

LEEDS CITY REGION ENTERPRISE PARTNERSHIP BOARD

MEETING TO BE HELD AT 2.00 PM ON TUESDAY, 26 MARCH 2019
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

In accordance with the requirements of the LEP Board Members' Code of Conduct, members have an obligation to review their register of interests before each meeting and to declare any interests.

If an interest has not been entered onto the LEP's register, then members must disclose the interest at any meeting at which they are present and where they have a disclosable interest in any matter being considered and where the matter is not a sensitive interest.

3. EXCLUSION OF THE PRESS AND PUBLIC

4. MINUTES OF THE MEETING HELD ON 23 JANUARY 2019

(Pages 1 - 8)

For Decision

5. PREPARING FOR BREXIT

(Led by: Alan Reiss, Author: Alex Clarke)

(Pages 9 - 14)

6. PANEL AND COMMITTEE REPORTS

(a) BUSINESS INNOVATION AND GROWTH PANEL

(Led by: Andrew Wright)

(Pages 15 - 54)

(b) EMPLOYMENT AND SKILLS PANEL

(Led by: Rashik Parmar)

(Pages 55 - 64)

- (c) **GREEN ECONOMY PANEL**
(Led by: Simon Pringle)
(Pages 65 - 70)
- (d) **PLACE PANEL**
(Led by: Cllr Tim Swift)
(Pages 71 - 74)
- (e) **INCLUSIVE GROWTH & PUBLIC POLICY PANEL**
(Led by: Cllr S Pandor)
(Pages 75 - 80)
- (f) **CAPITAL PROGRAMME (INVESTMENT COMMITTEE)**
(Led by: Cllr P Box)
(Pages 81 - 92)

7. LEEDS CITY REGION LOCAL ASSURANCE FRAMEWORK
(Led by: Ben Still, Author: Rachel Jones)
(Pages 93 - 130)

8. STRENGTHENED LOCAL ENTERPRISE PARTNERSHIPS
(Led by: Roger Marsh, Author: Jon Skinner)
(Pages 131 - 134)

9. LOCAL INDUSTRIAL STRATEGY DEVELOPMENT
(Led by: Alan Reiss, Author: Emma Longbottom)
(Pages 135 - 138)

10. REVIEW OF INCLUSIVE GROWTH FOR BUSINESS GRANTS
(Led by: Sue Cooke, Authors: Henry Rigg & Lorna Holroyd)
(Pages 139 - 152)

For Discussion

11. ECONOMIC REPORTING
(Led by: Alan Reiss, Author: James Hopton)
(Pages 153 - 166)

12. REINVESTMENT OF GRANTS AND LOANS AND ENTERPRISE ZONES
(Led by: Alan Reiss, Author: Alex Clarke)
(Pages 167 - 176)

For Information

13. DRAFT MINUTES OF THE WEST YORKSHIRE COMBINED AUTHORITY HELD ON 14 FEBRUARY 2019
(Pages 177 - 190)

14. DATE OF NEXT MEETING

The LEP Board Annual Meeting will be held on 6 June 2019.

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**MINUTES OF THE MEETING OF THE
LEEDS CITY REGION ENTERPRISE PARTNERSHIP BOARD
HELD ON WEDNESDAY, 23 JANUARY 2019 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Members of the Board present:

Roger Marsh OBE (Chair)	Leeds City Region Enterprise Partnership
Professor Adam Beaumont	Aql
Ian Cherry	Nexus Vehicle Management (from minute 63)
Professor Bob Cryan CBE	University of Huddersfield
Nicola Greenan	East Street Arts
Amir Hussain	Yeme Architects
Rashik Parmar MBE	IBM Academy of Technology (Chair, Employment & Skills Panel)
Andrew Wright	Reliance Precision (Chair, Business Innovation & Growth Panel)
Councillor Judith Blake CBE	Leeds City Council (Chair, Business Investment Panel) (from minute 60)
Councillor Susan Hinchcliffe	Bradford Council (Chair, West Yorkshire Combined Authority)
Councillor Shabir Pandor	Kirklees Council (Chair, Inclusive Growth & Public Policy Panel)
Councillor Andrew Waller	City of York Council

In attendance:

Professor Simon Pringle	Project Rome (Chair, Green Economy Panel)
Tom Riordan	Leeds City Council
Ben Still	LEP/West Yorkshire Combined Authority
Caroline Allen	LEP/West Yorkshire Combined Authority
Ruth Chaplin	LEP/West Yorkshire Combined Authority

In attendance for specific items:

Melanie Corcoran	LEP/West Yorkshire Combined Authority
Alan Reiss	LEP/West Yorkshire Combined Authority
Tom Gifford	LEP/West Yorkshire Combined Authority
Patrick Bowes	LEP/West Yorkshire Combined Authority

56. Apologies for Absence

Apologies for absence were received from Joanna Robinson (Chair, Business Communications Group) and Councillors Peter Box (Chair, Investment Committee), Richard Cooper, Carl Les and Tim Swift (Chair, Place Panel).

57. Declarations of Interest

In accordance with the requirements of the LEP Board Members' Code of Conduct, Members were reminded of their obligation to review their individual register of interests before each LEP Board meeting and to declare any interests.

Roger Marsh declared a disclosable pecuniary interest in relation to Agenda Item 6, Strengthened Local Enterprise Partnerships and specifically recommendation 7.2. He advised that he would vacate the chair and leave the room whilst it was considered.

Amir Hussain advised the LEP Board that Yeme Architects had received a commission funded by the Architectural Heritage Fund for the Sunwin House building in Bradford and also that Yeme would be submitting a tender for a bus zone in Bradford. He therefore wished to declare a personal interest should there be any discussion on those items.

58. Exclusion of the Press and Public

Resolved: That in accordance with paragraph 3 of Part 1 Section B of the Access to Information Annex to the LEP Board Procedure Rules, the public be excluded from the meeting during consideration of Appendices 1 and 2 to Agenda Item 8 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

59. Minutes of the meeting held on 22 November 2018

Resolved: That the minutes of the meeting held on 22 November 2018 be approved and signed by the Chair.

60. Panel and Committee Updates

The Panel, Committee and Group Chairs were thanked for their updates which were presented to the Board for information. In discussing and noting the reports, the following comments were made:

In respect of the Business Communications Group update, it was noted that there had been significant national media coverage following the Channel 4 announcement. A campaign had been launched in London to capitalise on this and to attract further firms and skilled workers to the region. The Board thanked the team for the successful campaigns and activities to date but reiterated the need to continue to promote the work of the LEP and the benefits it provides.

Members noted the update of the Employment and Skills Panel and considered and endorsed proposed revisions to the eligibility criteria for the Apprenticeship Grants for Employers. The proposed changes, which were intended to ensure that more businesses are able to benefit from the grant, were detailed in the submitted report.

Members noted the summary of the Inclusive Growth and Public Policy Panel's workshop and meeting. It was reported that the Panel had received a presentation outlining the TUC's 'Great Jobs Agenda' and it was suggested that it would be useful for this to be considered at future meetings of the Employment and Skills and Business Innovation and Growth Panels. It was also suggested that information on the work of the Anchor Institutions in Leeds may be of interest to Members. It was acknowledged that there were many examples of good practice in the region and it was suggested that business awards should include a category for inclusive growth.

It was noted that a budget of £70,000 had been approved by the Business Rate Pool Committee to drive inclusive growth across the Leeds City Region and this could be used to scope the delivery of the Inclusive Growth and Public Policy Panel's work programme. Further details of how the funding would be used would be provided to a future meeting.

In respect of the Capital Programme update, it was reported that the Growth Deal Annual Conversation had taken place in December 2018. This had involved a full review of the progress of the programme including its delivery, strategy and governance. A formal response is expected in February 2019.

Resolved:

- (i) That the updates be noted.
- (ii) That the recommended changes to the eligibility criteria for the Apprenticeship Grant for Employers be endorsed.

61. Strengthened Local Enterprise Partnerships

The Board considered a report of the Director of Policy, Strategy and Communications which provided an update on the latest position in implementing Government's recommendations for 'Strengthened Local Enterprise Partnerships' in advance of, and in preparation for, the creation of a new LEP.

Ben Still took the chair and Roger Marsh, Bob Cryan, Rashik Parmar and Andrew Wright left the room during discussion of paragraphs 2.8 and 2.9 and consideration of recommendations 7.1 and 7.2 of the submitted report.

In respect of the current private sector membership of the LEP Board, it was reported that there are five representatives whose terms of office are due to

expire in June 2019. The LEP Chair's appointment was for a term of 3 years from 1 July 2016 with the option of a further year. It was considered prudent to have continuity and experience during a period of transition and it was therefore agreed to offer an extension to each of those members, including the Chair, so that their terms of office will expire when the new LEP is established by April 2020. It was reported that since the publication of the agenda, Ian Cherry had tendered his resignation with effect from June 2019 and therefore recommendation 7.1 would be amended.

Resolved:

- (i) That the extension to the terms of office for each of the following private sector representatives, to expire when the new LEP is established by April 2020 be approved:
 - Prof Bob Cryan CBE
 - Rashik Parmar
 - Joanna Robinson
 - Andrew Wright

- (ii) That an extension to the terms of office for the LEP Chair, to expire when the new LEP is established by April 2020 be approved.

Bob Cryan, Rashik Parmar and Andrew Wright re-entered the room and Roger Marsh returned to the chair.

It was noted that following the last meeting, the Chair had written to James Brokenshire MP, the Secretary of State for Housing, Communities and Local Government confirming the Leeds City Region Enterprise Partnership's preference to create a new LEP covering the whole of West Yorkshire, York and North Yorkshire. A copy of the letter together with a response from James Brokenshire, was attached at Appendices 1 and 2. Members were advised that since the response was received confirmation of £200,000 additional funding to support implementation of the review had been confirmed. Councillor Waller confirmed that York supported the principle of an enlarged geography and the Board recognised that it would put the region in a stronger position to bid for future funding and create an exciting opportunity to achieve the vision for good growth and better jobs.

The implementation and changes required to current arrangements in creating a new LEP to be operational from April 2020 were noted. A Transition Subgroup had been established and details of the key workstreams they were focussing on were outlined in the submitted report. Membership of the Subgroup was detailed in the report and the suggestion for a representative from the City of York to be included was supported. The Subgroup would make recommendations in March to the respective LEPs about the working arrangements for a proposed new LEP.

In order to be compliant with Government recommendations in relation to the current LEP, there is an immediate requirement to adopt a recruitment

procedure by 28 February 2019 for future recruitment exercises for the Chair. A proposed recruitment procedure for the LEP Chair and other private sector representatives on the LEP was attached at Appendix 3 and it was noted that the diversity statement will be reviewed at the next meeting in March 2019. It was anticipated that the proposed procedure will be for the interim period for the Leeds City Region LEP, pending a further collaborative review as part of the transition to a new LEP.

Resolved:

- (iii) That the Private Sector Members' Recruitment Procedure set out in Appendix 3 to the submitted report be approved.
- (iv) That the operational remit of the Transition Subgroup and the plan to bring recommendations to the next LEP Board in March 2019 be endorsed.
- (v) That the suggestion that a representative of City of York Council is an additional member of the Transition Subgroup be supported.

62. Planning for Growth: The Leeds City Region Connectivity Strategy

The Board considered a report which provided an update on the development of the Leeds City Region Connectivity Strategy.

It was noted that at its meeting held on 9 November 2018, the Transport Committee had considered the ongoing development of the Inclusive Growth Corridor Programme and the key points were summarised in the submitted report.

The Transport Committee had also endorsed the commencement of a conversation with the public and stakeholders around the new 21st century connectivity and services technologies required to address the economic and transport challenges facing West Yorkshire, including mass transit. It was noted that subject to feedback received through the conversation, the proposed City Region Transit Network has the potential to form a key priority for delivery in the timeframe up to HS2 opening in 2033. Members discussed the emerging transit network and the likelihood that mass transit will be required to meet the capacity need. The importance of ensuring that connectivity addresses the needs of local communities and businesses in the whole city region was stressed. It was noted that detailed alignments, confirmation around mode choice and business case value for money assessments would be developed as part of the next stage of work. Board Members raised linkages and opportunities to other research areas especially digital. A report would be brought to a future meeting.

Members discussed the proposal for a 'Business Champion' who could develop a good understanding of the connectivity strategy. The principle of engaging with business and businesses championing the cause of improved connectivity was supported. Members agreed that this was not the

responsibility of one sole individual and therefore would like to see enhanced proposals for engaging with businesses, including greater clarity about the potential role of business champions.

Resolved:

- (i) That the update on the development of the Leeds City Region Connectivity Strategy as considered by the West Yorkshire Combined Authority and Transport Committee be noted.
- (ii) That the commencement of a conversation with the public and stakeholders around the new 21st century connectivity and services technologies required to address the economic and transport challenges facing West Yorkshire, to complement future strategic infrastructure including HS2 and Northern Powerhouse Rail (NPR) be noted.
- (iii) That the wider benefits and opportunities which arise as a result of introducing mass transit technologies as part of an integrated connectivity strategy be noted.
- (iv) That the proposal for engaging with business for the Connectivity Strategy & Mass Transit be agreed in principle, with further details be provided.

63. Leeds City Region Local Assurance Framework Review

The Board considered a report of the Director of Delivery which provided an update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review and with the recently issued review of the National Assurance Framework (January 2019) and the Strengthened Local Enterprise Partnership report (July 2018).

It was noted that the Local Assurance Framework had to be reviewed annually and the guidance published in January 2019 by the Ministry of Housing, Communities and Local Government had included a set of new requirements which will be incorporated into the review. The changes for 2019 were outlined in the report and it was noted that a major re-write will be required for 2020, to take account of the new LEP geography.

The Section 151/Section 73 Officers are required to write to HM Government by 31 March 2019 to certify that the Local Assurance Framework is compliant. A draft of the Local Assurance Framework will therefore be considered by the Combined Authority, as accountable body, on 14 February 2019 and a final draft version brought to the LEP Board meeting to be held on 26 March 2019. It was agreed that authority be delegated to the Chair of the LEP Board and the LEP Chief Executive/Combined Authority Managing Director to approve submission of the Assurance Framework.

Resolved:

- (i) That the revisions to the Leeds City Region Local Assurance Framework for the reasons set out in the submitted report be noted.
- (ii) That authority to approve submission of the Leeds City Region Local Assurance Framework be delegated to the Chair of the LEP Board and the LEP Chief Executive/Combined Authority Managing Director.

64. Preparing for Brexit

The Board considered a report of the Director of Policy, Strategy and Communications which provided an update on the latest economic and business intelligence and key messages as the UK prepares to leave the European Union.

The report covered the main local, national and international economic developments since the last meeting and set out the progress achieved to date in preparing businesses and communities for the UK's future trading relationship with the EU. The need for more flexibility on Growth Deal funding was recognised and this had been the focus of the Combined Authority's response to the Ministry of Housing, Communities and Local Government's enquiry in respect of local preparations for Brexit. A copy of the letter was attached at Appendix 1.

Members also noted the update on the key insights from the Q4 Economic Survey which had been designed to ascertain how businesses are preparing for a range of Brexit transition outcomes and these were outlined in the report. Measures had been put in place by the LEP and its partners to help companies and a cross organisational group had been established to develop a forward work plan and review all intelligence on key Brexit issues. The group would make recommendations as required to develop the organisation's marketing and support packages to businesses and communities.

The Board was advised of work being undertaken by Government with local authority Chief Executives and LEPs plus local resilience forums to prepare for the outcome of Brexit and further information would be provided at the next meeting.

Resolved:

- (i) That the headline economic update be noted.
- (ii) That the progress made in developing support to businesses and ongoing engagement with government be noted.

65. LEP and Combined Authority Business Planning & Budget 2019/20

The Board considered a report of the Director of Resources on the work underway to progress business and budget planning for 2019/20.

It was reported that the Combined Authority had received an update on the draft budget proposals at their meeting on 13 December 2018. A copy of the report and appendices was attached for information and included the latest version of the business plan for the organisation and a summary of the 2019/20 budget. The Combined Authority will consider the detailed budget (capital and revenue) and business plan 2019/20 which will also set out a detailed reserves policy and treasury management statement at their meeting to be held on 14 February 2019.

Resolved: That the work underway to finalise the business planning and budget for 2019/20 be noted.

66. Date of Next Meeting

The next meeting of the LEP Board will be held at 2pm on Tuesday 26 March 2019.

67. Enterprise Zones

The Board considered a report of the Enterprise Zone Senior Responsible Officer on a new delivery option to facilitate acceleration of the Enterprise Zone (EZ) programme.

Resolved:

- (i) That the recommendation relating to a new delivery option to facilitate acceleration of the Enterprise Zone programme as set out in paragraphs 3.1 of Exempt Appendix 1 be supported in principle.
- (ii) That the recommendation set out in paragraph 3.2 of Exempt Appendix 1 be deferred pending additional information being provided and further discussions being held with the LEP Board.
- (iii) That authority to approve the recommendations set out in paragraphs 3.1 and 3.2 of Exempt Appendix 1, subject to the outcome of the further discussions with the LEP Board, be delegated to the Chair of the LEP.

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

Date: 26 March 2019

Subject: **Preparing for Brexit – Supporting Businesses**

Director: Alan Reiss, Director of Policy, Strategy and Communications
Sue Cooke, Executive Head of Economic Services

Author(s): Alex Clarke

1 Purpose of this report

- 1.1 To update the LEP Board on work to prepare and support the City Region's businesses ahead of the UK's withdrawal from the European Union (EU), and to ask for the Board to endorse a number of options for business support programmes should the UK leave the EU without a negotiated deal.

2 Information

- 2.1 An update was provided to the Board in January on developments in the global, national and local economies and on how the LEP was supporting businesses, people and communities as the UK transitions to a new trading model. This work has continued, with a number of programmes, including on investment readiness and business resilience, shortly ready for delivery.
- 2.2 It is important that the LEP is well prepared to respond to the requirements of businesses as a result of Brexit, and therefore economic intelligence will continue to drive any decisions. The LEP will also continue to seek further clarity and details from central government, and ongoing discussions are taking place with Government departments to ensure that the advice to businesses is up to date and that future decisions on national support and funding are coordinated alongside local offers.
- 2.3 The Growth Service is providing intelligence to the BEIS Growth Hub Network to provide local insight and aid national Brexit preparation. The LEP website has also published Brexit guidance using .gov sources. The current "Europe Checklists" signposting on the "For Business" section of the website has now been enhanced by the addition of a dedicated "**Preparing for Brexit**"¹ **mini-hub** (this went live on the 14 January 2019); consolidating a wider range of information and support assets to business in a single resource.

¹ <http://www.the-lep.com/lets-talk-brexit/>

Business Support products in a non-negotiated exit from the EU

2.4 In addition to the above planned activity, due to the continued uncertainty regarding whether a deal will be agreed by the 29 March following the decision of the UK Parliament to seek an extension to Article 50, and the potential for there to be a non-negotiated exit from the EU even if an extension is agreed, it is right that the LEP also prepares what its response might be in the event of a non-negotiated exit. The main focus for the LEP will be on how it could assist businesses in the short term to overcome potential barriers and challenges, as well as maximise any opportunities.

2.5 The options at 2.8 below have been developed and discussed with members of the Business, Innovation and Growth Panel, and could form the basis of the LEP's response to a non-negotiated exit from the EU. This does not include any cash flow assistance for businesses, which although could be required, would be best delivered through a centrally coordinated, national initiative (in the form of a deferral of VAT payments for example). The options have been developed on the basis of the following design principles and success criteria:

2.6 Design Principles

Principle	What this could mean
Focussed	<ul style="list-style-type: none">Understands where the LEP can meaningfully make a difference, and focusses resource and effort for maximum impact. This also means acknowledging where it cannot / should not act, and where others are better placed e.g. DIT on the Export agenda. A focussed approach may also mean acting proactively to communicate with businesses known to be impacted, rather than the emphasis being on businesses to contact the LEP.
Short term	<ul style="list-style-type: none">That support is time limited and aimed at overcoming immediate shock impacts/assisting with new opportunities, or providing a short timeframe intervention that can support longer term sustainability.That any longer term support clearly demonstrates short term safeguarding or exploitation of opportunities
Sustainable	<ul style="list-style-type: none">That where funding needs to be reprioritised to new or existing programmes of support then this is appropriately monitored and in line with State Aid and Procurement rulesThat extensive support requirements will need additional funding from government
Inclusive	<ul style="list-style-type: none">Ensures investment and benefits are used fairly and consistently.

2.7 Success Criteria (measured in numbers of)

- jobs safeguarded / jobs created
- businesses accessing expert support on a Brexit related matter
- new business accreditations
- businesses purchasing / renting additional warehouse/storage facilities
- businesses signposted to the correct support (advice service)
- businesses supported to export / access new markets
- firms supported to retain migrant labour / source alternative labour

2.8 Business Support options

Brexit Transition Grant Scheme

The LEP could offer a short run of grants/vouchers:

- to access private sector expertise to assist with financial planning, supply chain mapping/interrogation, deep dive customer analysis, capacity-building of senior management, exploring/developing overseas markets (to complement Government offers) etc.
- to back-fill salary costs of key staff members that are moved on to Brexit-related planning for defined periods
- to support rental costs for businesses that need to use additional warehouse/storage facilities to hold additional stock, particularly for import/export businesses
- to support businesses to meet any new/additional regulatory requirements (including accreditations). This will be very sector/industry-specific.

Capital Grants Programme

Capital investment grants for businesses, with a focus on safeguarding jobs (replacing jobs created as a core criteria if required):

- Could contribute up to 50% towards capital investment in equipment, technology, premises. This could be split into a 50% grant on investment and 50% on no net job decrease within 6 months (to demonstrate safeguarding), or a 75% / 25% split on the same basis.
- Key challenge will be to prove that the safeguarded jobs are at risk e.g. minutes of a Board Meeting - financial forecasts would need to be certified by a qualified accountant.
- This could follow the same principles as with the LEP Business Flood Recovery Fund, and utilise existing Business Growth Programme processes.

Advice Service

Establishment of a bespoke advice response service, linked to the Growth Service but with access to additional private sector expertise:

- it is likely that the Government's national business support helpline will be positioned as the main frontline response service for businesses, so any changes to the Growth Service helpline would need to be coordinated with the national provision
- Would require access to expertise related to financial planning, regulation, overseas labour etc.
- Volume of enquiries is difficult to predict, but likely that this will require further resourcing within the Growth Service. This could either be resourced locally to sit in the growth hub, subcontracted out, or could be a joint venture (perhaps at a Northern LEP level).
- Will require the procuring of external support to ensure availability of advice in a timely manner.

Exporting for Growth Scheme

EGS (the Department for International Trade's contractor in the City Region for the delivery of export support services) is considering applying for an extension to the ESIF Exporting for Growth Scheme. If the existing Scheme is not extended beyond June 2019, the LEP could bridge the funding gap to continue the programme, include additional activity and funding.

2.9 Next steps

- 2.10 It is important that the action of the LEP aligns and complements both local authority and Government activity. Therefore the LEP has begun to engage with Government on the basis of the options above, to open up discussions on the potential need for relevant flexibility over Growth Deal monies and to flag the probable need for additional funding. This is particularly critical in relation to the Brexit Transition Grant, which would require revenue funding to support the voucher scheme.
- 2.11 Subject to a possible agreement with the EU on the length of the extension to Article 50 and subsequent negotiations, or in the event that a non-negotiated exit takes place on the 29 March, option development and then implementation will need to be carried out at a pace that ensures delivery can begin in a timely manner as the UK exits from the EU.
- 2.12 Further work will be required to draft scheme application forms, decision-making processes and approval structures so that programmes can be swiftly operationalised as needed.

3 Financial Implications

- 3.1 There are no financial implications directly arising from this report. However, if the LEP decides to deliver the business support programmes outlined, then financial resources will be required. These will need to either be allocated from Local Growth Fund (subject to agreement from Government on using funding for the proposed options) or provided by Government. If no additional funding from Government is provided, we would require permission from Government to use the LEP's existing Local Growth Fund grant funding (which can only support capital investment) for revenue purposes; for example to deliver the Brexit Transition Grant Scheme.

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report. If the LEP decides to deliver the business support programmes outlined, then procurement exercises may need to be taken quickly to find delivery partners for schemes such as the Brexit Transition Grant.

5 External Consultees

- 5.1 No external consultation has been undertaken directly on this report. However, extensive consultation, particularly with Government departments and local authority partners, as well as intelligence gathering from businesses, has taken place on Brexit-related issues and impacts, and will continue.

6 Recommendations

- 6.1 The LEP Board are also asked to comment on and endorse in principle the proposed options for business support in a non-negotiated exit from the EU, in

order that they might be further developed and implemented as required in the period after the UK leaves the EU.

7 Background Documents

None.

8 Appendices

8.1 None

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

Date: 26 March 2019

Subject: **Business Innovation and Growth Panel**

Director(s): Sue Cooke, Executive Head of Economic Services,
Alan Reiss, Director of Policy, Strategy & Communications

Author(s): Henry Rigg, David Shepherd, Jonathan Skinner, Sarah Bowes

1. Purpose of this report

- 1.1. To provide the Leeds City Region Enterprise Partnership (LEP) Board with a report on the work of the Business, Innovation and Growth (BIG) Panel.
- 1.2. To seek approval for the Trade and Investment forward plan for 2019/20.

2. Information

Innovation

Access Innovation

- 2.1 This LEP programme supports businesses to develop new products and processes via a package of advice and funding. To date, it has engaged with over 479 businesses, 248 of which have received one-to-one support from the three Innovation Growth Managers. This has resulted in the development of detailed action plans for each business innovation project. 45 applications for grants have been approved to date with a collective value of £1.74m and a further nine totalling £139,144 are currently being appraised.
- 2.2 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing and digital sectors. The programme team continues to build strong working links with organisations in these sectors, including Innovate UK, Knowledge Transfer Network, local Manufacturing Alliances, National Physical Laboratory, Digital Catapult, Centre for Process Innovation, Advanced Manufacturing Research Centre, Translate/Grow Med-Tech, the Yorkshire & Humber Academic Health Science Network and universities within and outside the City Region.
- 2.3 As part of the programme, the Combined Authority has appointed RTC North to support SMEs to increase their innovation capacity. RTC commenced delivery of its range of specialist workshops and advice sessions in November 2018, and so far over 60 SMEs have been supported, with over 50 more signed up. The provision will run until autumn 2019 and will provide the

programme with a stronger pipeline of innovation-ready SMEs for Access Innovation and other complementary products available in the City Region.

- 2.4 In response to the interim evaluation, and the team's experience to date of delivering the programme, the Combined Authority submitted an outline business case on 23 November 2018 for European Regional Development Funds. This is for a successor programme to commence on completion of Access Innovation in December 2019. The working title for the programme is 'Connecting Innovation', to signify the importance of connecting ideas and links between partners, and connecting SMEs with funding and support from across the regional and sub-regional innovation eco-system. The Panel will be kept apprised of the application's progress, and feedback from the innovation discussion item at the November 2018 meeting will be incorporated within the full business case submission.

Digital Framework

- 2.5 Following the adoption of the Leeds City Region Digital Framework by the LEP and Combined Authority in December 2018, the Digital Overview Group, chaired by Kersten England, will meet for the first time in Spring 2019. The Group is currently made up of the following members: Andrew Wright, Adam Beaumont, Nic Greenan, and Rashik Parmar with officer attendance in support.
- 2.6 Whilst not a formal West Yorkshire Combined Authority/LEP Advisory Panel, the Group has been established to provide oversight of current and planned digital activity in Leeds City Region, and importantly make connections between the five strands of the Digital Framework.
- 2.7 The Digital Overview Group will report into the LEP Board. Working groups will take forward the actions of the Overview Group and progress will then be reported up into the Advisory Panels. The Advisory Panels will ultimately be accountable for activity under each strand of work. A governance diagram placing the new Digital Overview Group in its wider context can be found in the appendix 1 to this report.

Business Support

Business Growth Programme (BGP)

- 2.8 The BGP provides grants to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new jobs and improvements in productivity.

Table 1: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of Feb 19)
Expenditure	£44.32m	Committed - £31.85m Actual - £27.53m
New Jobs Created	4,100	Committed - 5,280 + 1,693 safeguarded Actual - 3,607 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed – 569 Actual – 499
Number of Grants Awarded	765	Committed – 687 Actual – 594
Public/ Private Sector Leverage	£168.5m	Committed - £334.8m Actual - £262.5m
Total Cost Per Job	No contractual target	Committed - £6,032 Actual - £7,634

- 2.9 The above table shows good progress against the target to create 4,100 new jobs by the end of March 2021, with just over 3,600 created to date and commitment of a further 1,673 from approved applications. The 1,682 jobs safeguarded are as a result of grants awarded to businesses severely affected by the 2015 Boxing Day floods. The safeguarded jobs are not included in the above cost per job calculations.
- 2.10 The Inclusive Growth commitments, developed and endorsed by the LEP and Combined Authority, went live on 31 July 2018 for new applicants to the BGP. A full review of the new approach has now taken place and is set out within the report at agenda item 8, including a request for the LEP Board to consider next steps in the light of recent consultation with the Business, Innovation and Growth Panel, the Inclusive Growth and Public Policy Panel and the Overview and Scrutiny Committee.
- 2.11 The Call for projects under the Productivity Pilot opened on 17 September 2018 and closed on 14 December 2018. It invited businesses to submit applications for capital grant investment that will result in measurable productivity improvements and activities, but that do not require net additional jobs to be created within the business. The pilot was allocated £500,000 ring-fenced from the overall BGP allocation.
- 2.12 11 applications were received in total with a combined investment value of over £7.5m and a combined grant request of just under £600,000. All of the applications were from manufacturers spread evenly across the City Region, with nine from SMEs and two from large businesses (over 250 employees). They were considered in early January 2019 by an appraisal panel, which included private sector representation from the BIG Panel and a senior representative from the Department for Business, Energy and Industrial

Strategy, along with officers from the Combined Authority and Leeds City Council.

- 2.13 The panel scored all of the applications based on the submitted productivity plans, which required the applicants to clearly set out the how they currently measure productivity in their business, how they intend to measure productivity following the capital investment projects, how the capital investment projects will boost productivity in the businesses, and what additional, complementary activity the applicants will undertake to maximise the positive impact of the capital investment.
- 2.14 Eight applications were approved from seven SMEs and one large business (all manufacturers from across the City Region), and these have a collective value of just under the £500k allocation. The resulting investment projects are now in delivery and will all complete by the end of the summer, with the impact on the businesses closely monitored for up to two years via a longitudinal survey. A more detailed report on the nature of the projects supported will be provided at the June 2019 board meeting.

LEP Growth Service

- 2.15 The Growth Service provides businesses in the City Region with direct access to the full range of publicly-funded products and services available to help them grow. It recently surpassed a major milestone in that it has now supported over 10,000 businesses in the City Region since its launch in April 2015. Table 2 below highlights performance against the headline targets for 2018/19.

Table 2: Performance against headline targets 2018-19.

Target Measure	Target	As of Feb 2019
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2750	2236
More intensive support to SMEs (including from Growth Managers and the LEP's core business support products)	900	1139
Proportion of businesses supported likely to recommend it	85%	86% (Dec 18 – Feb 19)

- 2.16 The service is on track to meet its annual target of supporting 2,750 businesses. Since April 2018, it has supported just over 2,236 individual businesses, of which almost 1,140 have been intensively supported by the team of SME Growth Managers, and/or, by the LEP's core products, such as BGP, Access Innovation, Resource Efficiency Fund and Strategic Business

Growth). Customer satisfaction remains high with 86% of businesses accessing support via the gateway likely to recommend it to another business.

- 2.17 12 Pop-up Business Support Cafe events have been delivered so far this financial year in Beeston (Leeds), Manningham (Bradford), Wakefield, Todmorden, Otley, Keighley, Cleckheaton, Hunslet (Leeds), Ferrybridge, Huddersfield and Holmfirth. Over 160 people from over 130 small businesses have attended the events and accessed over 140 hours of free advice from a range of local private sector experts. Sales and marketing, including the use of social media, continue to be the most popular topics. Satisfaction levels remain high with 89% of attendees rating the events as good or excellent, and 91% stating that they are now likely to do something different in their businesses. The events are a proven way to engage effectively with business communities within some of the City Region's more disadvantaged and outlying locations and, as such, make a positive contribution to the Inclusive Growth agenda.
- 2.18 A £1.7m application to the European Regional Development Fund is currently being appraised by the Managing Authority. If successful, this will increase the number of Growth Managers to 19 and, in the process, broaden the service's capacity to more intensively support growth-focussed firms. A decision on the application is expected in March 2019.

Other Business Support Programmes

- 2.19 The Strategic Business Growth (SBG) project provides small, ambitious businesses in the City Region with a package of tailored support to help them achieve their growth potential. This includes business coaching, workshops on growth topics, peer-to-peer learning and capital grant-funding.
- 2.20 230 businesses are now fully engaged with the package of support available, of which 186 have developed detailed growth plans with their allotted account managers. 137 of the above businesses have benefitted from a combined total of over 5,500 hours of further one-to-one coaching, and 56 have attended at least one of the workshops that are covering such topics as scaling-up, access to finance and delivering against a business plan. 242 new jobs and 22 new products have been created so far on the project. In addition, capital investment grants totalling £805,000 have been awarded to 31 businesses that are also receiving elements of the advice package. These investments will leverage over £2.5m of private sector funding.
- 2.21 The Growth Service is the access point for the Travel Plan Network (TPN), which provides businesses of all sizes across West Yorkshire with advice and guidance on implementing sustainable travel solutions. Over 70 businesses have joined the network since April 2018, and there are now 429 members in total accounting for over 300,000 employees between them.
- 2.22 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £17.65m of funding in 84 businesses in Leeds City Region. £1.22m has been invested in 33 businesses via the

micro fund, £10.33m has been invested in 40 businesses via the debt fund, and £6.1m in 11 businesses via the equity fund.

- 2.23 NPIF promotion has continued by both the appointed fund managers and the British Business Bank with extensive networking and attendance at key events. The focus continues to be private sector professional intermediaries (e.g. banks, accountants and solicitors), business membership organisations and the LEP Growth Service to continue to widen awareness of, and participation in, the fund. This activity is contributing to continued high levels of take-up in the City Region, which has to date received 18% of total enquiries resulting in 25% of all applications to the fund across the North.
- 2.24 The LEP will be launching its new Investment Readiness project in May 2019 following successful funding applications to the European Regional Development Fund and the Leeds City Region Business Rates Pool. The £1.42m project will support growth-oriented SMEs to better understand the complexities of the current finance marketplace, and to then access the external finance needed to deliver their growth plans.

Trade and Investment

Forward Plan

- 2.25 A forward plan for the Trade and Investment activities in 2019/20 was discussed and supported at the BIG Panel meeting held on 26 February. Appendix 2 contains a slide pack summarising the proposed approach that will be taken in 2019/20.
- 2.26 The forward plan reflects upon experiences from last year's activities and an analysis of previous years' FDI patterns and trends which show:
- The core city of Leeds attracts substantially more FDI projects than other towns and cities within the City Region.
 - The popularity of Leeds as a destination for FDI and other forms of investment is growing rapidly and has been buoyed of recent, by projects such as Channel 4, Burberry and Reed Smith.
 - The number of projects in cities such as Bradford, York and Wakefield remains low and has in some cases declined year on year since 2016.
- 2.27 The trends indicate that a more bespoke and concentrated effort is now required to develop a strategy that attracts inward investment to the wider towns and cities within Leeds City Region.

- 2.28 The forward plan also looks at which geographical markets should be focused on, drawing attention to a requirement to provide an increased focus on emerging markets, particularly China and India.
- 2.29 In terms of promoting international trade activity there will be a continued approach to build upon the activities of the past two years by undertaking initiatives to inspire regional businesses to export.

Trade Context

- 2.30 HMRC recently published the first provisional estimates of trade-in-goods between the UK and countries of the EU and those outside the EU for December 2018. This data shows that total exports of goods from the UK in 2018 were £362 billion. This is an increase of 5.9% compared with 2017. For Q4 of 2018 the total export trade, increased by 1.4% compared with Q4 of 2017.
- 2.31 The UK's top five partner countries (USA, Germany, the Netherlands, France and the Irish Republic) accounted for 43% of total exports of goods in 2018, this was unchanged compared with 2017.
- 2.32 The USA remained the UK's largest export partner country throughout 2018, experiencing an increase on 2017 of 6.4%. This was led by an increase in organic chemicals of 62%.

Inward Investment

- 2.33 There have been four new inward investment successes since the last report;
- Q5 – International Consulting Firm has chosen Leeds for its Northern UK HQ to support increasing demand for its organisational design and development services by clients in the North of England.
 - Eagle Labs – has entered a partnership with flexible workspace provider Avenue HQ which recently established new offices on East Parade Leeds. Eagle Labs is an initiative supported by Barclays Bank offering incubator services to high growth businesses including mentoring and funding support by two Barclays Growth Managers initially.
 - PwC – has opened a new assurance centre in Bradford recruiting 60 staff with the potential to increase to 225 staff.
 - Project Lapwing – An international Financial Services company has chosen to create a new northern hub in the region which will be home to 850 staff.
- 2.34 Through the investor development activity, two foreign owned businesses already based in the region have expanded their operations creating in excess of 30 jobs.

- 2.35 Since the announcement of Channel 4's plans to establish a National HQ in Leeds, there has been a continued increase in interest and investment from the screen and digital industries sector including;
- PACT - the trade association representing the commercial interests of UK independent TV, film and digital which has announced plans to open an Office in Leeds creating an initial three roles.
- 2.36 Six new enquiries have been received since the last report and two inward investment visits have been hosted.

Investor Development

- 2.37 70 companies form part of the investor development programme with a focus on key foreign owned companies who don't have a strategic relationship with central government. Over 40 potential investment projects have been identified through engagement with those businesses and three identified companies have been further supported to make positive investment decisions.
- 2.38 Collating business insight from these companies continues to be an important aspect of the role most notably the potential impact of Brexit and what approach businesses are taking.

International, Business Development and Trade Activity

Arab Health January 2019 – Dubai

- 2.39 Building on last year's presence at Arab Health, the LEP worked with Medilink to showcase the Leeds City Region and some of our regional companies at the largest medical exhibition in the Middle East. This was an excellent opportunity to profile the region's strengths in the medical and life sciences field. Initial analysis suggests over 100 contacts were made for the region and the regional companies that were showcased.

