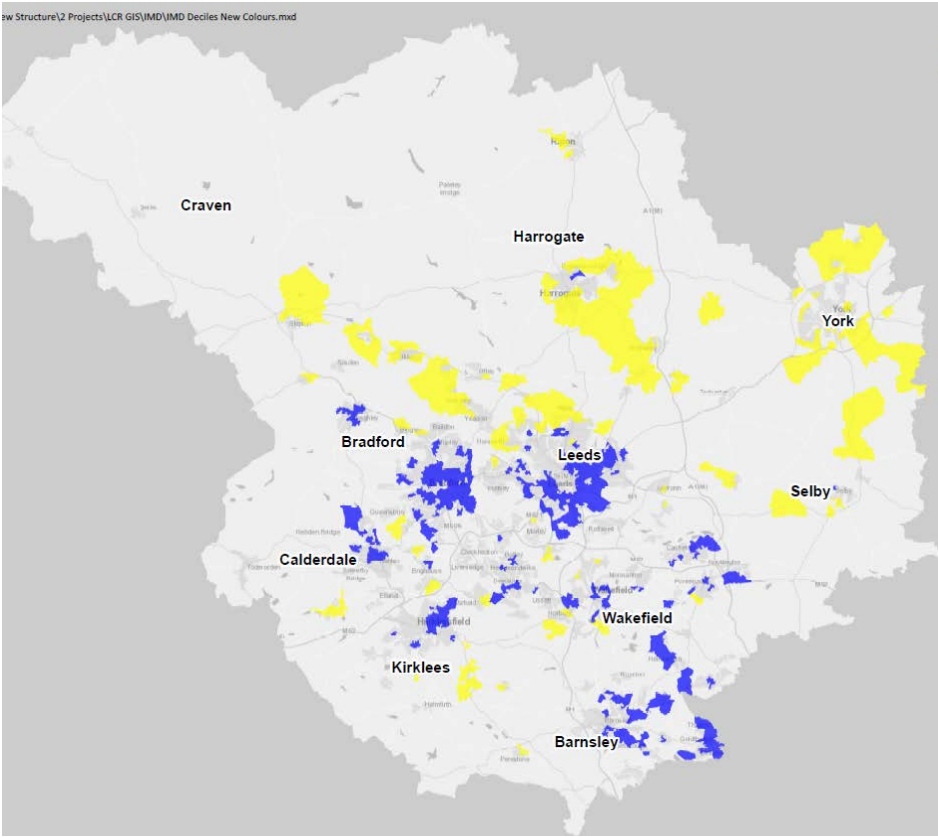
- Weak real income growth has actually meant that UK inequality has **fallen** between 2007/08 and 2015/16, with the richest 10% seeing the largest fall.
- However, projections are for inequality to increase if earnings grow as forecast and benefit cuts go ahead as planned.
- The IFS find 95% of inequality in Yorkshire is explained by differences within the region, rather than with other regions (i.e. London & South East).



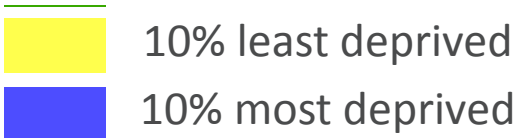
ISSUE 4: STUBBORN DEPRIVATION PERSISTS (and this affects our economic performance as well as entailing costs for communities and individuals)



2004



2015





OUR PROPOSALS



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

Our **immediate** proposals for action

- Commit £2 million to Leeds City Region Growth Hubs Plus Core Offer.
- £50 million for five years to secure the Leeds City Region's world-leading med-tech position with new scale-up support, linked to the Leeds Innovation District.
- Support Innovation North £1 million - £3 million proposal being developed by Northern LEPs.
- Commit £2.5 million to successful local apprenticeship hubs and £1.3 million over three years to enterprise in education offer, targeted on the most deprived communities and individuals.
- £100 million to support Leeds City Region Housing Deal.
- Invest up to £40 million Local Energy Fund.

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Bold long term proposals for co-design with intent of driving LCR structural economic change

1. **Private sector-led collaboration** and mutual improvement to raise the productivity of firms below the industry average. For example - Industrie 4.0 in Germany brings private and public together to digitise supply chains in advanced manufacturing to improve transparency and increase productivity. Brexit provides the trigger.
2. An ambitious **retraining programme**, where people are no worse off by developing new skills the economy needs. This improves the reallocation of labour in the economy, and depends on further strengthening the link between employers and skills supply (devolution).
3. A **childcare offer** to improve access to labour markets by removing barriers, and ensures all children – particularly the most disadvantaged - are school ready, improving attainment.
4. Influence **corporate and personal tax systems** to eradicate some of the perverse incentives.
5. Pilot a **care ‘sector’ deal** (based on the Leeds City Region med-tech Science and Innovation Audit) to re-engineer care roles, improving quality and increasing value.

Further City Region proposals are set out in the remainder of this document. **Specific local schemes will be submitted from our local authority partners.**

OUR APPROACH

Core principles:

- Eager to foster, in partnership, **an inclusive, place-based strategy** where all LCR communities contribute to, and benefit from, growth.
- Boosting earnings, **testing local solutions** with HMG to help tackle the productivity challenge.
- Accelerating infrastructure delivery and embedding resilience

2.1 DEVOLUTION & PUBLIC SECTOR REFORM

HM GOVERNMENT DEPARTMENT: CROSS DEPARTMENTAL

PRINCIPAL INDUSTRIAL STRATEGY PILLAR: DRIVING GROWTH ACROSS THE ECONOMY

Opportunities and challenges

West Yorkshire Combined Authority is seeking to make sure that everyone in Leeds City Region - and not just the few - is able to: contribute to, and share in, **inclusive growth**, and access **efficient public services** and enjoy an **outstanding quality of life**.

This level of ambition can only be achieved through sufficiently empowered and democratically accountable local decision making which is guided by a Strategic Economic, Public Service Reform Plans and encapsulated via an Inclusive Industrial Strategy based on local knowledge and robust intelligence that drive evidence based policy making, particularly in relation to the local cohorts who are not sharing in the benefits of growth.

Currently, however, the City Region does not have the powers and funding that will be needed. This is because only one in 20 of the decisions made about Leeds City Region are made locally; the rest are made remotely in Whitehall and the EU. Devolution on a geography acceptable locally and nationally is essential to the achievement of our ambition.

OUR PROPOSALS (DEVOLUTION & PUBLIC SECTOR REFORM)

- **TRANSFORMATIONAL LEVELS OF CAPITAL INVESTMENT** in infrastructure from devolved fiscal powers: Council Tax and/ or Business Rates powers, along with supporting additional borrowing powers.
- **GAINSHARE DEAL** – to drive priority **Inclusive Growth led programmes and projects** – many of which (including skills and business support) are facing a financial ‘cliff edge’. Also a Housing Fund, and devolved ESIF/Shared Prosperity Fund.
- **CONTROL OVER THE TRANSPORT SYSTEM**, including: investment in Key Roads Network, and train stations.
- **PUBLIC SECTOR REFORM** – including Health and Social Care, Children's services, and integrated support measures to help the most disadvantaged, including troubled families.
- Mayoral **SINGLE POT** – powers enabling the City Region to put devolved and local funding streams into an un-ringfenced pot to deliver maximum flexibility and impact. This would include extending a new financial settlement combining the best elements of Growth Deals and ESIF to allow productive investments of capital and revenue to support local inclusive industrial strategies, such as support for a new child care offer and care sector deal.
- **ACCELERATING INCLUSIVE GROWTH**, in particular: good jobs, skills and attainment, utilising anchor institutions, community enterprise and entrepreneurship, and productivity but also housing, transport and business support.

IMPACT AND ADDED VALUE:

- Local empowerment/accountability
- Democratic renewal
- Accelerated delivery of SEP ambitions
- Inclusive Growth

2.2 SUPPORTING BUSINESSES

HM GOVERNMENT DEPARTMENT: DEPT. FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY

