

## **LEEDS CITY REGION ENTERPRISE PARTNERSHIP BOARD**

**MEETING TO BE HELD AT 2.30 PM ON TUESDAY, 27 MARCH 2018  
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON  
STREET, LEEDS**

---

### **A G E N D A**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**
- 3. MINUTES OF THE MEETING HELD ON 16 JANUARY 2018**  
(Pages 1 - 10)
- 4. PANEL CHAIR UPDATES**
  - (a) BUSINESS COMMUNICATIONS GROUP**  
(Led by: Joanna Robinson)  
(Pages 11 - 20)
  - (b) BUSINESS INNOVATION AND GROWTH PANEL**  
(Led by: Andrew Wright)  
(Pages 21 - 28)
  - (c) EMPLOYMENT AND SKILLS PANEL**  
(Led by: Rashik Parmar)  
(Pages 29 - 36)
  - (d) GREEN ECONOMY PANEL**  
(Led by: Simon Pringle)  
(Pages 37 - 42)
  - (e) LAND AND ASSETS PANEL**  
(Led by: Cllr Tim Swift)  
(Pages 43 - 46)

## **For Decision**

- 5. GROWTH DEAL UPDATE**  
(Author: Lynn Cooper, Led by: Melanie Corcoran)  
(Pages 47 - 58)
- 6. INCLUSIVE GROWTH OUTCOMES FROM THE BUSINESS GROWTH PROGRAMME**  
(Authors: Henry Rigg & Jonathan Skinner, Led by: Sue Cooke)  
(Pages 59 - 68)
- 7. TRADE AND INVESTMENT FORWARD PLAN**  
(Author: David Shepherd, Led by: Sue Cooke)  
(Pages 69 - 86)
- 8. ENERGY ACCELERATOR**  
(Author: Jacqui Warren, Led by: Liz Hunter)  
(Pages 87 - 102)
- 9. GOVERNANCE UPDATE**  
(Author: Caroline Allen, Led by: Caroline Allen)  
(Pages 103 - 130)
- 10. MASSACHUSETTS INSTITUTE OF TECHNOLOGY - REGIONAL ENTREPRENEURSHIP ACCELERATION PROGRAM (MIT REAP)**  
(Author: Sarah Bowes, Led by: Liz Hunter)  
(Pages 131 - 138)

## **For Discussion**

- 11. ECONOMIC REPORTING**  
(Author: Patrick Bowes, Led by: David Walmsley)  
(Pages 139 - 152)
- 12. AN INCLUSIVE GROWTH POLICY FRAMEWORK AND LOCAL INCLUSIVE INDUSTRIAL STRATEGY**  
(Authors: David Walmsley & Marc Eatough, Led by: Liz Hunter)  
(Pages 153 - 166)
- 13. DIGITAL FRAMEWORK**  
(Author: Sarah Bowes, Led by: Liz Hunter)  
(Pages 167 - 176)
- 14. MIPIM FEEDBACK**  
(Author: David Shepherd Led by: Sue Cooke)  
(Pages 177 - 180)

**For Information**

**15. DATE OF THE NEXT MEETING**

9 May 2018, Committee Room A, Wellington House, Leeds

This page is intentionally left blank



**MINUTES OF THE MEETING OF THE  
LEEDS CITY REGION ENTERPRISE PARTNERSHIP BOA  
HELD ON TUESDAY, 16 JANUARY 2018 AT COMMITTEE ROOM A,  
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

---

**Present:**

Roger Marsh OBE (Chair)	Leeds City Region Enterprise Partnership
Councillor Judith Blake CBE	Leeds City Council
Professor Adam Beaumont	AqI
Professor Bob Cryan CBE	University of Huddersfield
Nicola Greenan	East Street Arts
Amir Hussain	Yeme Architects
Councillor Andrew Lee	North Yorkshire County Council (to minute 62 only)
Councillor Matthew Morley	Wakefield Council
Rashik Parmar MBE	IBM Academy of Technology
Councillor Shabir Pandor	Kirklees Council
Joanna Robinson	Mansfield Pollard
Councillor Andrew Waller	City of York Council
Andrew Wright	Reliance Precision

**In attendance:**

Tom Riordan	Leeds City Council (to minute 59 only)
Ben Still	West Yorkshire Combined Authority
Caroline Allen	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority
Melanie Corcoran	West Yorkshire Combined Authority
Patrick Bowes	West Yorkshire Combined Authority
Sue Cooke	West Yorkshire Combined Authority
Liz Hunter	West Yorkshire Combined Authority
David Walmsley	West Yorkshire Combined Authority
Marc Eatough	West Yorkshire Combined Authority
Rachel Jones	West Yorkshire Combined Authority
Ruth Chaplin	West Yorkshire Combined Authority

**51. Apologies for Absence**

Apologies for absence were received from Ian Cherry and Councillors P Box, R Cooper, S Hinchcliffe, C Les and T Swift.

## **52. Declarations of Interest**

Councillor Blake declared an other interest (not comprising a Disclosable Pecuniary Interest) in Agenda Item 8, Leeds City Region Assurance Framework Review and Cities and Local Growth Unit (CLoG) Review of LEPs as she is a member of the National Review Panel of LEPs.

## **53. Chair's Comments**

The Chair welcomed Adam Beaumont, Nicola Greenan and Amir Hussain, the new private sector members, to their first LEP Board meeting.

## **54. Minutes of the meeting held on 29 November 2017**

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

## **55. Panel Chair Updates**

The Panel and Group Chairs were thanked for the following reports which were presented to the Board for information and update:

- Business Communications Group
- Employment and Skills Panel
- Green Economy Panel

A verbal update was given on the Land & Assets Panel which had met on 5 January 2018.

**Resolved:** That the updates be noted.

## **56. Growth Deal Update**

The Board considered a report of WYCA's Director of Delivery which provided an update on the expenditure and performance of the Growth Deal programme and the progress relating to the forthcoming 2019/20 Growth Deal Review.

The Growth Deal Dashboard and West Yorkshire plus Transport Fund (WY+TF) Dashboards were attached at Appendices 1 and 2 and it was noted that the forecast spend was currently £91.25m against the annual target of £100.15m. Members noted the projects currently rated as Red which represented a risk to the delivery of the Programme which were outlined in the submitted report.

It was reported that the WY+TF is subject to an independent assessment by Government in 2019 and the Board was provided with an overview and update in respect of the Growth Deal Gateway Review. It was reported that a number of Local Evaluation Frameworks had been developed by SQW consultants, WYCA and scheme promoters and details were outlined in the

submitted report. A project ceiling budget of £400,000 has been identified by SQW to undertake the Gateway Review exercise in the Leeds City Region, including all lead-in activity and reporting to Central Government. Members were advised that in order to seek cost efficiencies, an exercise was being undertaken to establish whether some of the work could be undertaken in-house.

The Board was advised of the projects in the Leeds district which Carillion had been involved in. These had included a shared contract with 7 schools (contingency plans were now in place) and the CityConnect and ELOR schemes. In respect of their involvement with the schemes, it was reported that bonds had been agreed and, whilst there may be some delays to their delivery, there would be no financial loss.

**Resolved:** That the progress made in the implementation and review of the Growth Deal be noted.

## **57. LCR LEP - Revised Constitutional Arrangements**

The Board considered a report of WYCA's Director of Resources on the revised LCR LEP constitutional arrangements.

At the last meeting the Board had considered a report on proposed changes to the constitutional arrangements for the LCR LEP. These needed to be updated to reflect the National Assurance Framework requirements and recent changes in practice including increased public access to the LEP Board's reports and meetings. It was reported that draft best practice guidance on LEP governance and transparency had recently been circulated by the Department for Communities and Local Government (DCLG) and they had also indicated that a revised National Assurance Framework will be published in April. This guidance, together with the recommendations from the Ney report, had been reflected in the revised governance documents.

Members discussed and noted the proposed LCR LEP constitution and related governance documents which were attached to the submitted report at Appendices 1 to 8 as follows:

- Appendix 1 LCR LEP Constitution
- Appendix 2 Procedure Rules
- Appendix 3 Access to Information Annex
- Appendix 4 Code of Practice for Recording
- Appendix 5 LEP Board Members' Code of Conduct
- Appendix 6 Procedure for complaints against LEP Board members
- Appendix 7 Remuneration and Expenses Scheme
- Appendix 8 Confidential complaints procedure

It was agreed that the revised LCR LEP constitution and governance documents be adopted with immediate effect with the exception of the Code of Conduct for which a later date of adoption was agreed to provide sufficient lead in time for members of the Board to complete the new form register of

interests. It was therefore proposed that the Code of Conduct take effect from 31 January 2018 with a requirement that the Register of Interests be completed by all members by 28 February 2018 to meet this requirement.

The Board thanked officers for preparing the suite of documents and welcomed the new measures that would ensure the organisation was transparent, open and accessible.

**Resolved:** That the revised LCR LEP constitution and governance documents attached at Appendices 1-8 of the submitted report be adopted with immediate effect with the exception of the Code of Conduct which would come into effect from 31 January 2018 to enable the LCR LEP to meet the requirement from DCLG to publish an up to date register of interests by 28 February 2018.

## 58. LEP Panel Appointments

The Board considered a report of WYCA's Executive Head of Economic Services which:

- Provided the recommendation from the Appointments Panel that an additional member be appointed to the Business Innovation & Growth Panel.
- Provided members with an update on appointments made by WYCA on 14 December 2017 to the Business Innovation & Growth Panel, the Employment & Skills Panel and the Green Economy Panel.
- Provided members with an update on appointments made to the Business Investment Panel by the West Yorkshire & York Investment Committee at its meeting on 3 January 2018.

Members discussed the need, where possible, to achieve gender balance on the Panels although the importance of recruiting the most suitable applicant for the role was recognised. Members were assured that this had been taken into account as part of the recruitment process although for some Panels it had not been possible to achieve this.

### **Resolved:**

- (i) That the proposed appointment to the Business Innovation & Growth Panel as detailed in confidential Appendix 2, be recommended to WYCA for adoption at its meeting on 1 February 2018.
- (ii) That the changes to the membership of the Business Innovation & Growth Panel, the Employment & Skills Panel and the Green Economy Panel as set out in Appendix 1, which were approved by WYCA on 14 December 2017, be noted.
- (iii) That the changes to the membership of the Business Investment Panel as set out in Appendix 1, which were approved by the West Yorkshire & York Investment Committee on 3 January 2018, be



noted.

**59. Leeds City Region Assurance Framework Review and Cities and Local Growth Unit (CLOG) Review of LEPs**

The Board considered a report of WYCA's Director of Delivery which:

- Provided an update on progress relating to changes proposed to the Leeds City Region Assurance Framework, and with the recently issued review of Local Enterprise Governance & Transparency (October 2017).
- Provided an update regarding the Cities and Local Growth Unit (CLOG) review of LEPs.

It was noted that the Assurance Framework had to be updated annually and published on the Local Enterprise Partnership's website. This was the key mechanism to ensure that WYCA had robust, transparent and accountable processes in place to support the budgets and programmes for the LEP and WYCA.

It was reported that the 'Review of Local Enterprise Partnership Governance & Transparency' had made a number of recommendations to be addressed by the National Assurance Framework and many of these had already been addressed in the Leeds City Region and included in the Local Assurance Framework review. It was anticipated that a revised National Assurance Framework and guidance would be issued by DCLG in April 2018.

The Board had received a copy of the latest draft Local Assurance Framework and they discussed and noted the proposed changes which were summarised in Appendix 1. This would also be considered by the Overview & Scrutiny Committee, Governance & Audit Committee and WYCA with final sign off delegated to WYCA's Managing Director in consultation with the Chair of WYCA and the Chair of the LEP Board.

It was noted that the CLOG review of the 38 LEPs across the country was due to be completed by Spring 2018. Members discussed the scope of the review which would include consideration of the geography and boundary overlaps to ensure clarity, transparency and representation of functional economic areas. It was reported that CLOG was engaging with the LEPs and a northern LEP roundtable event had been held in December. The need for close working relationships with the other LEPS was recognised and it was noted that there was an on-going opportunity for LEP Chairs and executives to feed into the review before the findings are published.

**Resolved:**

- (i) That the LEP Board note that the Leeds City Region Assurance Framework is being revised for the reasons set out in the submitted report.

- (ii) That authority be delegated to the Chair of the LEP Board, in consultation with WYCA's Managing Director, to approve submission of the Assurance Framework.
- (iii) That the progress and next steps of the review of LEPs by Cities and Local Growth Unit (CLOG) be noted.

## **60. Local Inclusive Industrial Strategy**

The Board considered a report of WYCA's Interim Director of Policy & Strategy which provided an update on the development of a single, bold city region strategy, owned by both the LEP and WYCA that provides a compelling proposition using the city region's tech assets and opportunities to deliver inclusive growth outcomes.

At the last meeting, the Board had agreed to the development of a Local Inclusive Industrial Strategy (LIIS) which will build on the existing Strategic Economic Plan (SEP) to provide a compelling plan that further transforms the City Region.

Details of the proposed strategic framework for the City Region and a summary of key messages were outlined in the submitted report. The Board discussed the emerging priorities and the proposed approach to the development of the LIIS. The opportunities for investment in skills, R&D (research and development) and innovation were welcomed to ensure that future growth would be inclusive and benefit all communities. The proposed approach would involve working with WYCA's Advisory Committees and engaging with the District Councils, universities and business representative groups. Consideration would be given to the ways in which stakeholders could be engaged on the vision and alternative and additional perspectives would be established that will demonstrate how, with the right interventions, all parts of the City Region can be transformed. Work had commenced on developing a transformative vision narrative for the City Region and an example, which could be developed for different audiences, was included in the report.

Members welcomed the progress to date and it was agreed that updates would be provided at each meeting.

**Resolved:** That progress reports be prepared for future meetings.

## **61. Business Innovation & Growth Panel**

The Board considered a report which provided an update on the work of the Business Innovation and Growth Panel and also sought endorsement for the trade and investment activity programme for the remainder of 2017/18.

Members noted the overview of the Trade and Investment team's activities for remainder of the financial year which was attached at Appendix 1 to the

submitted report. It was noted that a plan for 2018/19 was being prepared and would be brought to a future meeting.

The Board considered the outline programme for MIPIM 2018 which was attached at Appendix 2 and a background note at Appendix 3. The benefits and importance of MIPIM for the City Region were discussed and members welcomed the reported increase in private sector support which provided the majority of funding for the City Region's attendance. It was noted that the LEP would be attending MIPIM in March 2018 together with representatives from councils across the region and a number of private sector investors.

**Resolved:**

- (i) That the contents of the Business Innovation and Growth Panel update be noted and endorsed.
- (ii) That the Trade & Investment plan of activity for the final quarter of 2017/18 including the outline MIPIM programme for March 2018 be endorsed.

**62. Economic Reporting**

The Board considered a report of WYCA's Interim Director of Policy & Strategy which provided an update on the latest economic and business intelligence.

The report and appendices covered the main local, national and international economic developments since the last meeting although it was noted that there was limited new, substantial local /regional data available at the present time.

**Resolved:** That the analysis and economic update be noted.

**63. Flexing Economic Services to Deliver Inclusive Growth Outcomes**

The Board considered a report of WYCA's Executive Head of Economic Services on the proposal to target inclusive growth outcomes through the use of more stretching and proportionate criteria to the grants awarded to businesses. The report also described the ongoing testing and consultation with private sector partners, including previous grant recipients, to ensure desired impacts are achieved.

The LEP Growth Service (Growth Hub) was launched in July 2015 and the LEP and WYCA was working closely with BEIS and other LEPs/Growth Hubs on the future of the service. It was recognised that there was a now a need to focus on the quality of jobs created as well as the quantity and that this could be helped by using the leverage of the LEP's grants for businesses to create and safeguard better and more jobs.

It was noted that there was an opportunity to review the criteria and conditions for capital grants to businesses. Members discussed the proposals which were attached at Appendix 1 together with the information on the current National Living Wage and Real Living Wage which was attached at Appendix 2.

The Board noted the findings of a survey sent to recipients of LEP grants and were advised that further consultation with businesses would take place in the near future. Results from the questionnaires and feedback from the LEP Board will be used to refine the proposed criteria and policy approach. It was suggested that this be considered by the Business Innovation and Growth Panel in March 2018 with a view to concluding agreement and moving to implementation in 2018/19.

**Resolved:**

- (i) That the proposal that more stretching inclusive growth conditions are set for the programme of grants to ensure jobs created and/or safeguarded are of a better quality, and can support career progressions within businesses be noted.
- (ii) That a broader range of inclusive growth outcomes are requested from businesses in receipt of larger grants, including work with schools, providing local supply chain opportunities and adopting sustainable travel planning.
- (iii) That the Business Innovation and Growth Panel be requested to work up the proposals further in the light of feedback and further consultation and to bring back revised proposals in due course.

**64. Risk Management**

The Board considered a report of WYCA's Director of Resources which provided an update on the work that has taken place to review and enhance existing risk management arrangements for WYCA.

It was reported that work had been undertaken to update WYCA's existing risk management arrangements and a draft risk management strategy, a copy of which was attached at Appendix 1, had been prepared. This set out the key organisational principles and processes by which risk management activities will be governed and the report summarised the key areas covered by the document.

In parallel to the development of the draft Risk Management Strategy, the organisation's Corporate Risk Register was also being reviewed and a copy of the current version was attached at Appendix 2.

It was noted that the General Data Protection Regulation (GDPR) would come into force in May 2018 and a new and revised suite of Information Governance (IG) policies had been published in June 2017. These outlined

the organisation's approach to Data Protection, Information Governance, Information Sharing, Freedom of Information/Environmental Information Regulations, Subject Access Requests and Records Management, Retention and Disposal. An IG audit had also been undertaken and, as a result, a number of actions to better prepare for May, had been completed and these were detailed in the submitted report.

Members were advised that risk management arrangements were to be considered by the Governance and Audit Committee and WYCA and asked that the Board be kept updated on progress.

**Resolved:** That the draft Risk Management Strategy and Corporate Risk Strategy be noted.

#### **65. HS2 Growth Strategy - Skills, Supply Chain and Connectivity**

The Board noted a report of WYCA's Executive Head of Economic Services and Interim Director of Policy & Strategy which provided an update on the LCR HS2 Growth Strategy, which included the LCR HS2 Connectivity Strategy and LCR HS2 Skills and Supply Chain Strategy.

Councillor Waller thanked officers for taking the comments made at the previous meeting in respect of York into account.

**Resolved:** That progress on the LCR HS2 Growth Strategy and the on-going public stakeholder engagement be noted.

#### **66. Business Planning and Budget 2018/19**

The Board noted a report of WYCA's Director of Resources which advised of the work underway to progress business and budget planning for 2018/19.

Members were advised that the final budget report will be presented to the WYCA meeting on 1 February 2018.

**Resolved:** That the work underway to finalise the business planning and budget for 2018/19 be noted.

#### **67. Any Other Business**

##### Carillion

Members discussed the recent collapse of Carillion and the impact this would have on the supply chain, jobs and apprenticeships in the city region. It was noted that this was to be looked at and information would be shared with the LEP Board members.

## Rob Norreys

It was reported that Rob Norreys, the former Director of Policy, Strategy & Communications had left WYCA at the end of the year. Members expressed their gratitude to Rob for his hard work, contributions and support during his long and distinguished service and the important role he had played in building the foundations for the City Region, creation and development of the LEP and WYCA and in securing significant Local Growth funds.

The Board asked that the Chair write to Mr Norreys to pass on their thanks and best wishes for his future career.

### **68. Date of the Next Meeting**

The next meeting of the LEP Board will be held on 27 March 2018 at 2.30 pm in Wellington House, Leeds.

---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Business Communications Group Update**

---

**Director:** Roger Baker, Head of Communications

**Author(s):** Racheal Johnson

---

## **1 Purpose**

- 1.1 To provide LEP Board members with an update on business engagement, marketing and communications and activity undertaken since the last Board meeting.
- 1.2 To outline the planned activity for the coming months, in line with the agreed communications and marketing strategy.

## **2 Information**

### Business engagement

- 2.1 The Business Communications Group (BCG) has not met in this reporting period.
- 2.2 The next BCG meeting will take place on 21 March. It will be preceded by an engagement workshop seeking early input from members and other partners on proposals for the Leeds City Region Local Inclusive Industrial Strategy. Members will be asked to give their views on opportunities for collaborative action to boost business productivity.

### Communications and Marketing

- 2.3 The Board is asked to note the below updates in relation to the LEP's key communications and marketing channels for January and February. As noted in previous Board updates, the West Yorkshire Combined Authority Communications and Marketing team now covers the full breadth of the Combined Authority/ LEP agenda and the media statistics presented below refer to coverage across this full range of activity.

Media coverage (January 2018)

Media mentions:	905
Estimated reach:	64,054,202
Estimated Advertising Value Equivalent (AVE)	£2,325,061

Media coverage (February 2018)

Media mentions:	595
Estimated reach:	34,229,352
Estimated Advertising Value Equivalent (AVE)	£941,153.50

2.4 Select recent media highlights are included at **Appendix 1**.

2.5 Website (January)

	<b>www.the-lep.com</b>	<b>www.investleedscityregion.com</b>
Primary audience	<ul style="list-style-type: none"> <li>City Region businesses (primarily SMEs)</li> </ul>	<ul style="list-style-type: none"> <li>Potential investors in the City Region</li> </ul>
Sessions	6,000	2,580
Page views	18,270	5,660

February:

	<b>www.the-lep.com</b>	<b>www.investleedscityregion.com</b>
Primary audience	<ul style="list-style-type: none"> <li>City Region businesses (primarily SMEs)</li> </ul>	<ul style="list-style-type: none"> <li>Potential investors in the City Region</li> </ul>
Sessions	5,430	2,704
Page views	16,410	5,769

2.6 Social media

Twitter – January:

	<b>@LeedsCityRegion</b>	<b>@InvestLCR</b>
Impressions	97,500	92,000
Profile visits	3,350	690
Follower growth	105	76



February:

	@LeedsCityRegion	@InvestLCR
Impressions	61,000	63,800
Profile visits	2,900	488
Follower growth	110	63

## 2.7 Key communications and marketing highlights:

- A monthly **partner eNews** on the key news stories from the LEP and Combined Authority was launched in January. Initially targeting elected members from the West Yorkshire and York councils, the intention is to gradually broaden this out to include other partners. In addition to corporate stories, the eNews provides tailored content to members on how the organisation is making a difference in their local area. An example of the most recent edition is available at: <https://mail-westyorksca.com/t/3LTT-CWMX-4782RMB83/cr.aspx> This eNews is in addition to the existing LEP eNews which targets around 20,000 businesses across Leeds City Region monthly.
- A **refreshed brand identity** for the Combined Authority was launched in February with the aim of making clearer the relationship between the Combined Authority, LEP and other related bodies as well as saving money on communications and marketing campaigns. The next phase of the brand refresh will see minor tweaks to the LEP brand and trade and investment collateral as part of a “brand family” approach. Further details will be brought to a future LEP Board meeting for consideration.
- The **#futuregoals campaign** – an initiative designed by young people for young people, their parents and teachers to increase awareness of career opportunities in key City Region sectors – launched on 26 February. The campaign has a target of reaching 40,000 young people across the City Region. Further details are available in the Employment and Skills Panel report (item 4C).
- **Growth Deal impact stories** have continued to be issued throughout January and February, including pieces on the Nexus innovation centre at the University of Leeds, the Huddersfield Innovation and Incubation Project at the 3M Buckley Innovation Centre and Leeds College of Building.
- A **'Meet the European Food and Drink Buyers' event** took place in Harrogate on 16-17 January which included meet the buyer, a marketplace to showcase products and seminars about exporting. It was attended by buyers and over 80 businesses.
- Leeds City Region took an exhibition stand presence at **Arab Health Dubai** on 28-31 January to promote Medtech products, generating 90+ enquiries for local companies. Representatives from Huddersfield-based SME Paxman were interviewed by Sky News Arabia on the Leeds City Region stand to showcase their product.

- The **#4sparks campaign** to bring Channel 4 to the region has continued with the release of a blog by the producer of *Brassed Off*, Steve Abbott. Production Park, Wakefield has given its support to the campaign. The TV industry-backed Creative Cities Convention has been announced and will take place at Leeds College of Music on 25 and 26 April. Cllr Judith Blake and Andrew Sheldon of True North were interviewed by BBC Look North about the region's bid.
- The **#LetsTalkRealBusiness export focus** has continued in 2018 comprising two weeks' digital advertising in Insider and the release of five Middle East-themed videos to tie in with Arab Health. This resulted in three export enquires to the LEP Growth Service and a 91% increase in visits to #LTRB campaign web page the week of advertising. Details of other Growth Service marketing activities are included in the Business Innovation and Growth (BIG) Panel report (item 4B)

## 2.8 Forthcoming activity:

The Board is asked to note the following activity planned for the coming period:

- **MIPIIM 2018** (w/c 12 March) – Details are included in the Business, Innovation and Growth (BIG) Panel report (item 4B).
- **Innovation campaign** – a campaign to encourage more companies to innovate and improve productivity is being planned for early in the next financial year.
- **Apprenticeship Week** (w/c 5 March) – a week-long programme of activity has taken place as part of this year's national Apprenticeship Week in March.
- **Ride to Work week (w/c 12 March)** – a week-long programme of activity to promote the Combined Authority and LEP's cycling and sustainable travel offer to local firms is taking place during national Ride to Work week, starting with a launch event in partnership with Victoria Leeds – a recent sign-up to the organisation's Bike Friendly Business initiative.
- **Hong Kong Innovation Festival export visit**, supported by a new campaign page on the Invest website to showcase innovation, quality of life and education in the region (will be accompanied by a brochure) and a Hong Kong and China export focus on the LEP website
- **Marketing campaigns** focusing on the Aire Valley, Kirklees's manufacturing and quality of life offer are currently being developed featuring videos with aerial footage and brochures. A second phase of the Enterprise Zone marketing campaign is also in development.

- **Local Inclusive Industrial Strategy** – a business engagement plan is in development, which will form a key component of work on the City Region’s Local Inclusive Industrial Strategy
- **Purdah (26 March – 4 May)** – the Board is asked to note that local government purdah will affect the volume of stories issued during April.

### **3 Recommendations**

- 3.1 That the LEP Board notes the feedback from the BCG in section 2.1 to 2.7 on recent business engagement and communications and marketing activity.
- 3.2 That the LEP Board notes and comments as appropriate on the planned activity in section 2.8 onwards.

### **4 Appendices**

- 4.1 **Appendix 1:** select communications and marketing highlights for November and December 2017.

This page is intentionally left blank

## Item 4A: Appendix 1

### Select media highlights

#### January

**B Daily:** [University of Leeds' 'world-class' £40m Nexus centre appoints letting agent](#)

Creative Space Management has been appointed as letting agents for Nexus, a 'world-class' innovation centre being developed by the University of Leeds. Scheduled to open in autumn 2018, Nexus is offering over 40,000 sq ft of lab and office space for businesses who want to benefit from being connected to areas of University expertise and infrastructure.

**BBC Look North (Breakfast):** Combined Authority says HS2 could boost City Region job numbers

**Yorkshire Evening Post:** ['Revolutionary' 30-year Yorkshire transport vision is unveiled](#)

A radical overhaul of ticketing and high speed rail travel between Leeds and Manchester in half an hour are at the centrepiece of a 30 year vision for transport in the North laid out today. Transport for the North's strategic transport plan sets out proposals for a 'world-class railway for the North' and a greater focus on the neglected local road network to make it easier for people and goods to get around the region. **Covered in a range of outlets.**

**BQ Magazine:** [New industrial strategy to boost region's productivity](#)

Leeds City Region's response to the Government's Industrial Strategy is to boost business productivity and tackle inequality. The ambitious plans, which are being developed by the Leeds City Region Enterprise Partnership (LEP) and West Yorkshire Combined Authority, were discussed earlier this week by business and civic leaders in response to the Government's Industrial Strategy White Paper, published alongside the Budget in November 2017.

**Local Gov.co.uk:** [LEP moves to become 'most transparent' in England](#)

A local enterprise partnership (LEP) that had funding restrictions slapped on it by the Government has approved transparency measures that go beyond national guidance. The Leeds City Region LEP said its new constitution would make it the most transparent in the country after it took on board all of the recommendations of the Ney review, which called on the partnerships to publish their agendas, decisions, accounts and a rolling schedule of projects funded.

**Insider:** [Nexus economic benefits showcased](#)

The University of Leeds has showcased the potential benefits of Nexus, its new £40m innovation and enterprise centre, to the Leeds City Region. The aim of the project is to enable easier access to the university's research expertise in key growth sectors, as well as support to foster collaboration and innovation, Nexus aims to help

take new ideas from concept to market and drive business growth. **Covered in a range of outlets.**

**Business Desk:** [Private sector backs City Region MIPIM delegation](#)

Private sector support for Leeds City Region's attendance at international property conference MIPIM has continued to develop, with 12 sponsors confirming their commitment since the start of 2018. The backing from the region's firms follows last year's attendance at MIPIM, which generated more than 430 inward investment enquiries across the delegation and led to visits from major global investors and representatives of internationally recognised brands.

**Huddersfield Examiner:** [Two derelict Colne Valley mills could be transformed into hundreds of homes](#)

Two derelict Colne Valley mills could be transformed into hundreds of homes creating thousands of jobs. The exciting plans are being mooted for Bank Bottom Mill plus New Mills, known locally as Crowther's Mill, in Marsden. West Yorkshire Combined Authority (WYCA) papers say that Bank Bottom Mill could provide 1,492 jobs or 275 homes, while New Mills could be suitable for 1,672 jobs or 309 homes. **Covered in a range of outlets.**

**Yorkshire Post (comment):** [Transparency will shine a light on real democracy](#)

Two weeks ago, this newspaper challenged West Yorkshire Combined Authority – one of the myriad bodies responsible for the area's economic development – to become the most transparent in the land in the wake of disturbing revelations about its financial management.

## February

**Huddersfield Examiner:** [How 5,000 tonnes of soil has been removed to shore up and widen Salterhebble Hill](#)

A road widening scheme close to Calderdale Royal Hospital in Halifax is on track to finish by the summer. The huge project to increase traffic capacity at Salterhebble Hill has seen more than 5,000 tonnes of soil and rubble dug out already, Calderdale Council has revealed. The improvements to tackle congestion along the A629, which began last August, will see it widened to four lanes.

**Yorkshire Evening Post:** [Northern schools 'must be at top of Minister's in-tray'](#)

Improving schools in the North should be "at the top of the in-tray" for the new Education Secretary, according to a major study published today. A new report argues there is still a significant North-South divide in education, with too many northern young people, especially those from disadvantaged homes, falling behind other parts of the UK. **Covered in a range of outlets.**

**Business Link:** [Huddersfield builder wins work to transform 3M Buckley Centre](#)

Huddersfield building contractor Illingworth and Gregory Ltd has won a tender to make significant changes to the 3M Buckley Innovation Centre as part of the Huddersfield Innovation and Incubation Project. HIIP has been funded through a £2.9m grant from the Leeds City Region Enterprise Partnership (LEP) Growth Deal.

**Insider Media:** [College of building campus taking shape](#)

Work on Leeds College of Building's brand-new campus in the South Bank area of the city has reached an important milestone with the 400-tonne steel frame now under construction. The structural frame has been designed by HBPW Consulting Engineers and will be erected by Finley Structures over a ten-week period.

**BQ Magazine:** [Combined Authority and LEP invest over £420m in region](#)

West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership have invested more than £423m since its creation in 2014. The main bulk of the funding has been provided through the £1bn Leeds City Region Enterprise Partnership (LEP) Growth Deal, agreed with Government in 2014, and the £1bn West Yorkshire-plus Transport Fund.

**BBC:** [Bus network plans announced in Leeds](#)

Plans to double the number of bus journeys made in Leeds in the next 10 years have been announced by the city council. The project will be funded by cash originally earmarked for the trolley bus scheme, which was rejected in 2016.

**Yorkshire Business Daily:** [New Campaign Aims to Inspire Young People's Career Choices](#)

Leeds City Region Enterprise Partnership (the LEP) is launching a new campaign to inspire young people in making decisions about future jobs. Future Goals, a high profile careers campaign designed by young people for young people, teachers and parents launched on Monday 26 February 2018, a week before National Careers and Apprenticeship Week, and aims to raise awareness of career opportunities in the City Region's key sectors.

**Business Link:** [£134m ERDF funding allocated in Leeds City Region](#)

Almost 90% of the money assigned to the Leeds City Region through the European Regional Development Fund (ERDF) has now been allocated to projects that boost business growth and create more and better jobs. According to the latest figures, £134 million – or 86.5% of the entire Leeds City Region ERDF pot – has been allocated or committed to projects that support firms to grow, become more efficient or increase productivity.

This page is intentionally left blank



---

**Report to:** Leeds City Region Enterprise Partnership Board

**Date:** 27 March 2018

**Subject:** **Business Innovation and Growth Panel update**

---

**Director(s):** Sue Cooke, Executive Head of Economic Services

**Author(s):** Sue Cooke, David Shepherd, Henry Rigg, Amanda Potter, Sarah Bowes

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with a report on the work of the BIG Panel.

## **2 Information**

### **Innovation**

#### Northern Innovation Strategy

- 2.1 The eleven Northern LEPs have now commissioned consultancy support to take Innovation North to the next stage. SDG Consultants have been appointed to help consolidate the existing evidence base (what we already know about innovation in the north through the various SIAs and research /policy papers), identify proposals and recommendations for Innovation North to take forwards, and suggest appropriate governance mechanisms. SDG will be contacting key stakeholders across the City Region to ensure the priorities of the region are well reflected going forwards.

#### LEP University engagement

- 2.2 Knowledge Transfer (KT) Directors met in February to discuss the ongoing opportunities to work more collaboratively on areas of mutual interest, such as skills, innovation, inward investment and international trade.
- 2.3 To help support the development of the Local Industrial Strategy, the KT Directors will take part in a joint workshop in March with business membership organisations to begin to explore the opportunities set out in the white paper around place, skills, ideas and people.
- 2.4 The next meeting with the Vice Chancellors will take place in May with the discussion centred around the role of Universities in the Local Industrial Strategy.

## Access Innovation

- 2.5 Access Innovation is being delivered across the City Region with funding from the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). Its primary objective is to help SMEs to become more productive through the development of new products, processes and services. The programme links SMEs directly to the expertise and facilities within research intensive organisations, such as universities or Catapult Centres. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £100,000 towards the cost of working with expert organisations and purchasing specialist equipment.
- 2.6 To date, the programme has engaged with over 260 SMEs, 127 of which have received one-to-one support from the three Innovation Growth Managers, resulting in detailed action plans for taking their innovation projects forward. Nine applications for grants have been approved to date with a collective value of circa £236,500. There are a number of other applications of varying sizes currently being developed with support from the Innovation Growth Managers.
- 2.7 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing (including textiles) and digital sectors. The programme team continues to build strong working links with organisations in these sectors, including the Engineering Employers' Federation, Digital Health Enterprise Zone, Digital Catapult, Advanced Manufacturing Research Centre, Translate, and the Yorkshire & Humber Academic Health Science Network.
- 2.8 The Access Innovation offer to SMEs has recently been broadened to increase the range and quality of projects, and to align the programme more closely with the City Region's priority sectors. This includes increasing the value of projects that can be supported to £200,000, widening the scope of the programme to support more capital investment in innovation projects and simplifying the process for supporting smaller-value projects.

## **Business Support**

### Business Growth Programme (BGP)

- 2.9 The BGP provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new jobs being created. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.
- 2.10 The current programme is resourced with £42.7m of Local Growth Fund up to the end March 2021, and Table 1 below presents progress since the programme commenced in April 2015.

Table 1: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of February 18)
Expenditure	£42.7m	Committed - £27.88m Actual - £21.28m
New Jobs Created	4,100	Committed - 4,720 + 1,760 safeguarded Actual - 2,384 + 1,682 safeguarded
Businesses Supported	765	Committed - 566 Actual - 458
Number of Grants Awarded	N/A	Committed - 566 Actual - 458
Public/ Private Sector Leverage	£168.5m	Committed - £290m Actual - £205.3m
Total Cost Per Job	No contractual target	Committed - £5,909 Actual - £8,926

- 2.11 As the above table highlights, the programme is achieving a good return in terms of cost per new job at just under £9,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would equate to £5,234 per job.
- 2.12 The Business Investment Panel recently recommended the approval of a grant of £167,086 for a bed-manufacturer that is making a £1.67 million investment in new equipment and alterations to premises, resulting in the creation of 45 new jobs and 16 apprenticeships.
- 2.13 All grants awarded to businesses, including those from the BGP, are now published on the LEP website (<http://www.the-lep.com/about/governance-and-funding/grants-for-business/>). This includes the name of the business and the amount of grant awarded.