New Trade Focused Web Pages

- 2.40 New look trade web pages have been created on the LEP website which are now more scenario based, seeking to respond to questions and highlighting where to find appropriate help. <http://www.the-lep.com/for-business/international-trade/>

Chinese Social Media

- 2.41 The Chinese social media contract for the management of the LEP's Weibo and WeChat accounts was renewed on 1 February 2019. The contract will allow us to continue to further develop the LEP's social media presence in China. In the last 12 months followers have increased from 3,000 to over

32,000. The most popular post last year was of the visit to China in September which received over 1.4m views.

Planned Events

- 2.42 MIPIM Leeds City Region stand and programme took place on 12-15 March 2019, Cannes.
- 2.43 The programme is supported by the largest private sector delegation to date with over 100 representatives from the business, property and professional services community registered as part of the Leeds City Region team.
- 2.44 Local authorities in attendance included Leeds, Bradford, Harrogate, Kirklees and Wakefield to promote key developments and investment opportunities.
- 2.45 Leeds City Region was recognised with an award for its work on securing the investment by Burberry in Leeds by FDi magazine, part of the Financial Times Group.
- 2.46 Verbal feedback on MIPIM 2019 will be provided at the meeting.
- 2.47 In line with standard practice an evaluation regarding the LEP's involvement with the MIPIM Property Conference will be undertaken.
- 2.48 On 14 March, Leeds City Region hosted two roundtables as part of the 'Great British Design' UK roadshow. 'Great British Design' is a year-long campaign looking at how design and design thinking is innovating the products and services within both business and social contexts. The key event in this campaign will be Business of Design Week (BODW) in December 2019.
- 2.49 BODW is an annual flagship event in Hong Kong and is known as one of the most significant events on Asia's design calendar. It is a week-long multi-disciplinary event providing a valuable platform across industries and sectors to network, exchange ideas and explore new business opportunities. In 2019, the UK is the partner country for BODW which presents potential international opportunities for business and organisations in Leeds City Region.

3. Financial Implications

- 3.1 Financial implications regarding the Trade and Investment forward plan have been incorporated in the Combined Authority Business plan.

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 LEP Board notes and endorses the contents of the BIG panel report.

7.2 That the LEP Board approves the Trade and Investment forward plan for 2019/2020.

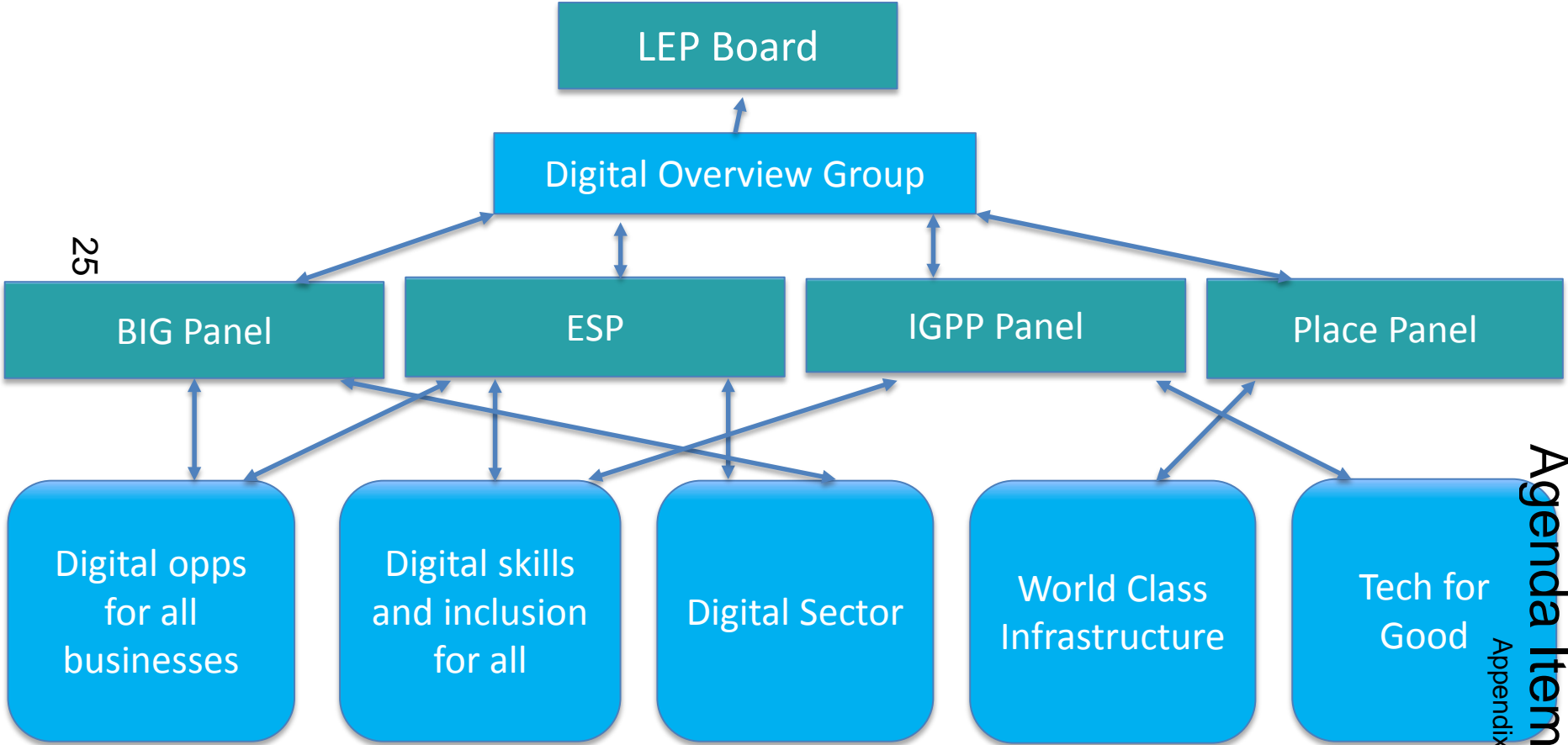
8. Background Documents

8.1 None.

9. Appendices

9.1 Appendix 1 - Digital Overview Group diagram
Appendix 2 – Trade and Investment draft forward plan.

Digital Overview Group and Working Groups



25

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Trade & Investment Forward Plan 2019 - 2020

SUMMARY

Following an analysis of 2018/19 activity the Trade and Investment team has developed a forward plan of proposed activity for 2019/20.

This reflects upon an analysis of previous years FDI patterns and trends.

The implementation of new sector plans to provide greater clarity on what the region's main investment opportunities are.

Main themes:

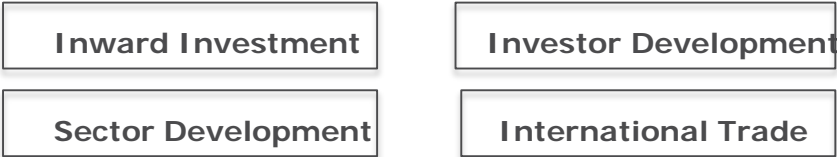
- A concerted effort to attract a greater spread of inward investment across Leeds City Region
- An increased focus on emerging markets particularly China and India
- Refinement of key sector messages to be more focused on core sub sector strengths and capabilities
- A stronger focus on placing academia and innovation at the heart of the place proposition
- The continued execution of a more campaign-led international place marketing strategy

INTRODUCTION – STRATEGIC FIT

- Identification, attraction and securing of business and institutional investment into the region.
- Improve the export performance of the region and encourage internationalisation of businesses.
- Raise the profile of the Leeds City Region’s economy both domestically and internationally.

The team four core functions all of which interlink and work seamlessly together

29



To maintain a strong focus and contextualise our activities we characterise opportunities using the following categories:

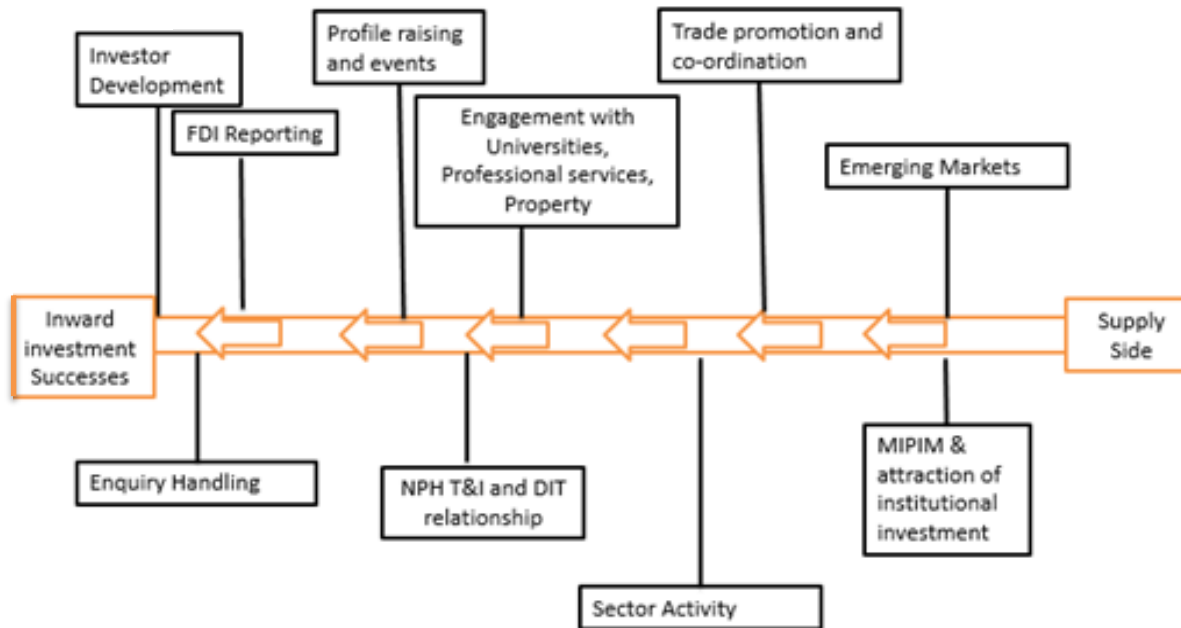


The Trade and Investment team seeks to deliver the following in 2019/20:

30

Performance Measure	Target
Total Projects to Leeds City Region (Successes)	30
Of which no. of Projects to non-Core City regions	15
Of which no. delivered through investor development activity	15
New Jobs Created	1700
Jobs Safeguarded (Successes)	400
Private Sector Investment Leveraged	£50,000,000
No. of active contacts developed in new and emerging markets	50
No. of businesses assisted with overseas trade initiatives	300

The diagram below highlights the broad spectrum of activities undertaken by the team:



31

Trade & Investment 2018 -19 review

32

2018/19 – REVIEW

Throughout 2018/2019 the team delivered a number of export opportunities and secured investment into the region.

International Trade	Investment
<ul style="list-style-type: none"> • Koala Meet the Buyer • FSB Trade event • Gulf Round Table • Delegation to China & Hong Kong • Valve world Expo 2018 • Doing Business in the Europe workshops • Visit to Leeds from FCO Minister Councillor and Director of Financial and Professional Services at DIT China. • Refresh of International Trade Pages • Assist to positively influence the structure and delivery of the next national DIT Trade Delivery contract. 	<ul style="list-style-type: none"> • Covea Insurance (26,624 employees, £1.25bn in assets) • Perform Group (3,000 employees in 30 territories, Revenue: £208.1m) • Reed Smith (Top 30 global law firm, Revenue: £870m) • Dahua Technologies (11,000 employees, 2nd largest in the security technology sector, Revenue: £1.6bn) • Talgo, R&D Partnership (1,100 employees, Revenue £74m) • Mastek (2,000+ employees, Revenue: £98m) • Channel 4 (National Public Sector Broadcaster)

Other significant activity which occurred in 2018/19 included:

- SkyBet (acquired by STARS Group for c.£3bn)
- Call Credit (acquired by TransUnion for £1bn)
- Seabrook Crisps (acquired by \$2.3bn Japan based Calbee group)

2018/19 – REVIEW

Greater emphasis on handling CAT A projects;

- The existing pipeline of Category A enquiries is much stronger than previous years.
- This is mainly due to the fact that a higher volume of enquiries have been sourced directly from intermediaries and property sector.
- Category A enquiries are generally harder to attract with a greater degree of competition from other regional Investment Promotion Agencies.
- They require a detailed understanding of multi-faceted, industry specific issues.

34 To meet the client's expectations the team must establish productive partnerships with a range of external specialists.

- Category A projects significantly boost GVA and create high GVA multipliers.

2018/19 – REVIEW

A more campaign led approach to Marketing & Communications:

- Communication now takes more of a ‘campaign’ approach
- Exciting, informative and insightful collateral including blogs, videos and digital banners.
- The more efficient use of social media was also adopted in order to drive awareness of our activities, specifically at SMART Cities Barcelona where on-stand sessions were promoted via twitter and drove additional footfall to the exhibition stand.

Successful campaign-led marketing strategies undertaken this year included:

- Innovation - Festival of Innovation, Hong Kong.
- Mission critical component manufacturing - Valve world
- Healthcare & Lifesciences - Arab Health
- Innotrans – rail related thought leadership blogs
- Be The Spark – Channel 4 campaign activity
- Doing Business in the EU Workshops
- MIPIM 2018
- SMART Cities, Barcelona
- Promotion of the #Welcome scheme

2018/19 – REVIEW



36



37 Historic FDI

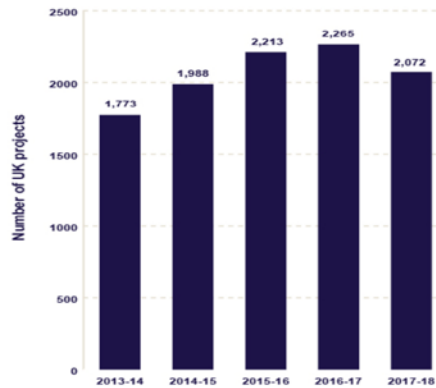
trends and data

LEEDS CITY REGION FDI TRENDS

National UK

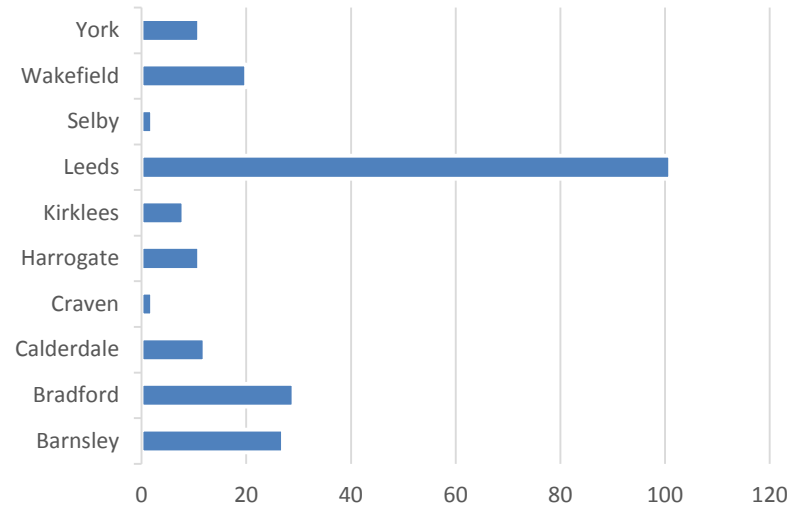
FDI projects in the UK: 2013-14 to 2017-18

FDI projects in the UK
2013-14 – 2017-18



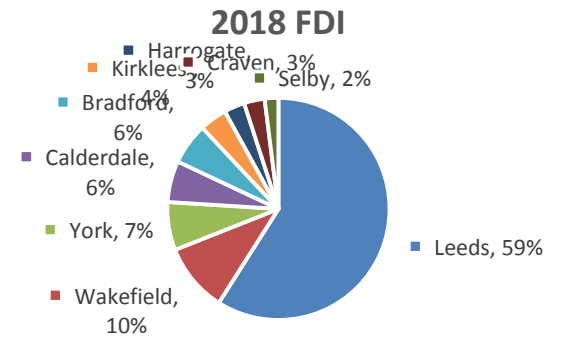
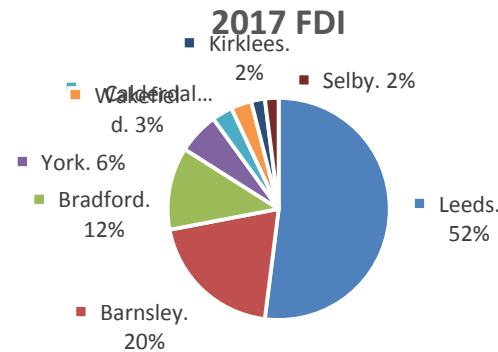
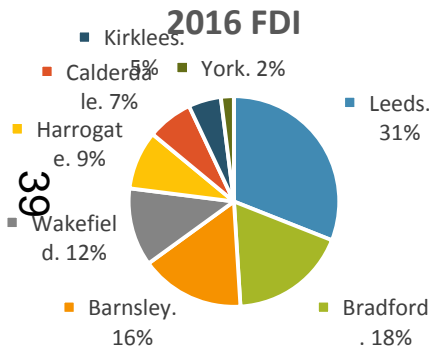
LCR Trends

Total FDI 2016- 2018



38

An analysis of the annual FDI trends for Leeds City Region show the number of projects in cities such as Bradford, York and Wakefield remains low and has in some cases declined year on year since 2016

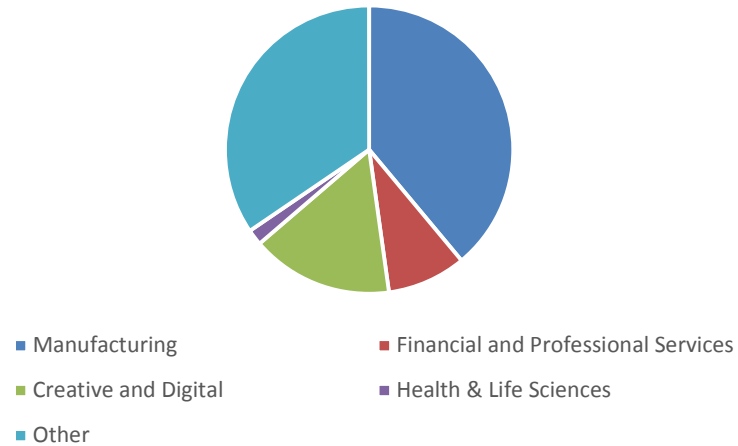


LEEDS CITY REGION FDI BY SECTOR

40

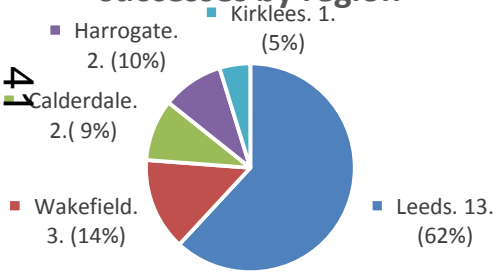
- Manufacturing sector has traditionally delivered the majority of FDI
- Leeds City Region has underperformed in the attraction of inward investment from the healthcare and life sciences sector
- UK domestic businesses that have expanded / relocated are not included in these figures

FDI 2016 - 2018 by Industrial Sector

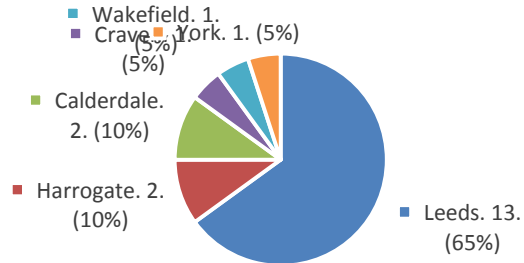


In addition to the overall number of FDI projects that occur in Leeds City Region it is important to analyse those that the trade and investment team have secured through their own work.

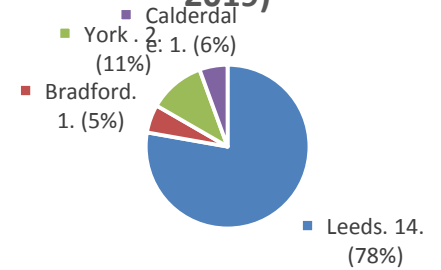
2016/2017 - Number of project successes by region



2017/2018 - Number of project successes by region



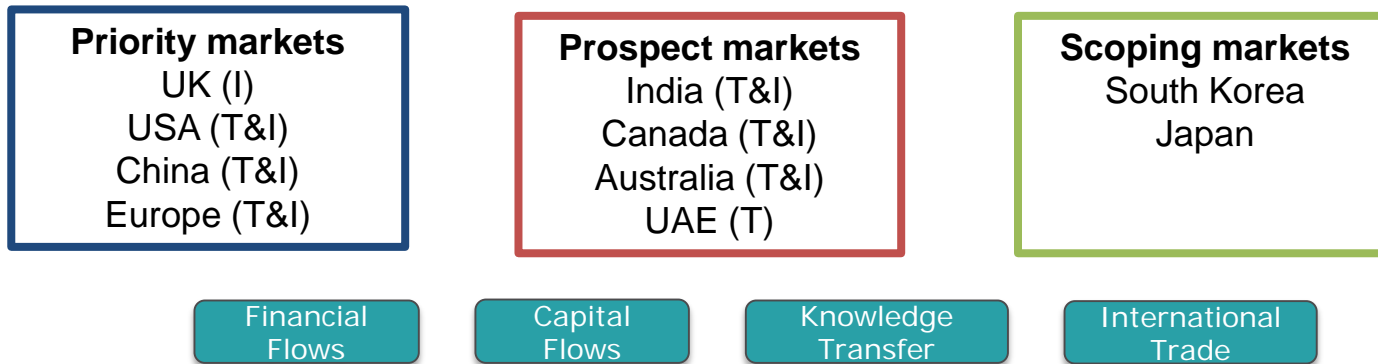
2018/2019 Successes by district to date (February 2019)



KEY MARKETS

To determine where our future activity is concentrated it is important to review which geographical markets, FDI into the UK is coming from.

42



The current enquiry pipeline demonstrates that London is still the key geographical source market for enquiries, with a number of foreign owned businesses and UK firms now seriously considering expansion or relocation to 'out of London' regions.

KEY MARKETS – LONDON APPROACH

- The current enquiry pipeline demonstrates that London is still the key geographical source market for inward investment enquiries.
- A number of foreign owned businesses and UK firms now seriously considering expansion or relocation to ‘out of London’ regions.
- 43 • During 2018/19 the Trade and Investment team greatly enhanced its understanding of the key characteristics driving the north-shoring trend.
- London Economic Action Partnership (LEAP) and London First – key partnerships.
- London & Partners has established a ‘retention team’. The trade and investment team will seek to develop a relationship with this team to identify any shared priorities and collaboration opportunities.
- #Welcome – development a list of target companies for us to approach within the digital sector
- Prioritisation of relevant London initiatives

KEY MARKETS – EU APPROACH

- FDI into the UK from the EU is likely to slow down but will still be substantial
- Less speculative ‘on the ground’ lead generation activity i.e. attendance at events (inward investment)
- An increased focus on retention via Investor Development activity
- Opportunities will arise on a case by case basis as the details of the departure from the EU become clearer
 - Analyse inward investors in sectors that are hardest hit by tariff issues
 - Industries where local proximity / speed to market is a key driver i.e. short shelf life items
 - Just in time supply chain requirements
 - EU facilities servicing large UK market demand i.e. distribution and logistics
- Maintain strong relationships with DIT European teams and be flexible to respond / capitalise on emerging opportunities

44

45 2019/20 Approach

A NEW APPROACH

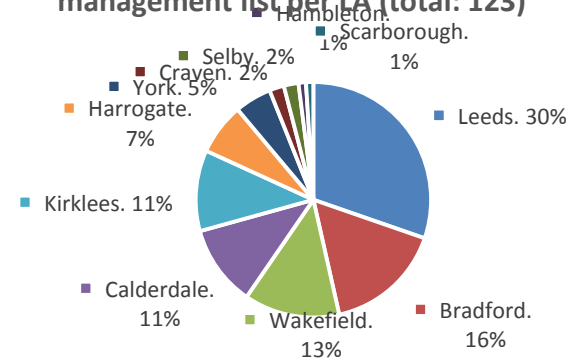
- A bespoke and concentrated effort is now required to develop a strategy that attracts inward investment to the wider towns and cities within Leeds City Region.
- New approaches will be developed including:
 - Investor Development team having an increased focus of non-core city districts.
 - The main approach for attracting inward investment into the manufacturing sector will be on supply chain development.
 - Strengthening our understanding of Local Authority economic development ambitions, priorities and intent.
 - Identification of key sector capabilities that exist within districts and incorporation into the regions value-proposition, especially on DATA and DIGITAL related disciplines.
 - The development of relevant thought leadership collateral to promote unique place based opportunities.
 - A stronger focus on placing academia and innovation at the heart of the place proposition.

INVESTOR DEVELOPMENT

123 foreign owned businesses identified
 100 companies engaged
 77 meetings
 66 companies actively account managed
 43 potential investment projects identified

47

% split of businesses on the LEP account management list per LA (total: 123)



In addition to their core duties the team will do the following:

- build up a greater picture of the significant foreign owned businesses that are currently ‘account managed’ by the department for international trade.
- work with DIT to engage locally with a number of these significant companies.
- in partnership with the private sector organise business roundtables with companies focussing on relevant topics or sectors e.g. chemicals regulations, addressing an ageing workforce etc.
- explore synergies and collaborative opportunities to strengthen the local supply chain and help drive business collaboration across the region.

SECTOR FOCUS

48

<p>CREATIVE & DIGITAL</p> <ul style="list-style-type: none">• Fintech• Data analytics• Creative industries• Digital communications• Smart tech	<p>ADVANCED MANUFACTURING</p> <ul style="list-style-type: none">• Automotive• Rail• Specialist chemicals• Control systems• Food and drink
<p>LIFE SCIENCES & HEALTHCARE</p> <ul style="list-style-type: none">• Digital health• Medical technologies• Diagnostics and personalised medicine• Tissue repair, regeneration and wound care• Drug discovery and pharmaceuticals	<p>BPFS</p> <ul style="list-style-type: none">• Legal• Insurance• Banking

The sector plans acknowledge two key themes cut across all of our sector activity. These are **DIGITAL** and **DATA**. Leeds City Region has significant national and global strengths in these two disciplines.

INTERNATIONAL TRADE

Increase the number of SME exporters in Leeds City Region.

Drive up the value of exports across Leeds City Region.

CHINA & HONG KONG

49 The Hangzhou HiTech Zone (HHTZ) and Cyberport in Hong Kong.

- Delivering the commitments made with China Council for the Promotion of International Trade (CCPIT) and the China-Britain Industry Innovation Park
- Expanding our work with Kaola.com and Alibaba.
- Dedicated China specialist to help strengthen and direct discussions.

A CHINA SPECIALIST

- Closer Gov to Gov dialogue
- Increasing trade and investment flows between Leeds City Region and China.
- Raising the international profile of our key sector strengths in China.
- The development of a strategic communications plan in relation to the Chinese market i.e. Social media strategy, co-ordinating and delivering events and centralising and sharing opportunities.

INTERNATIONAL TRADE

INDIA

- India Development Plan
- Prosperity fund – NPH tech cluster programme.
- India Tech Festival
- 50 Potential involvement in a planned DIT NPH city roadshow to key Indian cities
- Continued input into the DIT India International Trade

BREXIT

- Key messages on the changing landscape
- Communication with the emerging trade agreements and the opportunities that these might bring
- Focus on Hong Kong activity as a gateway to explore opportunities in other ASEAN markets such as Singapore & Malaysia who as members of the Commonwealth may also present future trade opportunities

2019/20 PROPOSED ACTIVITY SCHEDULE

To maximise the effectiveness of next years' activities, we have maintained a strong focus on the following criteria:

- Association with events that are strongly aligned to priority sectors
- Macro and micro economic conditions and key trends within the regions priority industrial sectors and academia.
- Alignment with Leeds City Region industrial strategy and policy.
- Local Authority economic development ambitions and priorities.
- Which initiatives worked well for us last year?
- Which initiatives did not work well for us last year?
- What internal resources are required to maximise the benefit of our involvement?
- Value for money.
- Trade & Investment team budgets and resource capability.
- Leeds City Region core industrial strengths, capabilities and economic opportunities?

2019/20 PROPOSED ACTIVITY SCHEDULE

The team has identified a number of initiatives where Leeds City Region should continue to be represented or establish a presence during 2019/20:

52

Month	Event	Location	Approach
July	London Tech Week	London	LCR event in London
October	SIBOS Fintech	London	Partnership with DIT
November	SMART Cities	Barcelona	LCR delegation (revenue model)
December	Business of Design Week and China	Hong Kong, China	LCR outward mission with delegation
January	Supporting the hosting of MIT	LCR	TBC
February	Arab Health	Dubai	LCR delegation (revenue model)
March	MIPIM 2020	Cannes	LCR delegation (revenue model)

53 **Thank You**

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

Date: 26 March 2019

Subject: **Employment and Skills Panel**

Director(s): Sue Cooke, Executive Head of Economic Services,
Alan Reiss, Director of Policy, Strategy & Communications

Author(s): Michelle Burton, Head of Employment and Skills

1. Purpose of this report

- 1.1 To provide the LEP Board with a report on the work of the Employment and Skills Panel.
- 1.2 To seek delegated approval for sign-off of Delivery Agreement review reports by the Chair of the Employment and Skills Panel.
- 1.3 To seek endorsement for the recommendation that the Skills Advisory Panel remit should be taken forward through the Employment and Skills Panel.

2. Information

Future-Ready Skills Commission

- 2.1 The Panel was provided with an update on the launch of the Commission for a Future-Ready Skills System in a Devolved UK.
- 2.2 This independent Commission was launched at a meeting on 21 January 2019. A press release is available at <https://www.westyorks-ca.gov.uk/news/future-ready-skills-commission-to-challenge-status-quo/>. It is intended to shape the future of the skills system, so that it better meets the needs of individuals, businesses and the economy. There is a particular interest in how the skills system can better serve the ambitions of local areas.
- 2.3 The Commission is chaired by Cllr Hinchcliffe as Chair of the West Yorkshire Combined Authority and Leader of Bradford Council. The full membership of the Commission is provided at **Appendix 1**. Chris Jones (former College Principal) and Jonathan Barr (OECD) have also been invited to act as expert advisers to the Commission.
- 2.4 The Commissioners were provided with an overview of the proposed scope and objectives of the Commission and why skills are so important. They were also given an overview of three proposed key themes:

- Technical education and training
- Careers information and inspiration
- Workforce skills

2.5 A Call for Evidence has been launched to gather views from a broad range of stakeholders with a deadline for responses of 12 April <https://www.westyorks-ca.gov.uk/about-west-yorkshire-combined-authority/call-for-evidence-skills-commission/>

Skills Advisory Panels

- 2.6 The Panel was given an update on the implementation of Skills Advisory Panels (SAPs). SAPs are a government initiative to strengthen the capability of LEPs with regard to understanding and addressing local skills challenges.
- 2.7 SAPs will bring together local employers and skills providers so that they can develop a shared understanding of local skills needs and the actions required to address them, by marrying supply with demand. This will be under-pinned by an evidence-based approach grounded in high quality labour market analysis. SAPs will consider current skills needs and skills challenges that are likely to emerge in future. All areas are expected to have SAP arrangements in place by autumn 2019. DfE plans to undertake a review of local implementation of SAPs commencing summer 2019.
- 2.8 DfE acknowledges that in those areas where LEP employment and skills sub-boards and panels are working well, that it makes sense to build on existing arrangements and allow them to take on the additional functions of Skills Advisory Panels. The Employment and Skills Panel considers that Leeds City Region falls into this category in view of its established analytical capability and long-standing and robust governance arrangements.
- 2.9 The Panel agreed that it is already carrying out the majority of the SAP functions and commented that any additional analysis needed to add value by influencing provision, investment decisions or the decision-making of businesses and individuals.
- 2.10 The Panel supported the proposal that the LEP should take on the Skills Advisory Panel functions as part of the ESP's remit, and that its terms of reference should be amended accordingly, including consideration of representation of the voluntary sector.

T Levels

- 2.11 The Panel was given an update on the development and implementation of Government's T Levels programme, and members' views were sought as to future priorities and role of the LEP / Combined Authority in relation to preparing for the roll-out and awareness raising of T levels.
- 2.12 T Levels are new courses which will start roll out from September 2020, which will follow GCSEs and will be equivalent to three A Levels. These 2-year

courses have been developed nationally in collaboration with employers and businesses with the aim of ensuring that the content meets the needs of industry and prepares students for work. They will offer students a mixture of classroom learning and 'on-the-job' experience during an industry placement of around three months. They are intended to provide the knowledge and experience needed to access skilled employment, further study or a higher apprenticeship.

2.13 The Panel's comments were as follows:

- There is a risk that T Levels may have a negative impact on the take up of apprenticeships
- It is unclear whether Universities will accept T Levels under their entry requirements
- There is a heavy work placement element for T Levels which may be challenging for some businesses
- Young people in receipt of benefits are unlikely to be ready for T Levels and would need extensive support to prepare them
- T levels present an opportunity to respond to local need

2.14 The Panel agreed that the LEP and Combined Authority should seek to maximise the value of T Levels. The Panel felt that workplace encounters and work experience should be a priority, whether this is via Apprenticeships, T Levels, and other qualifications as well as work experience. An "Agile Squad" will therefore be formed to explore how to encourage and support employers to engage with workplace encounters, including by building on existing Enterprise in Education and Apprenticeship activity.

Delivery Agreements

2.15 The Panel was given an update on the progress and recent review of the Delivery Agreements with the seven Further Education Colleges in West Yorkshire.

2.16 During 2016/17 Delivery Agreements were developed and published for each of the seven Further Education Colleges in West Yorkshire, setting out individualised and measurable expectations of how Colleges have agreed to work towards the Combined Authority and LEP's priorities for the Leeds City Region. Delivery Agreements are intended to influence the full range of college provision and are an important next step in strengthening broader relationships with providers and influencing the curriculum offer to meet the needs of businesses and individuals.

2.17 A report recording the outcomes and findings from the first formal review of the Delivery Agreements is planned to be published in spring 2019.

2.18 The Panel considered and welcomed the key themes from the reviews and proposed that approval for sign-off of the formal review reports should be delegated to the Chair of the Employment and Skills Panel.

Apprenticeship Grants for Employers

- 2.19 A number of changes to the grant criteria endorsed by the LEP Board at its last meeting have now been implemented. These changes are intended to increase take-up of the grant by businesses. The revised grant criteria were launched in mid-February and will be reviewed after three months to assess their impact on take up and employer participation in apprenticeships.
- 2.20 The value of the core grant has been increased from £1,500 to £2,000 to provide a greater incentive for businesses to offer apprenticeship opportunities, the eligibility has been expanded to include businesses with 249 or fewer employees (previously 50) and to include all recognised apprenticeship frameworks and standards (previously in limited sector subject areas).
- 2.21 Board members are asked to raise awareness of the grant among their networks www.the-lep.com/AGE.

Leeds City Region Employment Hub

- 2.22 The Combined Authority has received in-principle approval to manage this European Social Funded programme which will be operational until 31 December 2021. Delivering through Local Authority partners, C&K Careers and Leeds Beckett University, the Employment Hub will offer:
- Enhanced careers, information, advice and guidance.
 - Intensive support of young people in preparation for employment (including apprenticeships), further learning or self-employment.
 - With a budget of almost £8m across Local Authority partners, supporting 48 members of staff in the districts, local Hubs will be established in six Local Authority areas (Bradford, Calderdale, Kirklees, Leeds, Wakefield and York. The Hubs will provide a business engagement and talent matching service, particularly in relation to creation of new apprenticeship opportunities (building on the success and learning of the original City Deal Apprenticeship Hub programme).
- 2.23 The project will support 15 to 24 year olds and businesses of any size with a particular focus on engaging with businesses who have never had apprentices before. The Apprenticeship Grant for Employers (above) will complement the support for businesses.
- 2.24 Businesses can engage with the Employment Hub via the LEP Growth Service <http://www.the-lep.com/for-business/> and the local Hubs will provide a contact point for individuals.

Skills Capital

- 2.25 An update on the Skills Capital programme was included in the papers for the December panel meeting. Since then:

- **Leeds College of Building** – Leeds College of Building took possession of the Ground Floor on the Hunslet Road Phase II site in December 2018 allowing teaching and learning to commence. The building will be fully occupied by spring 2019. North Street refurbishment works commenced in January 2019 which is part of the overall project.
- **Leeds City College** – construction continues on the Quarry Hill campus which is scheduled to open to students in September 2019. The College will then commence works refurbishment works on its Park Lane Campus as part of the overall project. The College held an ‘Unveiling the Vision for Quarry Hill Campus’ event on the 24 January 2019 which was well attended by local stakeholders.
- **Kirklees College** - The Dewsbury Learning Quarter involves key buildings in the heart of Dewsbury. The newly built Springfield Centre opened to students on the 3 September 2018. It is an ultra-modern, purpose built facility that hosts courses that are aimed predominantly at 16-18 year olds. The second element is the refurbishment of iconic Pioneer House. Kirklees Council is undertaking landlord works, prior to Kirklees College undertaking fit-out works. The building is expected to open in 2020.

Enterprise in Education

- 2.26 The **Enterprise Adviser Network** and the Combined Authority’s Enterprise Coordinators are currently engaged with 175 (86%) secondary schools and colleges. The network has delivered over 134,000 employer encounters and 37,771 employer encounters for pupil premium learners, 9,238 of whom have had at least two employer encounters as part of the network.
- 2.27 A **Raising Aspirations Pilot** will soon be launched for schools and colleges with high numbers of disadvantaged pupils and / or with an intake of pupils from the most deprived wards of the Leeds City Region. The pilot aims to support an increase in activity to raise aspirations amongst disadvantaged pupils by strengthening engagement with employers, widening pupils’ experiences of jobs beyond their home communities and engagement with young role models working in priority sectors, including apprentices. All schools and colleges will be contacted and made aware of the opportunity to bid to deliver innovative activity.
- 2.28 The **#futuregoals** careers campaign and activity aims to raise awareness of careers opportunities in skills shortage and high growth sectors. The next phase of the campaign commenced at the end of February. Young people are the primary target audience for the marketing campaign, with parents/carers and teachers as the secondary audience, using the relevant social media channels for age profiles.
- 2.29 A creative industries careers toolkit for young people and parents has been

developed, supported by Burberry Foundation, as part of the national Creative Sector toolkit's Creative Careers Programme, led by Creative & Cultural Skills and Screen Skills. The launch of this work took place in early March at Burberry Business Services, Leeds.