INDUSTRIAL STRATEGY PILLARS: INNOVATION, SUPPORTING BUSINESSES, WORLD LEADING SECTORS, CLEAN ENERGY

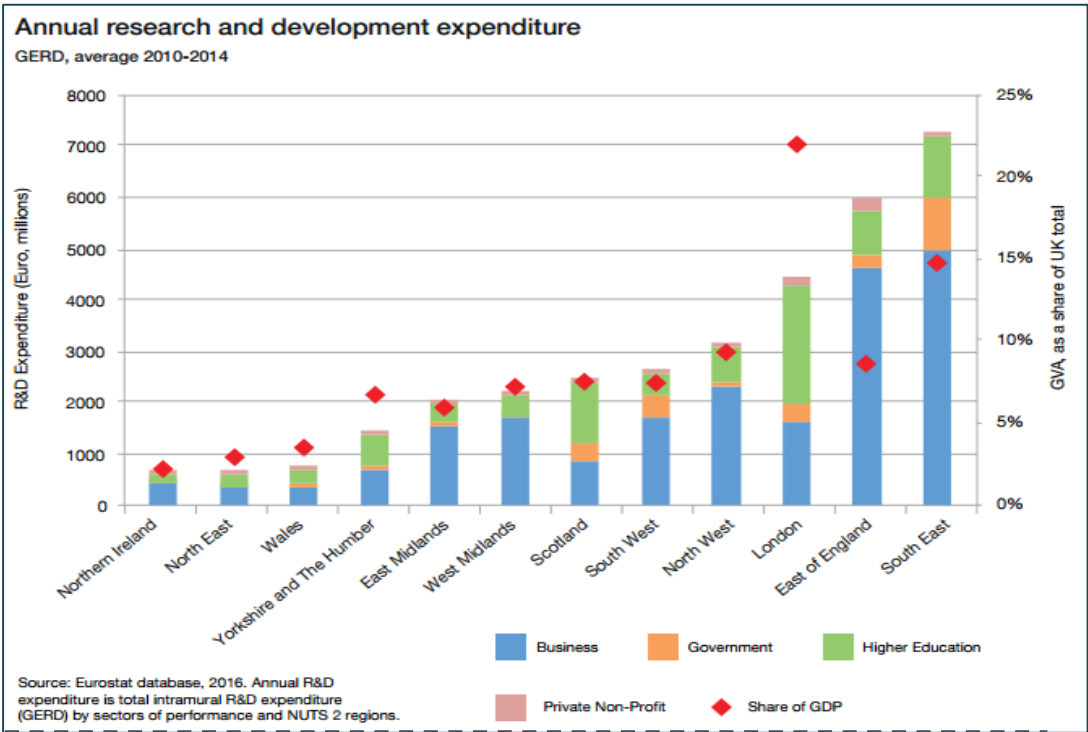
Opportunities and challenges

Innovation and R&D: Businesses do not invest enough in R&D, shortage of talent in STEM, Low levels of patents, need to strengthen its culture of innovation - low appetite to risk remains an issue, particularly in the start-up market where Seedcorn availability and deal-flow is low. The City Region is home to many R&D and innovation assets and distinctive clusters of businesses and research expertise. **HOWEVER** - rates of R&D and innovation in the city region are improving, but not fast enough to close the gap with national averages.

Enterprise: City Region has too few businesses; City region is not creating enough business start ups; not enough start-ups are moving to the next level, not enough existing businesses step up.

Trade & investment: Raise the level of exporting undertaken by our firms LCR has an external trade deficit of £5 billion; address the trade challenges and opportunities of Brexit.

Sectors: Most of our sectors under-perform on productivity. Absence of an OEM in the City Region means we lack a focal point for supply chain development or for business leadership.



The Leeds City Region offers the opportunity for.....

Government to implement the Leeds City Region **‘GROWTH HUBS PLUS CORE OFFER’** (£2 million over 3 years), developed jointly by BEIS and northern LEPs, to provide a sustainably-funded, business support service and an additional offer for more experienced support for scale-ups.

Government to invest £50m for five years in capitalising on the **CITY REGION’S SCIENCE & INNOVATION AUDIT ON MEDICAL TECHNOLOGIES**, including delivering the **LEEDS INNOVATION DISTRICT**, with a new research testing and scale-up facility, and to use power of public procurement to begin to reform the market.

Government to co-invest in the establishment of a c.£20 million **INSTITUTE FOR HIGH SPEED RAILWAYS & SYSTEM INTEGRATION** at the University of Leeds – a 40,000m² world class high speed rail infrastructure test & R&D facility that forms an integral component of the City Region’s **High Speed Rail Growth Zone** that will position the University & City Region as a global centre and lead for high speed rail R&D & innovation. The Institute will play a key role in maximising the benefits and impact of HS2 and Northern Powerhouse Rail, forging strong links with the region’s wealth of strategically important rail-related research and education assets including, the Institute for Rail Research at Huddersfield University, Network Rail Campus in York, and the High Speed Rail College in Doncaster.

Government to support the **INNOVATE NORTH** £3 million proposal being developed by Northern LEPS to drive forward business innovation and develop Oxford/Cambridge type clusters at a pan Northern level.

To deliver **LOCAL KEY ACCOUNT MANAGEMENT** activity with firms already sited locally (~£200k p.a.). This will cover investor development (where foreign-owned) and on understanding requirements of / from supply chains to attract global investment to the LCR.

Maximise where possible Government funding to draw down additional funds via the ESIF.



WE SPOTTED A GAP IN THE MARKET AND WERE LOOKING TO DIVERSIFY OUR PRODUCT RANGE. HOWEVER, IN ORDER TO FILL THIS GAP WE NEEDED SOME SPECIALIST MACHINERY.

WE SUCCESSFULLY APPLIED FOR SUPPORT FROM THE LEP TO HELP RENOVATE A FORMER ENGINEER STORE NEARBY. THANKS TO THE GROWTH WE’VE SEEN WE’RE ALREADY ACCELERATING OUR PLANS TO BUILD A DEDICATED WINDOW AND DOOR SHOWROOM.

WE’RE DELIGHTED TO SECURE THE LEP GRANT. IT HAS ENABLED US TO OFFER A SPECIALIST SERVICE TO MEET OUR CUSTOMERS’ EXPECTATIONS.

REBECCA BULLOCK
DIRECTOR
TIMBERWORKS
SKIPTON

2.3 SKILLS

HM GOVERNMENT DEPARTMENT: DEPT. FOR EDUCATION

INDUSTRIAL STRATEGY PILLARS: DEVELOPING SKILLS

Opportunities and challenges

Evidence shows that a more productive economy requires a skilled and flexible workforce to thrive and grow. Improving skills in the workforce is therefore vital to accelerating productivity, competitiveness and economic prosperity across the City Region. There is the opportunity to **go beyond a NEET-free city region to be ready for jobs in the new economy by closing the STEM skill deficit and gender skills gap in engineering and digital sectors, targeting the most disadvantaged cohorts in particular.**

Key **STRENGTHS AND ASSETS**, include:

- 1.4m LCR residents in work (the biggest in the North), with over 1m (74%) in full time work and 600,000 job opportunities ahead (including replacement demand) over a ten year period up to 2022.
- Improving skills across levels with GCSE pass rates moving from below to above average in some areas.
- Success in reducing NEETs and good career opportunities through routes such as apprenticeships.
- Large student population and strong on graduate retention and employment.
- High performing colleges, well placed to connect students to business opportunities and careers.

CHALLENGES, include:

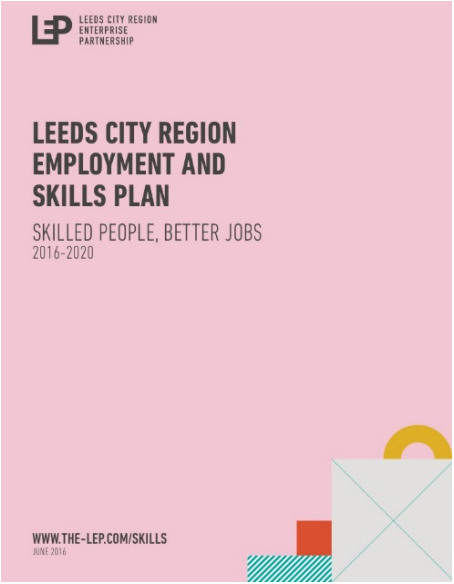
- Wages in WY continue to lag behind national average (7.3% lower), whilst there are 215,000 jobs in West Yorkshire that pay below the living wage.
- Poor skills profile is proving stubborn - need more high skilled people and ensure that all people are qualified for employment.
- Many employers cannot recruit the skilled people they need - 25% of vacancies are hard to fill due to a lack of candidates with the right skills.
- Leeds City Region underperforms on workforce development.
- Limited control over apprenticeships affects our ability to deliver a targeted and joined up offer. Increasing skills levels in areas that benefit the local economy is vital.

OUR PROPOSALS (SKILLS)

- £1.3 million funding over three years to continue the **ENTERPRISE IN EDUCATION PROGRAMME** that will further strengthen the links between business and education.
- £2.5 million of funding to continue the city region’s successful **APPRENTICESHIP HUB PROGRAMME**.
- **CONTINUED FE & SKILLS CAPITAL DEVOLUTION** and continued **SKILLS SERVICE**.
- Extend across all major schemes in the city region the Combined Authority’s Policy Statement that **drives social value in the procurement of major capital schemes**. This puts inclusive growth outcomes on employment, training and SME opportunity at the heart of better procurement.

FURTHER PROPOSALS TO GOVERNMENT INCLUDE:

- Giving the city region greater control over Education and Skills Funding Agency budgets for apprenticeship promotion activity.
- City region is given the ability and funding to direct careers advice and enterprise in schools (through Careers Enterprise Company and National Careers Service) according to needs.
- Give city region control/proportion of unspent levy payments so that it can allocated in line with local priorities, particularly to tackle priority cohorts.
- A **childcare offer** to improve access to labour markets by removing barriers, and ensures all children – particularly the most disadvantaged - are school ready, improving attainment
- Where possible Government Funding to be maximised to draw down additional funds via the ESIF.



IMPACT AND ADDED VALUE:

- Increase in number of learners / learners gaining qualifications.
- Increase in private sector investment in education and training.
- Increase in gross GVA, productivity and earnings.
- Increase in labour market participation/reduced unemployment risk.
- Effective targeting of resources to maximise local impact.
- Ensuring provision is aligned to labour market needs.

2.4 TRANSPORT (HS2 & NPR)

HM GOVERNMENT DEPARTMENT: DEPT. FOR TRANSPORT

INDUSTRIAL STRATEGY PILLARS: UPGRADING INFRASTRUCTURE

Opportunities and challenges

THE OPPORTUNITY

- HS2 single largest planned investment in national infrastructure in the UK. Will deliver a major transformation in UK rail capacity and inter urban connectivity.
- HS2 is the catalyst for accelerating and elevating the Leeds City Region’s position as an internally recognised place of vitality, connecting the North and creating an inclusive, dynamic economy, accessible to all.
- Significant potential to maximise local and regional impacts of HS2. Detailed planning currently underway including: Enhanced City Region connectivity, Maximising local supply chain opportunities and increasing skills, Developing supporting infrastructure, Enhanced stations in Leeds and York, Fit with NPR.

