

## **WEST YORKSHIRE COMBINED AUTHORITY**

**MEETING TO BE HELD AT 11.00 AM ON THURSDAY, 25 APRIL 2019  
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON  
STREET, LEEDS**

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

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

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
  1. To highlight Appendices 1 and 2 to Agenda Item 13 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.
  2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out in paragraph 5.1 of Agenda Item 13.
  3. If the recommendation is accepted, to formally pass the following resolution:-

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

during consideration of Appendices 1 and 2 to Agenda Item 13 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**4. MINUTES OF THE MEETING OF THE COMBINED AUTHORITY HELD ON 14 FEBRUARY 2019**

(Pages 1 - 14)

**For Decision**

**5. RAIL ISSUES**

(Member lead: Cllr J Blake, Director: Dave Pearson)

(Pages 15 - 22)

**6. WEST YORKSHIRE BUS ALLIANCE**

(Member lead: Cllr K Groves, Director: Dave Pearson)

(Pages 23 - 42)

**7. BREXIT UPDATE**

(Member lead: Cllr S Hinchcliffe, Director: Alan Reiss)

(Pages 43 - 48)

**8. CAPITAL SPENDING AND PROJECT APPROVALS**

(Member lead: Cllr P Box, Director: Melanie Corcoran)

(Pages 49 - 126)

**9. INTEGRATED TRANSPORT (IT) BLOCK PROGRAMME 2019-2022**

(Member lead: Cllr K Groves, Director: Alan Reiss)

(Pages 127 - 138)

**10. CORPORATE MATTERS**

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

(Pages 139 - 176)

**11. CORPORATE PLANNING AND PERFORMANCE**

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

(Pages 177 - 208)

**12. REVIEW OF INCLUSIVE GROWTH FOR BUSINESS GRANTS**

(Member lead: Roger Marsh, Director: Sue Cooke)

(Pages 209 - 220)

**13. EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESIF) - SUSTAINABLE URBAN DEVELOPMENT (SUD)**

(Member lead: Cllr S Hinchcliffe, Director: Angela Taylor)  
(Pages 221 - 230)

**For Information**

**14. ECONOMIC REPORTING**

(Pages 231 - 244)

**15. MINUTES FOR INFORMATION**

(Pages 245 - 246)

**Signed:**

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**Managing Director  
West Yorkshire Combined Authority**

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

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**Present:**

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

**In attendance:**

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

**79. Apologies for Absence**

Apologies for absence were received from Councillor David Hall.

**80. Declarations of Disclosable Pecuniary Interests**

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

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

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

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

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

**83. Rail Update**

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

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

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

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

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

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

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

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

**Resolved:**

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

**84. Transport for the North Strategic Transport Plan**

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

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

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

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

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

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

## **85. Brexit Update**

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

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

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

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

## **86. Capital Spending and Project Approvals**

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

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

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

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

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

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

**Resolved:**

(a) In respect of Raising Aspirations –

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

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

(b) In respect of Headrow City Centre Gateway –

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

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

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

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

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

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

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

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

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

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

## **87. Budget and business plan 2019/20**

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

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

### **Business Plan 2019/20**

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

### **Revenue Budget 2019/20**

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

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

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

### **Transport Levy**

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

### **Capital Programme 2017/18 and 2018/19**

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

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

### **Treasury Management**

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

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

### **Resolved:**

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

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

## 88. Devolution

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

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

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

## **89. Strengthened Local Enterprise Partnerships**

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

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

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

## **90. Local Assurance Framework Update**

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

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

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

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

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

**Resolved:**

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

**91. Corporate Planning and Performance**

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

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

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

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

**92. Governance Arrangements**

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

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

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

**Resolved:**

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

**93. HS2 Consultation**

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

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

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

#### **94. Minutes for Information**

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

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

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



**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** Rail Issues

**Director:** Dave Pearson, Director of Transport Services

**Author(s):** Dave Pearson, Richard Crabtree

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

## 1. Purpose of this report

- 1.1 To brief the Combined Authority on the latest position on main rail issues. Anna-Jane Hunter, Director, North of England Rail for Network Rail will be in attendance.

## 2 Information

### Main issues

- 2.1 The current main issues affecting rail services in the City Region are:
- Whilst service performance has improved since summer / autumn 2018, passengers are still affected by daily variability in services and overcrowding of peak services remains a significant issue.
  - Service changes planned in May 2019 will deliver some of the delayed service enhancements planned in the franchises. As reported elsewhere, there is uncertainty about the degree to which all service commitments can be realised reliably on the existing rail network.
  - It is increasingly clear from work being undertaken by Richard George and Network Rail that the rail network in and around Leeds is a network-wide

constraint that impacts on reliability and the ability run more and longer trains across West Yorkshire and beyond. It is important that Network Rail's analytical work is well-resourced and reports in a timely way.

- A formal announcement on the TransPennine Route Upgrade is still awaited.

#### Recovery from May 2018 timetable change

- 2.2 Whilst service performance has significantly improved since last year, it has not fully recovered to the levels achieved before. However this varies on a day to day basis and it is clear that a busier railway will recover from incidents more slowly than previously.
- 2.3 Richard George was appointed by the Department for Transport in summer 2018 to work with Transport for the North (TfN) and across rail industry bodies with a focus on restoring reliability to the North's rail network. Richard is an independent railway expert and not aligned to any of the train operating companies, their owning groups, Network Rail, the Department for Transport, or Transport for the North.
- 2.4 Since his appointment, Richard has been working with the industry to develop a comprehensive understanding of the way the network has been performing, the operational difficulties it has been facing, and associated governance and decision-making processes. Richard presented an update to the public session of the TfN Board on 7 February 2019 (see 'Background Documents'). In summary, he identified the following issues:
- The railway in the North of England is now busier than it has been for decades; it requires much greater operating discipline to run reliably. This will require a different approach to railway operations with greater co-ordination between different parts of the railway where operations are critical.
  - There are significant capacity issues around the network, and these will become worse as more services are introduced.
  - Some of the industry structures and governance arrangements are not helping. The industry is inter-connected, and this becomes increasingly evident as the network becomes busier.
  - There are no 'quick fixes' – many of the identified issues will require long term effort.
  - There are operational risks to be addressed in the introduction of new trains into the network over the coming years.
- 2.5 The recommendations from Richard and his team, which the industry has accepted, include:
- Planning no additional trains on already congested corridors – the Castlefield corridor in central Manchester, and also between Leeds and York until work is undertaken to create more capacity.

- A more systematic approach to planning for timetable changes, including performance modelling and decision making processes. Also to include much earlier planning at key locations, such as Leeds station workings.
  - A programme of training to improve train dispatch (getting trains away on time) across many key stations, and a 'one team' approach across different railway bodies responsible for day to day operations at Manchester Piccadilly.
  - The development of robust contingency plans for introducing new trains.
  - The need for a plan for depot and stabling investment.
- 2.6 The recent focus has been on ensuring that the May 2019 timetable change takes place seamlessly. Further changes to the timetable structure from May 2019 are focused on building-in resilience; this (generally) needs more trains to run the same level of service.
- 2.7 The next stage of work is to establish a clear position about when all outstanding service commitments initially due in December 2019 will be met, together with what work to the network will be required to enable this. The headline findings should be available in May 2019.
- 2.8 Many of the issues raised by Richard George (particularly structural and governance) are the subject of the Rail North Partnership Review (Blake / Jones), and also wider national Williams Review. The re-structuring of Network Rail is also a response to some of the issues identified.
- 2.9 Richard George has been invited to attend the Combined Authority meeting in June 2019, when he should be in position to explain the main outcomes of this work.