#### LEP Growth Service

- 2.14 The Growth Service provides businesses in the Leeds City Region with direct access to the full range of publically-funded products and services available to help them grow. This includes those delivered directly by the LEP and those available via partner organisations, such as the Department for International Trade, Innovate UK, local authorities, chambers of commerce, universities and colleges.
- 2.15 Following the Government's announcement on the new Industrial Strategy in November 2017, the Department for Business, Energy and Industrial Strategy (BEIS) has confirmed that Business Growth Hubs will continue to receive funding for a further two years from 1 April 2018. This means that the Growth Service will receive £512,500 in both 2018/19 and 2019/20, which will enable the current delivery model to be maintained.

2.16 Table 2 below highlights the progress made to date against the headline targets for the service in 2017/18.

Table 2: Performance against headline targets 2017-18.

Target Measure	Target	Achieved Apr 17 – Feb 18
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	1998
SMEs supported - intensively by SME Growth Managers (more ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	509
All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	1321

2.17 The service has continued to make good progress towards the annual target of supporting 2500 businesses in 2017/18, with 1998 supported since April 2017. Of these, 509 have been supported more intensively by the SME Growth Managers. In addition, a further 307 businesses have had support from other LEP business support products, namely Resource Efficiency Fund, Access Innovation and Strategic Business Growth.

2.18 Case studies featuring businesses that have received support from the LEP and its partners have become an important way to further raise the profile of the service, particularly in the City Region’s different districts. Three case studies have been developed this quarter featuring a Bradford-based engineering company ([Global Precision](#)), a Wakefield-based manufacturer and distributor ([OE Electrics](#)) and a Leeds-based manufacturer ([Leeds Galvanising](#)), all of whom have benefited from recent support. A full range of case studies can be found via <http://www.the-lep.com/case-studies/>.

2.19 Events continue to be an effective way to promote business support from the LEP, and its partners, to a wider audience. The service is working with RTC North to deliver a series of [Design Network North](#) events, which encourage businesses to innovate by embedding design throughout their products, processes and services. The first event took place in Harrogate on 26 January 2018 with a focus on the food and drink sector, with a second one following at the Hepworth in Wakefield on 22 February 2018 focussed on design in the entertainment industry.

2.20 The service delivered its fifth Leeds City Region SME Support Network event on 25 January 2018 at Eureka in Halifax. These events provide business

support professionals working on publically-funded projects and services with the opportunity to network with colleagues, and keep abreast of the current SME support offer in the City Region. The event focussed on employment and skills and included presentations on apprenticeship support, the Enterprise Advisor Scheme, the Employer Brokerage Service and the new Skills Service.

- 2.21 Employment and skills was also the main theme of the private sector intermediary network (the 'Professionals' Perspective') event that took place on the 22 February 2018 in Leeds. It was attended by representatives of banks, accountants and legal firms operating across the City Region, and gave attendees the chance to understand how the LEP's services and products can help their clients and customers to grow. The events are also an opportunity to gain valuable insights into current business conditions, and to gather the views of the professional community on key business issues.
- 2.22 The latest Leeds City Region Business Survey provides positive information regarding the continuing increased awareness of the LEP and its services amongst the SME population. The survey was conducted in summer 2017 with 2,368 businesses across all sectors and all districts of the City Region. It found that 49% of firms are aware of the LEP's services, up from 39% in 2015. Apprenticeship and skills support, business grants and loans, and more general business advice, were areas where awareness of the LEP's activity was highest.

#### Business Support Programmes

- 2.23 The £2.66m Resource Efficiency Fund (REF) is being delivered through the LEP Growth Service over the next three years. It is jointly-funded by the Government's Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding to SMEs to identify and put in place improvements on how they use water, waste and energy. Please see the Green Economy update report for further detail on the delivery of REF to date.
- 2.24 The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is part-funded by ERDF and LGF and provides small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise.
- 2.25 Winning Pitch have recruited 66 business coaches with a diverse range of sector specialisms to work on the project. Examples of coaching support currently being delivered include development of a marketing strategy, business planning and access to finance. 148 businesses have engaged with the project to date, including 54 that have developed detailed growth action plans with their allotted account managers. All 54 are now receiving ongoing coaching support and a further 16 are in the process of developing their action plans.

- 2.26 The Growth Service also acts as central point for businesses of all sizes across West Yorkshire to access the Travel Plan Network (TPN). Businesses that join the network receive free advice and guidance about implementing sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support.
- 2.27 There has been a continued drive to increase membership of the network in order to encourage more employers, and their employees, to adopt sustainable ways to travel to and from, and during, work. 80 businesses have already joined the network since the start of April 2017, against an annual target of 50 new members.
- 2.28 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested over £5.79m of funding into 49 businesses in Leeds City Region. £1.25m has been invested in 30 businesses via the micro fund, £2.75m has been invested in 14 businesses via the debt fund, and £1.8m in five businesses via the equity fund.
- 2.29 There is an even spread of investments across the priority sectors of the City Region's Strategic Economic Plan. NPIF is funded by ERDF, the British Business Bank (BBB) and the European Investment Bank. Approximately £18m of the City Region's ERDF allocation is supporting the fund.

#### Trade and Investment

- 2.30 The quarterly update on the work of the Trade and Investment team can be found in Item 7 – Trade and Investment Forward Plan.

### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

- 5.1 No external consultations have been undertaken.

### **6 Recommendations**

- 6.1 The LEP Board is asked to note and endorse the contents of the report.

### **7 Background Documents**

None.

## **8 Appendices**

None.

This page is intentionally left blank



---

**Report to:** Leeds City Region Enterprise Partnership Board

**Date:** 27 March 2018

**Subject:** **Employment and Skills Panel update**

---

**Director(s):** Sue Cooke, Executive Head of Economic Services  
Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Emma Longbottom & Christian Denison

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with a report on the work of the Employment and Skills Panel.

## **2 Information**

### Local Inclusive Industrial Strategy – Implications for Employment and Skills

- 2.1 To ensure that there is a strong employment and skills thread running through the Local Inclusive Industrial Strategy (LIIS) the policy and strategy team is undertaking a review of the Employment and Skills Plan. This is not intended to be a re-write of the current plan but to make sure that the priorities are still correct, identify whether there are any gaps, and how it can influence and feed into the LIIS work. This review will have the aim of ensuring that there is a strong base from which to make recommendations.
- 2.2 The policy and strategy team will:
- Analyse the current priorities with reference to the latest evidence, producing SWOT analyses to identify any gaps in our existing focus;
  - Look at the linkages with other policy areas, including the productivity gap, and identify any new areas for action;
  - Explore any new national initiatives that may influence policy at a local level;
  - Examine how the analysis and gaps identified may change potential devolution proposals;
  - Consult internally and externally on the findings; and
  - Present final conclusions and recommendations to the ESP and LEP board.
- 2.3 An indicative timeline for the review is:

- Analysis and what this means for future policy, LIIS, Devolution asks – February - April
- External consultation – May - June
- Final Recommendations - August

### National Careers Strategy

- 2.4 The Government’s Careers Strategy was published on 4 December 2017. The strategy stresses the important links to Industrial Strategy and the new technical routes, and that having clear routes and information (including labour market information) is vital to helping career choices and ensuring the country has the right skills for the future.
- 2.5 The key aspect for many will be the adoption of the eight Gatsby Career Benchmarks of good practice<sup>1</sup>. The Gatsby Foundation benchmarks play a central role in delivery of the careers and enterprise provision envisaged in the strategy. These have been widely endorsed and the Government expects all schools and colleges to use them, with Ofsted on hand to scrutinise.
- 2.6 The potential key opportunities for the region are:
- Confirmation that schools must give providers of technical education and apprenticeships the opportunity to talk to all pupils about jobs and courses they offer.
  - The new investment fund of £5 million to support the most disadvantaged pupils
  - The 20 “careers hubs” to be funded by government and supported by a coordinator from the CEC. Hub activities will be focused on groups of young people and areas most in need of targeted support, to help deliver improvements in social mobility.
  - Careers Leaders training funded for 500 schools and colleges.
  - All schools and colleges will have access to an Enterprise Adviser.
  - The CEC will work with LEPs to help Enterprise Coordinators in those areas with lowest uptake of STEM qualifications to make sure that STEM encounters are built into careers and enterprise plans.
  - Government will work closely with combined authorities to trial approaches that ensure local priorities directly inform the provision of careers advice.
  - Analysis of skills needs from Skills Advisory Panels (Leeds City Region is included in the phase one roll out of Skills Advisory Panels) will be used to inform support provided by careers leaders in schools and colleges.

### Further Education Developments

---

<sup>1</sup> A stable careers programme; Learning from career and labour market information; Addressing the needs of each pupil; Linking curriculum learning to careers; Encounters with employers and employees; Experiences of workplaces; Encounters with further and higher education; Personal guidance.

- 2.7 Annual assessments of the financial health of colleges were published on 15 November, with two major West Yorkshire colleges, namely Bradford and Kirklees, affected by Notices to Improve.
- 2.8 Both colleges have met with the FE Commissioner and the reports are available [here](#).
- 2.9 Since November 2017, Ofsted inspections have taken place in the following FE colleges in the City Region:
- Bradford College - overall effectiveness graded as requires improvement
  - Selby College - overall effectiveness graded as good
  - Craven College - overall effectiveness graded as good
  - Leeds College of Building - overall effectiveness graded as requires improvement
  - Calderdale College - report yet to be published
  - Leeds City College - report yet to be published

#### Apprenticeship Grant for Employers - AGE

- 2.10 The original devolved Apprenticeship Grant for Employers (AGE) offered grants to employers for apprentices between 1 August 2015 and July 2017.
- 2.11 Achievements of the programme:
- 3,834 grants have been awarded to 2,924 SMEs to a value of £6,520,800;
  - For 2,204 (75%) businesses receiving the grant, it was their first apprentice;
  - Grants were awarded in relation to 2,633 (69%) 16 to 18 year olds and 1,201 (31%) 19 to 24 year olds.
- 2.12 Department for Communities and Local Government (DCLG) and Department for Education (DfE) have given approval to utilise any unallocated funds from the original programme to support a further apprenticeship grant programme. The new AGE programme, which has taken on board recommendations from the evaluation, will target businesses with fewer than 50 employees in key sectors, who have not had an apprentice before. It is anticipated that the grant criteria and application process will be launched in summer 2018.

#### Raising the Bar on High Level Skills

- 2.13 Go Higher West Yorkshire (the partnership of universities) is about to launch a campaign to promote their higher and degree apprenticeship offer. The campaign will be supported by a website for central information and contacts which will go live during National Apprenticeship Week 2018; <https://www.apprenticesgohigher.co.uk/>.
- 2.14 The Employment and Skills Team continues to work with Higher Education Institutions (HEIs) through Go Higher to ensure gaps in provision, particularly

at Higher and Degree Apprenticeship level, are being addressed and that provision is accessible by businesses and individuals.

#### Enterprise Adviser Network (EAN)

- 2.15 The Enterprise in Education team is currently working with 150 secondary schools and colleges and 136 Enterprise Advisors (senior leader from business), who are matched on a 1:1 basis with senior leaders in secondary schools and colleges to build employer engagement plans.
- 2.16 Over 16,836 employer encounters have been delivered this year through the EAN against an annual target of 16,000. In addition, 6,361 disadvantaged students have received one employer encounter, and 2,408 have had two employer encounters against a target of 6,000. In total 23,197 employer encounters have been delivered through the EAN this year.

#### Futuregoals - careers campaign

- 2.17 A high profile careers campaign targeted at young people and their key influencers launched week commencing 26 February, a week before National Careers & Apprenticeship weeks.
- 2.18 Futuregoals aims to be inspirational; building a sense of pride in the place our young people live and learn, and directional; bringing together the best of careers and enterprise learning tools based on the economy of Leeds City Region.
- 2.19 The campaign, which is forecasted to reach 940,000 individuals and is hoped to top one million, is designed around a series of six inspirational images and messaging. The development of these assets has been in full consultation with a range of young people of different ages, social economic backgrounds and ethnicity.
- 2.20 The campaign will be visible in each local area of the City Region and at locations and within 500 metres of secondary schools and colleges including bus stops, poster pillar and social media pop up advertising where fixed advertising is not available.
- 2.21 A microsite <http://futuregoals.the-lep.com> will also host further information for individuals, teachers and other practitioners including 'Top 10' guides, assembly, video and teaching and learning resources.

#### Labour Market Information

- 2.22 The Leeds City Region Enterprise Partnership (LEP) and Combined Authority produce a labour market analysis to an annual cycle, with an initial overview provided to Employment and Skills Panel in June and a full report published in September. The purpose of the analysis is to inform strategy and policy

development within the LEP / Combined Authority but also to contribute to a better informed local labour market.

2.23 Much of the data that inform the report are produced on an annual basis or less frequently. The availability of “real-time” data relating to online job postings offers the opportunity to review on a continuous basis detailed trends in the level and profile of demand in the local labour market. At the ESP in March the Panel received a presentation based on this information, the conclusions were:

- Demand for labour is consistently strong across priority skill areas and occupational areas contained within them
- Digital demand is dominated by developer jobs and a requirement for a range of core digital technical skills, mostly developer-related – reflects division of labour and specialised nature of developer roles?
- Strong demand for candidates familiar with specific programming languages but also for individuals who understand broader principles
- Profile of construction demand shows important cross-over with engineering – civil engineers most in-demand occupation and engineering skills key within skill requirements
- Mechanical engineer is foremost occupation within engineering and manufacturing
- In contrast to digital construction and engineering employers are both looking for a combination of core technical skills plus business and other more generic skills.

2.24 This kind of analysis can be used in a range of contexts and is likely to be an important evidence source for the emerging Skills Advisory Panel.

#### Skills Advisory Panels

2.25 Skills Advisory Panels are part of the Government’s ambition to work closely with local areas on meeting existing and emerging national and local skills needs. Department for Education (DfE) wants to look at what provision there is in terms of advisory panels/boards across different areas, look at what works and the information that is used. The aim is for areas to produce analysis that both local areas, and central government can use.

2.26 DfE wants the analysis to look at:

- Demand: What skills are in demand in the labour market now and in the future. This is to inform decisions locally (e.g. what courses providers offer or what careers advisors recommend) and to identify trends nationally.
- Skills issues: Whether the skills system is adequately meeting local demand or whether there are persistent problems that may require a policy response – e.g. skills shortages, weak skills demand. This is to inform both local and national policy.

2.27 The City Region has an effective Employment and Skills Panel, and produces detailed labour market information – DfE recognises this. This presents an

opportunity to raise our regional profile within DfE and further the case on how local labour market information can lead to local interventions to address skills shortages in key areas.

- 2.28 Officers are currently in discussion with DfE on the best way to design the process and analysis.

#### Career Learning Pilot

- 2.29 The Leeds City Region is one of five areas that have been selected by DfE to be part of the Career Learning Pilot, the outcomes of which will be used to design the national retraining scheme. The pilot will be two stage testing: what engagement activity will encourage adults currently in employment or re-entering employment who have a level 2 qualification, to consider their next career/learning steps at level 3 and above; and what level of funding subsidy (25%, 75% or 100%) will encourage individuals to pay for their learning. The subsidy will be passed by the Education and Skills Funding Agency (ESFA) directly to local providers.
- 2.30 As part of the pilot, a list has been provided from central government of the courses that will be eligible for a subsidy as part of the programme of which 15-25 can be chosen for the area. Eligible qualifications must be available for funding through Advanced Learner Loans, delivered by a provider who has the facility to administer these loans and must take less than 12 months to complete.
- 2.31 For the pilot in Leeds City Region qualifications proposed link to key growth sectors (manufacturing and engineering, construction and digital), along with leadership and management qualifications and progression opportunities for health and social care.
- 2.32 Officers have developed a costed delivery plan for the pilot, which was submitted to DfE at the end of February. It is envisaged that outreach work will commence in March 2018 and subsidised training in September 2018.

#### Sector Activity

- 2.33 To support the promotion of digital careers in the region the Combined Authority has held workshops across the region to discuss how opportunities within the sector could be promoted to encourage individuals to apply for roles and re-train where appropriate. The findings of these workshops will be used to shape a campaign aimed at promoting the opportunities in the digital sector within the City Region. The campaign will be launched in spring 2018.
- 2.34 A full application has been submitted by the Combined Authority for the ESIF Career Development Fund to develop “[re]boot”, a scheme to support individuals to retrain and move into digital and engineering careers. Assessment by the managing authority is awaited and following this delivery is expected to begin in spring/summer 2018.

- 2.35 The West Yorkshire Consortium of Colleges has now received a contract from the managing authority to deliver the continuation of the Skills Service, which will be funded through European Social Fund until 2020. It is envisaged that delivery will commence in May 2018. In the interim, the Skills Service Advisors have been maintaining the Skills Service offer and providing a comprehensive training and skills planning service to support businesses to identify skills gaps and skills development needs linked to business growth objectives, including apprenticeship support.

#### Social Prescribing Pilot – Work Wellness Service

- 2.36 The Social Prescribing Pilot – The Work Wellness Service, officially launched in February 2018 within two GP surgeries in York. The two surgeries are located within adjoining Holgate and Guildhall wards. The pilot will run for one year.
- 2.37 The service is being delivered by a Work Wellness Advisor who receives referrals directly from GPs. The surgeries involved have demonstrated their commitment by integrating this post fully into their practice, including room space and access to patient records. Reception staff are also proactively supporting the pilot by recommending a review of ‘Fit Notes’ issued to consider any potential referrals.
- 2.38 The aim of the project is to see a minimum of 10 people in target demographics (50+ and in-work) and to enable them to remain in work or return to the workplace, if already within a period of sickness absence. Support will also be provided to individuals, where appropriate, to find suitable alternative employment.

### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

- 5.1 No external consultations have been undertaken.

### **6 Recommendations**

- 6.1 The LEP Board is asked to note and endorse the contents of the ESP report.

### **7 Background Documents**

None.

## **8 Appendices**

None





---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Green Economy Panel update**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Jacqui Warren

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with a report on progress against the Green Economy Panel's (GEP) major projects and programmes.

## **2 Information**

### Energy Accelerator

- 2.1 This is a new innovative project development programme that will offer specialist expertise to local low carbon energy projects. The West Yorkshire Combined Authority (the Combined Authority) has recently been awarded 3.5 million euros from the European Investment Bank's (EIB) ELENA technical assistance programme (a fund that provides technical assistance for energy efficiency and renewable energy projects) to establish the Energy Accelerator. Item 8 of this meeting will provide a full update on this programme.

### Better Homes Yorkshire

- 2.2 This is a City Region wide programme delivering energy efficiency and heating improvements across the City Region's homes. The programme launched in March 2015, and at the end of the second year, 2,480 homes had received energy efficiency or renewable energy measures, with a contract value of £11.2m.
- 2.3 Over 88% of the contract value has been delivered by Leeds City Region supply chain, with the remaining 12% by contractors just outside (i.e. Doncaster and Sheffield). In total 35 different sub-contractors have been awarded work through the programme and 204 jobs have been sustained.
- 2.4 The Leeds City Region Tackling Fuel Poverty project, delivered through the Better Homes programme, is now in delivery. The schemes are delivering measures in areas at high risk of fuel poverty, in every district. Barnsley and Bradford schemes are both complete, and schemes in Leeds, Wakefield and

Calderdale are progressing well. Take up of the offer in the four North Yorkshire authorities has picked up in response to a sustained marketing campaign by those authorities, however further actions are to be implemented to ensure the scheme is delivered.

- 2.5 The Kirklees Council hard to treat cavity wall scheme in the Riddings area of Huddersfield has now started on site, this is a cross tenure scheme, delivered in partnership with Kirklees Council Building Services. 290 households are expected to receive measures and benefit from warmer, healthier homes over the long term.
- 2.6 The Wakefield Council hard to treat external wall insulation scheme in the Castleford area has also started on site. Around 80 households are expected to receive measures, and the long term benefits of a more energy efficient home.
- 2.7 The Leeds City Region Warm Homes project launched at the end of December 2017. This is a £2.9m scheme delivering efficient central heating systems, and often a gas connection, to fuel poor households, who do not use mains gas as their primary heating fuel. The project was set up in response to a National Grid funding opportunity.
- 2.8 According to Government data sources, around 73,000 households, around 6%, in the Leeds City Region are off gas. Data indicating how many off gas properties are also fuel poor is incomplete; however the best available data shows that around 10% of those households who are off gas, are also fuel poor. This evidence base will be further developed through the Energy Strategy and Delivery Plan.
- 2.9 Many off gas properties are located in rural areas of the City Region, which are beyond the reach of the gas network. A bid was submitted to National Grid to deliver measures to benefit properties of this nature, however it was unsuccessful, one of the reasons for this was the absence of any match funding to support the bid.
- 2.10 The successful bid to National Grid Warm Homes Fund was focused on properties within reach of the gas main, where a gas central heating system could be fitted. As the data sources are incomplete, the scale of the Programme has been determined largely by the lessons learned from similar projects, and the work completed to date to extend the gas network in many areas of the City Region.
- 2.11 Over 700 new heating systems are expected to be delivered across all tenures, and many households will also receive a gas connection, supplied by Northern Gas Networks. Over 200 will be delivered through the Better Homes Yorkshire contracts, and 500 through Housing Leeds (part of Leeds City Council) contract arrangements to Housing Leeds homes.
- 2.12 Leeds City Council own around 56,000 domestic properties, of these around 45,000 are heated through mains gas. Around 10% of the non-gas properties

are high rise properties. The high rises are subject to separate feasibility and options appraisal, in terms of heating and energy efficiency improvements, and therefore did not lend themselves to the tight timeframes of Warm Homes Round 1 funding. The 500 properties which will be improved through Leeds City Region Warm Homes represents around 9% of non-high rise, off gas Leeds City Council housing stock.

- 2.13 As part of its Energy Strategy and Delivery Plan work, the Combined Authority will be collating available data sets to try and determine the remaining potential for domestic energy efficiency across the region. This will be fed back to the Panel once collated.

#### Resource Efficiency Fund

- 2.14 The Resource Efficiency Fund (REF) offers free expert advice and business support to small and medium sized enterprises (SMEs) to help them to implement energy and water efficiency and waste reduction measures. This is supported by a 50% capital grant of up to £10,000. The REF is funded through the Local Growth Fund (LGF) and European Regional Development Fund (ERDF) 2014-2020 programme.
- 2.15 As of 31 December 2017 the REF had engaged with 280 clients. Of these, 157 businesses have had technical assessments by external consultants commissioned, and 48 have undergone an in-house review by the Resource Efficiency Managers (REMs). The combined figure of 205 compares favourably with the target number of assessments for the 2017 calendar year (112).

**Table 1. Progress of business contacts as at 31 December 2017**

Total Business Contacts	280
Businesses Visited	266
Assessments Commissioned	157
Type I/II Assessments Completed	146
Type III Reviews Completed	48
Businesses Completed	104
12 Hour Assists	89
Grants Approved & Pending	60
Grants Completed	22
Grants Rejected	1

- 2.16 The programme continues to progress. The 12 hour assist output (89) is well ahead of target (60 to the end of December 2017) while the grant output (22) and grant spend is currently behind target (46 to end of December). It is expected that grant outputs will be caught up over the next couple of quarters

and grant spend is expected to be on 90%+ of target by the end of March 2018 and well ahead of target by June 2018. The overall businesses supported output is currently 96, which is slightly below target (104).

#### District Heat Network Programme

- 2.17 The District Heat Network (DHN) Programme continues to support 12 active schemes in the Leeds City Region. These innovative schemes aim to produce heat (and or use waste heat) to create localised heat networks that heat homes and businesses. They can also help reduce carbon emissions and create fair priced energy locally.
- 2.18 A number of Heat Network Delivery Unit (HNDU) Round 7 applications have recently been submitted to BEIS to support further project development activities for DHNs in Barnsley and Huddersfield. Both schemes have previously received support from HNDU in earlier funding rounds.
- 2.19 The Leeds DHN was launched on the 1 March with a ceremony to name the DHN network held at Bridge Community Centre. The ceremony was to mark the beginning of the construction work to build the DHN. The Leeds scheme is the first of the DHNs under the City Region programme to begin construction.

#### Green and Blue Infrastructure Strategy and Delivery Plan

- 2.20 This work aims to deliver a new regional strategy and delivery plan that aims to create high quality natural / green infrastructure and environments across the City Region including new woodlands, street trees, and open spaces.
- 2.21 Mini-delivery plans are currently being collated and the programme is still on track to deliver a draft delivery plan to the GEP in April 2018, and the Leeds City Region Enterprise Partnership Board (LEP) Board and the Combined Authority following this.

#### Energy Strategy and Delivery Plan

- 2.22 The Strategic Economic Plan (SEP) under Pillar 3 (Energy and Environmental Resilience) sets out the ambition of becoming 'a resilient, zero carbon energy economy by 2036'. To understand how the Combined Authority and the Leeds City Region could achieve the ambition an Energy Strategy and Delivery Plan (ESDP) has been commissioned with support from the Department for Business, Energy and Industrial Strategy (DBEIS). The ESDP is a named delivery plan of the SEP. The ESDP has been split into four discrete work packages:

- Work Package 1: Energy State of the Leeds City Region
- Work Package 2: Technology Options Appraisal
- Work Package 3: Energy Opportunities
- Work Package 4: Delivery Plan including scenario modelling

- 2.23 Work Package 1 is nearing completion with quality assurance work being undertaken on the future energy forecasts for the City Region. Work Package 2 has now been completed, identifying 18 energy technologies that will make a significant contribution to enabling the City Region to achieve its energy ambitions. A consultant has recently been procured to deliver Work Package 3, the spatial identification of energy opportunities areas (linked to the 18 technologies identified in Work Package 2) in the City Region.
- 2.24 Work Package 4 has recently commenced with a range of stakeholder meetings being held to inform the strategic priorities and action areas of the ESDP. A draft ESDP will be presented to the April meeting of the GEP for approval, with the LEP Board and Combined Authority following in June.

#### H21

- 2.25 This Northern Gas Network (NGN) innovative programme aims to convert the gas grid from natural gas (methane) to hydrogen, starting with the Leeds City Region and then for conversion to take place incrementally across the country.
- 2.26 NGN applied to OFGEM's Gas NIC fund. The Gas NIC is an annual opportunity for gas network companies to compete for funding for the development and demonstration of new technologies, operating and commercial arrangements. The bid was partially successful, and NGN will receive £10m to fund the demonstration of the safety case for 100% hydrogen in the gas network through field trials.

#### BEIS Local Capacity Support

- 2.27 BEIS, as part of the BEIS Local Energy programme, is funding 5 new energy hubs. The hubs will:
- Identify and prioritise local energy projects
  - Undertake the initial stages of development for priority projects and programmes (e.g. feasibility studies and business cases), up to a point where investment can be secured
  - Take collaborative and coordinated approach across multiple LEP areas
- 2.28 A North East, Yorkshire and Humber (NEYH) Hub is being established covering the following LEP areas:
- Humber
  - Leeds City Region
  - North East
  - Sheffield City Region
  - Tees Valley
  - York, North Yorkshire and East Riding

2.29 This will include:

- Tees Valley Combined Authority to act as accountable body and manage the total budget of circa £740k over two years
- For the NEYH Hub to contain a core team which consists of:
  - one person to manage the programme (Programme Manager)
  - call-off contracts for specific expertise, including but not limited to financial, commercial, legal and technical support
  - local project managers to in the LEPs at a local level (for the City Region this equates to one part-time project manager for two years)

2.30 The joint LEPs above are awaiting a Memorandum of Understanding from BEIS. Once this is received, recruitment of the regional and local posts will commence. It is envisaged that the Hub will be established by May 2018.

2.31 The NEYH Hub will complement the work of the Energy Accelerator. It will potentially enable a wider range of low carbon projects to gain project development support. ELENA has specific criteria that has to be met. It is unlikely that the BEIS hub will have such stringent requirements.

### **3 Financial Implications**

3.1 There are no implications associated with this paper.

### **4 Legal Implications**

4.1 There are no implications associated with this paper.

### **5 Staffing Implications**

5.1 There are no implications associated with this paper. The Energy Accelerator and BEIS Energy Hub (once approved) will create additional posts to deliver these new work programmes.

### **6 External Consultees**

6.1 No external consultations have been undertaken.

### **7 Recommendations**

7.1 The LEP Board note the progress against the GEP's major projects and programmes.

### **8 Background Documents**

8.1 None

### **9 Appendices**

9.1 None



---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Land and Assets Panel update**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Judith Furlonger

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with an update on progress of the Panel's (LAP) major projects and programmes.

## **2 Information**

### Homes and Communities Agency

- 2.1 The Panel was given a verbal update by the Homes and Communities Agency (HCA) on its funding and role as the transition to 'Homes England' reaches the final stage. Assessment for Housing Infrastructure Fund (HIF) bids is expected to be completed and announced in February for Marginal Viability bids submitted directly by districts and March 2018 for Forward Funding bids submitted by the Combined Authority. Priority is being given to the earliest deliverable bids. Projects are categorised three ways: those which (1) can be delivered soonest, (2) need more due diligence and (3) are not ready at this time. The Agency's main focus is to reach the government's target of 300,000 homes a year from the current figure of 217,000 and to ensure that public land is used well.

### One Public Estate (OPE) Group Update – Phase 6

- 2.2 The Panel was presented with a report updating on a Phase 6 bid of the One Public Estate (OPE) Group. West Yorkshire Combined Authority has been allocated £160,000 for two projects in Calderdale and Harrogate, and for continuing programme management by the CA of the overall OPE programme. Bids to the Land Release Fund were still being evaluated but it has been subsequently confirmed on 16 February that a Local Authority package of stalled small sites project (first phase) has been allocated £662,125 across four authorities to deliver 103 new homes.

## Leeds City Region Redundant Mills – Feasibility and Investment Framework

- 2.3 The Panel was presented with a report on the commission to undertake a feasibility and investment framework for underused and redundant mills in West Yorkshire. The Panel asked that officers bring a draft prioritisation criteria to the next Panel meeting along with the final report.

## Business Planning & Budget 2018/19

- 2.4 The Panel was presented with a report advising them of the work underway on business planning and budgeting for 2018/19 and the key elements for the draft three year financial strategy. The Panel noted that there was only one mention of housing throughout the document and this lack of prominence does not take into account how housing has recently risen as a political and national priority. The Panel's comments were noted and the Panel assured comments would be fed back as part of the work underway on the medium term financial strategy, business planning and budget for 2018/19.

## Uniform spatial planning system

- 2.5 It was reported that the private sector is keen to see a more consistent, uniform approach to spatial planning and systems across districts. Members were informed that although there are joint projects around geographical data, sharing good practice and mutual consultation on local plans, there are no plans for a formal uniform system at a regional level at this time.

## Offsite Manufacturing

- 2.6 Members asked about offsite manufacturing and whether the Panel can expect to discuss expansion of the sector in the future. It was reported that offsite manufacturing is currently largely coming from Manchester and members suggested this sector could be a part of the local economy, instead of importing. Members were informed that officers are to consider the issue on a Leeds City Region based offsite manufacturing pipeline of delivery in the future working with Homes England colleagues.

## Malaysian and Chinese Investors

- 2.7 It was reported that there has been an increase in interest from Chinese and Malaysian investors in the regional economy and there is opportunity to engage processes to attract more investment from Asia.

## Planning Delivery Fund submission

- 2.8 The Planning Delivery Fund was announced on 4 December 2017. The Combined Authority submitted a bid for £500,000 to the Planning Delivery Fund, focusing on joint working, design quality, and innovation. It has been announced that the Combined Authority has been allocated £180,000 for the Design Quality element of the bid to support districts bringing forward key



strategic sites and to explore a design approach providing housing options adjacent to transport hubs in the city region.

### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

5.1 No external consultations have been undertaken.

### **6 Recommendations**

6.1 The LEP Board note the progress reported to the Panel.

### **7 Background Documents**

None.

### **8 Appendices**

None.

This page is intentionally left blank

**Report to:** Leeds City Region Enterprise Partnership Board

**Date:** 27 March 2018

**Subject:** **Growth Deal update**

**Director(s):** Melanie Corcoran, Director of Delivery

**Author(s):** Lynn Cooper

## 1 Purpose of this report

- 1.1 To update the LEP Board on progress made on the implementation of the Growth Deal programme.

## 2 Information

### Growth Deal Monitoring

- 2.1 The table below summarises Growth Deal expenditure totalling £46.22million to the end of January 2018.

	Target spend 2017/18	Spend to end January 2018	% of 2017/18 target
Priority 1 - Business	£13.52m	£7.06m	52.2%
Priority 2 - Skills Capital	£29.33m	£16.97m	57.8%
Priority 3 - Environmental Infrastructure	£8.07m	£1.24m	15.3%
Priority 4a - Housing and Regeneration	£3.87m	£2.01m	51.9%
Priority 4b - West Yorkshire plus Transport Fund	£37.46m	£18.94m	50.6%
Priority 4c - Flood Resilience	£2.00m	£0	0
Priority 4d - Enterprise Zones	£4.00m	£0	0
Combined Authority Programme Management	£1.90m	£0	0
<b>Total</b>	<b>£100.15m</b>	<b>£46.22m</b>	<b>46.2%</b>

- 2.2 The attached Growth Deal Dashboard at **Appendix 1** and West Yorkshire plus Transport Fund Dashboard (the Transport Fund) at **Appendix 2** detail the latest forecast expenditure and RAG rating of each project.

## Annual Targets and Forecast Spend

2.3 The Combined Authority is showing a year on year delivery improvement on Growth Deal spend. We have an ambitious target to spend £100.15 million in 2017/18. Expenditure is forecast which is close to this target; the estimated outturn spend (which includes contingencies outlined below) will be within 10% of the £100.15million target. All projects are assessed through the Leeds City Region Assurance Framework, offering good value for money and delivering outputs which bring benefit to the Leeds City region. Considerable progress has been made over the year in driving the programme and its projects forward to delivery and a total of £137million of Growth Deal funding was approved in 2017 through the assurance process, with £38.84million of this forecast to be spent in 2017/18.

2.4 The current forecast outturn for the programme of £82.64million represents a shortfall against target of £17.51million detailed below:

Target Spend	£100,150,000
Current Forecast	£82,640,963
Variance from Target	£17,509,037
Estimated Outturn (including contingencies detailed below)	£92,600,963

2.5 The following table provides details of the projects where the most significant reductions in expected spend have occurred between original forecast expenditure and estimated outturn.

Lead Organisation	Project / Programme	Original Forecast	Revised Forecast	Variance	Reason
WYCA	Strategic Inward Investment Fund / Digital Sector Soft landing Scheme	£5,250,000	£781,472	£4,468,528	Potential opportunities have a long lead in time
LCoB	Leeds College of Building	£7,886,362	£2,599,705	£5,286,657	Contract start was delayed
Kirklees College	Dewsbury Learning Quarter	£6,396,761	£6,126,962	£269,799	Delays to refurbished site. Payment capped in 2017/18
WYCA	Energy Accelerator	£490,986	£20,000	£470,986	Project delayed awaiting approval of ELENA funding (approval received December 2017)
Leeds	Leeds District Heat Network	£4,867,923	£0	£4,867,923	Project revised mid year (at start of the year the total approval was £7m with a revision of upto £10m pending) this led to delays in implementing the project. Grant payment is anticipated in 18/19
York	York Guildhall	£1,556,000	£658,500	£897,500	Delays in appointment of contractor
Environment Agency	Flood Resilience	£2,000,000	£0	£2,000,000	Natural Flood Management has proved more complex to develop than expected so there has been a delay in finalising the scope of the works. Final costs are awaited on Wykebeck.
Leeds City Council	Leeds Aire Valley EZ Power Supply	£4,400,000	£0	£4,400,000	The final cost is awaited, a request for a quotation was submitted to National Power Grid in October 2017. The quotation is expected by March but full approval required before project can progress.
	West Yorkshire + Transport Fund	£37,458,371	£35,395,596	£2,062,775	*WY+TF variances against forecast at start of year
			<b>Total</b>	<b>£24,724,168</b>	
<b>*WY+TF Variances</b>					
Calderdale	A629 Phase 1a	£1.7m Start of construction delayed in 2017			
Leeds	East Leeds Orbital Route	£4.2m Development activity delayed			
Calderdale	A629 Phase 1b	£0.63m Development activity delayed			
Bradford	Bradford Forster Square	£0.98m Resource delays			

2.6 The following contingencies have been identified in order to address the predicted shortfall:

Project	Possible Expenditure	Comment
ELOR	£3,960,000	Current approval for development funding upto £11.81m. Payment of £7.85m to date
York Northern Outer Ring Road Junctions	£3,000,000	Funding agreement needs to be signed
New Bolton Woods	£3,000,000	Funding agreement needs to be signed
*ELOR - Outer Junctions	£10,000,000	New funding agreement needs to be in place and contractor appointed. LCC are likely to be able to name preferred developer but unlikely to have contracted by 31 March 2018.
<b>Total</b>	<b>£19,960,000</b>	
*Unlikely to spend by end March 2018		

2.7 Contingencies to address a possible underspend were identified in 2017 as part of the review of the key performance indicators. However one of the contingencies was to bring forward spend for the planned East Leeds Orbital Route Outer Ring Road Junctions. This is no longer a contingency that can be brought forward in 2017/18 as the preferred contractor, Carillion, has gone into liquidation. While works had not started, and funding will not be lost, this has caused delays to the delivery of the scheme. The scheme is now scheduled to start in 18/19 but this has resulted in a shortfall against target in Growth Deal expenditure for 17/18. Where reductions are out of the control of the Combined Authority and its partners these will be taken into consideration by Government when reviewing our performance. The revised value of contingencies is £9.96million.