• In the context of our SEP, Inclusive Growth and Industrial Strategy, we have the opportunity to maximise the benefits of HS2.

IMPROVING CONNECTIVITY

Significantly improved LCR connectivity will ensure the benefits from HS2 are spread as far as possible across the region, benefitting local residents and enabling existing businesses to expand and providing opportunities for new businesses. The HS2 Growth Task Force’s report “High Speed 2: Get Ready” explains how “creating connections, bringing people and businesses closer together, is what will enable the major economic benefits of HS2 to be realised”.

KEY ISSUES

- Commitment to HS2 Phase 2b.
- The need to commit now to design work and potential HS2 alterations to accommodate NPR.
- Commitment to transformational rail investment in the north.
- The need for northern authorities to inform decisions about scope, outcomes and funding.
- Provision for rail demand growth by 2024 not made in July HLOS, needs rectifying and committing to.
- No devolved funding for the north for investment planning and implementation, beyond the TfN/TdF being used for NPR.

IMPACT AND ADDED VALUE:

Establish Leeds Station as a world class gateway

Inspiring our people

Develop our business and supply chain

Create a step change in City Region connectivity

A catalyst for regeneration

Maximising Economic Impacts of Culture

OUR PROPOSALS (HS2 GROWTH STRATEGY & NPR)

- Creation of a single **‘LCR HS2 GROWTH STRATEGY DELIVERY FUND’** allocated over 15 years, devolved locally for delivery of the Strategy for city region wide projects.
- Commitment for Government to deliver **NPR THROUGH BRADFORD, LEEDS AND YORK AND INTEGRATION OF HS2 AND NPR** improving Leeds - Bradford connectivity maximising agglomeration opportunities as well as regenerating Bradford city centre.
- Commitment for development of a **YORK CENTRAL HS2 GROWTH STRATEGY**.
- Commitment to delivery of the principles of the Leeds Station Plans through Network Rail / HS2 Ltd.
- Commitment to fund the immediate commencement of **SKILLS AND SUPPLY CHAIN PROJECTS**.
- Funding to support districts in developing regeneration and growth proposals around transport hubs connecting.
- Funding to deliver a further two years of detailed project development.
- Creation of an “Leeds City Centre HS2 Growth Zone” (HS2GZ) around the HS2 station in Leeds.
- Early approval to the LCR HIF funding submission to support housing growth.

DETAIL TO FOLLOW IN THE FORMAL SUBMISSION OF THE LCR HS2 GROWTH STRATEGY.



Likely LCR impacts of the HS2 Growth strategy:

Over 40,000 additional jobs by 2050

Cumulative additional GVA of over £28bn by 2050

Over 5,000 local construction jobs during the period of construction

Significantly enhanced regional and local connectivity

OUR PROPOSALS (WIDER TRANSPORT)

- Statement showing continued commitment to HS2 including Phase 2b.
- Commitment to inclusion of HS2/NPR touchpoints in HS2 Phase 2b Hybrid Bill design work and requisite funding.
- Trans Pennine Route upgrade – renewed commitment to the outcomes promised with Northern Authorities including WYCA involved in the decision making and funding decisions.
- Agreement and support for the emerging NPR vision, including stops at Bradford and York.
- Mitigation for Leeds Rolling Stock Maintenance Depot’s impact on the LCR EZ.
- East Coast Mainline, Calder Valley line and Harrogate lines – where we need a commitment to investment and to for NR to include in their pipeline.
- Further devolved funding allocation for the development and delivery of the revised and updated Long Term Rail Strategy for the North.
- Commitment to work with TfN/Rail North/ Northern Authorities, and to fund, any provision for rail demand growth by 2024
- Recognition of the importance of the M62 to the Northern economy and for Government to work with TfN on working through the solutions to the capacity and reliability issues.
- For Government to recognise the need to do more to support local areas in terms of encouraging the take-up of low emission vehicles and providing the necessary infrastructure to tackle air quality.
- Support for cycling and walking to maintain the momentum from the previous rounds of funding.

IMPACT AND ADDED VALUE:

- Confidence building and financial mitigation for LEP/LCC/developer.
- Confidence building and demonstration of commitment to the north.
- Rail connectivity, capacity and reliability improvements to support northern economy.
- Capacity for greater rail commuting and freight.
- Confidence building and demonstration of commitment to the north.

Details of “our” local Major Route Network / West Yorkshire Key Route Network will be developed via TfN technical studies underway and discussions with WY partners, TfN and Highways England. Our proposals are likely to include improvements to the existing highway to maximise efficiency, additions of new roads to facilitate development and major highway maintenance schemes to safeguard the reliability and resilience of the Major Road Network for the North and local Key Route Network.

2.5 GREAT PLACES

HM GOVERNMENT DEPARTMENT: DEPT. FOR COMMUNITIES & LOCAL GOVERNMENT/DEPT. FOR TRANSPORT

INDUSTRIAL STRATEGY PILLARS: UPGRADING INFRASTRUCTURE

Opportunities and Challenges

An ambition of the SEP is to build a 21st century physical and digital infrastructure that supports the City Region to grow and compete globally; and to do this in a way that enhances places, transforms connectivity, maximises GVA benefits, minimises carbon impacts, and enables all businesses, people and places to have access to opportunities. This includes accelerating the delivery of new homes and employment growth in Spatial Priority Areas (SPAs) and supporting infrastructure to facilitate sustainable growth.

A key priority for the City Region, set out in our Strategic Economic Plan **is to develop an integrated approach to the development of our SPAs** if we are to accelerate job creation, deliver new homes and secure more private sector investment. **In particular, we face an important challenge to provide the right commercial and residential sites in the right locations** – sites that have the best possible digital and energy connections, sustainable transport access, and are resilient against disruption and damage.

Upfront investment in infrastructure to bring forward sites for housing & employment development significantly reduces market failures & development risk (pump prime investment) and attracts private investors. Providing the volume and the right types of housing needed to accommodate a growing workforce is essential to facilitate growth and also acts as a means of boosting local jobs and investment. There is also a need to ensure greater travel choice (and encourage a healthier workforce) through better sustainable travel links to our SPAs.

The risks to 64,000 homes, 31,000 businesses and critical infrastructure sites from flooding have been clearly illustrated by repeated flooding episodes in the last decade. Getting the required resilient infrastructure in place for key sites is therefore a central aim of our strategy.

OUR PROPOSALS (GREAT PLACES)

- **Deliver our housing infrastructure fund (forward funding) bid £177 million**
- **In addition, secure a £100 million Housing Deal for Leeds and the City Region:** There is also a requirement for £86m capital funding over the next five years for upfront site enabling works and critical infrastructure to support the development of the additional housing; with 2775 units to be built by 2021/22. This will build on the significant progress on developing Leeds Living.
- **Enterprise Zones:** Enhanced flexibility relating to Enterprise Zone occupier incentives (i.e. Enhanced Capital Allowances and Business Rate Discount). This may include an extension to eligibility periods where take-up of employment floorspace has been delayed and/or the ability to offer both incentives.
- **Flood infrastructure/resilience fund:** Responsibility for flood defence capital investment through devolved DEFRA and Environment Agency powers and budgets.
- **Digital: support Bradford & Leeds to pilot 5G testbeds** around health and social care sector, allowing partners to trial innovative healthcare solutions; **Local Full Fibre Network Programme** – ability for local bodies to capitalise project management costs and extension of Wave 1 pilot; and **future proofing of new developments** – limited scope for LCR local authorities to impose full fibre in new developments. Requirement through national planning legislation to make this happen for both business and residential developments.
- **Support West Yorkshire local authorities with £44 million to enable full fibre/gigabit connectivity to all public sector sites,** supporting our delivery of modern public services and using infrastructure as an enabler of innovation and new methods of service delivery. Deployment of more extensive fibre networks will support Leeds and Bradford as excellent locations for large scale testing and trialling of new 5G technologies.
- **H-21:** Fund the ambitious conversion of the gas network to hydrogen, which emits zero carbon at the point of use. There will be associated benefits for industry, with a linked package of business support from BEIS.
- **Air quality:** Devolved funding will enable regional / local authorities to determine and deliver appropriate air quality improvements and mechanisms. Adequate revenue and capital funding is required for local authorities to design and deliver locally appropriate mechanisms.

IMPACT AND ADDED VALUE:

- Commercial floor space constructed/refurbished.
- Housing starts/completions.
- Follow-on investment at site.
- Commercial floorspace occupied.
- Increase in gross employment, GVA and productivity.
- Inward investment by businesses (£m).
- Developing a competitive advantage for UK firms.
- Improving public service delivery.
- Zero emissions at point of use.
- Reduction in a range of air pollutants, reduction in health costs.