#### Rail infrastructure matters

- 2.10 A clear message from the Richard George work and elsewhere is that the rail network cannot reliably accommodate the full range of service commitments made across the various franchises. This impacts proposals both for additional services and for operating longer trains.
- 2.11 A programme of platform extensions has been underway across the network in anticipation of longer trains. This work is ongoing, but is well advanced. Significant improvements were also delivered on the Calder Valley line in 2018 to improve capacity, reliability and ultimately to speed up journeys. These projects were reported to Transport Committee on 9 November 2018.
- 2.12 Other infrastructure work is underway, but running late. The main example of this locally is the work to create a new Platform 0 at Leeds station, together with changes to Platforms 1 to 6 to accommodate more frequent and longer trains. As widely reported in late March, this work is necessary to allow longer 6-car trains to operate on the lines to Skipton and Ilkley, impacts on the ability to run more trains on the line to Harrogate, and is also an important part of LNER's proposal to run additional services through to Bradford Forster Square

and Harrogate. This project was initially due to be complete for December 2019, but it is now expected to be ready for the December 2021 timetable.

- 2.13 Leeds station and the network around central Leeds is crucial to the effective operation of services across the City Region, since almost all trains run to and from or through Leeds. As confirmed by the initial Richard George analysis, the effective operation of the network in and around Leeds, together with central Manchester, is crucial to the effective operation of the network across the North.
- 2.14 It is becoming increasingly clear that Leeds station and its associated network is one of the main local constraints to running more frequent and longer trains across the City Region. For example, the full benefit of the significant works completed on the Calder Valley line in 2018 cannot be fully realised unless network constraints in and around Leeds (and central Manchester) are addressed.
- 2.15 The benefit of platform extensions at Woodlesford and stations in the Five Towns area can only be fully realised if Platform 17 at Leeds station is lengthened. At present it can only accommodate two trains if they are both of two carriages maximum. Failure to extend Platform 17 (or otherwise address this problem) will constrain the ability to increase capacity on the lines to Castleford, Pontefract and Barnsley and beyond and wider on the City Region network. Together with the Calder Valley line constraints highlighted above, these are examples of why addressing network capacity and capability in and around Leeds station has a wide-ranging impact across the City Region.
- 2.16 Together with the ongoing work being led by Richard George, Network Rail is now also leading packages of work to understand the implications of the network constraints in and around Leeds station which are a barrier to service improvements. Combined Authority officers are participating in this work. The focus is on what network infrastructure work is necessary to reliably deliver the existing service commitments in the short term, through to developing a clear strategy in the medium to longer term to accommodate ongoing growth on City Region rail services in the context of HS2 and Northern Powerhouse Rail proposals. It is important that this work is well-resourced to secure clarity as soon as possible what the short and long term investment plans need to include.
- 2.17 Other than the Platforms 0 to 6 project currently underway and set out above, there are no other funded enhancement projects to address network capacity and capability in and around Leeds station. Any projects that are identified as required by the analytical work currently underway will need to be promoted through the new Rail Network Enhancements Programme (RNEP) process for funding.
- 2.18 The current RNEP funding programme for Control Period 6 (2019 to 2024) is understood to be over-subscribed, although DfT has not published details. It is therefore important to ensure that this investment is recognised as a high

priority across the City Region and through the TfN Investment Programme process.

- 2.19 Together with unlocking network capacity in central Manchester, addressing network capacity in and around Leeds is a crucial component for delivering almost all potential service improvements across the City Region in terms of running more or longer trains.

#### TransPennine Route Upgrade

- 2.20 At the time of writing, a formal announcement on TransPennine Route upgrade is awaited. An announcement was initially expected around the turn of the year. Government has reiterated it is committed to spending £2.9 billion on the TransPennine Route Upgrade, which forms part of the commitments from the RNEP from 2019 to 2024.
- 2.21 A detailed update on TransPennine Route Upgrade was provided at Transport Committee on 15 March 2019, and Combined Authority officers continue to work in close liaison with officers from Kirklees Council and Leeds City Council together with Network Rail to influence detailed design and implementation matters.

#### Timetable changes in 2019

- 2.22 The next timetable change is on 19 May 2019. This will result in further service changes. These are a combination of changes to secure further improvements to reliability, together with some additional services initially anticipated from December 2017.
- 2.23 The May changes were reported in detail to Transport Committee at its meeting on 15 March 2019. Highlights include a third train per hour between Harrogate and Leeds, reconnecting the Blackpool to York services, extension of an hourly Leeds to Manchester Victoria train (via Bradford and Halifax) to Warrington and Chester, and extension of the hourly Huddersfield to Wakefield Kirkgate service through to Castleford on Mondays to Saturdays.
- 2.24 Improved frequencies will also be introduced on Sundays on local services between Leeds and Selby, Doncaster and Sheffield (via Moorthorpe).
- 2.25 Combined Authority officers continue to work with Transport for the North officers, and operators directly on ensuring that detailed timetable points are addressed. However, there remain a number of outstanding commitments.
- 2.26 Officers continue to work closely with TfN and rail operators to ensure specific local issues can be addressed where possible through the cycle of timetable changes. Amongst others, particular issues include the structure of the timetable on the Calder Valley line to provide a more even spread of services in each hour, and ensuring better peak-hour services at Slaithwaite and Marsden to provide better connectivity into Manchester, Huddersfield and

Leeds. There are good indications that improvements in these circumstances can be achieved from December 2019.

- 2.27 Confirmation of timetable changes by Northern and TransPennine Express for December 2019 are awaited, with more information expected in May once network analysis and industry decision-making processes are complete. The availability of new trains is also a factor to be considered.
- 2.28 May 2019 was intended to be the timetable change where Leeds – London services were extended to and from Bradford Forster Square every two hours, to and from Harrogate every two-hours and once daily to and from Huddersfield and Dewsbury.
- 2.29 LNER has confirmed that it now plans to extend Leeds – London services to and from Harrogate every two-hours from December 2019. It remains committed to the Bradford Forster Square and Huddersfield service improvements and is currently expecting to deliver these in 2020. This is reliant on getting all of its new trains into service (the first of these new trains is expected into service from 15 May 2019), and on addressing timetabling and capacity constraints.

#### The Rail North Partnership Review (“Blake Jones”) Review

- 2.30 The introduction of the May 2018 rail timetable changes in the North led to severe disruption for passengers and businesses. Cllr Blake on behalf of TfN, and the Minister for Rail at the Department for Transport (DfT) undertook a joint TfN/DfT Review into the issues, “The Rail North Partnership Review”. A small review team was established consisting of officials from TfN, DfT and West Yorkshire Combined Authority and views were obtained from Local Transport Authorities in the North, LEPs, Transport Focus, train operators, TfN, DfT and the Rail North Partnership.
- 2.31 It is anticipated that the review will be published in May 2019.