#### Expenditure Forecasts 2018/19 to 2020/21

2.8 A review has been ongoing of future year expenditure forecasts on the West Yorkshire plus Transport Fund projects. Meetings have been held with project sponsors to consider forecasts on each project. The purpose of this is to aim for a minimum level forecast which can be achieved and would give a clear indication each year where projects need to be accelerated in order to achieve targets.

2.9 Interim forecasts have been included within the attached dashboards, further revision will take place as timetables on submission of outline and full business cases are developed. The dashboards also include a new line highlighted in red which represents the amount the Combined Authority will need to borrow to cover the forecast expenditure on the Transport Fund up to the end of the current Growth Deal programme in 2020/21.

Note: the £1billion Transport Fund includes £217million of expected borrowing by the Combined Authority

2.10 In order to maximise spend and outputs through the Growth Deal, schemes will be encouraged to accelerate spend from 2018/19 onwards where possible and further over-programming opportunities will be explored. Combined Authority officers are currently investigating loan facility options to identify how

over-programming can best be funded. Options will be brought forward for consideration to the LEP Board and Combined Authority.

### Project Progress and Performance

2.11 The following projects have been RAG rated as red and represent a risk to the delivery of the Programme:

#### Projects that continue to be rated at red:

- **Leeds Station Gateway – New Station Street**  
The final design option for this project has now been identified but delays over the last year or so have meant that the timescales are outside of tolerances. The Combined Authority is currently working with Network Rail to agree a revised timetable for the implementation of the project.
- **Harrogate Road / New Line**  
This scheme may be subject to a public inquiry. The compulsory purchase order was made on 25 January 2018 those that are impacted had until 22 February to object. If a Public Inquiry is required this is likely to be in summer/autumn 2018.
- **Leeds College of Building**  
The forecast expenditure for 2017/18 for this project has reduced by £2million to £2.79million. Delays in letting the main contract have led to delays in spend. The majority of expenditure on the project will now take place in 2018/19.

#### Escalated to red:

- **York Guildhall**  
The project was awarded £2.3million towards the remodel of the historic Guildhall to create an office hub and café/restaurant. Spend has been lower than forecast in 2017/18 due to contract savings and sub contract pricing delays. Consequently there has been a delay to the start on site with further forecast underspend in 2017/18.

#### Project due to be de-escalated from red:

- **Bradford to Shipley Corridor**  
The full business case for this project was expected in September 2017. A change request will be considered through the Investment Committee (21 March 2018) and Combined Authority (5 April 2018) this includes a re-profile with the outline business case due to be submitted in March 2019.

A significant reason for the delay to this project has been a lack of resources. This has now been addressed through appointment of additional agency workers.

- **Urban Traffic Management and Control (UTMC)**  
An outline business case for this project seeking further development spend has been submitted for consideration through the Investment Committee (21 March 2018) and Combined Authority (5 April 2018). The full business case is now expected to be submitted towards the end of 2018/19. This project was delayed subject to agreement on location and management of the new centre.

### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

- 5.1 No external consultations have been undertaken.

### **6 Recommendations**

- 6.1 That the LEP Board notes the progress towards the implementation of the Growth Deal.
- 6.2 That the LEP Board endorses the work to identify how to fund and manage over-programming.

### **7 Background Documents**

None.

### **8 Appendices**

Appendix 1 – Growth Deal Dashboard

Appendix 2 – West Yorkshire plus Transport Fund Dashboard

This page is intentionally left blank





This page is intentionally left blank



CIP - Phase 1 - Bradford A6177 ORR/Toller Lane	Julian Jackson	Development	180,000	0	0	0	10,536	50,000	60,536	AMBER	140,000		0	200,536
		Delivery	0	0	0	0	0	0	0		550,000	4,500,000	1,225,000	6,275,000
CIP - Phase 1 - Bradford A6177 ORR/Great Horton Road	Julian Jackson	Development	0	0	0	0	39,549	55,000	94,549	GREEN	110,000	0	0	204,549
		Delivery	0	0	0	0	0	0	0		500,000	1,500,000	320,000	2,320,000
CIP - Phase 1 - Wakefield A650 Newton Bar	Neil Rogers	Development	75,000	0	0	0	25,558	41,442	67,000	GREEN	248,000	5,000	0	320,000
		Delivery	0	0	0	0	0	11,000	11,000		23,160	2,508,500	0	2,542,660
Rail Park and Ride (Phase 1) Programme	Melanie Corcoran	Development	1,161,306	58,908	108,336	409,181	6,844	501,308	508,152	AMBER	0	0	0	1,084,577
		Delivery	0	0	0	0	0	0	0		165,000	0	0	165,000
Rail Parking Package - Knottingley	Melanie Corcoran	Development	474,259	0	0	0	0	0	0	GREEN	0	0	0	0
		Delivery	0	0	0	0	0	0	0		1,474,000	0	0	1,474,000
York Central Access	Neil Ferris	Development	2,100,000	0	0	0	236,694	339,945	576,639	AMBER	770,000	339,500	60,625	1,746,764
		Delivery	0	0	0	0	0	0	0		931,462	3,000,000	5,000,000	8,931,462
York Northern Outer Ring Road	Neil Ferris	Development	2,448,000	0	0	0	520,104	242,046	762,150	AMBER	566,000	624,000	220,000	2,172,150
		Delivery	0	0	0	0	0	0	0		1,500,000	3,000,000	4,000,000	8,500,000
Transport projects at Stage 2 that will commence post 2018/19														
Bradford Interchange Station Gateway - Phase 1	Julian Jackson	Development	180,000	0	25,000	20,838	80,278	44,000	124,278	AMBER	0	0	0	170,116
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Bradford Interchange Station Gateway - Phase 2	Julian Jackson	Development	512,000	0	0	0	0	0	0	GREEN	0	0	0	0
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Bradford FS Station Gateway	Julian Jackson	Development	3,885,314	0	20,000	116,717	53,389	55,000	108,389	AMBER	1,807,633	0	0	2,052,739
		Delivery	0	0	0	0	0	0	0		0	3,000,000	6,856,853	9,856,853
A650 Tong Street	Julian Jackson	Development	185,000	50,000	0	21,038	13,165	70,000	83,165	AMBER	56,582	0	0	210,785
		Delivery	0	0	0	0	0	0	0		0	0	0	0
SE Bradford Access Rd	Julian Jackson	Development	91,000	0	0	0	12,140	51,000	63,140	GREEN	17,000	0	0	80,140
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Bradford to Shipley Corridor	Julian Jackson	Development	341,000	0	30,000	5,011	39,369	266,620	305,989	RED	181,081	0	0	522,081
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Harrogate Road / New Line	Julian Jackson	Development	1,300,000	0	146,399	268,239	584,392	50,000	634,392	RED	257,000	0	0	1,306,030
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Halifax Station Gateway	Mark Thomson	Development	315,000	5,000	156,738	44,171	31,275	64,426	95,701	GREEN	0	0	0	301,610
		Delivery	0	0	0	0	0	0	0		0	0	0	0
A641 Bradford - Huddersfield Corridor	Mark Thomson	Development	730,000	0	0	60,829	51,715	15,000	66,715	AMBER	0	0	0	127,544
		Delivery	0	0	0	0	0	0	0		0	0	0	0
A629 Phase 4: Ainley Top	Mark Thomson	Development	645,000	0	0	51,736	36,304	24,787	61,091	AMBER	528,145	0	0	640,972
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Huddersfield Station Gateway	Simon Taylor	Development	79,886	0	27,615	22,385	0	0	0	AMBER	0	0	0	50,000
		Delivery	0	0	0	0	0	0	0		0	0	0	0
M62 Junction 24a	Simon Taylor	Development	70,000	0	0	12,976	31,370	10,154	41,524	AMBER	0	0	0	54,500
		Delivery	0	0	0	0	0	0	0		0	0	0	0
A629 Phase 5 - Ainley Top into Huddersfield	Simon Taylor	Development	302,000	0	52,000	48,000	84,363	16,000	100,363	GREEN	750,000	750,000	0	1,700,363
		Delivery	0	0	0	0	0	0	0		0	798,000	7,811,869	8,609,869
A62 and A644 Corridors incorporating Cooper bridge	Simon Taylor	Development	500,000	485,000	110,000	15,000	0	82,416	82,416	AMBER	0	0	0	692,416
		Delivery	0	0	0	0	0	0	0		0	2,250,000	4,750,000	7,000,000
Leeds Station Gateway - Yorkshire Hub	Liz Hunter	Development	400,000	0	0	108,936	79,663	18,797	98,460	GREEN	203,860	0	0	411,256
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Thorpe Park Station	Liz Hunter	Development	500,000	0	0	3,382	168,101	62,732	230,833	GREEN	269,294	0	0	503,509
		Delivery	0	0	0	0	0	0	0		0	0	10,000,000	10,000,000

A6110 Leeds Outer Ring Rd	Gary Bartlett	Development	268,000	0	0	0	3,674	25,000	28,674	AMBER	199,699	0	0	228,373
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Leeds City Centre Network and Interchange Package	Gary Bartlett	Development	3,455,000	319,000	31,337	278,000	273,420	110,000	383,420	AMBER	979,678	1,033,776	126,749	3,151,960
		Delivery	0	0	0	0	0	0	0		0	0	5,340,672	5,340,672
Wakefield City Centre Package Phase 2 Ings Road	Neil Rogers	Development	270,000	0	0	0	18,216	65,000	83,216	GREEN	277,000	84,783	0	444,999
		Delivery	0	0	0	0	0	0	0		0	1,540,000	1,477,593	3,017,593
CIP - Phase 1 - Leeds Dyneley Arms	Gary Bartlett	Development	402,000	0	0	0	5,365	180,000	185,365	GREEN	174,300	0	0	359,665
		Delivery	0	0	0	0	0	0	0		781,800	1,300,000	3,800,000	5,881,800
CIP - Phase 1 - Kirklees Huddersfield Southern Gateways	Simon Taylor	Development	300,000	0	0	0	130,559	53,000	183,559	GREEN	148,000	0	0	331,559
		Delivery	0	0	0	0	0	0	0		0	1,270,000	3,330,000	4,600,000
CIP - Phase 1 - Calderdale A58/A672 Corridor	Mark Thompson	Development	235,000	0	0	0	28,836	64,281	93,117	AMBER	29,323	0	0	122,440
		Delivery	0	0	0	0	0	0	0		0	0	0	0
CIP - Phase 1 - Calderdale A646/A6033 Corridor	Mark Thompson	Development	195,000	0	0	0	23,154	71,696	94,851	AMBER	31,323	0	0	126,174
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Rail Park and Ride (Phase 2) Programme	Melanie Corcoran	Development	138,000	0	0	137,997	0	0	0	AMBER	0	0	0	137,997
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Rail Park & Ride (Phase 2) - Apperley Bridge	Melanie Corcoran	Development	113,100	0	0	0	0	0	0	AMBER	113,000	0	0	113,000
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Rail Park & Ride (Phase 2) - Guiseley	Melanie Corcoran	Development	143,000	0	0	0	0	0	0	AMBER	143,000	0	0	143,000
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Rail Park & Ride (Phase 2) - Moorthorpe	Melanie Corcoran	Development	110,500	0	0	0	0	0	0	AMBER	110,500	0	0	110,500
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Rail Park & Ride (Phase 2) - Outwood	Melanie Corcoran	Development	110,500	0	0	0	0	0	0	GREEN	0	0	0	0
		Delivery	0	0	0	0	0	0	0		110,500	0	0	110,500
Rail Parking Package - Mirfield (A)	Melanie Corcoran	Development	0	0	0	0	0	0	0	AMBER	0	0	0	0
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Calder Valley Line Elland Station	Mark Thompson	Development	834,748	0	0	0	50,548	149,489	200,037	AMBER	359,137	0	0	559,173
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Corridor Improvement Programme (formerly HEBP)	Melanie Corcoran	Development	408,000	0	0	0	0	50,000	50,000	GREEN	100,000	100,000	158,000	408,000
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Transformational -South Featherstone Link Rd - Feasibility Study	Neil Rogers	Development	284,000	0	0	0	30,484	84,505	114,989	GREEN	165,380	0	0	280,369
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Transformational - Kirklees - North Kirklees Orbital Route - Feasibility Study	Simon Taylor	Development	248,000	0	0	0	12,500	12,500	25,000	GREEN	157,500	0	0	182,500
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Transformational -York Northern Outer Ring Road Dualling- Feasibility Study	Neil Ferris	Development	295,000	0	0	0	0	5,000	5,000	GREEN	195,000	0	0	200,000
		Delivery	0	0	0	0	0	0	0		0	0	0	0
Transport projects at Stage 1 pre mandate														
Aire Valley, Leeds Integrated Transport Package – Phase 2: Highway Access		Development	-	-	-	-	0	0	0					0
		Delivery	0	0	0	0	0	0	0					0
Aire Valley, Leeds Integrated Transport Package – Phase 3: Motorway Junction Improvements		Development	-	-	-	-	0	0	0					0
		Delivery	0	0	0	0	0	0	0					0
Corridor Improvement Programme Phase 2		Development	-	-	-	-	0	0	0					0
		Delivery	0	0	0	0	0	0	0					0
Corridor Improvement Programme Phase 3		Development	-	-	-	-	0	0	0					0
		Delivery	0	0	0	0	0	0	0					0
Calder Valley Line Enhancements		Development	-	-	61,905	-	0	0	0					61,905
		Delivery	0	0	0	0	0	0	0					0
Calder Valley Line Bradford-Leeds Journey Time improvements		Development	-	-	-	-	50,548	149,489	200,037					200,037
		Delivery	0	0	0	0	0	0	0					0
Clifton Moor Park and Ride		Development	-	-	-	-	0	0	0					0
		Delivery	0	0	0	0	0	0	0					0
<b>Development inc Management Costs</b>			<b>121,390,998</b>	<b>1,989,908</b>	<b>4,371,557</b>	<b>7,944,711</b>	<b>7,174,326</b>	<b>7,712,661</b>	<b>14,886,988</b>		<b>14,134,493</b>	<b>5,967,776</b>	<b>3,215,374</b>	<b>52,300,022</b>
<b>Delivery</b>			<b>-</b>	<b>-</b>	<b>15,284,765</b>	<b>19,894,885</b>	<b>11,766,621</b>	<b>8,741,987</b>	<b>20,508,608</b>		<b>36,658,084</b>	<b>80,117,372</b>	<b>104,002,176</b>	<b>276,465,890</b>
<b>Total Transport</b>			<b>121,390,998</b>	<b>1,989,908</b>	<b>19,656,322</b>	<b>27,839,597</b>	<b>18,940,947</b>	<b>16,454,649</b>	<b>35,395,596</b>		<b>50,792,577</b>	<b>86,085,148</b>	<b>107,217,550</b>	<b>328,765,911</b>

57

This page is intentionally left blank

---

**Report to:** Leeds City Region Enterprise Partnership Board

**Date:** 27 March 2018

**Subject:** **Inclusive Growth outcomes from the Business Growth Programme**

---

**Director(s):** Sue Cooke, Executive Head of Economic Services

**Author(s):** Henry Rigg and Jonathan Skinner

---

## **1 Purpose of this report**

- 1.1 To seek approval from the Board for the revised criteria and associated conditions for awarding grants to businesses from the LEP/Combined Authority's Business Growth Programme (BGP).

## **2 Information**

- 2.1 Item 12 provides an update on the City Region's approach to a local inclusive industrial strategy that tackles the growing productivity gap and sustainably improves living standards for all. This extends to using the Combined Authority's economic services – including the BGP – to incentivise businesses to grow in a way that delivers inclusive growth.

2.2 As context:

- There is significant in-work poverty, where one in four jobs in the City Region pays below the real living wage (£8.75 per hour) and 165,000 households with someone in work in the City Region (one in five) rely on in-work tax credits to top-up pay.
- Government policy implies increasing the national living wage (£7.83 for over 25s from April 2018) to around £8.57 by 2020<sup>1</sup> and requiring employers and staff to contribute more to auto enrolment pensions.

- 2.3 By introducing stretching inclusive growth outcomes for the BGP, the LEP targets its limited public support at those businesses seeking to 'get ahead of the curve' on matters like paying the 'real living wage', providing training and supporting employees with disabilities.

---

<sup>1</sup> <https://www.gov.uk/government/news/largest-rise-in-national-minimum-wage-rates-for-young-people-in-a-decade>

### Consultation to date

- 2.4 The LEP hosted a workshop in November 2017 with representatives of prominent private sector intermediaries in the City Region, including accountants, banks and legal companies (known as the 'Professionals' Perspective'). Attendees were consulted on the proposed changes to the grant criteria, and also provided valuable feedback from their own perspectives and those of their clients and customers. There was strong consensus amongst attendees of the importance of prompt payment to small businesses.
- 2.5 A survey of businesses in the Leeds City Region that have previously been awarded grants was undertaken in late 2017/early 2018. 25 businesses responded by completing a detailed questionnaire on the revised draft criteria and associated conditions. One specific question was whether the revised criteria would have deterred businesses from applying for the grant.
- 2.6 The Board's January 2018 meeting provided feedback on the revised criteria and associated conditions, which were noted subject to further consultation. The same documents were previously considered by the Business Investment Panel in December 2017, and by the Business, Innovation and Growth (BIG) Panel in December 2017 and March 2018, with feedback also noted.
- 2.7 Following this meeting, the revised criteria and associated conditions will be considered by the Combined Authority in spring 2018, with a view to implementation from summer 2018.

### Consultation Findings

- 2.8 The main findings from the above consultation and business engagement are that there is strong support for the inclusive growth agenda and its underpinning principles, and for encouraging employers of all sizes to invest in their lower-paid staff and facilitate career progression.
- 2.9 There is a consensus that the LEP and the Combined Authority should realise increased inclusive growth outcomes and benefits from the grants awarded to businesses in the City Region. However, there is also a clear view that support for the new approach should be proportionate depending on the size of the business and of the grant i.e. businesses in receipt of larger grants should deliver the most inclusive growth outcomes.
- 2.10 Paying the 'real living wage' is regarded as the main barrier for businesses in terms of implementing all of the proposed changes. This is primarily because of the cost implications in sectors with typically low margins. Furthermore, there is strong support for incentivising businesses to deliver more inclusive growth outcomes, but without excluding certain sectors or sub-sectors.
- 2.11 Other common views from the consultation include the importance of grant-recipients making a commitment to prompt payment of their small business suppliers, and the need to improve the link between grants and increased productivity. This is particularly important for manufacturers that may be



investing in productivity measures without necessarily increasing headcount in the business.

2.12 The headline findings from the questionnaire with businesses were as follows:-

- 72% agree that the LEP/Combined Authority is right to look at ways in which businesses can support the inclusive growth aims.
- 56% of businesses already are, or have plans to, become a Living Wage employer within two years.
- 32% would be inclined in principle to committing to become a Living Wage employer within two years.
- 44% of businesses would not be deterred from applying for a grant if the new conditions were introduced, 24% would be put off and 32% were unsure.
- Most businesses would welcome support from the LEP/Combined Authority to deliver more inclusive growth outcomes e.g. through skills plans and apprenticeships, working with schools, training lower paid staff, undertaking a supply chain audit etc.
- The conditions that most businesses would be inclined to commit to were developing a skills plan and working with schools, whilst the ones they were least inclined to commit to were offering work opportunities to local people with disabilities or health issues and offering more sustainable green travel options. The main reason for this was lack of awareness of the support available to undertake such activities.

2.13 There were several areas of risk raised during the consultation process from both the businesses that responded to the questionnaire, and the private and public sector members of the two panels and the LEP Board. These were as follows:-

- The sectors that typically employ staff on lower salaries could be those most excluded from future grant-funding e.g. food and drink, some parts of the manufacturing sector, warehousing and distribution.
- Margins within these sectors are very tight, which will make it difficult for businesses to pay the 'real living wage' and remain competitive or even viable.
- The above sectors also employ large numbers in the Leeds City Region and are particularly prevalent in certain areas of Kirklees, Bradford and Wakefield.
- Recent analysis of grants awarded to 138 businesses over the last 12 months shows that 42% of the jobs created (totalling 466) were below the 'real living wage' rate of £8.75 per hour and, therefore, would not have been supported if the new criteria had been in use. The businesses in receipt of these grants include some of the City Region's most established and innovative manufacturers.
- Grant awards are a recognised and proven way for the public sector to build strong, lasting and mutually-beneficial relationships with key employers. Therefore, there is a risk that some of these relationships will

not progress and flourish if some businesses are deterred from applying for grants.

- There is a potential reputational risk for the LEP/Combined Authority if the public sector is perceived to be influencing wage policy within the private sector, and is not adopting the same policies within its own organisations and supply chains.

### Business Productivity

- 2.14 A common response from the consultation was the need to identify an effective, robust and deliverable way to support businesses with grant-funding for capital investment projects that are improving their productivity, without necessarily creating new jobs. This is an issue under consideration at the national level and it is proposed that a small working group is established, with representation from businesses, to take it work forward at the local level. It is proposed that the group reports progress to the BIG Panel on this important issue, and that LEP Board members consider their potential involvement in the group.
- 2.15 There was very strong support for implementing the above in a timely manner at the BIG Panel meeting on 7 March 2018. This was particularly the case amongst some private sector members that are currently facing difficulties filling vacant positions within their businesses. Therefore, it is proposed that the working group meets within the next few weeks to examine in detail the options for supporting productivity improvements without the requirement for employment growth. Several BIG Panel members have already volunteered to join the group and others from the LEP Board are invited.
- 2.16 It is further proposed that the working group considers the design and implementation of a pilot project on productivity as part of a second phase of activity within this workstream. This could include a ring-fenced amount of funding from the BGP budget to support a number of capital investment projects where productivity commitments would replace the requirement for increased jobs. This could, for example, include the applicants committing to recognised national and/or industry accreditations linked to productivity gains, such as ISO9001, Lean or Six Sigma.
- 2.17 Further consideration will be undertaken into how the new criteria and associated conditions approach might be applied to strategic inward investment projects. This will include more detailed analysis of projects supported to date and those in the pipeline.

### Conclusions and proposed revised approach

- 2.18 The overall conclusion of the consultation and business engagement activity to date is that there is strong support for the proposed new criteria and conditions.
- 2.19 The main area of concern for some businesses and other stakeholders is the requirement to pay the 'real living wage' for all new jobs created as a result of

investment projects supported by grants. This is primarily because of the potential for certain sectors, sub-sectors and parts of the City Region to be excluded from grant-funding and from engaging meaningfully with the LEP/Combined Authority.

- 2.20 Therefore, it is proposed that the new criteria incorporates an ‘incentive element’ that provides more funding per new job paying the ‘real living wage’, and less funding per new job paying the National Minimum Wage. This revised approach is set out in more detail within **Appendix 1**.

### **3 Financial Implications**

- 3.1 Implementation of the revised criteria could reduce the amount of Local Growth Fund expenditure via the BGP in coming years. However, this could be balanced by the reduced amount of available funding within the BGP up to 2021, compared to the previous three years.

### **4 Legal Implications**

- 4.1 Implementation of the revised criteria would require additional legal resource due to the inclusion of new clauses in funding agreements with the grant-recipients related to the inclusive growth outcomes.

### **5 Staffing Implications**

- 5.1 Implementation of the revised criteria would require additional staff resource to ensure that the inclusive growth outcomes are appraised, monitored and reported for each grant-award.

### **6 External Consultees**

- 6.1 Please see 2.4 to 2.10 above for detail of the consultation undertaken to date.

### **7 Recommendations**

- 7.1 That the Board considers and approves the revised criteria and associated conditions for awarding grants from the Business Growth Programme (BGP) as set out within Appendix 1, and that implementation will commence in the summer following adoption by the Combined Authority in May 2018.
- 7.2 That the Board supports the proposal to establish a small working group to identify how improvements in business productivity can be incorporated within future approaches to appraising, awarding and monitoring BGP grants. Furthermore, that the findings of the group are used to inform the design and delivery of a pilot project on business productivity as set out in 2.16 above.
- 7.3 That the Board supports the proposal to undertake further analysis on how the new approach will be applied to strategic inward investment projects.

**8 Background Documents**

None.

**9 Appendices**

Appendix 1 - Proposed new criteria for the Business Growth Programme

## Proposed new criteria for the Business Growth Programme

All grant recipients of the Business Growth Programme (BGP) will be expected to meet the core criteria outlined below, which it is proposed are implemented in a phased approach from summer 2018 onwards.

### Draft Revised Core Criteria

- Applicants must be based in the Leeds City Region, which includes the local authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York
- Investment projects must create permanent new jobs in the Leeds City Region
- Applicants will be incentivised to employ staff on the Living Wage Foundation's 'Real Living Wage' (currently £8.75 per hour), by allocating more grant per new job for those paying that rate
- All new jobs funded by the LEP grant must be paid at least the National Living Wage or Minimum Wage (£7.83 per hour from age 25+ from April 2018)
- Apprenticeship jobs are permissible but applicants are expected to pay the apprentice at least the National Minimum Wage appropriate for the age of the apprentice (rather than the lower national apprenticeship wage)
- For each new job created, the following maximum amounts will be available to the applicants: -

<b>Pay Rates for New Jobs Created with LEP Grant</b>	<b>Maximum Amount per new job</b>
Pay 'Real Living Wage' based on Living Wage Foundation	£12,500
Pay National Living Wage / Minimum Wage	£7,500

- Applicants must have private finance available: either of their own, from a bank, or other commercial finance to invest alongside the grant
- For every £1 of LEP funding sought, applicants must be able to provide at least £4 of private sector investment
- The minimum grant level is £10,000 and total project cost must be at least £50,000 - therefore applicants must have at least £40,000 of private sector finance to invest for every £10,000 of grant

- Applicants must be established for at least 12 months and must operate from commercial premises
- Applicants must generate the majority of their turnover by trading with other businesses, or applications must demonstrate how the grant-supported project will lead to this
- Projects must support the City Region's key growth sectors and/or their direct supply chains: specifically health and life sciences, digital and creative industries, low carbon and environmental industries, manufacturing, financial and professional services or business to business services
- Refurbishment or renovation projects will only be supported where the applicant will be the sole occupier within the refurbished or renovated property
- Businesses engaged in retailing or providing localised business to consumer services are not eligible for grant support. However, applications from businesses who derive their turnover exclusively from e-commerce/internet sales will be considered on a case by case basis

### **Additional Inclusive Growth Commitments**

Businesses receiving grants of over £50,000 will be expected to offer additional "inclusive growth" commitments as outlined below.

- Inspire the next generation by working with schools and/or colleges
- Develop a Skills Plan including Apprenticeships
- Offer training to low paid staff to help them progress
- Offer work opportunities to local people with disabilities or health issues
- Offer more sustainable 'green travel' options to employees
- Undertake an energy audit to identify ways to reduce energy consumption
- Undertake a supply chain audit to identify opportunities to buy more from local suppliers
- Pay small business suppliers in accordance with the Prompt Payment Code - <http://www.promptpaymentcode.org.uk/> - including a commitment to pay all suppliers within 60 days and to commit to 30 days as the norm
- Commit to gain Living Wage Foundation accreditation within an agreed timescale

The expected commitment will vary depending on the level of grant awarded:

- For grants from £50,000 - £99,000, the applicant is expected to agree to **two or more** of the additional commitments
- For grants from £100,000 -£249,000, the applicant is expected to agree to **three or more** of the additional commitments
- For grants over £250,000, the applicant is expected to agree to **four or more** of the additional commitments, including Living Wage Foundation accreditation

This page is intentionally left blank



---

**Report to:** Leeds City Region Enterprise Partnership Board

**Date:** 27 March 2018

**Subject:** **Trade and Investment Forward Plan**

---

**Director(s):** Sue Cooke, Executive Head of Economic Services

**Author(s):** David Shepherd

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with a report on the work of the Trade and Investment team and submit the 2018-19 Forward Plan for approval.

## **2. Information**

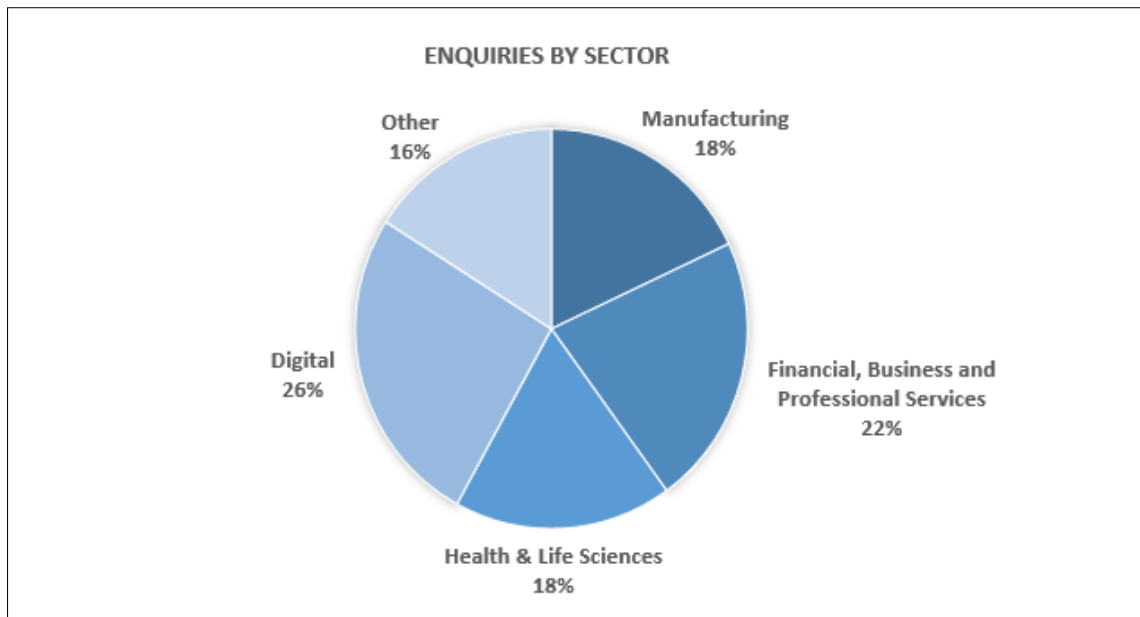
### **2.1 Progress on Trade and Investment Plan 2017/18**

#### Inward Investment - New Investments

- 2.2 The team has exceeded its target for 1000 new jobs created, having secured commitment for 2,505 new jobs and is close to its project target of securing 20 new inward investment projects, with 18 successes in the year to date. There have been six new investments since the last panel report in January, creating 61 new jobs, and safeguarding 400 jobs. These are as follows:

- **Kora Healthcare** – 20 new jobs
- **Metaldyne International UK Ltd** – 17 new jobs
- **Sonocent** – 10 new jobs
- **Hudl** – 12 new jobs
- **IMC** – 2 new jobs
- **Project Raspberry** – 400 safeguarded jobs

- 2.3 On the enquiry pipeline there is a strong mix of enquiries across priority sectors as shown below.



- 2.4 There are 27 Category A enquiries which receive higher priority and the Trade and Investment team have received 6 new enquiries since the last board meeting in January.

#### Inward Investment - Recent developments

- 2.5 The LEP submitted an entry to the Financial Times Foreign Direct Investment Awards 2018 on behalf of the Leeds City Region. The awards assess the activities of investment promotion agencies as part of a benchmarking report. The Trade and Investment team have been informed that the LEP has won an award for best LEP FDI Strategy.
- 2.6 Working in partnership with Medilink, the City Region exhibited in the UK Pavilion at Arab Health, from 29 January to 1 February 2018 with a joint trade and inward investment focus. The stand generated a high level of interest, including for local companies participating. Objectives at the event were to raise the profile of Leeds City Region as a key centre for innovative healthcare businesses and expertise in the UK and explore future trade opportunities/initiatives for the Leeds City Region healthcare sector in the Gulf States. Plans are now being considered to attend again in 2019 with a larger cohort of businesses.
- 2.7 The Trade and Investment team continued its attendance at Fintech Connect Live in London, a key promotional event of Fintech in the Leeds City Region, with a stand being taken to the Excel Centre in London. Attendance at this event produced seven potential leads and 45 new contacts made in the digital sector.

- 2.8 The Trade and Investment team has begun to establish its Key Account Management programme with support from the Department for International Trade (DIT). This will provide crucial support and engagement to foreign owned businesses in the region, working with and complementing existing activity in local authorities. Interviews and appointment of members of staff for the new Investor Development team will take place in March.
- 2.9 West Yorkshire Combined Authority attended MIPIM 2018 with a strong private sector and local authority delegation. This year record levels of private sector sponsorship have been raised, which will fund an enhanced exhibition space and event programme.

## **International Trade**

### Trade Performance and Outlook

- 2.10 An overview of the current trade performance and outlook is attached at **Appendix 1**.

### Trade Plan Progress

- 2.11 In December, the UK representative of Kaola.com made her first visit to the region and met with five businesses from the list of potential suppliers submitted to Kaola.com. Initial feedback was very positive and her return to the UK in March is now awaiting confirmation when a further visit to meet with a wider selection of businesses is anticipated.
- 2.12 Also in December, a Regional Supplier Event was hosted on behalf of the Department for International Development (DFID), which had 45 organisations in attendance. With a keynote speech by the Minister of State for International Development, The Rt. Hon Lord Bates, the event focused on helping local businesses and organisations explore opportunities to win business delivering overseas aid and development contracts. Feedback from those who attended was very positive with requests for further activity looking in more detail at the DFID supply chain and specific opportunities.
- 2.13 Between 15 and 17 January, a group of food and drink buyers from European markets of Germany, France, Switzerland and Austria was hosted at a Meet the European Food & Drink Buyer Event, which took place at the Pavilions of Harrogate. The event included workshops, 1:1 meetings and a marketplace event. During the event, there were 154 meetings with the buyers and over 50 companies participating in the marketplace activity. Partners for this event were the Department for International Trade (DIT), RTC, Deliciously Yorkshire and Santander.

### Trade Delivery Partners Progress

- 2.14 A new Exporting for Growth (EfG) Export Co-ordinator has now been appointed for the Leeds City Region by the delivery contractor, to work with

partners across the City Region to support the work to improve the reach, quality, co-ordination and take-up of export services.

- 2.15 The European funded EfG grant programme has issued 189 grant offer letters to the end of January 2018 offering a total of £747,712 in grant support to 53 businesses in the City Region. Of those 32 are new exporters.
- 2.16 In terms of the businesses accessing the support, the greatest interest is from the creative and media, food and drink and business and consumer services sectors. The most popular activity supported is trade missions and market visits with Dubai/UAE, USA and Germany/Europe being the most popular markets.
- 2.17 Export Exchange has continued with its regular events with a China focused event at Huddersfield Town FC in November and a networking event in Leeds in February which attracted 51 attendees. The next event will take place on 19 March in Harrogate with a panel featuring some of the region's leading exporters discussing the various routes chosen by them when entering new markets, whether via direct set up in the overseas territory, through a distributor or an agent, or online.

### **Trade and Investment Plan 2018-19**

- 2.18 To focus the work of the team, and maximise the effectiveness of activities within available resources, a number of objectives are proposed as follows.

#### Inward Investment

- Greater emphasis on identifying and securing high value projects (50+ jobs)
- Attract global investors to the region via the promotion of the Leeds City Region key sector propositions
- Refine key sector messages to be more focused on core sub sector strengths, capabilities and academic centres of excellence. The key sectors and core subsectors are as follows:
  - Digital technologies (data analytics, cyber security, media & sports tech)
  - Healthcare and life sciences (health informatics, Medtech, diagnostics & precision medicine)
  - Advanced engineering and manufacturing (particularly mission critical components – gears, pumps, valves and turbos)
  - Business, professional and financial services (payment processing, Fintech)
- Strengthen relationships with London and in key overseas markets with greatest opportunity aligned to the sectors above
- Execute a more campaign-led international place marketing strategy
- Establish an Investor Development team, which will deliver strategic support to foreign owned business within the region. This project will allow further encouragement in terms of job creation, safeguarding and foreign

investment into key projects within our city region, particularly under the current climate of uncertainty surrounding Brexit.