- 2.30 The Enterprise Coordinators continue to connect the school - business landscape and are working with a number of different providers, including Tycoon in Schools, which offers an enterprise competition for secondary schools with seed funding for young entrepreneurs to grow their business ideas. The Tycoon in Schools team will be briefing the team of Enterprise Coordinators on 21 May ahead of their Autumn programme launch to promote entrepreneurial skills with young people.

Work Wellness Service

- 2.31 A pilot project in York has now completed. From an original target of 10, the programme has received 72 eligible referrals. 43 people have returned to work and a further 16 remain engaged in activity designed to enhance their chances of a positive outcome. The current rate of achievement shows 60% of those engaged have returned to work within a reasonable timescale. The remaining 16 will be tracked until the end of February when the final project figures will be produced.
- 2.32 The Work Wellness Service has launched this month in a deprived area of Halifax following the same principles as York, with a Work Wellness Service advisor based within a GP surgery. The pilot aims to explore the specific support and activities that can influence a successful return to work. A full evaluation of both pilot sites is planned and the findings will be shared with the Panel once completed.

Digital Skills

- 2.33 The **Discover Digital** campaign engages adults across the region, from graduates to career-changers, looking to retrain or upskill into a digital role and to improve their digital skills. The campaign provides a dedicated website to inspire career choices for individuals, where they can engage with businesses and training opportunities <https://discoverdigital.org.uk/>. Since its launch in August 2018, the website has reached over 100,000 people and has had 2,700 new visitors with over 15,000 individual page views across the site.
- 2.34 As previously reported, the Combined Authority submitted a full application to a competitive European funding call to develop a programme named **[re]boot** to individuals to re-train or upskill in order to access career opportunities in digital sectors, construction and engineering. The Funding Agreement has now been received from The Department of Work and Pensions (DWP) and delivery will commence in spring 2019.

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. Staffing Implications

5.1 There are no implications associated with this paper.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the report of the work of the Employment and Skills Panel be noted.

7.2 That the LEP Board delegates sign-off of Delivery Agreement review reports to the Chair of the Employment and Skills Panel.

7.3 That the LEP Board approves the recommendation that the Employment and Skills Panel takes on the functions of the Skills Advisory Panel and that its terms of reference are adapted accordingly.

8. Background Documents

None.

9. Appendices

Appendix 1 – Membership of Future Ready Skills Commission

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FUTURE-READY SKILLS COMMISSION

Confirmed members of the Commission

Chair: Cllr Susan Hinchcliffe	Chair West Yorkshire Combined Authority and Leader City Bradford Metropolitan District Council
Rashik Parmar	Technical Executive, IBM and Chair of Leeds City Region Employment and Skills Panel
Mark Roberts	Co-Founder, Beer Hawk
Will Richardson	Senior Partner, PricewaterhouseCoopers
Mandy Ridyard	Financial Director, Produmax
Stewart Thompson	Head of Land and Partnerships, Keepmoat
Nicola Addyman	Editor of Weekly Programmes, BBC
Claire Shenton	People Director, Bupa UK Care Services
David Hughes	Chief Executive, Association of Colleges
Simon Ashworth	Chief Policy Officer, Association of Employment and Learning Providers
Nav Chohan	Principal, Shipley College and Chair of Leeds City Region Skills Network
Mandy Crawford-Lee	Director of Policy and Operations, University Vocational Awards Council
Rusian Brooks	Chair of Young Apprenticeship Ambassadors Network Yorkshire & Humber
Emily Chapman	National Union of Students Vice President (Further Education)
Sarah Longlands	Director IPPR North, Institute for Public Policy Research
Katie Schmuecker	Head of Policy and Partnerships, Joseph Rowntree Foundation
Stephen Evans	Chief Executive, Learning and Work Institute
Tony Wilson	Institute Director, Institute for Employment Studies
Merran McRae	Chief Executive, Wakefield Council
Bill Adams	Regional Secretary, TUC

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

Date: 26 March 2019

Subject: **Green Economy Panel Update**

Director(s): Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Jacqui Warren

1. Purpose of this report

- 1.1 To give an update on the Green Economy Panel's major projects and programmes.

2 Information

Energy Accelerator

- 2.1 The Energy Accelerator is a key programme under priority three of the Strategic Economic Plan (SEP) which aims to create a zero carbon energy economy by 2036. It is a new innovative programme. The Accelerator is a team of expert advisors that are supporting the development of low carbon projects, offering free support to the commercial and public sector on:

- Energy efficiency and renewable energy
- District heat networks
- Street lighting

- 2.2 The programme is now operational and the first projects are beginning to submit applications for support.

Better Homes Yorkshire

- 2.3 This is a City Region wide programme delivering energy efficiency and heating improvements across the City Region's homes. The projects within the programme are progressing well and to date almost 1,250 homes have received measures during 2018/19, against the target of 1,320. This brings the total number of homes improved through the programme to over 4,300.

Warm Homes Fund (WHF) bid Round 2a

- 2.4 The Green Economy Panel endorsed the Combined Authority applying for Warm Homes Round 2a funding in September 2018.

- 2.5 The proposal included plans to install over 1000 first-time, full central heating systems to households in fuel poverty.
- 2.6 Unfortunately the application was not successful. The Combined Authority and partners are now reviewing the application to inform the decision whether to apply for future funding rounds later in 2019.

Resource Efficiency Fund (REF)

- 2.7 The REF offers free expert advice and business support to small and medium sized enterprises (SMEs) to help them to carry out energy and water efficiency and waste reduction measures.
- 2.8 Table 1 summarises key progress indicators for the REF as of 31 January 2019.

Table 1: Progress as at 31 January 2019			
	Last Update (30/11/2018)	Current	Revised Programme Target (31/10/19)
Total Business Contacts	523	554	501
Assessments Commissioned	278	294	321
Businesses Supported	177	213	303
Businesses receiving non-financial support	154	188	200
Businesses receiving information, diagnostic and brokerage support	72	82	75
Grants Completed	95	104	133

Resource Efficiency Fund Phase 2 (REF2)

- 2.9 On 28 November 2018 the Combined Authority submitted a European Regional Development Funding (ERDF) outline application to continue delivery of the REF after November 2019, across the Leeds City Region. The application was made under Priority Axis 4b: Supporting Energy Efficiency and Renewable Energy Use in Enterprise, and includes enhancements to the existing programme and new Circular Economy (CE) support for SMEs. CE is a new approach that challenges inefficient production, returning materials back to the economy. It directly supports the aims of the national Industrial Strategy and new Waste Strategy. If successful, the new programme will run for three years.
- 2.10 The Combined Authority, on behalf of the York, North Yorkshire and East Riding (YNYER) LEP, submitted an outline complementary application to the YNYER LEP area’s ERDF PA 4b call to deliver the REF into four new areas of

North Yorkshire - Richmondshire, Ryedale, Hambleton and Scarborough. If successful, the Combined Authority will act as the accountable body and delivery partner for this extended REF programme in North Yorkshire.

District Heat Network Programme

- 2.11 The Programme continues to support the development of a number of heat network projects in the City Region.

Green and Blue Infrastructure (GBI) Strategy and Delivery Plan

- 2.12 The GBI Strategy and Delivery Plan was adopted by this Board on 22 November 2018 and Combined Authority on 13 December 2018.
- 2.13 Since adoption work has started to explore a proposal for a shared regional resource to assist in the delivery of the Delivery Plan.
- 2.14 Work has begun on the development of detailed work plans for actions identified in the Delivery Plan.

Energy Strategy and Delivery Plan (ESDP)

- 2.15 Leeds City Region Energy Strategy and Delivery Plan (ESDP) was adopted by the Combined Authority on 13 December 2018. The ESDP explored setting a science-based carbon reduction target for the City Region in line with the Paris Climate Change Agreement of limiting global temperature rise to less than 2 degree centigrade. Initial modelling has indicated a 53 percent reduction in emissions would be required by 2036 to align with the Agreement.
- 2.16 More work is being carried out to investigate the potential for setting a City Region-wide carbon emissions reduction target that is in line with Paris. It will also look at the recent Intergovernmental Panel on Climate Change (IPCC) report stating global temperature rise should not exceed 1.5°C. The IPCC is the United Nations body for assessing the science related to climate change.
- 2.17 An Energy Summit is planned for summer 2019. The purpose of the Summit is to look at, with stakeholders, a City Region-wide science-based carbon reduction target and the actions that would enable a target to be met. This will be the culmination of a series of stakeholder events to be held in advance of the Summit, including regional workshops covering a range of ESDP priorities.
- 2.18 Some actions identified in the ESDP are already beginning to be delivered through the Energy Accelerator Programme and the North East, Yorkshire and Humber Energy Hub (see updates at paragraphs 2.1 and 2.20-22).

North East, Yorkshire and Humber Energy Hub

- 2.19 A North East, Yorkshire and Humber (NEYH) Energy Hub is operational, set up by BEIS to provide local capacity for the delivery of energy strategies across LEP areas.
- 2.20 An initial pipeline of projects suitable for Hub support is being developed for the Leeds City Region. These have been identified through the City Region's Energy Strategy and Delivery Plan.
- 2.21 The Hub will provide an additional support service to the City Region, complementing the existing Resource Efficiency Fund and Energy Accelerator.

Other Updates

Hydrogen 21 (H21)

- 2.22 At the meeting on 29 January 2019, Green Economy Panel received a presentation from Keith Owen of Northern Gas Networks (NGN).
- 2.23 NGN Hydrogen 21 (H21) Leeds Citygate Project aimed to change homes and businesses from natural gas to hydrogen, to help reduce carbon emissions arising from the heating of homes and businesses.
- 2.24 Over the last two years the Panel have received regular updates on the progress of the programme. Great progress has been made including NGN being awarded £10 million from Ofgem to provide critical evidence to support the viability of converting the UK gas distribution networks to hydrogen. This work is currently ongoing.
- 2.25 Building on the success of the H21 Leeds City Gate programme, a new H21 North of England programme was launched on 23 November 2018. This aims to convert 3.7 million homes and businesses from natural gas to hydrogen, in order to reduce carbon emissions.
- 2.26 The Green Economy Panel will continue to receive updates on this programme as it progresses.

Circular Yorkshire

- 2.27 The Green Economy Panel received a presentation on the YNYER LEP Circular Yorkshire programme.
- 2.28 Looking beyond the current take-make-dispose extractive industrial model, a circular economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system.
- 2.29 Applying circular economy principles at scale is expected to contribute to a wide range of benefits, including:

- Increased resource productivity
- Reduced costs and increased competitiveness for resource intensive businesses
- Additional opportunities to generate commercial revenue streams
- Reduced finite resource consumption
- Reduced CO₂ emissions
- Increased export opportunities of circular knowledge and technologies
- Increased inward investment

2.30 Both LEPs will work together to continue to look at circular economy opportunities. These will include:

- YNYER LEP will create a new Circular Economy Action Plan by July 2019.
- Carrying out a Clean Growth Audit across both LEP areas to identify where energy and resource intensive industries exist.
- Expand the REF2 to pilot support on circular economy business models and practices in 66 businesses.
- Based on the results of the Clean Growth Audit and REF2 Pilot, more joint work will be explored.

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.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Board note the progress against the Panel's major projects and programmes.

8. Background Documents

8.1 None.

9. Appendices

None.

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

Date: 26 March 2019

Subject: **Place Panel**

Director: Alan Reiss, Director of Policy, Strategy & Communications

Author(s): Judith Furlonger

1. Purpose of this report

1.1 To provide the LEP Board with an update on the work of the Place Panel.

2. Information

2.1 The second meeting of the Place Panel took place on the 31 January 2019. This was chaired by Councillor Peter McBride (Kirklees). The Chair reiterated that Panel aims to shape future policy direction with discussions at an early stage of policy development, directly influencing the work of the LEP and Combined Authority.

Placemaking

2.2 The Panel received a presentation on the potential for placemaking to form an overarching approach to the Place Panel policy objectives. The presentation set out some key ambitions for placemaking in the Leeds City Region, providing an opportunity to join together policy objectives focussed on setting out a Leeds City Region approach to place.

Housing and Planning Update

2.3 The Panel considered a report which provided an update on emerging national housing and planning policy issues and potential implications for the City Region. In particular consideration was given to a Ministry of Housing, Communities and Local Government policy statement.

2.4 The policy statement indicates that a geographically targeted approach to five funding programmes is being adopted. The methodology used to prioritise funding is to be based on the premise that areas where housing affordability is most acute (calculated on income multiples compared to house prices) are the areas most in need of investment. On this basis, most of the North of England would be classified as affordable and, for the five funding programmes identified, will result in the North of England being at a

funding disadvantage. The methodology does not account for the quality of existing housing options or the complex affordability issues that exist in the North of England which result in limited options for residents on low incomes to access a good housing offer.

- 2.5 Since the Place Panel meeting on 31 January, a meeting has been held with Tom Walker, Deputy Chief Executive of Homes England, to discuss opportunities for Homes England and the LEP / Combined Authority to work together in pursuit of shared objectives. In order to challenge the idea that the Leeds City Region does not face affordability issues further evidence is being commissioned to map affordability across our communities. This forms part of the Inclusive Growth Corridor work being undertaken by the Combined Authority. This work is due to be completed by late autumn 2019.
- 2.6 The Panel received a presentation on the Homes England Strategic Plan 2018/19 – 2022/23. Homes England acknowledged the difficulties around central government funding targets, but suggested that they could work with the Combined Authority to try to maximise potential based on the existing funding programmes available. The Place Panel supported further work to explore closer collaboration between the Combined Authority, districts and Homes England.
- 2.7 Updates on planning reform, One Public Estate, and Historic Buildings Strategy were provided to the Place Panel.

Local Plan Update

- 2.8 The Panel considered a report which provided an update on the progress and status of Leeds City Region development plans.

West Yorkshire Local Aggregate Assessment 2018

- 2.9 The Panel considered a report which provided an update on the emerging West Yorkshire Local Aggregate Assessment 2018. The Panel noted that West Yorkshire continued to have a high dependency upon neighbouring authorities for its aggregate needs. The Panel also discussed issues around the transportation of aggregates, particularly the use of rail.

Next steps

- 2.10 Further workshops will be held to develop the Leeds City Region approach to placemaking and the Panel's role in place shaping, taking into account the LEP and Combined Authority's work with district partners on connectivity, housing and employment sites, and identifying those issues which would benefit from an approach at scale across the City Region.

3. Financial Implications

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

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the LEP Board note the work of the Place Panel.

8. Background Documents

8.1 None

9. Appendices

9.1 None

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

Date: 26 March 2019

Subject: **Inclusive Growth and Public Policy Panel**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Britta Berger-Voigt

1. Purpose of this report

- 1.1 To provide the LEP Board with a report on the work of the Inclusive Growth and Public Policy Panel (IGPPP).

2. Information

- 2.1 The IGPPP meeting scheduled for 1 March 2019 gave members, officers and external partners the opportunity to have had a positive discussion across a range to topics that will enable and accelerate the ongoing work programme.

Learning from Inclusive Growth Best Practice

- 2.2 After the Inclusive Growth Workshop in October 2018, IGPPP members suggested learning from best practice in the region by visiting organisations that are exemplars of inclusive growth.
- 2.3 Since Huddersfield New College's Equality and Diversity (E&D) approach has been acknowledged as outstanding by both Ofsted and the National Centre for Diversity and because E&D is essential to being a good employer and skills provider, the College was identified as the first organisation for the Panel to visit. The Sixth Form's Principal and Equality and Diversity Manager provided Panel members with a tour of the College and explained how the approach benefits learners and staff.
- 2.4 Further site visits will be proposed to the IGPPP to learn from best practice, particularly with regards to the Panel's working priorities (good work, digital inclusion, health and work), with the intention to publish a series of best practice papers which could lead to improved practice being adopted more widely across the region.

Inclusive Growth Strategic Framework

- 2.5 The IGPPP is developing a City Region Inclusive Growth Strategic Framework. This will provide a strategic and long-term framework for inclusive growth activities in the region. It will encourage a wide range of public sector, private and third sector partners to work together to increase opportunities for those residents and communities that are currently excluded from economic growth, and will provide a framework for future investment. The draft framework is attached in Appendix 1, and other Panels will be consulted both on the Framework and on how it could contribute to their work.
- 2.6 The main aim of the Framework is to help to identify the most pressing inclusion challenges in the City Region, guide realistic ambitions to reduce those barriers, identify interventions and investments which can best address those challenges, and evaluate that these interventions are delivering the necessary changes.
- 2.7 Examples of relevant types of sub regional interventions therefore include:
- **Targeted investment in physical infrastructure** – such as more affordable, better insulated housing, improved transport connectivity for everyone, flood prevention, broadband. An example could be improving connectivity on Inclusive Growth Corridors.
 - **Boosting social infrastructure** – e.g. public health, early years support, careers and enterprise advice in schools, skills/apprenticeships and employment services, business support. An example could be digital skills training for low income families and individuals.
 - **'Blended' investments and interventions** – note that because of its statutory functions and remit, Leeds City Region is well placed to deliver and co-ordinate integrated interventions. An example could include 'Healthy Streets' (i.e. combining public health, place making/regeneration and transport).
- 2.8 It is proposed to establish a regional Inclusive Growth support group that includes a range of partners from the public, private and community sectors, including senior officers from all districts across the City Region. This will ensure an inclusive approach to the development of the Framework, and resulting programmes.

Update on Broadband Rollout

- 2.9 On request of the IGPPP, a paper was presented on the scale of broadband rollout. This showed that current and planned public and commercial delivery programmes will ensure that access to superfast broadband¹ will be available to 99% of premises in the region by the end of 2021/22. This is in line with aspirations outlined in the Leeds City Region Strategic Economic Plan.
- 2.10 The final '1%' of premises that are unlikely to have superfast coverage by 2021/22 are likely to be spread across the City Region. The precise distribution will be subject to ongoing commercial build and is therefore subject

¹ Download speeds of 30 Megabits per Second (Mbps)

to change. They may include pockets of new build development and existing developments in hard to reach areas due to rurality, topography or other technical/physical constraints. Other digital infrastructure build programmes and emerging digital technologies (e.g. 5G mobile technology and Wi-Fi) will be considered to provide connectivity to these areas where possible.

Digital Inclusion

- 2.11 As requested by the IGPPP, a paper outlining delivery options for increasing digital inclusion in the City Region was provided. Since the last Panel meeting, the following work is progressing to develop a Leeds City Region approach to driving inclusive growth through digital inclusion, including:
- High level mapping of current digital inclusion activities that are being delivered by district partners (and others) to ensure programmes can build on existing support. This will be undertaken by local authority partners via the newly established support group.
 - Development of a consultancy brief to identify what practical solutions could best further digital inclusion in the region. This could ask consultants to outline the return on investment of different (costed) digital inclusion approaches, which could include:
 - Training and support provided to a core group across the City Region to upskill and promote digital inclusion in grassroots organisations, working through existing organisations and community groups to raise the digital capacity and capability of those to support local communities.
 - Rolling out services such as tablet lending schemes.
 - Free Wi-Fi pilots, including provision of free Wi-Fi in community areas.
 - Targeted support workshops to ensure more residents are able to go online.
 - Schemes for accessing appropriate digital devices.
 - The role of libraries and other community spaces and how these can reduce isolation, create meeting places and digital training opportunities.

Opportunities for West Yorkshire in the context of the NHS Long Term Plan and Inclusive Growth

- 2.12 The IGPPP has the opportunity to feed into the five Year Strategy for Health and Care for West Yorkshire and Harrogate, particularly with Government's ask for inclusion to feature much more prominently in both plans and for better links between health and wellbeing. The respective IGPPP report sets out how the IGPPP could influence the strategy over the coming months. Final approval of the strategy is anticipated in September 2019.

Funding for inclusive growth

- 2.13 A funding update paper was provided to IGPPP Panel members, outlining the LEP Board's decision to use about 20% of the Growing Places Fund capital return funds to directly fund projects that improve outcomes that support Inclusive Growth. This currently equates to circa £700,000 and IGPPP members will receive regular updates about future funding available.

- 2.14 The role of the IGPPP was described as to advise on funding allocation across:
- a) A range of new Inclusive Growth programmes to be approved by the Panel;
 - b) Existing/planned programmes to ensure these are delivered in an inclusive way. Examples of existing/planned programmes with an explicit consideration of inclusion include:
 - Enterprise Advisors
 - Inclusive Growth element of Business Grants
 - Pop-up Business Advice Café in communities
 - Inclusive Growth Corridors
 - Business Rate Pool projects aimed at driving Inclusive Growth
- 2.15 As a next step, the IGPPP will receive options on guiding principles for the prioritisation of the funding for existing projects, as well as the chance to discuss a range of specific delivery options for new projects. The principles could be related to funding projects that are addressing particular 'exclusion challenges' in the City Region and aligned with those identified in the Inclusive Growth strategic Framework.

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. Staffing Implications

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

6. External Consultees

- 6.1 There is no requirement for external consultations arising from this report.

7. Recommendations

- 7.1 That the report be noted, also noting that the meeting itself was technically inquorate with less than the required minimum of four voting members present. Consequently, no formal decisions were taken on recommendations in the papers, but the discussion held will inform the ongoing work programme.

8. Background Documents

- 8.1 None

9. Appendices

9.1 None

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

Date: 26 March 2019

Subject: **Capital Programme (Investment Committee)**

Director: Melanie Corcoran

Author(s): Lynn Cooper, Rachel Jones, Lisa Childs

1. Purpose of this report

- 1.1 To update the LEP Board on progress made on the implementation of the West Yorkshire Combined Authority's capital programme. The report also provides a more detailed update on the Growth Deal programme and the Leeds Public Transport Investment Programme.

2 Information

Capital Programme

- 2.1 The latest forecast outturn for the capital programme 2018/19 was reported to the Investment Committee and LEP Board in January 2019 and to the Combined Authority at its meeting on 14 February 2019. Table 1 below provides the actual expenditure up to the end of quarter three 2018/19 against the outturn forecast. Table 1

	2018/19 Outturn Forecast	Actual Expenditure up to Quarter 3 2018/19	%
Capital Programme			
Growth Deal (including West Yorkshire Transport Fund)	£102,080,000	£47,372,370	46.4%
Leeds Public Transport Investment Programme	£10,115,000	£4,210,152	41.6%
National Productivity Investment Fund	£8,081,000	£6,271,000	77.6%
Highways Maintenance Block and Highways Incentive Fund	£28,442,000	£22,393,000	78.7%
Pothole Action Fund / Highways / Flood Resilience	£9,267,000	£4,310,000	46.5%
Cycle City Ambition Grant	£8,500,000	£7,626,000	89.7%
West Yorkshire Cycling and Walking Fund	£1,304,000	£800,000	61.3%
Cycle Safety Grant	£470,000	£0	0.0%
CCAG Top Up	£210,000	£0	0.0%
Clean Vehicle Technology Fund	£1,368,000	£82,000	6.0%
Ultra Low Emissions Vehicles	£978,000	£15,000	1.5%
West Yorkshire Broadband	£5,769,000	£3,366,100	58.3%
Growing Places Fund	£1,350,000	£1,000,000	74.1%
Warm Homes	£1,369,000	£411,234	30.0%
Corporate Projects - Accommodation	£335,000	£112,272	33.5%
Corporate Projects - Technology Strategy	£1,570,000	£208,608	13.3%
Total	£181,208,000	£98,177,736	54.2%

- 2.2 Total expenditure is currently at 54.2% of forecast outturn and all programmes are currently on track to achieve the revised expenditure forecasts.

Growth Deal Programme

- 2.3 Growth Deal spend at quarter three totals £47.37 million representing 46% of the expected outturn. This is the highest level of spend ever achieved by the programme at the end of quarter three. The Growth Deal dashboard which details each project within the programme is attached at **Appendix 1**.
- 2.4 The programme now includes 128 projects of which: 20 have now been completed; 35 are currently in delivery (construction or operation), 64 are in development (transport projects working towards outline and/or full business cases) and nine have not yet started.
- 2.5 Of the 20 projects completed, 11 of these were finished in 2016/17 and 2017/18 these include 10 Skills Capital and Innovation projects (Shipley College Mill, Calderdale College, Kirklees College, Selby College, Bradford College, Leeds City College Printworks, Wakefield College, Shipley College Salt Building, Huddersfield Incubation and Innovation Programme and Leeds University Innovation Centre), two rail park and rides (Fitzwilliam and South Elmsall), two other Transport Fund projects (Wakefield Eastern Relief Road and Aire Valley Park and Ride) and the Leeds Flood Alleviation project.
- 2.6 As part of the assurance process closure reports are undertaken on all projects. The report looks at how the project performed against its business plan and also considers lessons learned. Completed projects will continue to be monitored through PIMS until all outputs and outcomes have been achieved. These will continue to be updated and reported to the Cities and Local Growth Unit (CLOG) until its 2024/25 deadline for achievement of outputs.
- 2.7 Five projects have been completed so far in 2018/19, these are:

Skipton Flood Alleviation - involved the creation of two water storage areas at Eller Beck and Waller Hill Beck, the construction of 300m of flood walls in the town centre, it is now fully operational. £1.5 million of Growth Deal money was invested into this £17.6 million scheme to safeguard 374 homes, 118 businesses and 1,630 jobs, as well as unlocking 11 hectares of floodplain for commercial development in Skipton.

Mirfield A Rail Park and Ride – opened in July 2018 at a cost of £0.3 million this project created 25 new parking spaces.

A629 Phase 1a - The Calderdale Council scheme included widening Salterhebble Hill to four lanes, installing new traffic light technology and improving facilities for pedestrians and cyclists. 5,000 tonnes of material were removed to broaden the road and create the additional lanes, with over 3,000 metres of steel soil nails screwed into the rock to secure the remaining hillside.

York Outer Ring Road Phase 1 – this is the first phase of £38 million improvement package to seven roundabouts on the York Northern Outer Ring Road aimed at relieving congestion. Phase 1 included improvements to the Wetherby Road roundabout involving installation of three lane entrances and two lane exits. Works were completed on time in February 2019 despite discovery of an Iron Age ring ditch during construction.

Wakefield City Centre Package Phase 1 (Kirkgate) - Work was completed in August 2018 on this £5.6 million scheme which improved the area for pedestrians, cyclists, buses and motorists. Works included removing a subway and using this for flood water storage, installation of paths and pedestrian crossings, changing road layout. The project improved eight junctions, enhanced 1.2 km of carriageway, provided 5,700 sqm of enhanced public space and reduced flood risk.

Performance

- 2.8 The new Portfolio Information Management System (PIMS) records output forecast and achievement and allows project sponsors to update this information at any time. The following programme level outputs have been achieved at quarter 3 2018/19.

Table 2

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved as at December 2018	%
New jobs	19,595	6,246	31.88%
Jobs safeguarded (flood resilience programme)	11,100	22,000	198.20%
Houses	2,300	292	12.70%
Public / private investment (match funding)	£1,031,000,000	£432,261,840	41.93%

Further outputs achieved by the programme include:

- 86 apprentice posts (included with the New Jobs created)
- 50,991m² of new or improved floor space for skills
- 7.5 km of new road and 3km of road resurfaced
- 19km of new cycle ways

- 2.9 CLoG monitor other outputs, in addition to the programme level outputs, which projects report against. An issue that has been identified is that the outputs monitored by CLoG do not fully reflect the expected achievement of the programme. An example of this is that CLoG monitors only three transport related outputs none of which related to rail. In order to ensure that the recorded outputs fully reflect the achievements of the programme Combined Authority officers and project sponsors are considering a revised list of outputs. Once this is agreed further work will be required to ensure that projects record forecast and performance against these additional outputs on PIMS.

Independent Evaluation of Growth Deal Interventions

2.10 It was previously reported to the Investment Committee in January 2019 that as part of the Growth Deal an independent review is being undertaken of the Transport Fund. The first five year gateway (also known as the Gateway Review 2019) is currently underway. Economic consultants SQW Limited are leading the National Evaluation Panel responsible for the monitoring and evaluation of investment funds across the UK. SQW have been commissioned to evaluate the Transport Fund and the first output of the research is a baseline report, which has recently been issued. Several strands of activity fed into the baseline report, including survey work and strategic interviews to establish a local capacity and partnership working baseline, work to look at how the economy was expected to develop since the launch of the Transport Fund in 2014, and progress to date on the delivery of transport funded schemes. The report is factual only, with no recommendations or scoring at this stage. Key findings in the report are:

- Generally, the survey responses suggest that different aspects of local economic capacity and partnership activity have improved since the Transport Fund and Growth Deal were approved in 2014.
- The consultations with key regional stakeholders demonstrated that the Transport Fund has played a central role in shaping long-term economic development strategy and bringing together public and private sector partners from across the city region. With so much happening in the region over the last four years, it is difficult to isolate the specific effects of the Fund. However, the feedback confirmed that the Transport Fund has helped to improve local economic development capacity and partnership working.
- It is currently expected, based on the latest forecasts, that the Transport Fund will spend £200m by March 2020 (Gateway 1 Review). There is some early evidence of outputs. Seven of the 19 projects being evaluated have provided some initial information on outputs achieved since projects started in 2015.

Next Steps

2.11 SQW are drafting a one-year out report. This report will provide an update on the progress in delivery of the Transport Fund around a year in advance of the Gateway Review (March 2020). It should identify any issues that need to be addressed in advance of the final evaluation and confirms the approach and timing of the research for the final evaluation, which will take place between April and December 2019.

This work will conclude in December, with a final report to inform the first Gateway Review of the fund. This will be completed by Government by the end of March 2020. Combined Authority Officers attend national quarterly steering group meetings. Through the course of the next couple of meetings, greater clarity should emerge around how the final gateway report will form a

part of the overall assessment of performance, together with other evidence such as the annual conversations.

Cities and Local Growth Unit Data Submission

- 2.12 As previously notified each quarter a return is made to CLoG through its data capture system which collates Growth Deal programme information. CLoG has requested that this dashboard should be endorsed by the LEP Board each quarter. The dashboard for quarters 3 2018/19 was submitted in accordance with the deadline on 22 February 2019. As the LEP Board did not meet before this the submission deadline it was signed off by the Combined Authority Section 73 Officer on the agreement of the LEP Board Chair. The dashboard is now attached as **Appendix 2** for consideration and endorsement of the LEP Board.

Other Funding Programmes

- 2.13 The following funding programmes are not LEP funding, however as part of the capital programme they support the priorities and objectives of the Leeds City Region Strategic Economic Plan (SEP) has 2016 to 2036.

West Yorkshire and York Broadband Programme

The City Region's **SEP** has laid out an ambition to achieve 99% superfast broadband connectivity across West Yorkshire and York by 2018/19. The West Yorkshire and York Broadband programme commenced in 2013 and is overseen by a partnership agreement between the West Yorkshire and York councils and the Combined Authority. The programme is well on the way to meeting this ambition. With Contract 1 completed and with Contract 2 in progress, the programme is on track to deliver up to 98% access to superfast broadband by end June 2021. A further Contract 3 to address some of the remaining most difficult to reach urban, semi-urban and/or rural properties, is currently in procurement to secure the use of a broadband infrastructure supplier. The target for Contract 3 is to take coverage up to and over 99%.

The final '1%' of premises that are unlikely to have superfast coverage by 2021/22 are likely to be spread across the City Region. The precise distribution will be subject to ongoing commercial build and is therefore subject to change. They may include pockets of new build development and existing developments in hard to reach areas due to rurality, topography or other technical/physical constraints. Other digital infrastructure build programmes and emerging digital technologies (e.g. 5G mobile technology and Wi-Fi) will be considered to provide connectivity to the these areas where possible.

- 2.14 In 2018 the **West Yorkshire and York (WY&Y) Broadband Contract 2** following some delays in the delivery of the programme work has accelerated with a target to be back on track by end March 2019. The performance in 2018 was affected by the supplier Openreach's chief sub-contractor, Carillion, going out of business, and by a national lack of fibre engineering skills.

- 2.15 To address these issues Openreach has now brought in experienced fibre teams from other projects and has bolstered its WY&Y team with additional managers and data engineers. The WY&Y Broadband Partnership has received confirmation from Openreach that the new teams will remain with WY&Y and not be reallocated elsewhere once the programme is back on track.
- 2.16 The **West Yorkshire and York Broadband Contract 3** European procurement is underway. The invitation to tender has been approved by the Combined Authority procurement team and has passed the Broadband Delivery UK (BDUK) / Department of Culture, Media and Sport (DCMS) Checkpoint B2. The tender was advertised on 21 December 2018 and expressions of interest were due from fibre infrastructure suppliers by 17 January 2019 with a deadline for full responses by 14 March 2019. Applications for funding for the programme have been submitted for Department for Food, Energy and Rural Affairs (DEFRA) and a funding agreement recently received for £6.898m, and European Regional Development Fund (ERDF) for which a decision on this funding is expected by the end of March.

Leeds Public Transport Investment Programme

- 2.17 In April 2017 the Department for Transport (DfT) formally approved funding of £173.5 million to the Combined Authority for the Leeds Public Transport Investment Programme (LPTIP) to improve access to public transport, the efficiency of the service and to ultimately double bus patronage.
- 2.18 DfT undertake an annual review meeting where progress on the programme is considered. The latest meeting took place on 05 February 2019. An update was provided on the progress made across the programme.

Bus priority corridors	A number of outline business cases have been submitted and made progress through the assurance process. Stakeholder engagement is continuing and design elements progressing well. Delivery partners are appointed and construction is due to start on early interventions over the next 2 months.
Park & Ride	Stourton and the Elland road extension have both obtained OBC approval and planning consent. Delivery partners have been appointed and construction is due to start on Elland Road in April with Stourton following on afterwards. LCC exec' board have approved land purchase for an extension to the Temple Green land, CA assurance processes to follow.
Gateways	Headrow gateway has been given CA approval, consultation to commence 12 March. Infirmary street designs also being progressed, with Corn Exchange to follow. Delivery partner appointed and making good progress.

Rail	<p>Accessibility – draft agreement with NWR to be progressed.</p> <p>New Pudsey – Progressing towards OBC, preferred option considered by programme board.</p> <p>New stations – GRIP stage 3 documents submitted to NWR, working towards OBC submission, public consultation on LBA parkway now launched (White rose and Thorpe park concluded)</p>
Bus Delivery	<p>Realtime – ongoing screen installation, 300 screens already delivered and being installed. A further 190 to arrive in phase 1.</p> <p>Hubs – OBC submitted, undergoing appraisal.</p> <p>Low emissions – ULEB bid successful, currently working towards procurement of electric buses for Stourton P&R</p> <p>Bus station – short term improvement options being progressed and OBC developed.</p>

- 2.19 The progress on the LPTIP programme has been good, and very positive feedback received from DfT. The programme is still under considerable pressure to deliver within a very tight timescale. The team are working well together and there is good evidence of collaboration between the Combined Authority, Leeds City Council and design & delivery partners.
- 2.20 The DfT has confirmed that they are happy with the progress made but reiterated the funding timescales requiring full spend on the programme by March 2021.

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. 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 It is recommended that the LEP Board:

- Notes the progress made in implementing the Combined Authority Capital Programme including the Growth Deal, West Yorkshire and York Broadband and Leeds Public Transport Investment Programmes.
- Considers and endorses the CLoG monitoring dashboard for sign off by the LEP Chair.