### **3. Inclusive Growth Implications**

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

### **4. Financial Implications**

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

### **5. Legal Implications**

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

### **6. Staffing Implications**

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

## 7. External Consultees

- 7.1 The report has been prepared with information provided by Transport for the North and the rail industry.

## 8. Recommendations

- 8.1 That the Combined Authority notes the current issues affecting the delivery of rail services in the City Region.
- 8.2 That the Combined Authority urges DfT and Network Rail to prioritise the technical capacity analysis needed to determine the rail network requirements in and around central Leeds necessary to bring clarity on the investment required to deliver committed service improvements and accommodate growth across the City Region.
- 8.4 In response to the importance of addressing rail network capacity in and around central Leeds for improved services across the Leeds City Region and beyond, that the Combined Authority endorses the need for ongoing activity to make a strong case for investment by:
- working with Transport for the North to ensure that the strategies and investment plans it is developing reflect this important priority;
  - continuing to shape and influence plans for TransPennine Route Upgrade, HS2 and Northern Powerhouse Rail to ensure that these respond to the need to facilitate rail service growth and improvements across all parts of the City Region; and
  - alongside Council partners, continuing to make a strong and compelling pitch to central government for the Rail Network Enhancement Programme funding that will be required to unlock network capacity in the City Region.

## 9. Background Documents

Details of Calder Valley line upgrade work and West Yorkshire platform lengthening programme. **Item 17** - West Yorkshire Transport Committee, 9 November 2018. Available via: <http://westyorkshire.moderngov.co.uk>

Richard George Update report. **Appendix 1** to Item 9 – Transport for the North Board meeting, 7 February 2019. Available via: [www.transportfornorth.com/meetings](http://www.transportfornorth.com/meetings)

Detailed report on May 2019 timetable changes, report of Richard George commission and findings and update on TransPennine Route Upgrade activity. **Item 11** – West Yorkshire Transport Committee, 15 March 2019. Available via: <http://westyorkshire.moderngov.co.uk>

## 10. Appendices

None.

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **West Yorkshire Bus Alliance**

**Director:** Dave Pearson, Director of Transport Services

**Author(s):** Helen Ellerton

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

## 1. Purpose of this report

- 1.1. The purpose of this report is to provide an update on the development of the West Yorkshire Bus Alliance.
- 1.2. To set out the next steps in developing the Alliance into a formal agreement incorporating key performance indicators and a delivery plan.

## 2. Information

- 2.1 The bus is the biggest mover of people in West Yorkshire and has a critical role in our transport network: it is essential for providing access to jobs and training. However, in line with national trends, we have declining patronage in 2017/18, 147.8 million journeys were made on local buses in West Yorkshire, which represents a decrease of 21 million journeys (12.6%) since 2009/10. This disconnect between the central role of the bus and the declining patronage means there is a real need to understand and deliver interventions that could provide a different and more attractive offer to the customer.
- 2.2 Bus 18 was an informal collaboration between bus operators and the Combined Authority. It established a set of pledges and a programme of work

supported by an informal and flexible governance arrangement. It set out to be the first stage in delivery of the West Yorkshire Bus Strategy approved by the Combined Authority in August 2017.

- 2.3 Bus 18 developed a shared purpose and momentum to improve bus services in the region. Its achievements are set out in Appendix 1 and include the MyDay, which was launched in July 2018 as the new all-day £2.60 county-wide bus ticket for West Yorkshire's under 19s, replacing the current half metro day ticket. In August 2018 15,300 tickets were sold, whereas 12,000 equivalent tickets were sold in the same period last year.
- 2.4 Bus 18 demonstrated how collaborative working between bus operators, the Combined Authority and local authority highways teams could deliver benefits for bus passengers. However, to move forward a more structured approach is needed backed by a formal agreement.
- 2.5 The Bus Services Act 2017, which provides for Advanced Quality Partnership, Enhanced Partnerships and Franchising are all relatively new, untested, provisions. It is proposed that in the short term focus is placed on making tangible improvements for the customer rather than entering into lengthy negotiations and legal process that are needed to establish a statutory arrangement.
- 2.6 Transport Committee on the 9 November 2018 endorsed that Bus 18 should move towards a non-statutory alliance (technically known as a Voluntary Partnership) with a view to migrating to a statutory partnership model as it matures. Appendix 1 provides further detail on the background to the West Yorkshire Bus Alliance.
- 2.7 The key aim of the Alliance is to deliver the objectives of the West Yorkshire Bus Strategy and the commitments agreed as part of the Leeds Public Transport Investment Programme submitted to DfT in 2016.
- 2.8 The overarching objectives are to contribute towards:
  - To enable economic growth in West Yorkshire by improving connectivity to areas of economic opportunity
  - To realise environmental aspirations, including significantly reducing local emissions
  - To support local communities by improving access to health services, education, employment, leisure and retail destinations
- 2.9 The Alliance will set and monitor against the following measures of success:
  - Increased bus patronage - working towards increasing bus patronage by 25% across West Yorkshire and by 50% in Leeds
  - Reliable Service Delivery – using aggregated performance data on schedule adherence, average passenger waiting time (for frequent services) and journey times

- Customer Satisfaction – for which the Transport Focus Bus Passenger Survey is the key indicator offering comparisons across the country

2.10 On the 11 January 2019 Transport Committee endorsed the commitments proposed for delivery through the West Yorkshire Bus Alliance. The table below provides a summary of the themes, work streams and commitments.

<b>Theme</b>	<b>Work Stream</b>	<b>Commitments</b>
Customers at the Heart	Network Legibility	A bus network clearly identifiable to users and non-users
	Ticketing and Retail	Account based ticketing
	Ticketing and Affordability	Simple fares structure and fare offers for young people
	Travel Information	Live journey planning information, real time and disruption collaboration
	Customer Service	Consistent customer service offer, improved on board bus customer facilities
	Communication and Engagement	Promotional engagement to encourage behavioural change
Keeping Buses Moving	Highway Infrastructure	Highway Improvement Programme to reduce journey times, congestion relief programme, improved bus waiting infrastructure
	Service Provision	Extended operating hours, Review of the bus network structure, improved network security, better emergency planning, major highway events planning and resilience
Sustainable Bus Network	Clean Bus Technology	Delivery of a clean bus technology programme
	Economy of the Bus Network	Better data availability, review of the economy of the bus network

2.11 West Yorkshire Combined Authority, alongside the West Yorkshire Councils and bus operators are currently in the process of identifying a delivery plan for each commitment identified in Table 1. The delivery plan will be considered in detail by the Transport Committee in July 2019 and a finalised version will be provided to members of the Combined Authority.

2.12 The delivery plans identify the following:

- Description of the output for the commitment.
- How the commitment will be delivered.
- Funding - identification of source of funding or requirement for funding.
- Outputs that can be delivered early.