2.6 ENERGY

HM GOVERNMENT DEPARTMENT: DEPT. FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY

INDUSTRIAL STRATEGY PILLARS: DELIVERING AFFORDABLE ENERGY & CLEAN GROWTH

Opportunities and challenges

- Market failures result in limited investment, or investment ready projects, in decentralised low carbon energy.
- Need to consolidate currently fragmented, ad hoc funding to a sustainable resource to progress pipeline of major local energy generation, energy efficiency interventions and SME support schemes.
- Whilst the City Region has sector strengths in energy infrastructure and manufacturing, carbon emissions are falling at a lower rate than the national average. The existing energy generation sector needs to adapt and grow over the next decade as coal generation is phased out and energy intensive industries supported to become sustainable for the long term.
- BEIS research into innovation trends show that the energy sector is innovating at a slower rate than other sectors.

OUR PROPOSALS (ENERGY)

- A £40 million **LOCAL ENERGY FUND** (possibly resourced from Winter Fuel Payments and energy firms not meeting renewables targets) to:
 - Manage a pipeline of local clean energy projects and energy efficiency programmes that tackle fuel poverty and keep businesses competitive.
 - Investments in the demonstration and commercialisation of new technologies; and
 - Conversion programme for the switch from gas networks to hydrogen (linked to H21 in Defra).

OTHER PROPOSALS:

- Power to set local ECO criteria (and above current 10% level), so some funds can be allocated locally and targeted by need; and
- Power to set higher Planning standards for sustainable design and construction and including clean energy and ULEV.

IMPACT AND ADDED VALUE:

- Increase in clean energy.
- Secure localised supply.
- Help keep energy bills fairly priced and businesses competitive.
- Reduce fuel poverty.
- Increase SME competitiveness through resource efficiency.
- Increase in jobs, GVA and skills opportunities from the clean energy sector.



DELIVERING POSITIVE OUTCOMES



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

IMPACT

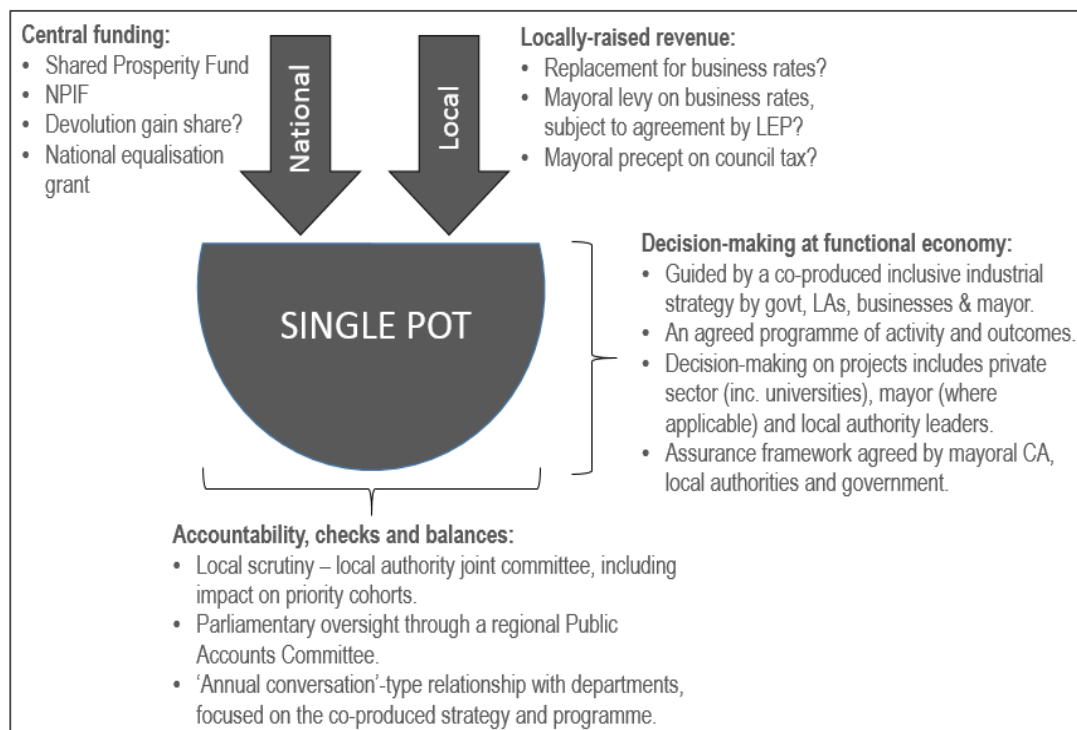
- All proposals are consistent with **an inclusive, place-based strategy** where all LCR communities contribute to, and benefit from, growth.
- In refining policies, we will challenge ourselves by applying to priority cohorts of **‘real people’**. This way, we understand the cumulative impact of public spending decisions on the life chances of all groups, including the most disadvantaged.
- **116** The aim is to boost earnings and living standards through sustainable and more productive businesses, with people connected in a more inclusive labour market with less in-work poverty - “people-powered productivity”, raising productivity in low-pay sectors, supporting growing businesses and sectors to reduce poverty, connecting economic development and poverty reduction, and maximising the potential of anchor institutions.
- It capitalises on the agglomerative effects of growth across the North and a rebalanced UK economy.

WHAT A LEEDS CITY REGION SINGLE POT COULD LOOK LIKE

Our high level proposal is summarised opposite, joining up national and local resources. The proposal incorporates stringent checks and balances, including a far greater role for Parliamentarians. Taking this with our suggested design principles, **we believe that the SPF element for the city region could be ~£150m p.a** (to match current ESIF, Growth Deal and City Deal funding).

Suggested design principles

- Learn from and **maintain what works well in the current approach from ESIF and LGF**. For example, the ESIF long-term funding period (7 – 10 years in the current framework) provides certainty Intermediate Body status for Sustainable Urban Development demonstrates how funds can be locally operated.
- Moving away from EU regulations gives opportunities to **remove much of the bureaucracy** and unnecessary rules and eligibility criteria to be more like successful domestic programmes.
- A long term 'single pot' **linked to strong, co-produced local industrial strategies** is best way of overcoming the fragmentation from institutional and operational silos. The **SPF quantum** should be that previously received prior to Brexit (€396m 2014-2020), plus an additional tranche to reflect the contribution made previously by Local Growth Fund.
- The allocation should comprise **elements for both national and sub-regional work**:
 - Majority (say 90%) via needs-based formula weighted to take account of social and economic conditions in functional economies.
 - A retained element (say 10%), acknowledging that Ministers may want competitive allocation according to national priorities.



ROBUST ASSURANCE

WE HAVE WORKED HARD TO ENSURE THAT THE LEEDS CITY REGION ASSURANCE FRAMEWORK IS ONE OF THE MOST ROBUST IN THE COUNTRY.

Our officers worked closely with officials in the Department of Business, Innovation and Skills in its development, and have been reviewing it continually in light both of our own experience and following the publication of the National Audit Office report. We have also worked in collaboration with the What Works Centre to develop an accompanying Evaluation Strategy that we believe is a leading example of its kind.

Using our Assurance Framework – and the Single Appraisal Framework (SAF) at its heart – we have been able to allocate over £150 million since 2014. Equally, the robust nature of this process has meant that a number of projects have been rejected or reworked rather than being allowed through unchanged, even though they were identified in the Growth Deal settlement with government.

Our decision-making processes are continually evolving to learn from experience, and the SAF will be updated to ensure that all future investment is assessed according to its contribution to the priorities of the SEP and its commitment to inclusive growth.

IN CONCLUSION:

The package of short and long term measures set out offers the opportunity to:

- Address locally the Government's key national concerns to increase productivity and boost earnings power.
- Drive improvements across all sectors of our economy, particularly in relation to manufacturing, where we have the potential to be the UK's "Mittelstand", thriving in a post - Brexit world.
- Deliver opportunities for all our people, ensuring that no matter where a person comes from there is no limit to where they can go.

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Director and Author: Angela Taylor, Director of Resources



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Pension transfer update

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1. Purpose

- 1.1 To provide further information on the preferred way of meeting WYCA's element of pension obligations towards First Group, in response to a direction issued by the Secretary of State on this matter.

2. Information

- 2.1 At its last meeting WYCA considered its position with regard to FirstGroup plc which is seeking, via a Direction from the Secretary of State, to consolidate its various local government pension scheme interests in Greater Manchester, South Yorkshire and West Yorkshire into a single fund in Greater Manchester.
- 2.2 Members will recall that WYCA is required, by statute, to meet an element of pension costs that relate to employees of First Group. This dates back to 1986 when the deregulation order created a separate passenger transport executive (WYPTE) and a separate bus company (Yorkshire Rider Limited, now First West Yorkshire Limited). For those employees that transferred at that date to the bus company the then WYPTE was required to fund the annual increases in pension payments that arise for existing and future pensioners. This resultant liability for the pre-1986 pension increases now sits with WYCA.
- 2.3 This specific liability forms part of WYCA's pension obligations and the ongoing employer contributions to the West Yorkshire Fund are set at levels to meet this obligation alongside those arising from all of the PTE's/WYCA's current and past employees.
- 2.4 WYCA officers have been working with the West Yorkshire and Greater Manchester Pension Funds, their respective actuaries and First Group plc and its advisors to seek

to progress the option of a bulk asset transfer, as agreed at the last meeting of WYCA. The Direction issued by the Secretary of State requires a means of transferring WYCA'S pre-1986 responsibilities into the Fund.