8. Background Documents

8.1 None.

9. Appendices

Appendix 1 – Growth Deal Dashboard Quarter 3 2018/19

Appendix 2 – Growth Deal CLoG Monitoring Dashboard Quarter 3 2018/19

Growth Deal financial dashboard

Figures accurate up to: December 2018

2018/19 Target 102,021,595 Actual 47,372,370

SEP Priority	Project Name	Indicative Funding	Full Funding Approval	Overall RAG Rating	Actual Spend 2015/16	Actual Spend 2016/17	Actual Spend 2017/18	Agreed Annual Forecast 2018/19	Actual Spend 2018/19	Forecast Spend 2018/19	Actual & Forecast Total Spend 2018/19	In Year RAG Rating	2019/20 Forecast	2020/21 Forecast	Total to 2020/21	
	Growth Deal Programme Delivery Costs	£0	£0	N/A	£429,486	£635,110	£2,080,329	£2,000,000	£1,232,231	£767,769	£2,000,000	Green	£2,000,000	£0	£7,144,924	
	Growth Deal Programme Delivery Costs Total	£0	£0	N/A	£429,486	£635,110	£2,080,329	£2,000,000	£1,232,231	£767,769	£2,000,000		£2,000,000	£0	£7,144,924	
Priority 1 - Growing Business	Access to Capital Grants Programme	£15,700,000	£15,700,000	Green	£0	£1,513,095	£4,964,840	£3,036,191	£3,323,844	£665,617	£3,989,461	Green	£2,360,328	£2,872,276	£15,700,000	
	Business Expansion Fund - Digital Inward Investment Fund	£2,500,000	£2,500,000	Amber	£0	£0	£16,831	£159,532	£9,529	£75,000	£84,529	Amber	£411,756	£1,986,884	£2,500,000	
	Business Expansion Fund - Strategic Inward Investment Fund	£10,950,000	£10,950,000	Amber	£0	£0	£758,457	£944,876	£776,155	£21,614	£797,769	Amber	£3,842,022	£5,551,752	£10,950,000	
	Business Growth Programme	£34,000,000	£34,000,000	Green	£6,660,742	£8,327,992	£3,913,816	£2,537,861	£1,326,817	£927,450	£2,254,267	Green	£4,773,801	£8,069,383	£34,000,000	
	Huddersfield Incubation and Innovation Programme	£2,922,000	£2,922,000	Green	£0	£0	£2,922,000	£0	£0	£0	£0	Complete	£0	£0	£2,922,000	
	Institute for High Speed Rail and System Integration	£13,047,000	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	£0	£0	
	Leeds University Innovation Centre	£3,000,000	£3,000,000	Green/Amber	£0	£2,416,585	£583,415	£0	£0	£0	£0	Complete	£0	£0	£3,000,000	
	Priority 1 - Over-programming	£0	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	-£7,000,000	-£7,000,000	
	Priority 1 - Growing Business Total	£82,119,000	£69,072,000		£6,660,742	£12,257,672	£13,159,358	£6,678,460	£5,436,344	£1,689,681	£7,126,026		£11,387,907	£11,480,295	£62,072,000	
Priority 2 - Skilled People and Better Jobs	Bradford College	£250,000	£250,000	Green	£0	£0	£0	£0	£0	£0	£0	Complete	£0	£0	£250,000	
	Calderdale College	£4,977,000	£4,977,000	Green	£2,000,000	£2,977,000	£0	£0	£0	£0	£0	Complete	£0	£0	£4,977,000	
	Kirklees College - Dewsbury Learning Quarter	£11,121,218	£15,121,218	Amber/Red	£0	£3,367,457	£6,429,128	£0	£0	£0	£0	Amber	£657,524	£667,110	£11,121,218	
	Kirklees College - Process Manufacturing Centre	£3,100,996	£3,100,996	Green	£3,000,996	£100,001	£0	£0	£0	£0	£0	Complete	£0	£0	£3,100,997	
	Leeds City College - Printworks	£8,998,358	£8,998,358	Green	£933,800	£7,794,608	£269,950	£0	£0	£0	£0	Complete	£0	£0	£8,998,358	
	Leeds City College - Quarry Hill	£39,900,000	£39,900,000	Amber/Red	£0	£10,045,152	£15,585,878	£7,768,970	£12,207,894	£2,061,076	£14,268,970	Amber/Red	£0	£0	£39,900,000	
	Leeds College of Building	£13,350,000	£13,350,000	Green/Amber	£0	£1,263,639	£2,786,030	£7,850,331	£7,132,731	£2,167,600	£9,300,331	Green	£0	£0	£13,350,000	
	Selby College	£693,748	£693,748	Green	£0	£693,748	£0	£0	£0	£0	£0	Complete	£0	£0	£693,748	
	Shipley College - Mill	£119,000	£119,000	Green	£119,000	£0	£0	£0	£0	£0	£0	Complete	£0	£0	£119,000	
	Shipley College - Salt Building	£300,000	£300,000	Green	£0	£300,000	£0	£0	£0	£0	£0	Complete	£0	£0	£300,000	
	Wakefield College	£3,327,133	£3,327,133	Green	£0	£3,327,133	£0	£0	£0	£0	£0	Complete	£0	£0	£3,327,133	
	Lending	£0	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	-£7,950,000	-£7,950,000	
		Priority 2 - Skilled People and Better Jobs Total	£86,137,453	£90,137,453		£6,053,796	£30,118,737	£25,070,985	£15,619,301	£19,340,626	£4,228,676	£23,569,301		£657,524	-£7,282,890	£78,187,454
	Priority 3 - Clean Energy and Economic Resilience	Energy Accelerator	£820,000	£820,000	Amber	£50,636	£115,355	£0	£261,603	£4,750	£5,000	£9,750	Amber/Red	£200,940	£443,318	£820,000
		Leeds District Heat Network	£4,000,000	£4,000,000	Green	£0	£0	£0	£0	£0	£4,000,000	£4,000,000	Green	£0	£0	£4,000,000
Resource Efficiency Fund		£720,000	£720,000	Green	£0	£0	£293,355	£322,742	£293,059	£66,124	£359,183	Green	£67,462	£0	£720,000	
Tackling Fuel Poverty		£6,000,000	£6,000,000	Green	£0	£781,414	£2,857,882	£1,597,800	£606,140	£1,472,563	£2,078,704	Green/Amber	£282,000	£0	£6,000,000	
Priority 3 - Clean Energy and Economic Resilience Total		£11,540,000	£11,540,000		£50,636	£896,769	£3,151,237	£2,182,145	£903,949	£5,543,687	£6,447,636		£550,402	£443,318	£11,540,000	
Priority 4a - Housing and Regeneration	Barnsley Town Centre	£1,757,000	£1,757,000	Green	£1,757,000	£0	£0	£0	£0	£0	£0	Green	£0	£0	£1,757,000	
	Bradford - One City Park	£5,200,000	£5,200,000	Amber	£400,000	£0	£0	£0	£0	£0	£0	Green	£500,000	£4,300,000	£5,200,000	
	Bradford Odeon	£357,500	£357,500	Green/Amber	£0	£0	£0	£325,000	£0	£357,500	£357,500	Green	£0	£0	£357,500	
	City Centre Heritage Properties - Bradford	£7,400,000	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	£0	£0	
	Dewsbury Riverside	£4,612,000	£0	Amber	£0	£0	£0	£720,000	£0	£0	£0	Amber	£1,900,000	£2,712,000	£4,612,000	
	East Leeds Housing Growth - Brownfield Sites	£1,100,000	£1,100,000	Green/Amber	£0	£1,100,000	£0	£0	£0	£0	£0	N/A	£0	£0	£1,100,000	
	East Leeds Housing Growth - Red Hall	£4,000,000	£4,000,000	Green	£2,000,000	£2,000,000	£0	£0	£0	£0	£0	N/A	£0	£0	£4,000,000	
	Halifax - Beech Hill	£2,197,000	£1,400,000	Green/Amber	£0	£0	£0	£619,179	£0	£1,000,000	£1,000,000	Green	£1,197,000	£0	£2,197,000	
	Halifax Living programme (Phase 1)	£764,000	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	£0	£0	
	Halifax Town Centre (Northgate House)	£3,000,000	£300,000	Amber	£300,000	£0	£0	£1,000,000	£0	£1,000,000	£1,000,000	Green/Amber	£1,700,000	£0	£3,000,000	
	Kirklees Housing Sites	£1,000,000	£1,000,000	Green/Amber	£200,000	£205,000	£104,000	£191,000	£0	£100,000	£100,000	Green	£100,000	£291,000	£1,000,000	
	Leeds - Bath Road	£575,000	£575,000	Amber	£575,000	£0	£0	£0	£0	£0	£0	Green	£0	£0	£575,000	
	New Bolton Woods	£3,600,000	£3,600,000	Green	£0	£0	£3,600,000	£0	£0	£600,000	£600,000	Green	£0	£0	£3,600,000	
	Wakefield City Centre - South East Gateway	£6,505,000	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£2,488,000	£4,012,000	£6,500,000	
	Wakefield Civic Quarter	£1,100,000	£1,100,000	Green	£0	£0	£1,054,488	£5,000	£1,199	£0	£1,199	Green	£44,313	£0	£1,100,000	
	York Central	£2,550,000	£2,550,000	Green	£0	£1,421,500	£1,128,500	£0	£0	£0	£0	Green	£0	£0	£2,550,000	
	York Guildhall	£2,347,500	£2,347,500	Amber/Red	£0	£791,500	£603,000	£250,000	£0	£0	£0	Green	£953,000	£0	£2,347,500	
	Priority 4a - Balance of Funding	£0	£0	N/A	£0	£0	£0	£3,216,000	£0	£0	£0	N/A	£2,024,000	£1,108,372	£3,132,372	
	Priority 4a - Over-programming	£0	£0	N/A	£0	£0	£0	£0	£0	£0	£0	N/A	£0	-£6,500,000	-£6,500,000	
		Priority 4a - Housing and Regeneration Total	£48,065,000	£25,287,000		£5,232,000	£5,518,000	£5,889,988	£6,326,179	£1,199	£3,057,500	£3,058,699		£10,906,313	£5,923,372	£36,528,372
	Priority 4b - Transport	A6110 Leeds Outer Ring Road	£17,800,000	£286,000	Green/Amber	£99,000	£0	£4,271	£99,000	£9	£9,991	£10,000	Amber	£3,014,271	£0	£17,800,000
A62 - A644 (Wakefield Road) Link Road		£69,270,000	£750,000	Amber	£110,000	£15,000	£31,735	£600,000	£117,226	£127,343	£244,569	Amber/Red	£2,000,000	£5,000,000	£7,401,304	
A62 - A644 (Wakefield Road) Link Road (Combined Authority)		£0	£0	Amber	-£110,000	-£15,000	£500,000	£0	£0	£0	£0	Amber/Red	£0	£0	£375,000	
A629 (Phase 1A) - Jubilee Road to Free School Lane		£8,639,999	£8,639,999	Green/Amber	£163,469	£1,442,043	£4,267,252	£1,492,010	£2,181,680	£205,550	£2,387,230	Green/Amber	£0	£0	£8,259,994	
A629 (Phase 1A) - Jubilee Road to Free School Lane (Combined Authority)		£0	£0	Green/Amber	£0	£0	£256,000	£0	£0	£0	£0	Green/Amber	£0	£0	£256,000	
A629 (Phase 1B) - Elland Wood Bottom to Jubilee Road		£18,900,000	£5,670,394	Amber/Red	£0	£213,909	£611,800	£1,643,233	£1,037,545	£210,000	£1,247,545	Amber/Red	£2,000,000	£10,000,000	£14,073,254	
A629 (Phase 2) - Eastern Gateway and Station Access Improvements		£40,930,000	£2,615,000	Amber/Red	£0	£334,553	£1,208,078	£1,541,388	£589,055	£120,000	£709,055	Red	£3,500,000	£6,000,000	£11,751,886	
A629 (Phase 2) - Eastern Gateway and Station Access Improvements (Combined Authority)		£0	£0	Amber/Red	£0	£0	£24,136	£0	£4,000	£0	£4,000	Red	£0	£0	£28,136	
A629 (Phase 4) - Ainley Top		£30,000,000	£645,000	Green	£0	£51,736	£62,724	£388,839	£248,547	£80,000	£328,547	Green	£500,000	£750,000	£1,693,007	
A629 (Phase 4) - Ainley Top (Combined Authority)		£0	£0	Green	£0	£0	£0	£0	£0	£0	£0	Green	£0	£0	£0	
A629 (Phase 5) - Ainley Top into Huddersfield		£12,090,000	£4,418,000	Green	£52,000	£48,000	£248,157	£800,000	£659,980	£234,880	£894,860	Green	£1,000,000	£5,372,349	£7,615,366	
A629 (Phase 5) - Ainley Top into Huddersfield (Combined Authority)		£0	£0	Green	£0	£0	£2,605	£0	£0	£0	£0	Green	£0	£0	£2,605	
A641 Bradford - Huddersfield Corridor		£52,400,000	£730,000	Amber	£0	£60,829	£68,572	£322,813	£116,676	£125,809	£242,485	Red	£450,000	£500,000	£1,321,886	
A65 - Leeds Bradford International Airport Link Road		£35,700,000	£1,785,000	Red	£8,688	£266,812	£365,849	£667,000	£308,538	£91,462	£400,000	Red	£1,330,477	£950,000	£3,321,826	
A650 Hard Ings Road (Phase 1) - Hard Ings Road Only		£10,300,000	£3,860,000	Green	£124,000	£304,308	£437,533	£1,937,343	£676,170	£2,055,951	£2,732,121	Green	£4,440			

SEP Priority	Project Name	Indicative Funding	Full Funding Approval	Overall RAG Rating	Actual Spend 2015/16	Actual Spend 2016/17	Actual Spend 2017/18	Agreed Annual Forecast 2018/19	Actual Spend 2018/19	Forecast Spend 2018/19	Actual & Forecast Total Spend 2018/19	In Year RAG Rating	2019/20 Forecast	2020/21 Forecast	Total to 2020/21
	Corridor Improvement Programme - Calderdale - A58 - A672 Corridor	£6,024,000	£941,665	Green/Amber	£0	£0	£90,865	£99,501	£53,063	£43,000	£96,063	Green/Amber	£1,553,000	£2,000,000	£3,739,928
	Corridor Improvement Programme - Calderdale - A58 - A672 Corridor (Combined Authority)	£0	£0	Green/Amber	£0	£0	£18,672	£0	£25,899	£0	£25,899	Green/Amber	£0	£0	£39,211
	Corridor Improvement Programme - Calderdale - A646 - A6033 Corridor	£5,092,000	£789,581	Green/Amber	£0	£0	£76,325	£84,555	£35,199	£44,000	£79,199	Green/Amber	£1,000,000	£2,310,000	£3,465,524
	Corridor Improvement Programme - Calderdale - A646 - A6033 Corridor (Combined Authority)	£0	£0	Green/Amber	£0	£0	£13,943	£0	£21,170	£0	£21,170	Green/Amber	£0	£0	£7,227
	Corridor Improvement Programme - Kirklees - A62 Smart Corridor	£7,906,000	£855,000	Green/Amber	£0	£0	£125,232	£430,000	£273,869	£20,753	£294,621	Amber	£250,000	£500,000	£1,169,853
	Corridor Improvement Programme - Kirklees - A62 Smart Corridor (Combined Authority)	£0	£0	Green/Amber	£0	£0	£6,232	£0	£0	£0	£0	Amber	£0	£0	£6,232
	Corridor Improvement Programme - Kirklees - Holmfirth Town Centre	£4,900,000	£250,000	Amber	£0	£0	£99,358	£161,500	£22,383	£112,500	£134,883	Amber	£718,000	£2,000,000	£2,952,241
	Corridor Improvement Programme - Kirklees - Holmfirth Town Centre (Combined Authority)	£0	£0	Amber	£0	£0	£0	£0	£39,211	£0	£39,211	Amber	£0	£0	£39,211
	Corridor Improvement Programme - Kirklees - Huddersfield Southern Gateways	£8,200,000	£300,000	Green/Amber	£0	£0	£167,206	£225,000	£67,794	£84,429	£152,223	Green	£1,192,000	£1,500,000	£3,011,429
	Corridor Improvement Programme - Kirklees - Huddersfield Southern Gateways (Combined Authority)	£0	£0	Green/Amber	£0	£0	£0	£0	£10,446	£0	£10,446	Green	£0	£0	£10,446
	Corridor Improvement Programme - Leeds - Dawsons Corner	£15,000,000	£2,607,000	Green/Amber	£0	£0	£243,698	£710,000	£269,252	£30,748	£300,000	Green/Amber	£800,000	£2,000,000	£3,343,698
	Corridor Improvement Programme - Leeds - Dyneley Arms	£2,747,000	£775,000	Green/Amber	£0	£0	£127,438	£550,000	£139,095	£35,905	£175,000	Green/Amber	£1,525,400	£4,000,000	£5,827,838
	Corridor Improvement Programme - Leeds - Fink Hill	£4,150,000	£519,000	Amber	£0	£0	£105,529	£215,000	£16,187	£8,813	£25,000	Green/Amber	£744,471	£0	£875,000
	Corridor Improvement Programme - Wakefield - A650 Newton Bar	£6,752,000	£204,800	Green/Amber	£0	£0	£39,259	£161,160	£64,254	£147,463	£211,718	Green	£2,331,600	£4,174,823	£6,757,400
	Corridor Improvement Programme - Wakefield - A650 Newton Bar (Combined Authority)	£0	£0	Green/Amber	£0	£0	£0	£0	£58,691	£0	£58,691	Green	£0	£0	£58,691
	Corridor Improvement Programme - Wakefield - Owl Lane	£2,561,000	£75,000	Green	£0	£0	£5,516	£173,120	£36,836	£32,648	£69,484	Green/Amber	£135,620	£1,920,557	£2,131,177
	Corridor Improvement Programme (Phase 1)	£408,000	£408,000	Green	£0	£0	£8,200	£100,000	£0	£100,000	£100,000	Green	£100,000	£316,000	£524,200
	Glasshoughton Southern Link Road	£7,320,000	£978,000	Green	£80,000	£0	£441,104	£505,000	£178,819	£33,077	£211,896	Green	£4,652,618	£1,769,116	£7,154,734
	Halifax Station Gateway	£10,600,000	£1,108,000	Amber	£156,738	£44,171	£63,055	£470,784	£245,714	£60,000	£305,714	Amber/Red	£500,000	£750,000	£1,819,678
	Harrogate Road - New Line	£6,765,000	£1,885,000	Green	£146,399	£15,601	£991,436	£412,440	£565,564	£914,139	£1,479,703	Amber	£2,439,000	£2,489,732	£7,561,871
	Harrogate Road - New Line (Combined Authority)	£0	£0	Green	£52,000	£0	£221,717	£0	£0	£0	£0	Amber	£0	£0	£169,717
	Huddersfield Station Gateway	£5,000,000	£165,000	Amber	£0	£0	£22,385	£100,000	£2,937	£55,000	£57,937	Green/Amber	£700,000	£2,000,000	£2,780,322
	Huddersfield Station Gateway (Combined Authority)	£0	£0	Amber	£0	£0	£2,630	£0	£0	£0	£0	Green/Amber	£0	£0	£30,245
	Huddersfield Station Gateway (Phase 2)	£5,000,000	£0	Red	£0	£0	£0	£0	£0	£0	£0	Amber	£0	£0	£0
	Leeds City Centre Network and Interchange Package	£79,600,000	£3,774,000	Amber	£31,337	£278,000	£468,289	£643,000	£401,699	£198,301	£600,000	Green/Amber	£1,396,258	£6,492,964	£9,266,848
	Leeds ELOR and North Leeds Outer Ring Road	£82,980,000	£25,856,000	Amber	£929,199	£1,554,106	£8,297,375	£5,700,000	£4,529,048	£6,500,074	£11,029,122	Green	£7,000,000	£10,000,000	£38,809,802
	Leeds ELOR and North Leeds Outer Ring Road (Combined Authority)	£0	£0	Amber	£140,000	£0	£1,169,320	£0	£0	£0	£0	Green	£0	£0	£1,029,320
	Leeds Station Gateway - Leeds Integrated Station Masterplan	£400,000	£400,000	Green/Amber	£0	£54,468	£117,583	£203,860	£0	£200,000	£200,000	Green	£27,949	£0	£400,000
	Leeds Station Gateway - New Station Street	£2,120,000	£729,000	Amber	£0	£41,036	£103,144	£1,446,820	£164	£547,698	£547,862	Amber	£1,394,598	£0	£2,086,640
	M62 Junction 24A	£18,510,000	£70,000	Amber	£0	£12,976	£31,370	£15,500	£0	£15,500	£15,500	Amber	£0	£0	£59,846
	Rail Parking Package - Apperley Bridge	£1,200,000	£113,000	Green/Amber	£0	£0	£0	£113,000	£0	£0	£113,000	Amber/Red	£423,100	£736,900	£1,160,000
	Rail Parking Package - Ben Rhydding	£2,100,537	£150,000	Green/Amber	£0	£0	£0	£0	£0	£0	£0	Green	£0	£0	£0
	Rail Parking Package - Fitzwilliam	£701,204	£701,204	Green	£0	£28,210	£416,863	£108,461	£47,425	£0	£47,425	Complete	£208,706	£12,672	£713,876
	Rail Parking Package - Fitzwilliam (Combined Authority)	£0	£0	Green	£0	£28,210	£28,210	£0	£0	£0	£0	Complete	£0	£0	£0
	Rail Parking Package - Garforth	£825,000	£45,000	Amber	£0	£0	£0	£440,000	£0	£45,000	£45,000	Amber	£780,000	£0	£825,000
	Rail Parking Package - Guiseley	£7,000,000	£143,000	Red	£0	£0	£0	£143,000	£0	£0	£0	Red	£623,000	£1,000,000	£1,623,000
	Rail Parking Package - Hebden Bridge	£754,445	£754,445	Amber	£0	£0	£14,000	£631,000	£4,400	£214,000	£218,400	Amber	£526,445	£0	£758,845
	Rail Parking Package - Knottingley	£0	£0	Amber/Red	£0	£0	£0	£1,474,000	£0	£0	£0	Red	£0	£0	£0
	Rail Parking Package - Mirfield A	£308,863	£308,863	Green	£0	£0	£0	£298,863	£170,000	£20,000	£190,000	Complete	£0	£0	£190,000
	Rail Parking Package - Moorthorpe	£1,100,000	£110,500	Green/Amber	£0	£0	£0	£110,500	£0	£30,000	£30,000	Green/Amber	£989,500	£0	£1,019,500
	Rail Parking Package - Mytholmroyd	£3,640,000	£3,640,000	Green	£0	£0	£0	£1,040,000	£0	£50,000	£50,000	Red	£100,000	£500,000	£650,000
	Rail Parking Package - Normanton	£1,440,000	£0	Amber	£0	£0	£0	£340,000	£0	£0	£0	Red	£0	£1,440,000	£1,440,000
	Rail Parking Package - Outwood	£1,540,000	£140,000	Green	£0	£0	£0	£110,500	£8,895	£10,000	£18,895	Amber/Red	£391,605	£689,500	£1,100,000
	Rail Parking Package - Shipley	£2,550,000	£0	Green	£0	£0	£0	£0	£0	£0	£0	Amber	£0	£1,000,000	£1,000,000
	Rail Parking Package - South Elmsall	£670,000	£670,000	Green	£0	£120,000	£484,604	£5,000	£0	£15,396	£15,396	Complete	£0	£0	£620,000
	Rail Parking Package - Steeton and Silsden	£2,530,000	£897,000	Green	£0	£0	£0	£0	£0	£10,000	£10,000	Amber	£100,000	£1,000,000	£1,100,000
	Rail Parking Package (Phase 1)	£0	£1,701,000	Green	£108,336	£409,181	£395,796	£160,000	£26,240	£162,846	£189,085	Green	£0	£0	£1,102,398
	Rail Parking Package (Phase 2)	£0	£138,000	Green	£0	£137,997	£0	£0	£0	£0	£0	Green	£0	£0	£137,997
	South East Bradford Access Road	£46,310,000	£91,000	Amber	£0	£0	£25,259	£623,640	£46,039	£30,749	£76,788	Amber	£1,665,000	£1,000,000	£2,767,047
	South East Bradford Access Road (Combined Authority)	£0	£0	Amber	£0	£0	£30,782	£0	£34,813	£0	£34,813	Amber	£0	£0	£65,595
	Thorpe Park Station	£10,060,000	£500,000	Amber	£0	£3,382	£184,675	£156,998	£99,105	£89,358	£188,463	Amber	£174,224	£5,000,000	£5,550,744
	Transformational - LCR Inclusive Growth Corridor Plans	£7,000,000	£2,395,000	Green	£0	£0	£0	£0	£174,017	£324,367	£498,384	Green	£0	£0	£498,384
	Transformational - NE Calderdale Transformational Programme Study	£400,000	£400,000	Green	£0	£0	£0	£0	£100,488	£60,000	£160,488	Green	£194,536	£0	£355,024
	Transformational - North Kirklees Orbital Route Feasibility Study	£248,000	£248,000	Green/Amber	£0	£0	£0	£223,000	£71,576	£122,500	£194,076	Green	£45,500	£0	£239,576
	Transformational - North Kirklees Orbital Route Feasibility Study (Combined Authority)	£250,000	£248,000	Green/Amber	£0	£0	£9,588	£0	£0	£0	£0	Green	£0	£0	£9,588
	Transformational - South Featherstone Link Road Feasibility Study	£284,000	£284,000	Green/Amber	£0	£0	£40,689	£165,380	£68,377	£174,934	£243,311	Green	£0	£0	£284,000
	Transformational - South Featherstone Link Road Feasibility Study (Combined Authority)	£0	£0	Green/Amber	£0	£0	£31,781	£0	£0	£6,041	£6,041	Green	£0	£0	£37,822
	Transformational - York Northern Outer Ring Road Dualling Feasibility Study	£295,000	£295,000	Green	£0	£0	£10,000	£285,000	£160,117	£91,000	£251,117	Green	£0	£0	£261,117
	Wakefield City Centre Package (Phase 1) - Kirkgate	£5,556,000	£5,556,000	Green	£73,878	£76,972	£3,647,458	£1,282,000	£1,661,563	£10,000	£1,671,563	Green	£0	£0	£5,469,871
	Wakefield City Centre Package (Phase 1) - Kirkgate (Combined Authority)	£0	£0	Green	£73,878	£0	£99,878	£0	£0	£0	£0	Green	£0	£0	£26,000
	Wakefield City Centre Package (Phase 2) - Ings Road	£3,452,000	£270,000	Green/Amber	£0	£0	£27,437	£277,000	£25,378	£28,799	£54,176	Amber	£287,000	£2,443,567	£2,812,181
	Wakefield City Centre Package (Phase 2) - Ings Road (Combined Authority)	£0	£0	Green/Amber	£0	£0	£2,942	£0	£0	£0	£0	Amber	£0	£0	£2,942
	Wakefield Eastern Relief Road	£37,593,000	£37,593,000	Green	£15,284,765	£14,435,236	£3,239,685	£538,960	£620,183	£50,000	£670,183	Complete	£1,817,012	£0	£35,446,881
	Wakefield Eastern Relief Road (Combined Authority)	£0	£0	Green	£0	£0	£2,299,000	£0	£0	£0	£0	Complete	£0	£0	£2,299,000
	West Yorkshire Integrated UTM	£7,490,000	£450,000	Amber	£0	£29,011	£78,817	£1,460,000	£104,723	£354,000	£458,723	Green	£3,900,000	£2,900,000	£7,366,551
	West Yorkshire Integrated UTM (Combined Authority)	£0	£0												

Growth Deal Dashboard

LEP Name **Leeds City Region LEP**

This Quarter: **Q3_1819**

Growth Deal Performance
G

Area lead comments



Deliverables Progress

Category	This Quarter	15-17	Financial Year					Total
			17-18	18-19	19-20	20-21	21-25	
Housing								
Houses Completed	0	0	254	19	0	0	0	273
Forecast for year	113	0	254	113	285	854	1,305	2,811
Progress towards forecast	0%	-	100%	17%	0%	0%	-	10%
Jobs								
Jobs Created	482	2,604	24,315	1,242	0	0	-	28,160
Apprenticeships Created*	20	18	23	45	0	0	-	86
Jobs including Apprenticeships	502	2,622	24,338	1,287	0	0	-	28,246
Forecast for year	1,497	2,622	4,300	1,497	2,210	10,443	7,361	28,433
Progress towards forecast	34%	100%	566%	86%	0%	0%	0%	99%
* Apprenticeships included within jobs totals prior to 2017								
Skills								
Area of new or improved floorspace (m2)	4,486	29,467	17,038	4,486	0	0	-	50,991
Forecast for year	0	-	17,038	0	0	0	0	17,038
Progress towards forecast	-	-	100%	-	-	-	-	299%
Transport								
Length of Road Resurfaced	3	0	0	3	0	0	-	3
Length of Newly Built Road	0	0	8	0	0	0	-	8
Length New Cycle Ways	19	0	0	19	0	0	-	19

Financial Progress

Category	LGF Award	Financial Year					Total	
		2015-16	2016-17	17-18	18-19	19-20		20-21
LGF Award		£68,256,303	£127,657,838	£72,228,329	£74,349,287	£73,510,320	£100,338,062	£516,340,138
LGF Outturn								
Actual	This Quarter							
	£ 21,331,848							
Forecast for year	£ 102,021,595							
Progress towards forecast	21%							
LGF Expenditure								
Actual	£ 28,746,587							
Forecast for year	£ 117,624,260							
Progress towards forecast	24%							
Non-LGF Expenditure								
Actual	£ 28,958,643							
Forecast for year	£ 181,705,105							
Progress towards forecast	16%							
Total LGF + non-LGF Expenditure								
Actual	£ 57,705,230							
Forecast for year	£ 299,329,365							
Progress towards forecast	19%							

Contractual Commitments (manual entry)

Category		Financial Year					Total
		15-17	17-18	18-19	19-20	20-21	
Forecast							
Actual		£ 204,547,946	£ 102,967,879	£ 53,351,258	£ 97,751,689	£ 57,731,228	£ 516,350,000
Variance		+0%	+0%	-49%	-100%	-100%	-35%

Commentary

Note:
 - Formula not working in Skills 15-17 Deliverables progress - not looking up figure in forecast for year row
 - LGF Award for 2015-16 is incorrect, this should be £68,266,303

Section 151 Officer Approved

Name: *ANGELA TAYLOR*

Signature: *A Taylor*

Date: *21/11/19*

LEP Chair Approved

Name: _____

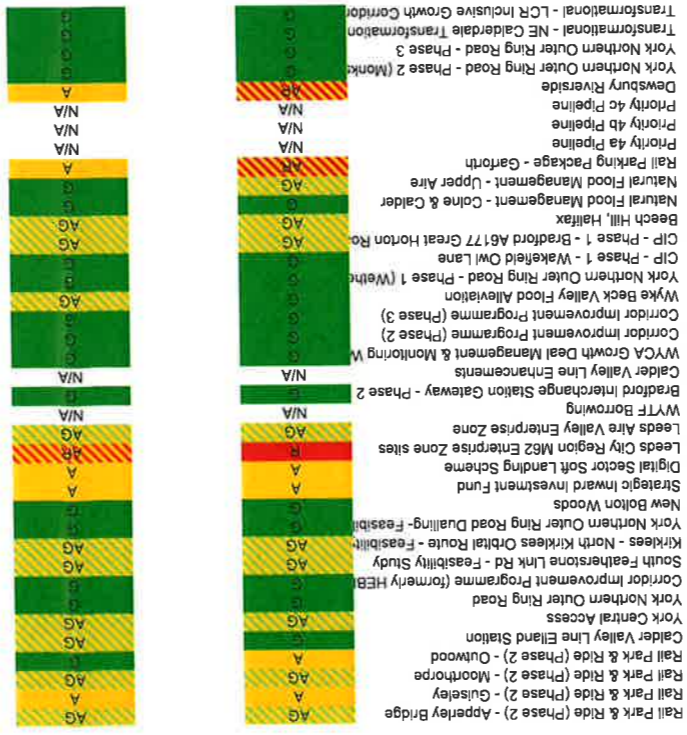
Signature: _____

Date: _____

Project RAG Ratings

Project Name	Previous Quarter Q2_1819	This Quarter Q3_1819	Project Name	Previous Quarter Q2_1819	This Quarter Q3_1819
Business Growth Programme	G	G	Bradford Odeon	AG	AG
Shipley College Mill	G	G	Forge Lane, Kirklees	N/A	N/A
Leeds City College Printworks	G	G	Wakefield Civic Quarter	G	G
Calderdale College	G	G	Kirklees College Learning Village	AR	AR
Kirklees College	G	G	York Guildhall	AR	AR
Resource Efficiency Fund	G	G	Leeds City College Quarry Hill	A	AR
Energy Accelerator	A	A	WYCA Delivery Costs	N/A	N/A
Wakefield Eastern Relief Road	G	G	Mytholmroyd Flood Alleviation (GD3)	AG	AG
East Leeds Housing Growth - Red Hall	AG	AG	Leeds Flood Alleviation Scheme	G	G
East Leeds, Brownfield Sites	AG	AG	Skipton Flood Alleviation Scheme	G	G
Halifax Town Centre (Northgate House)	A	A	South Elmsall Rail Car Parking Extension	G	G
York Central	G	G	Rail Parking Programme - Fitzwilliam	G	G
One City Park, Bradford	A	A	Rail Parking Package - Hebden Bridge	R	AG
Barnsley Town Centre	G	G	Leeds Station Gateway - New station Street	AR	A
Kirklees Housing sites	AG	AG	Leeds ELOR and North Leeds Outer Ring Road	A	A
Bath Road, Leeds	A	A	UTMC (formerly HNEP)	A	A
Aire Valley Park and Ride	AG	AG	Rail Parking Package - Mytholmroyd	G	G
Wakefield College	G	G	Rail Parking Package - Shipley	G	G
Selby College	G	G	Rail Parking Package - Steeton and Silsden	G	G
Shipley College Salt Building	G	G	Rail Parking Package - Mirfield	G	G
Bradford College	G	G	Rail Parking Package - Normanton	A	A
A629 Phase 1a	AG	AG	Bradford Interchange Station Gateway	G	G
A629 Phase 2	AR	AR	Bradford FS Station Gateway	AG	AG
Wakefield Phase 1 Kirkgate	G	G	A650 Tong Street	AG	A
Access to Capital Grants Programme	G	G	SE Bradford Access Rd	AG	AG
Huddersfield Incubation & Innovation Programm	G	G	Bradford to Shipley Corridor	G	G
Leeds University Innovation Centre	G	G	A650 Hard Ings Road - Phase 1: Hard Ings Road	AG	G
Leeds College of Building	AG	AG	Harrogate Road / New Line	AR	AR
Leeds District Heat Network	G	G	Halifax Station Gateway	A	A
Tackling Fuel Poverty (Phases 1,2,3 & 4)	G	G	A641 Bradford - Huddersfield Corridor	G	A
			A629 Phase 1b: Elland Wood Bottom to Jubilee R	G	AR
			A629 Phase 4: Ainley Top	G	G
			Huddersfield Station Gateway	G	G
			A653 Leeds to Dewsbury Corridor (M2D2L)	A	A
			M62 Junction 24a	AR	AR
			A629 Phase 5 - Ainley Top into Huddersfield	AG	G
			A62 and A644 Corridors incorporating Cooper br	AG	A
			Leeds Station Gateway - Yorkshire Hub	AG	AG
			Thorpe Park Station	AR	A
			A65-LBIA Link Road	R	R
			A6110 Leeds Outer Ring Rd	AG	AG
			Leeds City Centre Network and Interchange Pack	A	A
			Castleford Station Gateway	AG	A
			Wakefield City Centre Package Phase 2 Ings Ro	AG	AG
			Glasshoughton Southern Link Road	AG	G
			Castleford Growth Corridor Scheme	AG	AG
			CIP - Phase 1 - Leeds Fink Hill	A	A
			CIP - Phase 1 - Leeds Dyneley Arms	A	AG
			CIP - Phase 1 - Leeds Dawsons Corner	AG	AG
			CIP - Phase 1 - Kirklees Holmfirth Town Centre	A	A
			CIP - Phase 1 - Kirklees Huddersfield Southern G	AG	AG
			CIP - Phase 1 - Kirklees A62 Smart Corridor	AG	AG
			CIP - Phase 1 - Calderdale A58/A672 Corridor	G	AG
			CIP - Phase 1 - Calderdale A646/A6033 Corridor	G	AG
			CIP - Phase 1 - Bradford A6177 ORR/Toller Lane	G	G
			CIP - Phase 1 - Bradford A6177 ORR/Great Hort	G	G
			CIP - Phase 1 - Wakefield A650 Newton Bar	AG	AG
			Rail Park and Ride (Phase 1) Programme	G	G
			Rail Parking Package - Knottingley	AR	AR
			Rail Park and Ride (Phase 2) Programme	G	G

Growth Deal Dashboard





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

Date: 26 March 2019

Subject: **Leeds City Region Local Assurance Framework**

Director: Melanie Corcoran/Angela Taylor

Author(s): Rachel Jones/Elizabeth Davenport/Louise Porter

1. Purpose of this report

- 1.1 To provide the LEP Board with a further update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review. This follows the recently issued review of the National Local Growth Assurance Framework (January 2019), the Strengthened Local Enterprise Partnership report (July 2018), and in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy¹ (the CIPFA guidance).
- 1.2 To ask the LEP Board to provide feedback on the draft Local Assurance Framework. Delegation for the approval of the final version was granted to the LEP Board Chair with the LEP Chief Executive at the January meeting.
- 1.3 To ask the LEP Board to approve a new Conflicts of Interest Policy to supplement the existing Code of Conduct for members of the LEP Board, and to approve amendments to the following governance documents:
 - The LEP Constitution, and
 - The LEP Board Procedure Rules.
- 1.4 To seek endorsement from the LEP Board to the content of the LEP annual delivery plan which is required to be published by the end of May 2019.
- 1.5 To ask the LEP Board to approve the LEP Equality & Diversity Policy and Diversity Statement at Appendix 7 which forms part of the Local Assurance Framework.

¹ "Principles for Section 151 officers in accountable bodies working with local enterprise partnerships" (2018)

2. Information

- 2.1 As reported at the LEP Board in January, the LEP and West Yorkshire Combined Authority are required to prepare a Local Assurance Framework as part of the Local Growth funding agreement. The framework must be reviewed annually, and uploaded onto the LEP's website. The deadline for this to be completed is 31 March 2019.
- 2.2 The framework covers discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority. It has been prepared in accordance with HM Government Local Growth National Assurance Framework guidance (2019), and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority as the accountable body for the LEP in the wider sense.
- 2.3 The 'Strengthened Local Enterprise Partnerships' report set out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This has implications for the Local Assurance Framework, both for this review and the review for 2020, relating to the potential revisions to LEP geography.
- 2.4 A copy of the draft Assurance Framework can be found [here](#). The document has a new structure for this year, to reflect the requirements of the National Local Growth Assurance Framework. Much of the content of the new sections was in last year's update, but grouped together differently. A high level summary of the new structure can be found in Appendix 1.
- 2.5 The main updates required in order to be compliant with the revised National Local Growth Assurance Framework include:
- Requirement for the LEPs to set out arrangements regarding data protection, following introduction of the General Data Protection Regulations (GDPR)
 - A new requirement for LEPs to set out how contracts are managed and the LEP Board kept informed of progress
 - Further detail regarding the roles and responsibilities of the LEPs, and Section 151/73 Officers
 - Information relating to accountable body arrangements between the LEP and the Combined Authority
 - Detail to specify the role that is responsible for certain tasks, including ensuring value for money and scrutiny and recommendation for business cases and the final sign off for funding decisions
- 2.6 Other changes required to the Assurance Framework include an update to reflect the recent changes to West Yorkshire and York Investment Committee which is now decision-making, and to reflect recent changes to stage 1 of the assurance process. The draft also reflects recent CIPFA guidance².