- Dependencies
  - Performance management -how the output will be measured.
- 2.13 Priority will be given in the delivery plans to actions which will promote affordable travel for young people. It is anticipated that the first actions emerging from this will be announced in summer 2019.

#### Governance and Reporting

- 2.14 The Transport Committee will oversee the Alliance. The Chair of the Transport Committee will lead the Steering Group of the West Yorkshire Bus Alliance comprising senior managers of the bus operators and officers of the Combined Authority. Transport Focus will represent passenger interests and there will be close liaison with local authority highway teams. It is planned to share learning with the Bus Partnership in York. The governance structure is set out in Appendix 1.
- 2.15 The West Yorkshire Ticketing Company Ltd (WYTCL) is the Joint Venture Company co-owned by the Combined Authority and bus and rail operators to manage the MCard multi-modal smart ticketing scheme. WYTCL will play a key role in delivering the ticketing and information commitments of the Alliance.
- 2.16 In addition to the West Yorkshire Bus Alliance Steering Group, it is proposed that an officer group for each District area be established to facilitate collaboration between local authority highway teams, Combined Authority officers and bus operators. These groups will seek to identify opportunities, operational processes and highway schemes which are aimed at speeding up bus journeys and improving reliability.

#### Partnership Agreement

- 2.17 The commitments approved by Transport Committee together with the delivery plan will be incorporated into a formal West Yorkshire wide Voluntary Partnership Agreement, the terms of which will be considered by the Transport Committee prior to signature with bus operators. As the partnership matures then aspects of the commitments will be developed into Advanced Quality Partnership and Enhanced Partnerships using the Bus Services Act 2017.

### **3. Inclusive Growth Implications**

- 3.1 An effective and affordable bus network will support the objectives of inclusive growth.

### **4. Financial Implications**

4.1 Costs involved in the development of a Bus Alliance will be met from approved budgets. Where costs are shared with bus operators these will be recovered through the mechanisms in place with West Yorkshire Ticketing Company Ltd.

## **5. Legal Implications**

5.1 This report proposes the development and signature of a Voluntary Partnership Agreement between the Combined Authority and bus operators.

## **6. Staffing Implications**

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

## **7. External Consultees**

7.1 The work to develop the West Yorkshire Bus Alliance has involved engagement with bus operators, district highways officers and Transport Focus. It seeks to address the feedback obtained from extensive public consultation prior to the Combined Authority's adoption of its Bus Strategy in 2017.

## **8. Recommendations**

8.1 That the Combined Authority endorse the steps taken to develop the West Yorkshire Bus Alliance and the commitments to improve bus services.

8.2 That the Transport Committee oversees the development and signature of a Voluntary Partnership Agreement which will establish the form and processes of the Alliance.

## **9. Background Documents**

None.

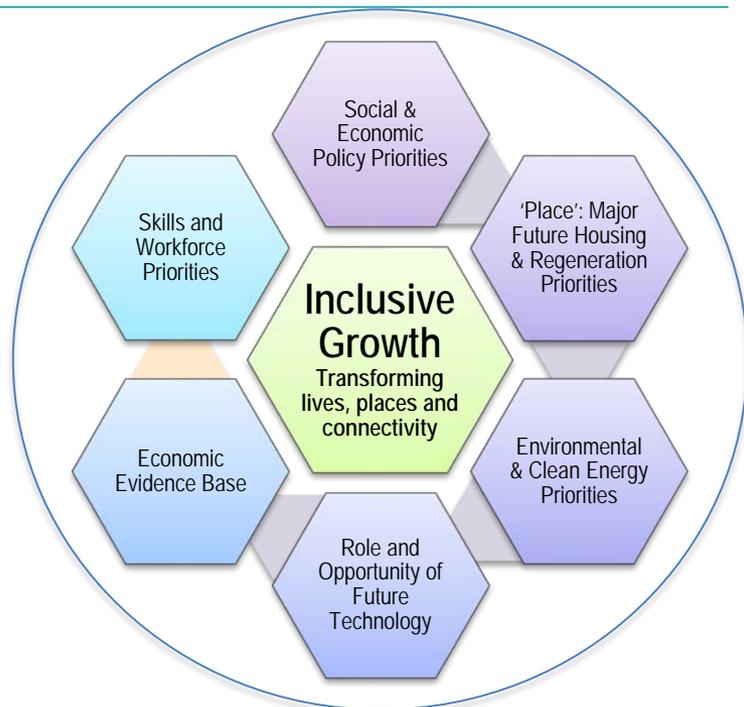
## **10. Appendices**

**Appendix 1** – Summary of the West Yorkshire Bus Alliance including the governance structure

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## **West Yorkshire Bus Alliance**

# West Yorkshire Bus Alliance: the Vision



To create a modern, integrated and innovative bus system, which puts customers first and contributes to the delivery of the economic, environmental and quality of life ambitions as set out in the Strategic Economic Plan and the West Yorkshire Transport Strategy.

**To grow the number of bus passengers by up to 25% over the next ten years**

# Objectives

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- The key aim of the Alliance is to deliver the objectives of the West Yorkshire Bus Strategy and the commitments agreed as part of the Leeds Public Transport Investment Programme submitted to DfT in 2016.
- The West Yorkshire Bus Strategy objectives are as follows:
  1. To enable economic growth in West Yorkshire by improving connectivity to areas of economic opportunity Provide a step change in the journey experience for customers
  2. To realise environmental aspirations, including significantly reducing local emissions Make the bus easy to use
  3. To support local communities by improving access to health services, education, employment, leisure and retail destinations