- 2.5 There are differing views regarding the value of assets required to be transferred to meet the liabilities, due to the more cautious assumptions being used in relation to First Group as an admitted body to the Fund compared to WYCA. As WYCA is treated as a scheduled body to the Fund the assumptions applied to it reflect its relative stability as part of the local authority family and are less onerous than those applied to First Group. The gap between the respective positions is £12m. Given the difficulties associated with this bulk transfer other options are being actively explored as well as seeking to reconcile the valuation positions. These will include a bulk transfer with some residual risk remaining in the future and a re-consideration of the recharge option with possible options regarding how the volatility is managed via a third party arrangement.
- 2.6 The Direction from the Secretary of State sets a transfer date of 1 November. It is possible that the other parts of these pension arrangements could transfer on this date whilst work continues on the pre-86 element relating to WYCA. The other elements of the transfer are relatively straightforward; the arrangement in place for WYCA to meet the inflationary increases is unusual and is therefore causing the most difficulty to resolve. A revised decision on a preferred option may be required from the Authority before the next meeting in December and approval is sought to agree a delegated decision in this instance and such decision would have regard to the position of the West Yorkshire Pension Fund.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

- 4.1 As set out in the report.

5. Staffing Implications

- 5.1 None arising from this report.

6. External Consultees

- 6.1 None.

7. Recommendations

- 7.1 That WYCA agrees to delegate to the Chair and Managing Director a further decision regarding the method by which WYCA meets its obligations under the Direction with regard to First Group. If the recommendation earlier on this agenda to establish a

Budget Working Group is approved it is proposed that this Group inputs to this further decision.

8. Background Documents

8.1 None.

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Director: Angela Taylor, Director of Resources
Author: Heather Waddington



Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: ESIF SUD Update (For Information)

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

1.1 This report asks the West Yorkshire Combined Authority (WYCA) to:

- note the content of the report and provide comments.

2 Information

2.1 On 6 April 2017, WYCA considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to West Yorkshire Combined Authority (WYCA) in order to deliver the SUD Strategy, part of the ESIF Programme.

2.2 The WYCA, at the 29 June 2017 meeting, agreed the SUD Call for it to be published July 2017 by the Managing Authority (MA), Department for Communities and Local Government (DCLG).

2.3 The Investment Committee received an update at their meeting held on 6 September 2017.

3 Progress made to date

3.1 The Call was published on Monday 3rd July 2017, earlier than expected. The Call will close on Friday 29th September 2017 for outline applications. It is expected that outline applications will be presented firstly to WYCA's Investment Committee (IC) for consideration and advice by November 2017, and subsequently presented to WYCA for selection December 2017.

- 3.2 A workshop for applicants who are considering applying for the funds was held on the 9th August 2017 in Leeds, led by WYCA officers. The event was well attended with over 37 attendees and which was well received. Information was provided on the nature of the Call focussing on the local development need section, how to apply – with a session from DCLG colleagues focussing on eligibility and compliance.
- 3.3 WYCA as the IB will assess each outline application, after the closing date, for local strategic fit based on the relevant ESI Funds SUD Strategy and will decide which to approve in relation to the relevant Project Selection Criteria. It will seek the advice of the Investment Committee to inform its decision.
- 3.4 In addition WYCA, taking account of advice from the Investment Committee, will be asked to:
- undertake an assessment of the project under the selection criteria delegated to it.
 - provide the Managing Authority with advice on value for money and deliverability under the core selection criteria for which it has an advisory role.
 - in providing this advice WYCA will consult with the Investment Committee – officers from the Research and Intelligence Unit will present draft advice to the to support the provision of the advice
 - take account of the Investment Committee's view before finalising its advice to the Managing Authority.
 - summarise its assessment and advice using a standard template

4 Financial Implications

- 4.1 DCLG, as MA for the funds, are responsible for the issuing of Funding Agreements, paying projects and general contract management. The funding within the Strategy (€19.95m) is a notional budget and is part of the ESIF ERDF programme. All finances go directly through DCLGs accounts not WYCA's.
- 4.2 If WYCA chooses to bid themselves for the funds there will be implications for WYCA in respect of providing match to the value of 50% of any project costs, itself or in partnership with others.

5 Legal Implications

- 5.1 The risks of non-compliance with regard to the delegated function of WYCA as an Intermediate Body were previously outlined at the meeting in March 2017.
- 5.2 At this stage the main risk still remains to whether there is sufficient interest from stakeholders/bidders to apply for the funds in response to the published Call, If not the funding would remain unspent and potentially could be lost to the City Region.

6 Staffing Implications

- 6.1 Staffing is already in place to undertake the work required under SUD as part of the development and implementation of the wider ESIF Programme. Should WYCA choose to bid for the funds itself staff resources may be required in order to complete the application(s).

7 External Consultees

- 7.1 Advice has been sought from DCLG in their role as Managing Authority.

8 Recommendations

- 8.1 That WYCA notes the content of the report and provide comments.

9 Background Documents

- 9.1 None

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**MINUTES OF THE MEETING OF THE
TRANSPORT COMMITTEE
HELD ON FRIDAY, 7 JULY 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Councillor Keith Wakefield OBE (Chair)	Leeds City Council
Councillor Eric Firth (Vice-Chair)	Kirklees Council
Councillor Martyn Bolt	Kirklees Council
Councillor Neil Buckley	Leeds City Council
Councillor Peter Caffrey	Calderdale Council
Ian Cherry	Nexus Vehicle Management
Councillor David Dagger	Wakefield Council
Councillor Ian Gillies	City of York Council
Councillor Hassan Khan	Bradford Council
Councillor Michael Lyons OBE	Leeds City Council
Councillor Nussrat Mohammed	Bradford Council
Councillor Andrew Pinnock	Kirklees Council
Councillor Taj Salam	Bradford Council
Councillor Daniel Sutherland	Calderdale Council
Councillor Kevin Swift	Wakefield Council
Councillor Christine Towler	Leeds City Council

In attendance:

Councillor Richard Lewis	Leeds City Council
Councillor Peter McBride	Kirklees Council
Councillor Alex Ross-Shaw	Bradford Council
Fiona Limb	WYCA
Rob Norreys	WYCA
James Nutter	WYCA
Dave Pearson	WYCA
Kate Thompson	WYCA
Dathan Tedesco	WYCA

1. Apologies for absence

Apologies were received from Councillors Manisha Kaushik, Rebecca Poulsen and Tim Swift.

2. Declarations of disclosable pecuniary interests

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

3. Exempt information - possible exclusion of the press and public

There were no exclusions of the press and public at the meeting.

4. Minutes of the meeting of the Transport Committee held on 21 April 2017

Resolved: That the minutes of the Transport Committee held on 21 April 2017 be approved and signed by the Chair.

5. Appointment of District Consultation Sub-Committees and the Local Bus Services Working Group

The Committee considered a report on the appointment of District Consultation Sub-Committees and the Local Bus Services Working Group for the municipal year 2017/18.

Resolved:

- (i) That a District Consultation Sub-Committee is established for the municipal year 2017/18 for each constituent council area, according to the terms of reference set out in Appendix 1 of the attached report, to be chaired by:

Cllr David Dagger	Wakefield Council
Cllr Manisha Kaushik	Kirklees Council
Cllr Michael Lyons OBE	Leeds City Council
Cllr Taj Salam	Bradford Council
Cllr Dan Sutherland	Calderdale Council
- (ii) That each Transport Committee member co-opted from a constituent council is appointed as a voting member of their respective Sub-Committee.
- (iii) That Transport Committee note that a recruitment exercise for public representatives is to take place in Autumn.
- (iv) That each District Consultation Sub-Committee meets on the dates set out in the calendar considered by WYCA at the annual meeting.
- (v) That the Local Bus Services Working Group is re-established for the municipal year 2017/18, with terms of reference and arrangements as set out in Appendix 2 of the report attached to the paper.

6. Cycle City Ambition Grant Programme

The Committee considered a report which provided an update on the

implementation of the Cycle City Ambition Grant programme and approach to delivery of the preferred suite of projects within the programme in order to manage the available funding effectively.

The report outlined progress to date and it was noted that WYCA has worked with partner authorities to review the scope of the programme. Members discussed the summary and outcomes of the review which aimed to maintain the ambition of transformed infrastructure connecting towns and cities, within the approved funding envelope.

Members thanked officers for the opportunity to ask detailed questions about the programme and its projects.

Resolved:

- (i) That the inclusion of the DfT grant funding offers of £700k (capital) and £1.5m (revenue) within the programme and expenditure on related cycling and walking initiatives, as approved by WYCA on 6 April 2017, be noted.
- (ii) That the approach to managing the CCAG budget be noted and that the remaining projects within the programme, in Table 2 of the report, are put on a 'reserve list' and must go through further assessment to select which to take forward that will bring overall programme within total budget.
- (iii) That it be noted that the following schemes will proceed to delivery:
 - Leeds City Centre Project – Leeds City Council
 - Wakefield to Castleford: Phase 1 – Wakefield District Council
 - Calderdale Canals: Phase 1 – Canals River Trust
 - Leeds-Liverpool Canal (Airedale Greenway) – Canals River Trust
 - Huddersfield Narrow Canal – Canals River Trust
 - Bradford Canal Road – Bradford District Council
- (iv) That the removal of the cycle hubs and neighbourhood projects, and alternative means of progressing this type of intervention, be noted.

7. Transport Strategy

The Committee considered a report detailing the proposed amendments to the Transport Strategy ahead of its submission to WYCA.

At its meeting of 23 February 2017 the Committee considered responses from public and stakeholder consultation on the draft Transport Strategy, which took place during 2016. The Committee identified a number of highlights from the consultation to be addressed and agreed that an amended version be considered before its recommendation to WYCA.