### International Trade

- Continue the international marketing campaign to drive export awareness and performance, with a particular focus on market opportunities in the Gulf States, China, and further consideration of the Indian market.
- Ensure the Leeds City Region Enterprise Partnership (LEP) services continue to support the export agenda (i.e. Growth Managers)
- Use the Investor Development team to engage with the Leeds City Region's major foreign owned exporters
- Develop a robust narrative around the Leeds City Region export trends and performance
- Deliver 10 relevant Leeds City Region export initiatives (focus particularly on business-to-business initiatives i.e. high value campaigns (HVCs), trade delegations
- Encourage Leeds City Region regional trade delivery bodies to cross sell each other's services
- Develop a regional trade model that all partners subscribe to and can be publicised
- Influence the delivery / operational model of the next national DIT Trade Delivery contract
- Promote major exporters in the city region to repatriate their export performance to the Leeds City Region via HMRC data

2.19 Key performance indicators for the above are given in the Combined Authority's draft business plan, which will be finalised in April 2018.

2.20 The Trade and Investment team is committed to aligning its objectives with the West Yorkshire Combined Authority's focus on inclusive growth. This will be achieved through creating and attracting additional investment and exports, providing job opportunities in industries which may be otherwise inaccessible to people in the City Region. The team is also committed to supporting companies that contribute to the inclusive growth agenda and attracting investment into districts within the City Region which may currently have lower levels of opportunity.

### Key Sector Messages

2.21 The key sector messages have been further refined. The objective behind this is to project a sharper message to potential inward investors and portray the leading sector capabilities in a much clearer way – especially in those sub-sectors and markets where investment flows are occurring most frequently. These messages can be found for information in **Appendix 2**.

## Forward Plan of Activity for 2018/19

- 2.22 There are six major initiatives which the team is proposing to undertake across key sectors and markets, informed by experience from previous involvement and alignment to the objectives above. A number of relevant supporting initiatives have also been identified, which will be dependent on time and resources. The Trade and Investment team will be running an ongoing exercise in cross checking the effectiveness of these initiatives, in order to assess whether substitution for an alternate activity would provide greater opportunity to fulfil its objectives.
- 2.23 A breakdown of anticipated costs for each of these events has been added to the tables below, which represents a full allocation of the Trade and Investment team's proposed budget for 2018-19, however it should be noted that these costs are subject to change. The team expects many of these initiatives to come in at a lower cost than these maximum projections, and any remaining budget will make allowance for inward investor meetings, investor development visits and other lead generation costs throughout the year.
- 2.24 Major initiatives:

Month	Event	Key Sector	Summary	Rationale	Location	Estimated Cost
June	London Tech Week	Digital Technologies	Technology and Digital showcase events throughout the week.	This event is the largest Tech event in Europe, and gives a unique opportunity for the City Region to achieve its objectives twofold, in reaching this key market globally, as well as strengthening connections with London. Attendance at this event last year provided an excellent chance for Leeds City Region to work with London and Partners and showcase itself as an	London, UK	£5k-£10k
June/July	China/ Hong Kong delegation	Trade	Civic and private sector delegation to key focus areas including Hangzhou (Hi-Tech zone), Qingdao (UNESCO and Hisense),	As China has one of the fastest growing economies in the world, it represents a major trade and investment opportunity to Leeds City Region. A delegation to key	Hangzhou, Qingdao, Shanghai and Hong Kong	£25-£50k

			Shanghai and Hong Kong	<p>regions of China would allow the team to undertake a number of objectives, including:</p> <ul style="list-style-type: none"> <li>• Accelerating trade relations and bi-lateral investment flows</li> <li>• Identifying export opportunities, and encouraging Leeds City Region businesses to embrace these opportunities and the commercial benefits</li> <li>• Increasing awareness in China of our critical assets, growth plans, and investment opportunities in Leeds City Region</li> <li>• Attracting major Chinese firms to establish a presence in Leeds City Region, with a focus on Chinese businesses which have already invested in the UK and are looking to expand</li> <li>• The team has established good contacts in China from past trips, which require further attendance to maintain close and positive relationships.</li> </ul>		
September	MedTech Conference	Healthcare and Life Sciences	An outward mission to attend the Med-Tech exhibition in Philadelphia.	The MedTech Conference is the leading gathering of global MedTech executives in North America. As MedTech is one of Leeds City Region's biggest subsectors, this event has been assessed to be a	Philadelphia, USA	£15k-£25k

				<p>major opportunity against the team's key objectives, particularly with relation to North American markets.</p> <p>The team attended this event in 2017 in collaboration with the Association with British Healthcare Industries. The event allows the team to network with international investors and professionals in North America, whilst also strengthening relationships with a key UK-based healthcare organisation. Last year, attendance at the event led to over 45 contacts being made, alongside producing 5 potential leads with businesses in the sector.</p>		
November	Smart City Expo World Congress	Digital Technologies	Attending with a delegation of Digital Technology companies from the region.	<p>Smart City Expo World Congress is the world's leading event for smart cities and the international summit of reference for the development of cities.</p> <p>The exhibition is a global event, with editions taking place in countries such as India, Mexico and Argentina. The team evaluated these and decided that the Barcelona based event will prove the most effective in accessing key markets in this subsector.</p> <p>The event provides an opportunity for the</p>	Barcelona, Spain	£25k-£50k



				<p>Trade and Investment team to exhibit as a prominent UK City Region in the Smart City Space with senior businesses and strategic leads from exhibitors attending on behalf of their respective City regions and companies.</p> <p>It further presents a Trade opportunity for existing Smart Tech companies in Leeds City Region to exhibit. In 2017, the City Region had seven companies present as part of its delegation.</p> <p>Last year Leeds City Region was the only UK City Region exhibiting at the event. This provided a unique opportunity for the team to network and target potential investors. The Trade and Investment team made over 50 contacts, with 7 potential leads.</p>		
January	Arab Health	Healthcare and Life Sciences/ Trade	Returning to the exhibition after a successful trip in January 2018.	<p>Arab Health is the largest healthcare and trade conference in the MENA; a key market for the City Region, making it a crucial event for the team to attend in comparison to alternative trade shows. This allows the Trade and Investment team to link Leeds City Region's leading healthcare sector to key market opportunities and active sector</p>	Dubai, UAE	£15k-£25k

				<p>investment flows in the Gulf States.</p> <p>Attendance in 2018 proved to be very successful, with news coverage of the City Region's stand being broadcast on Sky News Arabia. Alongside this, the team made over 100 contracts from countries across the Middle East, as well as South America, Europe and Asia, and over 10 potential enquiries were generated.</p>		
March	MIPIM Property Conference	Other	<p>MIPIM Cannes is the world's leading property conference, we will be delivering our most ambitious programme to date, in order to build on our reputation as the North's leading location for FDI.</p>	<p>Further background on the City Region's continued attendance can be found in <b>Item 14 – MIPIM Feedback.</b></p>	Cannes, France	Over £100k

2.25 Other relevant supporting initiatives that the Trade and Investment Team propose to be involved with include:

Month	Event	Key Sector	Location	Cost
March	Innovate Finance	Financial and Professional Services/Digital Technologies	London, UK	Less than £1k
April	FinTech North	Digital Technologies	Leeds, UK	£1k-£5k
April	Leeds Digital Festival	Digital Technologies	Leeds, UK	£1k-£5k
June	Automekanicha	Advanced Manufacturing	Birmingham, UK	Less than £1k

September	Innotrans	Advanced Manufacturing	Berlin, Germany	£5k-£10k
October	MIPIM UK (TBC)	Other	London, UK	TBC
October	Boston – LCR Outward Delegation (TBC)	Other	Boston, USA	TBC
November	Valve World Expo	Advanced Manufacturing	Dusseldorf, Germany	£5k-£10k
November	The City UK Conference	Financial and Professional Services	Birmingham, UK	£1k-£5k
December	FinTech Connect	Digital Technologies	London, UK	£1k-£5k

### **3 Financial Implications**

- 3.1 Private sector contributions are secured which cover the majority cost of the MIPIM programme each year. There are no additional financial implications beyond existing approved budgets directly arising from this report.

### **4 Legal Implications**

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

### **5 Staffing Implications**

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

### **6 External Consultees**

- 6.1 No external consultations have been undertaken.

### **7 Recommendations**

- 7.1 That the update on Trade and Investment activity in 2017-18 be noted.
- 7.2 That the Trade and Investment Business Plan for 2018-19 be given approval and feedback provided.

### **8 Background Documents**

None.

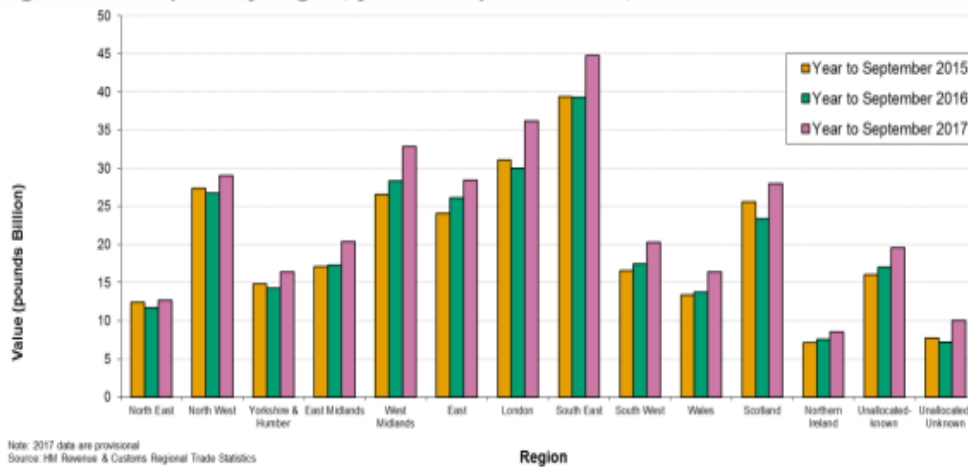
### **9 Appendices**

Appendix 1 – Trade Performance and Outlook  
Appendix 2 – Key Sector Messages

This page is intentionally left blank

## Trade Performance and Outlook

**Figure 2: UK Exports by Region, years to September 2015, 2016 and 2017**



- 1.1 In the year to September 2017, the overall value of UK trade in goods exports increased by 16% compared with the same period last year. There was an increase in annual export value for all English regions, with Yorkshire & the Humber showing an increase of 15%.
- 1.2 The total number of UK businesses exporting increased by 2.6%, between Quarter 3 2016 and Quarter 3 2017. The number of businesses in Yorkshire & the Humber grew by 1.7% over the same period.
- 1.3 The British Chambers of Commerce Quarterly Economic Survey for Q3 2017 shows that exporters in the manufacturing sector are enjoying strong sales and orders in foreign markets and are also reporting improvements in domestic sales and orders.
- 1.4 The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, increased by 2.3% on Q2 2017, and increased by 4.0% on Q3 2016. After a fall in the growth of export documentation volume in Q2 2017, most regions have rebounded in Q3. The largest quarter-on-quarter increase was in Yorkshire and the Humber at 27.4%.
- 1.5 The EEF/BDO Manufacturing Outlook survey for Quarter 4 2017 also shows export orders increasing for the fourth quarter in a row. Particular improvements in demand are showing across Asia and North America with EU markets also showing a notable improvement in demand. The trend in global demand is expected to continue, but at a slower pace.

This page is intentionally left blank

## Key Sector Messages

Key Subsector	Message	Background
Advanced Engineering and Manufacturing	<i>'When the mission is critical we are in control'</i>	<ul style="list-style-type: none"> <li>• Our region is the major supplier of mission critical components such as pumps, gears, valves and turbo's</li> <li>• The highest concentration of overall manufacturing (127,422) and advanced manufacturing employment in the country (37,813)</li> <li>• The manufacturing sector in Leeds City Region adds £7bn to the UK economy annually</li> </ul>
Data Analytics	<i>'Data is our currency'</i>	<ul style="list-style-type: none"> <li>• Between NHS Digital, TPP and EMIS, Leeds City Region has the highest concentration of health informaticians in the country.</li> <li>• Major private sector data expertise in Callcredit, Experian, Equifax, and Axiom</li> <li>• An open data culture exemplified by the Leeds Data City initiative – inviting data analysts to collaborate solving city problems with data</li> </ul>
Payment Processing	<i>'When you swipe, we back you up'</i>	<ul style="list-style-type: none"> <li>• Six in every ten foreign exchange transactions globally take place on systems built by Leeds based IT and software development specialist BJSS</li> <li>• Major payments companies in the region include TSYS, Vocalink (Mastercard), Worldpay, Contis, and Iliad Systems</li> </ul>
Fintech	<i>'Home to Europe's largest digital banks and building societies'</i>	<ul style="list-style-type: none"> <li>• Europe's largest digital bank Lloyds Banking Group was established here and employs over 13,000 people across its 4 HQ sites in our region</li> <li>• 3 of the 5 largest building societies – all modernising their technology platforms and operations.</li> <li>• A strong culture and a heritage of financial services:</li> </ul>

		<ul style="list-style-type: none"> <li>○ YBS - Est 1864 with c. 1,500 staff</li> <li>○ Halifax (now Lloyds) - Est 1853 with c.13,000 staff in LCR</li> <li>○ Leeds Building Society - Est 1875 with c. 1,000 staff</li> <li>● We are specifically looking for examples that demonstrate that: <ul style="list-style-type: none"> <li>○ Higher and Further Education establishments are quickly mobilising their expertise to create anchor institutions and facilitate wider provision of relevant courses in computer sciences, risk, finance and importantly compliance.</li> <li>○ How you are accelerating initiatives that develop innovation in financial services</li> </ul> </li> </ul>
Cyber Security	<i>'Securing data without a glitch'</i>	<ul style="list-style-type: none"> <li>● Global cyber security specialists BAe Systems employs 200 people in Leeds</li> <li>● IXLeeds is one of three internet exchange operators in the UK and the only operator based outside of London. The presence of this exchange offers London-independent network resilience, supporting the 'always on' needs of UK infrastructure</li> <li>● Leeds is also home to the Regional Cyber Crime Unit for Yorkshire and Humber, dealing with the most serious cyber offences</li> </ul>
Health Informatics	<i>'Sharing healthcare data – we hold the records!'</i>	<ul style="list-style-type: none"> <li>● Only unified Healthcare Electronic Records shared by GPs &amp; Hospitals in UK</li> <li>● First region in UK to centralise patient healthcare records</li> <li>● Home of NHS Digital over a quarter of all the UK's digital health jobs</li> </ul>



		<ul style="list-style-type: none"> <li>• Leading patient record providers TPP and EMIS are both HQ'd in Leeds</li> </ul>
Medtech	<i>'Converging artificial intelligence, robotics and digital health'</i>	<ul style="list-style-type: none"> <li>• 4 out of 5 NHS England headquarters, 13 clinical commissioning groups and 12 NHS trusts offering an unrivalled business opportunity for companies within the medical technologies sector</li> <li>• Largest concentration of medical device companies in the UK with a cluster of over 200 different businesses</li> <li>• Europe's largest teaching hospitals - the Leeds Teaching Hospitals Trust (LTHT), which has an annual budget of £1bn, 16,000 staff and treats 1.5m people each year, 12,000 of which are engaged in commercial trials of innovative drug treatments and medical devices</li> <li>• 9% of MedTech patents submitted by UK inventors originated in the Leeds City Region</li> </ul>
Diagnostics & Precision Medicine	<i>'Where bio-pharma is going mainstream'</i>	<ul style="list-style-type: none"> <li>• Leeds City Region is home to six world-leading life sciences clusters of academic excellence and commercial innovation</li> <li>• Top tier bio-pharm corporation Covance undertakes its major drug development and biologics research in our region</li> <li>• An ecosystem that can facilitate progression across the full spectrum of Drug Discovery, Evaluation and Adoption</li> </ul>
Media & Sports Tech	<i>'Analysing sports data and broadcasting it to the world'</i>	<ul style="list-style-type: none"> <li>• Leeds City Region is home to a growing cluster of sports data and tech companies including: Perform Group, Sky Bet, Sky, William Hill,</li> </ul>

		<p>Catapult, ProZone and Ole Media</p> <ul style="list-style-type: none"> <li>• Sky Bet employs over 1,200 people in Leeds, and has recruited over 40 graduates in the last two years. The company adds £126m GVA to the regional economy each year</li> <li>• Leeds based Perform Group has 1500 employees working across 25 different global territories, and has over 850 B2B clients including UEFA, New Balance and Samsung</li> </ul>
--	--	---

---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Energy accelerator update**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Jacqui Warren

---

## 1 Purpose of this report

1.1 To update the Board on the Energy Accelerator (Accelerator) including:

- The draft Contract for Funding between the EIB (European Investment Bank) and West Yorkshire Combined Authority (Combined Authority).
- Key corporate risks for the Combined Authority and Project Sponsors if the Combined Authority choose to sign the contract.
- Recommendations from the Green Economy Panel (GEP) (para 2.26) to the LEP.

1.2 Subject to consideration, the Board are asked to recommend to the Combined Authority that it signs the EIB contract.

## 2 Information

2.1 The Accelerator is a key initiative under Priority 3 of the Strategic Economic Plan (SEP) which aims to create a zero carbon energy economy by 2036. It is a new innovative programme providing project development support service that will remove the barriers relating to lack of project development funding and expertise that are currently preventing investment in low carbon capital projects in the City Region. It will provide a service to the public, private, academic and community sectors to develop projects around three key themes:

- Commercial & Domestic Retrofit including integration of renewable energy into the built environment.
- District Heat Networks.
- Street Lighting.

2.2 The Accelerator will not deliver capital programmes, it will bridge a current market failure by providing robust technical and commercial advice that will enable projects to develop and proceed to implementation. It is anticipated to enable ~£60m - £100m of capital investment in low carbon projects to happen across the City Region.

2.3 The Accelerator has been in development since 2015. Progress to date includes:

- The creation of a pipeline of low carbon energy projects from across the City Region that formed the basis of the ELENA bid.
- The West Yorkshire Combined Authority (Combined Authority) approved £640,000 of Local Growth Fund money for the Energy Accelerator on 20 November 2015. This is match funding for the ELENA grant.
- An ELENA application was made to the EIB in July 2016 and revised May 2017 (on the EIBs advice).
- Subject to securing the ELENA funding, remaining approvals needed to establish the EA were approved by the Combined Authority on 5 October 2017.

2.4 The Accelerator is dependent on the European Investment Bank (EIB) ELENA fund (a fund for technical assistance focused on the implementation of energy efficiency, distributed renewable energy projects and programmes) and the Local Growth Fund (LGF) which has already been secured. A bid was made to the ELENA fund in 2016 and revised in May 2017 on the advice of the EIB.

2.5 The total value of the project is estimated at £3.817m<sup>1</sup> funded by:

- £0.820m Local Growth Fund (of which some is allocated as match funding towards the ELENA grant); and
- EUR 3.513m (£2.997m<sup>2</sup>) EIB ELENA funding.

#### ELENA funding

2.6 On the 27 December 2017 the Combined Authority received confirmation that the ELENA application had received formal approval from the European Commission. The Combined Authority has since received official written confirmation and a draft Contract for Funding to review and sign.

2.7 The Combined Authority's ELENA application included project development support (commercial, technical advisory services and staff) totalling EUR 3.513million. It is anticipated that it will support a pipeline of approximately 21 low carbon schemes across the Leeds City Region.

2.8 The Accelerator will be delivered through a new Project Delivery Team. The team comprises of two Combined Authority internal staff and four procured part – time external advisors who will also be supported by a wider team of external advisors. This team is responsible for developing and delivering the projects supported offered through the Accelerator:

---

<sup>1</sup> Based on [EC's March 2017 exchange rate](#)

<sup>2</sup> See 1

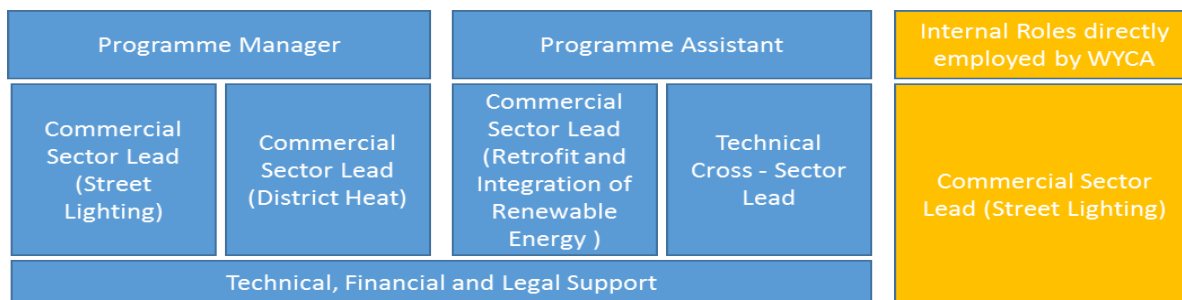


Figure 1. EA Project Delivery Team

2.9 EA has already developed a Governance and Appraisal Framework. All governance is overseen by the Combined Authority and through its assurance processes at appropriate stages. Once operational, recommendations for each project will be developed by the Accelerator’s Project Delivery Team and an Advisory Group (currently made up of three representatives from the Green Economy Panel (GEP)). This group is being reviewed currently. All support that goes through the Accelerator will be approved by the Managing Director of the Combined Authority. The GEP will also continue to receive regular progress updates on the Accelerator.

EIB Contract Summary

- 2.10 Like many similar European funding streams, the EIB contract includes a range of special and general terms and annexes. The following are specific to the EIB ELENA contract.
- 2.11 The EIB will contribute a maximum of 85% (EUR 3,513,847; £2.997m<sup>3</sup>) of the total project costs for the Accelerator. The remaining 15% will be funded by the Combined Authority, using previously approved Local Growth Funds (EUR 633,209<sup>3</sup>; £540,000).
- 2.12 The contract requires an investment programme to deliver investment (either actual investment in a project or a published procurement for a forthcoming investment) that is at least 20 times the bank’s contribution. This 1:20 leverage requirement translates into the Accelerator delivering EUR 70.276m (£59.93m) of capital investment.
- 2.13 At the time of applying for the ELENA funding, the pipeline of low carbon projects developed by the Combined Authority with its partners was projected to attract £98m (EUR 115m) of capital investment (1:33 leverage factor).
- 2.14 The ELENA grant is paid in instalments – 40% at the outset, 30% after 18 months, and 30% on completion of the Accelerator. The second payment will be reduced if less than 70% of the first tranche of funding has been committed at the 18 month milestone.

---

<sup>3</sup> Based on the EC’s March 2017 exchange rates

- 2.15 As the payments are in Euros at the prevailing rates, the Combined Authority will need to manage the fixed rate risks.
- 2.16 There are a range of financial reporting requirements. Including:
  - Inception report;
  - Bi-annual progress reports;
  - Interim report (18 month milestone); and
  - Final implementation report

Risks

2.17 The EIB requires the Combined Authority, as the final beneficiary, to sign the Contract for Funding. In order to do this both the Green Economy Panel and LEP Board will be asked to consider and make recommendations on signing the contract to the Combined Authority. To support this process the Board need to be aware of the risks, impacts and any residual risks associated to the EIB contract. The key risks, their impact to the Combined Authority and where they could potentially occur within the Accelerator programme are summarised below and in **Appendix 1 and 2**:

<b>Risk</b>	<b>Impact</b>	<b>Residual risk <u>before</u> mitigation</b>
Risk of reduced EIB payments at the 18 month mid-point (see para 2.14) due to under performance	Reduced payments, programme Stalls	A risk the EIB reduce payment of the second payment ( Maximum EUR 1.054m)
Risk of clawback from the EIB at the completion of the programme (after the full 3 years) due to underperformance	The Combined Authority has to fund programme costs or pay back funding	A risk of clawback. Maximum is EUR ~1.405m (this is the fixed costs that the Combined Authority would incur over the duration of the programme for the Project Delivery Team). All other costs associated would not be incurred due to our project appraisal processes and any additional funding drawn down and unused would be repaid to the EIB.
Loss of EIB funding by failing to contract within an acceptable timescale	No funding	Loss of EIB funding
Out of date pipeline of projects due to EIB delays in awarding the funding	Programme delays, possible need to revise the delivery model and	A risk the EIB reduce payment of the second payment (EUR 1.054m) / final clawback

	funding is reduced / programme stalls	
Project Sponsors fail to use the EA	Limited programme and reputational damage	The residual risk depends on Project Sponsor appetite. This will be gauged as the pipeline of projects is refreshed.
Limited amounts of Project Sponsor sign up due to requirement to progress projects if feasible or face clawback.		

2.18 There is a range of specific risks that all Project Sponsors that use the Accelerator will be exposed to. The key risks, impacts and where they arise for Project Sponsors within the Accelerator are summarised below and in **Appendices 1 and 2:**

<b>Risk</b>	<b>Impact</b>	<b>Residual risk <u>before</u> mitigation</b>
Responsible for delivering <sup>3</sup> a project (either actual investment in a project or a published procurement for a forthcoming investment), within the 3 year duration of the EIB contract	If the sponsor fails to deliver this target, partial or full claw back is possible from the Combined Authority.	If the sponsor fails to deliver within the 3 years required, claw back is possible from the Combined Authority.
A project fails to meet the 1:20 leverage target	If the sponsor fails to deliver this target, partial or full claw back is possible from the Combined Authority.	If the sponsor fails to deliver this target, partial or full claw back is possible from the Combined Authority.

- 
- <sup>3</sup> Investment occurred during the contract period which has been directly supported by the Accelerator; or
  - b) the estimated value of the contract for further investment which has been supported by the Accelerator, as published in the relevant notice relating to the procurement procedure for this investment and in accordance with applicable procurement rules and statutes.
  - c) to qualify for inclusion under b, the related budget must have been fully secured prior to publication and hence the award cannot be made conditional on the availability of budgetary resources. (Source: EIB Contract)

### Mitigation actions to reduce residual risks

- 2.19 There is a range of mitigating actions identified in Appendix 1 that aim to reduce the impact and likelihood of the risks and any residual risks to the Combined Authority. Appendix 2 also illustrates where the key risk identified could potentially arise within the Accelerator programme. Paragraphs 2.20 - 2.23 outline some of the ways risks to the Combined Authority will be mitigated.
- 2.20 The Accelerator's Project Delivery Team which is made up of a range of energy experts (para 2.8), will play a vital role in developing and monitoring the projects that receive support. They will work with potential project sponsors to identify suitable projects that meet the ELENA funding requirements of a 1:20 leverage factor and the three year delivery timescales. The Programme Manager and Assistant will also be responsible for monitoring the experts and the projects that go through the Accelerator. They will ensure effective programme management throughout the 3 year programme. This includes monthly monitoring of the pipeline of projects, the 1:20 leverage factor, the budget and the deliverability targets. Only schemes that are anticipated to meet the 1:20 leverage target and can be deliverable within the 3 year funding envelope will progress through the Accelerator. The Team will also be responsible for the removal of projects and the updating of a wider pipeline of projects that can be delivered should a project fail to progress through the Accelerator.
- 2.21 A contract between the Combined Authority and the procured advisors is being developed. It includes achieving the 1:20 leverage factor, payment terms, staffing requirements and professional indemnity (not exhaustive). It also includes a secondary (non-mandatory) above the 1:20 leverage factor target.
- 2.22 There will also be a contract between the Combined Authority and each project sponsor that uses the Accelerator. This is currently being drafted and will outline what support will be offered and a range of terms to ensure the project meets the EIB's requirements. This includes the process for clawback by the Combined Authority should a sponsor fail to meet its contractual obligations.
- 2.23 The Combined Authority has recently refreshed the indicative pipeline of low carbon projects that fed into the original ELENA application. There were concerns that as it was developed in 2016/17, some projects may be out of date and in need of updating. Whilst a number of schemes have developed on their own, some projects are no longer needed. As it stands, the indicative pipeline contains 11 projects which are estimated to deliver an overall leverage factor of 1:34. It will be the Delivery Team's job to use their expertise to further refine this pipeline and develop a wider pipeline of new projects.



2.24 Whilst a full range of mitigating actions are proposed to reduce the impact and likelihood of key risks and their impacts occurring, there are some residual risks that will remain. Appendix 1 outlines all of these residual risks and Appendix 2 outlines where they arise. It should be noted that these are the maximum level of exposure the Combined Authority or Project Sponsor would be subjected to. In reality the mitigating actions planned will greatly reduce the likelihood and impact of these residual risks.

Combined Authority risks:

<b>Risk</b>	<b>Residual risk after mitigation</b>
Risk of reduced EIB payments at the 18 month mid-point (see para 2.14) due to under performance	Less likelihood but still a risk the EIB reduce payment of the second payment (maximum EUR 1.054m)
Risk of clawback from the EIB at the completion of the programme (after the full 3 years) due to under performance	Less likelihood of clawback. Maximum is EUR 1.405m (this is the fixed costs that the Combined Authority would incur over the duration of the programme). All other costs associated would not be incurred due to the project appraisal processes and any addition funding drawn down and unused would be repaid to the EIB.
Loss of EIB funding by failing to contract within an acceptable timescale	Less likelihood of losing the funding or delays.
Out of date pipeline of projects due to EIB delays in awarding the funding	Less likelihood of delays / clawback. The pipeline of projects has been recently refreshed.
Project Sponsors fail to use the EA	The residual risk depends on Project Sponsor appetite. This will be gauged as the pipeline of projects is refreshed.
Limited amounts of Project Sponsor sign up due to requirement to progress projects if feasible or face clawback.	

Project Sponsor risks:

<b>Risk</b>	<b>Residual risk after mitigation</b>
Responsible for delivering <sup>4</sup> the project	Likelihood of claw back reduced. Value is dependent on the support agreed.

- <sup>4</sup> Investment occurred during the contract period which has been directly supported by the Accelerator; or

(either actual investment in a project or a published procurement for a forthcoming investment), within the 3 year duration of the EIB contract	
A project fails to meet the 1:20 leverage target	Likelihood of claw back reduced. Value of claw back is dependant of the support agreed.

### Establishing the Energy Accelerator

- 2.25 Over the past few months, and subject to securing the ELENA funding, the Combined Authority has approved a range of recommendations to establish the Accelerator quickly.
- 2.26 The Green Economy Panel considered a paper on 20 February 2018. They welcomed the offer of funding from the EIB. They felt that the programme and its risks are similar to other European funding streams that the LEP, Combined Authority and its constituent councils have experience of managing and, currently, actively support. They also felt that Accelerator is a truly innovative programme that addresses a local current market failure, and this is an area that the Panel felt that the LEP and Combined Authority should be actively pursuing to deliver the ambitions set out in the Strategic Economic Plan. Their main concern relating to the EIB contract was with the pipeline of projects and how robust this was given the lengthily delays incurred. They welcomed the current refresh of the pipeline.
- 2.27 The refresh has now been completed and a healthy pipeline with a combined estimated leverage factor of 1:34 is now estimated. It will be the Delivery Team's job to use their expertise to further refine this indicative pipeline and develop a wider pipeline of new projects. These results have been shared with the Green Economy Panel who now recommend that the Board considers making a recommendation to the Combined Authority on 5 April 2018 to sign the EIB contract. They also stressed the importance of effective management of the programme (para 2.20) and the Advisors support to ensure the programme is delivered and meets the EIB contractual obligations.
- 2.28 Subject to the Board's recommendations and the Combined Authority's approval, there are a range of actions that then need to be taken in order to

- 
- b) the estimated value of the contract for further investment which has been supported by the Accelerator, as published in the relevant notice relating to the procurement procedure for this investment and in accordance with applicable procurement rules and statutes.
  - c) to qualify for inclusion under b, the related budget must have been fully secured prior to publication and hence the award cannot be made conditional on the availability of budgetary resources. (Source: EIB Contract)

establish the Accelerator. The table below summarises the major activity and indicative milestones / timescales. Please note these dates are indicative and subject to Combined Authority Approval on 5 April 2018.

<b>Activity</b>	<b>Timescales</b>
1. Seek LEP recommendation and CA approval to sign the EIB contract and establish a date for the contract to come into force.	27 March 2018 5 April 2018
2. Recruitment of 2 Combined Authority staff (1 – Programme Manager and Programme Assistant)	April – June 2018
3. Procure external Advisors	April – June 2018
4. Commence engagement with Project Sponsors and refresh the pipeline of projects for support	February 2018 – onwards
5. Final approvals from the WYCA Authority to establish the EA	End of June 2018
6. Sign EIB Contract	9 April 2018 <sup>5</sup>
7. EIB and Combined Authority contract comes into force	July / Aug 2018 <sup>6</sup>
8. Launch	September 2018

### **3 Financial Implications**

- 3.1 The Combined Authority's Finance Team have reviewed the EIB contract, VAT implications and are aware of the risks covered in this report.
- 3.2 Throughout the project there is a risk on foreign exchange rates and the payments we receive in Euros. Any loss on this has to be met by the Combined Authority. The financial risks are set out in the tables above.
- 3.3 The payment profile on the 36month project is 40% month 2, 30% month 18 and 30% month 38 (2 months after project end). There will potentially be periods where the Combined Authority will need to cash flow the project. Estimates will be calculated for the Combined Authority approval in April 2018.
- 3.4 There are still some queries to follow up with the funder re 'eligible expenditure' that can be charged to the project. These include redundancy / severance costs and additional pension contributions. These will be clarified for the Combined Authority approval in April 2018.

### **4 Legal Implications**

- 4.1 The Combined Authority's Legal Team have reviewed the EIB contract and are drafting all legal contracts linked to the Accelerator.

<sup>5</sup> Combined Authority meeting 5/4/2018

<sup>6</sup> See 5

## **5 Staffing Implications**

- 5.1 Subject to Combined Authority approval, there will be a need for some existing Combined Authority staff to work on the Accelerator whilst the new Delivery Team is being established. This is estimated to be three officers from the Policy and Strategy Directorate, on a part time, ad-hoc basis. Work programmes have been revised to account for this additional work.

## **6 External Consultees**

- 6.1 No external consultations have been undertaken.

## **7 Recommendations**

- 7.1 Subject to consideration, the Board are asked to consider and make recommendations to the Combined Authority about signing the EIB contract.

## **8 Background Documents**

Combined Authority 20 November 2015 – Item 5 Growth Deal Delivery and Budget Approvals

Combined Authority 6 October 2017 –Item 5 Capital Spending and Approvals

Green Economy Panel 20 February 2018 -- Item 8 Energy Accelerator Update

## **9 Appendices**

Appendix 1. Major risks for the Combined Authority

Appendix 2. The Energy Accelerator Project Appraisal Process and key locations of risks.

## Appendix 1. - Risks, Impacts, mitigating actions and residual risks associated to the Energy Accelerator – Combined Authority

Major risks for the Combined Authority

Risk	Impact	Mitigation actions	Residual risks
<p>Risk of reduced EIB payments at the 18 month mid-point due to less than 70% of the first payment being spent</p>	<p>Programme stalls</p>	<p>1) Effective programme management (see para 2.20)</p> <p>2) Project appraisal to include a preference for projects with the greatest leverage factors</p> <p>3) Over –programme the pipeline.</p> <p>4) Include clauses within advisor contracts to meet interim targets</p> <p>5) Staged payments to advisors</p> <p>6) Inclusion of claw back clause in advisor and project sponsor contracts and option to suspend or terminate contract.</p> <p>7) Prioritise high leverage factor projects</p>	<p>Less likelihood but still a risk the EIB reduce payment of the second payment (EUR 1.054m)</p>
<p>Risk of clawback from the EIB at the completion of the programme (after the 3 years)</p>	<p>Combined Authority has to fund programme costs</p>	<p>As above in 1</p> <p>1)All detailed advice provided beyond the fixed advisors (i.e. technical, financial and legal support value EUR 1.405m) will only be made on a scheme by scheme basis and subject to meeting at least 1:20 target.</p> <p>2)As the final payment is in arrears the investment achieved must be continually monitored to ensure we can meet 1:20 target.</p>	<p>Less likelihood of clawback. Maximum is still EUR 1.405m (this is the fixed costs that the Combined Authority would incur over the duration of the programme). All other costs associated to the programme would not be incurred due to our project</p>

			appraisal processes and any addition funding drawn down and unused would be repaid to the EIB.
3. Loss of EIB funding by failing to contract within an acceptable timescale	No programme	<p>1) Fast-tracking approvals - some were granted in October 2017, including a number of outstanding approvals delegated to the Managing Director.</p> <p>2) Sign the contract in April 2018 but defer contract start date until July/August 2018 (subject to approval by the EIB)</p>	The risk remains
4. Out of date pipeline of projects due to EIB delays in awarding the funding	Programme delays, possible changes to the delivery model needed, funding is reduced	<p>1) Effective programme management</p> <p>2) Continuously monitor pipeline projects</p>	Less likelihood of delays as the pipeline of projects has been up dated.
5. Project Sponsors fail to use the Accelerator	Limited programme Reputational damage	1) Effective Project Sponsor engagement supported by the Combined Authority staff and external advisors	Less likelihood of delays. The pipeline of projects has been updated.
6. Limited Project Sponsor sign up due to requirement to progress project if feasible or	Limited programme	<p>1) Effective Project Sponsor engagement</p> <p>2) Refresh pipeline of potential low carbon projects continuously to ensure the pipeline is over-programmed</p>	Less likelihood of delays. The residual risk depends on Project Sponsor appetite. This will be gauged

face clawback			as the pipeline of projects is refreshed.  Project Sponsor capacity to support programme may be further reduced due to new BEIS funded energy hub
------------------	--	--	---

### Risks, impacts, mitigation action and residual risks - Project Sponsors

Major Risks for any Project Sponsor using the Energy Accelerator.