² "Principles for Section 151 officers in accountable bodies working with local enterprise partnerships" (2018)

Governance amendments

- 2.7 To secure compliance with the National Local Growth Assurance Framework amendments are now suggested to the following governance documents:
- the LEP Constitution, and
 - the LEP Board Procedure Rules.
- 2.8 Proposed amendments are highlighted in Appendix 2 (LEP Constitution) and Appendix 3 (LEP Board Procedure Rules) to this report.
- 2.9 The main amendments proposed to the LEP Constitution are:
- changes in wording to reflect revised wording in the National Local Growth Assurance Framework and the CIPFA guidance clarifying the role of the LEP, the accountable body and the Combined Authority's S73 Chief Finance Officer (the Director of Corporate Services),
 - inserting reference to the Recruitment Procedure for Private Sector Representatives approved by the LEP Board at its January meeting,
 - termination and resignation provisions for members of the LEP Board,
 - clarification of the terms of office for the Chair and Deputy Chair, and
 - clarification of scrutiny arrangements.
- 2.10 The main amendments proposed to the LEP Procedure Rules relate to:
- requirements for the LEP Board to consider audit reports,
 - the right of the S73 Chief Finance Officer and Monitoring Officer to contribute to reports and attend and speak at LEP Board meetings, and
 - the LEP's annual meeting procedures (to include an opportunity for the public to ask questions and, as best practice, to appoint a diversity champion).
- 2.11 In addition to the existing Code of Conduct for members of the LEP Board, it is also now proposed to adopt an overarching Conflicts of Interest Policy, which is attached as Appendix 4 to this report. This is a requirement of the National Local Growth Assurance Framework and brings together provisions applying to members of the LEP Board and also LEP Officers, with a particular focus on conflicts of interest arising in respect of applications for loans or grants to business which is addressed by way of a Conflicts of Interest Protocol (Appendix 5). It is proposed that the Policy and Protocol are jointly approved by the LEP Board and the Combined Authority, so that they extend to LEP Board members and members of the Combined Authority, including private sector representatives on panels. The LEP Board are therefore asked to delegate authority to the LEP Chair to approve the Policy and Protocol further to their consideration by the Combined Authority on 25 April 2019. Some consequential amendments are also proposed to the LEP Constitution, for clarification.
- 2.12 Section 151/Section 73 Officers are required to write to HM Government by 28 February 2019, ahead of next year's Local Growth Fund payment, to certify

that the LEP/Combined Authority's Local Assurance Framework is compliant with the national framework.

Next Steps

- 2.13 The Combined Authority reviewed the draft Local Assurance Framework at their meeting on 14 February, at which authority was given to the Combined Authority's Managing Director to finalise the content of the Assurance Framework in consultation with the Chair of the Combined Authority and the Chair of the LEP Board, and to submit the document to Government by 31 March 2019. A working group of the Overview and Scrutiny Committee has provided input to the development of the updated version, as it has in previous years.
- 2.14 It is envisaged that further changes will need to be made to the Local Assurance Framework as more projects move through the appraisal process, to reflect any future updates to guidance, feedback from the "Annual Conversation" with Government and as an evolution to the process as more projects are progressed.
- 2.15 It is anticipated that significantly more work will be required next year to ensure the changes required as part of the Strengthened Local Enterprise Partnerships report and potential changes to the LEP geography are addressed in the Local Assurance Framework.

LEP Annual Delivery Plan

- 2.16 The Strengthened Local Enterprise Partnerships report also sets out the requirement for all LEP's to produce an annual delivery plan, clearly setting out proposals and targets for the year ahead. The first LEP delivery plans are to be published for the forthcoming 2019/20 financial year. In addition, from April 2020, an annual LEP review document will also be required, in order to provide an overview of performance against the previous year's delivery plan.
- 2.17 This type of information for the Leeds City Region LEP has traditionally been provided as part of the overarching corporate plan for the Combined Authority, which is published annually. It is proposed that while this will continue to be the approach in 2019/20, a more detailed summary of LEP delivery proposals for 2019/20 and a review of 2018/19 LEP performance will also be provided. This LEP-specific content will form part of the wider Combined Authority corporate plan and will also be provided as a standalone LEP document in order to satisfy the requirements set out in Strengthened Local Enterprise Partnerships.
- 2.18 A copy of the draft content for the LEP delivery plan and annual review is provided [here](#). Members of the LEP Board are asked to provide feedback on this. It should be noted that at this stage the document has not been subject to a design process and this will follow once the content has been agreed.
- 2.19 Each LEP is required to publish an annual delivery plan by the end of May 2019. Since the LEP Board will not meet again until after this deadline, LEP

Board members are requested to delegate final approval of the content to the Chair of the LEP Board and the Managing Director.

LEP Equality & Diversity Statement

- 2.20 Within the Assurance Framework guidance there is the expectation that each LEP must set out its rules governing its commitment to diversity, including a diversity statement, explaining how the LEP will look to ensure diverse representation at board and sub group level which is also reflective of their local business community, including geographies and protected characteristics.
- 2.21 As a result the LEP Equality & Diversity Policy including a Diversity Statement was produced and first approved at the March 2017 meeting of the Board. This Policy and Statement must be reviewed annually and is therefore attached (Appendix 6) for the LEP Board's approval.
- 2.22 In accordance with the Diversity Statement all members of the board and its sub groups received equality and diversity training overview in June 2018.

3. Financial Implications

- 3.1 None arising directly from this report. It should be noted that non-compliance with government requirements in respect of the LEP/ Combined Authority Local Assurance Framework may impact on the receipt of Growth Deal and other funding.

4. Legal Implications

- 4.1 None arising directly from this report.

5. Staffing Implications

- 5.1 None arising directly from this report

6. External Consultees

- 6.1 None.

7. Recommendations

- (i) Note the changes that have been made to the Local Assurance Framework, as set out in this report.
- (ii) Approve the substantive form of the draft updated assurance framework document, and provide feedback regarding any final changes.
- (iii) Delegate approval to sign off of the final version of the assurance framework to the LEP Board chair, with the LEP Chief Executive and Combined Authority chair.

- (iv) Approve amendments to the following governance documents:
- the LEP Constitution, as set out in Appendix 2 of this report, and
 - The LEP Board Procedure Rules as set out in Appendix 3 of this report.
- (v) To endorse the draft Conflicts of Interest Policy, attached as Appendix 4 to this report and the Conflicts of Interest Protocol attached as Appendix 5 to this report, and delegate authority to the LEP Chair to approve the Policy and Protocol on behalf of the LEP, further to their consideration by the Combined Authority on 25 April 2019.
- (vi) That the LEP Board endorses the 2019/20 LEP delivery plan, with a final sign off delegated to the Managing Director, in consultation with the Chair of the Combined Authority and the LEP Chair.
- (vii) That the LEP Board approves the LEP Equality & Diversity Policy and Diversity Statement at Appendix 7 which forms part of the Local Assurance Framework.

8. Background Documents

8.1 The National Local Growth Assurance Framework (2019)

8.2 Strengthening Local Enterprise Partnerships (2018)

9. Appendices

9.1 Appendix 1 – Local Assurance Framework new structure

9.2 Appendix 2 – LEP Board Constitution

9.3 Appendix 3 – LEP Board Procedure Rules

9.4 Appendix 4 – LEP Conflicts of Interest Policy

9.5 Appendix 5 – LEP Conflicts of Interest Protocol

9.6 Appendix 6 – LEP Equality & Diversity Policy including Diversity Statement

Section	Subject	Pages
1	Introduction	6 - 12
2	Decision Making Arrangements	13 - 20
3	Transparency and Accountability*	21 - 28
4	Local Engagement and Partnership Working*	29 - 32
5	Approach to Prioritisation	33 - 36
6	Assurance around programme and project delivery	37 - 54
7	Monitoring and Benefits Realisation	55 - 59
Appendices		
1	Accountable Body arrangements*	60 - 63
2	Section 73 Chief Finance Officer – responsibility arrangements*	64 - 66
3	Governance Structures	67 - 68
4	Economic Services grants: delegation arrangements*	69 - 71
5	Assurance process principles for ESIF Sustainable Urban Development (SUD)	72 - 76
6	Programme Appraisal Team (PAT) terms of reference	77 - 80
Glossary		81 - 85

*New section for 2019 update

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Leeds City Region Enterprise Partnership

Constitution

1. Role and functions of the Leeds City Region Enterprise Partnership

1.1 The Leeds City Region Enterprise Partnership ('LEP') is a non-statutory strategic body responsible for a significant amount of public funding to drive inclusive growth, increase prosperity and improve the productivity of the Leeds City Region.¹ It is an autonomous business-led private-public local partnership, which brings together private and public sectors from across Leeds City Region, to provide strategic leadership.

1.2 The Leeds City Region Enterprise Partnership Board ('LEP Board') is the decision-making forum of the LEP.

1.3 The LEP focusses on the following four activities:

- **Strategy:** setting and developing strategy, including the Strategic Economic Plan (SEP) (to be replaced by the Local Inclusive Industrial Strategy (LIIS)) that identifies local strengths and challenges, future opportunities and the interventions needed to boost productivity, earning power and competitiveness across the Leeds City Region.
- **Allocation of funding:** identifying and developing investment opportunities, prioritising the award of local growth funding; and monitoring and evaluating the impact of LEP activities to improve productivity across the local economy.
- **Co-ordination:** using the LEP's convening power, and bringing together partners from the private, public and third sectors.
- **Advocacy:** collaborating with a wide-range of local partners to act as an informed and independent voice for the Leeds City Region.

2. The LEP's accountable body

2.1 The West Yorkshire Combined Authority (the Combined Authority) is the accountable body for the LEP. As accountable body, the Combined Authority is responsible for:

- carrying out **finance functions** on behalf of the LEP,
- **oversight** of the LEP's financial and governance, transparency and accountability arrangements
- providing **additional support** as agreed by the LEP.

2.2 The LEP has agreed a formal statement with the accountable body, defining their roles and relationship².

¹ The Leeds City Region spans 10 local authority areas: Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. Craven, Harrogate and Selby fall within North Yorkshire.

² This is Appendix 1 of the Leeds City Region Assurance Framework

3. Interpretation

- 3.1 With the exception of any matter arising under the LEP Board Procedure Rules, the Combined Authority's Head of Legal and Governance Services shall make any final decision about:
- how any provision in this Constitution or **any other LEP governance document** should be interpreted, and
 - any question of procedure not provided for by the Constitution or **another LEP governance document**.

4. LEP Board Membership

- 4.1 LEP Board membership must include:
- **private sector representatives**³ who live or work within the Leeds City Region; and
 - Leeds City Region **local authority representatives**.
- 4.2 A majority of the members of the LEP board shall be private sector representatives.

Appointment

- 4.3 No person may act as a member of the LEP Board if:
- they are the subject of a bankruptcy restrictions order, an interim bankruptcy restrictions order, a debt relief restrictions order or interim debt relief restrictions order under Schedule 4ZB of the Insolvency Act 1986, or
 - during the 5 years prior to the date of appointment, they have been convicted of any offence and been sentenced to imprisonment (whether suspended or not) for a period of not less than 3 months without the option of a fine, or
 - they have an incapacity imposed under Part III of the Representation of the People Act 1983 having been convicted of a corrupt or illegal practice, or
 - they are an officer or servant of the Combined Authority or a Combined Authority subsidiary (within the meaning of the Transport Act 1962).
- 4.4 The LEP Board shall appoint the **private sector representatives** to the LEP Board. Each private sector representative on the LEP Board is appointed in their individual capacity, and not as a representative of their employer or any other organisation. No substitute members will

³ A private sector representative must be or have been employed by an organisation not included as central government, local government or a public corporation as defined for the UK National Accounts. For this purpose, any Higher Education or Further Education Institution is not classified as a public sector organisation.

be appointed for private sector representatives.

4.5 The LEP Board will select the private sector representatives in accordance with the LEP's diversity statement and **in accordance with its Recruitment Procedure for Private Sector Representatives.**

4.6 The following local authorities shall each appoint a **local authority representative** to the LEP Board⁴:

- City of **Bradford** Metropolitan District Council
- Borough Council of **Calderdale**
- **Harrogate** Borough Council
- **Kirklees** Metropolitan Council
- **Leeds** City Council
- **North Yorkshire** County Council
- Council of the City of **Wakefield**
- City of **York** Council

4.7 Each of these local authorities may also appoint a substitute to act in the absence of their appointed representative, subject to the LEP Board Procedure Rules⁵. The substitute member must be an elected councillor from the same local authority as the member for whom they are substituting, with the exception of the representative for Harrogate Borough Council, the substitute for whom may be by an elected Member from Craven District Council, Selby District Council or Harrogate Borough Council.

4.8 An officer cannot substitute for any member of the LEP Board.

Appointment of Chair and Deputy Chair of the LEP

4.9 The LEP Board will appoint:

- a private sector representative as **Chair of the LEP**, and
- one of the local authority representatives appointed to the LEP Board as a **Deputy Chair of the LEP**.

4.10 A person ceases to be Chair of the LEP or Deputy Chair of the LEP if they cease to be a member of the LEP Board.

4.11 The role of the Chair is to convene the local business community and public sector stakeholders, whilst overseeing the allocation of funding for which the LEP is responsible and the development of an economic strategy.

4.12 The LEP Board will select the Chair in accordance with the LEP's diversity statement and in accordance with its Recruitment Procedure

⁴ This is expected, but not required, to be the Leader of the relevant council.

⁵ See LEP Board Procedure Rule 9

for Private Sector Representatives. The terms of the appointment will be set out in an appointment letter from the Combined Authority to the Chair of the LEP.

Terms of office

4.13 The terms of office for each private sector representative will normally be a maximum of 3 years, with an optional extension of 3 years. In exceptional circumstances, the LEP Board may approve an extension of a further 3 years.

4.14 The terms of office for the Chair and Deputy Chair will be 3 years⁶, with an optional extension of 3 years. In exceptional circumstances, the LEP Board may approve a further extension of 3 years.

4.15 The LEP Board may terminate the membership of any private sector representative at any time.

4.16 The terms of office for any **local authority representative** (or their substitute) is at the discretion of their appointing authority; authorities may terminate their appointment or appoint a representative at any time, by notification in writing to the Combined Authority's Head of Legal and Governance.

4.17 Any member of the LEP Board may resign at any time by written notification to the LEP Chair.

5. Membership of Combined Authority Panels

5.1 The Combined Authority may appoint any member of the LEP Board to be a member of a Combined Authority Panel or committee⁷. The minutes of any such Panel will be reported to the LEP Board as soon as reasonably practicable.

6. LEP Officers

6.1 Combined Authority officers serve both LEP and the Combined Authority.

6.2 Every Combined Authority officer must comply with the Combined Authority Officers' Code of Conduct, which is published on the Combined Authority's web-site. Senior officers of the Combined Authority and those staff advising on LEP decisions are required to confirm that they will have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership in their conduct at all times and that they will comply with the Combined Authority's Code of Conduct for Officers and Gifts

⁶ This provision to come into effect once the existing Chair's current term of office has expired.

⁷ the Combined Authority's governance arrangements will apply to any such appointment.

and Hospitality Policy and Procedure. They are also **required** to declare disclosable pecuniary and/or non-pecuniary interests on a register. **The register of the Chief Executive Officer shall be published on the LEP web-site.**

- 6.3 The Head of Legal and Governance Services keeps a record of any notice of a pecuniary interest in a contract given by an officer⁸.
- 6.4 Any other officer from another local authority advising the LEP must comply with the Officers' Code of Conduct adopted by their local authority.
- 6.5 All officers advising the LEP Board should be mindful of any potential conflicts of interest which may arise from their personal position, or their professional position (that is, arising out of the interests of **any constituent** local authority in a matter). They should exclude themselves from advising on any matter where their personal or professional interests are such that their integrity or objectivity may be questioned.
- 6.6 The Managing Director of the West Yorkshire Combined Authority is the **Chief Executive Officer** of the LEP.
- 6.7 The role of the Combined Authority's Section 73 Chief Finance Officer⁹ who is responsible for the proper administration of the Combined Authority's financial affairs, extends to the financial affairs of the LEP. The Section 73 Chief Finance Officer also has a role in relation to instilling good and proportionate LEP governance. The responsibilities of the Section 73 Chief Finance Officer are set out in detail in Appendix 2 of the Assurance Framework.**

7. Members of the LEP Board - conduct

- 7.1 Every member of the LEP Board must comply with the LEP Members' Code of Conduct.
- 7.2 The register of interests required under the LEP Members' Code of Conduct will be published on the Combined Authority's web-site.
- 7.3 Any declarations of interest made by a member of the LEP Board at a meeting and any action taken, (such as leaving the room, or not taking part), will be recorded in the minutes for that meeting.
- 7.4 Any declaration of a conflict of interest by the Chair of the LEP precluding the Chair of the LEP from making an urgent decision on behalf of the LEP shall be recorded in the record of the decision

⁸ Under S117 Local Government Act 1972 – see further the Combined Authority Procedure Standing Orders.

⁹ Appointed under Section 73 Local Government Act 1985. This role is carried out by the Combined Authority's Director of Corporate Services

reported to LEP Board.

- 7.5 Any alleged breach of the LEP Board Members' Code of Conduct will be dealt with under the procedure annexed to the Code.

8. LEP Board Groups

- 8.1 The LEP Board may at any time appoint an advisory group (in relation to a particular on-going issue or theme), or a working group (in relation to a time-limited task) for the purpose of providing advice to the LEP Board.
- 8.2 The LEP Board may appoint as a member of an advisory group or working group, any private sector representative or other persons who are not members of the LEP Board.
- 8.3 The membership of any group or working group appointed by the LEP Board must include a member of the LEP Board who will report back to the LEP Board on any recommendations made by the group.
- 8.4 The LEP Board shall determine the procedure for any group or working group; in the absence of any such determination the procedure shall be determined by the group or working group itself.

9. LEP Board meetings

- 9.1 All meetings of the LEP Board will be held in accordance with the LEP Board Procedure Rules approved by the LEP Board from time to time.

10. Urgent decisions of the LEP

- 10.1 In exceptional circumstances where it is not practicable for the Chair of the LEP to call an additional meeting of the LEP Board to consider an urgent matter, the Chair of the LEP may, in consultation with the Combined Authority's Managing Director make an urgent decision on behalf of the LEP, provided that the Chair of the LEP does not have a conflict of interest in the matter.
- 10.2 No substantive decision may be taken by the Chair of the LEP under 10.1 without a written report.
- 10.3 Any such decision shall be reported to the next meeting of the LEP Board, and recorded and published in the minutes for that meeting.
- 10.4 The Deputy Chair of the LEP may exercise the power of the Chair of the LEP to make any urgent decision if the Chair of the LEP is unable to act due to absence, illness or a conflict of interest.

11. Scrutiny arrangements¹⁰

11.1 The Combined Authority's Overview and Scrutiny Committee may make a report or recommendations on any matter considered by the LEP or relating to LEP governance. It may also review or scrutinise any Combined Authority decision in its role as accountable body for the LEP. The Combined Authority's Scrutiny Officer shall facilitate the Committee to carry out appropriate scrutiny of LEP Board decision-making and LEP achievements.

11.2 The LEP may seek input from the Combined Authority's Overview and Scrutiny Committee on any issue relating to policy and strategy development or otherwise¹¹.

11.3 Any member of the LEP Board may be asked to attend, or otherwise contribute to, a meeting of the Combined Authority's Overview and Scrutiny Committee, or any meeting of any Overview and Scrutiny Committee appointed by any local authority in the Leeds City Region.

12. Lobbying

12.1 The LEP will not incur public expenditure in retaining the services of lobbyists to influence public officials, Members of Parliament, political parties of the Government to take a particular view on any issue.

13. Complaints and Whistleblowing

13.1 Any complaint received about the LEP will be dealt with under either

- the Combined Authority's Complaints Policy, or
- the LEP's Confidential Complaints Procedure.

13.2 Any complaint about an individual member of the LEP Board alleging a breach of the LEP Board Members' Code of Conduct will be dealt with in accordance with paragraph 7 above.

13.3 Any whistleblowing concerns raised about the LEP will be dealt with under the LEP's Whistleblowing Policy. This is published on the LEP's web-site.

13.4 Each of these procedures or policies shall be published on the Combined Authority web-site and accessible from the LEP web-site.

13.5 The Head of Legal and Governance Services shall determine the appropriate procedure for any concern, complaint or allegation received.

¹⁰ These scrutiny arrangements are agreed by the LEP and the Combined Authority as its Accountable Body.

¹¹ This will be by way of a request put forward to the Combined Authority's Scrutiny Officer, in the first instance.

14. Remuneration

14.1 No remuneration or expenses shall be payable to any member of the LEP Board, except in accordance with a published scheme approved from time to time by the LEP Board.

15. Amendments to LEP constitutional or governance documents

15.1 The Combined Authority's Head of Legal and Governance Services, in consultation with the Chair of the LEP, is authorised to make any changes to any 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.

16. Publication of constitution and other governance documents

16.1 This Constitution and other governance documents approved by the LEP Board shall be published on the Combined Authority web-site and accessible from the LEP web-site.

Leeds City Region Enterprise Partnership (LEP) Board

Procedure Rules

Introduction

As accountable body for the Leeds City Region Enterprise Partnership ('the LEP'), the West Yorkshire Combined Authority¹ (the Combined Authority) services LEP Board meetings, including maintaining the official record of LEP Board proceedings.

1 Role of the chair

- 1.1 The Chair of the LEP if present shall preside at any meeting of the LEP Board, or in their absence² the Deputy Chair of the LEP. If neither are present, the meeting will elect a chair to preside for that meeting.

2 Interpretation

- 2.1 The chair of a LEP Board meeting shall make any final decision at a LEP Board meeting about:
- how the Procedure Rules should be interpreted with respect to the conduct of that meeting; or
 - any question of procedure not provided for by the Procedure Rules.
- 2.2 The Head of Legal and Governance Services shall make any final decision about how the Procedure Rules should be interpreted relating to the conduct of any LEP Board business outside of a meeting of the LEP Board.

3 Convening meetings

- 3.1 The LEP Board shall hold their annual meeting before the Combined Authority's annual meeting.
- 3.3 In addition to the annual meeting, the LEP Board will meet at least 3 times a year on dates agreed by the LEP Board.
- 3.4 The Chair of the LEP may also convene or cancel a meeting at any time, in consultation with the Combined Authority's Head of Legal and Governance Services.

4 Place of meetings

- 4.1 The LEP Board may hold its meeting at any place within the Leeds City Region.

¹ through its Monitoring Officer, the Head of Legal and Governance Services.

² including where the Chair cannot participate due to an conflict of interest

5 Notice of meetings

- 5.1 The Combined Authority's Head of Legal and Governance Services will publish dates of LEP Board meetings on the Combined Authority's website as soon as reasonably practicable, once they are agreed by the LEP Board or otherwise convened by the Chair of the LEP Board.

6 Annual meeting business

- 6.1 At the annual meeting the LEP Board will:

- In respect of membership:
 - note the **local authority representatives** and substitutes appointed to the LEP Board,
 - appoint (or confirm the continuing LEP Board membership of) **private sector representatives**,
 - appoint (or confirm the continuing LEP Board membership of) any other **public sector representatives**,
 - identify the member of the LEP Board to represent and engage with the **SME business community**,
 - identify the member of the LEP Board to act as **diversity champion**
- appoint the **Deputy Chair of the LEP**,
- nominate a **Combined Authority LEP Member** and their substitute,
- appoint to any **outside bodies**,
- appoint any **advisory group or working group** to the LEP Board,
- review and approve the LEP's **governance documents**,
- receive an annual report on **complaints and whistleblowing concerns** received about the LEP or any member of the LEP Board,
- receive an annual statement of the LEP's **remuneration and expenses policy, and review the policy**,
- review and receive the LEP's **equality and diversity policy including the diversity statement³**,
- agree the **date and time** of LEP Board meetings for the year,
- provide an opportunity for the public to ask questions, and
- consider **any other business** set out in the agenda for the meeting.

7 Business at LEP Board meetings

- 7.1 Every meeting of the LEP Board will:

- receive **declaration of interests** from members of the LEP Board,

³ This will include the annual report on, as required by the diversity statement.

- approve the **minutes** of the last **LEP Board**,
- consider **any decision of the Chair of the LEP** made under the **urgency provisions**,
- receive the **minutes** of any LEP Board **advisory group or working group**,
- receive the **minutes** of or an update from **the Combined Authority and** any relevant **Combined Authority advisory committee or panel**,
- consider any relevant **reports or recommendations** from **the Combined Authority's Overview and Scrutiny Committee⁴**,
- **consider any audit reports or recommendations relating to LEP business⁵** and
- consider **any other business** set out in the agenda for the meeting.

7.2 No item of business may be considered by the LEP Board except:

- the business set out in the agenda, or
- business brought before the meeting as a matter of urgency in accordance with below.

7.3 An item may not be considered by the LEP Board unless:

- a copy of the agenda including the item⁶ has been open to public inspection for at least 5 clear days before the meeting, or
- by reason of special circumstances, which shall be specified in the minutes, the chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.

7.4 All reports to the LEP Board shall include any **written advice on the matter** provided by the Combined Authority's **Section 73** Chief Finance Officer⁷ and Monitoring Officer⁸.

8 Public access to agenda and reports

8.1 At least five clear days before a meeting of the LEP Board, the Head of Legal and Governance Services will make available for inspection by the public at the Combined Authority's offices⁹:

- a copy of the agenda, and
- (subject to 7.3 above) reports for the meeting.

⁴ or from any other overview and scrutiny committee of any local authority within the Leeds City Region.

⁵ as determined by the Chief Finance Officer appointed by the Combined Authority under Section 73 Local Government Act 1985. This is the Combined Authority's Director of Corporate Services

⁶ This is subject to the provisions relating to exempt and confidential information as set out in the Access to Information Annex to these Procedure Rules

⁷ See footnote above.

⁸ Where the LEP Board do not follow this advice, the LEP Board's rationale for not following should be recorded in the minutes of the meeting..

⁹ Wellington House 40-50 Wellington Street, Leeds LS1 2DE.

- 8.2 Where an item is added to an agenda, copies of which are open to inspection by the public, copies of the item (or of the revised agenda) and copies of any report for the meeting relating to the item (subject to 8.3 below), shall be open to inspection from the time the item is added to the agenda.
- 8.3 If a report relates only to an item during which, in the Head of Legal and Governance Services' opinion, the meeting is likely not to be open to the public¹⁰, the Head of Legal and Governance Services may decide not to make the report (or part of it) open for inspection.
- 8.4 Where a report or any part of a report is not open to public inspection, the Head of Legal and Governance Services:
- will mark every copy of the report (or the part) "Not for publication", and
 - state on every copy of the report (or the part) the description of the information on the basis of which the LEP Board are likely to exclude the public¹¹ if applicable.

9 Substitutes

- 9.1 A substitute member¹² may only act in the absence of the member of the LEP Board:
- for whom they are the designated substitute,
 - where the member will be absent for the whole of the meeting, and
 - where the Combined Authority's Head of Legal and Governance Services has received notice before the start of the meeting that the substitute will act.

10 Quorum

- 10.1 No business may be transacted at a meeting of the LEP Board, unless at least 4 members of the LEP Board (or their substitutes) are present, including one local authority representative and one private sector representative.
- 10.2 During the meeting, if the chair counts the number of members present, and declares there is not a quorum present, the meeting will adjourn immediately to a time and date fixed by the chair. If the chair does not fix a date, the remaining business will be considered at the next scheduled meeting of the LEP Board.

¹⁰ In accordance with Procedure Rule 11.

¹¹ see the Access to Information Annex.

¹² appointed under 4.7 of the LEP's Constitution

11 Public access to meetings

11.1 Any meeting of the LEP Board shall be open to the public except to the extent that the public are excluded (during the whole or part of the proceedings):

- to prevent the likely disclosure of confidential information¹³, or
- by resolution, to prevent the likely disclosure of exempt information¹⁴, or
- under Procedure Rule 13 relating to general disturbances.

11.2 A motion to exclude the press and public may be moved without notice at any meeting in relation to an item of business whenever it is likely that if members of the press or public were present for that item there would be disclosure of exempt information¹⁵.

12 Reporting proceedings

12.1 Without prejudice to the chair's powers in Procedure Rule 13 and subject to 12.2, 12.3 and 12.4, while any meeting of the LEP Board is open to the public, any person attending may report on the meeting and publish or disseminate the recording at the time of the meeting or after the meeting¹⁶.

12.2 The chair may decide not to permit oral reporting or oral commentary of the meeting as it takes place if the person reporting or providing the commentary is present at the meeting.

12.3 Where the public are excluded from a meeting to prevent the likely disclosure of confidential or exempt information, the chair may also prevent any person from reporting on the meeting using methods:

- which can be used without that person's presence, and
- which enable persons not at the meeting to see or hear the proceedings at the meeting as it takes place or later.

12.4 The chair may restrict any recording of a meeting where an external participant in the meeting objects to being recorded and the public interest in upholding their objection outweighs the public interest in allowing the recording to continue.

13 General disturbance

13.1 If a general disturbance makes orderly business impossible, the chair may:

- adjourn the meeting for as long as the chair thinks necessary, or
- call for any part of the meeting room open to the public to be

¹³ see the Access to Information Annex.

¹⁴ see the Access to Information Annex.

¹⁵ see the Access to Information Annex.

¹⁶ See further the Access to information Annex and the Code of Practice on recording meetings.

cleared if the disturbance is in that part.

- 13.2 If a member of the public interrupts proceedings, the chair shall warn the person concerned. If they continue to interrupt, the chair may order them to be removed from the meeting room.

14 Voting

- 14.1 The LEP Board shall operate on a consensus model, wherever possible. Where a consensus is not achieved, a matter shall be carried by a majority of votes of the members of the LEP Board present and voting.

- 14.2 Subject to 14.3 each member of the LEP Board has one vote¹⁷.

- 14.3 The chair has a casting vote in the event of a tie.

15 Attending and speaking at a LEP Board meeting

- 15.1 The Combined Authority's Section 73 Officer and Monitoring Officer (or their nominees) have the right to attend and speak at any meeting of the LEP Board¹⁸.

- 15.2 The chair may invite any local authority officer to attend and speak at a LEP Board meeting to provide professional support and advice.

- 15.3 The chair may also invite a representative of any other organisation to attend and speak at any LEP Board meeting, in relation to any report relevant to that organisation¹⁹.

16 Minutes

- 16.1 Minutes of a meeting of the LEP Board will record:

- the names of all members of the LEP Board (or their substitute) present at the meeting,
- any declarations of interests made at the meeting, and any action taken²⁰, and
- any decision or recommendation made by the LEP Board.

- 16.2 The Combined Authority's Head of Legal and Governance Services shall publish the draft minutes of a LEP meeting within 10 clear working days of the meeting taking place.

¹⁷ The LEP Board Members' Code of Conduct sets out the circumstances in which a member of the LEP Board must exclude themselves from taking part in the discussion or voting.

¹⁸ These officers are also invited to attend any agenda setting meetings. These officers are not members of the LEP Board and are not entitled to vote.

¹⁹ There is an open invitation for any Cities and Local Growth Area Lead to attend in the capacity of an observer, to ensure that Government is sighted on LEP processes and progress and is kept up to date with LEP decisions.

²⁰ For example, that the member of the LEP Board did not participate in the decision or left the room.

- 16.3 The Combined Authority's Head of Legal and Governance Services shall publish minutes of a LEP Board meeting on the Combined Authority website, within 10 clear working days of the meeting at which they are approved.

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Leeds City Region Enterprise Partnership
West Yorkshire Combined Authority
Conflicts of Interest Policy

1. Introduction

The Leeds City Region Enterprise Partnership (the LEP) and the West Yorkshire Combined Authority (the Combined Authority) are committed to ensuring that the Members and officers act in line with the **Nolan Principles** of public life, which are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

This Conflicts of Interest Policy applies to:

- any member of the LEP Board,
- any member of the Combined Authority,
- any voting member of a Combined Authority committee or panels, including any advisory panel which report to the LEP,
- any officer of the Combined Authority, and
- any officer of a local authority who advise the Combined Authority or LEP.

The policy provides an overview of how conflicts of interest are managed, by reference to the procedures which the LEP and the Combined Authority have in place to maintain high ethical standards and protect their reputation against any allegation of conflicting interests. These include requirements to register and declare interests.

The policy must be followed throughout all decision-making processes; the LEP and the Combined Authority are committed to ensuring that this policy applies to decisions taken at formal meetings or by individuals on behalf of the LEP or the Combined Authority under delegated authority. It is communicated to everyone involved in decision-making by the LEP and Combined Authority, to ensure their commitment to it.

To ensure transparency, the LEP and the Combined Authority record and publish decisions in accordance with agreed procedures.

2. Definition

A conflict of interest is a set of circumstances which creates a risk that an individual's ability to apply judgement or act in a role is, or could be, impaired or unduly influenced by a secondary interest of that individual, or of another person.

For example, a conflict of interest would arise where a member of the LEP Board has an interest, for instance, as a shareholder in a company that is a potential beneficiary of grant funding, conflicting with the interests of the LEP.

Draft to be considered by the LEP Board on 26 March 2019 and the Combined Authority on the 25 April 2019

Conflicts of interest may inhibit open discussions and may result in irrelevant considerations being taken into account or decisions being taken that are not in the best interests of the LEP nor of the Combined Authority.

This policy covers **commercial, personal, actual or potential conflicts of interests**; for the purposes of this policy, the *perception* of competing interests, impaired judgement or undue influence can also amount to a conflict of interest.

3. General

All members and officers must **take personal responsibility** for declaring their interests and avoiding perceptions of bias.

Where any conflict of interest arises outside of those which they are specifically required to register or declare, they should **err on the side of caution** and declare these interests in line with the Nolan Principles.

This policy applies whether they are decision-makers, consultees or involved in any other way in relation to any decision to be taken by the LEP or the Combined Authority.

4. Members of the LEP Board

Members of the LEP Board are required to comply with the **LEP Board Members' Code of Conduct**. The Code requires members to comply with the Nolan Principles and sets out the procedures for registering and declaring pecuniary and non-pecuniary interests, and managing conflicts which arise at a formal meeting of the LEP Board. It also extends to any conflict of interest arising in respect of an urgent decision taken by the Chair on behalf of the LEP.

The LEP Board's **Procedure for Considering Complaints** alleging a failure to comply with the LEP Board Members' Code of Conduct sets out the process that the LEP will follow if a member of the LEP Board is alleged to have failed to comply with the Code.

Registers of interests completed by members of the LEP Board are published on the Combined Authority's web-site, accessible from the LEP's web-site.

The Code also includes specific requirements and restrictions in relation to disclosing an interest:

- when **considering applications for funding**
- when **applying for a loan or grant**
- when **applying to provide contracted work or services.**

It also addresses **canvassing for appointments** to the Combined Authority.

Draft to be considered by the LEP Board on 26 March 2019 and the Combined Authority on the 25 April 2019

The Code of Conduct sets out requirements for declaring pecuniary and other interests at formal meetings of the LEP Board. The **Conflicts of Interest Protocol: applications for loans or grants** manages conflicts of interest which may arise when a decision is taken by an officer, in respect of a loan or grant from the LEP or the Combined Authority.

5. Members of the Combined Authority and voting members of any Combined Authority committee or panel

These members are required to comply with the **Combined Authority's Members' Code of Conduct**. The Code sets out the procedures for registering and declaring pecuniary and other interests, and managing conflicts which arise at any formal meeting of the Combined Authority or a committee or panel appointed by the Combined Authority, including advisory panels which report to the LEP.

The Code of Conduct sets out requirements for declaring pecuniary and other interests at formal meetings, where members are decision-makers. The **Conflicts of Interest Protocol: applications for loans or grants** manages any conflict of interest which may arise when a decision is taken by an officer, in respect of a loan or grant from the LEP or the Combined Authority.

The Combined Authority's **Procedure for Considering Complaints** alleging a failure to comply with the Members' Code of Conduct sets out the process to be followed if a member is alleged to have failed to comply with the Code.

Registers of interests are published on the Combined Authority's web-site.

The Combined Authority's Procedure Standing Orders also specify additional requirements and restrictions in relation to:

- **canvassing for appointments** to the Combined Authority, and
- **disclosing any relationship** between the member and an officer, or a candidate for employment.

6. Officers

Officers of the Combined Authority must comply with the **Combined Authority's Officer Code of Conduct** and **Gifts and Hospitality Policy** when they are working for the Combined Authority or advising the LEP.

The **LEP Constitution** also requires:

- senior officers of the Combined Authority and officers involved in advising the LEP to complete a separate **LEP Officer's register** of interests,
- any officer from another local authority advising the LEP to comply with their authority's officer Code of Conduct, and
- any officer advising the LEP Board to be mindful of potential conflicts of interest, and exclude themselves for advising on any matter where their personal or

professional interests are such that their integrity or objectivity may be questioned.

The **Combined Authority's Procedure Standing Orders** require officers of the Combined Authority to disclose any **relationship with a member**. They also reflect statutory provisions relating to:

- prohibiting officers from being operators, directors, partners or employees of public passenger transport services, and
- recording **pecuniary interests in contracts**.

The **Combined Authority's Contracts Standing Orders** addresses potential conflicts of interests arising in respect of **contracts** with the Combined Authority for goods, services or an interest in property.

7. Loans or grants to businesses

At the request of members, to promote greater transparency, the **Conflicts of Interest Protocol: loans or grants to businesses** attached as appendix 1 to this policy, sets out a process which the LEP and the Combined Authority follows to demonstrate that applications from businesses for loans or grants are dealt with in an impartial, fair and transparent way outside of formal meetings, by an officer. It provides a safeguard (for the LEP, the Combined Authority and for applicants) to minimise the risk of reputational damage from any perception of undue influence.

The process requires additional scrutiny of any application where a potential conflict of interest arises.

Leeds City Region Enterprise Partnership

West Yorkshire Combined Authority

Conflicts of Interest Protocol: Loans or grants to businesses

1. Purpose

The Codes of Conduct adopted by the LEP and the Combined Authority address how members are required to register and declare pecuniary and other interests at formal meetings where members take decisions.

This **Conflicts of Interest Protocol: loans or grants to businesses** sets out the process which the LEP and the Combined Authority follow to demonstrate that applications from businesses for loans or grants are dealt with in an impartial, fair and transparent way, including where they are considered by officers. It provides an additional safeguard (for the LEP, the Combined Authority and for applicants) to minimise the risk of reputational damage from any perception of undue influence.

The process requires additional scrutiny of any application where a potential conflict of interest arises.

2. Scope

This protocol should be followed where an application for a loan or grant is made by any business (including a company, social enterprise or a sole trader) to the LEP or to the Combined Authority¹.

The protocol applies to:

- any member of the LEP Board,
- any member of the Combined Authority, and
- any voting member of a committee or panel of the Combined Authority, (including an advisory panel which reports to the LEP).

It applies to both local authority and private sector representatives.

3. General

This protocol supplements the Conflicts of Interest Policy. It does not replace or alter any requirement of the Codes of Conduct for the LEP and the Combined Authority, nor any other procedure of the LEP or the Combined Authority which addresses conflicts of interest.

¹ Including any grant or application under the following funding streams or programmes: Access Innovation, Apprenticeship Grants for Employers, Business Growth Programme, Cycling and Walking Fund, Digital Inward Investment Fund, Growing Places Fund, Resource Efficiency Fund, Strategic Business Growth and Strategic Inward Investment Fund.