Members reviewed the proposed amendments which also sought to align with

national and local policy developments and initiatives which have happened since publication of the consultation draft. In particular the government's consultation on their Industrial Strategy and the national and local focus of Inclusive Growth.

It was agreed that a decision on the content and appearance of the document be delegated to WYCA's Managing Director in consultation with the Chair of the Transport Committee prior to its submission to WYCA.

Resolved:

- (i) That the Transport Strategy be recommended to WYCA for approval, subject to the amendments detailed in Appendices 1, 2 and 3 of the submitted report and also the following amendments, which were tabled at the meeting:
 - (a) A statement to encourage the provision of charging points for the growing number of power assisted bicycles.
 - (b) A statement to reaffirm a commitment to the needs of all road users, balanced with the needs of cars.
 - (c) A strengthened statement on the importance of accessibility, particularly for disabled people.
- (ii) That the Managing Director finalise the content and appearance of the Transport Strategy in consultation with the Chair of the Transport Committee prior to its submission to WYCA.

8. Bus Strategy

The Committee considered a report on the updated Bus Strategy ahead of its submission to WYCA.

At its meeting of 23 February 2017 the Committee considered responses from public and stakeholder consultation on the draft Bus Strategy, which took place during 2016.

The Bus Strategy was updated to reflect this feedback and also the feedback received from a supplementary consultation on accessibility. A summary of the conclusions of this supplementary consultation was attached to the report at Appendix 1.

The Committee was also given an update on the Bus Services Bill, which received Royal Assent on 27 April 2017 and became an Act of Parliament. Authorities are able to access the new legislative powers from 27 June 2017.

Resolved:

- (i) That the updated Bus Strategy be recommended to WYCA for approval.
- (ii) That an update on the progress of the Bus Strategy be brought back to the

Committee at a future meeting.

9. Supported Bus Services

The Committee considered a report outlining the steps being taken to deliver supported bus services within the budget allocated by WYCA.

It was noted that WYCA has reduced its 2017/18 budget for bus services by £650k. A comprehensive review of current contracts was being undertaken to obtain efficiencies and to identify those services where the subsidy per passenger journey exceeds the maximum set by the current guidelines.

It was reported that savings of £156k pa have been obtained from procurement and renegotiation with operators. Members noted further potential savings which were set out in paragraph 2.8 of the submitted report. It was noted that these would be subject to liaison with affected ward members and negotiation with bus operators.

Resolved:

- (i) That a review be made of the current policy and practice of supported bus services to ensure it is effectively meeting the mobility needs of the City Region.
- (ii) That poorly used bus service journeys be withdrawn, endorsing the proposal set out in the submitted report and in accordance with the guidelines approved by the Committee on 26 September 2014.
- (iii) That the implementation of the changes to services outlined in the submitted report be reviewed by the Local Bus Services Working Group.

10. Capital Spending and Project Approvals

The Committee considered a report on proposals for the progression and funding of the following seven projects to be delivered as part of the Local Transport Plan Implementation Plan 3 and National Productivity Investment Fund 2017/18:.

- Bus Station CCTV Digital Upgrade
- Bus Hotspots
- Rail Policy and Programme Development
- LTP Monitoring, Evaluation and Bid Development
- Morley Transport Hub
- Bradford Interchange Access and Huddersfield Transport Hub Totem Installation
- Strategic Cycle Network Development

Resolved:

- (i) That in respect of the **Bus Station CCTV Digital Upgrade** project the Transport

Committee approved:

- (a) That the project progresses through Decision Point 5 (Full Business Case with Finalised Costs) and commences work on Activity 6, Delivery;
 - (b) The increase in total project capital costs from £550k and grant approval for capital expenditure of £1.095m to deliver the Bus Station CCTV digital upgrade project, funded from the LTP IP3 and NPIF programmes.
 - (c) The Assurance Pathway and Tolerances as recommended by the PAT. This approval route will be subject to the schemes remaining within the tolerances outlined.
- (ii) That in respect of the **Bus Hotspots** programme the Transport Committee approved:
 - (a) That the programme progresses through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6, Delivery;
 - (b) Capital expenditure of £1.037m to deliver the Bus Hotspots programme, funded from the LTP IP3 and NPIF programmes.
 - (c) The entering into a Funding Agreement with Bradford Council for expenditure of up to £674,400, with Calderdale Council for expenditure of up to £20,000, Kirklees Council for expenditure of up to £168,700, and Wakefield Council for expenditure of up to £173,500.
 - (d) The Assurance Pathway and Tolerances as recommended by the PAT. This approval route will be subject to the schemes remaining within the tolerances outlined.
- (iii) That in respect of the **Rail Policy and Programme Development** programme the Transport Committee approved:
 - (a) That the programme progresses through Decision Point 2 and work commences on Activity 6, Delivery;
 - (b) Capital expenditure of £300k to deliver the Rail Policy and Programme Development programme, funded from the LTP IP3 programme.
 - (c) The Assurance Pathway and Tolerances as recommended by the PAT. This approval route will be subject to the schemes remaining within the tolerances outlined.
- (iv) That respect of the **LTP Monitoring, Evaluation and Bid Development** programme the Transport Committee approved:
 - (a) That the programme progresses through Decision Point 2 and work

commences on Activity 6, Delivery;

- (b) Capital expenditure of £150k to deliver LTP Monitoring, Evaluation and Bid Development programme, funded from the LTP IP3 programme.
- (c) The Assurance Pathway and Tolerances as recommended by the PAT. This approval route will be subject to the schemes remaining within the tolerances outlined.
- (v) That in respect of the **Morley Transport Hub** project the Transport Committee approved:
 - (a) That the project progresses through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6, Delivery;
 - (b) Capital expenditure of £150,000 to deliver the Morley Transport Hub project, funded from the LTP IP3 programme.
 - (c) The Assurance Pathway and Tolerances as recommended by the PAT. This approval route will be subject to the schemes remaining within the tolerances outlined.
- (vi) That in respect of the **Bradford Interchange Access and Huddersfield Transport Hub Totem Installation** projects the Transport Committee approved:
 - (a) That the projects progress through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6, Delivery;
 - (b) Capital expenditure of £100k to deliver the Bradford Interchange Access Improvements and £20k to deliver the Transport Hub Totem Installation at Huddersfield Bus Station, both funded from the NPIF 2017/18 programme.
- (vii) That in respect of the **Strategic Cycle Network Development** programme the Transport Committee approved:
 - (a) That the programme progresses through Decision Point 2 and work commences on Activity 6, Delivery;
 - (b) Capital expenditure of £100k to deliver Strategic Cycle Network Development programme, funded from the LTP IP3 programme.

11. May 2018 Rail Timetables: Northern and Trans-Pennine Express

The Committee considered a report which set out the proposed responses to the following three consultations which were being carried out by Northern ("NT", operated by Arriva Rail North) and Trans-Pennine Express ("TP", operated by First Group):

- NT, regarding their proposed timetable changes in May 2018;
- A second NT consultation regarding possible future train journey-time improvements; and
- TP, also regarding their proposed timetable changes in May 2018.

The Committee endorsed the submission of formal responses, the drafts of which had been circulated to members on 26 June 2017. Officers were thanked for the thoroughness of their work on the draft responses.

Resolved:

- (i) That approval be given to formally submit responses to the consultations launched by TP and NT, as per the draft responses sent out to members on 26 June 2017.
- (ii) That WYCA officers continue to work with the two train operating companies and Rail North to pursue positive outcomes for the Leeds City Region from the May 2018 timetables.

12. DEFRA Air Quality Plan Consultation Response

The Committee considered a report setting out WYCA's response to the Department for Environment, Food and Rural Affairs (DEFRA) revised Air Quality Plan consultation, launched in May 2017.

The Plan sets out a range of measures considered by government to be the most effective ways of reducing Nitrogen Dioxide levels in affected areas, including Clean Air Zones. The Plan provides an overview of a range of proposed interventions to improve air quality, including non-charging and charging based Clean Air Zones, retrofit emission abatement technology and investment in Ultra Low Emission Vehicles (ULEVs).

Members noted WYCA's response to the eight question consultation, which was attached to the submitted report. It was noted that this had been submitted before the deadline of 15 June 2017.

Resolved: That the principles of the WYCA response to the Government's Air Quality Plan, as set out in the submitted report, as a basis for continued engagement with Government be endorsed.

13. Transport for the North Update

The Committee was provided with an update on Transport for the North's development of a Transport Strategy and on the progression of WYCA's road and rail priorities for Transport for the North, including the development of a Northern Powerhouse Rail network.

Members noted the recommendations from the East-West Trans-Pennine corridor study, which had been approved by WYCA at its 29 June 2017 meeting, and were being provided as an input into Transport for North's further work on the Central Corridor.

Resolved:

- (i) That Transport for the North's development of a Transport Strategy and progress on WYCA's road and rail priorities for Transport for the North, including the development of a Northern Powerhouse Rail network, be noted.
- (ii) That it be noted that the recommendations from the East-West Trans-Pennine corridor study are to be provided as an input into TfN's further work on the Central Corridor.

14. Bus Service Contract Management Issues

The Committee considered a report which advised of issues arising from the recent closure of several bus operators.

Members discussed and noted the consequences for WYCA as a result of the recent closure of four bus operators. Details, including the actions taken to reduce future risk to WYCA, were outlined in the submitted report.

Resolved: That the issues emerging from the closure of bus service contractors set out in this report together with the actions taken to reduce this risk in future be noted.