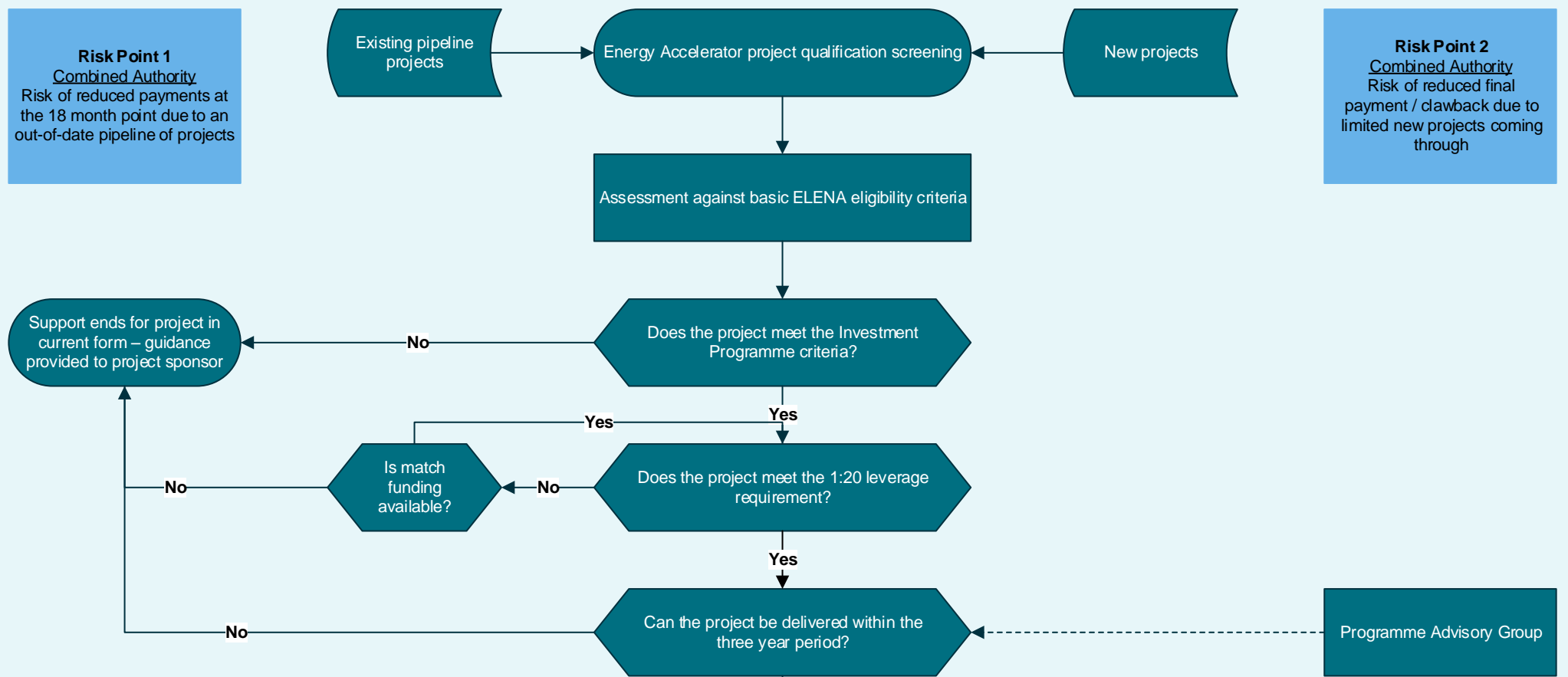
<b>Risk</b>	<b>Impact</b>	<b>Mitigation action</b>	<b>Residual Risks remaining</b>
Will be responsible for delivering <sup>1</sup> the project within the 3 year duration of the EIB contract	Claw back from the Combined Authority	1) Only projects that are deemed deliverable will be granted access to the Accelerator 2) Effective project management 3) Project selection to closely assess likelihood of delivery within three years	Likelihood of claw back reduced. Value is dependant of the support agreed (estimate that support is likely to range from 10 – 100k).
A project fails to meet	Claw back from the	1) Preference for projects with strong leverage factors	Likelihood reduced. Value

- 
- <sup>1</sup> Investment occurred during the contract period which has been directly supported by the Accelerator; or
  - b) the estimated value of the contract for further investment which has been supported by the Accelerator, as published in the relevant notice relating to the procurement procedure for this investment and in accordance with applicable procurement rules and statutes.
  - c) to qualify for inclusion under b, the related budget must have been fully secured prior to publication and hence the award cannot be made conditional on the availability of budgetary resources.

the 1:20 leverage target	Combined Authority	<p>2) Only projects that are deemed deliverable will be granted access to the EA and assessed by the EA Delivery Team before the agreement stages.</p> <p>3) Effective project management</p> <p>4) The Sponsor can choose to apply for external funding to help meet the 1:20 target + other</p>	is dependant of the support agreed (estimate that support is likely to range from £10k – 600k).
--------------------------	--------------------	---	---



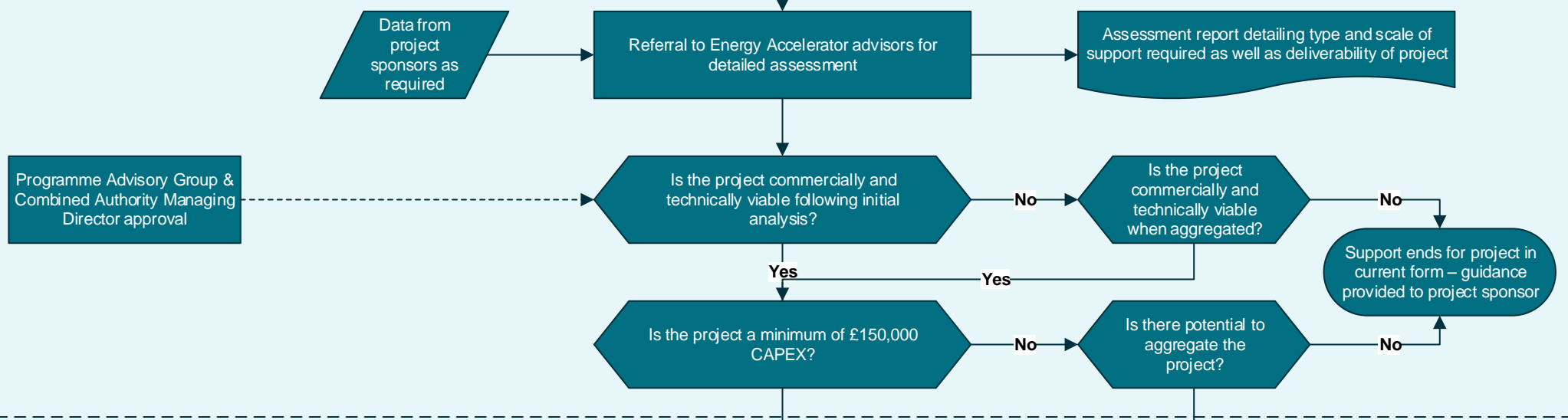
## Stage 1: Initial Screening\*



**Risk Point 1**  
Combined Authority  
Risk of reduced payments at the 18 month point due to an out-of-date pipeline of projects

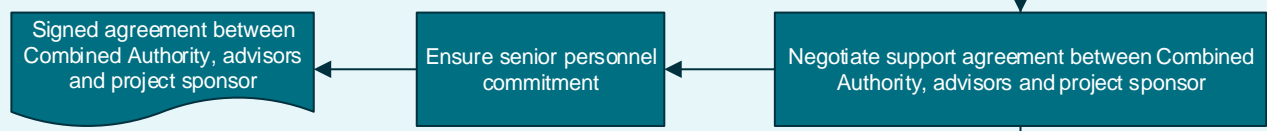
**Risk Point 2**  
Combined Authority  
Risk of reduced final payment / clawback due to limited new projects coming through

## Stage 2: Full Application & Assessment\*

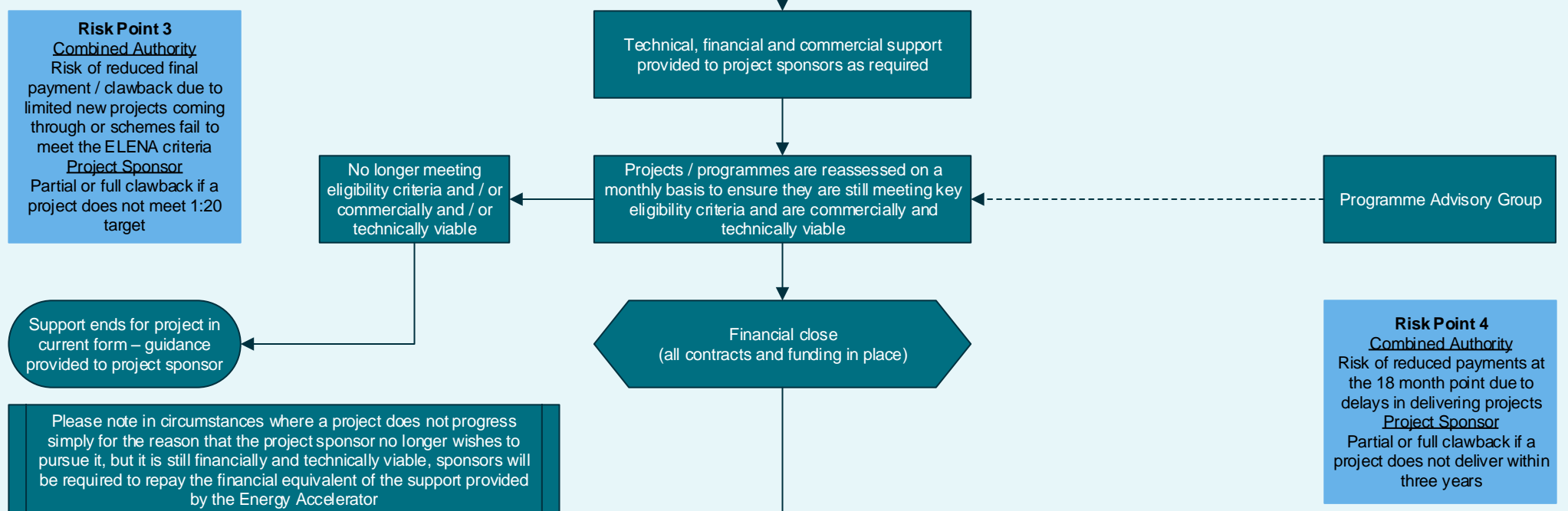


Programme Advisory Group & Combined Authority Managing Director approval

## Stage 3: Agreement\*



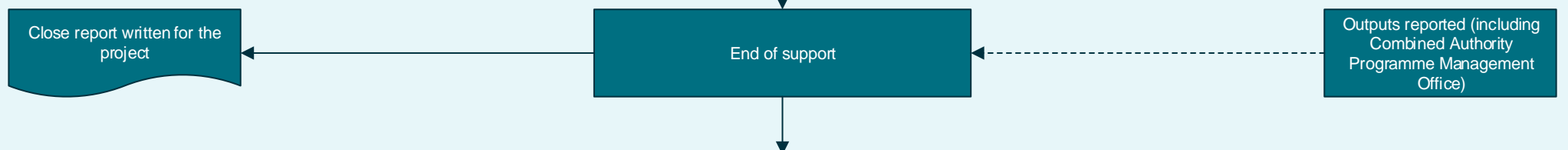
## Stage 4: Provision of Support



**Risk Point 3**  
Combined Authority  
Risk of reduced final payment / clawback due to limited new projects coming through or schemes fail to meet the ELENA criteria  
Project Sponsor  
Partial or full clawback if a project does not meet 1:20 target

**Risk Point 4**  
Combined Authority  
Risk of reduced payments at the 18 month point due to delays in delivering projects  
Project Sponsor  
Partial or full clawback if a project does not deliver within three years

## Stage 5: End of Support



\*Please note that there is a general risk to both the Combined Authority and Project Sponsors throughout Stages 1, 2 and 3 that an unsuitable project proceeds through based on poor advice from the advisors. In this instance the risks are owned by the advisors and they would be liable to clawback from the Combined Authority.

This page is intentionally left blank

---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Governance update**

---

**Director:** Angela Taylor, Director of Resources

**Author(s):** Caroline Allen

---

## **1 Purpose of this report**

1.1 The purpose of this report is:

- to report an urgent decision of the LEP Chair, taken in accordance with the LEP Constitution and relating to governance documents;
- to report minor technical amendments to LEP governance documents approved by the Head of Legal and Governance Services under delegated authority;
- to provide an update on the Assurance Framework considered by the LEP at its meeting on 16 January 2018, and
- to confirm LEP nominations to the Transport for the North (TfN) Board.

## **2 Information**

2.1 On 16 January 2018, the LEP Board approved a LEP Constitution and supporting suite of governance documents. Further to discussion with officers of the Cities and Local Growth Unit, it subsequently became apparent that to be in a position by 28 February 2018 (the Government deadline) to confirm compliance with the final Best Practice Guidance issued in January and the clarification subsequently provided, a number of amendments were required as a matter of urgency.

2.2 These amendments included a change in the pro-forma disclosable interests document for Members, which Members helpfully completed at short notice. The LEP Chair approved some substantive changes to the LEP Members' Code of Conduct to properly reflect the revised interests form and also a LEP Whistleblowing Policy. Also, some minor revisions to the LEP Constitution and specific governance documents were approved by the Head of Legal and Governance Services. This report provides further detail about these decisions, an update on the Assurance Framework and also seeks LEP Board nominations to the TfN Board

#### Urgent decision of the LEP Chair

- 2.3 Attached as **Appendix 1** to this report, is the written record of an urgent decision taken by the LEP Chair on 27 February 2018 in accordance with the LEP Constitution, to approve a LEP whistleblowing policy (attached as **Appendix 2** to this report) and a revised LEP Board Members' Code of Conduct (attached as **Appendix 3** to this report). The written record attached provides background to and reasons for the decision.

#### Minor amendments to LEP governance documents

- 2.4 The Head of Legal and Governance Services has exercised her delegated authority under the LEP Constitution, to make minor technical and updating amendments to four LEP governance documents, as set out in the attached **Appendix 4**. Further detail about these amendments are set out in a written record of officer decision, published on the Combined Authority's web-site [here](#).

#### Assurance Framework

- 2.5 The Assurance Framework considered by the LEP Board on 16 January, has now been finalised. No significant amendments were made to the Framework further to that meeting. A copy of the Assurance Framework can be found [here](#). This may be subject to revision further to a revised National Assurance Framework to be published following the completion of the Minister-led LEP Review.

#### LEP nominations to TfN Board

- 2.6 The LEP has been invited to nominate a representative to serve as a co-opted member on the TfN Board, and a substitute for that representative. TfN will be established on a statutory basis on 1 April, and the TfN Board will be ultimately responsible for the exercise of all TfN functions. The Board's membership will include representatives from all TfN constituent authorities and non-constituent authorities. The appointment of LEP representatives is subject to confirmation at the first meeting of the TfN Board in April.
- 2.7 The LEP Chair has represented the LEP to date on the TfN Partnership Board, a pre-cursor to the statutory TfN Board. It is proposed the LEP Chair is now nominated to the TfN Board. Ian Cherry, as the LEP's representative on the Combined Authority's Transport Committee, is proposed as substitute TfN Board member.

### **3 Financial Implications**

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

## **4 Legal Implications**

- 4.1 The LEP Constitution provides that in exceptional circumstances where it is not practicable for the LEP Chair to call an additional meeting of the LEP Board to consider an urgent matter, the LEP Chair may, in consultation with the Combined Authority's Managing Director make an urgent decision on behalf of the LEP, provided that the LEP Chair does not have a conflict of interest in the matter. A written report is required, and the decision must be reported to the next meeting of the LEP Board, and recorded and published in the minutes for that meeting.
- 4.2 The LEP Constitution also authorises the Combined Authority's Head of Legal and Governance Services, in consultation with the LEP Chair to make any changes to any of constitutional or governance documents which are required:
- as a result of any government guidance, legislative change or decisions of the LEP Board, or
  - to enable the documents to be kept up to date, or
  - for the purposes of clarification only.

## **5 External Consultees**

- 5.1 No external consultations have been undertaken.

## **6 Recommendations**

- 6.1 The LEP Board is asked to:
- (i) Note and endorse the urgent decision of the LEP Chair on 27 February 2018 to approve a LEP whistleblowing policy and revised LEP Board Members' Code of Conduct attached as **Appendix 2** and **3** to this report.
  - (ii) Note the minor amendments made to the LEP governance documents, as set out in **Appendix 4** to this report.
  - (iii) Note that the Assurance Framework has now been finalised.
  - (iv) Nominate Roger Marsh as the LEP representative to the TfN Board, and Ian Cherry as substitute for that position.

## **7 Background Documents**

None.

## **8 Appendices**

Appendix 1 – Record of an urgent decision by the LEP Chair  
Appendix 2 – Whistleblowing policy  
Appendix 3 – LEP Board Members' Code of Conduct

Appendix 4 – Table of amendments to governance documents.



---

**Report to:** Roger Marsh, Chair of Leeds City Region Enterprise Partnership

**Date:** 26 February 2018

**Subject:** **Revised Constitutional Arrangements**

---

**Author(s):** Caroline Allen Head of Legal & Governance Services

**Director:** Angela Taylor, Director of Resources

---

## 1 Purpose of this report

1.1 The purpose of this report is to seek an urgent decision of the LEP Chair in relation to governance proposals pursuant to paragraph 10 of the Constitution and further to consult with the LEP Chair prior to taking an officer delegated decision in relation to a number of minor technical changes to some of the governance documents pursuant to paragraph 15 of the Constitution.

## 2 Information

### Background

2.1 On 16 January 2018 the LEP Board approved a revised constitution and suite of governance documents. Since that time there have been subsequent discussions between Combined Authority officers and officers of the Cities and Local Growth Unit to ensure that these governance documents are compliant both with the final Best Practice Guidance which they issued in January and further clarification that has since been provided by them.

2.2 As a result of these officer discussions, a number of minor technical amendments are required to a limited number of the documents. The Head of Legal & Governance Services, in consultation with the LEP Chair, is authorised<sup>1</sup> to make any changes to any of the constitutional or governance documents which are required:

- As a result of any government guidance, legislative change or decisions of the LEP Board, or
- To enable the documents to be kept up to date, or
- For the purposes of clarification only

---

<sup>1</sup> Reference - Paragraph 15 of the Constitution

- 2.3 It is considered that the amendments proposed fall within the terms of the delegated authority and therefore the Head of Legal & Governance proposes to exercise that authority subject to any comments from the Chair of the LEP Board.
- 2.4 Further consequential changes are also required which fall outside the authority of the Head of Legal & Governance Services and which would normally be reported to the next LEP Board for approval. However, the Director of Resources as the S73 Officer is required to write to the Ministry of Housing, Communities and Local Government Permanent Secretary by 28 February confirming compliance of the Local Assurance Framework with the National LEP Assurance Framework and that the Best Practice Guidance has been implemented. In order to meet this deadline, it is necessary for an urgent decision to be taken in advance of the next LEP Board meeting on 26 March.
- 2.5 In accordance with the LEP Board's constitution, in exceptional circumstances the LEP Chair may, in consultation with the Combined Authority's Managing Director make an urgent decision on behalf of the LEP, provided that the LEP Chair does not have a conflict of interest in the matter<sup>2</sup>. This report therefore requests the LEP Chair to exercise his authority to approve a new Whistleblowing Policy and a revised Members' Code of Conduct.

#### **Minor technical amendments**

- 2.6 The Head of Legal & Governance Services proposes to make minor amendments to the LEP governance documents as set out in the table at **Appendix 1** subject to any comments from the LEP Chair.

#### **LEP Whistleblowing Policy**

- 2.7 At the time of reporting to LEP Board in January, it was intended to extend the Combined Authority's existing Whistleblowing Policy to incorporate dealing with concerns about the LEP. However, on review of the Best Practice Guidance, it was considered that a separate procedure following the wording of the example procedure provided in the guidance<sup>3</sup> would more clearly demonstrate compliance. A copy of the proposed procedure is attached as **Appendix 2** which has been prepared by the Combined Authority's internal audit manager. The form of this is different to the current whistleblowing policy for the Combined Authority due to reliance on the Best Practice model, however substantively it follows the same process but is tailored specifically to concerns raised in relation to the LEP. This is recommended to the LEP Chair for approval as an urgent decision in order to meet the government's deadline.

---

<sup>2</sup> Reference – paragraph 10 of the Constitution

<sup>3</sup> subject to some minor additional references for clarity to the Combined Authority as the accountable body for the LEP



## **LEP Board Members' Code of Conduct**

2.8 The LEP Members' Code of Conduct approved on 16 January has required further revisions to accurately reflect the Best Practice Guidance proforma for the Register of Interests that must be adopted without alteration. The most significant changes are in relation to the definitions of disclosable interests over which the LEP has been advised that it has no discretion and therefore the definitions from the Best Practice Guidance have been adopted. The additional safeguards that the Code previously contained however in respect of the following have been retained:

- Disclosure of close connections (personal interests)
- Applying for economic loans or grants
- Contracting for work or services with the LEP
- Canvassing for appointments

2.9 The proposed revised Code is attached as **Appendix 3** and is recommended to the LEP Chair for approval as an urgent decision in order to meet the government's deadline.

### **3 Financial Implications**

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

### **4 Legal Implications**

4.1 There are no legal implications directly arising from this report. The Chair of the LEP Board has the authority pursuant to paragraph 10.1 of the Constitution to take an urgent decision on behalf of the LEP in consultation with the Combined Authority's Managing Director where it is not practicable to call an additional meeting and the LEP Chair does not have a conflict of interest.

4.2 Any such decision is to be reported to the next LEP Board and recorded and published in the minutes for that meeting.

### **5 External Consultees**

5.1 No external consultations have been undertaken.

### **6 Recommendations**

6.1 That the LEP Chair provides any comments on the proposed minor amendments to the governance documents as set out in **Appendix 1**

6.2 That the LEP Chair approves the Whistleblowing Policy as set out in **Appendix 2** as an urgent decision in order to comply with the Best Practice Guidance prior to the deadline of 28 February

6.3 That the LEP Chair approves the revisions to the Members' Code of Conduct as set out in **Appendix 3** as an urgent decision in order to comply with the Best Practice Guidance prior to the deadline of 28 February

**7 Background Documents**

None.

**8 Appendices**

**Appendix 1** – Table of Minor Amendments to the Governance Documents

**Appendix 2** – Proposed Whistleblowing Policy

**Appendix 3** – Proposed Members' Code

<b>6</b>	<b>Recommendations</b>	<b>Decision</b>
6.1	That the LEP Chair provides any comments on the proposed minor amendments to the governance documents as set out in <b>Appendix 1</b>	Approved / Not approved
6.2	That the LEP Chair approves the Whistleblowing Policy as set out in <b>Appendix 2</b> as an urgent decision in order to comply with the Best Practice Guidance prior to the deadline of 28 February	Approved / Not approved
6.3	That the LEP Chair approves the revisions to the Members' Code of Conduct as set out in <b>Appendix 3</b> as an urgent decision in order to comply with the Best Practice Guidance prior to the deadline of 28 February	Approved / Not approved
	<p><b>Signed:</b></p> <p><b>LEP Chair, Roger Marsh OBE</b></p>	<p><b>Dated:</b></p>

## Leeds City Region Enterprise Partnership (LEP)

### Whistleblowing Policy

#### 1. Introduction

A Discloser is the person who is the whistle-blower.

This procedure outlines the process to follow for a Discloser when reporting a perceived wrongdoing within the LEP, including something they believe goes against the core values of Standards in Public Life (the Nolan Principles) and the Code of Conduct for LEP Board Members and staff. The Standards in Public Life include the principles of; integrity, objectivity, accountability, openness, honesty, leadership and impartiality.

In particular LEP Board Members, as the key decision makers of the LEP, have a right and a responsibility to speak up and report behaviour that contravenes these values.

It is important that this procedure is followed when raising any concerns, to ensure that the matter is dealt with correctly.

#### 2. Definitions

This document uses the following definitions:

- Whistleblowing - where an individual who has concerns about a danger, risk, contravention of rules or illegality provides useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds. By contrast, a grievance or private complaint is a dispute about the individual's own position and has no or very limited public interest.
- The LEP – Leeds City Region Enterprise Partnership
- Discloser – this is the person who is the whistle-blower. They might be an employee, a LEP Board Member, a contractor, a third party or a member of the public.
- Responsible Officer - this is the person, appointed by the LEP, with overall responsibility for maintaining and operating this whistleblowing policy. They will maintain a record of concerns raised and the outcomes (but will do so in a form that does not endanger confidentiality) and will report to senior decision makers as necessary. Their name is Russell Gott, Internal Audit Manager, contact [Russell.gott@westyorks-ca.gov.uk](mailto:Russell.gott@westyorks-ca.gov.uk) or phone 0113 2517 359. If your concern is about the Responsible Officer, please contact Caroline Allen, Monitoring Officer, contact [Caroline.allen@westyorks-ca.gov.uk](mailto:Caroline.allen@westyorks-ca.gov.uk) or phone 0113 2517 262.
- Relevant Concern – something the Discloser has been asked to do, or is aware of, which they consider to be wrong-doing and is in the public interest.

- Combined Authority – West Yorkshire Combined Authority; the accountable body for the LEP and the employer of staff who advise and carry out work for the LEP.

### **3. Scope**

The LEP is committed to creating a work environment with the highest possible standards of openness, probity and accountability. In view of this commitment, we encourage Disclosers with serious concerns about the work of the LEP to come forward and voice their concerns without fear of reprisal.

Disclosers should note that where the concern is one that might fall under the Combined Authority's staff or work force policies on equality and diversity or harassment and bullying or other staff policies, they should consider using the reporting mechanisms for those other policies first.

The LEP has a pre-existing complaints procedure that in many cases will be more appropriate for third parties or members of the public to follow. Third parties or members of the public should review [the separate confidential complaints procedure](#) outlined in the [LEP's complaints policy](#) on the LEP's website first before going through the whistleblowing process.

However, if a member of the public or third party believes that their complaint fits the description of a 'relevant concern' outlined below, they may report their concerns through the whistleblowing policy procedure.

### **4. Policy Statement**

The LEP acknowledges that Disclosers may often be the first people to realise that there may be something seriously wrong within the organisation.

This policy aims to:

- Encourage people to feel confident about raising serious concerns and to question and act upon their concerns without fear of victimisation or harassment;
- Provide avenues for Disclosers to raise those concerns and receive feedback on any action taken;
- Allow Disclosers to take the matter further if they are dissatisfied with the LEP's response; and
- Reassure all Disclosers, employees in particular who may have specific concerns about their position and employment status in the LEP, that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in the public interest.

### **5. What is a relevant concern?**

If a Discloser is asked to do something, or is aware of the actions of another, which they consider to be wrongdoing, they can raise it using this procedure.

The Discloser must have a reasonable belief that raising the concern is in the public interest.

A Discloser may decide to raise a concern under the whistleblowing policy if they are aware of a situation that they feel:

- is against the LEP's procedures and protocols as set out in its [code of conduct](#) and [individual LEP Assurance Framework](#);
- falls below established standards of practice the LEP subscribes to;
- amounts to improper conduct; or
- is an abuse of power for personal gain.

The types of matters regarded as a relevant concern for the purpose of this procedure include, but are not limited to, the following:

- Fraud or financial irregularity;
- Corruption, bribery or blackmail;
- Other Criminal offences;
- Failure to comply with a legal or regulatory duty or obligation;
- Miscarriage of justice;
- Endangering the health or safety of any individual;
- Endangering the environment;
- Improper use of authority; and
- Concealment of any of the above.

Disclosers should not raise malicious or vexatious concerns, nor should they raise knowingly untrue concerns. In addition, this procedure should not be used to raise concerns of a HR or personal nature, such as, complaints relating to a management decision or terms and conditions of employment. These matters should be dealt with using the relevant alternative procedure, for example, the Combined Authority's grievance procedure. Equally, this policy would not apply to matters of individual conscience where there is no suggestion of wrongdoing by the LEP but, for example, an employee or LEP Board Member is required to act in a way which conflicts with a deeply held personal belief.

## **6. Safeguards**

The [Public Interest Disclosure Act \(1998\)](#) gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. The LEP believes that no member of staff should be at a disadvantage because they raise a legitimate concern.

The LEP will not tolerate harassment or victimisation and will take action to protect Disclosers when they raise a concern in the public interest.

## **7. Raising a concern**

If a Discloser experiences something in the workplace which they consider a relevant concern, it is important that the concern is raised as early as possible. Proof is not required at this point – it is for the LEP to investigate. The Discloser must, however, have a reasonable belief that disclosing the information is in the public interest before raising a concern.

All concerns will be treated in confidence and every effort will be made to protect the Discloser's identity if they wish to remain anonymous. However, at the appropriate time, it is possible that the Discloser will need to come forward as a witness for the matter to progress.

It is important to follow the correct procedure when raising a whistleblowing concern. The following steps should be adhered to:

- It is important that the concern is raised with the person best placed to deal with the matter, in most cases this will be the Responsible Officer. However, the Discloser may want to raise the concern with someone they know and trust, such as their line manager who can raise it with the Responsible Officer on their behalf.
- If it is suspected that the concern may implicate the line manager in some way, then it could be raised with a more senior manager in the line management chain.
- If the Discloser is unable to raise a relevant concern with a line manager or a senior manager or feel that it has not been adequately addressed, it should be raised directly with the Responsible Officer.
- Ultimately, the Discloser can raise their concern with the LEP Chief Executive.

## **8. Information needed to raise a concern**

When raising a concern under the procedure the Discloser should try to provide the following information:

- The background and reason behind the concern;
- Whether they have already raised a concern with anyone and the response; and
- Any relevant dates when actions related to the concern took place.

This information should demonstrate that there are reasonable grounds for the concern to be acted upon. It is important that matters are not investigated by the Discloser themselves.

If applicable, personal interests must be declared from the outset.

## **9. How the concern will be handled**

All investigations will be conducted sensitively and as quickly as possible. While the LEP cannot guarantee that the outcome will be as the Discloser

may wish, it will handle the matter fairly and in accordance with this procedure.

Once a concern has been raised with either the line manager or Responsible Officer, Senior Manager or the Combined Authority's Managing Director, a meeting may be arranged with them to determine how the concern should be taken forward.

The LEP may decide to take the matter forward by a number of methods, including:

- An internal inquiry or other formal investigation;
- An internal or external audit;
- Referring the matter to the police;
- Referring the matter to another relevant authority for investigation.

Before a final decision is taken on how to proceed, or as part of the investigation, the Discloser may be asked to meet with those investigating their allegation.

If a meeting is arranged, the Discloser may wish to be accompanied by a trade union representative, colleague or friend. The person who accompanies the Discloser should not be involved or have a direct interest in the area of work to which the concern relates. The meeting can be conducted over the telephone rather than face to face.

Within 10 clear working days of a concern being raised, the LEP's Responsible Officer will write to the Discloser to:

- Acknowledge that the concern has been received;
- Indicate how they propose to deal with the matter;
- Give an estimate of how long it will take to provide a final response;
- Tell the Discloser whether any initial investigation or enquiry has been made;
- Tell the Discloser whether further investigation will be made, and if not, why not;
- Tell the Discloser how frequently the LEP will keep them up to date on progress of the investigation.

The amount of contact between the LEP and the Discloser concerned will vary depending on the concern raised, any difficult issues and any further clarity required. If necessary, the LEP will seek further information from the Discloser.

The LEP will confirm when the matter is concluded and, if appropriate, the outcome of the investigation, maintaining security and confidentiality for all parties as far as possible.

Throughout any investigation, the Discloser will still be expected to continue their duties/role as normal unless deemed inappropriate

## **10. Confidentiality and anonymity**

The LEP always encourages potential Disclosers to speak up about potential serious wrongdoing in a way that they feel comfortable. The best way to raise a concern is to do so openly, as this makes it easier for the LEP to investigate and provide feedback.

Any disclosures made under this procedure will be treated in a sensitive manner. However the LEP recognises that the Discloser may want to raise a concern in confidence, i.e. they may want to raise a concern on the basis that their name it is not revealed without their consent.

The LEP will respect any request for confidentiality as far as possible, restricting it to a 'need to know' basis. However, if the situation arises where it is not possible to resolve the concern without revealing the Discloser (for example in matters of criminal law), the LEP will advise them before proceeding. The same considerations of confidentiality should be afforded to the recipient(s) at the centre of the concern, as far as appropriate.

Disclosers may choose to raise concerns anonymously, i.e. without providing their name at all. If this is the case, the investigation itself may serve to reveal the source of information. Disclosers are therefore encouraged, where possible to put their names to concerns raised. When anonymous concerns are raised, they will be treated as credible and investigated so far as possible.

## **11. Protection**

If a concern is raised in the reasonable belief that it is in the public interest and procedures have been followed correctly, the Discloser raising the concern will be protected by the terms of this policy and, where applicable, by whistleblowing legislation (see [www.gov.uk](http://www.gov.uk) for more information on who is covered by whistleblowing legislation). Where a Discloser has been victimised for raising a concern, the Combined Authority or the LEP will take appropriate action against those responsible, in line with the Combined Authority's disciplinary policy and procedures, or relevant LEP policy and procedures.

## **12. Changes to procedures or policy as a result of whistleblowing**

If changes are made to LEP policies and processes as result of whistleblowing investigations, the LEP will publicise the changes as appropriate, taking into consideration the importance of protecting the anonymity and confidentiality of individuals.

## **13. Untrue allegations**

If a Discloser makes an allegation but it is not confirmed by the investigation, no action will be taken against them. However, if a malicious or vexatious



allegation is made without good reason to: cause trouble; for personal gain; or to discredit the LEP an investigation may take place. Where the Discloser is a Combined Authority employee or a LEP Board Member or a contractor this may result in disciplinary or other action if they have broken the terms of their employment, acted against the LEP Code of Conduct or broken a clause in a contract.

#### **14. How this matter can be taken forward if you are not satisfied**

This procedure is intended to provide Disclosers with an avenue to raise legitimate concerns. If you are either unable to raise the matter with the LEP or you are dissatisfied with the action taken you can report it directly to the Cities and Local Growth Unit in the Ministry of Housing, Communities and Local Government and the Department for Business Energy and Industrial Strategy, at the following email address: [LEPPolicy@communities.gsi.gov.uk](mailto:LEPPolicy@communities.gsi.gov.uk) or by writing to: LEP Policy Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF. You should clearly mark your email or letter as “Official - Whistleblowing”.

In addition, if you are either unable to raise the matter with the LEP or you are dissatisfied with the action taken you may consider raising it with:

- The police;
- The relevant regulatory body or professional body;
- Your Trade Union;
- Your solicitor;
- Your Citizens Advice Bureau.

Further information and signposting for potential Disclosers is available on [www.gov.uk](http://www.gov.uk).

If a Discloser does take the matter outside the LEP, to an external body, they should ensure they do not disclose information that is confidential, for example, if you are an employee your contract of employment may set out expectations of your regarding what is confidential.

#### **15. Feedback on Whistleblowing Policy**

Any feedback or comments on this policy should be directed to the LEP's Responsible Officer.