Where any conflict of interest arises outside of those specifically required to be registered or declared under any Code of Conduct, a procedure referred to in the Conflict of Interest Policy or this protocol, a member should declare their interests **erring on the side of caution**, in line with the Nolan Principles.

4. Setting policies and strategies relating to loans and grants

Members must follow the relevant Codes of Conduct which set out requirements for registering and declaring interests at meetings. These Codes restrict members' involvement in decision making at formal meetings of the LEP Board, the Combined Authority and committees and panels where a conflict of interest arises.

However, to secure the input of suitable expertise and a range of representative views into the decision-making process, appropriate involvement in matters in which Members may have an interest² is facilitated by exceptions and dispensations granted under the Codes.

Members are not generally precluded from participating in or voting on developing or setting any overarching policy or strategy, including setting criteria against which any application for a loan or grant will be assessed. However, **this is subject to exceptions** such as where a direct financial interest arises.

At any meeting where an item relates to a **change of criteria** for any loan or grant programme in respect of which a member (or a business in which they have registered an interest) has applied for a loan or grant during the previous 24 months (successfully or otherwise), the member should declare the application. Any such declaration should be noted in the minutes of the meeting, but (unless otherwise precluded by the Code) the member may nevertheless participate and vote in the decision.

A member may, however, choose not to participate or vote in the item if they are aware that any proposed change in criteria may affect an application which they (or the business in which they have registered an interest) intend to make for the loan or grant.

Members should check with the Monitoring Officer if they are unsure whether they may participate or vote in relation to any particular item.

² For example, where they are appointed because of their expertise in a particular sector.

5. Applying for a grant or loan

Each application form for a loan or grant to businesses will ask the applicant to declare whether the applicant, any Director(s) or employee(s) of the business, or their spouse or civil partner³, is:

- a) a member of the LEP Board,
- b) a member of the Combined Authority,
- c) a voting member of any committee or panel appointed of the Combined Authority (including any advisory panel which reports to the LEP), or
- d) an employee of the Combined Authority.

All applicants must declare any potential conflicts of interest on their application form. Failure to do so will affect their application – see section 7 below.

To facilitate this, members who (to comply with a Code of Conduct) have registered an interest in any business⁴, must:

- **notify that business of their involvement** with the LEP or the Combined Authority,
- **ask the business to declare their involvement** as a conflict of interest when applying for any relevant loan or grant, and
- **make arrangements for the business to notify them** on any occasion when the business applies for a relevant loan or grant.

Members must also:

- a) **notify the Monitoring Officer**⁵ on each occasion where:
 - they apply for a loan or grant, or
 - a business which is registered as an interest on their register of interest applies for a loan or grant⁶,
 - any other interest arises which may be perceived as giving rise to a conflict of interest (for example, where an application is made by a close friend, or family member, or they are related to an officer of the Combined Authority).
- b) so far as reasonably practicable **avoid any personal involvement**⁷ with any application to the LEP or the Combined Authority for any loan or grant, or

³ Any reference in this protocol to a spouse or partner should be taken as including any person with whom the member lives as a spouse or civil partner

⁴ Including any business interest of their spouse or civil partner which they are required to register.

⁵ The Executive Support Officer (Private Sector Representatives) may receive notifications from private sector representatives, and the Governance Services Manager from local authority representatives on behalf of the Monitoring Officer.

⁶ This includes any interest of their spouse or civil partner which they are required to register.

⁷ This includes advising on, drafting or signing the application

c) where it is not reasonably practicable to avoid personal involvement with an application:⁸

- **declare on any application form their involvement** if they are not a signatory,
- **not discuss the application verbally** with any officer of the Combined Authority, and
- **communicate only in writing** about the application after it has been submitted.

6. Advising on loan and grant applications

To avoid improper use of “inside information” about the assessment process for applications, where a member’s role includes or has included **advising on individual grant and loan applications from businesses**, no application from them, their spouse or civil partner, or from a business which they have (or should have) registered as an interest under the relevant Code of Conduct shall be considered until **6 months** has elapsed since they carried out that role.

7. Considering loan and grant applications

Every application is considered on its own merits, and no applications are granted unless the eligibility criteria for the loan or grant are met.

No member may participate or vote on any decision-making relating to any application in respect of which they have a conflict of interest.

Members must not seek in any way to improperly influence the outcome of any application which has (or may be) made in which they have an interest.

Where an interest has been declared by an applicant on the application form, and/or a member (or where an interest is otherwise brought to the attention of a relevant Director⁹), the application will not be progressed unless:

a) the Monitoring Officer has confirmed that:

- the member has **registered the business as an interest** on their register in accordance with the requirements of the relevant Code of Conduct, and
- a full and complete **declaration of interest** by the member has been received in relation to the application in accordance paragraph 5 of this protocol.

b) the relevant Director has confirmed that:

⁸ For example, where they are a sole trader and apply on their own behalf

⁹ Each relevant Director will carry out a **sample audit** of applications at quarterly intervals, to review whether declarations are being made in line with this protocol.

- a **declaration of interest was made by the applicant** on the application form in accordance with paragraph 5,
- **the member did not discuss the application verbally** with any officer of the Combined Authority after its submission, nor otherwise **seek to improperly influence** the application.

Subject to a) and b) above, where an interest arises, the application should be referred for determination by:

- the Combined Authority's Managing Director, or
- a meeting of the Combined Authority or a relevant committee¹⁰.

An application may only be granted further to a recommendation from a **relevant Director** who has assessed the application, and confirmed that it has been considered on its own merits and meets relevant eligibility criteria.

The decision-maker should take into account any other relevant information which relates to the conflict of interest.

The **record of any decision** about an application where a conflict of interest has arisen must record the conflict of interest declared by the member, and that this protocol has been followed¹¹.

8. Reporting

The Monitoring Officer will **annually report** to the LEP Board and Combined Authority's Governance and Audit Committee on the number and outcome of applications considered in accordance with this protocol and on any breaches of the protocol.

¹⁰ For example, where the Managing Director considers that they should not exercise their delegated authority in respect of the application.

¹¹ This extends to any published record of the loan or grant.

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Leeds City Region Enterprise Partnership (LEP)

Equality and Diversity Policy including Diversity Statement

Introduction

The Leeds City Region covers a large physical area and spans 10 local authority areas (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York), and is the biggest outside London, worth over £69.6 billion and generating 5% of England's output. It has 3 million residents, a workforce of 1.9 million, over 130,000 businesses, 14 Further Education Colleges and 10 Higher Education Institutions, one of the largest concentrations in Europe.

In order to deliver significant growth and productivity gains we aim to remove all barriers to achieving economic performance, resulting in tangible economic benefits to our businesses, residents, visitors, workforce and diverse communities. Our diverse communities will benefit from strong economic growth and no community will be excluded from full participation in economic life and progress.

The competitive advantage arising from local diversity will be harnessed to drive growth. We aim to integrate equality into all that we do, and the work that others do on behalf of the Leeds City Region.

What is Equality and Diversity?

Equality is ensuring individuals or groups of individuals are not treated differently or less favourably, on the basis of their specific protected characteristic, including race, gender, disability, religion or belief, sex, sexual orientation, age, gender reassignment, pregnancy and maternity, marriage and civil partnership.

Diversity aims to recognise, respect and value people's differences to contribute and realise their full potential by promoting an inclusive culture for all.

Diversity and equality issues impact everyone in the Leeds City Region area, hence we are committed to removing barriers that might restrict people and continue to work towards positive change.

Commitment required

The LEP is committed to achieving diversity and equality of opportunity both as a partnership and as a commissioner of services. In practice this means doing what we can to positively promote equality and diversity across the delivery of projects, programmes and services and in relation to our own structure.

The LEP promotes equality of opportunity and does all it can to ensure that no member of the public, service user, contractor or staff member working within a partner organisation will be unlawfully discriminated against.

What we will do

The LEP will engage with all stakeholders and be inclusive and transparent in all communications. Our priorities and objectives mostly deliver an equality impact, for example, by targeting key sectors, priority groups, and local communities. In addition, we will work with our partners to ensure that all project development, commissioning and tendering procedures support the following principles:

- Advancing equality of opportunity;
- Showing our commitment to support those with a protected characteristic into enterprise and employment;
- Ensuring the elimination of unlawful discrimination, harassment and victimisation.

We will ensure barriers to equality are being proactively tackled at delivery level and in delivering our equality and diversity policy we will:

- Assess the impact on equality as we develop our strategies, policies and programmes, and consider what actions, if any, may be appropriate to improve any identified adverse impacts;
- Through West Yorkshire Combined Authority role as the accountable body, monitor our social, environmental and economic impact and the impact on equality as we implement our strategies, policies and programmes;
- Be open and transparent and publish all information regarding our progress on achieving equality and diversity;
- Work in partnership with the range of local, regional, and national organisations to create new and better actions;
- Provide excellent customer care by ensuring that services are provided by knowledgeable and well-trained staff who understand the needs of their communities; and
- Promote best practice.

Diversity Statement regarding board membership and sub groups

Selection for board membership will be on the basis of aptitude and ability. We shall encourage applications from all diverse backgrounds to the board and its sub groups. We shall also endeavour to recruit openly from our community so that the board reflects regional diversity in terms of the protected characteristics. This measure will be assessed annually and the results produced for the board. We shall ensure that all members of the board and its sub groups have had equality and diversity training.

Responsibilities

The ultimate responsibility for our policy rests with the LEP Board members to ensure that there are systems in place to put this policy into practice on a day-to-day basis.

The LEP is responsible and accountable for the implementation of this policy and for ensuring we fulfil our role in addressing diversity issues by promotion of this policy.

The LEP Board and team members will be made aware of their responsibility to challenge discrimination. This Policy will be reviewed every year and any recommendations and changes are to be agreed by the Board.

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

Date: 26 March 2019

Subject: **Strengthened Local Enterprise Partnerships**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Christian Denison

1. Purpose of this report

- 1.1 To update the LEP Board on the work of the Transition Subgroup (TSG) in implementing Government's recommendations for *Strengthened Local Enterprise Partnerships* in advance of the creation of a new LEP. There is a separate report on changes to the Assurance Framework as a result of Government recommendations, including the requirement for a LEP Delivery Plan.

2. Information

- 2.1 At the previous meeting Board Members received an update on the establishment of a Transition Subgroup (TSG), made up of members from both YNYER LEP and LCR LEP. The purpose of this group is to make recommendations to both LEP Boards about the working arrangements for a proposed new LEP to cover North and West Yorkshire, to be operational from April 2020.
- 2.2 The TSG are not yet in a position to make firm recommendations on the merger/creation of a new LEP. Positive progress has been made but more needs to happen to enable final recommendations on the creation of a new LEP. Discussions are ongoing on the following major issues:
- Accountable Body
 - Legal Personality
 - Decision-making structures
 - LEP Secretariat and support functions

Principles and Culture of a New LEP

- 2.3 The TSG are clear that we are seeking to do something unprecedented – to create a new LEP in place of two, covering a large and diverse economy, geography, population and business base. The ambition to create a new LEP which is better than the existing LEPs, by learning from the best practice in

each organisation and harnessing the diverse business and social makeup as a driver of innovation, is challenging.

- 2.4 There are risks in creating a new LEP covering such a broad area. The two current LEPs also have different cultures which have been developed over time to reflect the differing needs of their regions. TSG members agree that this needs to be recognised and that the creation of a new LEP must take the best of both.
- 2.5 To make this successful the vision and culture of the new LEP is important. This includes addressing the following:
- How we create ownership with our businesses and communities
 - How we ensure we are local to all areas
 - How we will build partnerships across the whole area
 - The values of the new LEP
 - What behaviours we will demonstrate
 - How we approach strategy development
 - How we demonstrate independence

It is also important that a new LEP:

- Looks and feels new;
- Has business at its heart;
- Displays independence and avoids conflicts of interest;
- Makes decisions at an appropriate level.

Local Industrial Strategy

- 2.6 There is a separate report on the development of a Local Industrial Strategy (LIS) which covers the new proposed LEP areas of West and North Yorkshire.
- 2.7 The development of the LIS is an example of where good progress has been made in advance of the establishment of a new LEP.
- 2.8 The process of developing a joint LIS will be fundamental to setting out the approach and activity of the new LEP. Priority is being given to genuinely reflecting the distinctive places and ensuring local engagement and ownership. This does create a challenge in ensuring engagement on such a testing development timescale, and this is being addressed through a robust project plan.

Economic Services (Business Support and Skills Delivery)

- 2.9 There has been good progress made in discussing how the economic services functions of both LEPs can serve the diverse areas and communities of the new LEP. There is a real opportunity to provide an extensive service that works for all across the new area.
- 2.10 It has been discussed that in the creation of a new LEP there should be a minimum core offer developed for all businesses, with signposts to other more specific and relevant support.

- 2.11 In the meantime, LCR and YNYER will work together to maximise joint call opportunities in ERDF and ESF funding.
- 2.12 It is worth noting that LCR are already supporting YNYER around Inward Investment, including the YNYER lead within their training and development programme and the Growth Hub business advisers have deliberately been developed to ensure they do not overlap on geographies.

Existing Projects and Programmes

- 2.13 Discussions on how to manage existing projects and programmes have been positive. It is proposed that an approach which avoids unnecessary complication is adopted in the creation of a new LEP. This would mean that:
- Existing programmes are managed out through existing Accountable Bodies with no contract novation unless circumstances require it in the future, which is considered unlikely. As a consequence North Yorkshire County Council will retain Accountable Body status for YNYER legacy projects, City of York Council will retain Accountable Body Status for York Central Enterprise Zone and West Yorkshire Combined Authority will retain Accountable Body status for all LCR legacy projects.
 - Programme over-commitment is down to individual LEPs with the risk retained by their existing Accountable Bodies.
 - There is no expectation that over-commitments can simply be passed onto future Shared Prosperity Funding or similar.
 - Existing Loan Fund treatment, Enterprise Zones income, and Growing Places Fund treatment continues, with money to be reinvested within the region it originates. Meaning existing programmes and returns on investments will be ring-fenced.
- 2.14 It should be noted that future schemes will have different geographies within the geographical area of the new LEP. This is no different to how both LEPs operate at the moment.

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. Staffing Implications

- 5.1 There are no staffing implications directly arising from this report. Significant additional activity to deliver a new LEP for West and North Yorkshire is being met through reprioritisation of existing staff resources and – potentially – additional capacity funding from Government.

6. External Consultees

6.1 There have not been any external consultations.

7. Recommendations

7.1 That the LEP Board note the report and that further advice and recommendations on the establishment of a new LEP will follow at a later meeting.

8. Background Documents

8.1 None

9. Appendices

None



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

Date: 26 March 2019

Subject: **Local Industrial Strategy Development**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Emma Longbottom

1. Purpose of this report

- 1.1 To update the LEP Board on progress to develop a Local Industrial Strategy (LIS) for the proposed new LEP geography, which encompasses the areas of West and North Yorkshire.

2. Information

- 2.1 In early 2018, the LEP Board and Combined Authority agreed that work would begin on the development of a LIS for Leeds City Region. Sitting at the heart of a new, long-term strategic policy framework, the emerging LIS will focus on bold steps aimed at boosting productivity and driving both inclusive and clean growth living for a post-2030 economy.
- 2.2 Guidance in the form of a policy prospectus on Local Industrial Strategies was published by Government in early October 2018¹. The guidance highlights that agreeing a LIS will be a necessary condition for LEPs and Mayoral Combined Authorities to draw down any future local growth funding (or Shared Prosperity Funding) being deployed. The prospectus also states that Local Industrial Strategies should remain strategic documents and not contain any proposals that require new funding or have spending implications outside of existing budgets available to local areas.
- 2.3 The policy prospectus articulates that LISs should set out clearly defined objectives to increase the productivity of the local economy. So that all places:
- Are able to increase productivity and realise their potential, building on well-evidenced and distinctive strengths aligned to the national Industrial Strategy.
 - Set out spatial impacts of national and local policy across cities, towns and rural areas, informing priorities and choices and demonstrating how

¹ <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

they will allow all communities to contribute to, and benefit from, economic prosperity. This is being seen as increasingly important due to the government's focus on areas that have been left behind.

- 2.4 The LEP Board away day in September 2018 helped to shape thinking on the development of the Leeds City Region LIS. Government representatives were invited to attend the event to update on the latest developments nationally and provide input and steer on the proposed approach.
- 2.5 Following the LEP Review (September 2018) there is now local consensus that supports the establishment of a new LEP encompassing the areas of West and North Yorkshire. Teams from the two LEPs are therefore working towards the development of a single LIS to cover the entire geography.
- 2.6 The timescales for LIS development have been reduced since last reported. Government has now confirmed a deadline of December 2019 for a final version, which would then be signed off by Government by March 2020.
- 2.7 Work is underway to identify key priorities, which can be further developed/tested and supported by evidence over the coming months to ensure that the LIS is reflective of the proposed new geography.
- 2.8 The LIS will be co-produced with Government. Its ultimate endorsement by Government will mean it is a local expression of Government policy. This makes it a particularly powerful and influential strategy that will have an impact on future decisions about the region, for instance with regard to funding.

Process

- 2.9 Government guidance is clear on the need for LISs to be underpinned by robust evidence which draws out relative strengths and weaknesses, with an emphasis on productivity.
- 2.10 A strong evidence base is already in existence. This will be brought together into a full economic analysis, which will support the development of policy priorities.
- 2.11 A broad call for evidence is currently live, to allow stakeholders to help inform the development of the LIS. Interested parties are encouraged to submit evidence before 31 March 2019. <http://www.the-lep.com/about/projects/local-industrial-strategy/>
- 2.12 A second, more focused call for evidence will also be launched in April to delve into key areas, based on more specific questions.
- 2.13 Additional work is being undertaken where there is a gap in the existing knowledge base and a more intensive examination of the issues is required to address gaps in intelligence and determine areas of distinctiveness across the new geography. External consultancy and support has been commissioned to develop more detailed evidence around:

- Productivity review: greater analysis of productivity performance across the City Regions, including analysis of sectors that have significant levels of low productivity firms.
 - Supply chain analysis: identifying areas where there are opportunities to improve processes and develop new opportunities for businesses.
 - Understanding innovation in the region: culture, capacity and potential for innovation across our business base.
 - Sector/cluster deep dive: health-tech and clean tech to understand tech strengths and cluster opportunities.
 - Inclusive Growth: understanding approaches across the new geography and working towards a set of indicators in the context of the LIS.
- 2.14 The initial economic analysis, and associated commissions will be complete in April 2019. Further detailed work may follow. The final data report will be produced in July 2019.
- 2.15 Consultation and engagement with a wide range of partners, stakeholders and individuals is planned to ensure the LIS encompasses the needs and distinctiveness of the new region. The initial stage of this is to undertake a stakeholder mapping exercise in March to fully understand key communication channels across the new geography.
- 2.16 An independent expert panel is being developed to provide expert challenge and advice, and critical review of the evidence base and subsequent policy priorities. Members of the panel will be drawn from academia, business, the public sector (including large employers such as the NHS), and the voluntary and community sector. Invitations will be sent this week from both LEP chairs. The panel will meet for its inaugural meeting in April 2019, with meetings scheduled throughout the development process.
- 2.17 In addition engagement will take place with LEP Board Panels, the Business Communications Group, businesses, universities, local authorities and community and citizen groups to best understand their priorities and the role that the new LEP can play in meeting these. This engagement will commence in earnest from May, with a range of methodologies being explored including online consultation, social media, workshops and roundtables, and place-based community engagement events.
- 2.18 To reflect the scale and long-term ambition of the LIS, we will also seek to engage with young people on their views and input into shaping our proposals through significant youth engagement.
- 2.19 Engagement and co-production with a range of Government departments will be undertaken throughout the development process to ensure that the LIS is completed and submitted to Government in December 2019.

3. Financial Implications

- 3.1 In addition to core staff resource to support research and intelligence and policy development activity, a budget of approximately £200,000 is available from Combined Authority / LEP internal budgets across the financial years 2018-19 and 2019-20 (subject to business planning and budget setting) to support development of the evidence base for the Local Industrial Strategy. In addition, both LEPs have been allocated funding identified in the 'Strengthened Local Enterprise Partnerships' guidance for capacity building. Officers from both teams are developing proposals for deploying this budget. The additional funding has been approved by Government.

4. Legal Implications

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

5. Staffing Implications

- 5.1 The LIS development forms a central component of the Combined Authority and LEP's programme of work to broaden its policy range. This will require capacity and expertise from the Combined Authority, local authorities and other partners. This can largely be provided within existing resources.

6. External Consultees

- 6.1 External engagement to inform the development of the Local, Inclusive Industrial Strategy has been commissioned to review productivity and innovation.

7. Recommendations

- 7.1 That the LEP Board notes progress made and endorses the proposed way forward on development of the evidence base.

8. Background Documents

- 8.1 None.

9. Appendices

- 9.1 None.

Report to: LEP Board

Date: 26 March 2019

Subject: **Review of Inclusive Growth for Business Grants**

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

Author(s): Henry Rigg and Lorna Holroyd

1 Purpose of this report

- 1.1 To update the Board on the effectiveness to date of the new approach to securing inclusive growth commitments from recipients of business grants from the LEP's Business Growth Programme (BGP).
- 1.2 To seek direction from the Board on the future approach to inclusive growth commitments from recipients of business grants, recognising the feedback from recent consultation with the Business, Innovation and Growth Panel, the Inclusive Growth and Public Policy Panel and the Overview and Scrutiny Committee.

2 Information

Background

- 2.1 In early 2018, the LEP Board and the Combined Authority agreed that work should begin on the development of a Policy Framework and Local Inclusive Industrial Strategy (LIIS) for Leeds City Region. The Policy Framework will be an agile, long-term strategic approach aimed at driving growth, boosting productivity and earning power, for a post-2030 economy. The Policy Framework will provide room for bold, long-term planning with a focus on tackling the key challenges the City Region faces:
 - Productivity gap is increasing;
 - Investment in innovation and research and development is very low;
 - Living standards have stalled; and
 - Stubborn deprivation persists.
- 2.2 Inclusive growth is embedded as an enabler of the Policy Framework and will act as a strategic driver for strategies aligned to the Policy Framework¹.

¹The latest version of the Policy Framework is provided in **Appendix 1** of this report.

- 2.3 As initial discussions around the Policy Framework and the LIIS progressed, it was identified that an opportunity existed to promote inclusive growth through the delivery of business grant programmes. In the first instance, it was recommended that inclusive growth outcomes be introduced for BGP, to ask capital grant recipients to contribute more proportionately on a range of social value commitments, as well as incentivise payment of the Real Living Wage for jobs supported by the grant awards.
- 2.4 The Business, Innovation and Growth Panel considered a paper on the introduction of inclusive growth conditions for BGP recipients at its meeting on 7 March 2018. The revised criteria and associated conditions were then approved by the LEP Board at its meeting on 27 March 2018 and Combined Authority on 10 May 2018. The new criteria were implemented for business applicants to BGP from July 2018.
- 2.5 The Combined Authority asked for a review to be undertaken after six months to assess the initial effectiveness of the approach, and to inform decisions as to whether to continue and/or expand the approach further.

Review of Initial Effectiveness

- 2.6 Prior to the introduction of the revised criteria, analysis of BGP grants awarded in the previous 12 months (June 2017 to June 2018) showed that **58% of the jobs created** were paying the Real Living Wage or above.
- 2.7 Since the introduction of the new criteria in July 2018, 62 BGP applications have been approved. These applications are linked to the creation of 321 new jobs, 216 of which are proposed to pay above the Real Living Wage. This represents **67% of all of the jobs to be created** via the investment projects to be supported on BGP. So far, 15 of these jobs have been created, 10 of which are paying at least the Real Living Wage, and this will continue to be closely monitored as the supported projects progress and the associated jobs are filled.
- 2.8 13 BGP applications of above £50,000 have been approved since the introduction of the new approach. Applicants at this grant level are required to commit to additional inclusive growth interventions, as well as creating new jobs, and so far, 30 such commitments have been secured. A list of inclusive growth commitments has been developed, and support is available from the LEP/Combined Authority, and its partners, such as Jobcentre Plus and Local Authorities, to implement them.
- 2.9 The current commitments include: - 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 paying staff the Real Living Wage within an agreed timescale.

- 2.10 Of commitments agreed with businesses to date, the highest number are for undertaking an energy audit (20%), followed by offering more sustainable green travel options for employees, developing a skills plan and working with schools and colleges (all 17%). All commitments have had at least one adoption, except for undertaking a supply chain audit to identify opportunities to buy more from local suppliers, but the new Supply Chain Development Programme at the University of Huddersfield will support businesses with this commitment in due course.
- 2.11 Informal feedback from businesses has been positive to date, with the majority being receptive to the new approach. As perhaps expected, the smaller businesses have been those that have expressed some concern related to their more limited resources to implement the commitments.
- 2.12 Payment of the Real Living Wage has been the main challenge reported for businesses since the new approach has been implemented, in particular for those operating in lower value sectors, and/or, in geographical areas where wages are lower than the City Region average. These are often more disadvantaged areas, so the decision to adopt a two-tier grant rate has been beneficial to avoid an outright exclusion of certain firms in these locations from grant support.
- 2.13 LEP Board is, therefore, asked to comment on the effectiveness of the approach thus far and consider whether the inclusive growth criteria and commitments for the BGP should be continued and potentially extended.

Broadening the inclusive growth approach

- 2.14 At its meeting on 14 September 2018, the Combined Authority's Overview and Scrutiny Committee considered a report on the business grants currently delivered by the Combined Authority/LEP. This covered an update on the outputs associated with each grant programme and the recent introduction of the inclusive growth approach for capital grants.
- 2.15 The Committee recommended that consideration be given to extending the inclusive growth approach to the grant elements of all business support programmes and also to grants of all values.
- 2.16 The LEP currently manages seven grant programmes for businesses, and has contributed match funding to a further two managed by Leeds City Council on behalf of the City Region. These are listed in Appendix 3. Across these programmes, 896 grants were approved in 2017/18, and 594 have been approved to date in 2018/19, which demonstrates the high volume of transactions and businesses supported.

- 2.17 The BIG Panel considered the outcome of the six-month review and the recommendations of the Overview and Scrutiny Committee at its meeting on 26 February 2019. A summary of its response is as follows: -
- The Panel remains committed to the importance of inclusive growth and of supporting businesses to develop their employees, increase wage rates, continually improve and contribute to the City Region's economic, social and environmental priorities. In this regard, it is supportive of continuing the approach.
 - The Panel believes that the approach needs to be proportionate in relation to the size of the business, and was specifically concerned about the impact on smaller businesses that are less likely to have the resources to meet additional commitments. This is particularly the case with grants of smaller values e.g. those under £25,000.
 - The Panel expressed concern that broadening the commitments to grants of all values across all programmes could cause the unintended consequence of a downturn in applications, resulting in less support for businesses and a negative impact on contractual targets with funding providers.
 - The Panel felt that the current £50,000 threshold for additional commitments to be delivered by grant-recipients remains appropriate, but that this could be reduced to recipients of grants over £25,000 as long as support was available from the LEP and its partners to put in place the required one commitment. It was suggested that this should be tested and closely monitored for a period to determine take-up and inform next steps.
 - The Panel also suggested that as part of the wider inclusive growth agenda, more activity should be undertaken to engage with businesses in sectors and locations where there is a lower take-up of LEP business support.
- 2.18 The above was also considered by members of the Inclusive Growth and Public Policy Panel on 1 March 2019. The members were similarly supportive of the criteria and commitments, welcomed the leadership role of the LEP in pioneering this approach and commended the good progress to date. They particularly stressed the inherent value from an inclusive growth perspective of supporting the low carbon agenda through encouraging businesses to adopt more holistic approaches to recycling and reuse, as well as continued support for employers to recruit apprentices. Panel members recognised the importance of proportionality in terms of commitment levels from smaller businesses, and acknowledged the risks of unintended consequences.
- 2.19 LEP Board is, therefore, also asked to consider the benefits and risks of extending/adapting the approach to other grant programmes in the LEP's portfolio. Considerations include the potential impact on smaller businesses arising from perceived bureaucracy; and therefore potential impact on the take-up of the grants; the proportionality of applying the criteria and commitments for all grant values, particularly where jobs creation is not a requirement of the grant (e.g. the Resource Efficiency Fund grant that targets carbon reduction as its primary output); and the additional cost of staffing resources required to monitor the delivery of the commitments and outcomes

across all grant awards, particularly the smaller £2,000 Apprenticeship Grant for Employers (AGE).

- 2.20 A revised model for extending the principle of Inclusive Growth criteria and commitments to all LEP business grants has been developed to take into account the feedback gathered to date. This incorporates incentive-based criteria linked to the Real Living Wage for all programmes which create jobs, thus building on the success of the BGP experience to date. It also extends the list of Inclusive Growth Commitments to the wider range of grant programmes and includes a lower threshold (£25,000 and above) at which grant recipients will be asked to make commitments as a condition of the grant.
- 2.21 Those businesses receiving grants of between £10,000 and £24,999 will be expected, and supported, to deliver one commitment, but it will not be mandatory, and there will no expectation on those receiving grants below £10,000. The effect on business behaviour and the take-up of support will be closely monitored to inform any required changes. This is set out at Appendix 2 for consideration and its potential application is summarised by grant programme at Appendix 3.

3 Financial Implications

- 3.1 There will be financial implications arising from the recommendation to extend inclusive growth commitments more widely, such as the need for additional staff to monitor the delivery of the commitments to a much larger cohort of businesses. Financial penalties could also be incurred if outputs, outcomes and expenditure targets are not met due to fewer businesses engaging with programmes.

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report. However, there would be increased requirement for legal resources for contracting and compliance issues if the inclusive growth criteria were to be applied to grants on all programmes, and at all values.
- 4.2 In addition, if the criteria was applied to all business support projects with grant elements, this could result in fewer applications. In turn, this could have a negative impact on legal agreements with external funders.

5 Staffing Implications

- 5.1 There will be additional staffing implications relating to paragraph 3.1 and 4.1 above.

6 External Consultees

- 6.1 No external consultations have taken place. However, the report's recommendations were previously considered by the BIG Panel on 26 February 2019 and with members of the Inclusive Growth & Public Policy Panel on 1 March 2019.

7 Recommendations

- 7.1 That the Board considers the progress to date on the implementation of the new Inclusive Growth criteria and commitments to the Business Growth Programme (BGP).
- 7.2 That the Board endorses the proposal to continue the approach to inclusive growth for recipients of business grants.
- 7.3 That the Board considers and adopts the proposed extension of the Inclusive Growth criteria and commitments to the full range of LEP business grants as set out in Appendices 2 and 3.
- 7.4 That the approach should be closely monitored for another six-month period and progress then reported back to the Board.

8 Background Documents

None.

9 Appendices

Appendix 1 – Policy Framework for Inclusive Growth

Appendix 2 – Proposed criteria and commitments for future delivery

Appendix 3 – List of LEP grant programmes and their potential contribution to Inclusive Growth

VISION

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

PRIORITIES

BUSINESS ENVIRONMENT, IDEAS & WORKFORCE

- Private sector leadership to drive a more productive region
- A region at the forefront of science, innovation and new technologies, including ambitions to decarbonise all sectors of the economy through the 2020s.
- Nurture future talent, address skills shortages and provide the technical skills that will drive our economy.

TACKLING OUR 4 KEY CHALLENGES

1. Boosting productivity & earnings
2. Increasing levels of innovation & R&D
3. Tackling stubborn deprivation
4. Improving living standards

PLACE & INFRASTRUCTURE

- Invest in infrastructure to transform connectivity & the places where people want to live and work and businesses invest.
- Contributing to national commitments to climate change
- Vibrant, people-friendly regenerated town and city centres, with high quality green infrastructure and public realm.

INTEGRATED POLICY FRAMEWORK TO ADDRESS THESE PRIORITIES (COVERING POWERS & FUNDING)

BUSINESS, IDEAS & WORKFORCE

GROWING & PRODUCTIVE ECONOMY
(Science & innovation, R&D, enterprise, digital, trade and investment)

LIFELONG LEARNING
(Skills, opportunity, progression, young people, education)

HEALTHY & INCLUSIVE WORKFORCE
(Good work, welfare, health & Wellbeing)

LOCAL INCLUSIVE INDUSTRIAL STRATEGY

DEVELOPING BIG IDEAS TO:

1. BOOST PRODUCTIVITY & EARNING POWER
2. CONTRIBUTE TO NATIONAL PRIORITIES & GRAND CHALLENGES

PLACE & INFRASTRUCTURE

TRANSPORT, CONNECTIVITY & MOBILITY
(21st century transport)

STRATEGIC HOUSING & EMPLOYMENT SITES
(Affordable housing, stronger communities)

ENERGY, CLEAN GROWTH & THE ENVIRONMENT
(Green & sustainable city)

QUALITY OF LIFE
(High quality culture and citizen experience)

PARTNER PLANS & STRATEGIES

INCLUSIVE GROWTH

IMPROVING PRODUCTIVITY

CARBON REDUCTION

PLACE LEADERSHIP

INTEGRATED INVESTMENT

GROWTH & PRODUCTIVITY SUSTAINABILITY

GOOD JOBS & EARNINGS

SKILLS UPLIFT

IMPROVING CONNECTIVITY

REDUCING DEPRIVATION

ENVIRONMENTAL

DIFFERENCE FOR WHOM (COHORTS/SEGMENTATION)

EVIDENCE BASE / POLICY DEVELOPMENT - ONGOING

145

CITY REGION PROJECTS / PROGRAMME

Agenda Item 10

Appendix 1

GOLDEN THREAD

IMPACT AREAS

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Appendix 2 - Proposed Inclusive Growth Criteria for Rollout

A. Job Creation: Real Living Wage Incentive

The Leeds City Region Enterprise Partnership (LEP) is incentivising business to pay the 'Real Living Wage' through its grant programmes). For grants where jobs are created, there will be an incentive to pay the 'Real Living Wage' as set out below.

Recipients are expected to meet certain core criteria according to the purpose of each grant scheme, including as a minimum:

- Investment projects must create permanent new jobs in the Leeds City Region
- Applicants will be incentivised to employ staff on or above £9 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 (£8.21 per hour from age 25+ as of April 2019)
- 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:

Pay Rates for New Jobs Created with LEP Grant	Maximum per new job
Pay £9 per hour (Real Living Wage)	£12,500
Pay £8.21 per hour (National Living/Minimum Wage)	£7,500

B. Inclusive Growth Commitments

Businesses receiving grants will be also expected to deliver 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 paying staff the Real Living Wage within an agreed timescale
- Other inclusive growth commitments bespoke to the company's own policies, considered sufficient by the Combined Authority.

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

- For grants from £10,000 - £24,999, the applicant is expected to adopt **one or more** of the commitments (non-mandatory).
- For grants from £25,000 - £49,999, the applicant is expected to adopt **one or more** of the commitments (as a grant condition).
- For grants from £50,000 - £99,999, the applicant is required to adopt **two or more** of the additional commitments (as a grant condition).
- For grants from £100,000 - £249,999, the applicant is required to agree to **three or more** of the additional commitments (as a grant condition).
- For grants over £250,000, the applicant is required to agree to **four or more** of the additional commitments (as a grant condition).

Appendix 3 – Proposed application of Inclusive Growth to Leeds City Region Enterprise Partnership (LEP) Grant Programmes

Grant Scheme	Purpose	Range of grant awards £	Value and number of grants approved (April 17 – March 18)	Value and number of grants approved (April 18 - January 19)	Primary outputs / outcomes	Covered by Real Living Wage criteria (See Appendix 2 Section A)	Covered by Inclusive Growth commitments (See Appendix 2 Section B)	Completion date and impact report
Business Growth Programme 149	Provides capital grants to businesses within priority sectors that enable them to grow and create new jobs.	£10,000-250,000	£2,233,596 (24 grants)	£2,827,636 (55 grants)	Jobs created	Yes	Yes	March 2021 Impact report Summer 2019 & Summer 2021
Access to Capital Grants (A2CG)	Provides capital grants to SME businesses with projects linked to innovation, digital, supply chain and start-up. Also provides funding for the grant element of Strategic Business Growth and part funds the grant element of Access Innovation.	£10,000-£100,000	£3,762,882 (149 grants)	£1,207,733 (43 grants)	Jobs created	Yes	Yes	March 2021 Impact report Summer 2019 & Summer 2021)

Grant Scheme	Purpose	Range of grant awards £	Value and number of grants approved (April 17 – March 18)	Value and number of grants approved (April 18 - January 19)	Primary outputs / outcomes	Covered by Real Living Wage criteria (See Appendix 2 Section A)	Covered by Inclusive Growth commitments (See Appendix 2 Section B)	Completion date and impact report
Strategic Business Growth	Provides capital grants to high growth SME businesses engaging with the advisory support element of the Strategic Business Growth programme.	£10,000-£40,000	£148,701 (6 grants)	£696,081 (26 grants)	Jobs created Businesses achieving high growth	Yes	Yes	March 2020 Impact report early 2020
Resource Efficiency Fund	Provides financial support to SME businesses for capital investment projects that lead to reductions in use of energy, water and waste.	£1,000-£10,000	£583,333 (84 grants)	£246,133 (41 grants)	Tonnes of CO2e (equivalent) saved Businesses supported to improve resource efficiency	N/A (primary output is CO2e savings)	Yes	October 2019 Impact report late 2019
Access Innovation	Provides grants to SME businesses developing new products and processes.	£1,000-£50,000	£200,841 (8 grants)	£1,361,378 (38 grants)	New products & processes developed Jobs created	Yes	Yes	December 2019 Impact report late 2019

Grant Scheme	Purpose	Range of grant awards £	Value and number of grants approved (April 17 – March 18)	Value and number of grants approved (April 18 - January 19)	Primary outputs / outcomes	Covered by Real Living Wage criteria (See Appendix 2 Section A)	Covered by Inclusive Growth commitments (See Appendix 2 Section B)	Completion date and impact report
Strategic Inward Investment Fund	Provides capital grants to businesses investing in the Leeds City Region that are creating at least 50 new jobs.	£180,000 -£1m	£1,853,386 (3 grants)	£1,000,000 (1 grant)	New jobs created / safeguarded Inward investment into LCR	Yes	Yes	March 2021 Impact report Spring 2021
Digital Inward Investment Fund	Provides capital grants to digital businesses investing in the Leeds City Region that are creating at least 5 new jobs.	£10,000-£50,000	£14,000 (1 grant)	£82,500 (2 grants)	Jobs created Inward investment into LCR	Yes	Yes	March 2021 Impact report Spring 2021
Apprenticeship Grant for Employers	Supports SME businesses to recruit individuals into employment through apprenticeships.	£2,000-£2,500	£476,000 (248 grants)	£3,500 (2 grants)	Apprenticeship starts Businesses taking on first apprentice	Yes *	N/A (under proposed threshold)	March 2020 Impact report Spring 2020

* the grant is only available to businesses that pay the National Living Wage for the age of the apprentice, and not the lower Apprenticeship Living Wage

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

Date: 26 March 2019

Subject: **Economic reporting**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): James Hopton, 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 presents recent developments in the global, national and local economies. The report is now produced on a regular, quarterly basis. As such the latest available version will be presented to the Board for each of its meetings. When no new report is available from the previous meeting, a brief update will be provided to the Board covering any recent major developments.