15. City Region Transport Update

The Committee considered a report providing an update on current transport issues in the City Region, covering the following:

- HS2 Growth Strategy
- Leeds Public Transport Investment Programme
- ULEV Taxi Scheme
- National Productivity Investment Fund
- Cycling and Walking Investment Strategy/Local Cycling and Walking Infrastructure Plans
- Park & Ride
- Bus 18

Resolved: That the updates provided in this report are noted.

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**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON THURSDAY, 3 AUGUST 2017 AT COMMITTEE ROOM B -
WELLINGTON HOUSE, LEEDS**

Present:

Professor Bob Cryan CBE (Chair)
Councillor Tim Swift
Andy Clayton

University of Huddersfield (to minute 7)
Calderdale Council (to minute 7)
Department for Work and Pensions

In attendance:

Steve Appleton
Mark Kirkham
Angela Taylor
Russell Gott
Ruth Chaplin

Mazars Auditors
Mazars Auditors
WYCA
WYCA
WYCA

1. Appointment of Chair

In the absence of Roger Marsh it was agreed that Professor Bob Cryan chair the meeting.

2. Apologies for Absence

Apologies for absence were received from Roger Marsh and Councillors Andrew Carter and David Sheard.

3. Declarations of Disclosable Pecuniary Interests

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

4. Exclusion of the Press and Public

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

5. Approval of Annual Accounts 2016-17

The Committee considered the Annual Accounts for 2016/17 for the West Yorkshire Combined Authority (WYCA).

It was reported that WYCA's external auditors, Mazars, have completed their audit work on the Annual Accounts 2016/17 which were attached at Appendix 1. Their conclusions were set out in the Audit Completion Report which was attached at Appendix 3.

Members considered the information and Mark Kirkham and Steve Appleton of Mazars provided an overview of the work involved in their audit of the accounts, together with a summary of key findings. They advised members that they would be issuing an unqualified audit opinion on the financial statements and on the value for money conclusion.

The unadjusted misstatement set out in Appendix A of Mazars' report was considered and it was agreed by all to accept the misstatement. This has no effect on the remits for the year and the auditors confirmed the audit opinion would remain unqualified.

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 Mazars' report and it was noted that the Director, Resources would provide a signed copy of this to them.

It was noted that Mazars would issue an audit completion notice by the statutory date of 30 September 2017 following completion of the Whole of Government Accounts.

The Committee considered the Treasury Management Statement in Appendix 2 of the report and noted that there were no changes proposed to the treasury management arrangements at this stage.

Resolved:

- (i) That the Treasury Management Statement in Appendix 2 be recommended for approval.
- (ii) That Mazars' audit completion report be noted.
- (iii) That the Annual Accounts for the year ended 31 March 2017 be approved.

6. Review of Internal Control and Effectiveness of Internal Audit

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

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

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

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

7. Annual Internal Audit Report and Opinion

The Committee considered a report which provided notice of the Annual Internal Audit Report and Opinion of the risk management, governance and control environment in operation during 2016/17.

A copy of the Annual Internal Audit Report and Opinion for 2016/17 was attached at Appendix 1. This listed all the internal audit assignments undertaken during the year and it was noted that whilst a number were classified as 'requires improvement', this had not precluded a positive overall opinion on the operating environment.

Members discussed ways in which internal audit reports could be mapped against strategic risks to understand how they contributed to the overall audit opinion for the year.

Members also discussed risk management and areas where improvements could be made. In noting the Annual Internal Audit Report and Opinion it was agreed that risk management arrangements would be considered in more detail at the next meeting.

Resolved:

- (i) That the Annual Internal Audit Report and Opinion be noted.
- (ii) That a report on risk management arrangements be brought to the next meeting.

The meeting was closed due to becoming inquorate. The following items were therefore deferred to the next scheduled meeting.

8. Minutes of the Meeting of the Governance and Audit Committee held on 6 April 2017

Item deferred to the next meeting.

9. Appointment of Deputy Chair

Item deferred to the next meeting.

10. Terms of Reference and Forward Plan of Work 2017-18

Item deferred to the next meeting.

11. Internal Audit Progress Report

Item deferred to the next meeting.

12. External Audit Update

Item deferred to the next meeting.

13. Internal Controls & Financial Monitoring

Item deferred to the next meeting.



**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE AND YORK INVESTMENT COMMITTEE
HELD ON WEDNESDAY, 6 SEPTEMBER 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON HOUSE, LEEDS**

Present:

Councillor Peter Box CBE (Chair)
Roger Marsh OBE (Vice-Chair)
Councillor Barry Collins
Councillor Ian Gillies
Councillor Denise Jeffery
Councillor Richard Lewis
Councillor Peter McBride
Councillor Alex Ross-Shaw

Wakefield Council
Leeds City Region Enterprise Partnership
Calderdale Council
City of York Council
Wakefield Council
Leeds City Council
Kirklees Council
Bradford Council

In attendance:

Councillor Eric Firth
Melanie Corcoran
Elizabeth Courtney
Vicky Dumbrell
Chris Dunderdale
Dave Haskins
Tom Murphy
Chris Maunder
Henry Rigg
Angela Taylor
Dathan Tedesco
Jacqui Warren

WYCA Transport Committee
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9. Apologies for Absence

There were no apologies for absence.

10. Declarations of Disclosable Pecuniary Interests

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

11. Exempt Information - Possible Exclusion of the Press and Public

Resolved: That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during

consideration of Appendix 2 to Agenda Item 8 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.

12. Minutes of the Meeting of the West Yorkshire and York Investment Committee held on 12 July 2017

Resolved: That the minutes of the West Yorkshire and York Investment Committee held on 12 July 2017 be approved and signed by the Chair.

13. Investment Panel - Governance Issues

The Committee considered a report of the Director of Resources which asked members to consider:

- a change of name for the Investment Panel; and
- an interim appointment to the Investment Panel.

It was proposed that in order to better distinguish the Panel from Investment Committee that the name of the Panel be changed to the Business Investment Panel.

It was reported that there were two vacancies for private sector representatives on the Panel. A recruitment exercise was to be undertaken in the autumn seeking private sector representatives for all WYCA's Panels but, in order to ensure that the Investment Panel had the appropriate expertise in place until that time, it was proposed that an interim private sector member be appointed.

Resolved:

- (i) That the name of the Investment Panel be changed to Business Investment Panel.
- (ii) That authority be delegated to WYCA's Managing Director to appoint one private sector representative to the Business Investment Panel on an interim basis (pending completion of the review of Panels' membership) subject to consultation with the Chair of the Panel and the WYCA LEP member.

14. Leeds City Region Growth Deal Delivery

The Committee considered a report of the Director of Delivery which provided:

- An update on progress made towards the achievement of Key Performance Indicators (KPIs) and on the implementation of the Growth Deal programme.
- An overview of the Call for Projects and the current situation in defining the Growth Deal Impact Sites.

Members noted the progress of the seven KPIs, details of which were attached at Appendix 1 to the submitted report together with information in respect of programme expenditure for the first two quarters to the end of September 2017/18.

The Growth Deal Dashboard and Pipeline were attached at Appendices 2 and 3 of the submitted report. Members were advised that the forecast spend was currently £104.76m against the annual target of £100.15m and members also noted the projects currently rated as Red which represented a risk to the delivery of the programme.

The Committee discussed and noted the cost of managing the portfolio and the capitalisation proposals which were set out in the submitted report.

It was reported that WYCA and the LEP have issued an open call for proposals that can make a strategic impact across the city region and meet a number of different requirements. It was noted that whilst there was no available/allocated funding at present there were several potential opportunities and these were outlined in the submitted report. The outcomes of the call would be presented to the Investment Committee's Autumn workshop.

Members were updated on the ongoing work in respect of identifying Growth Deal impact sites. This had included mapping all of the Growth Deal projects in preparation for agreeing the proposed impact sites and discussions in respect of how overlapping areas of impact would be agreed were ongoing with SQW, the consultants appointed to undertake the Growth Deal progress reviews.

Resolved:

- (i) That the progress towards achievement of the KPIs and the implementation of the Growth Deal be noted.
- (ii) That the Investment Committee recommends to WYCA for approval the capitalisation proposals set out in paragraphs 4.1 and 4.2 of the submitted report.

15. Capital Spend and Project Approvals

The Committee considered a report of the Director of Delivery on proposals for the progression of, and funding for, a number of West Yorkshire plus Transport Fund (WY+TF) and Growth Deal projects at Stages 1, 2 and 3 of WYCA's Assurance Process.

Members considered the following schemes which were detailed in the submitted report:

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper)
Access Innovation Programme	Decision Point 2 (Case Paper)
Strategic Business Growth Programme	Decision Point 2 (Case Paper)
Beech Hill, Halifax	Decision Point 2 (Case Paper)
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case)
Energy Accelerator Programme	Decision Point 4 (Full Business Case)
Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs)
New Bolton Woods	Decision Point 5 (Full Business Case with Finalised Costs)

The report also provided further details and outlined recommendations for the following schemes which have had exception reports assessed in line with WYCA's Assurance Process:

Leeds New Station Street	Activity 5 (Full Business Case plus Finalised Costs) Exception
Huddersfield Incubation & Innovation Centre	Activity 6 (Delivery) Exception
Tackling Fuel Poverty	Activity 6 (Delivery) Exception

The Committee was provided with details of decisions made through delegation to WYCA's Managing Director since the last meeting. It was noted that the decisions were made following recommendations from WYCA's Programme Appraisal Team for the following schemes:

- Hebden Bridge Rail Park and Ride Decision Point 5 (Full Business Case with Finalised Costs)
- LEP Loan – Fresh Pastures (Full Business Case with Finalised Costs)
- Strategic Inward Investment Fund Decision Point 5 (Full Business Case with Finalised Costs)
- Business Growth Programme Decision Point 5 (Full Business with Finalised Costs)

Summaries of the schemes' Business Cases were attached as Appendices 1-12 of the submitted report.