#### **16. Monitoring**

The Internal Audit Manager will provide an annual report to the West Yorkshire Combined Authority's Audit & Governance Committee which has responsibilities for overseeing the effectiveness of governance arrangements. All reporting will be anonymised and will only identify common themes, numbers of disclosures year on year and will highlight actions taken to improve systems and policies.

This page is intentionally left blank

## Leeds City Region Enterprise Partnership (LEP)

### LEP Board Members' Code of Conduct

1. This Code applies to you as a Board Member of the Leeds City Region Enterprise Partnership (the LEP)<sup>1</sup>. The LEP Board expects you to follow this Code when attending LEP Board meetings, representing the LEP on any external organisation and otherwise acting in your capacity as a LEP Board member. The Code does not apply to you in your purely private and personal life. As a LEP Board member, you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership in your conduct at all times.

#### Part One – Principles of Conduct

2. Accordingly, when acting in your capacity as a LEP Board Member you must have regard to, act in accordance with, promote and support the following principles:

##### **Selflessness**

You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person, organisation or group or any other third party, nor act to gain financial or other material benefits for yourself, your family, a friend or close associate.

##### **Honesty and integrity**

A conflict of interest is a set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest. The perception of competing interests, impaired judgement or undue influence can also be a conflict of interest.

You should not place yourself in situations where your honesty and integrity may be questioned, including any situation where a conflict of interest may arise, or be perceived as arising. You should not behave improperly and should avoid the appearance of such behaviour. You must not place yourself under a financial or other obligation to outside individuals or organisations that might be reasonably regarded to influence you in the performance of your official duties.

You must declare any private interests, both pecuniary and non-pecuniary, including membership of any Trade Union, political party or local authority that relates to your LEP duties. Furthermore, you must take steps to resolve any conflicts arising in a way that protects the public interest. This includes

---

<sup>1</sup> Including all private sector or local authority representatives, and any substitute appointed for a local authority representative.

registering and declaring interests in accordance with this Code and as set out in the attached schedule.

However, you should also take all reasonable steps to avoid any potential conflict of interest, or the perception of such conflict, arising outside any formal LEP Board meeting when you carry out any activity in your capacity as a LEP Board member.

### **Objectivity**

When carrying out your LEP duties, you must make all choices, such as making appointments, awarding contracts or recommending individuals for rewards or benefits, based on evidence. You should take into account the impact of any decision on the Leeds City Region and the Leeds City Region economy as a whole, not just the specific local authority area or sector which you represent.

You must make decisions:

- based on the information and evidence before you;
- after considering all options put forward;
- having regard to any professional advice provided;
- in accordance with your view of the public interest;
- which are proportionate (that is, the action is proportionate to the desired outcome); and
- on merit.

### **Accountability**

You are accountable for your decisions and you must co-operate fully with whatever scrutiny is appropriate to your position. You must be as open as possible about both your decisions and actions and the decisions and actions of the LEP. In addition, you should be prepared to give reasons for those decisions and actions.

You should not undertake any action which would bring the LEP Board, West Yorkshire Combined Authority (the Combined Authority), your position, or the position of LEP Board members generally, into disrepute.

### **Openness**

You must be as open as possible about your decisions and actions and those of the LEP Board, and should be prepared to give reasons for those decisions and actions.

### **Leadership**

You must promote and support high standards of conduct when serving in your LEP post, in particular as characterised by the above requirements, by

leadership and example. You should act in a way that secures or preserves the confidence of others.

You must have due regard to the impartiality and integrity of the Combined Authority's statutory officers and other officers, and also that of any officer representing any other local authority in relation to LEP Board business.

## **Part Two – General Obligations**

3. You must act in a manner consistent with the LEP's equality and diversity strategy and treat your fellow LEP Board Members, members of staff and others you come into contact with when working in their role with respect and courtesy at all times.
4. You must not:
  - a) do anything which may cause the LEP Board or the Combined Authority to breach any duty relating to equality, or contribute to any failure to comply with the LEP's diversity policy;
  - b) bully any person;
  - c) intimidate or attempt to intimidate any person who is or is likely to be:
    - a complainant,
    - a witness, or
    - otherwise involvedin any investigation or proceedings in relation to an allegation that a LEP Board member has failed to comply with this Code; nor
  - d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of the LEP or the Combined Authority .
5. You must not:
  - a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:-
    - (i) you have the consent of a person authorised to give it,
    - (ii) you are required by law to do so, or
    - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person,nor

- b) prevent another person from gaining access to information to which that person is entitled by law.
6. You must, when using or authorising the use by others of the resources of the LEP, ensure that such resources are not used improperly for political or personal purposes (including party political purposes.)
  7. You must have regard to any relevant advice provided by any Combined Authority officer, including:
    - the Chief Finance Officer and
    - the Monitoring Officer.

### Part Three – Registering and disclosing interests

8. The Combined Authority's Monitoring Officer maintains a register of interests of LEP Board members. The register is:
  - available for inspection at the Combined Authority's offices; and
  - published on the Combined Authority's web-site, and accessible from the LEP web-site.
9. You must, within 28 days of taking office as a LEP Board Member, notify the Combined Authority's Governance Services Manager, (on behalf of the Managing Director and the S73 Officer of the Combined Authority, the LEP's accountable body), of any **disclosable pecuniary interest**, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a spouse, or as if you were civil partners.
10. In addition, you must, within 28 days of taking office, notify the Combined Authority's Governance Services Manager (on behalf of the Managing Director and the S73 Officer of the Combined Authority, the LEP's accountable body) of any **non-pecuniary interest** which the LEP has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life. These non-pecuniary interests will necessarily include your membership of any Trade Union.
11. You should review your individual register of interest before each LEP Board meeting and decision making committee meeting. You must declare any relevant interest(s) at the start of the meeting. If an interest has not been entered onto the LEP's register, then you must disclose the interest at any meeting of the LEP Board at which you are present, where you have a disclosable interest in any matter being considered and where the matter is not a sensitive interest.
12. Following any disclosure of an interest not on the LEP register or the subject of pending notification, you must notify the Combined Authority's Governance Services Manager (on behalf of the Managing Director and S73 Officer of the

Combined Authority, the LEP's accountable body) of the interest within 28 days beginning with the date of disclosure.

13. Unless you have a dispensation, if you are present at a meeting of the LCR LEP Board and you are aware that you have a disclosable pecuniary or non-pecuniary interest in a matter to be considered, or being considered, at the meeting, you may not participate, or participate further, in any discussion of the matter at the meeting; or participate in any vote, or further vote, taken on the matter at the meeting, unless:
- you are a local authority representative and your interest falls within paragraph 13 a) below, or
  - you are a private sector representative and your interest falls within paragraph 13 b) below.
- a) The restriction on participating or voting set out above does not apply if you are a local authority representative and have a disclosable pecuniary or non-pecuniary interest in a matter which arises out of your membership of a district council, provided that:
- you have registered your membership of that local authority as an interest on the LEP Board register,
  - you do not stand to make a personal financial gain or loss from the matter, and
  - you have not been personally significantly involved in the matter to be considered by the LEP Board.
- b) The restriction on participating or voting set out above does not apply if you are a private sector representative and have a disclosable pecuniary interest in a matter which arises out of your employment, provided that:
- you have registered your employment as an interest on the LEP Board register,
  - you do not stand to make a personal financial gain or loss from the matter, and
  - your employer does not stand to make a financial gain or loss from the matter which is in any way substantially different from any other employer in your sector.

### **Sensitive interests**

14. If you have an interest (whether or not a disclosable pecuniary or non-pecuniary interest) which is entered in the register and which is such that you and the Monitoring Officer consider that disclosing the details of the interest could lead to you, or a person connected with you, to being subject to violence or intimidation, details of the interest must not be included in:
- any published version of the register, nor

- any copy of the register that is made available for public inspection<sup>2</sup>.

### **Urgent decisions by the LEP Chair on behalf of the LEP**

15. The LEP Chair cannot make an urgent decision on behalf of the LEP Board, where the LEP Chair has a conflict of interest in the decision.

For the purpose of this provision, a conflict arises in relation to a proposed decision if the LEP Chair is aware they have a disclosable pecuniary or non-pecuniary interest in the matter, unless the interest falls within paragraph 13b) above.

The LEP Chair must notify the Combined Authority's Managing Director of any potential conflict of interest in an urgent matter, as soon as reasonably practicable and must take no further part in the decision.

### **Disclosing personal interests when considering applications for funding**

16. A personal interest is any interest which not a disclosable pecuniary or non-pecuniary interest, but which is a close connection to:
- any person (whether a family member or friend) or
  - any outside body,
- who is a potential direct recipient or beneficiary of Leeds City Region funding.

You must not participate or vote in decision-making if you have such a personal interest in any application for LCR funding being considered by the LEP Board – or if it may appear to someone else that you have a personal interest and so may be biased. You must declare the personal interest at any meeting at which the application is considered.

### **Disclosing an interest when applying for an economic loan or grant**

17. You should notify the Combined Authority's Executive Head of Economic Services if you, or a business or organisation in which you have a material personal or professional interest, apply to the Combined Authority for an economic loan or grant.

### **Disclosing an interest when applying to provide contracted work or services**

18. A potential conflict arises or may appear to arise, where you or a business or organisation in which you have a material personal or professional interest, applies to contract with the Combined Authority for the supply of goods or materials or for the execution of works.
19. Except where any such application is made by a local authority, you should notify the Combined Authority's Managing Director if you are aware or become aware of any such application or tender.

---

<sup>2</sup> The register may state that you have an interest, the details of which are withheld.



### **Canvassing for appointments to the Combined Authority**

20. You must not solicit any person for any appointment under the control of the Combined Authority. This does not preclude you in your personal capacity from giving a written testimonial of a candidate's ability, experience or character for the candidate to submit to the Combined Authority.

### **Complaints alleging a failure to comply with the Code**

21. All complaints alleging a failure to comply with this Code will be considered under the procedure agreed by the LEP Board from time to time.

## Schedule of interests

### 1. Pecuniary interests (yours and those of your spouse or civil partner)

<b>SECTION 1</b>	<b>ANY EMPLOYMENT, OFFICE, TRADE, PROFESSION OR VOCATION CARRIED ON FOR PROFIT OR GAIN</b>
1.1	Name of: <ul style="list-style-type: none"> <li>○ your employer(s)</li> <li>○ any business carried on by you</li> <li>○ any other role in which you receive remuneration (this includes remunerated roles such as councillors).</li> </ul>
1.2	Description of employment or business activity.
1.3	The name of any firm in which you are a partner.
1.4	The name of any company for which you are a remunerated director.
<b>SECTION 2</b>	<b>SPONSORSHIP</b>
2.1	Any financial benefit obtained (other than from the LEP) which is paid as a result of carrying out duties as a Member. This includes any payment or financial benefit from a Trade Union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
<b>SECTION 3</b>	<b>CONTRACTS</b>
	Any contract for goods, works or services with the LEP which has not been fully discharged by any organisation named at 1.1.
	Any contract for goods, works or services entered into by any organisation named at 1.1 where either party is likely to have a commercial interest in the outcome of business being decided by the LEP.
<b>SECTION 4</b>	<b>LAND OR PROPERTY</b>
	Any interest you or any organisation listed at 1.1 may have in land or property which is likely to be affected by a decision made by the LEP. This would include, within the area of the LEP: <ul style="list-style-type: none"> <li>○ Any interest in any land in the LEP areas, including your place(s) of residency</li> <li>○ Any tenancy where the landlord is the LEP and the tenant is a body in which the relevant person has an interest</li> <li>○ Any licence for a month or longer to occupy land owned by the LEP.</li> </ul> For property interests, please state the first part of the postcode and the Local Authority where the property resides. If you own/lease more than one property in a single postcode area, please state this.

<b>SECTION 5</b>	<b>SECURITIES</b>
<b>5.1</b>	<p>Any interest in securities of an organisation under 1.1 where:-</p> <p>(a) that body (to your knowledge) has a place of business or land in the area of the LEP; and</p> <p>(b) either –</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which has an interest exceeds one hundredth of the total issued share capital of that class.</p>
<b>SECTION 6</b>	<b>GIFTS AND HOSPITALITY</b>
	Any gifts and/or hospitality received as a result of membership of the LEP (above the value of £50).

## 2. Non-pecuniary interests

### a) Membership of Organisations

Being a member of, or in a position of general control, a trustee of, or participate in the management of:

1. Any body to which you have been appointed or nominated by the LEP:
2. Any body exercising functions of a public nature (eg school governing body or another LEP):
3. Any body directed to charitable purposes:
4. Any body, one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union):
5. Any local authority (any interests you hold as LA leader/cabinet member for LA land, resources and the LA's commercial interests):

### b) Other interests

6. Any other interest which you hold which might reasonably be likely to be perceived as affecting your conduct or influencing your actions in relation to your role.

This page is intentionally left blank

# Agenda Item 9

Appendix 4

## Appendix 4

Document	Paragraph / Footnote	Issue
LEP Confidential Complaints Procedure.	Footnote 3	Insert reference to the Combined Authority's whistleblowing policy
	Paras 5 and 9	Update to refer to the Ministry of Housing, Communities and Local Government
LEP Constitution	Para 6.1	Amend to include reference to requirement for Senior officers and advising officers to confirm they will have regard to Nolan principles, and declare disclosable pecuniary and non-pecuniary interests
	Para 13.1	Insert reference to LEP whistleblowing policy
Procedure for considering complaints re LEP Board members Code of Conduct	Footnote 4	Insert reference to LEP whistleblowing policy
LEP Procedure Rules	16.2 and 16.3	Insert timescales for publishing LEP Board draft and finalised minutes

This page is intentionally left blank

---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **MIT REAP**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Sarah Bowes

---

## **1 Purpose of this report**

- 1.1 To secure a mandate from LEP Board to progress an opportunity to take part in a University of Leeds led MIT REAP programme should their application on behalf of the City Region be successful.

## **2 Information**

- 2.1 The MIT Regional Entrepreneurship Acceleration Program (MIT REAP) provides opportunities for communities around the world to engage with MIT in an evidence-based, practical approach to strengthening innovation ecosystems. Projects typically focus on increasing expertise and capacity across key players (using best practice from MIT) and develop interventions to strengthen the innovation support system available across an area.
- 2.2 By taking advantage of MIT's expertise in the development of entrepreneurial ecosystems, new member regions can participate in a 2-year programme enabling them to:
- Design and implement a REAP Acceleration Strategy to harness the power of innovation and entrepreneurship and accelerate economic and social progress.
  - Build an interdisciplinary Team to drive impact and regional strategy implementation.
  - Leverage understanding of key drivers of successful innovation-driven entrepreneurial (IDE) ecosystems to design and implement key programs and policies, informed by MIT research and global best practice.
  - Deploy MIT rigor and use frameworks to deepen analysis and evaluate the current regional entrepreneurial ecosystems.
  - Compare and learn from other regions globally.
- 2.3 A key benefit of undertaking this programme would be the strong multi-stakeholder commitment to the vision of the City Region's innovation work, and critically, to ensure that actions are joined-up and agreed as priorities for

all key stakeholders in the region. An advantage of the programme is that during the workshops participants will jointly, through analysis, decide the best actions for the City Region that are likely to have the biggest impact on innovation within our specific regional context. The opportunity to build on the strong stakeholder relationships by undertaking a programme with a proven track record of success, is an extremely attractive proposition for the region.

- 2.4 MIT REAP runs annually from July. During the programme teams of five to eight participants representing local/regional government, entrepreneurs, risk capital, universities and large corporations from a maximum of eight regions around the world collaborate with each other and with MIT faculty to devise effective approaches to developing their own innovation-driven entrepreneurship (IDE) ecosystems. The cost is \$300,000, which covers tuition for two years for the entire team of 5-8 participants.
- 2.5 So far from the UK regions Scotland, London and Wales have taken part in REAP. The Scotland team produced a comprehensive report on their experience and outcomes which can be viewed here <file:///H:/Downloads/REAP+Report+2014.pdf>
- 2.6 In discussion with the LEP, WYCA and others, the University of Leeds has submitted an exploratory application into the programme, the outcome of which will be announced in April. Whilst this a University of Leeds led project, as the nuances of the programme are developed, expertise from across the different Universities will be utilised within the programme.
- 2.7 This project aligns strongly with our innovation objectives, developing and strengthening the existing eco-system and improving innovation collaboration across the City Region.

### **3 Financial Implications**

- 3.1 There are financial implications from taking part in the programme (\$300,000) however the bulk of this is being provided by the University of Leeds with a small amount of corporate sponsorship.

### **4 Legal Implications**

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

### **5 External Consultees**

- 5.1 Discussions have taken place to date at Knowledge Transfer Directors and with University Vice Chancellors at their last meeting in October. BIG Panel have also been briefed on the opportunity.

### **6 Recommendations**

- 6.1 That LEP Board supports the direction of travel, and provides a mandate to engage in further discussions around a City Region approach.



6.2 That if the application is successful, a further report confirming the arrangements and implications be brought to a future meeting.

**7 Background Documents**

None.

**8 Appendices**

REAP brochure

This page is intentionally left blank



# Acceleration

and impact through collaboration



The MIT Regional Entrepreneurship Acceleration Program (MIT REAP) provides opportunities for communities around the world to engage with MIT in an evidence-based, practical approach to strengthening innovation-driven entrepreneurial (IDE) ecosystems.

**MIT REAP. Translate. Convene. Educate. Impact.**

## CORE REAP FACULTY

### SCOTT STERN

David Sarnoff Professor of Management, MIT Sloan School of Management

### FIONA MURRAY

William Porter Professor of Entrepreneurship, MIT Sloan School of Management – Associate Dean for Innovation

### BILL AULET

Managing Director, Martin Trust Center for MIT Entrepreneurship - Professor of the Practice, MIT Sloan School of Management

### PHIL BUDDEN

Senior Lecturer, MIT Sloan School of Management – Diplomatic Advisor, MIT REAP

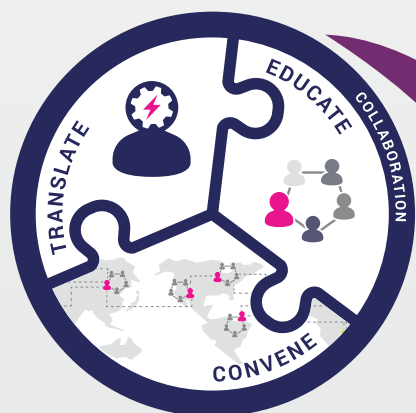


# MIT REAP ACTIVITIES

The MIT Regional Entrepreneurship Acceleration Program (MIT REAP) achieves success by translating research insights into practical frameworks, convening stakeholders focused on IDE, and educating regional leaders through team-based interaction to achieve economic and social progress.

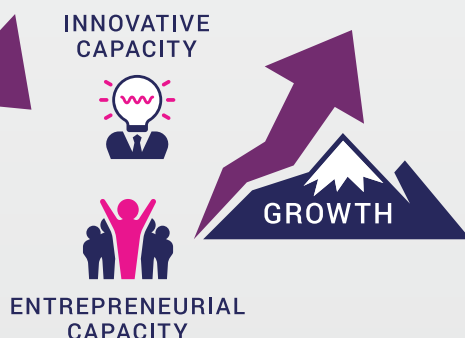
## TRANSLATE

Members have access to MIT faculty, cutting-edge research, tools and frameworks that help each Team move from ecosystem analysis to implementation of strategic interventions as part of an overall regional strategy.



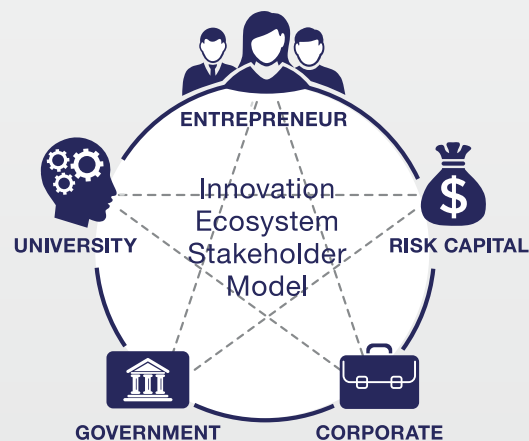
## EDUCATE

Teams of key regional innovation ecosystem leaders engage in team-based learning to facilitate meaningful economic and social outcomes for their region. Individual education is also a focus for the program as participants develop a stronger understanding of their role in driving change.



## CONVENE

Stakeholders (corporate, risk capital, entrepreneur, university and government) from ecosystems around the world convene to build a community for collaboration and learning. Teams benefit from cross-region and cross-cohort connections.



## IMPACT

By taking advantage of MIT's expertise in the development of entrepreneurial ecosystems, new member regions will participate in a 2-year program enabling them to:

- ▣ Design and implement a REAP Acceleration Strategy to harness the power of innovation and entrepreneurship and accelerate economic and social progress.
- ▣ Build an interdisciplinary Team to drive impact and regional strategy implementation.
- ▣ Leverage understanding of key drivers of successful innovation-driven entrepreneurial (IDE) ecosystems to design and implement key programs and policies, informed by MIT research and global best practice.
- ▣ Deploy MIT rigor and use frameworks to deepen analysis and evaluate the current regional entrepreneurial ecosystems.
- ▣ Compare and learn from other regions globally.

**I would recommend REAP to any region or nation serious about investing in their entrepreneurial ecosystem. There is no better place in the world to do that, it has to be MIT.**

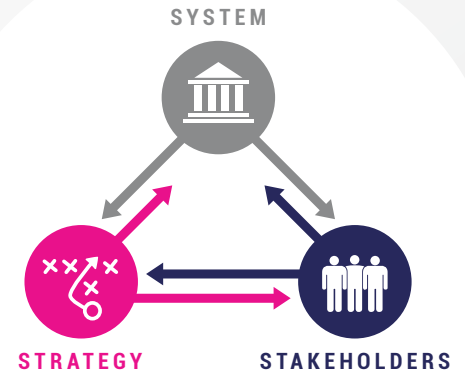
**DONNA CHISHOLM**  
**CHAMPION, REAP TEAM SCOTLAND**  
**HEAD OF BUSINESS INNOVATION AND GROWTH SECTORS,**  
**HIGHLANDS AND ISLANDS ENTERPRISE**

**MIT REAP helped us see how to link our region's innovation capacity with the entrepreneurship capacity. The program gave us all the tools to create an environment that really fosters innovation-driven entrepreneurship.**

**136**  
**IGURDES NUNEZ MULLER**  
**CHAMPION, REAP TEAM ANDALUSIA, SPAIN**  
**DIRECTOR OF KNOWLEDGE TRANSFER, PARQUE TECNOLÓGICO DE LA SALUD (PTC)**

# MIT REAP FRAMEWORK

The objective of the MIT REAP Framework is to understand the key strengths and weaknesses of the region's innovation **eco-SYSTEM**, evaluate the engagement and level of collective action of regional **STAKEHOLDERS**, design a **STRATEGY** to strengthen and catalyze the region's ecosystem and to engage the resources and stakeholders necessary to move the Team's strategy to **IMPLEMENTATION**.



## PROGRAM ARCHITECTURE

The program involves four action-learning cycles over a 2-year period, which takes participants through a process that moves from analysis to strategy to implementation and sustainability.



### WORKSHOPS

*(3 at MIT, 1 hosted by selected member region)*

Regional Teams will attend a highly interactive three-day workshop twice a year. All regional Teams attend workshops together, where they have time to interact with faculty, work together as a Team, and collaborate with other global regions.

Workshop activities are designed to share global best practices as well as to critique and iterate regional strategy and intervention design.



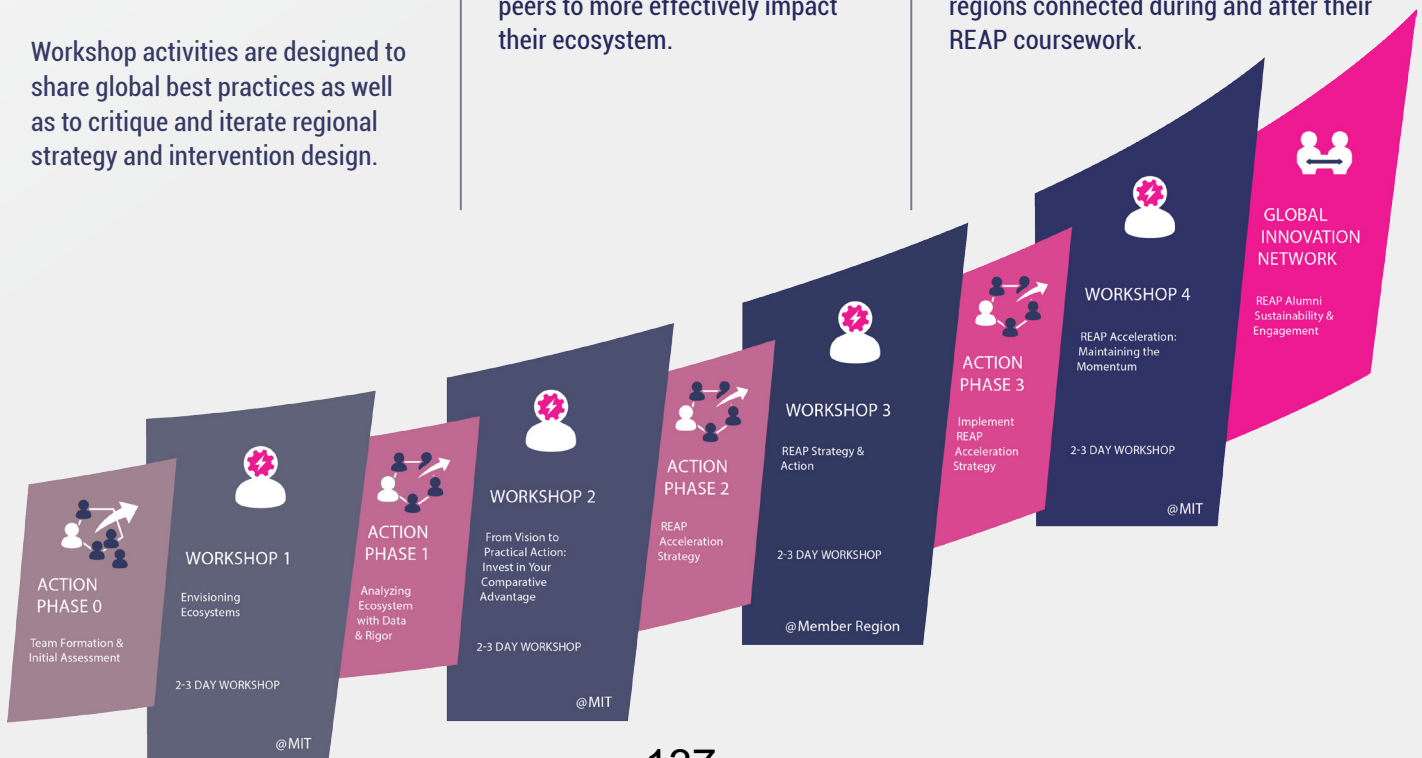
### ACTION PHASES

Action Phases are active time between workshops for Teams (in their region) to complete specific projects and milestones designed to deepen analysis, validate assumptions, and implement new programs and policies. Teams will leverage faculty coaching (virtually) and the community of their cohort peers to more effectively impact their ecosystem.



### GLOBAL INNOVATION NETWORK

The MIT REAP – Global Innovation Network (MIT REAP – GIN) enables REAP Teams to continue engaging with and learning alongside one another (both as individuals and as institutions) as well as directly with MIT after completion of the 2-year program. MIT REAP – GIN and the REAP website ([reap.mit.edu](http://reap.mit.edu)) keeps regions connected during and after their REAP coursework.



# HOW CAN YOU GET INVOLVED?

DO YOU KNOW  
A REGIONAL  
CHAMPION?

We rely on members of the MIT community and regional Champions to connect the right stakeholders that make effective, powerful Teams.

## CHAMPIONS

Successful Champions are leaders in their entrepreneurial ecosystem and deeply committed to accelerating innovation-driven entrepreneurship. The best Champions are those with significant political and social capital who can leverage their broad connections across many stakeholder groups to lead the REAP Team to advance its strategic initiatives in the region.

**The Champion's responsibilities include:**

- Assembling the right Team members for a cohesive and informed Team that will create systemic impact.
- Leading the Team through the 2-year program with MIT.
- Securing funding.

## RISK CAPITAL

Leader in the local investment community (from private family office, angel network or VC firm) who has an intricate knowledge of the regional challenges and opportunities of risk capital.

## CORPORATE

Leader from a large, influential corporation based in the region.

## UNIVERSITY

An influential administrator or academic from a research-based university.

## ENTREPRENEURS

Respected founder of a high technology driven company.

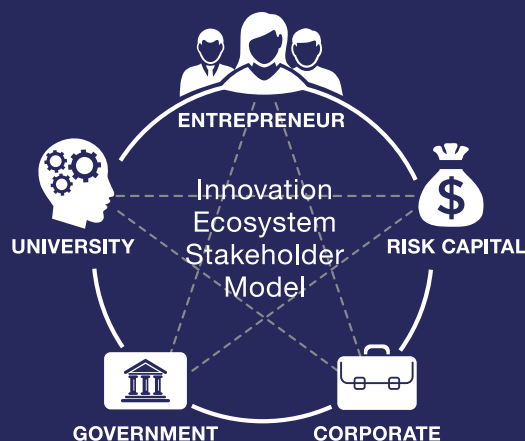
## GOVERNMENT

Respected senior government representative whose mission and budget is focused on driving innovation and entrepreneurship in the region.

## TEAM PARTICIPANTS

**Executives and decision-makers who:**

- Understand their regional entrepreneurial ecosystem.
- Influence policy and programs in their own sector.
- Work to impact strategic change in their regions.
- Ability to gather input and build support for the REAP strategy in the regional ecosystem.



## THE NEXT REAP COHORT STARTS JULY 2018

See current regions participating in the program and apply for consideration by visiting: [reap.mit.edu](http://reap.mit.edu)

### APPLICATION TIMELINE

Submit application to MIT REAP and nominate Team Champion (rolling admission) first round deadline - end of January 2018.

- |              |  |
|--------------|--|
| <b>MARCH</b> | Receive decision by MIT REAP Admissions Committee  |
| <b>APRIL</b> | Champion submits signed Letter of Agreement to reserve a spot in the next Cohort (upon acceptance) |
| <b>JUNE</b>  | Submit first tuition payment   |

## THE MIT ADVANTAGE

This unique program builds on MIT's deep engagement with the innovation-driven entrepreneurial (IDE) ecosystems in and around Cambridge and the Greater Boston region. MIT's substantial leading-edge research into the drivers of entrepreneurship, the institutional partners supporting regional competitiveness, and the role of university-driven innovation, gives us unparalleled expertise in cultivating entrepreneurial and innovative capacities. In addition to our intimate knowledge of the Cambridge ecosystem, the MIT REAP faculty practice in ecosystems around the globe.

---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Economic reporting**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Patrick Bowes

---

## 1 Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for the Board.

## 2 Information

- 2.1 This report and the attached economic update are based on the latest available economic and business intelligence information at the time of writing. The report and dashboard cover the main local, national and international economic developments since the last Board meeting.

New data available for Leeds City Region includes the headline results from the Quarterly Economic Survey with the Chambers of Commerce for Leeds City Region for Q4 2017. New data on the performance of the City Region labour market for Q3 2017 and regional goods exports data from HMRC for the same period, along with data from Banksearch on the number of new business bank accounts for the City Region through to the end of 2017 is also available. The latest updates from the Office for National Statistics are also included, along with updated global economic forecasts from the IMF.

### Main national and international headlines

- 2.2 The main national and international headlines include:

- There was a **broad based upturn in global growth in 2017**, with the IMF estimating total output increased by 3.7%, up from 3.2% in 2016, contributing to the broadest upturn since 2010.
- The **IMF expect this momentum to continue to strengthen** over the next two years. However, higher inflation, the removal of quantitative easing and ultra-low interest rates could pose risks to this momentum if not handled carefully.
- **UK GDP maintained the growth rate seen in Q3** in the final quarter of 2017. The UK economy grew by 1.7% across 2017 as a whole, down

slightly on the 1.9% growth recorded in 2016 and lowest among G7 nations.

- The **number of people in work in the UK increased** by 88,000 in Q4 2017, though **unemployment also increased** over the same period, resulting in the first rise in the unemployment rate in almost two years. Employment rates remain high by historic standards, however.
- **Inflation held steady at 3% in January.** Whilst average weekly earnings growth picked up slightly to 2.5% in the three months to December, **wages continue to lag behind inflation.**
- Overall, whilst the UK economy has performed better than many expected since the EU referendum, there are signs that growth has slowed since June 2016 compared to other nations whilst recent strong employment growth may have peaked.

### Leeds City Region headlines

2.3 For Leeds City Region, the key headlines include:

- **Businesses in Leeds City Region ended 2017 in relatively confident mood**, with expectations of profitability increasing among manufacturers. Confidence on this measure dipped among service sector firms in Q4, but remains above the level seen at the start of the year and is now similar to manufacturing.
- The **number of Leeds City Region residents in work has remained relatively stable** in the first three quarters of 2017. There are around 11,500 more people in work as of September 2017 than there were in September 2016.
- **The Leeds City Region unemployment rate dropped from 4.8% in Q2 to 4.6% in Q3**, taking it back to the joint-lowest level seen since 2005. The unemployment rate is now in line with the rate for the UK as a whole.
- The pace of export growth slowed in both services and manufacturing in Q4 2017, according to the QES with the Chambers of Commerce in Leeds City Region. Nonetheless, export activity remains high by recent standards.
- The value of goods exported from the Yorkshire & Humber fell by 2.9% in Q2, similar to the 2.2% fall seen nationally. **The value of goods exports from the region is 11% higher than in Q3 2016.**
- House prices in Yorkshire & Humber grew by 2.8% between December 2016 and December 2017, a slower pace of growth than the 5.2% seen across the UK as a whole.
- **Office market fundamentals in West Yorkshire remain relatively strong**, according to the latest analysis from real estate information company CoStar.
- The same trends evident nationally are evident in Leeds City Region, with business performance and exporting generally positive since the EU referendum, though signs that this growth, and strong labour market performance, may have peaked. Despite some challenges, businesses in our region retain a positive outlook for 2018.



### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

5.1 No external consultations have been undertaken.

### **6 Recommendations**

6.1 The LEP Board is asked to note the analysis presented in the economic update and dashboard and consider how this relates to the work of the LEP and its strategy.

### **7 Background Documents**

None.

### **8 Appendices**

Appendix 1 – Leeds City Region Economic Update Report – March 2018

Appendix 2 – Leeds City Region Economic Dashboard – March 2018

This page is intentionally left blank

## ECONOMIC UPDATE: LEEDS CITY REGION, MARCH 2018

### Key points at glance

*This report presents the latest assessment of the Leeds City Region economy. It sets out the recent developments in the world's leading economies, along with trends and forecasts for global growth. It analyses the recent economic performance of the UK, before considering in more detail the latest developments in Leeds City Region.*

#### National and international headlines

- There was a **broad based upturn in global growth in 2017**, with the IMF estimating total output increased by 3.7%, up from 3.2% in 2016, contributing to the broadest upturn since 2010.
- The **IMF expect this momentum to continue to strengthen** over the next two years. However, higher inflation, the removal of quantitative easing and ultra-low interest rates could pose risks to this momentum if not handled carefully.
- **UK GDP maintained the growth rate seen in Q3** in the final quarter of 2017. The UK economy grew by 1.7% across 2017 as a whole, down slightly on the 1.9% growth recorded in 2016 and lowest among G7 nations.
- The **number of people in work in the UK increased** by 88,000 in Q4 2017, though **unemployment also increased** over the same period, resulting in the first rise in the unemployment rate in almost two years. Employment rates remain high by historic standards, however.
- **Inflation held steady at 3% in January**. Whilst average weekly earnings growth picked up slightly to 2.5% in the three months to December, **wages continue to lag behind inflation**.

#### Key City Region and local developments

- **Businesses in Leeds City Region ended 2017 in relatively confident mood**, with expectations of profitability increasing among manufacturers. Confidence on this measure dipped among service sector firms in Q4, but remains above the level seen at the start of the year and is now similar to manufacturing.
- The **number of Leeds City Region residents in work has remained relatively stable** in the first three quarters of 2017. There are around 11,500 more people in work as of September 2017 than there were in September 2016.
- **The Leeds City Region unemployment rate dropped from 4.8% in Q2 to 4.6% in Q3**, taking it back to the joint-lowest level seen since 2005. The unemployment rate is now in line with the rate for the UK as a whole.
- The pace of export growth slowed in both services and manufacturing in Q4 2017, according to the QES with the Chambers of Commerce in Leeds City Region. Nonetheless, export activity remains high by recent standards.
- The value of goods exported from the Yorkshire & Humber fell by 2.9% in Q2, similar to the 2.2% fall seen nationally. **The value of goods exports from the region is 11% higher than in Q3 2016.**
- House prices in Yorkshire & Humber grew by 2.8% between December 2016 and December 2017, a slower pace of growth than the 5.2% seen across the UK as a whole.
- **Office market fundamentals in West Yorkshire remain relatively strong**, according to the latest analysis from real estate information company CoStar.

