

OVERVIEW AND SCRUTINY COMMITTEE

**MEETING TO BE HELD AT 11.00 AM ON FRIDAY 14 SEPTEMBER 2018
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON
STREET, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
There are no items that require exclusion of the press and public.
- 4. MINUTES OF THE MEETING HELD ON 13 JULY 2018**
(Pages 1 - 6)
- 5. GOVERNANCE ARRANGEMENTS**
(Pages 7 - 8)
- 6. SCRUTINY WORK PROGRAMME**
(Pages 9 - 26)
- 7. MINISTERIAL REVIEW OF LOCAL ENTERPRISE
PARTNERSHIPS (LEPS) - LEEDS CITY REGION RESPONSE**
(Pages 27 - 40)
- 8. BUSINESS GRANTS**
(Pages 41 - 66)
- 9. BUSINESS PLANNING AND BUDGET 2019/20**
(Pages 67 - 76)
- 10. "WEST YORKSHIRE... AND BEYOND: CALDERDALE
COUNCIL'S CONTRIBUTION TO THE COMBINED AUTHORITY"**
Presented by Councillor Jenny Lynn, Strategy and Performance Scrutiny
Board (Calderdale Council)
(Pages 77 - 102)

11. DATE OF THE NEXT MEETING - 16 NOVEMBER 2018

Signed:

A handwritten signature in black ink, consisting of the letters 'BGM' in a stylized, cursive font, followed by a horizontal line.

**Managing Director
West Yorkshire Combined Authority**

**MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE
HELD ON FRIDAY 13 JULY 2018 AT COMMITTEE ROOM A, WELLINGTON
HOUSE, LEEDS**

Present:

Councillor Robert Light (Chair)	Kirklees Council
Councillor Stephen Baines MBE	Calderdale Council
Councillor James Baker	Calderdale Council
Councillor Jenny Brooks	City of York Council
Councillor Glenn Burton	Wakefield Council
Councillor Ian Cuthbertson	City of York Council
Councillor Dot Foster	Calderdale Council
Councillor Tina Funnell	City of York Council
Councillor Faith Heptinstall (substitute)	Wakefield Council
Councillor Graham Isherwood	Wakefield Council
Councillor David Jenkins	Leeds City Council
Councillor Paul Kane	Kirklees Council
Councillor Sarfraz Nazir	Bradford Council
Councillor Marielle O'Neill	Kirklees Council
Councillor Mike Pollard	Bradford Council
Councillor Denise Ragan	Leeds City Council
Councillor Rosie Watson	Bradford Council

In attendance:

Angela Taylor	West Yorkshire Combined Authority
Marc Eatough	West Yorkshire Combined Authority
James Flanagan	West Yorkshire Combined Authority
Khaled Berroum	West Yorkshire Combined Authority

1. Apologies for absence

Apologies for absence were received from Councillors Peter Harrand and Betty Rhodes, with Councillor Faith Heptinstall substituting for Councillor Rhodes.

2. Declarations of Disclosable Pecuniary Interests

No interests were declared.

3. Possible exclusion of the press and public

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

4. Minutes of the meeting held on 24 January 2018

Resolved: That, subject to Councillor Paul Kane's apologies being noted, the minutes of the meeting held on 24 January 2018 be approved.

5. Governance arrangements

The Committee noted a report outlining the governance arrangements, relating to the Overview and Scrutiny Committee, agreed at the Combined Authority annual meeting on 28 June 2018.

The Chair welcomed new members, paid tribute to parting members and their contributions, and reminded members currently without nominated substitutes to follow up with party groups and whips to progress matters. The Chair also welcomed the appointment of a full-time, dedicated scrutiny officer to support the Committee's work.

Resolved:

- i) That the changes in governance arrangements agreed at the Combined Authority Annual Meeting on 28 June 2018 be noted.
- ii) That new members be welcomed and parting members be thanked for their service and many contributions over the years.
- iii) That members without nominated substitutes ensure that substitutes are formally nominated and appointed.

6. Scrutiny Work Programme

The Committee considered the Scrutiny Work Programme for the 2018/19 municipal year.

Reviews

The Chair proposed that since the Combined Authority has changed noticeably in the last four years and now that a dedicated scrutiny officer has been appointed, the time is right to revisit and conduct a review of scrutiny arrangements and their effectiveness, with member involvement and input.

The review would take into account, as far as possible, anticipated updates to government guidance around scrutiny, expected later this year.

It was suggested that the review consider the resource capacity at the committee's disposal in order to match the Committee's desire – in light of changes to the terms of reference and the Combined Authority's policy framework – to consider a wider range of issues in a variety of different scrutiny methods beyond formal committee meetings.

Greater engagement with members of the public and their involvement in the scrutiny process was identified as a priority of the Chair, the Committee and the Combined Authority's Managing Director.

Members suggested 'scrutiny in the community', travelling meetings and field research should be explored as methods to increase engagement with the public, local businesses, organisations, academic experts and other local stake holders including district scrutiny committees and networks.

The benefit of engagement with experts was highlighted as a particular opportunity, considering the number of relevant academic studies at local universities.

The size and governance of the Committee was noted as making some scrutiny methods impractical, with the Chair proposing the main committee maintain a strategic focus, delegating more focused tasks and issues to subgroups, which have been successful in providing challenge and making an impact through constructive recommendations.

It was suggested that consideration be given to possibly formalising working groups or the process by which they report back to the main committee.

Agenda Forward Plan

The Chair suggested the number of issues considered at each meeting be limited to two to allow for more focused and detailed discussion and also recommended that past issues considered by the Committee, such as flood alleviation/resilience and inclusive growth, be revisited to monitor progress.

On the Chair's suggestion, the Committee agreed to invite Councillor Jenny Lynn, representing Calderdale Council's scrutiny boards, to present the findings of their review of Calderdale Council's engagement with the West Yorkshire Combined Authority.

The Committee also agreed to consider budget planning, priorities and structure at the next meeting, as well as an item on the outcomes of the business grants programme and steps being taken to ensure a consistency of standards is applied to grants appraisal and approval.

Members also suggested a variety of issues for further consideration in the forward plan, including;

- how the Combined Authority engages with the public and how the public are involved in decision making,
- what the Combined Authority is doing to facilitate or provide meaningful apprenticeships across all sectors,
- what current programmes and strategies address fuel poverty,
- plastics and the waste generated by use of plastics,
- fire safety standards in housing
- productivity – as a standalone item
- Tourism and the possibilities of a 'tourism tax'

Resolved:

- i) That the Scrutiny Officer begin a review into the Combined Authority's current scrutiny arrangements, incorporating the Committee's suggested focuses, and report back to a future meeting.
- ii) That the agenda items suggested in paragraphs 2.9 - 2.13 of the work programme report be added to the agenda of the suggested meetings, as follows:
 - (a) Budget planning and priorities - 14 September 2018
 - (b) Business grants - 14 September 2018
 - (c) Calderdale Council's contribution to the Combined Authority - 14 September 2018
 - (d) Devolution - 16 November 2018, 18 January 2019 and 22 March 2019, and/or as developments arise
 - (e) Assurance Framework - 18 January 2018
- iii) That agenda items suggested by members be explored and added to the forward plan as suitable.
- iv) That the Strategic Economic Plan (SEP) Working Group be re-appointed (on an interim basis) and that Councillor Mike Pollard be selected to fill the vacancy.
- v) That the Transport Working Group be re-appointed (on an interim basis) and that Councillor Denise Ragan be selected to fill the vacancy.
- vi) That the SEP Working Group consider the Assurance Framework with a particular focus on risk management and appetite and report back to a future meeting.
- vii) That the Transport Working Group meet to consider the new Transport Committee Chair's priorities and how the Overview and Scrutiny Committee can better engage with the Transport Committee and transport issues without duplicating efforts and report back to a future meeting.

7. Policy Framework and Local Inclusive Industrial Strategy

The Committee considered a report on progress to replace the Strategic Economic Plan (SEP) with a new, agile policy framework including the development of a new Local Inclusive Industrial Strategy (LIIS).

Officers reported that they expected information on the timescale of the second wave of industrial strategies and featured regions within the next few weeks and that government representatives have been invited to the LEP

Board's away day on 20 September 2018 to discuss how Leeds City Region can contribute to national industrial strategy.

Members were asked to consider how the new framework and strategy could better appraise, prioritise and develop projects against outcomes and to help determine the best way to measure and calculate success, to improve future policy development.

After discussion, the Committee recommended that the quality and longevity of the jobs created should form the basis of monitoring and measuring success. Focus should not only be on numerical targets and how much money is being invested. Acknowledging it was a difficult task, long term impact was the greatest measurement of success – not how many immediate jobs are created, but whether they were still there years later.

Members recommended a general formula around (1) identifying problems, (2) identifying targets/outcomes to alleviate those problems, (3) identifying projects and programmes which achieve those targets/outcomes and alleviate those problems and (4) monitoring outcomes and outputs long term to revisit the identified problems and whether targets were maintained.

The Committee also suggested that local trade unions and the public be involved in consultations. It was suggested that the public be the primary audience for the final published framework and strategy and less 'local government jargon' be employed in favour of plain English for accessibility and clarity.

Members also suggested looking to examples in other areas of the UK (and internationally), highlighting a particular success of integrated 'place shaping' policy in the North East where planning policy was employed to limit the number of fast-food outlets within a particular area leading to a measurable long term improvement in the health of local residents.

Resolved:

- i) That the progress to replace the Strategic Economic Plan (SEP) with a new, agile policy framework, including the development of a new Local Inclusive Industrial Strategy (LIIS), be noted.
- ii) That the SEP Working Group consider the emerging policy framework and Local Inclusive Industrial Strategy in more detail, focusing on assurance and risk management, with a view to long term monitoring.

8. Devolution

The Committee considered a report providing an update on progress towards securing devolution and were informed of developments since the publication of the report.

On 9 July 2018, the Secretary of State for Housing, Communities and Local Government wrote a letter to Yorkshire's Council Leaders stating that until the Sheffield City Region devolution deal is fully implemented, the

Government is not prepared to enter into any discussion about wider devolution arrangements across Yorkshire that would include some or all of the Sheffield City Region authorities.

19 Yorkshire Leaders, including the Mayor of Sheffield City Region, met in York on 12 July 2018 and expressed disappointment that the Secretary of State had not provided a substantive response to their detailed devolution proposal submitted in March 2018.

The Leaders resolved to continue with their previously agreed preparations (outlined in paragraph 2.11 of the report), including conducting an economic study, due to be completed in September 2018, which will form the basis of the economic case of a Yorkshire deal.

The Committee expressed its frustration and disappointment with the reported developments, concluding that the continuing absence of a deal will mean that the region misses out on additional funding and investment, and will fall behind other regions with devolution deals in place.

The Committee discussed the possibility of smaller city region deals or other interim arrangements that could yield extra funding while wider negotiations take place and also discussed the merits of the March 2018 'One Yorkshire' submission compared to other existing mayoral combined authorities.

Resolved: That the developments relating to devolution, and the continuation of the next steps highlighted in paragraph 2.11 of the report, be noted.

9. Date of the next meeting – 14 September 2018



Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: Governance arrangements

Director(s): Angela Taylor, Director of Resources

Author(s): Khaled Berroum, Scrutiny Officer

1 Purpose of this report

- 1.1 To note the appointment of nominated substitutes since the last meeting.

2 Information

- 2.1 The following members have been formally nominated and appointed as substitutes to outstanding vacancies:

Nominated substitute	Substitute for	Party	District
Neil Buckley	Peter Harrand	Conservative	Leeds
Ben Garner	David Jenkins	Labour	Leeds
Salma Arif	Denise Ragan	Labour	Leeds
Michael Pavlovic	Christina Funnell	Labour	York
Ann Reid	Ian Cuthbertson	Liberal Democrat	York

- 2.2 The following substitute vacancies are still outstanding.

Member	Substitute	Party	District
Jenny Brooks	<i>To be confirmed</i>	Conservative	York
Paul Kane	<i>To be confirmed</i>	Labour	Kirklees
Marielle O'Neill	<i>To be confirmed</i>	Labour	Kirklees

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 That the Overview and Scrutiny Committee note the substitute nominations and appointments.

7.2 That members without nominated substitutes arrange nominations to the vacancies.

8 Background Documents

None.

9 Appendices

None.



Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: Scrutiny work programme

Director(s): Angela Taylor, Director, Resources

Author(s): Khaled Berroum, Scrutiny Officer

1 Purpose of this report

- 1.1 To consider the Scrutiny work programme including future agenda items, formal referrals to scrutiny, reviews, call in, matters to raise at the next Combined Authority meeting and any other tasks, issues or matters the Committee resolves to undertake or consider further.

2 Information

- 2.1 The Scrutiny work programme details the planned work the Overview and Scrutiny Committee has resolved to undertake, investigate further and focus on in the current municipal year (July 2018-June 2019) within the resources, remit and powers available to it. The work programme is considered at each meeting and can be amended and changed as the year progresses.

Referrals

- 2.2 Under Scrutiny Standing Order 9, any Member of the Overview and Scrutiny Committee, the Combined Authority or an elected Member of a West Yorkshire council or the City of York Council may formally refer a matter to the Committee for consideration. The referral must be in writing to the Scrutiny Officer. The Committee must then consider and discuss the referral and respond to the referrer explaining whether or not it will consider the matter further and why.
- 2.3 **No formal referrals have been made** in writing under Scrutiny Standing Order 9 for the Overview and Scrutiny Committee to consider at this meeting.

Reviews

- 2.4 On 13 July 2018, the Overview and Scrutiny Committee directed the Scrutiny Officer to begin a **review of current scrutiny arrangements**. No other reviews are ongoing at this time.
- 2.5 The Committee suggested the following focuses, amongst others:
- i) **compliance with expected changes to government guidance** in December 2018 (further details below and in **Appendix 3**)
 - ii) Reviewing and ensuring **the resource capacity at the Committee's disposal matches the Committee's ambitions** and desire to widen the range of issues to be scrutinised and the variety of scrutiny methods to be used
 - iii) improving **engagement and relationships** with the **public**, local stakeholders, businesses, district councils and **experts/academics**
 - iv) revisiting **governance and working group arrangements** and other functions and processes
- 2.6 In addition to the above, other areas currently under review are call-in and **key decisions** processes, **work programming** / agenda setting, **methods of scrutiny** (i.e. 'scrutiny in the community', 'scrutiny in a day', workshops), and scrutiny **communications** (e.g. website).
- 2.7 It is proposed that informal **workshops be arranged** over the next few months involving all Overview and Scrutiny Committee members and substitutes to discuss proposals in more detail as they emerge.

Government Scrutiny Guidance – December 2018

- 2.8 On 5 September 2018 the government announced it intends to **publish new scrutiny guidance in December 2018**. It is expected that this guidance will apply to local authorities and combined authorities equally and will be written with that in mind, though parts of the guidance will necessarily be specific to one or the other. There is an **opportunity for Members and officers to feed back** to the government **by 28 September 2018**. Further details provided by the Centre for Public Scrutiny¹ are attached as **Appendix 3**. A **questionnaire will be circulated to Members** separately to collate their feedback on behalf of the West Yorkshire Combined Authority as a whole.

Agenda forward plan 2018/19

- 2.9 At the last meeting (13 July 2018), Members proposed a number of items for the Committee to consider in the 2018/19 municipal year. The Committee also suggested that it focus on two main issues at each meeting as far as possible for greater discussion and to revisit issues it has considered in the past to check on progress and the implementation of recommendations.

¹ <https://www.cfps.org.uk/3323-2/>

- 2.10 A summary of proposed agenda items is outlined in **Appendix 1**.

Proposed items

- 2.11 **Government review of LEPs:** This item has been added to the agenda of this meeting as since the last Committee meeting, on 24 July 2018, the government published the findings of its **review into Local Enterprise Partnerships (LEPs)** which has many implications for geography, governance, assurance and scrutiny going forward. The government gave LEPs a deadline of 28 September 2018 to respond. Due to the tight turnaround this deadline presented, this Committee was unable to consider the Leeds City Region LEP's proposed response in more detail before it went to the LEP Board for approval.

Key dates in the coming months:

12 Sept 2018 – Leeds City Region LEP Board papers published
18 Sept 2018 – York, North Yorks and East Riding LEP Board meeting
20 Sept 2018 – Leeds City Region LEP Board meeting
28 Sept 2018 – Deadline for response from LEPs re: geography
31 Oct 2018 – Deadline for LEPs to submit implementation plans

- 2.12 It is also proposed that the **LEP Review** be brought back to the **16 November 2018** meeting so the Committee can revisit the final proposals and implementation plan, and then revisit the LEP Review again on **22 March 2018** to overview the implementation of the proposals and how they affect current strategies, governance and scrutiny going forward. Further details are highlighted in the report under **item 7 of this meeting's agenda**.
- 2.13 **Devolution:** an update on devolution is expected at the **16 November 2018** meeting as the Yorkshire Leaders (including the Sheffield City Region Mayor) are scheduled to meet on 20 September 2018 to discuss devolution. The results of the economic study commissioned earlier this year (2018) to make the economic case for One Yorkshire is also expected soon.
- 2.14 **Public engagement:** an item providing an overview of the Combined Authority's current engagement with the public – in communications, customer service feedback and decision making – is proposed for **16 November 2018**.
- 2.15 **Floods:** the **16 November 2018** scrutiny meeting is proposed to receive an update on progress flood resilience since the Committee made recommendations in its flood report on 22 September 2016 and the subsequent Flood Review recommendations approved by the Combined Authority on 1 December 2016. Progress against the recommendations has been monitored by the Combined Authority.
- 2.16 **Inclusive growth:** the **18 January 2018** is proposed as the most opportune meeting to receive an update on the inclusive growth programme and outcomes to date. A new Inclusive Growth and Public Policy Panel was formed by the Combined Authority to oversee the programme. It met for the first time on 4 September 2018 and will meet again on 4 December 2018. The

Combined Authority's new Director of Policy, Strategy and Communications is also set to start in October 2018 and will act as the lead on inclusive growth.