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# Measures for Success

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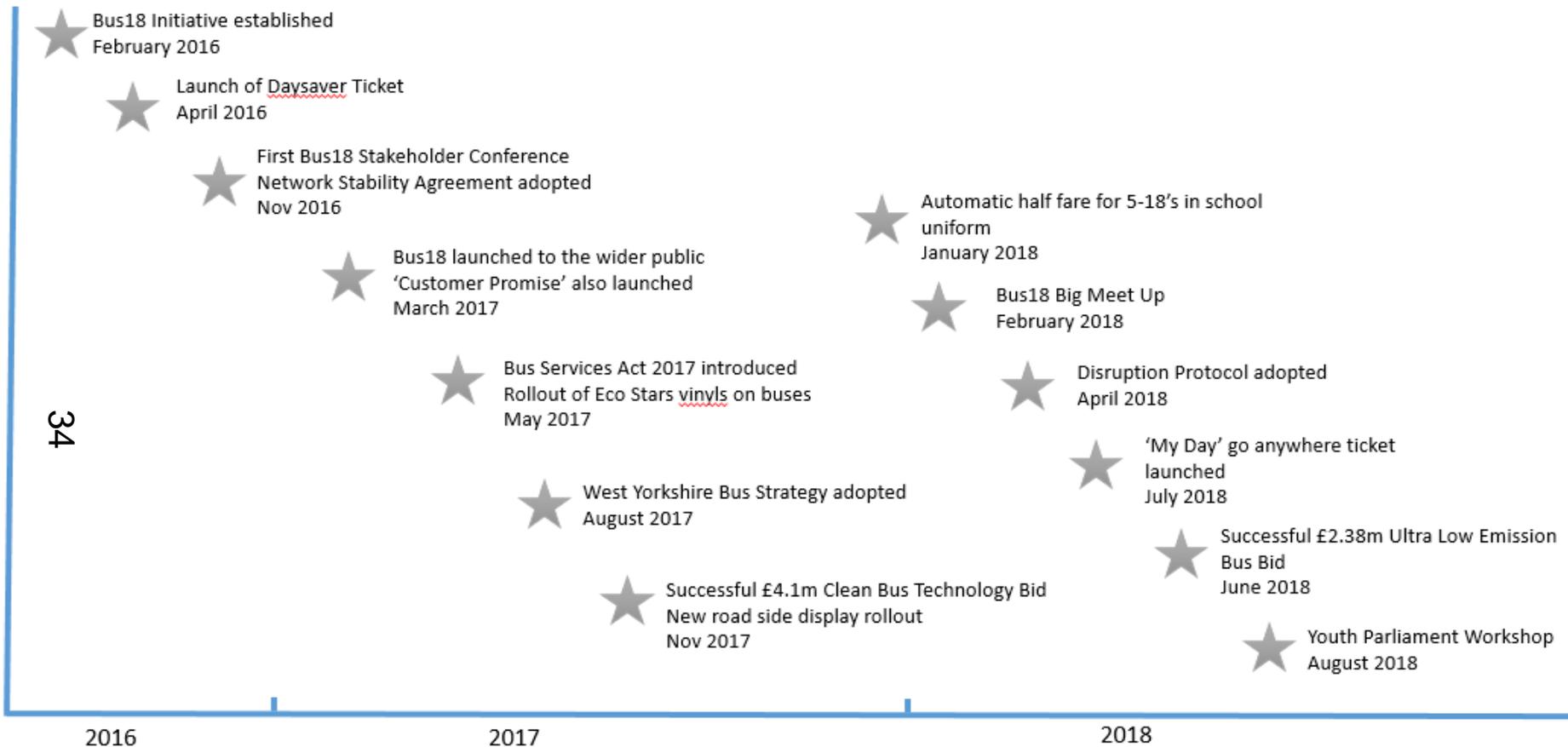
- It is suggested that a new partnership is more focussed on delivering against indicators and targets. A basket of measures and indicators has already been established under the Single Transport Plan, Bus Strategy and LPTIP Programme which can assist. It is proposed that the Partnership focuses on the following key measures:
  1. Increased bus patronage - working towards increasing bus patronage by 25% across West Yorkshire and by 50% in Leeds
  - 32 2. Reliable Service Delivery – using aggregated performance data on schedule adherence, average passenger waiting time (for frequent services) and journey times
  3. Customer Satisfaction – for which the Transport Focus Bus Passenger Survey is the key indicator offering comparisons across the country

# The Importance of the Bus Network

- The bus is the biggest mover of people in West Yorkshire and has a critical role in our transport network : it is essential for providing access to jobs and training
- However, we have declining patronage in 2017/18, 147.8 million journeys were made on local buses in West Yorkshire, which represents a decrease of 21 million journeys (12.6%) since 2009/10
- The aim of the West Yorkshire Bus Alliance is to build on our working relationship



# Bus 18: What did we Achieve?



**A Bus 18 Success:** MyDay was launched in July 2018 as the new all-day £2.60 county-wide bus ticket for West Yorkshire's under 19s. August 2018 15,300 tickets sold, compared with 12,000 equivalent tickets in August 2017.

Bus 18 has developed a strong working relationship between partners but this is yet to materialise into real impact on key performance indicators

# The Benefits of a Partnership: Working Together

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- Formal Partnership will provide greater levels of accountability for all parties –commitment from all parties will ensure effective delivery within a timescale that will provide benefit to the customer
- A joint approach can allow for the pooling of resources and allow a greater focus on delivering a service to the customer
- The Combined Authority and West Yorkshire Districts are keen to build on our working relationship and maintain momentum
- The key features included in the Connecting Leeds Heads of Terms provide a platform to start the discussions and continue our working relationship.
- Bus Services Act 2017 provides the opportunity to formalise our relationship with bus operators

# Summary of the Bus Services Act Partnership Options

<p style="text-align: center;"><b>Voluntary Partnership (Alliance)</b></p> <ul style="list-style-type: none"> <li>• An agreement between a local transport authority and the local bus operators to improve local bus services.</li> <li>• No requirement for detailed legal agreement, shared responsibility for delivering requirements.</li> </ul>	<p style="text-align: center;"><b>Enhanced Partnership</b></p> <ul style="list-style-type: none"> <li>• Legal agreement between a local transport authority and the majority of their local bus operators to work together to improve local bus services.</li> <li>• Shared responsibility between operators and LTA</li> <li>• Can vary in scale and scope to fit local requirements</li> <li>• Provides opportunity to influence a broad set of requirements including common ticket rules and fare zones, routes and branding</li> <li>• Parking policies and bus priority provision extended to increase usage</li> </ul>
<p style="text-align: center;"><b>Advanced Quality Partnership Scheme</b></p> <ul style="list-style-type: none"> <li>• Legal agreement between local transport authority and bus operators with shared responsibility.</li> <li>• Services continued to be operated by commercial bus operators but new standards are set which some or all of the bus operators in the area are required to meet.</li> <li>• New standards include minimum service frequency, route branding/marketing, better payment methods, maximum fares</li> <li>• Parking policies and bus priority provision extended to increase usage</li> </ul>	<p style="text-align: center;"><b>Franchised Bus Network</b></p> <ul style="list-style-type: none"> <li>• Single, integrated local transport networks under one brand and one ticketing system -responsibility for management and delivery lies with LTA</li> <li>• Ability to cap and regulate fares.</li> <li>• Ability to contractually guarantee vehicle and service standards</li> <li>• Bus networks are specified by LTA</li> <li>• Potential value for money for the taxpayer through efficient use of subsidy</li> </ul>

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# Introduction to the West Yorkshire Bus Alliance

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- The Alliance will provide a structure for all parties to work towards improving the service offer for the customer. This will provide the opportunity to implement measures to improve bus travel by ensuring the network is stable, affordable, reliable and punctual.
- The Alliance is a Voluntary Partnership Agreement between the West Yorkshire Combined Authority, West Yorkshire Districts and all bus operators of West Yorkshire – a legal agreement is in development
- Initial delivery period is to 2022, but the Alliance will not end at this point
- The Alliance will provide the opportunity to test the features of a statutory partnership without the legal implications. There will be challenging deliverables with strong accountability and governance to generate real change for the customers and increase patronage

# West Yorkshire Bus Alliance Themes

Theme	Work Stream	Commitment
Customers at the Heart 	Network Legibility	Single clearly identifiable network
	Ticketing and Retail	Improved pre and post pay sales
	Ticketing and Affordability	Clearer fare structures and better offers for young people
	Travel Information	Live journey planning information, real time and disruption collaboration
	Customer Service	Consistent customer service, improved bus facilities
	Communication and Engagement	Promotional engagement to encourage behavioural change
Keeping Buses Moving	Highway Infrastructure	Highway works to reduce congestion, better waiting infrastructure and Transport Coordination Centre
	Service Provision	Extended operating hours, review of the bus network structure, improved security, better emergency and planned events planning and resilience
Sustainable Bus Network	Air Quality	Delivery of a clean bus technology programme
	Economy of the Bus Network	Better data availability, review of the economy of the bus network