#### Key conclusions and outlook

- **2017 has been a strong year for the global economy**, with most major economies seeing an acceleration in growth from the previous year. This has helped the sense that the world economy is on its surest footing since the crash of a decade ago, with expectations that growth will be sustained in 2018.
- **The UK economic picture remains very mixed**. Whilst GDP growth held up better than many expected last year, it did fall from 1.7% to 1.9% in 2016. Growth in the UK was lower than in any other G7 nation last year.
- Whilst **employment in the UK remains at historically high levels, there are signs that the peak may have been reached** with the unemployment rate ticking up, albeit very slightly, for the first time in almost two years.
- **These same trends are also evident in Leeds City Region**. Businesses responding to the Chambers of Commerce Quarterly Economic Survey have reported an increase in export activity since the EU referendum in June 2016 though there are suggestions that this may have peaked in late 2017. The same is true to an extent with regard to employment growth, with data suggesting recent gains may be tailing off.
- Despite some challenges, there remain some undoubted positives for the City Region. **Business confidence remains high according to the QES**, which when combined with other survey data supports the view that businesses in our region retain a positive outlook for 2018.

*These issues are explored in greater detail in the remainder of this document.*

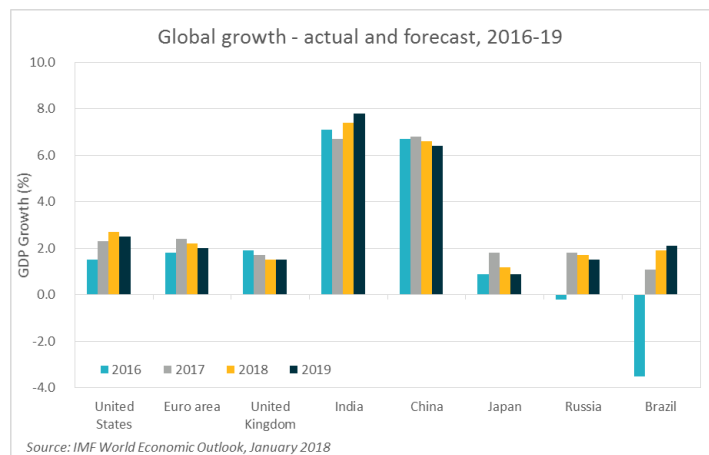
## ECONOMIC UPDATE: LEEDS CITY REGION, MARCH 2018

### Introduction

- This report presents the latest assessment of the Leeds City Region economy. It sets out the recent developments in the world's leading economies, along with trends and forecasts for global growth. It analyses the recent economic performance of the UK, before considering in more detail the latest developments in Leeds City Region.
- New data available includes updated global economic forecasts from the IMF, whilst new official UK data is available on GDP and the labour market for Q4 2017. There is also new official data on trade, inflation and consumer spending.
- For Leeds City Region, the headline results from the Quarterly Economic Survey with the Chambers of Commerce for Leeds City Region for Q4 2017 are presented. New data on the performance of the City Region labour market for Q3 2017 and regional goods exports data from HMRC for the same period. Data from Banksearch on the number of new business bank accounts for the City Region through to the end of 2017 is also available.

### Global context and forecasts

- There was a broad based upturn in global growth in 2017, with the IMF estimating total output increased by 3.7%, up from 3.2% in 2016. With 120 countries accounting for 75% of global output seeing growth pick up, this represents the broadest upturn since 2010.
- The IMF expect this momentum to continue to strengthen, forecasting growth of 3.9% in both 2018 and 2019. Recent tax reforms in the US are expected to strengthen demand in America and its main trading partners, in the near term at least. Favourable global conditions have also led to upward revisions to the outlook of major European economies and Japan.



- However, a tightening of financial conditions, perhaps driven by increased inflation and resultant higher interest rates, could dampen confidence and growth and increase risks in emerging markets.
- The Eurozone posted growth of 0.6% in the final quarter of 2017, down slightly from the 0.7% seen in the preceding two quarters. The single currency area economy expanded by 2.7% across the calendar year as a whole – its fastest pace of growth since the financial crisis.
- The US also saw the economy expand by 0.6% in Q4, driven by consumer spending. Whilst this was slightly below expectations, it contributed to growth in the world's largest economy of 2.3% in 2017.
- China, the world's second largest economy exceeded expectations in 2017, expanding by 6.9% across the year as a whole, ahead of a target of 6.5%. Growth was up from 6.7% in 2016, representing the first annual acceleration for the economy since 2010.
- Oil prices have continued to rise of late, driven by increasing global demand, OPEC's cut in production and weather and geopolitical events. Prices are around \$65 a barrel, 25% higher than in summer 2017. With demand expected to be sustained in the near future, this will be welcomed by commodity producing nations who are dependent on exporting such resources.

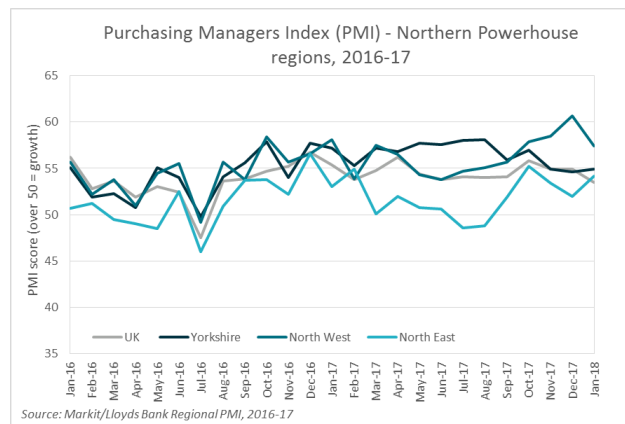
**Global economy summary:** 2017 saw a broad upturn in growth across developed and developing nations, cementing the recovery which has until now been relatively patchy. With momentum building, increased demand has led to upward pressure on prices and consequent concerns about inflation have caused some nervousness among markets of late. Whilst 2018 is expected to see a continuation of recent positive trends, the risks of higher inflation and low productivity remain, as does the uncertainty around the timings and implications of normalising monetary policy.

**UK economic performance**

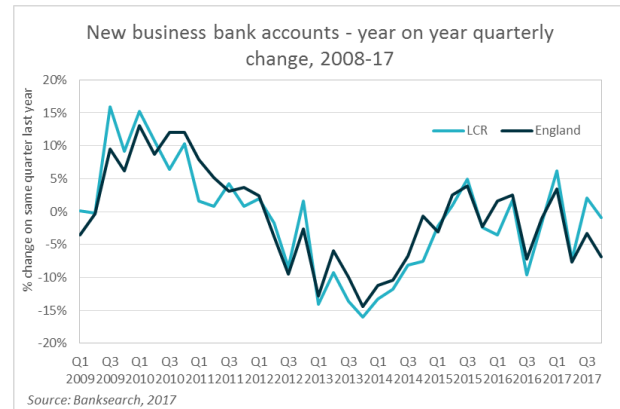
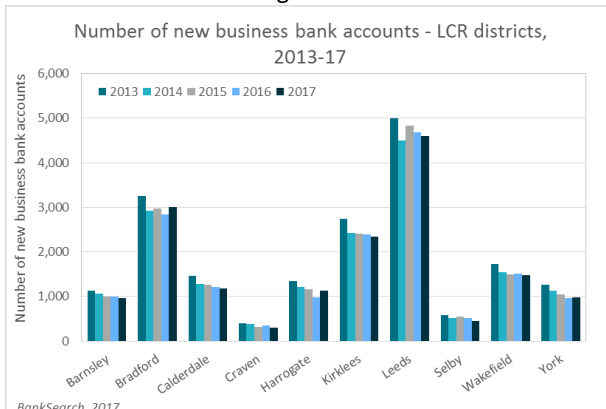
Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	<p>UK GDP increased by 0.4% in the final quarter of 2016, maintaining the growth rate seen in Q3. The UK economy grew by 1.7% across 2017 as a whole, down slightly on the 1.9% growth recorded in 2016 and lower than in other G7 nations.</p> <p>Manufacturing output increased by 1.3% in Q4, with service sector output up 0.6%. This growth was partially offset by a fall in oil production and a third consecutive quarterly decline for construction.</p>	<p>UK GDP growth - 2007-17</p> <p>Source: Office for National Statistics, 2018</p>	
<b>Confidence and sentiment</b>	<p>The pace of expansion slowed across the UK service, manufacturing and construction sectors at the start of 2018, according to the Markit/CIPS PMIs for January.</p> <p>Whilst all sectors continued to expand, service sector output increased at its slowest pace since September 2016, whilst manufacturing recorded its slowest growth since June 2017. Whilst the service sector reported an easing of price pressures, the opposite was true among manufacturers.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-18</p> <p>Source: Markit/CIPS PMIs, 2016-18</p>	
<b>Labour market</b>	<p>The number of people in work in the UK increased by 88,000 in Q4 2017, though there was a month on month dip in total employment in December. The employment rate stands at 75.2%, close to the joint-highest on record first reached in July 2017 and high by historic UK standards.</p> <p>Unemployment also increased over the same period, increasing by 46,000 to 1.47 million. That took the unemployment rate from 4.3% to 4.4% - the first time the rate has increased in almost two years though it remains low by historic standards.</p>	<p>UK employment growth 2008-17</p> <p>Source: Office for National Statistics, 2017</p>	
<b>Trade and exports</b>	<p>The volume of retail sales was broadly flat in the three months to the end of January, compared to the preceding three months, with sales growing at their slowest pace in 9 months.</p> <p>The UK's trade deficit (the difference between exports and imports) increased to £10.8bn in the three months to December. Exports to the EU decreased, whilst imports from non-EU nations increased. Declining fuel exports also contributed.</p>	<p>UK balance of trade - 2007-17</p> <p>Source: UK Trade, ONS 2018</p>	
<b>Inflation and wages</b>	<p>Inflation held steady at 3% in January. Transport costs, particularly fuel, and food and drink saw slight falls in prices from December, but this was offset by upwards contributions from recreational activities.</p> <p>Average weekly earnings increased by 2.5% in the three months to December compared to a year earlier, picking up from 2.4% in November. Whilst wages continue to lag behind inflation, Bank of England surveys suggest companies expect wage growth to pick up in 2018.</p>	<p>Wage growth and inflation, 2008-18</p> <p>Source: Office for National Statistics, 2018</p>	
<p><b>UK economy summary:</b> Economic growth in the UK maintained its recent trajectory in Q4, though the pace of growth was down in 2017 as a whole and below that of other major economies. December also saw a hint that employment may have peaked, though the labour market remains strong in historical terms. The recent strengthening of the pound may have led to a tailing off in export growth, though equally it may contribute to subduing inflation.</p>			

## Leeds City Region – Business Performance and Confidence

- Manufacturers in Leeds City Region ended 2017 in relatively confident mood, with the proportion expecting profits to increase in the year ahead increasing back to pre-referendum levels with a net balance of +37% on the Quarterly Economic Survey with the Chambers of Commerce for Q4 2017. Confidence on this measure dipped among service sector firms in Q4, but remains above the level seen at the start of the year and is now similar to manufacturing.
- The service sector continues to report increases in domestic sales, with the net balance back to its highest point in two years. Forward orders also continue to grow for their fourth consecutive quarter. Whilst manufacturers also continue to report growing domestic activity, the pace of growth slowed a little over the last quarter.
- Capital investment slowed in Q4 among both service sector firms and manufacturers. A net balance of 20% of manufacturers said investment increased, in line with its long run average after a spike in Q3. The net balance among the service sector was 18%, declining from 23% a year earlier.
- Business activity in Yorkshire & Humber expanded in January 2018 according to the IHS Markit Regional PMI. The region's PMI Business Activity Index ticked up from 54.6 to 54.9 between January and December (a reading above 50 indicates growth). The region's index was third highest among English regions.



- There were 3,800 new business bank accounts opened in Leeds City Region in Q4 2017. This figure is largely unchanged from the same period in 2016, down just 0.9%. The number of new accounts opened across England declined by 6.8% over the same period.
- Across 2017 as a whole, 16,450 new accounts were opened, an almost identical number to 2016. Again, this represents stronger performance than for England, where the number of new accounts fell by 3.6% over the year. Leeds City Region's growth rate in 2017 represented the 5<sup>th</sup> strongest performance out of 38 LEPs. The number of new accounts is however down slightly from the 17,000 averaged in 2014 and 2015, and substantially lower than the 22,000 seen in 2011 and 2012. This trajectory is very similar to England as a whole.
- At district level, Harrogate (+14%), Bradford (+5.5%) and York (+1.7%) saw an increase in the number of new accounts opened last year compared to 2016. Whilst other districts saw small declines, in most cases performance still exceeded that of England.

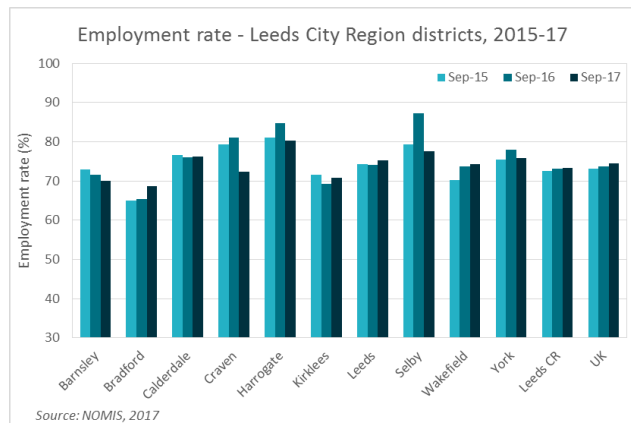
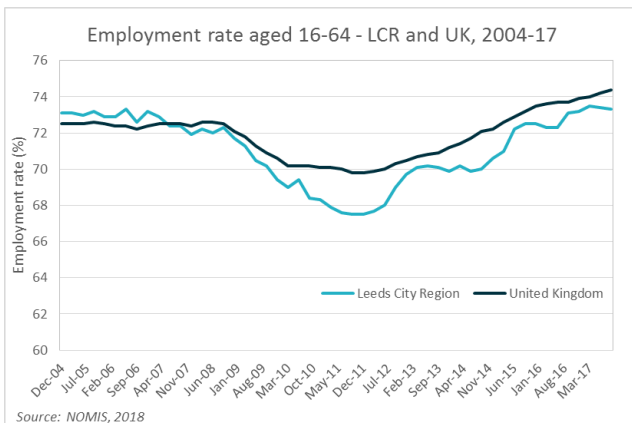


**Summary:** The Quarterly Economic Survey with the Chambers of Commerce found businesses in Leeds City Region more confident about their performance and prospects than they were at the start of it. There remain concerns about price pressures, but levels of business activity in the region have remained solid when compared to other areas of the country of late.

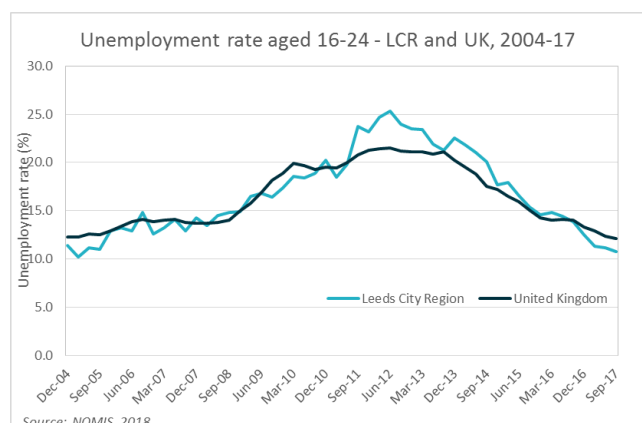
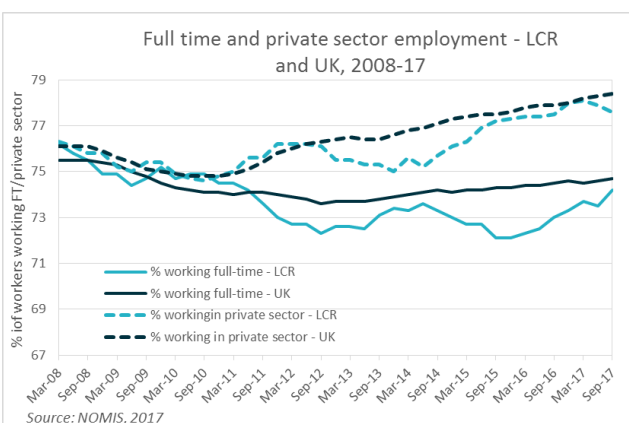


## Leeds City Region – Labour Market

- The number of Leeds City Region residents in work has remained relatively stable in the first three quarters of 2017 at around 1.405 million. There are around 11,500 more people in work as of September 2017 than there were in September 2016, an increase of 0.8%. This growth rate is the same as that seen in the other northern core city LEP areas in Sheffield and the North East, but below the 2% growth seen in Liverpool City Region and Greater Manchester.
- Within the City Region, Bradford (+5.5%), Kirklees (+3.3%) and Leeds (2.4%) saw the strongest growth in residents in employment over the past year. Most North Yorkshire districts saw falls in job numbers since Q3 2016, though these numbers are sample-based and can fluctuate, particularly for smaller geographies.
- The employment rate for Leeds City Region has dipped to 73.3%, falling by 0.1 percentage points in each of the last two quarters. It remains above the 73.1% recorded a year earlier, and the employment rate is above the national average of 74.4% in most North Yorkshire districts in the City Region, as well as in Leeds and Calderdale.



- Total unemployment remained unchanged at 71,000 between Q2 and Q3, though there are 7,000 fewer unemployed people in the City Region than there were a year ago. The unemployment rate dropped from 4.8% in Q2 to 4.6% in Q3, taking it back to the joint-lowest level seen since 2005. The unemployment rate is now in line with the rate for the UK as a whole.
- The employment rate among 16-24 year olds has dropped to 52.1% in Q3, down from 52.6% in Q2 and almost 54% in Q3 2016. However, the unemployment rate for this age group also continues to fall. 10.8% of 16-24 year olds are presently unemployed in Leeds City Region, down from 13.9% a year ago. The unemployment rate for 16-24 year olds in the UK presently stands 12.1%.



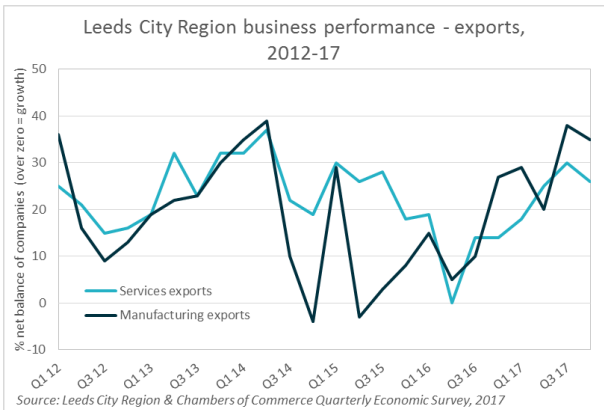
- The proportion of Leeds City Region residents employed in full-time positions increased to 74.2% in September, up from 73% a year earlier. Whilst this remains a little below the 74.7% seen nationally, it represents the highest level on this measure in the City Region since June 2011.
- Private sector employment accounted for 77.6% of residents' work in the City Region in Q3 2017, down from 77.9% in Q2 but in line with the same period last year.

**Summary:** The employment picture has been relatively static in Leeds City Region through the first three quarters of 2017, with the number of people in work relatively unchanged. Unemployment has been held in check too however, whilst the proportion working full-time has increased.

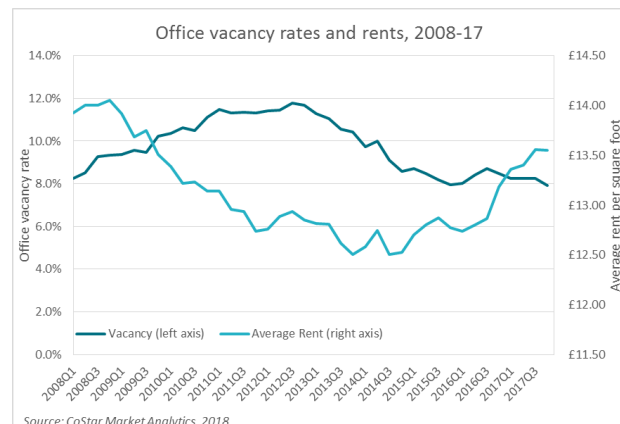
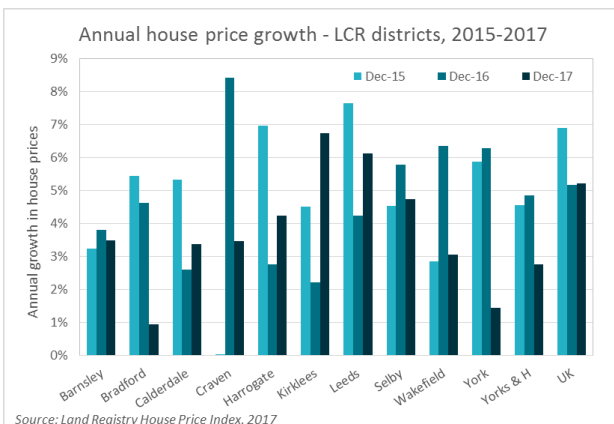


## Leeds City Region – Trade, exports and investment

- The pace of export growth slowed in both services and manufacturing in Q4 2017, according to the QES with the Chambers of Commerce in Leeds City Region. Nonetheless, export activity remains high by recent standards.
- The export sales net balance among manufacturers fell by 2 points to 35% in Q4, though it remains close to the three year high recorded in Q3. Similarly, although the service sector net balance declined by 4 points between Q3 and Q4 it is still at a level not seen since mid-2015.



- The value of goods exported from the Yorkshire & Region totalled just over £4bn in Q3 2017, according to data from HMRC. This represents a fall of 2.9% on Q2, similar to the 2.2% fall seen nationally. The value of goods exports from the region is 11% higher than in Q3 2016.
- There was a 4.1% decline in the value of goods exported from Yorkshire & Humber to the European Union in Q3. Despite this dip, exports to the EU are still up substantially in the year to date compared to the preceding two years, and the EU still accounted for £2.3bn (57%) of exports from the region in Q3.
- This decline in exports to the region's largest market in Q3 was partially offset by increases in exports to the three next largest markets of North America (up 1.3% on Q2), Asia & Oceania (+6%) and Middle East & North Africa (+0.9%).



- House prices in Yorkshire & Humber grew by 2.8% between December 2016 and December 2017, a slower pace of growth than the 5.2% seen across the UK as a whole. All districts of Leeds City Region saw house prices increase in 2017, albeit to varying degrees. Both Kirklees (+6.7%) and Leeds (+6.1%) saw prices increase faster than the national average, whilst growth was lowest in Bradford (+0.9%) and York (+1.4%).
- Office market fundamentals in West Yorkshire remain relatively strong, according to the latest analysis from real estate information company CoStar. The five prime office buildings delivered in 2016 have been met with healthy demand, leading to a fall in the vacancy rate over 2017. Robust occupier demand, particularly for good quality refurbished stock and flexible co-working space, has helped to boost average rents.

**Summary:** Export activity has remained robust through Q3 2017 according to data from HMRC, whilst the survey data from the Chambers of Commerce suggests that this trend has continued through to the end of the year. Trade with all of the region's key export markets has increased so far this year.





## Conclusions and outlook

- 2017 has been a strong year for the global economy, with most major economies seeing an acceleration in growth from the previous year. This has helped the sense that the world economy is on its surest footing since the crash of a decade ago, and this broad-based cyclical upturn has led to expectations that growth will be sustained in 2018.
- This upturn brings its own risks, with concerns remaining about the approach that central banks will take towards normalising monetary policy. Rising demand driven by the stronger economy has led to concerns focusing on the risk of higher inflation, which could force interest rates to rise and quantitative easing to be unwound more quickly than had been anticipated.
- The UK economic picture remains very mixed. Whilst GDP growth remained at a reasonable 0.4% in Q4, growth across 2017 as a whole fell from 1.9% to 1.7% when compared to 2016. Whilst this is substantially higher than many post-referendum forecasts anticipated, it still represents a slowdown from the previous year at a time when other major economies have seen growth accelerate. Whilst growth in the UK outpaced both the Eurozone and the US in 2016, both of those economies substantially outperformed the UK last year, with growth of 2.4% and 2.3% respectively. Indeed, growth in the UK was lower than in any other G7 nation last year.
- Indications from surveys such as the Markit/CIPS PMIs have suggested that the economy has continued to cool a little at the start of 2017, although manufacturing remains a relatively strong performer driven by overseas demand boosted by the weaker pound. Sterling has recovered somewhat of late, however, particularly against the dollar. Whilst this may help to explain a tailing off in export growth levels of overseas trade remain higher than in 2016, and these recent exchange rate moves could equally prove beneficial by keeping inflation, still running well above the government's 2% target, in check.
- Employment in the UK also remains at historically high levels, though again there are signs that the peak may have been reached with the unemployment rate ticking up, albeit very slightly, for the first time in almost two years. There has for some time been an expectation that with employment levels so high, wage growth would soon have to pick up as the bargaining power of workers increased. Should the recent sign of a downturn in employment persist and develop into something more substantial, this may subdue the anticipated acceleration of wage growth.
- Data suggests that the UK trends reported above are also evident in Leeds City Region. Businesses responding to the Chambers of Commerce Quarterly Economic Survey have reported an increase in export activity since the EU referendum in June 2016, and among manufacturers in particular that has helped to boost confidence. Both the QES and the official data on goods exports from HMRC suggest that growth in export activity may have levelled off in late 2017, but still remains a positive picture.
- The same is true to an extent with regard to employment. There has been a 0.8% increase in the number of City Region residents in work in the year to Q3 2017, similar albeit slightly lower than the 1.2% increase seen nationally. Whilst this suggests that the recent strong growth in employment may have peaked, it also means that there remains a gap between the local employment rate, where 73.3% of people are in work, and the national rate of 74.4%.
- Despite some challenges, there remain some undoubted positives for the City Region. Business confidence remains high according to the QES, whilst the IHS Markit regional survey found that business activity continues to expand at among the fastest rates among UK regions. Combined with data from BankSearch showing that the City Region was among the top performing LEP areas in terms of new business bank accounts opened in 2017, this supports the view that businesses in our region retain a positive outlook for 2018.

*This briefing has been produced by the West Yorkshire Combined Authority Research & Intelligence team. Any comments or queries can be addressed to [research@westyorks-ca.gov.uk](mailto:research@westyorks-ca.gov.uk)*

This page is intentionally left blank

National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	<p>There was a broad based upturn in global growth in 2017, with the IMF estimating total output increased by 3.7%, up from 3.2% in 2016. With 120 countries accounting for 75% of global output seeing growth pick up, this represents the broadest upturn since 2010.</p> <p>UK GDP increased by 0.4% in the final quarter of 2016, maintaining the growth rate seen in Q3. The UK economy grew by 1.7% across 2017 as a whole, down slightly on the 1.9% growth recorded in 2016 and lower than in other G7 nations.</p>	<p>Global growth - actual and forecast, 2016-19</p>		<b>Economic headlines</b>	<p>Business activity in Yorkshire &amp; Humber expanded in January 2018 according to the IHS Markit Regional PMI. The region's index was third highest among English regions.</p> <p>Both the service and manufacturing sectors continue to report increased domestic sales in the according to the Quarterly Economic Survey (QES) with the Chambers of Commerce for Q4 2017. The 16,450 new business bank accounts opened in 2017 in Leeds City Region was very similar to 2016, outperforming England which saw a 3.6% fall over the year.</p>	<p>Purchasing Managers Index (PMI) - Northern Powerhouse regions, 2016-17</p>	
<b>Business performance &amp; confidence</b>	<p>The pace of expansion slowed across the service, manufacturing and construction sectors at the start of 2018, according to the Markit/CIPS PMIs for January.</p> <p>Whilst all sectors continued to expand, service sector output increased at its slowest pace since September 2016, whilst manufacturing recorded its slowest growth since June 2017. Whilst the service sector reported an easing of price pressures, the opposite was true among manufacturers.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-18</p>		<b>Business performance &amp; confidence</b>	<p>Businesses in Leeds City Region ended 2017 in relatively confident mood, with expectations of profitability increasing among manufacturers according to the QES.</p> <p>Confidence on this measure dipped among service sector firms in Q4, but remains above the level seen at the start of the year and is now similar to manufacturing.</p>	<p>Profitability expectations, 2012-17</p>	
<b>Trade and exports</b>	<p>The volume of retail sales was broadly flat in the three months to the end of January, compared to the preceding three months, with sales growing at their slowest pace in 9 months.</p> <p>The UK's trade deficit (the difference between exports and imports) increased to £10.8bn in the three months to December. Exports to the EU decreased, whilst imports from non-EU nations increased. Declining fuel exports also contributed.</p>	<p>UK balance of trade - 2007-17</p>		<b>Trade and exports</b>	<p>The value of goods exported from the Yorkshire &amp; Humber Region totalled just over £4bn in Q3 2017, according to data from HMRC. This represents a fall of 2.9% on Q2, similar to the 2.2% fall seen nationally. The value of goods exports from the region is 11% higher than in Q3 2016.</p> <p>The pace of export growth slowed in both services and manufacturing in Q4 2017, according to the QES with the Chambers of Commerce in Leeds City Region. Nonetheless, export activity remains high by recent standards.</p>	<p>Export of goods - Yorkshire &amp; Humber and UK, 2013-17</p>	
<b>Labour market</b>	<p>The number of people in work in the UK increased by 88,000 in Q4 2017, though there was a month on month dip in total employment in December. The employment rate stands at 75.2%, close to the joint-highest on record first reached in July 2017 and high by historic UK standards.</p> <p>Unemployment also increased over the same period, increasing by 46,000 to 1.47 million. That took the unemployment rate from 4.3% to 4.4% - the first time the rate has increased in almost two year though it remains low by historic standards.</p>	<p>UK employment growth 2008-17</p>		<b>Labour market</b>	<p>The number of Leeds City Region residents in work has remained relatively stable in the first three quarters of 2017 at around 1.405 million. The employment rate has dipped to 73.3%, falling by 0.1 percentage points in each of the last two quarters. It remains above the 73.1% recorded a year earlier.</p> <p>Total unemployment remained unchanged at 71,000 between Q2 and Q3, though the unemployment rate dropped from 4.8% in Q2 to 4.6% in Q3, taking it back to the joint-lowest level seen since 2005 and in line with the rate for the UK as a whole.</p>	<p>Employment rate - Leeds City Region districts, 2015-17</p>	
<b>Forecasts/prospects</b>	<p>The IMF expect momentum in the world economy to continue to strengthen, forecasting growth of 3.9% in both 2018 and 2019. Recent tax reforms in the US are expected to strengthen demand in America and its main trading partners, in the near term at least.</p> <p>Favourable global conditions have also led to upward revisions to the outlook of major European economies and Japan. The IMF's forecasts for the UK are for growth of 1.5% in both 2018 and 2019, broadly in line with their previous projections. Other forecasters have recently revised their UK projections upwards however.</p>	<p>Global growth - actual and forecast, 2016-19</p>		<b>Other indicators</b>	<p>House prices in Yorkshire &amp; Humber grew by 2.8% between December 2016 and December 2017, a slower pace of growth than the 5.2% seen across the UK as a whole. All districts of Leeds City Region saw house prices increase in 2017, albeit to varying degrees. Both Kirklees (+6.7%) and Leeds (+6.1%) saw prices increase faster than the national average.</p> <p>Office market fundamentals in West Yorkshire remain relatively strong, according to the latest analysis from CoStar. Robust occupier demand has helped to boost average rents.</p>	<p>Office vacancy rates and rents, 2008-17</p>	
<b>Summary</b>	<p>2017 saw a broad upturn in growth across developed and developing nations, cementing the recovery which has until now been relatively patchy. Despite some risks, 2018 is expected to see a continuation of recent positive trends. Economic growth in the UK maintained its recent trajectory in Q4, though the pace of growth was down in 2017 as a whole and below that of other major economies. December also saw a hint that employment may have peaked, though the labour market remains strong in historical terms. These same trends are also evident in Leeds City Region. Whilst employment growth may have peaked, business confidence remains high according to the QES, which when combined with other survey data supports the view that businesses in our region retain a positive outlook for 2018.</p>						

151

This page is intentionally left blank



---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **An inclusive growth policy framework and local inclusive industrial strategy**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** David Walmsley and Marc Eatough

---

## **1 Purpose of this report**

- 1.1 To set out for discussion how inclusive growth will be embedded across the City Region's expanded policy framework in order to address the four key challenges agreed by the LEP Board at its September 2017 awayday.
- 1.2 To illustrate that partner authorities are delivering prototype services which, subject to further investment, might be extended across the city region to deliver inclusive growth outcomes.
- 1.3 To update the LEP Board on emerging priorities for a focused local inclusive industrial strategy, to be developed at pace and collaboratively with partners.

## **2 Information**

### **Driving inclusive growth across a broad and agile policy framework**

#### The inclusive growth challenge

- 2.1 The LEP Board (23 November 2016) and West Yorkshire Combined Authority (1 December 2016) endorsed a project to spearhead inclusive growth and make it a key cross cutting policy for Leeds City Region. The project was established following compelling work by the World Economic Forum<sup>1</sup> and Organisation for Economic Cooperation and Development (OECD)<sup>2</sup>, who demonstrated the 'recovery' from the global financial crisis of 07/08 had seen unbalanced growth that has exacerbated inequality. In light of the EU referendum result, Members also concurred with the Royal Society of Arts' (RSA)<sup>3</sup> analysis that driving inclusive growth is vital to address the concerns of the electorate – particularly those people feeling economically insecure, who feel they haven't benefitted from globalisation and are most vulnerable to further public sector austerity.

---

<sup>1</sup> [http://www3.weforum.org/docs/WEF\\_Forum\\_IncGrwth.pdf](http://www3.weforum.org/docs/WEF_Forum_IncGrwth.pdf)

<sup>2</sup> <https://www.oecd.org/els/soc/cope-divide-europe-2017-background-report.pdf>

<sup>3</sup> [https://www.thersa.org/globalassets/pdfs/reports/rsa\\_inclusive-growth-commission-final-report-march-2017.pdf](https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf)

- 2.2 In some ways the UK and Leeds City Region economies have seen strong growth (output growing by almost 20% from 2010 to 2016, employment levels the lowest since 1975, and halving the rate of young people not in education, employment or training). For many in the City Region however, this has not resulted in better living standards through inclusive growth – with in-work poverty becoming particularly stark:
- 147,000 children (22%) live in poverty
  - Of 1,325 care leavers in West Yorkshire (aged 17-21yrs) only 670 (51%) are in work, education or training
  - 25% of jobs in the City Region pay less than the real living wage of £8.75
  - The employment rate of Bangladeshi and Pakistani women is half that of white women (72% versus 32%)
  - 27% of the adult population are qualified below level 2 or have no qualifications; Leeds City Region is ranked 33 out of 38 LEPs for this measure
  - The employment rate for disabled people is only 52% compared with 79% for people without a disability
  - When in work, one in five families (165,000) rely on in-work tax credits to top up their income. The cost of working and child tax credits for West Yorkshire is £1.3 billion
  - 16% of households (159,000) have no-one in work, with 177,000 people (9% of adults) in receipt of out-of-work benefits
  - Of 122,000 people claiming Employment and Support Allowance in the City Region, half have mental illness or a behavioural condition
- 2.3 There's consensus across the City Region that inclusive growth is broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve prosperity alongside greater equity in opportunities and outcomes. In Leeds City Region, we believe that only by integrating decision making about economic and social policy in respect of functional economies will we achieve inclusive growth. Our aim is to work with partners to champion our distinctive assets and together make the changes that achieve the best outcomes and opportunities for our citizens.

An expanded policy range and the LEP's focus

- 2.4 In August 2017, the LEP Board and West Yorkshire Combined Authority agreed, in principle, to **expand the City Region's policy range**. This recognised that, while the existing Strategic Economic Plan (SEP) drives vital activity to deliver new jobs and homes, there are broader opportunities (e.g. the role of culture and citizen experience) and issues that would benefit from a more comprehensive and agile approach.
- 2.5 Therefore, the LEP Board in January 2018 supported collaborative work on an emerging policy framework (see **Appendix 1**) that represents where partners agree to work together on a broader range of topics (e.g. culture, potentially

new aspects of tackling disadvantage in health, early years and education) to tackle the City Region's shared priorities.