- 2.17 **Apprenticeships:** an item on what the Combined Authority is currently doing to facilitate and support meaningful, multi-sector apprenticeships that lead to employment is proposed for the **18 January 2018** meeting.
- 2.18 **Corporate Plan and performance:** it is proposed that the Committee consider the Corporate Plan and performance against Key Performance Indicators (KPIs) at the **22 March 2018** meeting to provide the best opportunity to review performance in the year 2018-19 and contribute to the 2019/20 Corporate Plan with a view to shaping the scrutiny work programme for 2019-20.
- 2.19 **Fuel poverty:** The Combined Authority is currently involved in tackling fuel poverty through the Better Homes Yorkshire Partnership². The current level of fuel poor households in Leeds City Region is 11.5% (same as the English average) but rising to 18% in certain areas. Current activity tackling this issue have so far reached around 3,107 homes – out of a total of 156,000 fuel poor homes³. The **24 May 2019** scrutiny meeting is proposed as the best date to receive a report as the outcomes from the 2018/19 Better Homes programme will be clearer and the second round of the Warm Homes initiative – if the current bid is successful – is expected to begin in February 2019. Further information is available in the ['Warm Homes' report to the Green Economy Panel](#) on 24 July 2018⁴.
- 2.20 **Productivity:** it is proposed that productivity be considered by committee members in a workshop setting to allow for a more focused and detailed discussion.

Items not recommended for further consideration at full committee

- 2.21 After consultation with Combined Authority colleagues, the following items are not recommended for further consideration at full committee. Although the Combined Authority may fulfil an advocacy role on these issues, they fall outside the Combined Authority's current remit, powers and direct control.
- 2.22 **Fire safety in housing:** Combined Authority housing policy officers produced a short research brief (on 22 February 2018) to district housing officers following the Grenfell tragedy, highlighting areas in the region which may be at risk. This was purely a research task at the request of regional housing officer leads and it was agreed that fire safety standards are the responsibility of local councils and should continue to be handled through their own assurance processes. The Combined Authority is not a planning authority and does not manage housing stock. Any funding or strategic support the Combined Authority provides to housing related projects in the region are typically to

² <https://www.betterhomesyorkshire.co.uk/about-us.html>

³ Data last collated in 2016

⁴ <https://westyorkshire.moderngov.co.uk/documents/s8341/item%20%20-%20Warm%20Homes%20Round%20a%20Funding.pdf>

enable delivery of projects (i.e. funds to buy or release land for development) or to support partner councils in strategic or spatial planning where it makes sense to do so at a regional level.

- 2.23 **Tourism and tourism tax:** Tourism does not fall under the Combined Authority's current remit. The LEP Board has however sought to expand its policy focus and framework to improve the 'citizen experience' through greater consideration of culture, sport and the arts within policy making – particularly in a 'place making' context. A [report on culture which included sections on tourism was submitted to the LEP Board on 13 June 2018](#)⁵.
- 2.24 **Plastics and waste:** A scoping exercise on waste disposal was undertaken by Combined Authority officers, in partnership with local authorities, to map out waste disposal sites and processes in a regional and spatial context. However, waste management and disposal remains within the remit of local authorities and is not an area the Combined Authority has direct control over or any defined powers or functions.

Working groups

- 2.25 Under Scrutiny Standing Order 7, the Overview and Scrutiny Committee may appoint working groups to consider matters more closely or fulfil 'tasks'.
- 2.26 At its last meeting, the Committee resolved to re-appoint the **Strategic Economic Plan (SEP)** and **Transport** working groups on an **interim basis**, with the vacancy on each working group filled by Cllr M Pollard and Cllr D Ragan, respectively, and additionally set them issues to consider.
- 2.27 The Chair of the Transport Committee, Councillor Kim Groves, has been invited to the Transport Working Group meeting on 29 October 2018 to discuss the Transport Committee's priorities and agenda for the year ahead. Accessibility in transport will also feature as an issue for consideration at that meeting. Other meetings have also been scheduled in October and November to consider transport issues as they emerge. Findings will be reported back to a future meeting of this Committee.
- 2.28 The SEP Working Group's work on the Assurance Framework and the Local Inclusive Industrial Strategy (LIIS) has been delayed until the landscape emerging from the Ministerial Review of LEPs (referenced in paragraphs 2.11 – 2.12 and item 7 of this agenda) is clearer. A series of meetings will be scheduled between October and December 2018 as appropriate and findings will be reported back to this Committee.

Matters to raise at the Combined Authority meeting on 11 October 2018

- 2.29 The Chair of the Overview and Scrutiny Committee has a standing invite to meetings of the Combined Authority as a (non-voting) observer in order to

⁵ <https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=150&MIId=536&Ver=4>

raise any scrutiny matters and convey any feedback from scrutiny members to the Combined Authority.

2.30 The Combined Authority's agenda forward plan is summarised in **Appendix 1**.

2.31 [Minutes and agendas from past meetings](#) of the Combined Authority can be accessed on the Combined Authority's website.

Key decisions and call in

2.32 Members of the Overview and Scrutiny Committee may call in any decision of the Combined Authority or Transport Committee and any key decisions taken by an officer (with the exception of urgent decisions). Key decisions are defined as any decision incurring a financial cost or saving of £1 million or more, or a decision likely to have a significant effect on two or more wards.

2.33 Decision makers have two days to publish notice of a decision, at which point scrutiny members have five working days to call in the decision, delaying its implementation, and formally requiring the decision maker to reconsider.

2.34 Five members of the Overview and Scrutiny Committee – including at least one member from two different constituent councils (West Yorkshire) – may call-in a decision by notifying the Scrutiny Officer in writing by 4.00 pm on the fifth working day following publication. The Committee then has 14 days to scrutinise the decision and make recommendations. Further information is set out in Scrutiny Standing Order 13.

2.35 The latest key decisions and forward plans of key decisions are published on the [key decisions section of the Combined Authority's website](#). The forward plan of key decisions from September 2018 is also attached at **Appendix 2**.

Actions for the scrutiny officer

2.36 As outlined in Scrutiny Standing Order 15, the statutory scrutiny officer provides support to the Overview and Scrutiny Committee's work programme and all of its members in exercising their duties and fulfilling their objectives.

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 That workshops involving members and substitutes be arranged to discuss and consider proposals as part of the review of scrutiny arrangements.
- 7.2 That the agenda for the rest of the municipal year's meetings as highlighted in **Appendix 1** (and outlined in **paragraphs 2.19 – 2.34**) be approved.
- 7.3 That the issue of productivity be considered further in detail in a workshop setting as a standalone item.
- 7.4 That any other actions and decisions relating to the work programme be agreed.

8 Background Documents

[Scrutiny Standing Orders](#) – West Yorkshire Combined Authority.

['Strengthened Local Enterprise Partnerships'](#) – Ministerial review of LEPs. 24 July 2018. Ministry of Housing, Communities & Local Government.

Report - [Culture, Sport and Major Events in the Leeds City Region Strategy](#). LEP Board – 13 June 2018.

Report – [Warm Homes](#). Green Economy Panel – 24 July 2018.

Forward plan of key decisions from 1 September 2018

[Past agendas and minutes from meetings of the Combined Authority](#).

9 Appendices

Appendix 1 – Scrutiny Work Programme Summary (14 September 2018)

Appendix 2 – Forward plan of key decisions from 1 September 2018

Appendix 3 – 'Scrutiny guidance: things to think about (Centre for Public Scrutiny)'

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Formal referrals	None
Reviews	A review into the Combined Authority's scrutiny arrangements is currently ongoing – update in paragraphs 2.4 - 2.8 .

Overview and Scrutiny Committee – Forward Plan (2018/19)		Info
Standing items for all meetings	Scrutiny Work Programme <ul style="list-style-type: none"> – Referrals – Reviews – Agenda forward plan – Working groups – Matters to raise at the Combined Authority – Key decisions and call in 	
13 July 2018	1. Policy Framework / Local Inclusive Industrial Strategy	
	2. Devolution	
14 September 2018	1. Government review of LEPs	Para 2.11
	2. Business grants	
	3. Business planning and Budget 2019/20	
	4. “West Yorkshire... and beyond – Calderdale Council's contribution to the Combined Authority”	
16 November 2018	1. Devolution	Para 2.13
	2. Government review of LEPs – Leeds City Region response and implementation plan	Para 2.12
	3. Public engagement	Para 2.14
	4. Floods	Para 2.15
	5. Draft Budget 2019/20 (for information)	
18 January 2019	1. Inclusive Growth	Para 2.16
	2. Apprenticeships	Para 2.17
	3. Assurance Framework (and LEP Review update)	
	4. Devolution (to be confirmed)	
22 March 2019	1. Devolution (to be confirmed)	
	2. Corporate Plan and performance	Para 2.18
	3. Government review of LEPs – final implementation	Para 2.12
24 May 2019	1. Fuel Poverty	Para 2.19
	2. –	

Workshops		
Issue	Notes	Date
Review of scrutiny arrangements	Para 2.7	<i>To be confirmed</i>
Productivity	Para 2.20	<i>To be confirmed</i>

Working Groups		
	Strategic Economic Plan (SEP)	Transport
Membership	S Baines (C – Calderdale) P Kane (L – Kirklees) M Pollard (C – Bradford) R Watson (L – Bradford)	I Cuthbertson (LD – York) D Foster (L – Calderdale) P Harrand (C – Leeds) D Ragan (L – Leeds)

Scrutiny Work Programme Summary – 14 Sept 2018

Items / Tasks	<ul style="list-style-type: none"> - Government review of LEPs - Assurance Framework - Risk management / appetite - Local Inclusive Industrial Strategy - Review of scrutiny arrangements 	<ul style="list-style-type: none"> - Accessibility in Transport - Transport Committee Chair's priorities and plans - Transport Committee's agenda for 2018/19 - Review of scrutiny arrangements
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Combined Authority forward plan 2018-19	
Standing items at all meetings	<ol style="list-style-type: none"> 1. Capital spending and project approvals (standing item) 2. Corporate planning and performance (standing item)
Combined Authority agenda 11 October 2018	<ol style="list-style-type: none"> 1. Skills System Review 2. Budget Update 3. The impact of 'Brexit' on the City Region 4. Legal claim in respect of Combined Authority loans 5. Rail performance 6. LEP Review
Combined Authority agenda 13 December 2018	<ol style="list-style-type: none"> 1. Draft Budget (2019/20) 2. Employment and Skills Service – Influence Providers 3. Energy Strategy and Delivery Plan 4. Green and Blue Infrastructure Strategy and Delivery Plan
Other notable planned items	<ul style="list-style-type: none"> • Approving the 2019/20 Budget – 14 February 2019 • Inclusive Growth: 6 Month Review (tbc) – 25 April 2019

Forward Plan of Key Decisions from 1 September 2018

Title	Description	Decision Maker	Decision Due Date	Lead Director	Officer Contact
West Yorkshire Combined Authority					
19 European Structural and Investment Funds (ESIF) - Sustainable Urban Development (SUD)	To consider and subsequently approve applications for Sustainable Urban Development, to support the delivery of European Structural and Investment Funds Strategy and the Strategic Economic Plan.	West Yorkshire Combined Authority	11 Oct 2018	Director of Resources	Heather Waddington heather.waddington@westyorks-ca.gov.uk
Transport Committee					
CityConnect Leeds-Bradford Cycle Superhighway	Approval to enter into a funding agreement with Leeds City Council for funding currently held in the programme risk budget.	Transport Committee	21 Sep 2018	Director of Delivery	Fiona Limb Fiona.Limb@westyorks-ca.gov.uk
Officer delegated decisions					
Award of Bus Contracts - Bradford	Award of Contracts on socially necessary bus services in Bradford.	Managing Director	22 Mar 2018		Neale Wallace neale.wallace@westyorks-ca.gov.uk

Title	Description	Decision Maker	Decision Due Date	Lead Director	Officer Contact
20 Mybus Replacement Plan	To approve the sale of 54 BMC Condor school buses at the end of the 2017/18 school year. To approve the transfer of work between current Mybus contract batches/operators. To approve the variation and extension of non-Mybus contracts to absorb current Mybus work. The above were approved in principle by the Managing Director on Friday 16 March 2018.	Managing Director	11 May 2018		Steve Wainwright steve.wainwright@westyorks-ca.gov.uk
Bus Service Contracts - Wakefield area	Award of Contracts on socially necessary bus services in the outer Wakefield area.	Managing Director	18 May 2018		Neale Wallace neale.wallace@westyorks-ca.gov.uk
School Bus Fares Three-Year Plan	To approve a three-year plan to restructure the fares on gross cost (WYCA retains revenue) school bus services.	Managing Director	1 Jun 2018		Dave Pearson dave.pearson@westyorks-ca.gov.uk, Steve Wainwright steve.wainwright@westyorks-ca.gov.uk
Leeds Station Gateway - New Station Street	The scheme aims to enhance the environment at the main	Managing Director	7 Sep 2018		Stephen Butcher stephen.butcher@westyorks-

Title	Description	Decision Maker	Decision Due Date	Lead Director	Officer Contact
	<p>entrance of Leeds Rail Station.</p> <p>That the Investment Committee recommend to the Managing Director that the Leeds Station Gateway - New Station Street proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).</p>				ca.gov.uk

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Centre for Public Scrutiny - <https://www.cfps.org.uk/3323-2/>

Scrutiny guidance: things to think about

The Government is preparing new statutory guidance on overview and scrutiny in local government. This will be published in December 2018. The Centre for Public Scrutiny has been commissioned by the Ministry for Housing, Communities and Local Government (MHCLG) to draft parts of the guidance.

It is important that the guidance reflects the needs of councils (particularly scrutiny practitioners), of local people, and of local democracy more generally. Those at local level are likely to have the best sense of the kinds of guidance which is likely to help, or hinder, the way that overview and scrutiny operates.

For this reason, the Centre for Public Scrutiny and the Association of Democratic Services Officers are working together to encourage officers and councillors to discuss the guidance's content, and to feed back on what they might need.

We have prepared this document to assist councils, and other interested people, to have discussions at local level that they can feed back to inform the drafting of the guidance.

What's the background?

The last guidance from Government on scrutiny was issued in 2006. The role of scrutiny has changed significantly since then – just as local government has changed.

In 2017, the Communities and Local Government Select Committee conducted an inquiry into overview and scrutiny. The Committee said,

“The role of scrutiny has evolved since its inception. The 2000 Act empowers committees to review decisions made by the executive and to make reports and recommendations for the executive's consideration. In the seventeen years since, the way in which scrutiny committees perform their function has understandably changed. One such way has been an increase in scrutiny of external bodies, most notably health bodies. Councils have delivered services through increasingly varied partnership arrangements – including contracting to private companies, creating arms-length bodies or working with other public bodies – and scrutiny has responded by adjusting how it scrutinises the issues that matter to local residents.”

Because of this evolving role, the Committee recommended that Government issue revised guidance to councils on how scrutiny should be supported. In doing so, the Committee highlighted the importance that “organisational culture” (how people act and behave, and their values) has on the success of scrutiny.

The Government issued a response in early 2018 in which they committed to producing guidance this year.

What is to be covered?

Government's view is that each council is best placed to decide which arrangements best suit its own individual circumstances. With this in mind:

1. **How can the guidance help by making it clear to council executives / senior officers the kind of support that should be given to scrutiny (in a cultural sense)?**
2. **In a more general sense how might the guidance help scrutiny to build a positive relationship with the executive, emphasising the need for scrutiny's independence?**
3. **Should the guidance highlight the need for a greater profile and respect for scrutiny by the executive?**
4. **Should the guidance go into detail on issues around work planning – recommending focus and prioritisation?**
5. **How can the guidance help scrutiny with access to and use of information?**
6. **Local councillors are best placed to understand the needs of local people, but how can the guidance help scrutiny councillors to ensure that scrutiny is supported to engage with the public in this way?**
7. **How can the guidance help scrutiny more generally to develop a positive profile for itself at local level?**
8. **Are there sections / elements that you think might be particularly helpful – or unhelpful?**

There are three specific issues where Government is keen that the guidance provides some further detail. These are:

- **Scrutiny of “external bodies”** (this might be bodies operating under contract, commissioned partners, alternative delivery vehicles, more traditional partners and so on)
- **Access to information** (access to, and use of, information effectively by scrutiny having been a challenge for many practitioners)
- **Scrutiny of financial resilience and sustainability of councils** (recognising the recent, and continuing, pressures on the sector and scrutiny's role in helping to understand them.)

What will the status of the guidance be?

The guidance will be statutory guidance, issued under section 9Q(1) of the Local Government Act 2000. This means that councils will have to “have regard to” the

guidance in the way that they work and the decisions they make. The phrase “have regard to” has a particular legal meaning, which is essentially that a body subject to such guidance has to have a clear reason for departing from it. Your council’s Monitoring Officer is the best person to provide further advice on what this might mean for how you interpret the guidance locally.

The status of the guidance means that it is particularly important that it is supportive of arrangements that promote and support strong independent scrutiny however that might be carried out – and that it does not risk putting in place barriers, however inadvertent, to this happening. Hence the importance of speaking to practitioners.

How can you make your voice heard?

Scrutiny practitioners have already – through the Select Committee’s inquiry – had an opportunity to comment and discuss a range of issues relating to the function and its future. Government has access to the fruits of this work, so we are not suggesting that practitioners take this opportunity to talk again about scrutiny in general terms – hence our outlining of the main issues in the section above.

We are suggesting that you talk over these issues in a range of ways:

- At a regional scrutiny network meeting. There are a number of regional scrutiny networks, which meet periodically. The Centre for Public Scrutiny can provide information about forthcoming meetings in your area.
- At an ad-hoc meeting which might draw together practitioners from an area where there is not currently a scrutiny network. So you might want to get together with colleagues from neighbouring councils to talk things through.
- Through the membership networks within the Association of Democratic Services Officers.
- At a formal scrutiny committee meeting, or a workshop that you organise in your own council.