The version presented here is the February 2019 Economic Update.

Main national and international headlines

2.2 The main national and international headlines include:

- UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The UK economy as a whole saw output decline by 0.4% in the month of December.
- The Eurozone economy also grew by just 0.2% in Q4 2018, continuing the slow pace of growth seen in Q3.
- The IMF has further revised down its global growth forecasts for 2019 and 2020, down from 3.7% in both years to 3.5% in 2019 and 3.6% in 2020. This is against a backdrop of slowing momentum, growing uncertainty in financial markets and the threat of trade wars inhibiting demand.
- For the UK, the IMF expect growth of 1.5% in 2019 and 1.6% in 2020, a slight upturn from their previous forecasts. This is predicated on an orderly Brexit, however.
- The UK labour market remains strong – the employment rate returned to a joint record high of 75.8% in December.

2.3 Leeds City Region economic headlines

For Leeds City Region, the key headlines include:

- Manufacturers in Leeds City Region reported a sharp slowdown in domestic and export sales growth at the end of 2018, according to the Chambers of Commerce Quarterly Economic Survey (QES) for Q4 2018.
- Activity in the service sector was more buoyant, but profitability expectations declined in both sectors in Q4 with manufacturers seeing a sharper fall in confidence.
- 61% of respondents to the QES said they have devoted management time to considering potential impacts from Brexit.
- 54% of City Region businesses told the QES that they were either confident or very confident that they could withstand potential disruption from a “no deal” scenario, with 16% not very or not at all confident.
- Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.
- The number of people in work fell by almost 10,000 (0.7%) over the quarter. Unemployment also fell, down 1,600 (2.5%) to 63,600. The employment rate for Leeds City Region dropped from 73.7% in Q2 to 73.1% in Q3.
- Fieldwork for the 2019 Leeds City Region Business Survey recently concluded. The survey spoke to a representative sample of 2,000 business across Leeds City Region between January and March 2019. Full results will be available from April and will be reported to the Board’s next meeting. However, early analysis of headline findings around Brexit have been provided.
- 33% of businesses said they felt Brexit would have a detrimental impact, compared to 11% saying it would be beneficial. This compares to 28% and 10% in the 2017 survey respectively.
- Companies in manufacturing, construction and other production industries are more likely to say Brexit will be beneficial, whereas those in logistics and financial services are more concerned about the implications.
- 15% of respondents identified opportunities in Brexit, with an increase in customers/demand, less restrictive regulation and more investment in UK or home grown products all mentioned by 2% of respondents.
- 60% of businesses identified some risk from Brexit, with higher costs (identified by 10% of respondents) general uncertainty / lack of confidence (8%) and the loss of customers (7%) the most frequently mentioned.
- 82% of respondents said they were not at all reliant on EU migrant workers, with 8% saying they were quite or heavily reliant. However,

among medium and larger companies, 18% are either quite or heavily reliant on EU workers. The hospitality sector has the highest reliance, with 13% of companies either quite or heavily reliant.

2.4 Brexit commentary and assessment

The ongoing uncertainty associated with Brexit appears to be a factor influencing decision making.

Whilst stockpiling and forward planning is helping to offset this in some areas of manufacturing, the broader picture is of slowing momentum affected by both Brexit and more challenging global conditions.

Whilst it is encouraging that a majority of businesses surveyed have actively considered the implications of Brexit and are confident of withstanding a no deal scenario, there remains a substantial number who have either not taken action or are not confident their response is sufficient.

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.

7 Background Documents

None.

8 Appendices

Appendix 1 – Leeds City Region Economic Update Report
Appendix 2 – Leeds City Region Economic Dashboard

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ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, FEBRUARY 2019

Key points at glance

This report presents the latest assessment of the Leeds City Region economy. It sets out recent national and international developments along with trends and forecasts for global growth. It considers in more detail the latest developments in Leeds City Region and the implications for the economy as the UK approaches its exit from the European Union.

National and international headlines

- Recent concerns about trade tensions have escalated of late. Combined with signs of a cyclical slowdown in some major nations, the global economy has lost some momentum in late 2018 and early 2019.
- UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The UK economy as a whole saw output decline by 0.4% in the month of December.
- The Eurozone economy grew by just 0.2% in Q4 2018, continuing the slow pace of growth seen in Q3.
- The US has yet to report official GDP for Q4 but recent economic data has been mixed.
- The IMF has further revised down its global growth forecasts for 2019 and 2020, down from 3.7% in both years to 3.5% in 2019 and 3.6% in 2020. This is against a backdrop of slowing momentum, growing uncertainty in financial markets and the threat of trade wars inhibiting demand.
- For the UK, the IMF expect growth of 1.5% in 2019 and 1.6% in 2020, a slight upturn from their previous forecasts. This is predicated on an orderly Brexit, however.
- The UK labour market remains strong – the employment rate returned to a joint record high of 75.8% in December.

Key City Region and local developments

- Manufacturers in Leeds City Region reported a sharp slowdown in domestic and export sales growth at the end of 2018, according to the Chambers of Commerce Quarterly Economic Survey (QES) for Q4 2018.
- Activity in the service sector was more buoyant, but profitability expectations declined in both sectors in Q4 with manufacturers seeing a sharper fall in confidence.
- 61% of respondents to the QES said they have devoted management time to considering potential impacts from Brexit
- 54% of City Region businesses told the QES that they were either confident or very confident that they could withstand potential disruption from a “no deal” scenario, with 16% not very or not at all confident.
- Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.
- The number of people in work fell by almost 10,000 (0.7%) over the quarter. Unemployment also fell, down 1,600 (2.5%) to 63,600.
- The employment rate for Leeds City Region dropped from 73.7% in Q2 to 73.1% in Q3.
- The number of employers looking to recruit slowed in the City Region in Q4 2018, according to the QES.

Brexit implications and conclusions

- The ongoing uncertainty associated with Brexit appears to be increasingly weighing on business confidence and is now clearly affecting decision making.
- Whilst stockpiling and forward planning is helping to offset this in some areas of manufacturing, the broader picture is of slowing momentum affected by both Brexit and more challenging global conditions.
- Nevertheless, the labour market remains strong which is driving increased earnings, which may in turn help to explain stronger than expected consumer activity.
- Whilst it is encouraging that a majority of businesses surveyed have actively considered the implications of Brexit and are confident of withstanding a no deal scenario, there remains a substantial number who have either not taken action or are not confident their response is sufficient.
- Whilst Brexit is prominent in the thinking of many, it is not the only issue affecting businesses at present. The threat of trade wars and a range of country specific issues are contributing to a global slowdown.
- Businesses also continue to report challenges recruiting staff, particularly manufacturers looking for specific or technical skills. This is despite data from ONS suggesting a small fall in employment in the City Region in recent quarters.

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

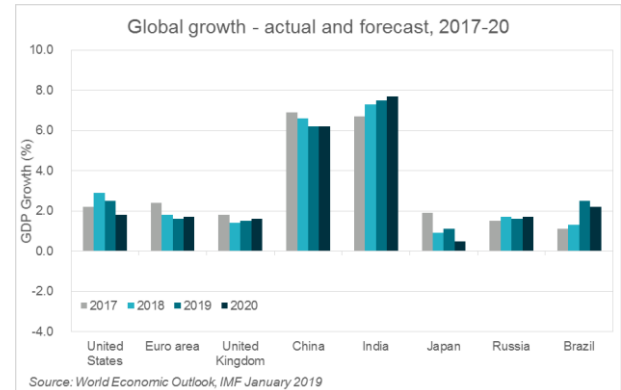
ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, NOVEMBER 2018

Introduction

- This report presents the latest assessment of the Leeds City Region economy. It sets out recent global and national developments before considering in more detail the latest data for Leeds City Region and the implications for the economy as the UK approaches its exit from the European Union.
- New data available includes updated global economic forecasts from the IMF, whilst new official UK data is available on monthly GDP and the labour market up to the end of 2018. There is also new official data on trade, inflation and retail activity and survey data on business sentiment.
- For Leeds City Region, the Quarterly Economic Survey with the Chambers of Commerce provides insight on business sentiment for Q4 2018. Labour market data from ONS for Q3 2018 and regional goods exports data from HMRC for the same period are also presented. Banksearch data on the number of new business bank accounts for Q4 2018 are also available.

Global economic and political developments

- Recent concerns about trade tensions have escalated of late. Combined with signs of a cyclical slowdown in some major nations, the global economy has lost some momentum in late 2018 and early 2019.
- The Eurozone economy grew by just 0.2% in Q4 2018, continuing the slow pace of growth seen in Q3. Within the Eurozone, Italy fell into recession for the third time in a decade whilst early data suggests Germany has narrowly avoided a recession with flat or very low growth.
- The US has yet to report official GDP for Q4 but recent economic data has been mixed. Whilst the jobs market remains robust, recent data has pointed to falling activity in both manufacturing and retail, likely influenced by the recent government shutdown.
- The Chinese economy grew by 6.6% across 2018, the country's lowest output growth for 28 years. Growth is expected to slow further in 2019 as the country grapples with tighter domestic controls and the continued threat of an escalating trade war with the US.
- The IMF has further revised down its global growth forecasts for 2019 and 2020, down from 3.7% in both years to 3.5% in 2019 and 3.6% in 2020. This is against a backdrop of slowing momentum, growing uncertainty in financial markets and the threat of trade wars inhibiting demand.
- For the UK, the IMF expect growth of 1.5% in 2019 and 1.6% in 2020, a slight upturn from their previous forecasts. They expect the "prolonged uncertainty" caused by Brexit to be offset by the benefits of fiscal stimulus announced in the Budget. However, these forecast are predicated on an orderly transition from EU membership.
- As the deadline for the UK to leave the EU approaches with the details of any agreement still unclear, a number of nationally significant businesses announced decisions to move some or part of their operations.
- The automotive industry has seen significant movements with Honda announcing the closure of its Swindon plant, and Nissan shifting the manufacture of some models away from Sunderland. Honda have emphasised that Brexit is not the driver of its decision, blaming "global issues", though Nissan said "the continued uncertainty around the UK's future relationship with the EU is not helping companies like ours to plan for the future."
- A survey by the CBI highlights the challenges facing the UK automotive sector, which was one of eight industries to see output decline in the organisation's latest Industrial Trends survey. Overall the survey found slowing activity, though more companies are increasing output than cutting it.
- A survey by the Institute of Directors found that 29% of UK companies were planning to move at least part of their operations overseas in the event of no deal materialising, or had already acted to do so.



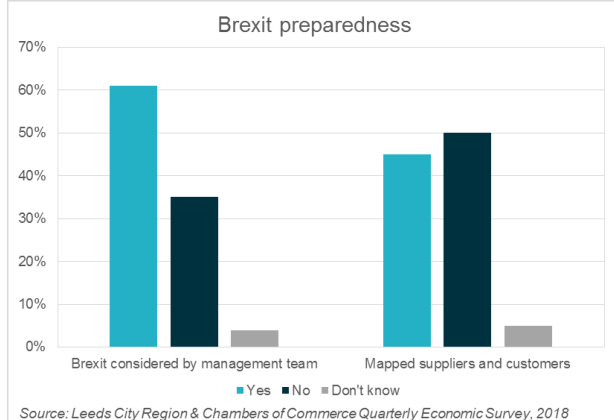
Global economy summary: There is a broad based slowdown in economic activity, partly driven by global, cyclical factors but also a range of country-specific issues. This trajectory is expected to continue in the coming months, leaving British businesses facing a combination of uncertain conditions at home and slowing demand from abroad.

UK economic dashboard

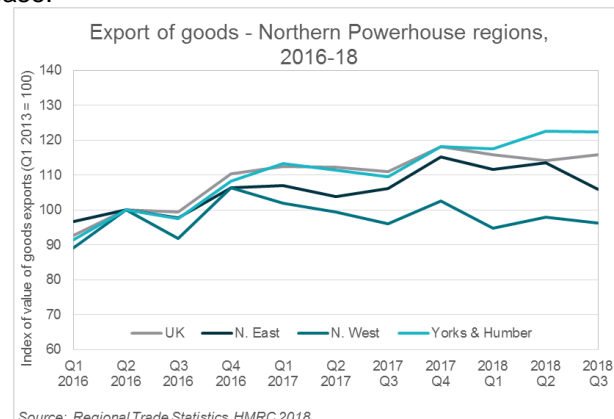
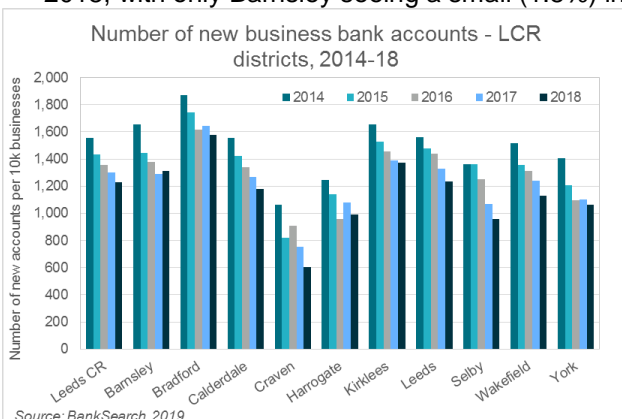
Indicator	Latest position	Chart	Trend
Economic headlines	<p>UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The service sector expanded by 0.4% but manufacturing (-0.9%) and construction (-0.3%) both contracted.</p> <p>The UK economy as a whole saw output decline by 0.4% in the month of December. Car manufacturing and steel production experienced particularly sharp falls, with Brexit uncertainty cited as a key factor.</p>	<p>UK GDP growth, 2008-18</p> <p>Source: Office for National Statistics, 2019</p>	
Confidence and sentiment	<p>All sectors of the economy have seen a marked slowdown at the start of 2019 according to Markit's PMI surveys. Activity in the service and construction sectors fell close to the 50 point level, which indicates declining output, in January.</p> <p>Whilst manufacturing was a little more positive, it still experienced a slowdown. Stockpiling at the fastest rate in the survey's 27 year history helped sustain activity, but employment also fell in the sector.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-19</p> <p>Source: Markit/CIPs PMIs, 2016-19</p>	
Labour market	<p>The number of people in work in the UK increased by 167,000 in the last three months of 2018 to 32.6 million, according to ONS. The employment rate returned to a joint record high of 75.8%.</p> <p>Unemployment fell by 14,000 to 1.36 million, and the number economically inactive fell by 94,000. The unemployment rate remained steady at 4%.</p>	<p>UK employment growth 2008-18</p> <p>Source: Office for National Statistics, 2018</p>	
Trade and exports	<p>Following a slowdown in late 2018, retail sales increased by 0.7% in the three months to January, and by 3.5% on the same period a year earlier. Clothing stores enjoyed a strong January, with food stores also seeing growth.</p> <p>The UK's trade deficit widened to £10.4bn in the three months to December, with a £1.8bn increase in imports outpacing £1bn growth in exports.</p>	<p>UK retail sales, 2008-19</p> <p>Source: Office for National Statistics, 2019</p>	
Inflation and wages	<p>Inflation fell to 1.8% in January, below the official target of 2% for the first time since January 2017. Falling energy costs were a key factor.</p> <p>Average earnings increased by 3.4% in the three months to December, maintaining recent strong growth. Combined with falling inflation, real pay has increased by 1.2% in the past three months.</p>	<p>Wage growth and inflation, 2008-19</p> <p>Source: Office for National Statistics, 2019</p>	
<p>Brexit implications: The ongoing uncertainty associated with Brexit appears to be increasingly weighing on business confidence and is now clearly affecting decision making. Whilst stockpiling and forward planning is helping to offset this in some areas of manufacturing, the broader picture is of slowing momentum affected by both Brexit and more challenging global conditions. Nevertheless, the labour market remains strong which is driving increased earnings, which may in turn help to explain stronger than expected consumer activity.</p>			

Leeds City Region – Business Performance and Trade

- Manufacturers in Leeds City Region reported a sharp slowdown in domestic and export sales growth at the end of 2018, according to the Chambers of Commerce Quarterly Economic Survey (QES) for Q4 2018.
- Whilst more manufacturers continue to report growth than declining sales, the net balance has dropped from 33% for both home sales and exports in Q3, to 17% for home sales and 14% for exports in Q4.
- Activity in the service sector was more buoyant, with a net balance of 37% reporting increased domestic sales, up from 33% in Q3 and export activity unchanged.
- Profitability expectations declined in both sectors in Q4 with manufacturers seeing a sharper fall in confidence. Rising input prices appear to be a factor, driven by currency fluctuations but also by a shortage of supply as companies look to build up stock in advance of Brexit.
- In contrast, the Natwest Regional PMI found business confidence in the region was higher than most other UK regions in February, though jobs growth remained modest.
- Businesses in the Q4 QES were asked specifically about their Brexit preparations. 61% said they have devoted management time to considering potential impacts from Brexit, and 45% said they had mapped their supplier and customer base and considered potential impacts.
- Only 10% said they had already made changes to their operating model or business strategies in response to Brexit, though a further 30% said they expected to do so at some stage. 54% of City Region businesses told the QES that they were either confident or very confident that they could withstand potential disruption from a “no deal” scenario, with 16% not very or not at all confident.



- There were 3,700 new business bank accounts opened in Leeds City Region in the last quarter of 2018, a similar number to the 3,800 recorded in both Q3 2018 and Q4 2017. 15,500 new accounts were opened over 2018 as a whole, down 5.9% on 2017 and the lowest annual total since data collection began in 2008. The number of new accounts was down 8.4% nationally over the year.
- Most districts in Leeds City Region saw a fall in the number of new business bank accounts opened in 2018, with only Barnsley seeing a small (1.8%) increase.



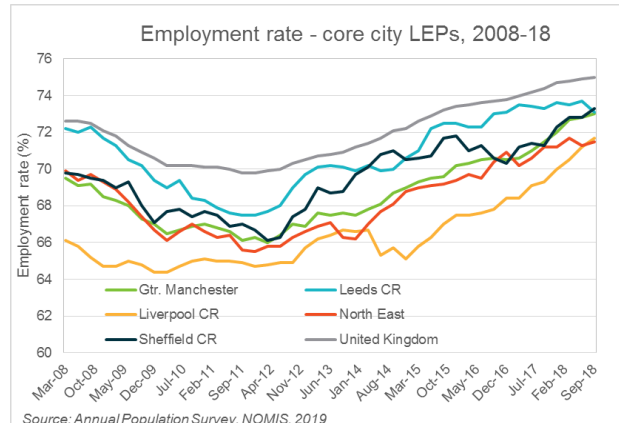
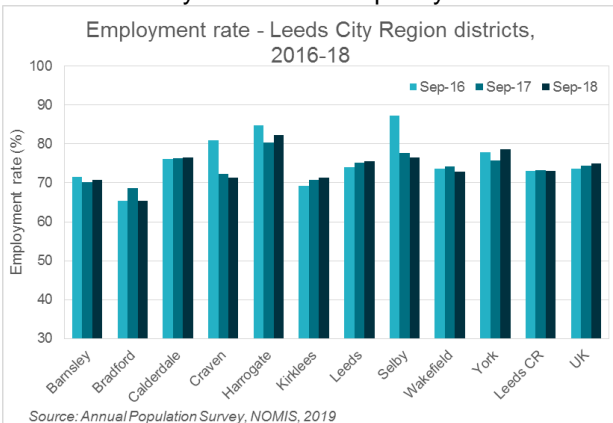
- The value of goods exported from Yorkshire & Humber was largely unchanged between Q2 2018 and Q3 2018 at £4.55bn. There was a 1.6% drop in EU exports, and a 2.2% increase in trade with other markets.
- Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.

Brexit implications: City Region businesses reported slowing sales and falling confidence at the end of 2018. Whilst it is encouraging that a majority of businesses surveyed have actively considered the implications of Brexit and are confident of withstanding a no deal scenario, there remains a substantial number who have either not taken action or are not confident their response is sufficient.

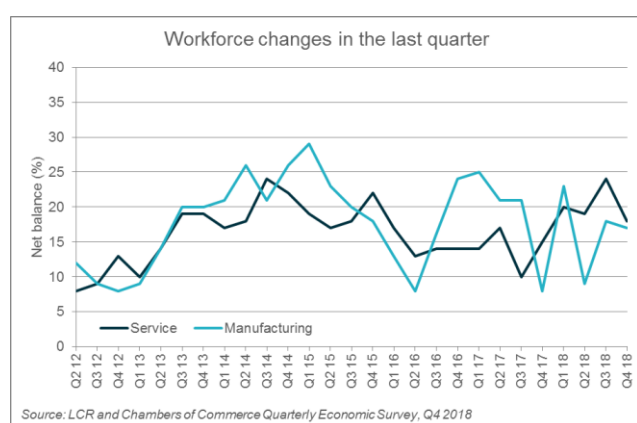
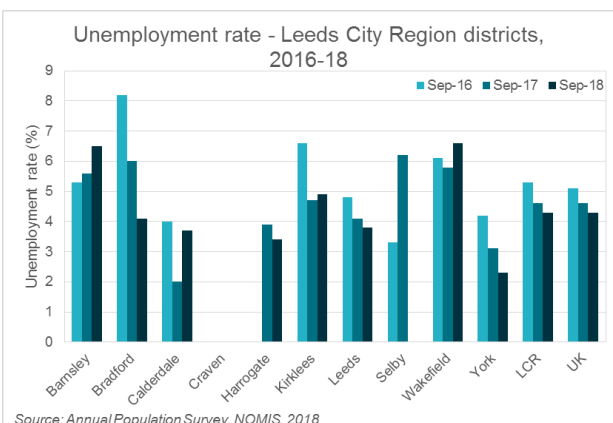


Leeds City Region – Labour Market

- There were 1.41 million Leeds City Region residents in work at the end of Q3 2018, an employment rate of 73.1% according to the ONS Annual Population Survey. The number of people in work fell by almost 10,000 (0.7%) over the quarter. Unemployment also fell, down 1,600 (2.5%) to 63,600.
- All districts in West Yorkshire saw employment fall this quarter, whilst all other districts in the City Region saw increases. Data can fluctuate from quarter to quarter however, and employment in the City Region is broadly in line with the same time period a year earlier. UK employment is up 0.2% from Q2 to Q3, and 1% over the year.
- Most core city LEPs saw total employment increase between Q2 and Q3 2018 with Sheffield City Region (+0.8%) seeing the fastest growth. Over the past year, the 0.1% employment growth seen in Leeds City Region is below that of other core city LEPs. Employment in both Sheffield and Liverpool City Regions increased by 3.2% over the past year.



- The employment rate for Leeds City Region dropped from 73.7% in Q2 to 73.1% in Q3. This employment rate is similar to Sheffield City Region (73.3%) and Greater Manchester (73%) but below West of England and D2N2 among core city LEPs.
- The number of employers looking to recruit slowed in the City Region in Q4 2018, according to the QES. A net balance of 17% of manufacturers and 18% of service sector companies have expanded their headcount. Looking ahead, fewer companies in both sectors are expecting to increase their workforce in early 2018.
- Whilst Brexit uncertainty is likely to be a factor inhibiting recruitment for some, many companies, and particularly manufacturers, point to a shortage of skilled workers as a key constraint on their expansion plans.



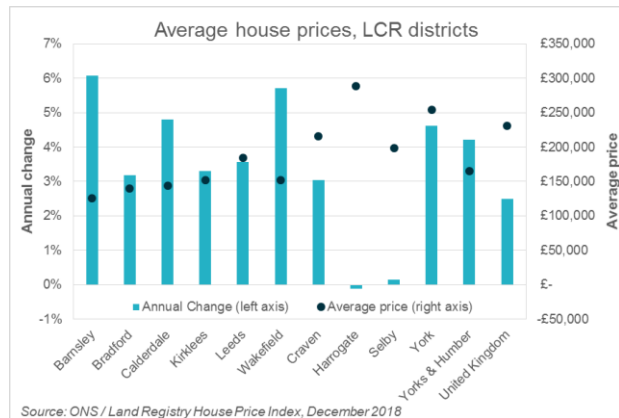
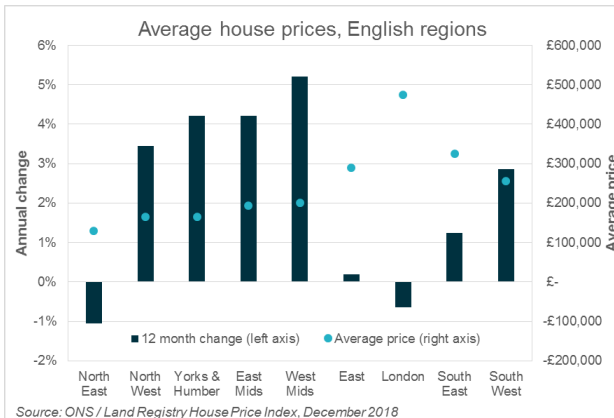
- Looking at unemployment, there was again a split between West Yorkshire and other parts of the City Region, with most non-West Yorkshire districts seeing unemployment fall, offsetting a 1,100 increase across West Yorkshire as a whole. Bradford was the only West Yorkshire district where the number out of work fell, down 1,600 (15%) to 9,100.

Brexit implications: The employment picture is less positive locally than it is nationally this quarter. Though local data is less reliable and can fluctuate, survey data supports the view that businesses are less inclined to recruit. A lack of available skills, as much as Brexit uncertainty, seems to be a driver of this.

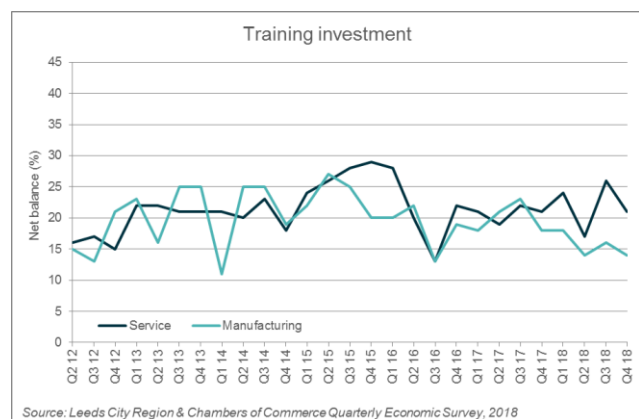
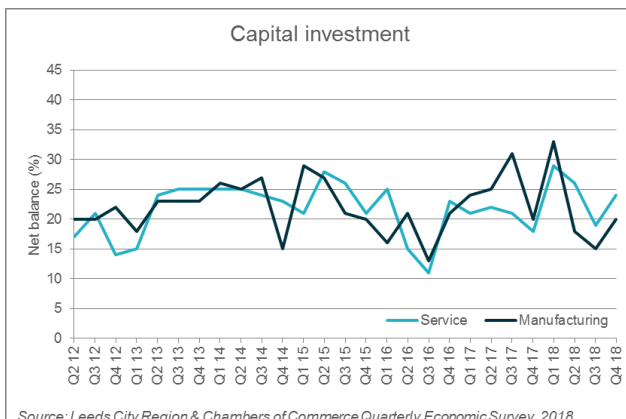


Leeds City Region – Housing, Property and Investment

- House prices in Yorkshire & Humber increased by 4.2% in the year to December 2018 to an average of £165,100. Prices increased by 2% between November and December.
- The region's annual growth rate is the same as the East Midlands, and only West Midlands (+5.2%) saw faster growth last year. The North East (-1%) and London (-0.6%) saw prices fall.
- However, sales volumes were down across all regions in the year to October 2018. There were 10.7% fewer sales in this period in Yorkshire & Humber compared to a 12.3% fall nationally and a 16.8% fall in the South East.



- Within the City Region, Barnsley has seen the strongest growth with prices increasing by 6.1% over the past year, followed by Wakefield (5.7%).
- Most districts saw prices increase faster than the 2.5% growth seen nationally, though prices were largely flat in Harrogate and Selby.
- Capital investment by businesses in the City Region increased in Q4 2018 according to the QES. Both manufacturers and service sector firms saw the net balance increase by 5 points from Q3. Anecdotally, the Chambers report that many companies are only investing to meet current order books and that longer term investment is on hold pending the outcome of EU negotiations.
- Investment in training slowed over the same period however, with both manufacturers and service sector firms reporting a slowdown here.



- Local property agents report in the QES a doubling in the value of land for industrial use over the last 12 months along with a 25% increase in rental values for warehousing. This at least in part is being driven by demand from manufacturers and retailers looking for space for stock holding in preparation for any disorderly exit from the EU.

Brexit implications: Although house prices are holding up, the fall in sales volumes indicates that few households are willing to make significant investment decisions at a time of uncertainty. The same appears to be true of businesses, though increased take up of warehouse space is symptomatic of businesses taking steps to secure supplies ahead of the EU exit.



Conclusions and outlook

- The impacts of the ongoing uncertainty from Brexit appear more evident in the data this quarter than in recent times. Whilst the overall picture remains one of growth, both local and national surveys point to an increasing number of businesses concerned about what the post-March trading environment will look like. Harder GDP data now appears to be reflecting this, with output declining in December.
- Whilst Brexit is prominent in the thinking of many, it is not the only issue affecting businesses at present. The threat of trade wars and a government shutdown in the US, protests in France and falling business confidence in Germany are all contributing to a global slowdown. In spite of the additional issue of Brexit, growth in the Eurozone is not outpacing that of the UK at present.
- Clearly this is affecting conditions in key markets for Leeds City Region exporters. Combined with Brexit, this equates to a challenging trading environment and helps to explain falling business confidence this quarter.
- As reported above, surveys suggest a majority of businesses in Leeds City Region have actively considered both the challenges and opportunities from Brexit at board room level. Close to half have looked to understand the implications for their supply chains and customer base. This, combined with the evidence suggesting increased demand for inputs and storage space, shows many businesses are taking steps to mitigate the risks of a disorderly exit in March.
- However, the finding in the QES that a third of businesses have not considered Brexit at management level, and one in six are not confident of withstanding a disorderly exit, emphasises the scale of the risk that such an uncertain scenario poses.
- Anecdotal evidence emphasises that whilst many businesses in the City Region share concerns about what happens post-March, some of the challenges and responses are highly specific to certain industries or businesses. Chemical manufacturers have for example are considering how changes to the REACH regulations governing their import and export could have a significant impact on both lead times and administration costs.
- Businesses also continue to report challenges recruiting staff, particularly manufacturers looking for specific or technical skills. This is despite data from ONS suggesting a small fall in employment in the City Region in recent quarters.
- Whilst access to appropriately skilled workers is not a new development, the combination of high employment reducing the talent pool available, and the risk of reduced access to overseas labour appears to bringing the issue to the forefront of businesses' minds.
- The issue of stockpiling is clearly not unique to UK businesses, with evidence suggesting some overseas clients have brought forward post-March orders. This perhaps explains recent strong export performance for manufacturers in our region, but at a practical level creates resourcing and capacity issues for some companies.
- Given that access to labour is scarce and a range of factors mean that demand from customers is less predictable than usual, businesses face a real challenge in allocating their resources effectively. The increase in wages seen in recent months evidences the need for businesses to attract and retain workers in a competitive market place, whilst the slight upturn in capital investment seen in the QES last quarter suggests that, despite a reluctance to make large-scale investments, businesses are having to look at alternative ways to meet demand rather than hiring more workers.
- At a broader level, despite signs of a slowdown it may be the case that Brexit preparations are actually resulting in an uplift in economic activity at present as spending originally planned for post-March is brought forward. In this scenario, a post-March slowdown might be expected whatever the outcome of Brexit negotiations, as inventories are unwound.

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.

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National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
Economic headlines	Recent concerns about trade tensions have escalated of late. Combined with signs of a cyclical slowdown in some major nations, the global economy has lost some momentum in late 2018 and early 2019. UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The UK economy as a whole saw output decline by 0.4% in the month of December.			Economic headlines	Manufacturers in Leeds City Region reported a sharp slowdown in domestic and export sales growth at the end of 2018, according to the Chambers of Commerce Quarterly Economic Survey (QES) for Q4 2018. Activity in the service sector was more buoyant. 54% of City Region businesses told the QES that they were either confident or very confident that they could withstand potential disruption from a "no deal" scenario, with 16% not very or not at all confident.		
Business performance & confidence	All sectors of the economy have seen a marked slowdown at the start of 2019 according to Markit's PMI surveys. Activity in the service and construction sectors fell close to the 50 point level, which indicates declining output, in January. Whilst manufacturing was a little more positive, it still experienced a slowdown. Stockpiling at the fastest rate in the survey's 27 year history helped sustain activity, but employment also fell in the sector.			Business performance & confidence	Profitability expectations declined in both sectors in Q4 with manufacturers seeing a sharper fall in confidence. Rising input prices appear to be a factor, as companies look to build up stock in advance of Brexit. 15,500 new business bank accounts were opened over 2018 as a whole in Leeds City Region, down 5.9% on 2017 and the lowest annual total since data collection began in 2008. The number of new accounts was down 8.4% nationally over the year.		
Labour market	The number of people in work in the UK increased by 167,000 in the last three months of 2018 to 32.6 million, according to ONS. The employment rate returned to a joint record high of 75.8%. Unemployment fell by 14,000 to 1.36 million, and the number economically inactive fell by 94,000. The unemployment rate remained steady at 4%.			Labour market	The number of people in work fell by almost 10,000 (0.7%) over the quarter. Unemployment also fell, down 1,600 (2.5%) to 63,600. The employment rate for Leeds City Region dropped from 73.7% in Q2 to 73.1% in Q3. This employment rate is similar to Sheffield City Region (73.3%) and Greater Manchester (73%) but below West of England and D2N2 among core city LEPs.		
Trade and exports	Following a slowdown in late 2018, retail sales increased by 0.7% in the three months to January, and by 3.5% on the same period a year earlier. Clothing stores enjoyed a strong January, with food stores also seeing growth. The UK's trade deficit widened to £10.4bn in the three months to December, with a £1.8bn increase in imports outpacing £1bn growth in exports.			Trade & exports	The value of goods exported from Yorkshire & Humber was largely unchanged between Q2 2018 and Q3 2018 at £4.55bn. There was a 1.6% drop in EU exports, and a 2.2% increase in trade with other markets. Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.		
Inflation and wages	Inflation fell to 1.8% in January, below the official target of 2% for the first time since January 2017. Falling energy costs were a key factor. Average earnings increased by 3.4% in the three months to December, maintaining recent strong growth. Combined with falling inflation, real pay has increased by 1.2% in the past three months.			Housing and property	House prices in Yorkshire & Humber increased by 4.2% in the year to December 2018 to an average of £165,100. Prices increased by 2% between November and December. The region's annual growth rate is the same as the East Midlands, and only West Midlands (+5.2%) saw faster growth last year. However, sales volumes were down across all regions in the year to October 2018. There were 10.7% fewer sales in this period in Yorkshire & Humber compared to a 12.3% fall nationally.		
Summary	The ongoing uncertainty associated with Brexit appears to be increasingly weighing on business confidence and is now clearly affecting decision making. Whilst stockpiling and forward planning is helping to offset this in some areas of manufacturing, the broader picture is of slowing momentum affected by both Brexit and more challenging global conditions. Whilst it is encouraging that a majority of City Region businesses surveyed have actively considered the implications of Brexit and are confident of withstanding a no deal scenario, there remains a substantial number who have either not taken action or are not confident their response is sufficient.						

165

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Report to: LEP Board

Date: 26 March 2019

Subject: **Reinvestment of grants and loans; and Enterprise Zones**

Director: Alan Reiss, Director, Policy, Strategy and Communications

Author(s): Alex Clarke and Seamus McDonnell

1 Purpose of this report

- 1.1 To update the Leeds City Region Enterprise Partnership (LEP) on issues of business finance. Particularly the role of the LEP in making business investments and the future use of returned funds from the Growing Places Fund. This paper seeks the Board's view on how this work should be further developed; including through external support.
- 1.2 To detail an approach to funding the development of the Leeds City Region Enterprise Zones. Whilst this maintains the 'loan first' principle it also recognises that under certain circumstances sites will require grant funding where there is evidence of market failure if they are to be developed.
- 1.3 This paper will initially consider the approach to grants/returnable investments before looking at the particular issues and circumstances that will shape the approach required to ensure the successful development of the Enterprise Zones.