# West Yorkshire Bus Alliance Delivery Structure

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- The 10 work streams have an identified operator and WYCA lead who is accountable for the development and delivery of the work plan. The Leads will provide a monthly update on progress to the Steering Group
- The West Yorkshire Bus Alliance is chaired by Cllr Groves
- <sup>39</sup> A West Yorkshire Districts Punctuality and Reliability Group will be established to ensure operational issues in the districts are recognised by the steering group. One representative will attend the steering group.
- The role of the Steering Group is to oversee the Alliance, monitor progress against the key performance indicators and ensure that the Bus Strategy is being delivered

# Governance Structure

## West Yorkshire Bus Alliance Steering Group

District Working Group  
Representative:  
TBC

Arriva  
First  
Transdev  
ABOWY

Chair: Cllr Kim Groves  
Deputy Chair:  
Cllr Eric Firth

Senior Responsible  
Owner: Dave Pearson

Passenger Representative:  
Transport Focus  
Louise Collins

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**Customers at the Heart**  
Work streams:  
Network Legibility  
Travel Information  
Customer Service  
Ticketing and Retail  
Ticketing and Affordability  
Communications and  
Engagement

West Yorkshire Ticketing  
Company

**Keeping Buses Moving**  
Work streams:  
Highway Infrastructure  
Service Provision

**A Sustainable Bus Network**  
Work streams:  
Clean Bus Technology  
Economy of the Bus  
Network

# Voluntary Partnership Agreement

- A legally binding Voluntary Partnership Agreement is in development. It is likely there will be local Voluntary Partnership Agreements in place where specific local conditions are identified.
- The Voluntary Partnership Agreement will contain key performance indicators to measure success
- The Voluntary Partnership Agreement will contain a review point in 2022.



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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Brexit Update**

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

**Author(s):** Alex Clarke

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

## 1 Purpose of this report

- 1.1 To provide a further update to the Combined Authority on the organisational preparation being undertaken by the West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership (LEP) as the UK prepares to leave the European Union, in particular on the decision of the LEP Board to endorse a number of options for business support programmes should the UK leave the EU without a negotiated deal.

## 2 Information

- 2.1 Following the update provided to the Combined Authority in February, preparations have continued, including close cooperation with the work of individual and collective West Yorkshire local authorities and at the Yorkshire and Humber level. Officers from the Combined Authority contribute to regular dedicated meetings of the West Yorkshire Resilience Forum alongside local authorities and emergency service partners, providing in particular updates in relation to transport services, businesses and organisational impacts.
- 2.2 Regular contact is taking place with bus and rail operators in the region to understand risk and contingency messages. Latest feedback confirms that larger operators have been looking at securing supplies and stockpiling more

vulnerable parts and items from their supply chain, as well as making sure that their existing workforce is supported and can operate as normal. Longer term impacts once the UK leaves the European Union are also being considered.

- 2.3 The Combined Authority continue to prepare all internal services for the potential impacts of the UK leaving the European Union, and to support staff who may be required to apply for Settled Status. The Combined Authority also continues to seek further clarity and details through ongoing discussions with central government departments across a range of issues. Funding of £91,000 for 2019/19 has been received from the Ministry of Housing, Communities and Local Government to assist in Combined Authority preparations, with the same amount expected during 2019/20.
- 2.4 The remainder of this report considers specifically the issue of responding to the requirements of businesses as a result of Brexit, and in particular the options discussed and endorsed in principle by the LEP Board in March regarding a number of options for business support programmes should the UK leave the EU without a negotiated deal at the end of the Article 50 process.

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

- 2.5 The Growth Service is providing intelligence to the BEIS Growth Hub Network to provide local insight and aid national Brexit preparation. The LEP website has also published Brexit guidance using .gov sources. The current “Europe Checklists” signposting on the “For Business” section of the website has now been enhanced by the addition of a dedicated “**Preparing for Brexit**”<sup>1</sup> **mini-hub** (this went live on the 14 January 2019); consolidating a wider range of information and support assets to business in a single resource.
- 2.6 In addition to the above planned activity, due to the continued uncertainty regarding whether a deal will be agreed following the extension to Article 50 up to potentially 31 October 2019<sup>2</sup> it is right that the LEP also prepares what its response might be in the event of a non-negotiated exit. The main focus for the LEP will be on how it could assist businesses in the short term to overcome potential barriers and challenges, as well as maximise any opportunities.
- 2.7 The options at 2.10 below have been developed and discussed with members of the Business, Innovation and Growth Panel, and could form the basis of the LEP’s response to a non-negotiated exit from the EU. This does not include any cash flow assistance for businesses, which, although likely to be required, would be best delivered through a centrally coordinated, national initiative (in the form of a deferral of VAT payments for example). The options have been developed on the basis of the following design principles and success criteria.

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

<sup>2</sup> There remains a possibility of a non-negotiated exit at the end May in the event the UK does not participate in European elections. However, a Day of Poll Order has been laid confirming a date of 23 May, with the UK’s obligation to take part only being removed should the Government confirm a deal and pass the necessary legislation by 22 May.

## 2.8 Design Principles

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

## 2.9 Success Criteria (measured in numbers of)

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

## 2.10 Business Support options

### *Brexit Transition Grant Scheme*

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

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

### *Capital Grants Programme*

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

- Could contribute up to 50% towards capital investment in equipment, technology, premises. This could be split into a 50% grant on investment

and 50% on no net job decrease within 6 months (to demonstrate safeguarding), or a 75% / 25% split on the same basis.

- Key challenge will be to prove that the safeguarded jobs are at risk e.g. minutes of a Board Meeting - financial forecasts would need to be certified by a qualified accountant.
- This could follow the same principles as with the LEP Business Flood Recovery Fund, and utilise existing Business Growth Programme processes.

#### *Advice Service*

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

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

#### *Exporting for Growth Scheme*

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

#### Next steps

- 2.11 It is important that the action of the LEP aligns and complements both local authority and Government activity. Therefore the LEP is engaging with Government on the basis of the options above, to open up discussions on the potential need for relevant flexibility over Growth Deal monies and to flag the probable need for additional funding. This is particularly relevant to the Brexit Transition Grant, which would require revenue funding to support the voucher scheme.
- 2.12 Following the further extension of the Article 50 process to 31 October 2019, appropriate preparation work on these options will continue while national political efforts to secure consensus around a form of negotiated exit continue. The Combined Authority will monitor developments closely and continue to discuss developments with central Government contacts. In the meantime, all existing LEP business schemes and services remains in place to support

businesses through the current prolonged period of uncertainty and low economic growth.

- 2.13 However, a non-negotiated exit remains the legal default and should this continue to be a risk, implementation of these plans will need to be carried out at a pace to ensure delivery can begin in a timely manner as the UK exits from the EU at the end of October. Further work will be required to draft scheme application forms, decision-making processes and approval structures so that programmes can be swiftly operationalised as needed.