Timescales for this work are quite challenging. Government is seeking to draft the guidance in early October. For this reason, the conversations above will need to happen **over the course of September**.

You can send your thoughts directly to Ed Hammond (Director of Research, CfPS) at ed.hammond@cfps.org.uk and Graham Knapper (LG Stewardship, MHCLG) at graham.knapper@communities.gsi.gov.uk.

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Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: **Ministerial review of Local Enterprise Partnerships (LEPs) –
Leeds City Region response**

Director(s): Angela Taylor, Director, Resources

Author(s): Khaled Berroum, Scrutiny Officer

1. Purpose of this report

- 1.1 To inform the Overview and Scrutiny Committee of the background, findings and next steps of the recent Ministerial review of Local Enterprise Partnerships (LEPs) and implications for the West Yorkshire Combined Authority, Leeds City Region LEP, York, North Yorkshire and East Riding LEP, and this Committee.
- 1.2 Due to the short turnaround posed by the timescales set by the Government, by the time of publication of this report, the full picture will not yet be known. A further update will be provided at the meeting following the publication of LEP Board papers on 12 September 2018.

2. Information

Background – LEPs, Industrial Strategy and Ney Review (2010-2017)

- 2.1 Local Enterprise Partnerships (LEPs) were first announced in 2010 as 'private sector led partnerships' between local businesses and local government. They were tasked with shaping local economic policy and strategy to drive economic growth. Following the 2013 Spending Review, LEPs were given access to three rounds of Growth Deal funding (out of a total of £9 billion) to directly deliver programmes and interventions based on local priorities.
- 2.2 In early 2017, Mary Ney – non-executive director at the Ministry of Housing, Communities and Local Government (MHCLG) – led a review into LEP governance and transparency nationwide and published recommendations in November 2017, which the Government accepted in full making compliance from LEPs with the recommendations a condition for the release of 2018-19 funding.

- 2.3 In November 2017, the Government also published the Industrial Strategy White Paper which reiterated the Government's commitment to LEPs as the main vehicles of economic growth in a post-European Union economy but noted that performance had varied between LEPs nationally.

The Ministerial Review of LEPs (2017-2018)

- 2.4 Consequently, a ministerial-led review of LEPs was announced with the aim of strengthening their capabilities to meet the Industrial Strategy's objectives. The review and its endorsement of LEPs as the main drivers of local growth was welcomed by the LEP Network (on behalf of LEPs) and the Chair of the Leeds City Region Enterprise Partnership (Roger Marsh).
- 2.5 Ministers from the Treasury (Andrew Jones MP), the Ministry of Housing, Communities and Local Government (Jake Berry MP) and the Department for Business, Energy and Industrial Strategy (Margot James MP) led the review, with input from an advisory panel consisting of business, LEP and local government representatives. Councillor Judith Blake (Leader, Leeds City Council) – a member of the Leeds City Region LEP Board and West Yorkshire Combined Authority – was a member of the advisory panel.
- 2.6 The advisory panel and Ministers met four times between December 2017 and May 2018 and concluded by publishing their findings and recommendations on 24 July 2018 in a report entitled '**Strengthened Local Enterprise Partnerships**'.
- 2.7 The report's findings and recommendations (summarised in **Appendix 1**) were divided into five main sections:
- 1) Roles and responsibilities (of LEPs)
 - 2) Leadership and organisational capacity (of LEP Boards)
 - 3) Accountability and performance
 - 4) Geography
 - 5) Engagement with (mayoral) combined authorities

Review's implications for Leeds City Region

- 2.8 Officers have provided a table outlining how the Leeds City Region LEP is currently positioned against the principal issues in the review – summarised in **Appendix 2**. At present, these are expected to form the basis of the Leeds City Region response. The Leeds City Region LEP is relatively well positioned in that it already meets and, in some cases exceeds, the measures recommended in the review – for instance, in holding public board / panel meetings, publishing papers, term limits and scrutiny arrangements.
- 2.9 Aside from the significant implications arising from the question of geography (explored later on in this report), other implications for the Leeds City Region LEP include:
- New obligations to develop and publish annual delivery plans, end of year reports and maintaining a local economic evidence base.

- The possibility of government intervention in the event of non-compliance or underperformance against agreed targets / indicators in delivery plans
- Changes to the LEP Board's composition – currently 18 members, 9 elected and 9 private – as the Government would like to see a two-thirds majority of private sector members, more representative gender / demographic balance and representation from wider pool of business sectors.
- Requirement to ensure secretariats serving LEPs are 'independent of local government'
- Access to training programmes for members (and officers), the benefit of a peer review system, and assistance from the Government in recruiting private sector members
- Access to high level meetings with ministerial 'sponsors' and a Prime Minister chaired council

Geography options – 'Bigger' or 'Smaller'

- 2.10 One of the biggest immediate implications to consider is geography. The Government's review is clear that although LEP geographies should reflect functional economic areas, to ensure clarity of service delivery and accountability, there should be no overlapping areas. Instead, where local economies happen to overlap across borders, Government stresses that more effective ways of cooperation be explored.
- 2.11 Currently, 21 of the 38 LEPs in England have overlapping geographies, including all four LEPs in Yorkshire and the Humber. The Leeds City Region LEP has the following 'overlapping' areas which must be resolved:
- **Barnsley** is also covered by the **Sheffield City Region LEP**
 - **Craven, Harrogate, Selby** and **York** are also covered by the **York, North Yorkshire and East Riding LEP** (East Riding is also covered by the Humber LEP).
- 2.12 Consequently, there are two effective options:
- 1) **Getting bigger**; a merger for a single LEP to cover West Yorkshire, North Yorkshire and York (but not Barnsley or East Riding)
 - 2) **Getting smaller**; the LEP covers West Yorkshire and is 'coterminous' with the West Yorkshire Combined Authority, while retaining strong links to collaborate with neighbouring LEPs on mutual issues.
- 2.13 Regardless of which option – 'bigger' or 'smaller' – is chosen, the geography is likely to have big implications for governance and committees, assurance processes and systems, policy / strategy, target outcomes and Key Performance Indicators (KPIs), and level of staff resources. Each of these would have to be revisited by the Combined Authority and resultant LEP.
- 2.14 Work is currently underway to determine the implications of the two effective options, expected to be completed in time for the next LEP Board meeting (20 September 2018) when a preference is expected to be endorsed. The conclusions will be shared with this Committee when available.

- 2.15 The York, North Yorkshire and East Riding LEP's position is unclear at this time but discussions are currently underway between LEP Chairs, political leaders and key officers in the accountable bodies to determine the landscape.

Implications for scrutiny

- 2.16 The review includes an explicit requirement for LEPs to engage with 'local government scrutiny panels'. The Combined Authority's Overview & Scrutiny Committee has always had a remit to consider the LEP, which was strengthened with the addition of the LEP to this Committee's terms of reference at the 28 June 2018 Combined Authority Annual Meeting.
- 2.17 It is not clear if the review's intention is to open the LEP to wider scrutiny from local council scrutiny panels in addition to combined authority scrutiny committees. In any case, at the last meeting on 13 July 2018 this Committee expressed a desire to improve links with constituent council scrutiny committees and members on areas of mutual interest going forward and this view has been incorporated into the ongoing review of scrutiny arrangements.
- 2.18 A more immediate implication for the Overview and Scrutiny Committee is that planned work around the Assurance Framework, risk management, Local Inclusive Industrial Strategy and Corporate Plan / performance indicators will likely be affected by new Government guidance – a date for publishing is yet to be confirmed. All of these issues will likely also be significantly affected as the geography changes.
- 2.19 If the two LEPs are merged, the amount of geography, policies / strategies and programmes will significantly increase necessitating a re-evaluation of current scrutiny arrangements to ensure the proper resources and processes are in place to meet the challenge. It is expected that this will be incorporated into the ongoing scrutiny review – though it may delay the review somewhat.
- 2.20 If the geography is expanded it is also likely that the Overview and Scrutiny Committee membership itself may be reconsidered in some respect to incorporate further North Yorkshire members, which would either make the committee much larger or reduce representations from existing councils.
- 2.21 The Overview & Scrutiny Committee is advised to consider the following issues in particular related to its work:
- **Geography:** the implications of the two options– 'bigger' or 'smaller'
 - **Devolution:** how any outcome or proposal might affect devolution
 - **Assurance:** how best to guarantee a high standard of assurance in any emergent Assurance Framework that ensures value for money and effectively manages risk
 - **Governance:** principles around the accountable body and future committee membership / structure
 - **Scrutiny:** the role of the Overview & Scrutiny Committee in scrutinising the LEP and in the implementation process

- 2.22 Consequently, it is proposed that the SEP Working Group (appointed at the last meeting) tasked with considering the Assurance Framework, risk and local industrial strategy more closely, be repurposed as a 'LEP Review Working Group' to consider the review's implications and outcomes in closer detail and represent scrutiny's view.

Next steps – approval and implementation (2018-2020)

- 2.23 The Government is expecting initial proposals around geography to be submitted by 28 September 2018 and an implementation plan for the wider changes of the review to be submitted by 31 October 2018.
- 2.24 The geographical proposals and implementation plans of the two affected LEPs (Leeds City Region & York, North Yorkshire and East Riding) are expected to be coordinated and in affect ultimately be a joint proposal / implementation plan.
- 2.25 The immediate plan is to reach a consensus with all relevant stakeholders before the statutory deadline for the publication of respective LEP Board papers on 10 September 2018 (York, North Yorkshire and East Riding) and 12 September 2018 (Leeds City Region).
- 2.26 The two LEP Boards are scheduled to meet on 18 September (York, North Yorkshire and East Riding) and 20 September (Leeds City Region) to agree a geography, with the finer details of the implementation plan delegated to LEP Chairs and officers from the two accountable bodies. These and other key milestones and meeting dates are outlined at the end of **Appendix 1**.
- 2.27 Following submission of the implementation plan, work must begin on redeveloping the Assurance Framework. The Government have committed to issuing revised national assurance framework guidance but did not set a date, though this is expected to be in October or November 2018. Under current guidance Assurance Frameworks must be signed off by LEPs by the end of February 2019 – it is not clear at this time if this deadline will be pushed back to April 2019 and clarification has been sought.
- 2.28 The Government to making available additional funding for LEPs to implement the changes and improvements and made clear that any further rollout of local industrial strategies and access to the UK Shared Prosperity Fund rest on LEPs operating appropriately and performing well.
- 2.29 At the same time as the 'Strengthened Local Enterprise Partnerships' review was published, ministers published a written statement confirming that a second wave of local industrial strategies would include six more LEPs¹, to

¹ "In addition to the three 'trailblazing' Local Industrial Strategies in the West Midlands, Greater Manchester and Cambridge-Oxford Arc, the second wave of six more Local Industrial Strategies were announced on 24 July covering LEPs in: Tees Valley, North East, Leicester and Leicestershire; West of England, Cheshire and Warrington and the Heart of the South West." ([Parliamentary Questions – Lord Bourne of Aberystwyth \(Housing, Communities and Local Government\)](#))

add to the first wave which consisted of the West Midlands, Greater Manchester and Cambridge-Oxford. The six LEPs in the second wave are:

- 1) Tees Valley
- 2) North East
- 3) Leicester & Leicestershire
- 4) West of England
- 5) Chester & Warrington
- 6) Heart of the South West

- 2.30 The ministerial statement also stated an intention to see local industrial strategies in the remaining areas not included above – including Leeds City Region / North Yorkshire – by early 2020.

Consultation and engagement

- 2.31 Despite the quick turnaround posed by the Government's deadline, there has been an opportunity for stakeholders and the public to share their views directly online. The Combined Authority communications team published a high-level summary of the context and invited views (with no preference indicated) via: <https://www.yourvoice.westyorks-ca.gov.uk/lepreview>.
- 2.32 Key committee / panel meeting dates (including this Committee) did not quite align to allow for formal consideration at meetings. In any case, the Overview & Scrutiny Committee, Employment and Skills Panel, Business Innovation and Growth Panel as well as the Business Communications Group will be consulted in early September so that their views can help inform the LEP Board's decision. Panel chairs have also been consulted.
- 2.33 An overview of feedback from the engagement exercise is expected to be outlined in a report to LEP Board and can be shared with this Committee when completed.

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 That the Overview and Scrutiny Committee notes the findings of the Ministerial review of Local Enterprise Partnerships and the current Leeds City Region position.
- 7.2 That the SEP Working Group be renamed and repurposed as the 'LEP Review Working Group' and assigned the tasks of:
- i) engaging with and monitoring the LEP's implementation plan with a focus on governance and scrutiny arrangements
 - ii) developing the Assurance Framework (and risk management) according to new guidance
 - iii) developing the emerging Local Inclusive Industrial Strategy, with a focus on measuring outcomes and performance indicators
- 7.3 That the Overview and Scrutiny Committee consider the following issues in particular:
- i) Implications of the two geography options – 'bigger' or 'smaller'
 - ii) The effect of any outcome or proposal on securing devolution
 - iii) the standard of assurance processes and the Assurance Framework
 - iv) the accountable body and committee / membership arrangements
 - v) The Overview and Scrutiny Committee's role in scrutinising the LEP in general and in the implementation plan in particular

8. Background Documents

['Review of Local Enterprise Partnership governance and transparency'](#) - Review of LEP governance and transparency conducted by Mary Ney, a MHCLG non-executive director.

['Strengthened Local Enterprise Partnerships'](#) – Ministerial review of LEPs. 24 July 2018. Ministry of Housing, Communities & Local Government.

9. Appendices

Appendix 1 – Summary of the Ministerial review of LEP's findings and expected implementation schedule

Appendix 2 – The current Leeds City Region LEP position

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'Strengthened Local Enterprise Partnerships'

Summary of recommendations

Role and responsibilities:

Government will:

1. Publish a **statement on the role and responsibilities** of LEPs. LEPs will focus on enhancing productivity through development and delivery of their Local Industrial Strategy.
2. Publish a **further statement on Local Industrial Strategies** to guide locally-led work over the summer.
3. Aim to **agree Local Industrial Strategies** with all areas of England by early 2020.
4. Commission an **annual economic outlook** to independently measure economic performance across all LEPs and the areas they cover.

Government will support all LEPs to:

5. Develop an evidence-based **Local Industrial Strategy** that sets out a long-term economic vision for their area based on local consultation.
6. Publish an **annual delivery plan and end of year report** which will include key performance indicators to assess the impact of their Local Industrial Strategy, funding and interventions to inform objective assessment on LEP performance.

Leadership and organisational capacity:

Government will:

7. Increase **regular dialogue** with LEPs through a **Prime Minister chaired Council** and a **senior official sponsor** for every LEP from across government departments.
8. Work with LEPs **to advertise opportunities for private sector leaders to become a LEP Chair** when vacancies emerge, by listing vacancies on the Centre for Public Appointments website.
9. Offer an **induction and training** programme – in collaboration with the LGA, LEP Network and local professional bodies – for LEP board members and officers on working with Government.
10. Provide **up to £20 million between 2018-19 and 2019-20 in additional capacity funding to support LEPs** to implement the review and to provide the strategic and analytical capability needed to develop ambitious Local Industrial Strategies.

Government will support LEPs to:

11. **Consult widely and transparently** with the business community before appointing a new Chair; and introduce **defined term limits** for Chairs and Deputy Chair.

12. Establish more **representative boards of a maximum of 20 persons** with the option to co-opt up to five additional board members. Our aspiration is that two-thirds of board members should be from the private sector;
13. **Improve the gender balance and representation of those with protected characteristics on boards** with an aim that women make up at least one third of LEP boards by 2020 with an expectation for equal representation by 2023, and ensuring all LEP boards are representative of the businesses and communities they serve.
14. **Provide a secretariat independent of local government** to support LEPs' decision making.
15. **Develop a strong local evidence base of economic strengths, weaknesses and comparative advantages** within a national and international context supported by **robust evaluation of individual projects and interventions**.

Accountability and performance:

Government will:

16. Maintain **overall accountability for the system** of LEPs and local growth funding, and implement in full the recommendations of the Ney Review and any future recommendations that may be made as the performance of LEPs is scrutinised and reviewed.
17. Assess and publish annual performance against **quantitative and qualitative measures** set out within LEP delivery plans.
18. Set out within a revised National Assurance Framework a clear statement on an **escalating approach to intervention** in any instances where LEPs demonstrate that they are found to be underperforming.
19. Develop with the LEP Network and LEPs a **sector-led approach to assessing and improving performance** through regular peer review.

Government will support all LEPs to:

20. Have a **legal personality**, such as incorporation as companies, or mayoral combined authorities or combined authorities where they exist.
21. Set out clearly and transparently the **responsibilities of the Chair, Board, Director, and Accountable Body**, including over spending decisions, appointments, and governance.
22. Actively participate in relevant **local authority scrutiny panel** enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions.
23. Hold **annual general meetings** open to the public to attend to ensure the communities that they represent can understand and influence the economic plans for the area.

Geography:

Government will:

24. Ask LEP Chairs and other local stakeholders to come forward with **considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and,**

where appropriate, propose wider changes such as mergers.

Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

Government will support all LEPs to:

25. **Collaborate across boundaries** where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives.

Mayoral combined authorities:

Government will:

26. **Consolidate its engagement with mayoral combined authorities and their LEPs** with a collaborative approach to agreeing a Local Industrial Strategy.

In mayoral combined authority areas, we will work with each LEP and mayoral combined authority to:

27. **Ensure LEPs have a distinctive role in setting strategy and commissioning interventions** to drive growth, jobs and private sector investment
28. Require **LEPs and mayoral combined authorities to develop local agreements** which clearly set out roles and responsibilities and accountability.
29. **Encourage LEPs and mayoral combined authorities to move towards coterminous geographies where appropriate** in line with the wider discussions on LEP geographies.