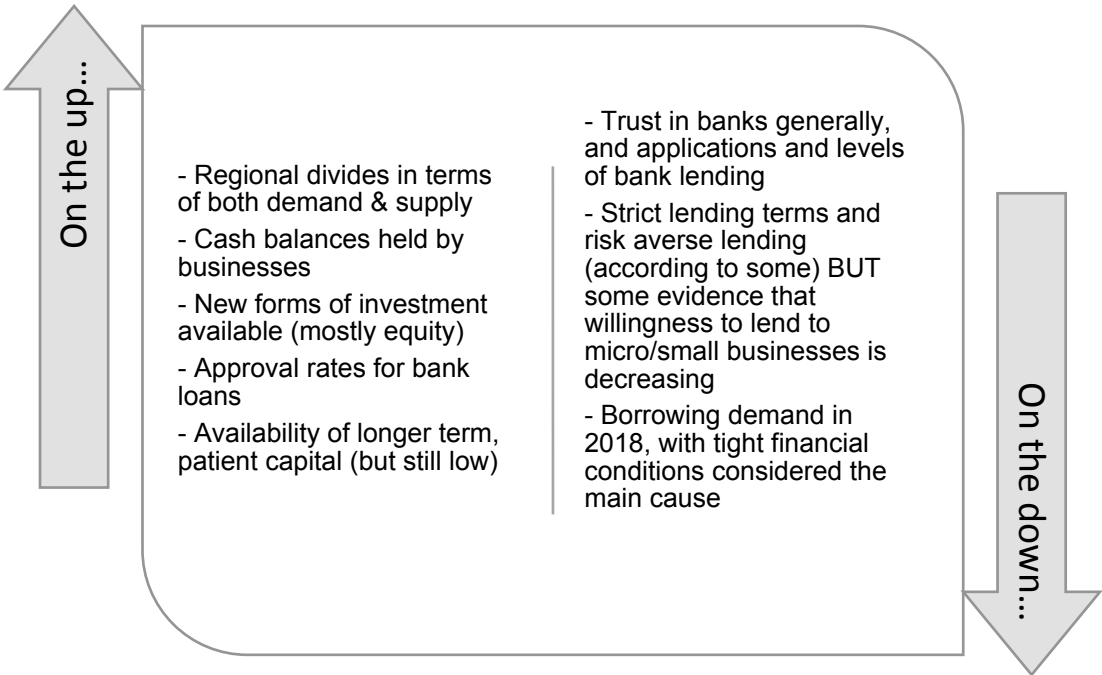
2 Information

Background and context – Business Finance

- 2.1 Elements of the reinvestment of grants and loans work have been discussed by the LEP's Business Innovation and Growth Panel at their meeting in February 2019, and comments from that session have been incorporated into this report.
- 2.2 The role of public intervention in business finance is usually focussed on achieving broader policy priorities as well as helping overcome the asymmetric / imperfect information, or imperfect competition / coordination problems, between business finance supply and demand that cause market failure. In line with HM Treasury's Green Book, it is required that public funds only be used to support projects where there is either clear evidence of market failure or redistribution impacts, where additionality is evident and where any financial support can be shown to represent value for money.

- 2.3 In recent history the rationale for public investment in this way has been driven particularly by a lack of liquidity in the market following the financial crisis. As a result of this market failure, the LEP played an important role in providing financial support to encourage investment and stimulate business growth.
- 2.4 However, evidence suggests that this has now changed, with an increasing number of actors in the business finance landscape offering a larger and more varied product offer, meaning the issue for accessing business finance is less about liquidity in the market and more about risk appetite and investment readiness (a summary of analysed trends is outlined in diagram 1 below).
- 2.5 In order to ensure that the LEP continues to fulfil a role that is not met by the existing business finance market, whilst aligning to new policy priorities around productivity and inclusive growth, work has been undertaken to understand current business finance trends and to begin to map where the LEP’s investment role in the future should be.

Diagram 1: Analysis of trends in business finance¹



Aligning business finance policy to city region priorities

- 2.6 In developing the LEP’s role in business investment going forward, one of the guiding principles should be the City Region’s priorities. Table 1 below maps how business finance can contribute to these priorities, indicating where some existing LEP products are already doing so.

¹ The table summarises evidence from a number of sources: British Business Bank, Treasury Committee, Bank of England, Patient Capital Review, Grant Thornton

Priority	Potential impact of business finance (existing programmes)
1. Boost productivity	<ul style="list-style-type: none"> • Supports investment in business processes or projects that deliver greater firm level productivity (productivity pilot, strategic business growth programme, investment readiness project) • Providing the financial support required to drive research & innovation (access innovation / connecting innovation ESIF bid) • Target productivity enhancing behaviour particularly in low productivity sectors (business basics fund project)
2. Enable inclusive growth	<ul style="list-style-type: none"> • Make finance conditional on improving inclusive growth outcomes (criteria being rolled out across programmes) • Stimulate regeneration in more economically disadvantaged places through supporting businesses in specific locations and stimulating demand (including through Enterprise Zones)
3. Deliver a connected transport system	<ul style="list-style-type: none"> • Unlock investment in infrastructure or businesses on key route networks
4. Support transition to a low carbon / clean growth economy	<ul style="list-style-type: none"> • Supporting firms that particularly look to operate in a low carbon / clean growth approach (resource efficiency fund) • Speeding up the diffusion of new, cleaner businesses practices across all sectors by enabling business investment; including air quality

A future business investment model for the LEP

- 2.7 Historically the LEP has worked on the basis of individual business finance products, ring-fenced to deal with specific locations or projects (e.g. Enterprise Zones) or offer a single product (e.g. Growing Places Fund loans). Whilst this model has worked well and in some circumstances continues to unlock significant investment, specific location or product approaches do limit the potential investment in other projects or businesses that could generate significant growth for the City Region and contribute to wider policy aims. It has also functioned well in a market where there was a strong rationale for public investment to unlock investments that otherwise would not be fulfilled by the private market. However, as described above the business finance market has since changed significantly with increased liquidity available and a broader range of finance options. Taking on board this learning, and based on the emerging policy work and analysis of business finance trends, it is proposed that the LEP looks to develop a future business investment model, which will require exploring a different set of skills and structures.
- 2.8 As well as a different set of skills and structures, a new model would also need to deliver a different set of investment products, and provide reinforced approaches to existing programmes such as for Enterprise Zones (further details of how this might work is included in paras 2.17 – 2.37 below). Based on trend and market analysis to date, this might be based on two broader, yet distinct, products:

- A returnable investment, structured income fund supporting regional growth whilst delivering sustainable returns to the LEP;
- A flexible growth fund that can be used to invest in targeted investments to respond to changes in business needs, where there is clear evidence of market failure and therefore additional levels of risk.

Structured Income fund

- 2.9 Whilst the market may be providing greater levels of liquidity for business investment, there remains significant room for further investment in the City Region. At a national level, business investment has hardly grown since 2016, and current forecasts suggest the impact of the UK leaving the European Union will affect this further, at least in the short term.
- 2.10 Within this context, and with a desire for the LEP to generate a returnable income stream from lower risk opportunities that can be used to support the City Region's priorities, it is proposed that further exploratory work is undertaken to understand how a LEP structured income fund could operate. This will include exploring the types of opportunities that would deliver a sustainable returned income, and how it would enable further investment in the City Region. At this stage there is no specific budget which could provide the finances for this fund, and therefore implementation would be dependent on the outcome of future funding decisions from central government.

Flexible growth fund

- 2.11 The second product would be a more flexible funding pot that has as its primary objective the addressing of market failures in the business finance market. Here the focus would also be on making investments that deliver productivity and inclusive growth in the City Region, however it would look to operate where those investments were not being adequately supported by the private market, and, therefore, in an area where there is a higher level of risk.
- 2.12 The primary source for this investment pot would be the returned capital from the current Growing Places Fund (GPF), with the capability to increase in size as wider funds become available. GPF was one of the first funding streams for LEPs, with the Leeds City Region LEP receiving £35.5 million of capital funding in 2011/12 to use for loans and grants to unlock stalled developments that had been particularly affected by the tightening of credit. With significant capital receipts returned and more forecast to arrive by 2019/20, and the changes to the external economic environment and business finance landscape as outlined above, it was proposed at the LEP Board meeting of 20 September 2018 that there is now the opportunity to consider future use of these returned funds. This has been reinforced by an external evaluation report of the programme, which reported at the end of 2018.
- 2.13 It is proposed that the flexible fund pot would be established in line with the recommendations agreed by the LEP Board in September 2018. In particular, in line with the guiding principles, 80% of the returned funds would be used to continue providing investment capital on a returnable basis. Work on how the further 20% would be utilised to directly (grant) fund projects that support

inclusive growth is also being progressed separately through the Inclusive Growth and Public Policy Panel.

2.14 In terms of how the flexible funding pot would operate, it is intended to take on board the recommendations of the evaluation report of the GPF programme in terms of administration, appraisal and approval and risk management. Also reflecting the findings of the report, in terms of the current business finance conditions, it is suggested that it be deployed across a number of potential investment options to ensure the fund addresses the challenges for business investment, particularly around risk appetite. As suggested by BIG Panel, this could also look at specific deployment to sectors, subject to alignment with British Business Bank and Northern Powerhouse Investment Fund offers. Current options being considered include:

- Capital finance loans - similar to the existing GPF but with new criteria and a defined target market that reflects current priorities of the City Region;
- Supporting businesses with additional finance above a mainstream loan - partnering with an existing or multiple existing financial institution to provide additional finance that is required for a project to be viable, but not supported by the main lender;
- Open market opportunities to finance SMEs e.g. peer to peer lending platforms that allow regional and sectoral targeting.

Next steps

2.15 Subject to the views of the Board, in order to develop this new model for business investment, it is proposed that the LEP take the following three steps:

- Engage with external advice on the approach to developing the new model
- Work to develop the internal capacity required to enable the LEP to service our commercial grant and loan activity, with the ambition to establish a centre of excellence
- Further scoping of the two products and soft market testing of the opportunities in the existing market.

2.16 The final design of the two products will be directed by a number of key questions for the LEP to agree on:

- the balance of risk and return desired in investments, and the extent to which investment operate in an area of clear market failure or just a market gap.
- how far LEP finance products should contribute to the City Region's four policy priorities, in particular inclusive growth.

- whether the LEP is comfortable with, or actively wishes to pursue, new approaches such as peer to peer lending (as opposed to a loan funding approach).
- if strategic partnering with private sector business finance providers (such as banks) is desirable and the extent to which the LEP could rely on their due diligence processes.

2.17 In support of this proposed action, it is also recommended that a working group is established with representation from businesses. In their meeting of 26 February the Business, Innovation and Growth Panel agreed that the group would report to the BIG Panel on development of the two products, and that Panel members would consider nominating themselves to join the group.

Enterprise Zones (EZs)

Background and context

- 2.18 The Leeds City Region EZ programme supports the Leeds City Region Strategic Economic Plan (SEP) and the principle of 'good growth' by supporting delivery of innovation, good jobs/incomes and improving the quality of places. The EZs are also identified as Spatial Priority Areas (SPAs) within the SEP.
- 2.19 The accelerated development of the EZs formed a crucial part of the ambition contained within the SEP to deliver over 35,000 jobs and £3.7bn of additional GVA by 2036. It is anticipated that the programme could have a significant catalytic impact in terms of future development further driving jobs growth and additional GVA impacts.
- 2.20 The principal aim of the EZ programme is to achieve accelerated delivery of sites and high quality employment floor space. Phase 2 of the EZ programme consists of nine specific sites that have been put forward by partner councils and approved by Government - if the EZs are to be developed then they will therefore have to proceed on these sites.
- 2.21 Currently the EZ programme has an indicative capital funding approval of £45.044m to be invested in accelerating delivery on the phase 2 sites as well as enhancing power supply on phase 1. The funding comprises £20m Local Growth Fund (LGF) and £24.939m from over-programming against LGF. Due to the time window set by central Government for delivery and spend of Growth Deal objectives, this funding is only available for draw down until 31 March 2021. In addition the occupier incentives that come with EZ designation are only applicable for new businesses entering the phase 2 EZ sites by 31 March 2022.
- 2.22 A number of outline business cases have recently been received for evaluation through the Assurance Framework, including requests for funding support from the private sector. One of the central considerations for the LEP in assessing these business cases is whether to support financially through grant or loan facilities and the LEP Board has previously had an informal discussion on these matters in January 2019.

Barriers to development

- 2.23 The development of a number of the EZ sites is constrained by a range of physical and/or market challenges. Physical constraints across the programme include topography, access, utilities, drainage and remediation. Addressing these issues increases the cost of development and in some circumstances means that the level of return to the developer would not justify the investment.
- 2.24 The market challenges faced by the sites largely relate to the presence of market failures. The failures effectively mean that there are distortions within the operation of the market that prevent it from operating efficiently. This provides the rationale for the public sector to intervene in order to correct or alleviate these 'failures'.
- 2.25 These barriers to development combine to increase the costs of development whilst potentially creating wider benefits for society (e.g. employment, enabling further development, attracting supply-chain companies) rather than just for the developer.

Due diligence and controls

- 2.26 In assessing business cases as they come forward, the viability assessment – amongst other due diligence tests - will be key and would need to confirm that there was both an outright market failure and validate the claimed wider benefits and costs attributable to the developer, in order to justify any grant contribution from the public sector. The due diligence tests would be commissioned and overseen by the Combined Authority as accountable body for the LEP.
- 2.27 Where grants are approved then it would be appropriate to insert an overage agreement into the grant approval to ensure that the public purse benefits from any positive changes in the market as the development progresses, such that a rate of return greater than that originally anticipated may trigger repayment of some of the grant awarded, i.e. returnable investment.
- 2.28 Adequate investment security arrangements will need to be in the funding agreement to ensure that any overage conditions can be both monitored robustly (e.g. through appointment of a monitoring surveyor) and relied upon in the event of overage conditions being triggered requiring repayment of all/part of the grant, as well as in the event of default in delivery conditions.
- 2.29 Currently the EZ programme team commission external technical advice to undertake due diligence on business cases as they come forward. It is envisaged that the commercial due diligence arrangements for the EZ programme moving forward will follow the same pathway and be overseen by the same technical team as those put forward to manage the broader business finance portfolio outlined in paras 2.1 – 2.16 above once this funding stream is operational.

Loans and grants

- 2.30 In essence the ability of a project or programme to be supported through a loan rather than a grant will effectively be determined by consideration of the nature of the market failures present. Absolute market failure will mean that costs of delivering the project are greater than the market returns that can be generated. In these circumstances it would require non-market benefits to be present (e.g. positive externalities) to justify the provision of a grant.
- 2.31 Loans remain a useful tool to assist the development of sites in certain circumstances, e.g. where access to finance is limited or to support cash-flow.

Principles and parameters

- 2.32 Whilst the overall aim is to ensure that the EZs will be developed, this will be done on the basis that the approach maximises value for money and benefits realised, identifying the minimum funding needed to take the proposition forward.
- 2.33 Schemes will be funded on a loans first principle. Where a scheme can support a loan then this would be the primary route for funding. Some projects may warrant a blend of both grant and loan intervention.
- 2.34 The nature of market failure and independent cost and viability assessments, including a red book valuation, will determine whether a project should be able to proceed on the basis of a loan. If grant is required then the assessment will inform the maximum of grant that could be awarded.
- 2.35 A thorough due diligence process will be undertaken in the assessment of grant requests, including but not limited to: evaluation of delivery options; financial due diligence and Know Your Customer checks; evidence of compliance with State Aid rules and other statutory approvals; evidence of a tendering exercise having been undertaken.
- 2.36 All grant funding agreements will be subject to an overage clause that will trigger repayment depending on the returns/values generated. Adequate security arrangements to protect the LEP's investment will be put in place.
- 2.37 All interventions would be required to consider how best they can commit to the inclusive growth conditions applicable to other LEP grants.
- 2.38 Grant payments to be made against evidenced defrayed expenditure

3 Financial Implications

- 3.1 There are no direct financial implications as a result of the proposals relating to the reinvestment of returned capital from GPF as contained in this report. However, the LEP Board's decision about the future design of business investment products will have financial implications, and a further report will be required that describes the potential costs and income from the proposed products including interest, technical support, resource and potentially balancing a portfolio of risk.

- 3.2 The decision to approve the policy on grant support to the private sector to further the development of the Enterprise Zones will also have implications to future decisions through the Investment Committee on assistance to developers of these sites, whether that be through loan or grant funds.
- 3.3 Approval of the proposed approach to the EZs will also help to ensure that the maximum number of schemes can be developed at pace and within funding timescales. Without this support, some schemes may not proceed, grant funding could be at risk of being returned to central Government and there would be a subsequent loss of business rates to the LEP for reinvestment into future economic activity.

4 Legal Implications

- 4.1 There are no direct legal implications as a result of this report in respect of EZs, however the decision will inform future decisions on investment into the EZ programme as individual projects/sites progress through the Assurance Framework, whether that be through loan or grant funds. One of the most significant considerations is State Aid. The Combined Authority as accountable body for the LEP is a public body subject to the State aid rules, which require it to ensure that providing grant funding pursuant to the EZ programme will not breach the rules.
- 4.2 In summary, state aid can occur whenever state resources are used to provide support to “undertakings” which distorts or threatens to distort competition and affects trade between Member States. Guidance on state aid states that the financing of infrastructure by a public body should be treated as economic activity if it will be commercially exploited from completion or at a later date. Therefore the Combined Authority must consider what state aid exemptions may be relied on and what conditions must be met to avoid creating a risk of breach. Bespoke State Aid advice will need to be sought on a project by project basis.

5 Staffing Implications

- 5.1 There are no direct staffing implications arising from this report. However, the operationalisation of the proposed business finance products would have staffing implications in the future. For this reason the report recommends further work be undertaken to develop the internal capacity required to enable the LEP to service commercial grant and loan activity as part of the EZ programme together with the proposed broader business finance portfolio.

6 External Consultees

- 6.1 The LEP Board, Business, Innovation and Growth and Business Investment Panel have received the expert report on the future of the GPF and the current programme risks, and will continue to be involved in the development of the new products. As well as the expert report, some informal conversations have taken place with market lenders on the current business finance landscape.

7 Recommendations

7.1 The LEP Board are asked to note the progress of work to date on business finance, and to provide feedback in particular on the suggested approach to business investment and endorse the following three actions:

1. Engage external advice on the approach and design of the two products;
2. Work to develop the internal capacity required to enable the LEP to service our future commercial grant and loan activity, with the ambition to establish a centre of excellence;
3. Further scoping of the two products and soft market testing of the opportunities in the existing market.

7.2 The LEP Board are also asked to provide feedback on the two business investment products to test further through this work, namely:

1. A returnable investment, structured income fund supporting regional growth whilst delivering maximum returns to the LEP
2. A flexible growth fund that can be used to invest in targeted investments to respond to changes in business needs, where there is clear evidence of market failure and therefore additional levels of risk

7.3 The LEP Board are asked to approve the policy guidance outlines in paras 2.17 – 2.37 above for provision of grant support to the private sector on projects with a demonstrable viability gap as a funding option for the Leeds City Region Enterprise Zone (EZ), to assist with accelerated delivery of the programme.

8 Background Documents

8.1 None

9 Appendices

9.1 None

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE COMBINED AUTHORITY
HELD ON THURSDAY, 14 FEBRUARY 2019 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Councillor Susan Hinchcliffe (Chair)	Bradford Council
Councillor Tim Swift MBE (Vice-Chair)	Calderdale Council
Councillor Judith Blake CBE	Leeds City Council
Councillor Peter Box CBE	Wakefield Council
Councillor Stewart Golton	Leeds City Council (to minute 88)
Roger Marsh OBE	Leeds City Region Enterprise Partnership
Councillor Shabir Pandor	Kirklees Council
Councillor John Pennington	Bradford Council
Councillor Andrew Waller	City of York Council

In attendance:

Councillor Kim Groves	Chair, Transport Committee
Councillor Elizabeth Smaje	Chair, Overview & Scrutiny Committee
Paul Barnfield	Northern (minute 83)
Paul Watson	TransPennine Express (minute 83)
Ben Still	West Yorkshire Combined Authority
Caroline Allen	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority
Dave Pearson	West Yorkshire Combined Authority
Ruth Chaplin	West Yorkshire Combined Authority

79. Apologies for Absence

Apologies for absence were received from Councillor David Hall.

80. Declarations of Disclosable Pecuniary Interests

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

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

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

82. Minutes of the Meeting of the Combined Authority held on 13 December 2018

Resolved: That the minutes of the meeting of the West Yorkshire Combined Authority held on 13 December 2018 be approved and signed by the Chair.

83. Rail Update

The Combined Authority considered a report of the Director of Transport Services which provided an update on the performance of the local rail service and on the industry reviews seeking to address the structural issues in the industry which are affecting passengers on a daily basis.

Following the last meeting, invitations had been sent to the Managing Directors of Northern and TransPennine Express together with the Regional Director of Network Rail to attend the meeting and outline their plans to improve punctuality and reliability and to restore confidence in the City Region's rail service. The meeting was attended by Paul Barnfield, Service Delivery Director, Northern and Paul Watson, Operations Director, TransPennine Express. Members expressed their extreme disappointment that there was no representative from Network Rail present and asked that they be invited to the next meeting.

It was noted that although performance had improved following the December timetable change, issues did remain. Members stressed their continued concerns that services were still failing to operate at an acceptable level and passengers and the local economy were being severely affected. The effect on consumer confidence was highlighted with the latest National Rail Passenger Survey results showing that overall satisfaction was down by 11% to 72% on the previous year.

Members highlighted their concerns about several issues including the withdrawal of Pacer units, particularly on the Calder Valley line, shortforming of trains and communication with passengers. In respect of the introduction of new rolling stock, Northern stated that they had a robust plan and were confident that all the Pacer units in West Yorkshire would be replaced by the end of 2019. When Members asked for assurances that this would happen, Northern said that they could guarantee they had a plan that no Pacers would be in service by the end of 2019 but alternative options would need to be explored if issues occurred around fleet cascade. It was noted that there was to be a change of legislation in January 2020 which would affect older rolling stock and the train operating companies would need to ensure they were compliant.

TransPennine Express referred to the May 2018 timetable problems and the importance of providing a robust service which would help to restore passenger confidence. Their new trains were currently being tested and were expected to come into service on the Liverpool-Manchester and Leeds-York-Scarborough services in May 2019.

The Combined Authority thanked the Northern and Network Rail representatives for attending the meeting and reiterated the need to see continued improvements and better communication and engagement with the public as this was key to restoring passenger confidence. Members asked that an update be provided at a future meeting.

Members noted that the inaugural meeting of the Train Operators Forum had been held and key issues and priorities for the year ahead had been discussed. This had been attended by Northern, TransPennine Express, Network Rail and Transport Focus and they had explained their plans for 2019 which were outlined in the submitted report.

It was reported that the Rail North Partnership Review undertaken by Councillor Judith Blake and Andrew Johnson, the Minister for Rail, had been considered by the Transport for the North Board on 7 February 2019. In respect of the Williams Review of the UK Rail Industry, Members noted the Combined Authority's initial submission which was attached at Appendix 1. It was noted that the work being undertaken by Richard George, who was working closely with TfN, the Rail North Partnership, Network Rail and train operators was not yet complete but it was suggested that he be invited to a future meeting.

Resolved:

- (a) That the Combined Authority's concerns that rail passengers continue to experience delays, cancellations and short forming of trains and the steps taken by Northern, TransPennine Express and Network Rail to remedy this be noted.
- (b) That the Combined Authority's initial submission to the Williams review of the UK Rail Industry be endorsed.

84. Transport for the North Strategic Transport Plan

The Combined Authority considered a report of the Director of Policy, Strategy and Communications which provided an update on Transport for the North's Strategic Transport Plan including the implications for the region.

It was reported that following the formal stakeholder and public consultation on the draft Strategic Transport Plan, Transport for the North's (TfN) Board had approved the final version on 7 February 2019 which had been updated to incorporate the responses.

The Combined Authority had responded to the consultation on behalf of all the West Yorkshire District Councils. The points raised in the response were detailed in the report and it was noted that TfN have adapted the STP to address these. There did remain an issue in respect of the map being used to portray the possible Northern Powerhouse Rail (NPR) options. The Combined Authority will continue to press TfN to prioritise their investment programme, to change the NPR map to better reflect Bradford's economic position and for the full benefits of the Transpennine route upgrade to be realised.

The report also highlighted the key points in the STP and the Investment Programme that have an impact in the region across road, rail and smart ticketing in particular.

Members were advised that the Strategic Outline Business Case for NPR was also approved by the Transport for the North's Board. It was noted that whilst this is not a public document, TfN have published high level details of what is included and have published their statutory advice.

Resolved: That the Transport for the North's recommendations be welcomed and the implications for the region be noted.

85. Brexit Update

The Combined Authority considered a report of the Director of Policy, Strategy and Communications which provided an update on the organisational preparation being undertaken by the West Yorkshire Combined Authority and the Leeds City Region Local Enterprise Partnership as the UK prepares to leave the European Union.

Members discussed and noted the work being undertaken to support businesses, the impact on delivery and funding, implications for transport services and the readiness of bus operators. It was highlighted that local authorities were involved in the wider preparations through the West Yorkshire resilience forum.

The report also provided an update on economic intelligence and details on the recent announcement from the Ministry of Housing, Communities and Local Government on financial support to councils and combined authorities in respect of their preparations for Brexit. The importance of liaising with partners across the City Region was stressed and Members were advised of the work being undertaken by Government with local authority Chief Executives and LEPs, the LGA's Brexit Delivery Board and local resilience forums. An update would be provided at the next meeting.

Resolved: That the report be noted.

86. Capital Spending and Project Approvals

The Combined Authority considered a report of the Director of Delivery on the progression and funding for the following schemes through the Combined Authority's assurance process:

- Raising Aspirations
- Headrow City Centre Gateway
- A647 Bus Priority Corridor Leeds
- Corridor Improvement Programme Phase 1 – Huddersfield Southern Corridors
- Rochdale Canal – Cycle Safety Fund

In addition to the above, the Combined Authority considered the revised approval routes which were detailed in the report in respect of the A629 Phase 2 and the Dewsbury Riverside Housing scheme. It was agreed that decisions for both schemes to progress be delegated to the Investment Committee.

Members noted the following decision points and change requests which have been assessed since the last meeting and approved through the agreed delegation to the Investment Committee:

- Bradford Interchange Station Gateway – Phase 1
- Bradford Forster Square Station Gateway
- Halifax Town Centre – Northgate House

Details of all the schemes were provided in the submitted report.

Resolved:

(a) In respect of Raising Aspirations –

That following a recommendation from the Investment Committee, the Combined Authority approves:

- (i) That the raising aspirations project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
- (ii) That an indicative approval to the total project value of £400,000 to be funded by the Combined Authority from the secured business rates pool funding with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) That future approvals are made in accordance with the assurance pathway and approval route outlined in the submitted report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the report.

(b) In respect of Headrow City Centre Gateway –

That following a recommendation from the Investment Committee, the Combined Authority approves:

- (i) That the Headrow Gateway scheme proceeds through decision point 3 and work commences on activity 4 (full business case).

- (ii) That an indicative approval to the total project value of £20.7 million is given from the Leeds Public Transport Investment Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
 - (iii) That development costs of £500,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total project approval to £1.1 million.
 - (iv) That the Combined Authority enters into an addendum to the existing Funding Agreement with Leeds City Council for expenditure of up to £1.1 million from the Leeds Public Transport Investment Fund.
 - (v) That future approvals are made in accordance with the assurance pathway and approval route outlined in the submitted report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the report.
- (c) In respect of A647 Bus Priority Corridor –
- That following a recommendation from the Investment Committee, the Combined Authority approves:
- (i) That the Leeds Public Transport Investment Programme: A647 Corridor project proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
 - (ii) That an indicative approval to the total project value of £9.68 million is given from Leeds Public Transport Investment Programme funding with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
 - (iii) That future approvals are made in accordance with the assurance pathway and approval route outlined in the submitted report including at decision point 4 (full business case) and decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the report.

- (d) In respect of Corridor Improvement Programme Phase 1 - Huddersfield Southern Corridors –

That following a recommendation from the Investment Committee, the Combined Authority approves:

- (i) That the Huddersfield Southern Corridors scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) That an indicative approval to the total project value of £8.199 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) That development costs of £2.234 million are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total project approval to £2.534 million. This includes land acquisition costs of £1.6 million.
- (iv) That the Combined Authority enters into an addendum to the existing funding agreement with Kirklees Council for expenditure of up to £2.534 million from the West Yorkshire plus Transport Fund.
- (v) That future approvals are made in accordance with the assurance pathway and approval route outlined in the submitted report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the report.

- (e) In respect of Rochdale Canal – Cycle Safety Fund –

That following a recommendation from the Investment Committee, the Combined Authority approves:

- (i) That the Rochdale Canal Cycle Safety Fund Towpath Phase 2 (Hebden Bridge to Todmorden) scheme proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).
- (ii) That an indicative approval to total project cost of £2.101 million of which £1.971 million will be Combined Authority Funding which will be funded from the DfT Cycle Safety Grant and Cycle City Ambition Grant with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

- (iii) That future approvals are made in accordance with the assurance pathway and approval route outlined in the submitted report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the report.
- (f) That the Combined Authority approves the revised approval route for the A629 Phase 2 and the Dewsbury Riverside Housing scheme, to enable the Investment Committee to make the decision on behalf of the Combined Authority.

87. Budget and business plan 2019/20

The Combined Authority considered a report of the Director of Corporate Services which:

- Sought approval to the proposed revenue budget and transport levy for 2019/20, the indicative capital programme, capital strategy and treasury management statement.
- Sought approval to the detailed business plan for 2019/20 that sets out the services, activities and priorities for the organisation in the coming year.

Business Plan 2019/20

It was reported that a detailed business plan had been produced, focussing on productivity, inclusive growth and a 21st century transport system. It was noted that a number of actions addressing carbon reduction have been identified and a fourth corporate priority on clean growth had been included to reflect the environmental ambitions and the work being done to achieve a zero carbon economy. The proposed business plan for each directorate was attached at Appendix 1 and Members were given a presentation setting out their main focus and summarising how the money is planned to be spent. A public facing corporate plan was being developed, and this would draw on the information in the business plans to demonstrate what the Combined Authority and LEP intend to deliver for people in the region in the coming year.

Revenue Budget 2019/20

Members considered the proposed revenue budget which was set out in Appendix 3 and details of the key drivers and assumptions for the main budget lines were provided in the submitted report.

Details of the Reserves Policy and position for 2018/19 were outlined in the submitted report and the workings for this year's reserves policy were set out in Table 1. It was noted that an animation was available on the

Combined Authority's website that summarised the budget and work of the Combined Authority.

Transport Levy

Details of the net and gross levy by population, showing the effect of the decrease of £1million and the change in population base were provided in Table 3. This also included the proposed part rebate of previously received contributions towards the Transport Fund reserve. It was proposed to rebate £2 million for the next two financial years whilst the requirement for borrowing against the capital programme is building up.

Capital Programme 2017/18 and 2018/19

The Combined Authority noted the capital programme for 2019/20 and subsequent years and the indicative capital programme which were outlined in the submitted report.

It was reported that the Investment Committee now had some approval powers and they would continue to be a key part of the process whereby Growth Deal and other projects are considered and recommended for progression. It was also proposed that the arrangement for the Transport Committee to approve Integrated Block funded projects up to a value of £3m is continued for 2019/20.

Treasury Management

Members noted the Prudential Funding Statement which was attached at Appendix 4. This set out the treasury management activity in the year, the arrangements in place and details of the funding position.

It was reported that approval of the budget and business plan 2019/20 was a key decisions which should have been published 28 days in advance of consideration of the item. However as the Combined Authority is required by the levying regulations to set the transport levy for 2019/20 by 15 February 2019, it was agreed to take the decision under the rules of General Exception as detailed in paragraph 5.2 of the submitted report.

Resolved:

- (a) That the Combined Authority revised budget / forecast for 2018/19 and the proposed budget for 2019/20 be approved.
- (b) That the indicative capital programme for 2018/19 – 2021/22 be approved.
- (c) That the 2019/20 business plan be approved.
- (d) That the Transport Committee be delegated to approve individual schemes within the integrated transport block of the 2019/20 capital programme up to a maximum cost of £3m.

- (e) That in accordance with the powers contained in the Local Government Finance Act 1988 (as amended) and by virtue of article 9(6) of the West Yorkshire Combined Authority Order and the Transport Levying Bodies Regulations 2015 (as amended) a levy of £104m be determined for the year ended 31 March 2020.
- (f) That the Director of Corporate Services be authorised to issue the levy letter in respect of the financial year ending 31 March 2020 to the five District Councils in West Yorkshire.
- (g) That a payment of £5.09 million and of £2 million be made to the District Councils in accordance with Table 3 of the report.
- (h) That authorisation be given to the Director of Corporate Services to arrange appropriate funding for all expenditure in 2018/19 and 2019/20 subject to statutory limitation, including the most appropriate application of capital funding as set out in the report.
- (i) That approval be made to the expenditure of highways maintenance funding of £28.442 million and the pothole action fund of £1.594 million, to be paid quarterly to the West Yorkshire local authorities in accordance with the DfT formula, and for Director of Corporate Services to vary these amounts should DfT revise the payments from those provisionally indicated.
- (j) That approval be given to the continuing of the policy, effective from 2017/18, for recovering the Combined Authority costs of managing the capital programme against the capital programme spend being mainly Growth Deal, Leeds Public Transport Investment Programme and Local Transport Plan Integrated Transport. For 2019/20 the estimated total value is £7.8 million (2% - 3%).
- (k) That the adoption of the CIPFA Code of Practice for Treasury Management in Public Services be reaffirmed.
- (l) That the treasury management policy as set out in **Appendix 4** of the report be approved.
- (m) That the prudential limits for the next three years as set out in **Appendix 4** of the report be adopted.

88. Devolution

The Combined Authority considered a report of the Director of Policy, Strategy and Communications which provided an update on progress towards securing devolution to Leeds City Region.

Members noted that a formal response had been received from Government rejecting the One Yorkshire submission and a copy of the letter would be circulated. The Leaders would now meet to discuss the decision before responding to Government.

Resolved: That the progress made and next steps on devolution to Leeds City Region be noted.

89. Strengthened Local Enterprise Partnerships

The Combined Authority considered a report of the Director of Policy, Strategy and Communications on Strengthened Local Enterprise Partnerships.

Members discussed whether to agree, in principle, to act as the accountable body for a new local enterprise partnership (LEP) covering the geographical areas of West and North Yorkshire and York. It was recognised that this is subject to, and does not prejudice, upcoming considerations by the existing LEP Boards about whether and how to establish a new LEP, and the work of the Transition Subgroup that is overseeing the development of recommendations to those Boards.

Resolved: That the Combined Authority agrees in principle to act as the accountable body for the new Local Enterprise Partnership.

90. Local Assurance Framework Update

The Combined Authority considered a report of the Director of Delivery on the Local Assurance Framework which:

- Provided an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review, and with the recently issued review of the National Local Growth Assurance Framework (January 2019).
- Sought feedback on the updated assurance requirements and approval for the substantive form of the document following the incorporation of further changes requested, and to authorise the Combined Authority's Managing Director to finalise the document in consultation with the Chair of the Combined Authority and the Chair of the LEP Board for submission, and to make further in year changes as may be required.

Details of the main changes as a result of the national guidance were outlined in the report and it was reported that other changes required included an update to the delegated authority to reflect the changes to the Investment Committee and to stage 1 of the Combined Authority's assurance process.

Further work would be undertaken to ensure compliance and incorporate feedback from the Combined Authority and other committees and groups. The Overview & Scrutiny Committee's LEP Review Delivery Working had offered a level of challenge as 'critical friends' to the approach taken and scrutiny of the draft document. The LEP had agreed on 23 January 2019 that authority be delegated to the Combined Authority's Managing Director to finalise the content in consultation with the Chair of the LEP and the Chair

of the Combined Authority prior to submission to its submission by 31 March 2019.

Resolved:

- (i) That the substantive form of the draft Assurance Framework be approved.
- (ii) That the Combined Authority's Managing Director be authorised to finalise the content of the Assurance Framework in consultation with the Chair of the Combined Authority and the Chair of the LEP Board, and to submit the document to Government by 31 March 2019.

91. Corporate Planning and Performance

The Combined Authority considered a report of the Director of Corporate Services which provided an update on corporate performance including progress against corporate plan priorities, risk management and budget position.

Members noted the progress against priorities, risk management and budget position. Appendix 1 set out the current status of the 14 key Corporate Plan priorities and an update on the key strategic risks.

A summary of the 2018/19 current spend to budget as at December 2018 was attached at Appendix 2 and it was noted that there were currently no 'red' areas of concern to report.

Resolved: That the report be noted.

92. Governance Arrangements

The Combined Authority considered a report of the Director of Corporate Services on governance arrangements in respect of:

- To note changes and make appointments to the Combined Authority's committees and panels.
- To note that the Executive Head of Economic Services is leaving the Combined Authority at the end of April 2019 and that interim arrangements will be put in place as a consequence.
- To note that the Resources directorate has been renamed Corporate Services and as a result the post of Director of Resources has been renamed the Director of Corporate Services.

The Combined Authority passed on their thanks and best wishes to Sue Cooke in her future career.

Resolved:

- (a) That the Combined Authority notes the City of York Council's revised nomination to the Overview and Scrutiny Committee and co-opts Councillor Helen Douglas onto the committee in place of Councillor Jenny Brooks with immediate effect.
- (b) That the Combined Authority notes the City of York Council's revised nomination to the Place Panel and co-opts Councillor Jenny Brooks onto the panel in place of Councillor Helen Douglas with immediate effect.
- (c) That the Combined Authority notes Wakefield Council's revised nomination to the Overview & Scrutiny Committee and co-opts Councillor Steve Tulley onto the panel in place of Councillor Albert Manifold with immediate effect.
- (d) That the Combined Authority notes Bradford Council's nomination to fill the vacancy on the Transport Committee and co-opts Councillor Michael Johnson onto the committee with immediate effect.
- (e) That the Combined Authority notes Bradford Council's revised nomination to the Overview & Scrutiny Committee and co-opts Councillor Carol Thirkill onto the committee in place of Councillor Joanne Dodds with immediate effect.
- (f) That the Combined Authority notes that the Executive Head of Economic Services is leaving the Combined Authority at the end of April and that a process for an internal interim replacement will follow.
- (g) That the Combined Authority notes that the title of Director of Resources has been changed to the Director of Corporate Services.

93. HS2 Consultation

The Combined Authority considered a report of the Director of Policy, Strategy and Communications which:

- Provided an update on the recent consultations from HS2 on their working draft Environmental Statement and working draft Equalities Impact Assessment.
- Informed Members about the Combined Authority response to the above consultations.

Resolved: That the final responses attached at Appendix 1 to the report be noted.

94. Minutes for Information

The Combined Authority noted the following minutes of committees and panels that have been published on the West Yorkshire Combined Authority's website since the last meeting:

- Transport Committee held on 21 September 2018 & 9 November 2018
- Overview & Scrutiny Committee held on 16 November 2018
- Business Innovation & Growth Panel held on 27 November 2018 (Draft)
- Employment & Skills Panel held on 29 November 2018 (Draft)
- Inclusive Growth & Public Policy Panel held on 4 December 2018 (Draft)
- Investment Committee held on 5 December 2018 and 9 January 2019

Resolved: That the minutes of the Combined Authority's committees and panels be noted.