It was noted that due to the nature of the funding stream, the Pothole Action Fund had been considered by WYCA and a funding allocation of £2.231m had been approved.

Resolved:

- (i) In respect of **A629 Phase 4 Halifax to Huddersfield Corridor Improvements (Decision Point 2)**, the Investment Committee recommends to WYCA that:
- The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
 - An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
 - WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (ii) In respect of the **Access Innovation Programme (Decision Point 2)**, the Investment Committee recommends to WYCA that:
- The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
 - An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the Local Growth Fund Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (iii) In respect of the **Strategic Business Growth Programme (Activity 2 Case Paper)**, the Investment Committee recommends to WYCA that:

- The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
 - An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (iv) In respect of **Beech Hill, Halifax (Activity 2 Case Paper)**, the Investment Committee recommends to WYCA that:
- The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
 - An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (v) That in respect of **Castleford Rail Station Gateway (Activity 3 Outline Business Case)**, the Investment Committee recommends to WYCA that:
- The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
 - An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (Full Business Case with Finalised Costs), taking the total project approval to £0.338m.

- WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(vi) That in respect of **Energy Accelerator (Activity 4 Full Business Case)**, the Investment Committee recommends to WYCA, subject to a successful European Local Energy Assistance (ELENA) application, that:

- The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- Approval to spend the £0.640m Local Growth Fund allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (the exact amount dependent on Euro exchange rate at the date of approval – application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m Local Growth Fund, £2.997m ELENA).
- Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (Full Business Case with Finalised Costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- Future approvals are made in accordance with the Approved Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

(vii) In respect of **Leeds District Heat Network – Phase 1 (Activity 5 Full Business Case with Finalised Costs)**, the Investment Committee recommends to WYCA

conditional approval of the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- The Funding Agreement makes provision for up to £4.000m to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(viii) In respect of **New Bolton Woods (Activity 5 Full Business Case with Finalised**

Costs), the Investment Committee recommends to WYCA's Managing Director that:

- The New Bolton Woods Phase 3 project proceeds through Decision Point 5 and work commences on Activity 6 Delivery.
- Approval to WYCA's contribution of £3.600m (which will be funded from the Local Growth Fund) be given.
- WYCA enter into a Funding Agreement with Bradford Metropolitan District Council for expenditure of up to £3.600m from the Local Growth Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(ix) In respect of **Leeds New Station Street Activity 5 (Full Business Case with Finalised Costs) Exception**, the Investment Committee recommends to WYCA that:

- The exception to extend the project timescale to completion on site by December 2018 be approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through the delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

- (x) In respect of **Huddersfield Incubation & Innovation Centre Activity 6 (Delivery) Exception**, the Investment Committee recommends to WYCA's Managing Director that:

- The exceptions outlined in the submitted report be approved.
- It is reconfirmed that the project will receive the WYCA grant fund allocation of £2.922m to be funded from the Local Growth Fund.
- The Funding Agreement between WYCA and Huddersfield University is revisited in light of the above exception and any changes to the Funding Agreement and Overage Agreement be approved through the delegation to WYCA's Managing Director.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

- (xi) In respect of **Tackling Fuel Poverty Activity 6 (Delivery) Exception**, the Investment Committee recommends to WYCA's Managing Director that:

- The exceptions outlined in the submitted report be approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

16. ESIF SUD Update

The Committee considered a report of the Director of Resources which provided an update on the development and publication of the SUD Call and outlined the next steps.

It was noted that the Call for outline applications was published on 3 July 2017 and will close on 29 September 2017. It was expected that the outline applications would be considered by the Investment Committee at the next meeting scheduled for 9 November 2017 and further information in respect of the selection criteria would also be provided. WYCA, as the Intermediate Body (IB), would then assess them after the closing date.

Resolved: That the progress and next steps in respect of the Call be noted.

17. Wakefield Eastern Relief Road : Change Request

For consideration of this item the chair, Councillor Peter Box, was deputised by Roger Marsh.

The Committee considered a report of the Director of Delivery which provided information in respect of the submitted Change Request from Wakefield Council for the recently completed Wakefield Eastern Relief Road (WERR).

It was noted that the total cost of the project, which was now complete, was estimated at approximately 15% over the designated budget approval. The strategic importance of the scheme was outlined and it was recognised that the project still represents 'very high' Value for Money. The project is already delivering significant benefits in terms of outcomes relating to housing development, decongestion benefits and journey time savings.

Members discussed the causes leading to the cost over-run and the measures taken to mitigate them were detailed in the submitted report. It was anticipated that the Change Request as presented could be accommodated within the overall programme and that WYCA could fully meet the cost of the change through the West Yorkshire plus Transport Fund budget. Members noted that lessons had been learned on this first scheme within the WY+TF and that the assurance process has been revised since the original approval of this scheme. This will ensure any future schemes with changes to costs are flagged up at an early stage and risks will be clearly managed by the scheme promoter, with risks designed into individual scheme costs from the outset.

Resolved:

- (i) That the Investment Committee notes the Change Request and recommends to WYCA approval of the cost over-run to be met from the West Yorkshire plus Transport Fund and expenditure on the project of up to £37.593m, subject to Final Account on the scheme.
- (ii) That Wakefield Council endeavour to resolve outstanding contractor issues and seek to reduce the cost figure payable to Network Rail.
- (iii) That an addendum to the Funding Agreement be developed and agreed by both parties to approve payment to Wakefield Council up the maximum £37.593m costs, subject to evidence around the areas of additional incurred cost.



**MINUTES OF THE MEETING OF THE
BUSINESS INNOVATION AND GROWTH PANEL
HELD ON THURSDAY, 7 SEPTEMBER 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Simon Wright	Yorkshire Bank
Councillor Roy Miller	Barnsley Council
Councillor Tim Swift	Calderdale Council
Phillip Wilson	Slipstream Design
Dean Cook (Advisory Representative)	Innovate UK
Sandy Needham (Advisory Representative)	West & North Yorkshire Chamber of Commerce
Mark Robson (Advisory Representative)	Department for International Trade
Ian Sharp (Advisory Representative)	Digital Health Enterprise Zone
Andrew Welsh (Advisory Representative)	WY Consortium of Colleges

In attendance:

Dr Peter O'Brien	Yorkshire Universities
Kersten England	Bradford Council
Sarah Bowes	WYCA
Sue Cooke	WYCA
Simon Middleton	City of York Council
Henry Rigg	WYCA
David Shepherd	WYCA
Jonathan Skinner	WYCA
Dathan Tedesco	WYCA
David Walmsley	WYCA

This meeting was not quorate until minute 4 (agenda item 7)

1. Apologies for absence

In Andrew Wright's absence the chair was taken by Simon Wright.

Apologies for absence were received from Councillors Richard Foster and Shabir Pandor, Professor John Fisher, Mark Robson, Lee Savage, Mike Danby, John Eaglesham and Andrew Wright.

The chair informed members that Sophie Jewett had resigned from the panel and thanked her for her contribution over the last three years.

The chair welcomed a guest, Dr Peter O'Brien from Yorkshire Universities who will be representing Yorkshire Universities on the Panel until a new Director is appointed.

2. Inward Investment

WYCA's Head of Trade and Investment provided members with an update on inward investment activity.

3. International Trade

WYCA's Head of Trade and Investment provided members with an update on key activities within the International Trade Plan and an overview of the current trade performance figures.

4. Industrial Strategy and Inclusive Growth

WYCA's Lead Policy Manager for Private Sector Growth gave an update on the city region's developing approach to industrial strategy and inclusive growth.

A presentation was given focusing on the opportunities provided by Government's modern industrial strategy in the context of the prevailing economic conditions, and the challenges to improving competitiveness and productivity while driving inclusive growth outcomes.

A further discussion on the challenge of improving productivity is set to take place at the LEP Board away day on 19 September and panel members were invited to attend.

Resolved:

- (i) That the update on the city region's developing approach to industrial strategy and inclusive growth and the plan to further engage on the productivity challenge be noted.
- (ii) That the work being undertaken to refocus established programmes and projects to drive inclusive growth outcomes be noted.
- (iii) That the plan to propose the continuation of several key Growth Deal programmes to government ahead of the Autumn Budget, in light of their impending expiry, be endorsed.

5. LEP Growth Service

WYCA's Head of Business Support provided members with a report updating them on the activities and achievements of the LEP Growth Service, and options for future delivery of the service.

Simon Middleton, Growth Manager for York, was also on hand and presented the panel with an overview of the work he was involved with, including some case studies.

Resolved: That the update on the LEP Growth Service be noted. Panel members requested that work continue to identify suitable funding mechanisms for the Growth Service post March 2018.

6. Access Innovation

Panel member Philip Wilson presented a report updating members on the Access Innovation Programme.

Resolved:

- (i) That the update on the Access Innovation Programme be noted.
- (ii) That members help to identify networks and organisations which might help increase SME engagement in Access Innovation.
- (iii) That the Terms of Reference for the Project Advisory Group, attached at Appendix 1 of the submitted report, be approved.

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