Implementation and timescales

The Government will:

30. Work with LEPs to develop revised **proposals for geography by 28 September 2018**
31. Work with LEPs to develop a **detailed plan for implementing** the above changes **before 31 October 2018**.
32. Publish a **revised National Assurance Framework** which will clearly define what is required of each LEP to be compliant and to receive future core and growth funding.

Key dates are:

Date	Milestone
6 Sept 2018	Overview & Scrutiny Cttee papers published (statutory)
10 Sept 2018	York, North Yorkshire and East Riding LEP papers published
11 Sept 2018	Employment and Skills Panel (consultation)
12 Sept 2018	Leeds City Region LEP Board papers published (statutory) – expected that a preference for geography is expressed at this stage
13 Sept 2018	Business Innovation and Growth Panel (consultation)
14 Sept 2018	Overview & Scrutiny Cttee meeting (consultation)

18 Sept 2018	York, North Yorkshire and East Riding LEP Board meeting
20 Sept 2018	Business Communications Group (consultation)
20 Sept 2018	Leeds City Region LEP Board meeting – decision on preferred geography expected
28 Sept 2018	Deadline – Geography proposals to Government
3 Oct 2018	West Yorkshire Combined Authority papers published (statutory)
11 Oct 2018	West Yorkshire Combined Authority meeting – endorsement expected
Mid-Oct 2018	SEP Working Group meeting (to be confirmed)
31 Oct 2018	Deadline – Implementation Plan submission to Government
Oct-Nov 2018	New national Assurance Framework guidance expected
16 Nov 2018	Overview & Scrutiny Cttee meeting
22 Nov 2018	Leeds City Region LEP Board meeting
Mid-Nov 2018	SEP Working Group meeting (to be confirmed)
Dec 2018	SEP Working Group meeting (to be confirmed)
18 Jan 2019	Overview & Scrutiny Cttee meeting (Assurance Framework)
End of Feb 2018	Expected Assurance Framework sign off deadline (to be confirmed)
22 March 2019	Overview & Scrutiny Cttee meeting
April 2019	Deadline for implementation of certain sections of Implementation Plan submitted in October 2018 (to be confirmed)
April 2020	Deadline for implementation of the rest of the Implementation Plan submitted in October 2018 – including any new geography arrangements

Current Leeds City Region LEP position

Leadership and organisational capacity

Recommendation	Current position from the Leeds City Region LEP
1. Focusing the LEP's role to more clearly focus on improving productivity	<ul style="list-style-type: none"> The LEP agreed at its 2018 awayday to focus on four key challenges, which have at their heart the City Region's significant and growing productivity deficit with international competitor City Regions. The LEP has a clear vision of what success is, where a more productive economy drives inclusive growth. Government should seek to ensure LEPs' sharper focus on productivity is accompanied by greater local decision-making on powers and funding that will contribute to a more productive and inclusive economy.
2. More capacity, subject to "independence from local government" and contingent on Government supporting proposals about no overlapping geography.	<ul style="list-style-type: none"> This commitment from Government is welcome. The LEP's current support arrangements – independent of any single local council – are understood to be fully compliant with the 'independence' requirement.
3. Implement an induction and training programme for LEP Board members	<ul style="list-style-type: none"> The reasons for this are understood, and this offers the potential for the LEP Board to lead by example on the importance of investing in leadership – identified as a driver of productivity – as well as securing probity in decision-making about public expenditure.
4. LEP Board membership: i) 2/3rds private sector ii) maximum Board size of 20 (plus up to another 5 private sector annual members) iii) more diverse – at least 30% immediately and working towards gender balance	<ul style="list-style-type: none"> These associated steps will strengthen private sector leadership. The recent LEP Board recruitment improved the gender balance on the LEP Board and has broadened the collective knowledge of the City Region's key sectors. It is proposed that composition of the LEP Board will be made compliant with Government's criteria during an implementation period linked to the Board's preferred footprint.

Accountability and Performance

Recommendation	Current position from the Leeds City Region LEP
5. Government to agree annual Key Performance Indicators with each LEP	<ul style="list-style-type: none"> The principle is accepted, but the LEP Board is clear that its principal accountability is to local businesses, residents and partners for improving productivity and delivering inclusive growth. In that context, it is urged that any key performance indicators are strategic, outcomes-focused and set the foundation for the LEP's annual report.
6. Each LEP must have a legal personality (incorporation) where not covered by a Combined Authority	<ul style="list-style-type: none"> This reinforces Government's desire for LEPs to be strong, private-led partnerships independent of any single local authority. The LEP's relationship with the West Yorkshire Combined Authority, as its accountable body, satisfies this criteria and should be retained in future relationships.
7. Government will publish a new national assurance framework, which should be incorporated by each LEP into local processes	<ul style="list-style-type: none"> This is welcomed, although we await publication of a document that is proportionate and provides appropriate local flexibility to support local prioritisation delivery arrangements.
8. Hold Annual Meetings open to the public and a sector-led system of peer reviews	<ul style="list-style-type: none"> This is supported. Following steps the LEP took in January 2018 towards becoming the most transparent in the country, all of its meetings and those of its advisory Panels are held in public (with papers published online). The sector-led peer review system is welcomed as a good means of sharing good practice and giving partners' confidence in arrangements.



Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: **Business grants**

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

Author(s): Lorna Holroyd

1. Purpose of this report

- 1.1 To provide the Overview and Scrutiny Committee with an update on business grant activity and programmes being delivered (or part funded) by the Combined Authority (in the period 1 April 2015 to date) since last reporting to the Overview and Scrutiny Committee on 24 January 2018.
- 1.2 This report has sought to focus on the particular issues highlighted by the Overview and Scrutiny Committee in the past and incorporate feedback received from members.

2. Information

Business grants and support programmes

- 2.1 The Combined Authority's business support programmes are delivered under the brand of the business-facing Leeds City Region Enterprise Partnership (LEP), administered by the Combined Authority's Economic Services directorate and overseen by the LEP Board and the Business, Innovation and Growth Panel (BIG).
- 2.2 The Combined Authority runs a number of different business support programmes delivered by the LEP Growth Service to businesses across the City Region. The majority of these programmes include a grant fund element, alongside other support for businesses, such as one-to-one coaching, peer learning and workshops on key growth topics. The programmes have a number of different outcomes that are closely monitored, including the creation and retention of jobs, number of new apprentices, development of new products/processes, and reduction in carbon emissions and increases in GVA (Gross Value Added). This report focuses only on the grant element of the various business support programmes.

- 2.3 The business grant programmes currently being delivered or part funded by the Combined Authority are detailed in **Appendix 1**.
- 2.4 Developments since 24 January 2018 include the re-launch of the successful Apprenticeship Grants for Employers (AGE) programme from 1 August 2018 with a revised level of grant award available and a new £1 million Digital Inward Investment Fund which launched in January 2018 aiming to attract digital sector jobs to the City Region.
- 2.5 The funding for all programmes is time limited with many of them due to end in late 2019. New funding opportunities will be sought over the coming year to continue successful programmes with proven outcomes as well as developing new programmes to meet emerging needs and priorities.
- 2.6 **Appendix 2** is a summary sheet, by programme and district, detailing all grant approvals made between 1 April 2015 and 30 June 2018 for all business grant programmes delivered, or part funded, by the Combined Authority and LEP.
- 2.7 All grant awards are also listed in summary form on the LEP website and updated quarterly.¹

Governance and decision making in relation to business grants

- 2.8 The Combined Authority's Assurance Framework sets out the systems and processes by which decisions on capital and significant revenue expenditure are made – including business grants. It ensures that decisions over funding are taken in an accountable and transparent way with appropriate democratic oversight in order to deliver best value for money.
- 2.9 **Appendix 3** sets out the appraisal, recommendation and decision making arrangements for the business grant and support programmes delivered by the Combined Authority. It includes:
- The appraisal, recommendation and approval process for each grant programme
 - Where applicable, the relevant committees and advisory panels that are consulted for each programme
 - The officer to whom final approval has been delegated (or sub delegated)
 - The number and value of grants approved from programme start date to 30 June 2018, for each level of grant award for each programme
- 2.10 The Business Innovation and Growth (BIG) Panel takes a lead on advising the Combined Authority and LEP Board on business growth policy, strategy and delivery by maintaining an overview of various programmes and priorities as they emerge – including the various business support and grant schemes. The BIG Panel is comprised of voting private sector members and councillors.

¹ <http://www.the-lep.com/about/governance-and-funding/grants-for-business/>

- 2.11 The Business Investment Panel provides strategic input into the delivery of the Business Growth Programme (BGP) in particular and plays a key role in supporting decision making for larger grant applications (over £100,000) by making recommendations to the Managing Director – who approves them under delegated authority. The Business Investment Panel is comprised of councillors and private sector members with particular expertise in commercial finance.
- 2.12 Smaller grant awards – up to £100,000 – are approved by appropriate senior officers under the scheme of officer delegations (and sub delegations).

Conflict of Interest policy and process

- 2.13 In respect of any application for a grant from a business where a potential conflict of interest arises, the Combined Authority's conflict of interest policy is outlined in the Officer Delegation Scheme as follows:

"Any decision in respect of an application for an economic development loan or grant from a business where a potential conflict of interest arises from the involvement with that business of any person on the Leeds City Region Enterprise Partnership (LEP) or any relevant committee, is taken **after consultation with the Chair of the Overview and Scrutiny Committee.**"

- 2.14 The Chair of the Overview and Scrutiny Committee has so far considered six such applications; three to the Business Growth Programme, two to the Resource Efficiency Fund and one to Access Innovation. Of these, four were ultimately approved and two were ultimately not progressed, though one of these was later approved when the applicant reapplied under changed circumstances.

Revision to core criteria and efforts to promote Inclusive Growth

- 2.15 The Overview and Scrutiny Committee has discussed a greater focus on embedding more inclusive and strategic conditions around apprenticeships, inclusivity and poverty in grants criteria and funding agreements.
- 2.16 There is currently a set of core criteria for the BGP detailing the conditions businesses must meet in order to be eligible for funding and commitments they are expected to make.
- 2.17 From 31 July 2018, changes to the criteria for BGP have been implemented. For grants of all values, the cost per job has changed to between £7,500-£12,500 of grant per job created, with the higher level of grant only available for jobs paying above the Real Living Wage (currently £8.75 p/h). For grants of over £50,000, businesses will be expected to make additional commitments relating to the Combined Authority's commitment to securing inclusive growth within the framework of the emerging inclusive industrial strategy, in addition to creating new jobs. **Appendix 4** provides examples of the types and

numbers of commitments that will be expected depending on the size of grant awarded.

Monitoring compliance with criteria and conditions

- 2.18 The Economic Services directorate monitors compliance by businesses that receive funding to ensure that agreed commitments and conditions are met and that outputs, such as jobs and capital investments, are achieved and delivered.
- 2.19 Funding agreements set out the contracted outputs and monitoring arrangements. Outputs from grants over £100,000 are monitored on a quarterly basis for 3 years (SMEs) and 5 years (large businesses). Outcomes from grants that are under £100,000 are monitored at least twice – once upon completion of expenditure and again on the completion of the associated outputs. All businesses receive at least one physical monitoring visit.
- 2.20 Businesses must also verify that they have spent the money on the agreed project, either by providing evidence of defrayal of expenditure or a report from an accredited accountant.
- 2.21 The BGP has additional monitoring and compliance aspects. 75% of a BGP grant is paid out on completion of the investment and the remaining 25% is paid out on the creation of the agreed jobs. The remaining 25% can be withheld if the agreed number of jobs have not been created and contingencies are in place within funding agreements to reclaim the other 75% if other conditions are not met in certain circumstances.

Job creation and retention

- 2.22 One of the main aims and outcomes of the various business grant and support programmes is to create and help retain good, permanent jobs in key emerging and growing sectors. A breakdown of achievement to date against this outcome – by programme and district – is highlighted in **Appendix 2**.
- 2.23 The variance in the data between 'proposed jobs' and 'actual jobs' created is largely due to the time taken between the initial investment and the ultimate creation of the job posts. The 'actual jobs' figure is expected to equal or exceed the 'proposed jobs' figures by the end of the programmes. The Digital Enterprise programme only begins to measure 'actual jobs' created 12 months after the projects are completed.
- 2.24 Not all grant programmes are focused on creating jobs. Some programmes, such as the Resource Efficiency Fund and Access Innovation, have other focuses such as carbon reductions and helping businesses make capital investments in technology or gain access to research.

Tackling productivity – Productivity Pilot

- 2.25 At the 24 January 2018 meeting, Overview and Scrutiny Committee members expressed their support for the increasing focus on improving productivity and better measuring it, identified by the Business Innovation and Growth Panel as a priority in the City Region's emerging Local Inclusive Industrial Strategy.
- 2.26 A budget of £500,000 from the BGP is being ring fenced to support a Productivity Pilot, which will launch to businesses on 17 September 2018. This will support the LEP and Combined Authority's work to drive up productivity across Leeds City Region through private sector leadership.
- 2.27 The aim of the pilot is to support businesses in the City Region to improve their productivity through capital investment grants, and to improve how they measure and report productivity gains. The pilot will award capital grants of between £25,000 and £100,000 to those businesses that best demonstrate how investments will have a positive impact on their productivity.
- 2.28 The recipients of the grants will not be required to create new jobs as a condition of the grant, but will need to maintain current employment levels. They will also be expected to clearly describe how they currently measure productivity and how it will improve following the investment project.
- 2.29 The Open Call will be live for an initial period of three months from 17 September 2018 to 14 December 2018, with a further Call to follow depending on whether the budget is fully allocated in the first round.
- 2.30 Applications will be assessed by a sub-group to be established by the BIG Panel, which will make recommendations to the Executive Head of Economic Services who will decide on final approvals as per the Combined Authority's officer delegation scheme.
- 2.31 Further information on the pilot is provided in **Appendix 5**.

Limiting multiple applications and reaching new businesses

- 2.32 The Overview and Scrutiny Committee has in the past raised the issue of the degree to which grants are awarded to the same businesses making multiple applications compared to new applicants. Members have also discussed what efforts are undertaken to reach first time applicants and businesses that do not usually engage with government funded schemes.
- 2.33 This Committee suggested recording statistics on first time grants to new businesses and how many were repeat grants in addition to improving efforts to reach new businesses, particularly those outside the large urban areas.
- 2.34 Particularly in relation to BGP, there has been an increasing trend of businesses supported through the programme returning with a second, third, fourth and, in some cases, a fifth application. There is currently no restriction on the number of applications a business can submit, though there is a cap of

a maximum of £500,000 any one business can receive within a three year period.

- 2.35 An analysis of BGP grants awarded between February 2013 and June 2018 has highlighted that there are 143 businesses who have received more than one grant award through the programme – as outlined below in **Figure 1**.

No. of grants	Total grant award	% of grants award	No. of businesses	% No. of businesses	Total No. of grants	Average grant award	Average total grant per business
1	£33,452,417	70.1%	569	79.9%	569	£58,792	£58,792
2	£7,695,672	16.1%	94	13.2%	188	£40,934	£81,869
3	£4,826,018	10.1%	37	5.2%	111	£43,478	£130,433
4	£1,703,220	3.6%	11	1.5%	44	£38,710	£154,838
5	£50,000	0.1%	1	0.1%	5	£10,000	£50,000
Total	£47,727,327	100%	712	100%	917	£52,047	£67,033

Figure 1 – Number of successful repeat applications to BGP

- 2.36 Of these, 39 businesses have received grant support in excess of £100,000 as a consequence of multiple applications. 16 of these companies have received two grants, 17 have received three grants and 6 have received four grants.
- 2.37 With demand for the programme very high and a little over £9 million left to commit (between now and October 2020 when the programme will have to close to new applications), a balance must be struck between continuing to support companies with new strong applications, and who have achieved or exceeded contracted outputs in terms of job creation on previous awards, and supporting businesses who have not yet engaged with the programme.
- 2.38 It is also important to note that approximately 70% of all applications are for smaller grants of less than £50,000 and from micro or small businesses where financial support is needed the most. The key issue, therefore, is a need to get the balance right between the number and collective value of applications.
- 2.39 Following the results of the [2017 Leeds City Region Business Survey](#) showing the relatively low level of strategic business planning by local businesses and how this can drive business performance, applicants are asked to submit evidence of more detailed business plans with their applications, and will be supported with this by the LEP and its partners.
- 2.40 It is proposed to reduce the maximum grant a business can receive within a three year period from £500,000 to £250,000. It is also proposed to reduce the maximum number of successful applications a business can submit over a three year period to three (there was previously no maximum).
- 2.41 These changes to the criteria were endorsed by the Business Investment Panel on 31 August 2018 and will be proposed for endorsement to the

Business, Innovation and Growth Panel on the 13 September 2018, with a view to being implemented from 1 October 2018.

Next steps and future plans

- 2.42 Future activities in the area of business support include the development of a new 'investment readiness' project that will support businesses to prepare for, and access, the external finance (private and public) that they need to fuel their growth plans, and a business resilience project that will put SMEs in stronger positions to take advantage of the challenges and opportunities facing them in the short/mid-term. Although not exclusively so, this will incorporate a number of issues related to Britain's exit from the European Union, such as exposure to international trade and changes to the regulatory environment.
- 2.43 In addition, the impact of the Inclusive Growth commitments for the Business Growth Programme will be closely monitored and reported, and a second Productivity Pilot may be delivered in early 2019 informed by the learning from the first one.
- 2.44 Furthermore, efforts will be undertaken to secure more funding for successful programmes whose funding is due to end in 2019. Applications for additional European Regional Development Funds will be explored in the areas of SME innovation, resource efficiency and strategic business planning in preparation for new calls for projects to be launched in October 2018 and early 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 staffing implications directly arising from this report.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Overview and Scrutiny Committee notes this report and the progress made in the last six months.

8. Background Documents

[Officer Delegation Scheme](#)

[Assurance Framework 2018](#)

[2017 Leeds City Region Business Survey](#)

Report: [Item 6 Economic Services Business Grants](#) - Overview and Scrutiny Committee. 24 January 2018.