2.6 Those shared priorities – in the shape of four key challenges - were identified at the LEP Board's September 2017 awayday:

1. The City Region's productivity gap with national and international peers is too large and growing;
2. Investment is too low – particularly in research and development investment by the private sector;
3. Half a century of improving living standards in the City Region have stalled;
4. Stubborn deprivation persists, with the poorest communities staying the same over decades.

Partners recognised that prevailing economic conditions are relatively strong (although by far from working in the interests of all), which provides the chance to address the City Region's structural weaknesses that are often the cause of inequality, poverty and lack of opportunity. **The single most significant driver of inclusive growth is a more productive economy, where value is created and shared fairly across society.**

2.7 The LEP Board also emphasised the vital importance of better understanding the **impact** of decisions on economic and social outcomes. This means decisions can be clearer about who will benefit, and how those improvements will be felt. Developing a clearer understanding of impact is an opportunity to refresh the City Region's outcome measures and targets. These will be discussed further with advisory committees and a wide range of stakeholders from across the City Region, but this gives may give room for aspirational aims as well as more formal commitments. Accordingly, LEP board members are invited to comment on potential aims put forward by partners from the inclusive growth project:

- Reduce the proportion of jobs that pay less than the real living wage from 25% to 15%<sup>4</sup>.
- Triple the number of anchor organisations.
- Reduce the employment rate gap for all disadvantaged groups (e.g. disabled people, minority ethnic groups) by half<sup>5</sup>.

#### Practical action to drive inclusive growth

---

<sup>4</sup> The baseline for this indicator was set using data for 2016, taken from the Annual Survey of Hours and Earnings. It relates to Leeds City Region as a whole. In 2016 the Real Living Wage (set by the Living Wage Foundation) stood at £8.25 outside London. Pay data have subsequently become available for 2017, which indicate that 23 per cent of jobs in the City Region were below the Real Living Wage level (£8.45 in 2017).

<sup>5</sup> The key disadvantaged groups for which employment rate data are available at local level are: disabled people, ethnic minorities and older people (aged 50-64). The latest available estimates for the City Region (taken from the Annual Population Survey for October 2016 – September 2017) show an employment rate gap for disabled people (vs non-disabled) of 27 percentage points; a gap of 15 percentage points for people in ethnic minorities (vs white people); and a gap of 14 percentage points for older people (vs people aged 25-49).

2.8 Inclusive growth is at the heart of the work of many public, private and community organisations across the city region. **Appendix 2** provides a summary of the project’s achievements under the leadership of the project director. Partner authorities are also delivering targeted interventions that help particular groups in society who face particular disadvantage benefit from inclusive growth. Learning from these projects will be considered across partners with a view to extending successful methods across partners, subject to further investment. This may be a major ask of future negotiations with Government.

<b>Bradford</b>	<ul style="list-style-type: none"> <li>• Poverty and Ethnicity – a JRF-funded project that works with local employers and <b>Pakistani and Bangladeshi women</b> to seek to overcome barriers and provide access to a wider, more inclusive workforce.</li> </ul>
<b>Calderdale</b>	<ul style="list-style-type: none"> <li>• People with <b>mental health problems</b> – alongside the clinical commissioning group and local voluntary organisations, extend a pilot on the mental health impacts of social isolation and loneliness, predominately amongst the over-50s. This included impacts on employability.</li> </ul>
<b>Kirklees</b>	<ul style="list-style-type: none"> <li>• Work Better – a £5.75m European Social Fund funded programme to help <b>people who face significant barriers</b> into work, along with personal support for the first six months employment.</li> </ul>
<b>Leeds</b>	<ul style="list-style-type: none"> <li>• Providing supported internships (courses offered by colleges and post-16 providers) to help <b>young people with learning difficulties and disabilities</b> achieve paid employment by giving them the skills and experience they need through learning in the workplace.</li> </ul>
<b>Wakefield</b>	<ul style="list-style-type: none"> <li>• A programme for <b>children leaving local authority care</b> to improve their offer for housing and employment, including through priority support to achieve apprenticeships and into suitable accommodation.</li> </ul>
<b>York</b>	<ul style="list-style-type: none"> <li>• Supporting <b>financial resilience and inclusion</b> for people in those areas of the city ranked amongst the most deprived nationally. It will reduce the number of people using unlicensed/unregulated money lenders and high cost loans, in rent arrears or experiencing fuel poverty.</li> </ul>
<b>West Yorkshire Combined Authority</b>	<ul style="list-style-type: none"> <li>• Deliver recommendations from the inclusive growth audit, undertaken in conjunction with the Joseph Rowntree Foundation, to <b>target all projects and working practices to better deliver inclusive growth.</b></li> </ul>



- 2.9 There are also some particular themes where the Policy and Strategy Team - working with experts from councils, universities, think tanks and Government - will examine bold new approaches covering:
- **Good work in 2030** – linking with work on productivity and the future workforce, covering issues like sharing platforms and safeguards (as the UK leaves the EU), job design and flexibility, wage levels and collectivism.
  - **Future of municipal energy** – how the energy sector delivers clean, reliable and affordable that reduces fuel poverty, based on the City Region’s commitment to clean growth.
  - **The best start in life for all children** – how a child’s first 1,000 days shape their attainment and how opportunity can be extended in early years.
  - **Future funding** – including the role of pension funds, crowdfunding and philanthropy to deliver the City Region’s overall policy framework.

### **A local, inclusive industrial strategy**

- 2.10 Following publication of Government’s Industrial Strategy white paper, the LEP Board has previously determined (29 November 2017 and 16 January 2018) that a local inclusive industrial strategy will form a central component of the agile, long-term and broader policy framework described above and aimed at driving inclusive growth, boosting productivity and earning power for a post-2030 economy.

#### Emerging priorities for the Local Inclusive Industrial Strategy

- 2.11 There is an ambition to deliver the local inclusive industrial strategy at pace with the intention to present a compelling plan that builds on the foundations of the Strategic Economic Plan (SEP) to further transform the City Region. The aim is to position the City Region so that it forms part of the first wave of local industrial strategies agreed by government by March 2019 and shapes the submission to the 2018 Budget. Allied to this pace is the importance of an open and collaborative approach to co-design (described further in paras 2.15 and 2.16).
- 2.12 While there is no official Government position on the approach to local industrial strategies, the understanding is that they should be focused, relate to genuine local economic strengths and unlock transformative economic and social outcomes.
- 2.13 Informal contacts with Government suggest that there is an opportunity for the LEP in the period before more guidance is provided to develop a local approach that is truly ambitious and addresses local challenges. Work has therefore commenced to identify a number of priorities and ‘big ideas’ that could form the core building blocks and focus of our local industrial strategy:
- i. Transformative private sector leadership to tackle the productivity gap;

- ii. The Leeds City Region Transformed by Digital Technology; and
- iii. Maximising the impact of HS2 and Northern Powerhouse Rail through the development of inclusive growth corridors in the Leeds City Region.

2.14 A summary of these emerging proposals and ideas is provided below which builds upon earlier iterations seen by the Board in January. Further work to develop these proposals is ongoing with next steps outlined in section 2.15:

**(1) Transformative private sector leadership in the Leeds City Region to tackle the growing productivity gap.**

The productivity gap is growing between the Leeds City Region, UK and other advanced economies which limits residents’ living standards. As the largest city region outside London, addressing the Leeds City Region’s relatively poor productivity is a major part of the UK answering its productivity puzzle. Widespread progress for firms with less-than-average productivity could potentially unlock the majority of a £10 billion productivity dividend and see firms generating the returns that make paying a real living wage sustainable.

To address these challenges, a private sector led programme of intervention is required so that businesses collaborate to compete better. This needs to be spearheaded by private sector champions; harness the collective power of business groups and intermediaries, including banks and accountants; and be linked effectively with public business support provision.

Coordinated activity might cover:

<b>Business Leadership</b>	<ul style="list-style-type: none"> <li>• A more joined-up approach to business support so firms are more aware of productivity and their options to act - including a ‘No Wrong Door’ agreement on business support across public and private intermediaries.</li> <li>• Better analysis of firms’ productivity, including understanding those private sector ‘business heroes’ who bring to life how firms can improve productivity, and those interventions that work.</li> <li>• Stimulate a widespread understanding that better living standards come from more productive firms and good work.</li> </ul>
<b>Good work</b>	<ul style="list-style-type: none"> <li>• More inclusive labour markets with better progression and flexibility – linked to government’s activity on ‘good work’ in response to the Taylor Review of modern employment practices.</li> <li>• Maximise the positive connections between health, jobs and prosperity.</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Deliver the city region’s digital framework, including the ambition that every business becomes a digital firm.</li> <li>• Explore the potential of digital supply chains to increase productivity and transparency (see PwC Germany)<sup>6</sup>.</li> </ul>

<sup>6</sup> <https://www.strategyand.pwc.com/media/file/Industry4.0.pdf>

	<ul style="list-style-type: none"> <li>• Impact of the Knowledge Exchange Framework helping businesses to collaborate with universities.</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>• Champion how infrastructure investment underpins a more productive business environment in Leeds City Region.</li> <li>• Lead a compelling investment proposition leveraging private and public investment (e.g. Research Councils) in making the city region economy more productive.</li> <li>• Ensure inward investment activity drives up productivity – including how landing firms drive increased social value across local supply chains.</li> </ul>

## **(2) The Leeds City Region Transformed by Digital Technology**

Digital technology is transforming the world – and Leeds City Region has significant private and public sector assets on which to transform the regional economy. Currently businesses invest relatively little in Research, Innovation and Development (RID). There are opportunities to test how to stimulate investment in digital technology and RID to transform our economic base.

A Digital Framework is being progressed alongside development of the local inclusive industrial strategy. Although these are separate strands of work with different timescales, the Digital Framework - once established - will contribute significantly to the narrative and objectives of the digital and tech-focused local approach, including its key role in helping solve the City Region’s four key challenges.

One emerging proposal is to deliver the Leeds City Region Med-Tech Science and Innovation Audit (SIA) as a ‘proof of concept’ for other areas of tech (e.g. Fintech, Clean Tech, Agri-tech, etc.) to learn how orchestrated academic, public and private action can unlock Research & Development, driving investment, productivity and growth. The overall aim is to develop a £200m investment portfolio to 2025, including proposals for skills, innovation support and R&D infrastructure and clinical evaluation and evidence generation.

Item 13 provides an update report for the LEP Board on work to develop the City Region Digital Framework.

## **(3) Maximising the impact of HS2 and Northern Powerhouse Rail through the development of inclusive growth corridors in the Leeds City Region**

HS2 will be a catalyst for accelerating and elevating Leeds City Region’s position as an internationally recognised place, connecting the North and creating an inclusive, dynamic economy which is accessible to all.

In order to help maximise the benefits of HS2 and Northern Powerhouse Rail, a series of inclusive growth corridors have been identified using a range of economic and transport indicators. These corridors will connect major

communities, including some of the most deprived areas of Leeds City Region to HS2. Inclusive growth corridor plans for each of these prioritised corridors are being developed in collaboration with District partners. The intention is that plan will:

- Reflect the views of local communities including businesses and stakeholders;
- Bring together the medium to longer term regeneration and broader development plans which transformational connectivity can support;
- Examine the detailed skills and supply chain interventions which can be clearly integrated within the Leeds City Region Connectivity Strategy;
- Integrate with wider social policy interventions to support the drive in productivity growth and inclusive growth.

The output of the inclusive growth corridor plans will be detailed short, medium and longer-term small and transformational projects/interventions. Further details of plans for the inclusive growth corridors are contained within the Leeds City Region HS2 Connectivity strategy<sup>7</sup> which is currently out for consultation.

#### Next steps

2.15 As part of the LEP's and Combined Authority's open and inclusive approach to inform the development of the local industrial strategy and wider policy framework, a programme of engagement will be delivered with a range of stakeholders over the coming months, including:

- Districts: building on the excellent work done and ongoing to develop their local inclusive growth / economic / industrial strategies;
- Universities: making the most of their research assets and role as local anchor institutions;
- Business representative groups: as key actors representing the views of the private sector to develop deep knowledge of the barriers to improving productivity and boosting earning power.

2.16 An initial workshop will take place in March, bringing together representatives from higher education, local government and business to help test and shape the proposals above. This will followed be followed by an extensive programme of consultation from May 2018.

### **3 Financial Implications**

3.1 There are no direct financial implications directly arising from this report. Extending the range of activity described in 2.8 will require further investment, while further work is needed to identify the extent of external challenge required to develop the policy agenda and how this might be funded across the partnership.

---

<sup>7</sup> <https://www.westyorks-ca.gov.uk/media/2807/lcr-hs2-connectivity-strategy-for-engagement.pdf>

## **4 Legal Implications**

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

## **5 External Consultees**

5.1 The West Yorkshire Combined Authority will also discuss this report.

## **6 Recommendations**

6.1 That the LEP Board agree that inclusive growth be embedded across the City Region's expanded policy framework as described in order to address the four key challenges agreed by the LEP Board at its September 2017 awayday.

6.2 That the LEP Board note that, in addition to the core activity of partners to drive inclusive growth across all activity, there are particular prototype activities across districts that can improve the lives of disadvantaged groups. Subject to results and further investment, this activity might be extended across the City Region to deliver inclusive growth outcomes.

6.3 That the LEP Board note and provide comments on activity to deliver a focused, local inclusive industrial strategy at pace and developed collaboratively with partners.

## **7 Background Documents**

- LEP Board report (23 November 2016) and West Yorkshire Combined Authority report (1 December 2016)
- West Yorkshire Combined Authority report (3 August 2017)
- LEP Board report (29 November 2017) and West Yorkshire Combined Authority report (14 December 2017)
- LEP Board report (16 January 2018) and West Yorkshire Combined Authority report (1 February 2018)

## **8 Appendices**

Appendix 1 - the City Region policy framework

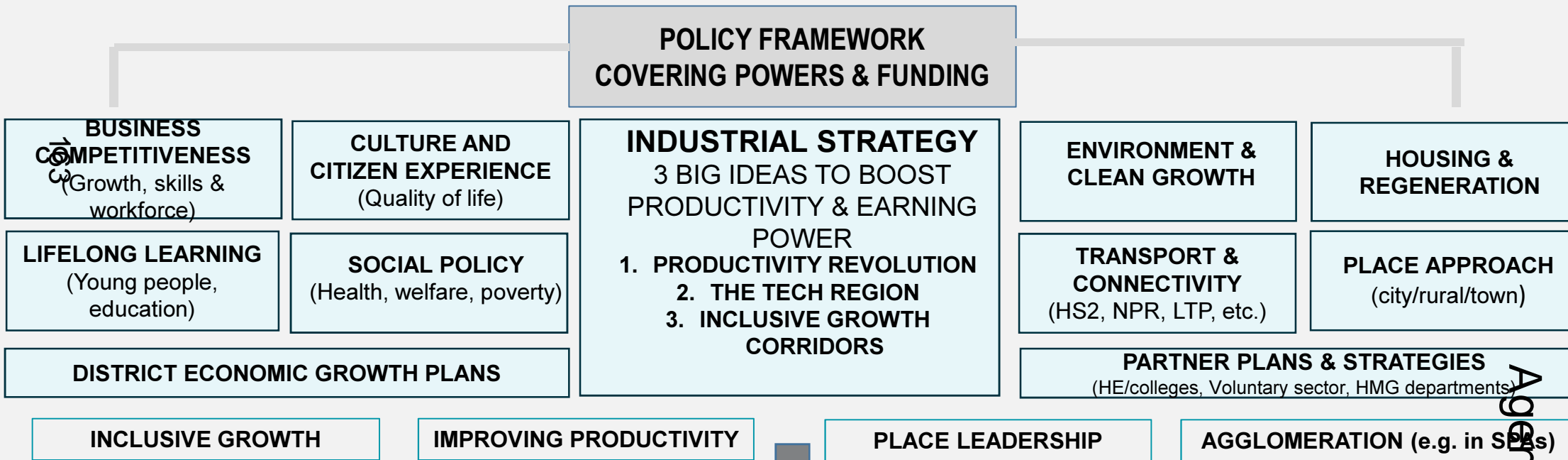
Appendix 2 – achievements from the inclusive growth project

This page is intentionally left blank

# VISION

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

*[range of expressions of this vision will be developed so that it speaks to our different audience in a language and format they understand]*



GROWTH & PRODUCTIVITY    GOOD EMPLOYMENT & INCREASED EARNINGS    SKILLS UPLIFT    REDUCED DEPRIVATION    ENVIRONMENTAL SUSTAINABILITY

**[SUCCESS MEASURES TO BE DEVELOPED]**

**DIFFERENCE FOR WHOM (COHORTS/SEGMENTATION)**

Appendix 1  
Agenda Item 12

This page is intentionally left blank



## Appendix 2

### **Achievements from the inclusive growth project**

Under the leadership of the project director, partners from across the City Region have come together to put inclusive growth at the heart of the collective agenda and share information and learning about where there is chance to go further.

The main report describes how the expanded policy framework and local inclusive industrial strategy drive better living standards, particularly in the most deprived communities. In addition to this, the inclusive growth project has resulted in some major changes for the City Region:

#### **1. To harness the power of anchor institutions we have:**

- Secured commitment from 20 major anchor institutions across West Yorkshire and York to examine how they can become inclusive organisations.
- Shared good practice on workplace practices - impact on over 100,000 workers, stretching take home pay of the lowest paid by the adoption of inclusive employment and pay policy and practice.
- Prompted the Combined Authority and local authorities to understand how public procurement can deliver more social value.

#### **2. To share learning about how partners can best address poverty and put communities at the heart of inclusive growth we have:**

- Drawn out lessons from previous anti-poverty work and initiatives across the region, including the Single Regeneration Budget, New Deal for Communities and Neighbourhood Renewal Fund.
- Run workshops for stakeholders to develop potential standards for authorities to consider implementing, including maximizing take-up of benefits to which families are entitled.
- Organised and held mini-conference with voluntary and community service organisations across West Yorkshire and also Locality, exploring barriers to community enterprise and engagement.

#### **3. To understand the potential for good work to improve productivity we have:**

- Commissioned 'Timewise' to evaluate flexible working in the City Region - *'Making good jobs flexible and flexible jobs good'* and share good practice.
- Added stretching and proportionate inclusive growth criteria to the Business Grants Programme, including a more stretching threshold for higher paying jobs.

**4. To ensure low paid workers in councils are supported we have:**

- Prompted local authorities to agree to treat low pay as if it were a protected characteristic.
- Supported councils to meet the living wage foundation benchmark for the lowest paid staff – currently 8,000+ employees, including apprentices and agency workers.
- Launched discount programmes to help provide savings for the same cohort which stretch take home pay by more than £900pa.
- Prompted efforts to increase the take-up of pension membership amongst low paid staff.

**5. To challenge the Combined Authority to be as ambitious as it might be we have:**

- Asked the Joseph Rowntree Foundation and project director to review the Strategic Economic Plan and associated projects and programmes and advise where they might be refocused to drive inclusive growth outcomes. This has consisted of:
  - Operational changes that have been or are being made;
  - Policy changes that require a decision but where there is consensus about what is required – such as to grants conditions, procurement, ticketing or socio-economic policy;
  - Ideas that are more complex and need further consideration/policy development. This includes, for example, incorporating the living wage into all contracts, incentivising employers to offer opportunities to people with ill health (esp. mental health problems) and targeting disadvantaged groups in our engagement and consultations.
- Explore how the devolution of powers and funding might be pursued in a way that drives inclusive growth.



---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **Digital Framework**

---

**Director:** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Sarah Bowes

---

## **1 Purpose of this report**

- 1.1 To update LEP Board on work to develop the Leeds City Region Digital Framework and seek feedback and comments.

## **2 Information**

### Leeds City Region Digital Framework

- 2.1 LEP Board will be aware a long standing ambition to develop a Digital Strategy for the whole of the City Region.
- 2.2 Work to develop a Digital Framework is now being progressed alongside work to develop the new Local Inclusive Industrial Strategy. Although these are separate strands of work with different timescales, the Digital Framework - once established - will contribute significantly to the narrative and objectives of the digital & tech focused Local Industrial Strategy.
- 2.3 The output of the work to develop a Digital Framework will be a short, concise document (PowerPoint slides) which clearly articulates the overall vision for the digital economy in Leeds City Region whilst setting out clear ambition statements and proposed interventions. The Digital Framework will also make clear how it will contribute towards (and help to solve) the City Region's four key challenges.
- 2.4 This overarching Digital Framework will provide a framework for investment and a collective narrative/ ambition for 'digital' across the whole City Region.
- 2.5 The Framework will set out to articulate an approach to the digital economy and to the development of digital capability across the City Region's population and institutions that sets the direction of travel and encourages all the other actors in the region to align with both the LEP and Combined Authority and each other.

- 2.6 In this way, the very process of bringing together key stakeholders from across the City Region will help to build relationships and identify opportunities to work collaboratively going forwards.
- 2.7 There are five strands (or outcomes) to the emerging LCR Digital Framework (which are all very much interconnected):
- Every business a digital business – helping LCR businesses to embrace and grow through improved use of new technologies;
  - Digital skills for all – giving everyone access to the skills they need to thrive in a the digital economy
  - A digital sector that services the world – making LCR the best place to start and grow a digital business
  - World class digital infrastructure – ensure everyone can access a fast, reliable and resilient network
  - A smarter, more intelligent City Region – using technology and data to solve the City Region’s biggest challenges and improve citizen outcomes.
- 2.8 A number of these strands are taken from the Government’s Digital Strategy and mirror the Government’s ambitions to grow the economy through the opportunities that digital brings. The Leeds City Region Framework will position digital as an enabler – and not the driver – in an attempt to solve some of the City Region’s biggest challenges.
- 2.9 Good work under each of these outcomes is already taking place across the City Region, for example the new Digital Inward Investment Fun and Digital Skills Campaign. The Framework will recognise this, building on good practice and identifying new future activity, particularly aligned with Inclusive Growth outcomes.
- 2.10 For each of the 5 strands/outcomes, a facilitated pre-consultation workshop will take place during March. These will bring in a small group of key stakeholders to test some of the emerging thinking to date. Following this, a much wider online consultation process will take place in an attempt to capture the views and opinions of stakeholders across the City Region and across the 5 strands.
- 2.11 More detailed information on each of the proposed outcomes can be found in **Appendix 1**.
- 2.12 Many of the proposed activities can be achieved by better coordination / flexing of existing work across partners. For other strands, opportunities may exist through national funding competitions (BDUK, Innovate UK etc).

### **3 Financial Implications**

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

## **4 Legal Implications**

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

## **5 External Consultees**

5.1 A number of external discussions have taken place to inform the emerging Framework proposals. These include: DigiCat Yorks and DHEZ; KT Directors; Local Authorities; Leeds Digital Board; INCA; in addition to several LEP Board and BIG Panel members including Andrew Wright and Rashik Parmar. Pre consultation workshops will take place in March, followed by extensive online consultation from May.

## **6 Recommendations**

6.1 That LEP Board provide comments on the direction of travel and emerging outcomes.

## **7 Background Documents**

None.

## **8 Appendices**

Appendix 1 – Leeds City Region Digital Framework Outcomes

This page is intentionally left blank

## **Leeds City Region draft Digital Framework outcomes**

# 1. Digital opportunities for all businesses

---

**Ambition:** ‘Our future prosperity and success depends on ensuring all our businesses have the opportunities to access and exploit the best digital technology and data to drive innovation and productivity. We will ensure businesses have the desire, knowledge and means to access opportunities from this new technology, and are able to take advantage of the specific opportunities from data.’

**Principle:** To stimulate, encourage and enable the business leadership, behaviour changes and cultural shift needed to embrace the 4th industrial revolution.

## **Actions:**

- Build upon existing strengths and capabilities (health and medtech) and sectors where the opportunity is significant (manufacturing), using the Med-tech SIA as proof of concept to demonstrate what can be achieved when industry, academia and government work collaboratively.
- Take forward the idea of a sector deal around Industrial Digitalisation, focused around med-tech and textiles
- Working closely with the Digital Catapult, explore the recommendations emerging from ‘The future of UK Manufacturing report’ particularly around ‘objective brokerage’ and developing relevant case studies for SMEs.
- Fully capitalise on the immediate opportunities around industrial manufacturing, particularly around supply chains
- Pilot the delivery of a package of innovative support to target a cohort of businesses who have not yet embraced the 4th Industrial Revolution.
- Consider what interventions are necessary to support those businesses who have not yet embraced the 3rd Industrial Revolution, particularly the role of ‘trusted suppliers’ in the process.
- Linking in with the productivity revolution work as part of the Industrial Strategy focusing on business culture and leadership
- Explore lessons learnt and opportunities to expand and build on the successful Digital Enterprise Programme

Potential funding opportunities to support this include: ESIF; shared prosperity fund; Industrial Strategy Challenge Fund; Sector Deals; Innovate UK; corporate sponsorship etc



# 2. Digital skills for all

---

**Ambition:** 'We will ensure everyone in the City Region has the opportunity to develop the digital skills they need to flourish in the new digital economy'

**Principle:** To develop an evolving pipeline for digital skills to meet the needs of businesses and citizens:

- Inclusion / basic skills: Ensure everyone has basic digital capability to ensure no one is excluded from opportunities because of a lack of skills and can operate in a digital society.
- General skills: Look at opportunities for improving outcomes for those who have basic digital skills, but lack the confidence and knowledge to make the most of the digital economy, whether at work or beyond.
- Advanced skills: Ensure LCR develops, attracts and retains the talent needed for higher skilled roles (E.g. coding).

**Actions:**

- Work with LA partners to ensure that the ubiquity of future technologies does not exacerbate the divide between the haves and have nots and instead seeks to reduce inequality.
- Work with partners (e.g. Barclays Digital Eagles) and existing initiatives to support citizens with digital skills
- Promote digital apprenticeships and degree apprenticeships
- Develop a business-sponsored campaign to raise awareness of LCR digital careers including supporting those people displaced by digital technologies.
- Work closely with schools, FE, HEI (training providers) and employers to ensure we develop talent with the skills businesses need both now and in the future and ensure programmes/courses all have some element of digital skills training included.
- Attracting talent and skills (including large employers) to relocate to LCR.

Potential funding opportunities to support this include: ESIF; shared prosperity fund; Digital Skills Partnership etc

# 3. The digital sector to service the rest

---

**Ambition:** ‘To become a City Region leader of national significance and a major player within the Northern Powerhouse through our approach to growing our digital technology cluster and our optimum mix of big city/smaller towns and hidden gems, making LCR the best place to start and grow a digital technology business.’

**Principle:** To grow the ecosystem of digital tech businesses across the City Region as suppliers to the rest of the world.

**Actions:**

- Explore opportunities to establish a private sector led Leeds City Region membership Digital body to ensure the sector has a voice within and beyond the City Region.
- Develop a detailed understanding of the needs and issues and specific support required for the digital sector including the role of large businesses.
- Explore opportunities to expand Leeds Digital Festival across the City Region
- Work closely with LA partners to ensure the conditions exist to allow all digital tech companies (from infrastructure businesses to service businesses all the way through to communications providers) to thrive and flourish across the City Region, strengthening the buzz of the ecosystem and playing to individual areas distinctive strengths. We will focus particularly on:
  - Finance: ensuring the range of finance available to digital tech companies is simple to navigate and accessible,
  - Business support: work with the sector to ensure support is available for digital tech companies to access, sufficiently tailored to specific digital/tech needs, e.g. accelerators,
  - Skills and access to talent
- Develop a soft landing package for scale up tech firms new to the City Region to boost and grow the cluster.
- Develop a marketing campaign that specifically raises the profile and visibility of the digital tech sector for both a UK and international investor audience
- Work closer with Tech UK (formerly Tech North) as part of their new Regional Hubs model
- Ensure as part of work to progress the smart region outcome, local digital businesses have the opportunity to contribute and benefit.

Potential funding opportunities to support this include: Innovate UK; VC’s; ESIF; shared prosperity fund; corporate backed accelerators/ sponsorship etc

# 4. World class digital infrastructure

---

**Ambition** ‘To have a globally competitive and best in UK digital infrastructure delivered through both public and private investment, stimulated by activities to upskill business, employees and citizens to exploit and maximise impact, creating an environment which encourages further investment in infrastructure, from businesses and inward investors.’

**Principle:** The development of the essential underlying enabling infrastructure across the City Region.

## **Actions:**

- Invest in world class connectivity through fibre, mobile, wireless and new technologies, to homes, businesses, social housing, public spaces and public transport where market failure prevails (BDUK, LFFN etc.) and working in collaboration with Network rail, Police and NHS.
- Develop a stronger collective voice as a City Region around digital infrastructure issue, leveraging assets and agreeing shared priorities.
- Develop a policy statement for LA to take advantage of opportunities to re-use existing public sector assets to deliver improved connectivity, including the use of street furniture and existing ducting.
- Ensure the City Region digital infrastructure ambitions and activities align with – and support- the other 4 outcomes
- Work with private providers to encourage the roll out of full fibre, particularly around new housing developments and business parks
- Support the development of world class ‘connectivity’ assets e.g. data centres, internet exchanges IoT networks etc.
- Ensure the conditions are in place to encourage the deployment of smart IoT technologies, e.g. through working through local authority planning, highways depts. Etc.
- Develop a regional response to the opportunities that 5G will bring, particularly around demonstrable health use cases.
- Ensure that all spatial priority areas will include consideration of digital infrastructure requirements and develop better intelligence about the networks

Potential funding opportunities to support this include: BDUK, DCMS; private providers; ERDF; Innovate UK; Industrial Strategy Challenge Fund etc

# 5. The Smart Region

---

**Ambition:** ‘We will adopt a citizen first approach to ‘ smart city thinking’, continuing to develop our approach as a City Region which proactively embraces and exploits technology and data effectively and intelligently to improve outcomes for all citizens across LCR.’

**Principle:** To create the culture in which we actively embrace new technologies and use data to solve our biggest problems and create new economic opportunities.

## **Actions:**

- Integrating this ambition into all district strategies and throughout the LCR Local Inclusive Industrial Strategy – adopting a ‘Region first’ approach.
- Collaborating with districts to develop skills and capacity within local government to deliver at scale smart city projects and supporting each authority to have a smart cities champion
- Securing buy in and a cultural shift from public sector partners to embrace smart region approaches by focusing on the outcomes this approach can achieve.
- Leading by example as a public authority particularly through smarter transport interventions and procurement practices, working where relevant with TfN and others.
- Supporting a thriving innovation and tech eco-system particularly working closely with the Digital Catapult Yorkshire (see priority 3)
- Seeking funding and resources to develop bottom up, scalable smart city solutions which will help achieve our ambition, eg around energy and transport objectives.
- Work with key players in this space to encourage a smarter city region, including ODI North and Data Mill North.
- Be open for innovation - work with partners to offer opportunities as a testbed city or demonstrator town or district and allowing SME’s to innovatively test (pilot) market opportunity and advance smart city thinking.
- WYCA to lead by example in sharing its data as standard.

Potential funding opportunities to support this include: ESIF; Industrial Strategy Challenge Fund; Local authority / public sector procurement; DfT etc



---

**Report to:** Leeds City Region Enterprise Partnership Board (LEP)

**Date:** 27 March 2018

**Subject:** **MIPIM feedback**

---

**Director:** Sue Cooke, Executive Head of Economic Services

**Author(s):** David Shepherd

---

## **1 Purpose of this report**

- 1.1 To provide the LEP Board with an overview of activity at MIPIM 2018 and provide a verbal report from the event taking place 12-15 March.

## **2 Overview of MIPIM 2018**

- 2.1 MIPIM is the world's largest property and investment show. It gathers together the most influential property leaders and senior decision makers in one place each March for four days of networking, learning and transactions.
- 2.2 Attendance is vital for building relationships with investors, developers and intermediaries within the region. Participation at the event strengthens relationships with these industries, which in turns leads to the sharing of enquiries throughout the year which contribute to the Trade and Investment team's Key Performance Indicators.
- 2.3 MIPIM has evolved into more than just a property conference, and now looks at the wider economic development agenda. It therefore offers City Regions the opportunity to increase their potential audience and the reach and profile of its key developments. In fact many leading City Regions attend MIPIM including Manchester, Sheffield, Liverpool, Birmingham, Newcastle and London among others.
- 2.4 This year the Leeds City Region Enterprise Partnership (LEP) raised record levels of private sector sponsorship exceeding their target. This sponsorship was used to fund the programme of events and activities throughout the conference. The team's programme of events for 2018 can be seen in **Appendix 1**. MIPIM activity is designed to showcase the confidence and potential which exists across the Leeds City Region, in a bid to secure investment, speculative development and occupier interest.
- 2.5 The programme of activity will highlight the strengths of individual districts within the Leeds City Region. These events are supported by leaders from the councils within each district, who attended MIPIM alongside the LEP.

### **3 Financial Implications**

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

### **4 Legal Implications**

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

### **5 External Consultees**

5.1 No external consultations have been undertaken.

### **6 Recommendations**

6.1 That the report on MIPIM 2018 be noted and feedback provided.


### **7 Background Documents**


None.


### **8 Appendices**


Appendix 1 – MIPIM 2018 Programme


## LEEDS CITY REGION MIPIM 2018 Programme

 Events taking place on Leeds City Region stand (R7. A18)

 Events taking place at the Yorkshire Bar (Café In, 5 Rue Du Vingt-Quatre Août, 06400 Cannes)

 Events taking place in other locations

 Invitation only events

 Click to register

TUESDAY


# 13

09.30 - 9.45 

Welcome to Leeds City Region

10.00 - 10.50

Department for International Trade: Investible Infrastructure session featuring Cllr Susan Hinchcliffe, Leader, City of Bradford Metropolitan District Council and Chair, West Yorkshire Combined Authority (UK Pavilion)

10.30 - 11.00 

Transforming Places: Unlocking opportunities through transport investment

11.05 - 12.00


Estates Gazette - Technology and Innovation: The role and impact on city development featuring Tom Riordan, Chief Executive, Leeds City Council (Salon Croisette, Palais de Festivals)

11.30 - 12.30

Meet the Leaders: York City Council

11.30 - 13.30


FDI Awards Ceremony (Croisette Ballroom, Hôtel Barrière Le Majestic, Cannes)

11.30 - 12.00 

Kirklees: Launching the big build, 10,000 homes by 2023

13.00 - 14.00


Meet the Leaders: City of Bradford Metropolitan District Council

13.45 - 14.15 


Evolving an innovation economy for the 21st Century

14.30 - 15.30


Northern Powerhouse Panel Session: Northern Style featuring Cllr Judith Blake, Leader, Leeds City Council (Manchester Pavilion)

16.00 - 16.30 

Transformational tech and 5G: Creating cities of the future

16.30 - 17.00 

Leeds: Realising our ambition

18.00 - 20.00 

Leeds City Region Networking Event: Culture Fuelling Success (La Mandala, Boulevard de la Croisette, 06400 Cannes)

WEDNESDAY


# 14

09.00 - 10.00

Meet the Leeds City Region property agents

09.30 - 09.45


Regional research presented by Carter Jonas

10.00 - 11.00 


Estates Gazette - Capital Partnership: How can Leeds City Region work with London to deliver growth

11.00 - 12.00

Meet the Leaders: Wakefield Council

11.30 - 12.00 


Bradford: The best place for your business

13.00 - 13.30 


Wakefield: A connected and dynamic place for investment and delivery

13.30 - 23.30

Meet the Leaders: Kirklees Council

14.00 - 14.30 

The future of cities: What the rise of the sustainably minded individual means for our cities

15.00 - 15.45 


Sport and culture: Fuelling regeneration success

15.15 - 16.15

Urban mobility panel featuring Kersten England, Chief Executive, City of Bradford Metropolitan District Council (Main Room, Palais des Festivals)

15.30 - 16.00

Meet the Leaders: Leeds City Council

16.00 - 16.30 

City of York Council: New scheme announcements

18.00 - 21.00 


Leeds City Region Film Premiere: Be Part Of Our Success (La Terrasse du Gray, 38 Rue des Serbes, 06400 Cannes)

THURSDAY


# 15

11.00 - 11.50

Department for International Trade: Northern Powerhouse featuring Cllr Judith Blake, Leader, Leeds City Council (UK Pavillion)

11.00 - 11.30 

Place identity in the 21st Century: What will a future city look like?

14.00 - 14.30 

Public Sectors as Propcos

Thanks to our Diamond Sponsors















 LEEDS CITY REGION ENTERPRISE PARTNERSHIP

investleedscityregion.com  
#LCRatMIPIM

Working in partnership with the 

This page is intentionally left blank