### **3 Inclusive Growth Implications**

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

### **4 Financial Implications**

- 4.1 Funding of £91,000 in both 2018/19 and 2019/20 is being provided by the Ministry of Housing, Communities and Local Government to assist in Combined Authority preparations. To date this has been used to offset internal resource costs in developing the business support proposals, sharing evidence from local businesses and developing the support material available on the website. Remaining monies will be used to develop and implement business support proposals as required.

- 4.2 However, if following a non-negotiated EU exit a further decision is taken to deliver the business support programmes outlined, then financial resources will be required. These will need to either be allocated from Local Growth Fund (subject to agreement from Government on using funding for the proposed options) or provided by Government. If no additional funding from Government is provided, we would require permission from Government to use the LEP's existing Local Growth Fund grant funding (which can only support capital investment) for revenue purposes; for example to deliver the Brexit Transition Grant Scheme.

### **5 Legal Implications**

- 5.1 There are no legal implications directly arising from this report. If following a non-negotiated EU exit a further decision is taken to deliver the business support programmes outlined, then procurement exercises may need to be taken quickly to find delivery partners for schemes such as the Brexit Transition Grant.

### **6. Staffing Implications**

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

### **7 External Consultees**

- 7.1 No external consultation has been undertaken directly on this report. However, extensive consultation, particularly with Government departments and local

authority partners, as well as intelligence gathering from businesses, has taken place on Brexit-related issues and impacts, and will continue.

## **8 Recommendations**

- 8.1 That the Combined Authority consider the content of the update, and in particular note the decision of the Local Enterprise Partnership (LEP) Board to endorse a number of options for business support programmes should the UK leave the EU without a negotiated deal.

## **9 Background Documents**

- 9.1 None.

## **10 Appendices**

- 10.1 None

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Capital Spending and Project Approvals**

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**Director:** Melanie Corcoran, Director of Delivery

**Author(s):** Craig Taylor / Cath Pinn

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## **1 Purpose of this report**

- 1.1 To put forward proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects, including West Yorkshire plus Transport Fund (Transport Fund) and Growth Deal, for consideration by the Combined Authority's assurance process.
- 1.2 The schemes being considered today were recommended by the West Yorkshire and York Investment Committee on 13 March 2019, (the Investment Committee), the remainder from 12 April 2019 Investment Committee.
- 1.3 In December 2018, the Combined Authority amended the terms of reference of the Investment Committee to provide for the Committee to make any decision to progress a scheme under the Leeds City Region Assurance Framework, in accordance with the scheme's bespoke approval pathway and approval route (subject to an exception relating to exceeding the cumulative total of the financial approval and tolerance levels agreed by the Combined Authority by more than 25%). This report includes information on the exercise of the Investment Committee's new delegated decision making role. Decisions made by Investment Committee which are for the Combined Authority's information, and those requiring an approval decision by the Combined Authority, will be made clear in this report through being highlighted in the summary table and the recommendations where applicable.
- 1.4 This report presents proposals for the progression of 8 schemes, which have been recommended for approval by the West Yorkshire and York Investment Committee, and considered in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £195.110 million when fully approved, of which £57.446 million will be funded by the Combined Authority. A total expenditure recommendation to the value of £1.306 million is sought as part of this report for the development and delivery

of these schemes. Further details on the schemes summarised below can be found as part of this report.

<b><u>Scheme</u></b>	<b><u>Scheme description</u></b>
<p><b>Leeds City Region Growth Service</b></p> <p>Leeds City Region (March Investment Committee)</p>	<p>This scheme will deliver a dedicated, flexible business support service for the Leeds City Region’s larger small and medium enterprises (SMEs). The support will be delivered by a team of 19 SME Growth Managers as a key component of the Leeds City Region Growth Service. The Growth Managers will be located within the City Region’s districts and employed by the local authorities. They will provide information, diagnosis and brokerage function for their clients. This involves understanding the needs of the business and then linking them directly to the right support at the right time to meet their ongoing business needs. This will enable engagement with a broader range of businesses, whilst giving bespoke intensive support to 690 businesses focusing on assisting them with their growth, sustainability and resilience</p> <p>The scheme fits with Priority 1 of the Leeds City Region Strategic Economic Plan to boost business growth productivity, exports and investment by linking businesses to support and funding, including through the LEP Growth Service, Skill Service and support from other partners, including the Department for International Trade.</p> <p><b><u>Impact</u></b></p> <p>The scheme is considered to offer good value for money when compared against national comparator data for business support schemes.</p> <p>The SME’s supported will improve their business resilience and, as a result, be in a stronger position to address future challenges and take advantage of future opportunities for growth. A significant proportion of the SMEs will receive support with property relocation / reconfiguration, which will make their futures more secure, sustainable and productive.</p> <p>The project will focus on business resilience by supporting the SMEs to undertake more holistic and longer-term financial planning that will enable them to address the challenges, and take advantage of any opportunities, arising from Brexit</p> <p>At a more macro level, the Leeds City Region will become stronger as a result of 690 of its SMEs becoming more resilient, sustainable and productive. This will enable them to strengthen their positions within national and international markets and continually introduce new products and processes.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 2 and work commences on activity 5 (full business case with finalised costs) subject to external funding being secured.</p> <p>Total project value - £3,401,756. Total value of Combined Authority funding - £2,465,413 (£1,700,878 European Structural and Investment Funds, £764,535 Department of Business, Energy and Industrial Growth Hub) – not yet secured. The remaining contribution to total scheme costs will be from district partners who will fund £936,343.</p>

	Funding recommendation sought - £0
<p><b><u>Scheme</u></b></p> <p><b>Resource Efficiency Fund 2</b></p> <p>Leeds City Region and North Yorkshire local authority areas (excluding Barnsley)</p> <p>(March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>The Resource Efficiency Fund 2 (REF 2) project will provide both grant support and advice to Small to Medium Enterprises (SMEs) to help them become more resource efficient.</p> <p>This scheme will contribute significantly towards Priority 3 of the Strategic Economic Plan and aligns closely with the new 'Clean Growth' Combined Authority corporate priority. The project will provide support advice and/or grants to SMEs to improve their energy and resource efficiency.</p> <p>The project will:</p> <ul style="list-style-type: none"> <li>• Offer SMEs advice and capital grants to reduce water, energy and waste consumption and to adopt circular economy principles.</li> <li>• Reduce SME costs, enabling them to be more productive and competitive.</li> <li>• Reduce carbon emissions estimated at 2,500 tonnes per annum.</li> <li>• Leverage in over £2.8 million ERDF funding and over £2.5 million private sector match funding.</li> </ul> <p><b><u>Impact</u></b></p> <p>The value for money of the scheme appears to be good at this stage of scheme development.</p> <p>Up to 392 SMEs with Environmental Resource Efficiency (ERE) assessments.</p> <p>Approximately 169 grants (including the introduction of new large grants)</p> <p>Up to 66 SMEs supported, helping to create new circular, resource efficient business models, products or services (circular economy support).</p> <p>The scheme's wider social benefits include potential for improvements to employees' health and wellbeing through changes to the working environment as well as for both social and environmental benefits as a result of promotion of the Circular Economy business model approach.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 2 and work commences on activity 5 (full business case with finalised costs) subject to external funding being secured.</p> <p>Total project value - £6.293 million</p> <p>Total value of Combined Authority funding - £3.786 million (This includes the funding covering the York and North Yorkshire elements of the scheme which the Combined Authority will be the accountable body for, the match fund part of which is subject to a successful bid by the West Yorkshire Combined Authority to the North Yorkshire Local Enterprise Partnership) (Local Growth Fund)</p> <p>Funding recommendation sought - £0</p>