Report: [Item 6 Business Grants Programme](#) – Business Investment Panel. 31 August 2018.

Report: [Item 12 Business Support](#) – Business Innovation and Growth Panel. 13 September 2018.

9. Appendices

Appendix 1 – Summary of business grant and support programmes

Appendix 2 – Business grant award and outcomes summary

A summary sheet detailing all grant approvals made between 1 April 2015 and 30 June 2018 for all business grant programmes delivered, or part funded, by the LEP – by programme and district

Appendix 3 – Governance and decision making in relation to business grants

Appendix 4 – Core criteria and new Inclusive Growth criteria for the Business Growth Programme (BGP)

Appendix 5 – Productivity Pilot

Business grant and support programmes delivered, or part funded, by the West Yorkshire Combined Authority

Business Growth Programme

(Current iteration: 1 April 2015 – 31 March 2021)

(Previous iteration: 1 January 2013 – 1 April 2015)

The Business Growth Programme (BGP) provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new job creation. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.

The programme was originally launched in 2013 and funded through the Regional Growth Fund. The current programme launched on 1 April 2015, and is funded with £42.7m of funding from the Local Growth Fund (LGF) up to the end March 2021. £3.74m of this is being used to provide match-funding for four projects being supported by the European Regional Development Fund (Access Innovation, Strategic Business Growth, Digital Enterprise and Ad:Venture).

A review to identify the most effective way to deliver BGP was undertaken in mid-2017. Following this review, a tender opportunity for the delivery of the small-scheme (grants of up to £50,000) was advertised to all local authorities in the Leeds City Region.

Leeds City Council was the only respondent, and a formal contract has been signed for the new delivery model which commenced in April 2018.

Applications of over £50,000 are appraised and monitored directly by the Combined Authority and for grants of all values, the Combined Authority makes the final decision as to whether or not to award grant support, completes the funding agreements with businesses and makes all the payments to grant recipients.

Leeds City Council is now undertaking the grant appraisal and monitoring activity for all awards up to £50,000 in a three year contract with the Combined Authority.

Apprenticeship Grants for Employers (AGE)

(Current iteration: 1 August 2018 – 31 September 2019)

(Previous iteration: 1 August 2015 – 31 July 2017)

Supports businesses with 50 or fewer employees to take on their first apprentice, aged 19-24. The new programme launched on 1 August 2018 and is open to businesses in West Yorkshire and York. Apprentices must be following a recognised Apprenticeship Standard or Framework relating to priority sectors with known skills gaps; namely, Construction, Planning and the Built Environment, Engineering and Manufacturing Technologies, Information and Communication Technology – including digital.

Businesses must be paying the apprentice the national minimum wage from the first day of training and not the lower apprenticeship wage. This equates to £5.90 per hour for 18-20 year olds and £7.38 per hour for 21-24 year olds. A core grant of £1,500 is available, with a top up of an additional £500 if the apprenticeship is at a Higher or Degree Level as defined by the Education and Skills Funding Agency (ESFA).

Business Flood Recovery Fund (January 2016 – December 2016)

Following the floods of Boxing Day 2015 and the subsequent devastating impact on many businesses across the City Region (particularly in Calderdale and parts of Leeds), the LEP and the Combined Authority agreed to ring-fence £5m of the overall Business Growth Programme budget to a Business Floods Recovery Fund.

The fund has provided grants of between £5,000 and £100,000 for capital investment in plant, machinery and premises that were damaged by the floods and that were not, for legitimate reasons, fully covered by insurance policies. The focus of the fund has been on safeguarding jobs, as opposed to creating new ones, and on supporting businesses to return to something like their pre-floods level of operation.

Commitments through the Business Flood Recovery Fund currently stand at £2.86 million. A total of £3.18 million was approved through the fund, but 3 projects (totalling £168k) have been withdrawn and a further 16 projects have gone ahead, but at a lower level, thereby reducing commitments by £152k. Of the 66 projects approved, 3 have been withdrawn, 52 are complete and £185k is left to pay to 11 businesses whose projects are still live. To date, the fund has helped to safeguard 1,682 jobs and will leverage nearly £13m of public/private sector investment.

Ad:venture (1 July 2016 – 30 June 2019)

Provides advice, coaching, events, academic support, incubation workspace and finance brokerage for new and young businesses (in their first 3 years of trading). Grants of up to £25,000 are available towards capital expenditure. This programme is delivered by Leeds City Council with the Combined Authority contributing match-funding of £1,000,000 from its Local Growth Fund allocation.

A large consortium is involved in delivering the programme including Chambers of Commerce, local authorities, universities and the Prince's Trust.

Digital Enterprise (1 September 2016 – 31 August 2019)

Incentivises businesses to invest in digital technologies through a grant scheme and associated workshops and masterclasses. Grants of up to £5,000 are available on a competitive basis with open calls for projects, with the next call open in October 2018. This programme is delivered by Leeds City Council, with the Combined Authority contributing match-funding of £750,000 from its Local Growth Fund allocation.

Resource Efficiency Fund (16 November 2016 – 31 October 2019)

The Resource Efficiency Fund (REF) is being delivered through the Growth Service until October 2019 as a key product to improve productivity and efficiency for SMEs in the City Region. It is jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding (grants of up to £10,000) to SMEs to identify and implement improvements related to their use of resources i.e. water,

waste and energy. Planning is underway to develop a follow-on project proposal in response to the next ERDF Call which opens in October 2018

Strategic Business Growth Programme (1 April 2017 – 31 December 2019)

The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is also part-funded by ERDF and LGF and provides small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise.

Access Innovation (1 April 2017 – 31 December 2019)

Access Innovation is being delivered across the City Region with funding from the European Regional Development Fund (ERDF) and Local Growth Fund (LGF). Its primary objective is to help SMEs to become more productive and competitive through the development of new products, processes and services. The programme links SMEs directly to the expertise and facilities within research intensive organisations, such as universities or Catapult Centres. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £100,000 towards the cost of working with expert organisations. Capital grants up to £20,000 are also available.

Strategic Inward Investment Fund (7 July 2017 – 31 March 2021)

Supports large scale strategic investments into the Leeds City Region with grants of up to £1 million (or more in exceptional cases). A total fund of £12.45m is available. Grants are specifically linked to the creation of significant numbers of new and/or safeguarded jobs.

Digital Inward Investment Fund (January 2018 - 31 March 2021)

A £1m fund supporting new business investments into the Leeds City Region specifically linked to the digital sector. Grants of up to £50,000 are available and are linked to the creation of a minimum of five new jobs. We have recently awarded the first grant on this project.

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Economic Services Grants Approved - All Programmes, Start Date to June 2018

Business Support Product		Programme Start Date	Programme End Date	Programme Start Date to June 2018								
				Total Grant Funding**	Total Target Jobs	Number of Grants Offered	Total Grant Offered	Total Grant Paid	Proposed Match	Actual Match	Proposed Jobs	Actual Jobs
A	Business Growth Programme	01/04/2015*	31/03/2021	£38,963,000.00	4,100	623	£29,476,571.08	£22,949,872.11	£274,368,165.97	£205,047,461.05	4910.5	3141.5
B	Resource Efficiency Fund	01/11/2016	31/01/2020	£931,695.00	N/A	95	£647,856.62	£464,046.05	£688,233.25	£535,227.97	N/A	N/A
C	Apprenticeship Grant for Employers	01/12/2015***	31/07/2017	£6,520,800.00	N/A	3392	£6,520,800.00	£6,520,800.00	N/A	N/A	N/A	N/A
D	Strategic Inward Investment Fund	01/04/2017	31/03/2021	£12,450,000.00	1,245	3	£1,853,386.00	£480,774.00	£15,298,575.00	£3,205,160.00	552	209
E	Ad:Venture	01/07/2016****	30/09/2019	£1,000,000.00	2,400	69	£555,920.04	£308,725.47	£698,788.08	£395,262.94	168	60
F	Digital Enterprise	01/09/2016****	31/03/2019	£750,000.00	1,650	405	£1,641,046.34	£1,331,783.74	£2,138,251.17	£2,138,251.17	1156.6	0
G	Access Innovation	01/01/2017	31/12/2019	£4,345,000.00	63	20	£745,023.50	£31,669.96	£832,322.50	£42,679.86	164	1
H	Strategic Business Growth	01/02/2017	31/12/2019	£990,000.00	88	12	£284,174.28	£108,519.24	£898,394.74	£459,029.17	66	8
I	Digital Inward Investment Fund	01/01/2018	31/03/2021	£1,000,000.00	175	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL				£66,950,495.00	9,721	4,619	£41,724,777.86	£32,196,190.57	£294,922,730.70	£211,823,072.16	7,017	3,420

* N.B. A small number of projects were approved prior to 1st April 2015. These were approved under the Regional Growth Funded Business Growth Programme (RGF) and as the projects were not able to commence prior to the end of the RGF programme, they were recommitted to the Local Growth Funded Business Growth Programme which became operational on 1st April 2015.

** For the Resource Efficiency Fund, Access Innovation and Strategic Business Growth Programme this is the grant allocation only. For other programmes this includes the delivery costs.

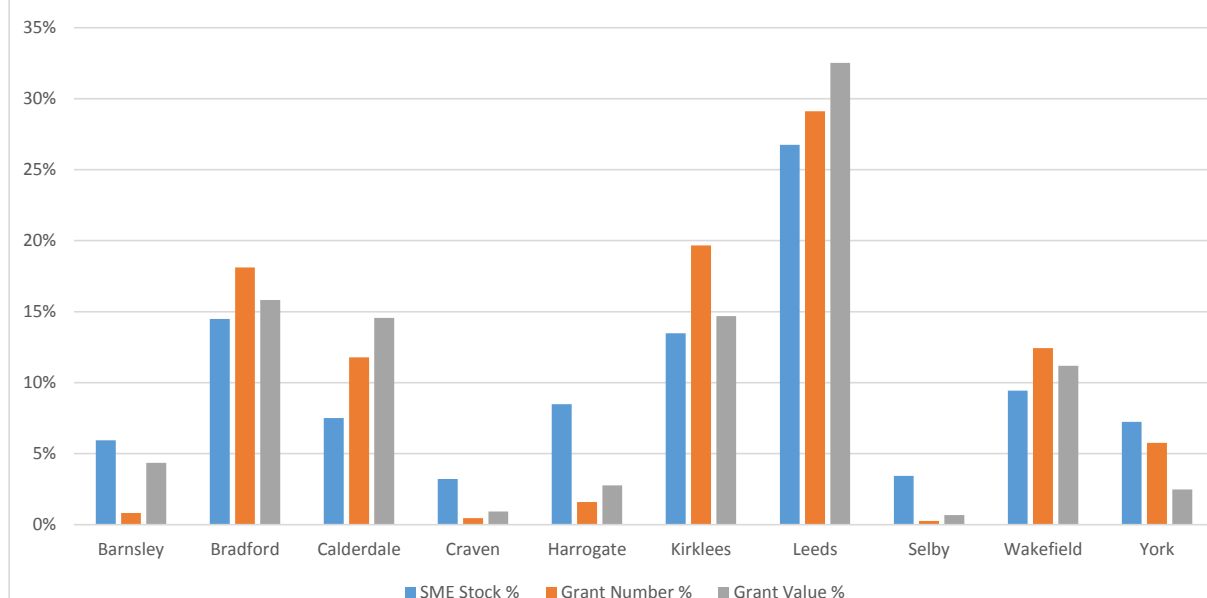
*** The Apprenticeship Grant for Employers programme relaunched on 1 August 2018.

**** Ad:Venture and Digital Enterprise are delivered by Leeds City Council, with grants funded by a mix of the Local Growth Fund (Provided by the Combined Authority) and the European Regional Development fund (ERDF). Only the Local Growth Fund element of the programme is included in the total grant funding column, but commitments and actuals for these programmes are for the overall programme, including the ERDF funded Element.

Total Economic Services Grants Approved by District
Programme Start Date to June 2018

District	SME Stock %	Number of Grants	Grant Number %	Value of Grants	Average Grant	Grant Value %	Jobs Contracted
Barnsley	6%	38	0.8%	£1,814,329.20	£47,745.51	4.3%	290
Bradford	14%	837	18.1%	£6,601,085.64	£7,886.60	15.8%	705
Calderdale	8%	544	11.8%	£6,076,302.12	£11,169.67	14.6%	762
Craven	3%	21	0.5%	£390,592.77	£18,599.66	0.9%	68
Harrogate	8%	74	1.6%	£1,158,780.63	£15,659.20	2.8%	206
Kirklees	13%	908	19.7%	£6,130,506.88	£6,751.66	14.7%	672
Leeds	27%	1345	29.1%	£13,567,894.28	£10,087.65	32.5%	2073
Selby	3%	12	0.3%	£281,147.23	£23,428.94	0.7%	49
Wakefield	9%	574	12.4%	£4,665,681.52	£8,128.37	11.2%	2093
York	7%	266	5.8%	£1,038,457.59	£3,903.98	2.5%	100
TOTAL	100%	4619	100%	£41,724,777.86	£9,033.29	100%	7018

Total Economic Services Grants Approved by District



Business grants - governance arrangements and decision making

Programme	Maximum intervention rate ¹	Value	Appraised by	Recommendations by	Approved by (Officer to whom sub-delegated)	Number of grants approved (to 30/06/18)	Value of grants approved (to 30/06/18)
Access Innovation – Capital Grants	20%	Up to £20k	Officers at the Combined Authority	n/a	Head of Business Support	2	£22,433
Access Innovation – Revenue Grants	50%	Up to £25k	Officers at the Combined Authority	n/a	Head of Business Support	8	£94,365
		>£25k-£100k	Officers at the Combined Authority	Access Innovation Programme Advisory Group (a mix of officers from the Combined Authority and local districts, University reps and Innovate UK)	Executive Head of Economic Services	10	£628,226
Apprenticeship Grant for Employers (AGE)	n/a	Up to £2k per apprentice	Officers at the Combined Authority	n/a	Executive Head of Economic Services Head of Employment and Skills	n/a	n/a

¹ This is the maximum percentage of the total project cost that the grant will support. The business must finance the balance of the project cost through its own means.

Business grants - governance arrangements and decision making

Programme	Maximum intervention rate	Value	Appraised by	Recommendations by	Approved by (Officer to whom sub-delegated)	Number of grants approved (to 30/06/18)	Value of grants approved (to 30/06/18)
Business Growth Programme	10% (if 50 or more employees) 20% (if fewer than 50 employees)	Up to £50k	Officers at Leeds City Council	n/a	Executive Head of Economic Services Head of Business Support (up to £25k)	489	£12,719,739
		>£50k-£100k	Officers at the Combined Authority	Appraisal Advisory Group (Combined Authority & local district officers)	Executive Head of Economic Services	98	£8,075,078
		>£100k-£250k	Officers at the Combined Authority	Business Investment Panel	Managing Director	36	£8,681,754
Digital Inward Investment Fund	50%	Up to £50k	Officers at the Combined Authority	Digital Inward Investment Fund Appraisal Group (Combined Authority officers)	Executive Head of Economic Services Head of Business Support (up to £25k) Head of Trade and Investment (up to (£25k)	n/a	n/a
Resource Efficiency Fund	50%	Up to £10K	Officers at the Combined Authority	n/a	Executive Head of Economic Services Head of Business Support	95	£647,857

Business grants - governance arrangements and decision making

Programme	Maximum intervention rate	Value	Appraised by	Recommendations by	Approved by (Officer to whom sub-delegated)	Number of grants approved (to 30/06/18)	Value of grants approved (to 30/06/18)
Strategic Business Growth	20% (if 50 or more employees) 30% (if fewer than 50 employees)	Up to £40k	Officers at the Combined Authority	n/a	Executive Head of Economic Services Head of Business Support (up to £25k)	12	£284,174
Strategic Inward Investment Fund	10% (if 50 or more employees)	Up to £250k	Officers at the Combined Authority	Business Investment Panel	Managing Director	2	£353,386
	20% (if fewer than 50 employees) By exception, higher levels of grant support will be considered	Over £250k	Officers at the Combined Authority	Business Investment Panel, Investment Committee, and/or Combined Authority – as appropriate	Managing Director (on recommendation from Business Investment Panel, Investment Committee and/or Combined Authority)	1	£1,500,000

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Revised criteria for the Business Growth Programme (BGP)

All grant recipients of the Business Growth Programme (BGP) will be expected to meet the core criteria outlined below from July 2018.

Revised Core Criteria

- Applicants must be based in the Leeds City Region, which includes the local authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York
- Investment projects must create permanent new jobs in the Leeds City Region
- In accordance with State Aid rules, applicants are eligible to apply for grants of between 10 and 20% of the total cost of a capital investment project
- Applicants will be incentivised to employ staff on or above £8.75 per hour, by allocating more grant per new job for those paying that rate
- All new jobs funded by the LEP grant must be paid at least the National Living Wage or Minimum Wage (£7.83 per hour from age 25+ as of April 2018)
- Apprenticeship* jobs are permissible but applicants are expected to pay the apprentice at least the National Minimum Wage appropriate for the age of the apprentice (rather than the lower national apprenticeship wage)
- For each new job created, the following maximum amounts will be available to the applicants, to be revised annually in line with published rates : -

Pay Rates for New Jobs Created with LEP Grant	Maximum Amount per new job
Pay at least £8.75 per hour (Real Living Wage)	£12,500
Pay at least £7.83 per hour (National Living Wage/ Minimum Wage/Apprentice rates see above *)	£7,500

- Applicants must have private finance available: either of their own, from a bank, or other commercial finance to invest alongside the grant
- For every £1 of LEP funding sought, applicants must be able to provide at least £4 of private sector investment
- The minimum grant level is £10,000 and total project cost must be at least £50,000 - therefore applicants must have at least £40,000 of private sector finance to invest for every £10,000 of grant
- Applicants must be established for at least 12 months and must operate from commercial premises

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

Additional Inclusive Growth Commitments

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

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

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

- For grants from £50,000 - £99,000, the applicant is expected to agree to **two or more** of the additional inclusive growth commitments.

- For grants from £100,000 -£249,000, the applicant is expected to agree to **three or more** of the additional inclusive growth commitments.
- For grants over £250,000, the applicant is expected to agree to **four or more** of the additional inclusive growth commitments, one of which must be paying staff the Real Living Wage.

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LEP Business Productivity Pilot – August 2018

Background

The Leeds City Region Enterprise Partnership (LEP) is launching a business productivity pilot in September 2018 as part of the LEP and West Yorkshire Combined Authority's work to drive up productivity across Leeds City Region through private sector leadership. This has been identified by the Business, Innovation and Growth Panel as a priority for the City Region's emerging Local Inclusive Industrial Strategy.

The aim of the pilot

To support firms in Leeds City Region to improve their productivity through capital investment grants, and to improve how they measure and report productivity gains. The pilot will award capital grants of between £25,000 and £100,000 to those businesses that best demonstrate how the investments will have a positive impact on their productivity.

The recipients of the grants will **not be required to create new jobs as a condition of the grant**, but **will need to maintain current employment levels**. They will also be expected to clearly describe how they currently measure productivity and how it will improve following the investment project.

The pilot will also help the LEP and wider City Region to:

- Capture practical learning to inform future activities to improve productivity and allow greater insight into the different approaches taken by businesses.
- Better meet the needs of businesses in the current economic climate.
- Build close working relationships with a cohort of businesses and monitor their productivity over a longer period.
- Be at the forefront of developing evidence-led interventions on business productivity.

How will the pilot work?

- The pilot will run as a competition with an Open Call inviting businesses to apply for grants of between £25,000 and £100,000 to support capital investment projects that will lead to clearly-evidenced productivity improvements.
- The intervention rates will be between 10 and 20%, depending on the size of the business (20% for firms with under 50 staff, and 10% for those with 50 or above). This means that the minimum size of project that could be supported is £125,000.
- The Call will be open for an initial period of three months, with a further Call to follow depending on how many projects are supported in the first round.
- A consistent way to measure productivity for all applicants will be used before and after the investment projects. This will be via the Office of National Statistics' (ONS) 'How productive is your business?' online tool, which

provides a single productivity measure for a business via an online platform - <https://content.govdelivery.com/accounts/UKONS/bulletins/1fc8202>

What funding is available?

- Grants of between £25,000 and £100,000, equating to either 10 or 20% of the total value of the investment i.e. minimum project size of £125,000
- Grants to contribute to capital investment in machinery, equipment and the fit-out of premises
- Grants that will lead to measurable productivity improvements in the business

Criteria and commitments

Businesses need to:

- Be located in Leeds City Region
- Have been trading for over 12 months
- Have a capital investment project in Leeds City Region that will lead to clearly-evidenced productivity improvements (which could include social impact if the applicant is a social enterprise).
- Invest a minimum of £125,000 in a capital investment project
- Ensure there is no net reduction in employee numbers for a minimum of 12 months following completion of the investment.
- Use the ONS' new 'How productive is your business?' online tool to measure their productivity before and after the investment project.
<https://content.govdelivery.com/accounts/UKONS/bulletins/1fc8202>
- Produce a Productivity Plan (a template for this will be provided) that clearly sets out how they currently measure productivity, how the investment project will improve productivity and how this will be evidenced for at least 12-months following the investment.

The Productivity Plan will also provide applicants with an opportunity to set out any other business or productivity improvement actions to be undertake alongside the investment project. For example, Lean Manufacturing, Six Sigma or Industry 4.0, a commitment to achieve an industry or technical accreditation, or, any other relevant activity. This is not mandatory, but will strengthen the application by reinforcing the applicant's commitment to continual business improvement. The LEP can advise businesses on this aspect of the plan, and can link them to other schemes that can provide support with it.

- Commit to taking part in a longitudinal survey that will track its productivity at regular intervals over a three-year period.

Assessment of applications

- A panel of experts from the private and public sectors will assess all of the applications and make recommendations to the Executive Head of Economic

Services, who will make the final decision on awarding grants, under the Combined Authority's scheme of delegations.

- Technical appraisals of all applications will be undertaken by the Combined Authority's Economic Services directorate, focussing on the financial viability of the applicants and their projects.

Timeline

- First call opens – 17 September 2018
- Deadline for applications – 14 December 2018
- Appraisal and assessment period – 15 December 2018 – 31 January 2019
- Decisions on grant awards – 1 February 2019

Details of further calls will be published dependent on the number and value of grants awarded in the first round.

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Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: **Business Planning and Budgets**

Director(s): Angela Taylor, Director, Resources

Author(s): Angela Taylor, Director, Resources

1. Purpose of this report

- 1.1 To advise the Overview and Scrutiny Committee of the work underway to progress business and budget planning for 2019/20.

2. Information

Budget Process

- 2.1 The Combined Authority approved the 2018/19 budget at its meeting in February. The revenue budget was set in the context of a three year financial strategy that included a commitment to reduce the transport levy each year and seeks to reduce the use of reserves to provide a balanced position by 2020/21. The challenges of achieving this were set out in the report and a number of supporting actions were agreed.
- 2.2 In setting its budget the Combined Authority recognised the challenging financial position faced by its local authority partners and its need to respond to this. The largest element of income for the Combined Authority is the transport levy which is paid across by the five West Yorkshire authorities on a per capita basis. A commitment was therefore made to continue to reduce the transport levy by £1 million each year.
- 2.3 The need to achieve and demonstrate efficiency and effectiveness and demonstrate value for money from the organisation's activities is core to the approach being taken. The budget setting process for 2019/20 will seek to demonstrate how expenditure delivers against the objectives and priorities of the Combined Authority and its partners. This information will be provided to members and partners for their scrutiny and input at different stages of the process. The 2018/19 corporate plan will be updated to form the basis of the business plan for 2019/20 and is expected to retain at its centre the three main

priorities of productivity, inclusive growth and a modern, accessible transport network.

- 2.4 **Appendix 1** sets out the timetable for the development of the financial strategy and budget that includes regular papers to the Combined Authority, the continuation of the member budget working group and the involvement of the Overview and Scrutiny and Governance and Audit Committees. The final budget for 2019/20 will need to be approved at the Combined Authority meeting of 14 February 2019 to enable the transport levy to be set in accordance with legislative requirements. The timetable includes an initial report to this Committee in September 2018 with a further report scheduled for the November 2018 meeting and confirmation of the final proposed budget in January 2019.
- 2.5 **Appendix 2** sets out the position that was agreed in February 2018. It is proposed that this is extended to cover the next three year period ie through to 2021/22 and that the figures for 2021/22 include the ongoing commitment to a reduction in the transport levy. Any changes that have occurred since the figures were agreed in February and any changes to the underlying assumptions and projections will be addressed in the revision to the strategy which is now underway. The following paragraphs set out some of these key issues, assumptions and changes to be taken into consideration in updating both the medium term financial strategy and budget. Members are asked to consider any further matters to be considered.
- 2.6 **Bus strategy** – the Transport Committee in July 2018 considered the issues around the effectiveness of expenditure on bus services in supporting mobility and approved revised policy guidelines together with a process of district level bus network reviews. The Transport Committee in May 2018 approved for consultation revised policy guidelines in respect of home to school services. A 20% savings target has been set for all bus service procurement over the period 2018/19 to 2020/21. To date, contract awards and amendments are delivering the necessary savings for 2018/19.
- 2.7 **Concessionary travel** – a significant part of the Combined Authority's budget is spent on the discretionary and statutory elements of the concessionary travel scheme. The costs of the statutory English National Concessionary Travel Scheme for 2018/19 are £46 million and are calculated using a spreadsheet model prescribed by the Department for Transport. This model includes a number of factors, including bus operating costs, so in effect will change each year as inflation affects fuel and salary costs of bus operators. Accordingly, an increase for 2019/20 of £1.4 million is forecast with a further £1.5 million in 2020/21. These increases will need to be managed alongside the reduction in the transport levy and therefore increase the pressure to reduce expenditure and increase income in other areas of the budget.
- 2.8 A further £10 million per annum is spend on discretionary concessions, predominantly for young people. This enables young people to travel at half fare up to the age of 19. Further work will be undertaken to clearly set out

how this is contributing to policy objectives and to compare it against any alternative schemes in operation in other areas.

- 2.9 **Pay award** – the 2018/19 pay award is still being negotiated. At the time of setting the budget in February an assumption of an annual increase of 1% had been made, in line with the assumptions made by the West Yorkshire local authorities. The local government pay award was then made at 2% and it is expected therefore that the Combined Authority pay award is likely to be higher than that budgeted, potentially by between £100,000 and £150,000. The final award will also affect the expected level of future year pay awards that need to be built in to the strategy.
- 2.10 **Staffing structures** – the Combined Authority has over recent years been undergoing a review of its staffing structures and budgets and forecasts have been based on estimates in some cases. Now that revised structures are largely agreed and in place work will be done to finalise expected staffing costs and reflect these in the strategy. Further information on staffing budgets and headcount will be provided to the next meeting.
- 2.11 **Pension** – the triennial pension valuation will take place in 2020 and will have an impact on ongoing employer contributions. Assumptions on the likely impact of this will need to be agreed.
- 2.12 **Commercialisation** – the Combined Authority owns a portfolio of operational property assets (including bus stations) and some land and property acquired for previous transport schemes. Opportunities are being sought to maximise commercial rents from the portfolio and to identify the longer term scope to realise any redevelopment potential.
- 2.13 **Enterprise Zones** – the income stream from the Enterprise Zones (EZ) that accrues to the LEP and is received by the Combined Authority is one of the key income streams that has the capacity to grow. At present there is income from the business rates on the EZ in Leeds but with potential for significantly more from the second M62 multi-site EZ. Actions to increase this income are underway, including a capital programme to remediate some of the sites to enable new business to invest.
- 2.14 **Other income streams** – the Combined Authority has been awarded further funding since February 2018, including from the business rates pool, which needs to be factored into the three year strategy. Certain funding streams, particularly for economic services supporting business and skills, come to an end over the life of this strategy and opportunities to replace this need to be considered.
- 2.15 **Capitalisation** – the level of capitalisation ie charging eligible revenue costs to capital schemes has been increased for 2017/18, reflecting the growing capital programme in comparison to the revenue expenditure. Work on the size and shape of the future capital programme will assist in identifying whether there is an opportunity to further increase this capitalisation of revenue costs.

- 2.16 **Capital programme** – a significant number of new schemes have achieved decision point 2 of the assurance framework and have therefore passed the eligibility threshold for inclusion in the Growth Deal programme. The overall capital programme is being reviewed to identify the likely need for borrowing and the profile and costs of this. Much of the current Growth Deal funding which makes up the largest element of the capital funding available concludes in 2021. There is an ongoing income stream of £30 million per annum for the West Yorkshire plus York Transport Fund, to be supplemented by borrowing in accordance with the original Growth Deal, but it is expected there will still be a requirement beyond 2021 for a broader capital programme that would need to be supported by borrowing or yet to be identified funding streams. The costs of borrowing will need to be factored into the revised financial strategy.
- 2.17 **Living wage foundation accreditation** – the Combined Authority ensures no employee is paid less than the real living wage. As part of its work on social inclusion consideration will be given as to whether to pursue the full Living Wage Foundation accreditation. This would require the Combined Authority to ensure its contractors and sub-contractors all pay their employees no less than the real living wage. Further work will be undertaken to establish the potential financial costs of doing this, alongside the wider inclusive growth benefits of doing so.
- 2.18 **Benchmarking** – the Combined Authority is seeking comparator information from other combined and local authorities to assist in decision making and will provide this information in the next report. This will include information on the costs of bus services and concessionary travel as well as comparatives on back office and support functions where possible.
- 2.19 The closing position for 2017/18 required a reduced level of reserves needed in the year. The 2018/19 budget proposes a use of reserves of £1.5 million, which would leave closing general reserves at around £4 million, which is below the minimum required. It was proposed at the February budget meeting that an element of the reserve set up to support the West Yorkshire plus Transport Fund borrowing costs be transferred to general reserves. The next iteration of the strategy will consider the required level of reserves both for the general reserve and for the Transport Fund reserve.
- 2.20 Members are asked to provide any further areas for consideration and confirm if there is any information they would like to have provided to the next meeting.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

- 4.1 None arising directly from this report.

5. Staffing Implications

5.1 None arising directly from this report.

6. External Consultees

6.1 None.

7. Recommendations

7.1 That the Overview and Scrutiny Committee provide any input to business planning and budgets and the issues raised in the report.

8. Background Documents

None

9. Appendices

Appendix 1 – Budget and planning 2019-20 timetable

Appendix 2 – Final Budget 2018/19

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Appendix 1: Draft Business & Budget Planning Timetable

Date			Event/Meeting	Details
Aug-18	02/08/18	CA	Combined Authority meeting	Medium term financial strategy and budget planning report
	17/08/18	SLT	SLT Meeting	High level priorities for the next Corporate Plan/budget parameters
	20/08/18	SMT	SMT meeting	Dissemination of timetable/process/parameters to SMT - launch of process
	20/08/18	Other	Budget book and business plan guidance distributed to SMT	Request for initial completion of this
Sep-18	07/09/18	Other	Deadline for first draft proformas returned - outline information (VERSION 1)	
	12/09/18	BWG	Members Budget Working Group	Business plan /budget update
	14/09/18	O&S	Overview & Scrutiny	Draft budget/business plans to be considered
	25/09/18	CA	Final CA papers for Oct CA meeting due	Business planning /budget update
	25/09/18	SMT	SMT meeting	Business planning /budget update - each directorate to share high level overview
	TBC	Other	Launch of public engagment	Engagement on draft budget and busines priorities
Oct-18	11/10/18	CA	Combined Authority meeting	Business planning /budget update
	16/10/18	G&A	Final papers for Nov Governance & Audit committee	Business planning /budget update
	19/10/18	Other	Deadline for 2nd draft business plans/budget from each Directorate (VERSION 2)	
	23/10/18	SMT	SMT meeting	Overview of draft business plans/budgets
	26/10/18	SLT	SLT Meeting - Chair of the CA in attendance	challenge session - review of draft business plans/budget/objectives/KPI's
	TBC	Other	Close of public engagement	Engagement on draft budget and business priorities
Nov-18	01/11/18	G&A	Governance and Audit Committee	Business planning /budget update
	05/11/18	Other	Business plan/budget challenge meetings commence	Challenge session for each Directorate
	14/11/18	BWG	Members Budget Working Group	Business planning /budget update
	15/11/18	Leaders	Leaders Meeting	Business planning /budget update
	16/11/18	O&S	Overview & Scrutiny Committee	Business planning /budget update
	16/11/18	Other	Business plan/budget challenge meetings finish	Challenge session for each Directorate
	22/11/18	LEP	LEP Board	Business planning /budget update
	22/11/18	Other	Deadline for business plan/budget returns following challenge process (VERSION 3)	
	23/11/18	SLT	SLT Meeting	Review draft final business plans/budgets ahead of December Combined Authority
	27/11/18	SMT	SMT meeting	Share outcomes of challenge process with SMT
	27/11/18	CA	Final CA papers for Dec CA meeting due	Draft budget/business plan for CA approval & feedback
	TBC	Other	District Finance Officer Working Group	Review of draft budget
Dec-18	06/12/18	Leaders	Leaders Meeting	Business planning /budget update - briefing ahead of CA
	07/12/18	Other	West Yorkshire Directors of Finance	Draft budget proposals to be shared
	13/12/18	CA	Combined Authority meeting	Draft budget/business plan for CA approval & feedback
	18/12/18	SMT	SMT meeting	Feedback from Combined Authority/ Draft KPI's from each department to be agreed
	21/12/18	Other	Final submission of business plans/budget returns for CA approval (VERSION 4)	Taking account of CA/SMT feedback
Jan-19	17/01/18	G&A	Governance and Audit Committee	Business planning /budget update
	22/01/18	SMT	SMT meeting	Finalise KPI's for each department
	23/01/19	LEP	LEP Board	Final briefing on business plan/budgets prior to CA approval
	29/01/19	CA	Final CA papers for Feb CA meeting due	Final approval of Business plan/budgets
	TBC	Leaders	Leaders Meeting	Final business plan/budget briefing ahead of CA approval
	TBC	BWG	Members Budget Working Group	Final review of budgets ahead of CA report
Feb-19	14/02/19	CA	Combined Authority meeting	Final approval of Business plan/budgets
	26/02/19	SMT	SMT meeting	Finalise Corporate Plan KPI's
Mar-19	26/03/19	LEP	LEP Board	Corporate Plan update
	26/03/19	SMT	SMT meeting	Share draft Corporate Plan
Apr-19	05/04/19	CA	Final CA papers for Apr CA meeting due	Approval of Corporate Plan
	25/04/19	CA	Combined Authority meeting	Approval of Corporate Plan

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WYCA Summary - 2017/18 to 2018/19 (and 2019/20 - 2020/21)

	2017/18 Forecast	2018/19					2019/20	2020/21
	Total £	Salary & Pay Related £	Salary Recovery £	Other Expenditure £	Other Income £	Total £	Total £	Total £
Transport Services								
Subsidised Services	19,181,000	0	0	27,397,250	(8,710,000)	18,687,250	17,345,421	15,851,650
Bus Station & Services	4,917,328	3,649,676	0	6,349,153	(5,654,284)	4,344,546	4,417,539	4,491,993
Concessions + Integrated Ticketing	55,755,478	0	0	56,270,200	0	56,270,200	57,676,955	59,118,879
Prepaid Tickets Income	0	0	0	31,500,000	(31,500,000)	0	0	0
Passenger Information	1,303,055	1,478,349	0	323,024	(617,993)	1,183,380	1,212,947	1,243,105
Travel Centres	498,516	568,798	0	40,340	(80,000)	529,138	540,514	552,117
Telematics	810,118	200,382	0	763,050	(226,000)	737,432	741,440	745,527
Transport Services	82,465,495	5,897,205	0	122,643,017	(46,788,277)	81,751,945	81,934,816	82,003,271
Delivery	(145,262)	3,401,966	(3,740,650)	56,200	0	(282,484)	(289,258)	(296,167)
Economic Services	1,356,314	2,657,421	(576,725)	5,738,783	(6,958,932)	860,548	1,092,161	1,134,608
Policy, Strategy & Communications	4,210,592	5,219,803	(317,596)	855,771	(254,224)	5,503,754	5,515,798	5,545,803
Resources	5,219,319	3,107,347	0	2,088,408	0	5,195,755	5,213,902	5,277,292
Corporate	7,292,512	830,952	(1,355,000)	8,992,287	(2,379,520)	6,088,719	6,263,226	6,618,793
Other Directorates	17,933,475	15,217,489	(5,989,971)	17,731,449	(9,592,676)	17,366,292	17,795,830	18,280,329
Capital Grant	(1,000,000)	0	(1,500,000)	0	0	(1,500,000)	(1,530,000)	(1,560,600)
Enterprise Zone Receipts	(712,000)	0	0	0	(1,968,000)	(1,968,000)	(3,804,000)	(6,525,000)
Transport Levy	(95,198,000)	0	0	0	(94,198,000)	(94,198,000)	(93,198,000)	(92,198,000)
Other	(96,910,000)	0	(1,500,000)	0	(96,166,000)	(97,666,000)	(98,532,000)	(100,283,600)
Further Resources Required	3,488,971					1,452,237	1,198,646	0
Transfer from Reserves	(3,488,971)				(1,452,237)		(1,198,646)	(0)
Balanced Budget	0				0	0	0	0

	Balance at 31/3/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Balance at 31/3/21 £
Available Reserves						
General Reserve	(7,102,000)	3,488,971	0	0	0	(3,613,029)
Transport Fund Reserve	(7,751,000)		1,452,237	1,198,646	0	(5,100,117)
Total	(14,853,000)	3,488,971	1,452,237	1,198,646	0	(8,713,147)

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Report to: Overview and Scrutiny Committee

Date: 14 September 2018

Subject: "West Yorkshire... and Beyond - Calderdale Council's Contribution to the Combined Authority"

Director(s): Angela Taylor, Director, Resources

Author(s): Khaled Berroum, Scrutiny Officer

1. Purpose of this report

- 1.1 To inform the Overview and Scrutiny Committee of the background, findings and recommendations of a scrutiny review conducted by Calderdale Council's Strategy and Performance Scrutiny Board into Calderdale Council's engagement and relationship with the West Yorkshire Combined Authority, which will be presented to the Committee at the meeting.

2. Information

- 2.1 In October 2017, the Chairs and Deputy Chairs of Calderdale Council's three scrutiny boards (and Flood Scrutiny Panel) agreed to undertake a detailed scrutiny review of Calderdale Council's engagement and relationship with the West Yorkshire Combined Authority. Responsibility for the review was assigned to the Strategy and Performance Scrutiny Board.
- 2.3 The review group's evidence gathering was concluded on 28 February 2018 and the final report was finalised, presented and endorsed by Calderdale's Strategy and Performance Scrutiny Board at its 25 April 2018 meeting.
- 2.4 A summary of the review's recommendations that relate to the Combined Authority are outlined in **Appendix 1**. The full final report entitled "West Yorkshire... and Beyond - Calderdale Council's Contribution to the Combined Authority" detailing the review's detailed findings and recommendations is attached at **Appendix 2**.
- 2.5 The review contained one formal recommendation to the Combined Authority relating to scrutiny, recommending that the Combined Authority 'take the opportunity of the appointment of a scrutiny officer to review the effectiveness of their scrutiny arrangements'. A dedicated statutory scrutiny officer was appointed in May 2018 and the Overview and Scrutiny Committee resolved to

direct the Scrutiny Officer to begin a review of current scrutiny arrangements at its last meeting on 13 July 2018.

- 2.6 It should be noted that the governance structure diagram highlighted in the final report (under finding 4 in **Appendix 1**) was not provided by the Combined Authority and does not represent the formal decision making or committee structure of the Combined Authority – but is a helpful aid to represent the interface between Calderdale members and officers with the Combined Authority. A copy of the Combined Authority's current committee and governance structure provided by the Combined Authority's Head of Legal and Governance Services is attached at **Appendix 3**.
- 2.7 On 3 May 2018 the Chair of the Strategy and Performance Scrutiny Board wrote to the Combined Authority's Managing Director presenting the review's findings and recommendations and asking for a response. The Chairs of the Combined Authority, Transport Committee, and the Overview and Scrutiny Committee also received copies of this letter. The letter is attached at **Appendix 4**.
- 2.8 At the 13 July 2018 meeting, the Overview and Scrutiny Committee agreed with the Chair's suggestion to invite Councillor Jenny Lynn to present the review's findings and recommendations to the Committee. Councillor Lynn also met with the Chair of the Overview and Scrutiny Committee and the Combined Authority's Director of Resources (on behalf of the Managing Director) in July and August 2018 respectively to discuss the findings.
- 2.9 The Calderdale Strategy and Performance Scrutiny Board expect a formal response from the Calderdale cabinet to their recommendations in the coming months and will share the full cabinet response with this Committee when it is published.
- 2.10 The Combined Authority's Managing Director intends to respond to the letter and the review's recommendations after the Calderdale cabinet formally responds and after the review's findings and recommendations have been considered by the Overview and Scrutiny Committee.

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 That the findings of the review and the recommendations be noted.

8. Background Documents

[Scrutiny Review Report – Getting the most for Calderdale from the City Region and its findings and recommendations](#). Strategy and Performance Scrutiny Board (Calderdale Council). 25 April 2018.

9. Appendices

Appendix 1 – Summary of recommendations relating to the Combined Authority

Appendix 2 – Full report: "West Yorkshire... and Beyond - Calderdale Council's Contribution to the Combined Authority"

Appendix 3 – West Yorkshire Combined Authority / Leeds City Region Enterprise Partnership (LEP) Governance Structure (July 2018)

Appendix 4 – Letter from the Chair of the Strategy and Performance Scrutiny Board to the Combined Authority's Managing Director

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Summary of recommendations to the West Yorkshire Combined Authority arising from the 'West Yorkshire... and beyond' Calderdale scrutiny review

R3 - Recommendation 3 (under Finding 4)

“WYCA should examine its decision-making structures to ensure that they are as clear and as simple as possible. It should ensure that any revised structures are made publicly available and are widely communicated.”

R4 - Recommendation 4 (under Finding 5)

“WYCA should review its protocols to ensure that decision-making processes become fully transparent.”

R5 - Recommendation 5 (under Finding 5)

“WYCA should ensure that it is clear when Members are taking decisions and when decisions are delegated to officers.”

R6 - Recommendation 6 (under Finding 5)

“WYCA should establish an effective information process and structure which will enable local Members to comment and contribute when an issue affects their ward.”

R13 - Recommendation 13 (under Finding 9)

“WYCA should identify those activities that would benefit from collaboration with neighbouring areas, in particular Greater Manchester and East Lancashire and develop clear strategies for developing such collaboration.”

R14 - Recommendation 14 (under Finding 10)

“WYCA should take the opportunity of the appointment of a scrutiny officer to review the effectiveness of their scrutiny arrangements”

R16 - Recommendation 16 (under Finding 11)

“WYCA should arrange occasionally to hold its meetings and committee meetings in towns and cities other than Leeds.”

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West Yorkshire ...and beyond

Calderdale Council's contribution to the West Yorkshire Combined Authority

Report of the Strategy and Performance Scrutiny Board - March 2018





Foreword

This review of Calderdale Council's work within the West Yorkshire Combined Authority (WYCA) was a departure from the usual way that the Council undertakes scrutiny reviews. The review was undertaken by the chairs and deputy chairs of all of the Council's Scrutiny Boards and Panel. This reflects the importance of working at a sub-regional level across the Council's activities. Most of the work was undertaken as a "scrutiny in a day" exercise – with officers and Members from the Council and the West Yorkshire Combined Authority talking to the review group in a series of discussions on 5 February 2018.

This report presents our findings and recommendations. Most of our recommendations are directed at our own Council. Some are made to the West Yorkshire Combined Authority. And we hope that other Councils who are members of WYCA and perhaps councils in other combined authorities will find this report interesting and useful.

Our findings and recommendations are presented as a "critical friend". We are presenting the Council's involvement within WYCA as something that works, but that with a few changes, could be improved. As sub-regional work becomes more and more important, so do our recommendations. We believe our recommendations will be straightforward to implement. But through their implementation, the profile of Calderdale's work within West Yorkshire will be raised and that itself will improve our contribution to the success of the combined authority, which will be good for West Yorkshire and for Calderdale.

West Yorkshire Combined Authority have been very helpful and cooperative throughout our inquiry. As have Calderdale councillors and officers. Our thanks to everyone.

Review Group Members

Councillor Mike Payne (Chair)

Councillor Jenny Lynn (Deputy Chair)

Councillor Paul Bellenger

Councillor Howard Blagbrough

Councillor Ashley Evans

Councillor Steve Sweeney

Councillor Andrew Tagg



Calderdale Council's Contribution to the West Yorkshire Combined Authority

Introduction

Although we recognise that there is a range of debates and projects both regionally and locally, we have deliberately set ourselves a narrow brief. This has enabled us to deliver a concise piece of work focussed on Calderdale Council's relationship with WYCA within a short timescale.

Currently, engagement with the Combined Authority is limited to a small group of expert Councillors and officers. However, we believe that our recommendations, while relatively minor at first glance, will broaden the engagement of all Councillors in Calderdale and local people with the work undertaken by the Council through the Combined Authority.

The Calderdale Councillors and officers who work within WYCA demonstrated to us that they work effectively and have significant influence within WYCA and have helped secure a number of initiatives to the benefit of the Borough. But much of their work is invisible to the wider Council and also to the people of Calderdale.

It is important for Calderdale that it works well within West Yorkshire. But other areas are also very important for us. In the west of Calderdale, Manchester is closer and more important economically and for work and leisure than Leeds.

However, we found that the decision making process is not always transparent to those who are not directly involved in it, and sometimes verges on the opaque. There is no formal way of Councillors involved in WYCA and its Committees of reporting back to the Council and to the people of Calderdale.

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The structure of Committees, meetings and advisory groups is over complicated and the support given to Councillors who sit on WYCA's Committees could be more consistent.

Scrutiny is an important way in which executive bodies such as WYCA are held to account. We consider that the scrutiny arrangements within WYCA should be strengthened. We also feel that the Calderdale Scrutiny function needs to consider how it should hold to account Members and officers for their work within WYCA.

Leeds is a major city in the north of England and a successful Leeds brings benefits for the whole of West Yorkshire. There is a concern that smaller authorities like Calderdale will always "lose out" to Leeds when it comes to the allocation of resources. The evidence presented to us – that we accept – is that WYCA officers are very aware of this perception and take steps to make sure that this does not happen. And Calderdale has succeeded in some areas in "punching above its weight". One small way in which this concern could be addressed would be for WYCA to hold some of its meetings in towns and cities other than Leeds.

Findings and Recommendations

Finding 1 - Calderdale and WYCA work well together.

WYCA identified Calderdale Council as a good Council to work with. Members and officers are closely involved in the work of WYCA and there is a good working relationship between WYCA and Calderdale Council. We heard this directly from WYCA and it was apparent in the evidence given by Calderdale Council Members and Officers.

This is a good base to build increasingly effective relationships within WYCA.

Recommendation 1: The Council should continue to seek to work as effectively as possible within the West Yorkshire Combined Authority.

Finding 2 - Calderdale contributes well to WYCA and has organised its structure to enhance that contribution.

87 Calderdale Council is well represented at political and officer level in the WYCA structures. The Leader of the Council is Deputy Chair of the Combined Authority with Members and officers well represented throughout the Committee and supporting structures.

The new Council structure should help co-ordinate activity within the combined authority. The Directorate of Regeneration and Strategy now pulls together all those services that currently have a direct relationship with WYCA. It will be interesting to see how effective this has been after the new structure has had time to bed in.

Recommendation 2: Strategy and Performance Scrutiny Board should review the effectiveness of the new structure in autumn 2018.

Finding 3 - Working with WYCA has benefited Calderdale People.

There have been some real benefits to Calderdale from working within WYCA, in particular in transport areas. Liz Hunter from WYCA, Cllr Tim Swift, Cllr. Barry Collins, Robin Tuddenham and Mark Thompson gave us good evidence of projects within Calderdale that have attracted significant investment and benefit to the people of the district.

WYCA told us about the following schemes:

Findings and Recommendations

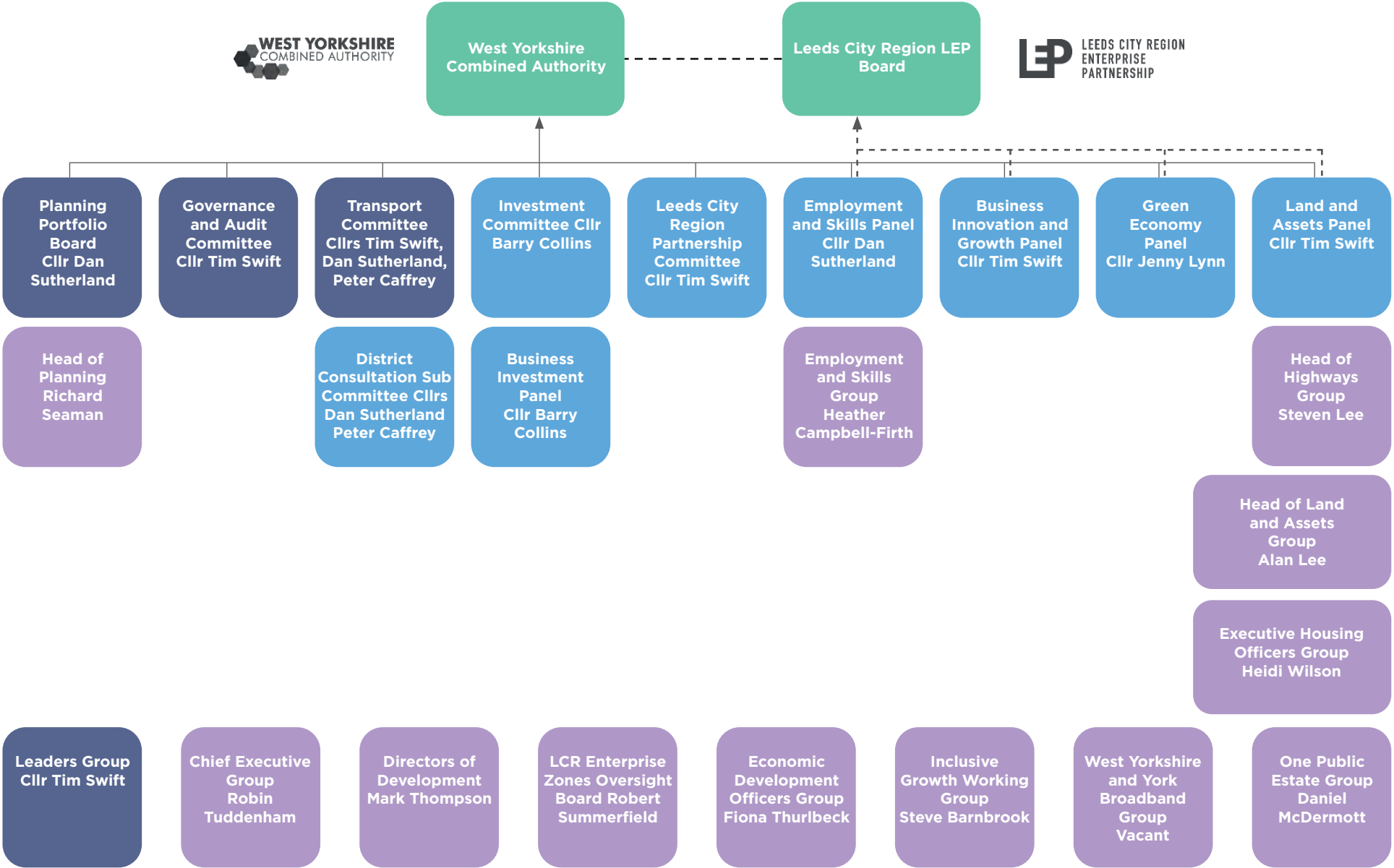
- Projects currently in development on the WY+TF pipeline include: Halifax Station Gateway, A641 Bradford to Huddersfield Corridor (this is being led by Calderdale), further phases of A629, the Corridor Improvement Programme (which is aiming to improve roads across WY) will include A58/A672 corridor and A646/A6033 corridor.
- Will shortly commence work on the A629 Phase 1a project which has been received funding of £8.5m via the Growth Deal.
- Invested over £1.3m to support 30 businesses recover from the 2015 Boxing Day floods.
- Contributed £2.5m towards the Mytholmroyd Flood Alleviation work in 2016/17. This is a major project that will be ongoing into 2019.
- Provided £4.98m to refurbish and upgrade the Percival Whitley Centre at Calderdale College which enhances the teaching offer in advanced engineering and manufacturing, digital and creative media and health and social care.
- Contributed £615k towards the Hebden Bridge Rail Park and Ride project due to commence in 2018. Further Rail Park and Ride projects are planned for Mytholmroyd and Sowerby Bridge.
- Completed and opened the £10.8m Low Moor train station in April this year – 90,000 passengers forecast by April 2018.
- Approved £1.3m for the demolition and redevelopment of Northgate House.
- Invested £196k to improved 29 properties with energy efficiency and heating measures in 2016/17 via the Better Homes Yorkshire Fund.
- Provided almost 400 homes with superfast broadband from 2015 until March 2017.
- Supported 23 businesses with over £850k capital grant investment in 2016/17 alone.
- Jointly funded 1 FTE Growth Manager, providing intensive support to help 56 SMEs grow in 2016/17.
- Invested £325k to support SMEs to recruit apprentices.

Finding 4 - The reporting lines are complicated.....

We were provided with a structure diagram setting out the involvement of Members and officers from Calderdale. The structure diagram demonstrates that the structures of WYCA can seem complex and opaque. For anyone not directly involved the picture is confusing and it is not easy to see what is done where. This may be inevitable, but it makes the task of holding Members and officers to account and understanding what is going on challenging to say the least.

Recommendation 3: WYCA should re-examine its decision making structures to ensure that they are as clear and as simple as possible. It should ensure that any revised structures are made publicly available and are widely communicated.

Findings and Recommendations



Findings and Recommendations

Finding 5 - Keeping Councillors involved.

Our case study on the decision making process concerning CityConnect leaves us concerned that there could be more political oversight of officer decisions. Although there was some discussion at Transport Committee, WYCA officers seem able to change spending priorities with little Member involvement. WYCA and Calderdale officers may not have communicated sufficiently with everyone who needed to know what was going on.

WYCA have informed us that the City Connect scheme that was used as the case study by the scrutiny inquiry began before the Combined Authority's current assurance processes were adopted and therefore the early stages of that project were not implemented pursuant to the governance arrangements that are now in place. We understand this, but we still think that WYCA and Calderdale Council need to work more proactively to ensure that there is as much transparency as possible. What may seem perfectly clear to experienced Councillors and officers used to working through local government governance may still appear opaque to those less familiar with the way we work. This is particularly relevant when this important work is "one step removed" from the normal ward Member – Executive relationship.

We consider that WYCA should review its protocols and working arrangements to see where improvements can be made in this area. Calderdale officers also need to consider how and when they discuss WYCA activity with a wider group of Members, including ward Members where a matter affects their ward.

We learnt from officers that the Council was supporting the Northern Powerhouse Rail route through Bradford as the best option for Calderdale that is likely to succeed. We understand why this approach might have been adopted, but it is an example where a wider discussion within Calderdale involving Members across parties could and perhaps should have taken place. A later finding in this report raises issues about scrutiny. Place Scrutiny Board would be an ideal venue for such discussions to take place.

Recommendation 4: WYCA should review its protocols to ensure that decision making processes become fully transparent.

Recommendation 5: WYCA should ensure that it is clear when Members are taking decisions and when decisions are delegated to officers.

Recommendation 6: WYCA should establish an effective information process and structure which will enable local Members to comment and contribute when an issue affects their ward.

Recommendation 7: The Chief Executive should ensure that ward members are aware when WYCA is considering an issue that impacts particularly on their ward.

Findings and Recommendations

Finding 6 - Supporting our Councillors.

Nine Calderdale Councillors sit on 14 Committees, Panels or Boards. It is important that all these Councillors receive good support to assist them in these roles. We consider that Cabinet Members may be better supported than other Councillors who are involved. We would like to see an automatic allocation of officers to brief (and debrief) elected Members serving on WYCA boards and panels. These officers should ensure that key outcomes are reported to the Chief Executive and Leader to facilitate coordination and communication of activity within WYCA.

We understand that Cabinet members who sit on WYCA and its Committees have a particular function, but we consider it important that “opposition” members are also well briefed by officers. This will enable there to be a fuller contribution from Calderdale in WYCA.

We think there is a wider issue of how Members who sit on any number of external bodies are supported in those activities and we recommend that Governance and Business Committee consider how this should be done.

Recommendation 8: The Chief Executive should ensure that briefing arrangements are in place for all Members involved in WYCA and its Committees and Sub Committees. These arrangements should include mechanisms for Members to feed back key issues that arise from their activity in WYCA.

Recommendation 9: Governance and Business Committee should consider whether there are adequate arrangements to support Members who are appointed by Council to serve on external bodies.

Finding 7 - How do Councillors know what's going on?

There are no formal reporting back mechanisms from WYCA or its Committees to the Council. Whilst it is open to anyone to examine WYCA agenda and minutes, these are not always easy to follow and to get a sense of the broader issues. Members may, of course, question any Cabinet Member at full council about their activity within WYCA, but if information about WYCA is not easily available, it makes it difficult to ask meaningful questions. Leeds Council has a standing item on its full Council agenda which is informed by a report by their Chief Executive providing an update on matters in the Leeds City Region Local Enterprise Partnership and through the West Yorkshire Combined Authority. Kirklees Council receives the minutes of the West Yorkshire Combined Authority. We consider that we should adopt the practice of Leeds Council and consider a report on the Council's activity within WYCA at every full Council meeting.

WYCA circulated a first email bulletin for elected members across West Yorkshire after we met in February. This is a welcome development.

Recommendation 10: Consideration of a report by the Chief Executive on WYCA activity and particular issues of concern to Calderdale should be considered as a standing item at every meeting of full Council.

Findings and Recommendations

Finding 8 - There can be benefits to Calderdale from investments in other parts of West Yorkshire.

A question is often asked about whether Calderdale “punches above its weight” in sub-regional work. We received evidence that in some areas of activity Calderdale has been disproportionately successful. We were reminded that benefits to Calderdale from WYCA investment are not limited to initiatives within the Calderdale boundaries. The new Low Moor Station and improvements to Leeds Station were given as examples of initiatives outside Calderdale that have a positive impact on our economy. It was also suggested to us that “going into WYCA to extract as much benefit as possible” was an approach adopted by some partners, but risks being counter-productive and that more benefit to our area can be achieved by being an effective and collaborative partner.

We can see value in all Calderdale Members who sit on any WYCA body doing some work together about how Calderdale Members should work within a WYCA setting, perhaps resulting in a written protocol encapsulating this philosophy, sharing information that comes from that activity and involving local ward Members whenever an issue impacts on their ward.

Recommendation 11: Members who sit on WYCA and its Committees should be encouraged to continue to work for the overall benefit of West Yorkshire within WYCA, rather than to take a parochial approach. This should be reflected in the priorities of the Council and Cabinet.

92 Finding 9 - Looking west as well as within West Yorkshire.

Particularly in the west of the Borough, economic activity and initiatives outside the WYCA boundaries is often of more significance than activity within it. Manchester is closer to Todmorden in economic impact, travel time and employment opportunities than Leeds. Todmorden to Manchester is 30 minutes by train; to Leeds is an hour.

The Council needs to ensure that operating effectively as a member of WYCA does not limit our capacity to work effectively with neighbour areas, particularly in Manchester and East Lancashire. As well as undertaking our own initiatives, we need to make sure that WYCA helps us cooperate more effectively across boundaries.

Recommendation 12: Cabinet should include approaches to partnership working with neighbouring areas outside West Yorkshire within its strategies and, in particular, within economic and transport strategies.

Recommendation 13: WYCA should identify those activities that would benefit from collaboration with neighbouring areas, in particular Greater Manchester and East Lancashire and adopt clear strategies for developing such collaboration.

Findings and Recommendations

Finding 10 - Scrutiny Committee - in WYCA and in Calderdale.

One member of our group observed a WYCA Scrutiny Committee meeting, which, amongst other things, examined the CityConnect programme. This was a well-run meeting, but it felt that the impact of the scrutiny was limited. Calderdale Members who sit on the Scrutiny Committee receive little support from WYCA, although we understand that WYCA is about to appoint a Scrutiny Officer which should improve this situation. These Members do not currently receive any support in their role from the Calderdale Scrutiny Support Team.

Scrutiny is one way in which the public and Councillors not directly involved in WYCA can learn more about what is being decided within WYCA and can observe democratic accountability. We consider that the WYCA scrutiny process needs strengthening.

We also consider that Calderdale Scrutiny Boards need to give more emphasis to the work of the Council within WYCA in their work programmes. Cabinet Members and senior officers should ensure that Place Scrutiny Board is kept updated about current issues within WYCA that affect Calderdale.

Recommendation 14: WYCA should take the opportunity of the appointment of a Scrutiny Officer to review the effectiveness of their scrutiny arrangements.

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Recommendation 15: Calderdale Scrutiny Boards - and Place Scrutiny Board in particular - should ensure that sufficient consideration is given to WYCA matters in their work programmes.

Finding 11 - Meeting in places other than Leeds

The work of WYCA is not easily accessible by the public or by Councillors not directly involved, although some of the meetings are webcast. All WYCA meetings and main Committee meetings are in Leeds. We consider that – from time to time – WYCA meetings and Committee meetings should be held in other parts of West Yorkshire. As a target, at least one meeting a year should be arranged in each constituent authority. Clearly, the first venue chosen for such meetings should be Halifax!

Recommendation 16 : WYCA should arrange occasionally to hold its meetings and Committee meetings in towns and cities other than Leeds.



City Connect Programme – Decision Making Case Study

As part of the detailed review Cllr Sweeney examined the decision making process concerning the CityConnect programme – and, in particular, the Phase 2 of the Calderdale Canals Project (Rochdale Canal between Hebden Bridge and Todmorden). The objective of this case study was not to assess whether decisions about this project were correct, but the way in which the decisions were taken. This is a brief summary of the decision making process in relation to this scheme, extracted from a note provided by WYCA officers:

- As projects within the second phase of the programme progressed, it became clear that the funding available would be insufficient to deliver the whole programme. There had also been concerns raised about the quality and design aspiration of some of the projects. This was reported to Transport Committee in April 2017.
- A Programme level review was reported thought the WYCA assurance process, with the conclusions presented to the Programme Appraisal Team for a steer on a recommended approach and then to the Transport Committee in July 2017. The review concluded that the highest performing projects should proceed and the remaining projects put on a “reserve list”. This recommendation was approved by Managing Director delegation following a meeting of the Transport Committee.
- Phase 2 of the Calderdale Canals Project was included on the reserve list due to concerns relating to the quality of design as well as the scheme not performing well for value for money as a stand-alone project.
- Between July 2017 and November 2017 further work was concluded on the four projects that remained on the reserve list. It was recommended to Transport Committee that Phase 2 of the Calderdale Canals Project should remain on the reserve list at this time. Alternative funding options for the scheme were being pursued.

The key points arising from this case study are:

- The decisions relating to Phase 2 of the Calderdale Canals Project have been taken properly , in accordance with WYCA governance arrangements.
- The role of members of the Transport Committee has effectively been to endorse officer recommendations. The final decision has been taken by the Managing Director under delegated powers.
- Although there was consultation on the proposal with local people and local Councillors at an early stage, there has been little opportunity for local Councillors to get involved or indeed informed at key decision points.
- The decision making processes of WYCA are complex and not transparent to the public and to local Councillors, except to those directly involved in them.
- If local people can find their way through the decision making process to the reports, it is not easy for them to identify the decision that has been taken.
- Some Calderdale officers have been involved at the decision making points. This presents opportunities for wider involvement of local Councillors.

Our work

Member observed West Yorkshire Combined Authority Scrutiny Committee – 4 January 2018

Member met with Cllr Keith Wakefield, Kate Thompson, Caroline Allen, Fiona Limb, 29 January 2018 to discuss CityConnect decision making

Evidence Session - 5 February 2018 – Evidence from:

- » **Ms Liz Hunter, Interim Director, Policy and Strategy, West Yorkshire Combined Authority (WYCA)**
- » **Councillor Tim Swift, Leader of Calderdale Council**
- » **Councillor Barry Collins, Deputy Leader of Calderdale Council**
- » **Councillor Dan Sutherland, Cabinet Member, Calderdale Council**
- » **Councillor Dot Foster, Calderdale Councillor who sits on the WYCA Overview and Scrutiny Committee**
- » **Robin Tuddenham, Chief Executive**
- » **Mark Thompson, Director, Regeneration and Strategy**
- » **Nigel Broadbent, Head of Finance**
- » **Steven Lee, Assistant Director, Strategic Infrastructure**
- » **Mary Farrar, Corporate lead, transformation**
- » **Heidi Wilson, Strategic Housing Delivery Manager**
- » **Fiona Thurlbeck, Service Lead, Business and Skills**

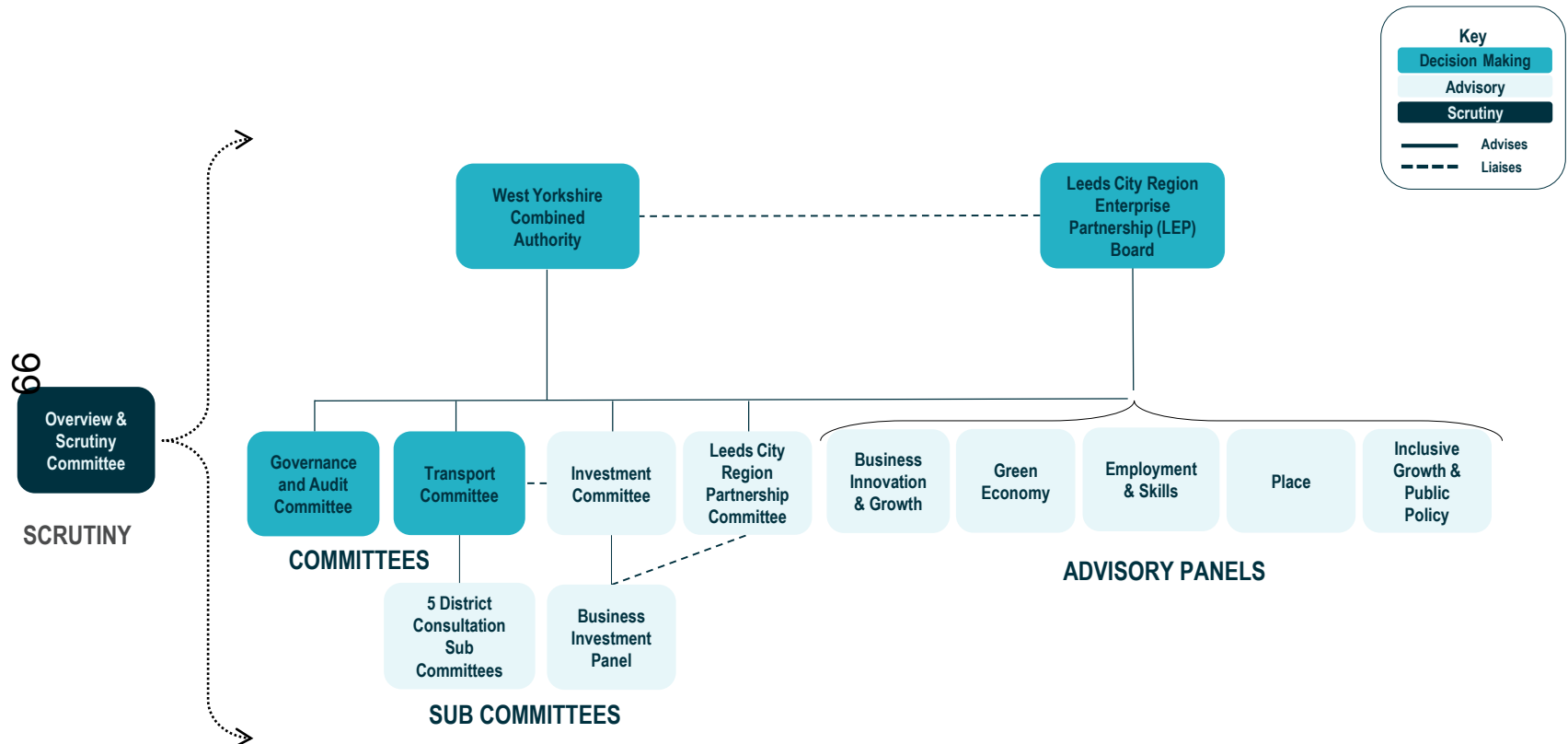
Written evidence also provided by Councillor James Baker (WYCA Scrutiny Committee) and Councillor Peter Caffrey (WYCA Transport Committee)

For further information about this report please email us at scrutiny@calderdale.gov.uk or visit www.calderdale.gov.uk





Governance Structure



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Please contact: Mike Lodge
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Email: mike.lodge@calderdale.gov.uk

Date: 3 May 2018

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Westgate
HALIFAX
HX1 1PS

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

Dear Mr Still

Calderdale Council – Review into the Council's Contribution to WYCA

As you know, Calderdale Council's Strategy and Performance Scrutiny Board has completed a scrutiny review of the Council's contribution to WYCA. Enclosed is a printed copy of the report. I will send you an electronic copy as well.

Thank you very much for your support during our review. Your team has been unfailingly helpful. In particular, I am very grateful to Liz Hunter for attending our evidence session on 5 February and for attending and contributing to our discussions at the Strategy Board meeting last week.

Overall, our report conclusions were very positive about the relationship between the Council and WYCA. We have made a number of recommendations, both to WYCA and the Council and the Scrutiny Board will be very interested to hear your response to those recommendations in due course. Robin Tuddenham told us last week that the Council's Cabinet will consider its response to the report soon after the election, so we may include that response on one of our agendas in the summer.

If you or one of the WYCA Committees wish to discuss this piece of work further, I or another of the Members involved in the work, will be very happy to meet with you to do that. As it is a piece of scrutiny work, we would particularly welcome the opportunity to discuss it with your Scrutiny Committee and I have copied Councillor Light into this correspondence.

Please do not hesitate to contact me, or Mike Lodge, Senior Scrutiny Support Officer, if you wish to discuss this further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Bellenger', written in a cursive style.

Paul Bellenger
Chair, Strategy and Performance Scrutiny Board

cc Cllr Susan Hinchcliffe, Chair, WYCA
Cllr Robert Light, Chair, WYCA Overview and Scrutiny Committee
Cllr Keith Wakefield, Chair, Transport Committee, WYCA
Liz Hunter, Interim Director of Policy and Strategy, WYCA
Calderdale Council Chairs and Deputy Chairs of Scrutiny
Robin Tuddenham, Chief Executive
Mike Lodge, Senior Scrutiny Support Officer