<p><b><u>Scheme</u></b></p> <p><b>Leeds Flood Alleviation Scheme 2</b></p> <p>Leeds</p> <p>(March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>The Leeds Flood Alleviation Scheme (FAS) Phase 2 comprises Flood alleviation works to the River Aire - north west of Leeds Station to Apperley Bridge. It will extend linear and natural flood defences upstream of Leeds City Station to increase the standard of protection against flood events to withstand a 1 in 200-year event, upon completion of the works at Calverley, building on the defences provided in central Leeds for the River Aire by FAS Phase 1 in 2017.</p> <p>The scheme is funded by Defra and the Environment Agency, Leeds City Council, ESIF, Local Growth Fund with current applications to the Forestry Commission, Network Rail and others.</p> <p><b><u>Impact</u></b></p> <p>Benefit to Cost Ratio of 9:4:1 including GVA.</p> <p>The scheme's wider social benefits include creating commercial confidence, improving health and wellbeing for surrounding communities made free from stress about flooding and benefiting from enhanced riverside access and urban greenspace.</p> <p>The Local Growth Fund flood alleviation programme aims to reduce the flood risk of 1,385 businesses and therefore safeguard 11,000 jobs</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 and work commences on activity 5 (Full business case with finalised costs)</p> <p>Total value - £112 million</p> <p>Total value of Combined Authority funding – £3.9 million (Local Growth Fund)</p> <p>Funding recommendation sought – £0</p>
<p><b><u>Scheme</u></b></p> <p><b>A61 (North) Bus Priority Corridor</b></p> <p>Leeds</p> <p>(March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme consists of a series of improvements to bus prioritisation and complementary walking and cycling measures. This includes the extension of bus lanes, the reallocation of road space to provide shared bus/cycle lanes and key junction improvements</p> <p>The scheme supports Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan. It is part of and funded by the Leeds Public Transport Investment Programme (LPTIP) and will be funded through the devolved Department for Transport funding.</p> <p><b><u>Impact</u></b></p> <p>The forecast benefit cost ratio (BCR) is 1.87:1 which represents 'medium' value for money (VfM) The scheme's wider social benefits include providing better accessibility to jobs and services for local communities, particularly lower income groups in north Leeds and helping to reduce levels of nitrogen oxides on this key transport corridor</p> <p><b><u>Decision sought</u></b></p>

	<p>Approval to proceed through decision point 3 and commence work on activity 4 (full business case)</p> <p>Total value - £16.1 million</p> <p>Total value of Combined Authority funding - £16.1 million (Leeds Public Transport Investment Programme)</p> <p>Funding recommendation sought - £0</p>
<p><b><u>Scheme</u></b></p> <p><b>Wakefield South East Gateway</b></p> <p>Wakefield</p> <p>(March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme will assist the next phase of regeneration of the South East Gateway in Wakefield through the restoration of Rutland Mill into a creative industries jobs hub; and delivery of site acquisition and clearance of Kirkgate brownfield sites to enable the delivery of new homes.</p> <p>The scheme is to be funded by the Local Growth Fund.</p> <p><b><u>Impact</u></b></p> <p>The economic case has monetised the benefits that could result from the scheme and the resulting GVA demonstrates that the project could have a positive benefit cost ratio (BCR) of 14.1. However, in light of identified risks associated with the project at this stage, more work is needed as part of the FBC to further inform the scenarios that have been tested.</p> <p>The scheme's wider social benefits include new local employment opportunities, homes and attracting footfall to Wakefield.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 and work commences on activity 4 full business case.</p> <p>Total value: £32.62 million</p> <p>Total value of Combined Authority funding – £6.5 million (Local Growth Fund)</p> <p>Funding recommendation sought - £0</p>
<p><b><u>Scheme</u></b></p> <p><b>A6177 Great Horton Road / Horton Grange Road</b></p> <p>Bradford</p> <p>(April Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme is to be delivered through the Corridor Improvement Programme, a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth.</p> <p>The scheme will primarily provide a new link road between the Horton Park Avenue / Cecil Avenue junction and the All Saints Road/Dirkhill Road junction, as well as improvements to the Great Horton Road / Horton Grange Road junction.</p> <p>The new link road will allow traffic movements to bypass the Great Horton Road/ Horton Grange Road/ All Saints Road junction.</p> <p>It is also proposed that All Saints Road is changed to a one way southbound between Great Horton Road and Turner Place. This will reduce traffic conflicts, whilst increasing capacity.</p>

	<p>The scheme will support SEP Priority 4 Infrastructure for Growth.</p> <p>The scheme is funded by the West Yorkshire plus Transport Fund.</p> <p><b><u>Impact</u></b></p> <p>The scheme at this stage reflects a Benefit Cost Ratio of 2.86:1, judged as High Value for Money.</p> <p>The scheme's wider social benefits include a more attractive environment for the local community, and better quality of life, with reduced congestion improving air quality and connectivity to employment and housing.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value - £4.205 million</p> <p>Total value of Combined Authority funding - £4.205 million</p> <p>Funding recommendation sought - £584,007</p>
<p><b><u>Scheme</u></b></p> <p><b>A6177 Thornton Road / Toller Lane</b></p> <p>Bradford</p> <p>(April Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme is to be delivered through the Corridor Improvement Programme, a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth.</p> <p>The scheme focuses on traffic improvements at two junctions: the A6177 Whetley Lane / Toller Lane junction and the A6177 Thornton Road / Cemetery Road junction.</p> <p>The improvements will be focused around provision of two lane approaches where feasible, provision of dedicated turning facilities, and improvements for pedestrians and cyclists</p> <p>Following scheme delivery, it is anticipated to improve journey time reliability on the western section of the A6177 Outer Ring Road and reduce congestion along the A6177 Outer Ring Road.</p> <p>The scheme will support SEP Priority 4 Infrastructure for Growth.</p> <p>The scheme is funded by the West Yorkshire plus Transport Fund.</p> <p><b><u>Impact</u></b></p> <p>The scheme at this stage reflects a Benefit Cost Ratio of 4.29:1, judged as Very High Value for Money.</p> <p>The scheme's wider social benefits include a more attractive environment for the local community, and better quality of life, with reduced congestion improving air quality and connectivity to employment and housing.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p>

	<p>Total value - £9.662 million</p> <p>Total value of Combined Authority funding - £9.662 million</p> <p>Funding recommendation sought - £721,670</p>
<p><b><u>Scheme</u></b></p> <p><b>Superfast West Yorkshire and York - Contract 3</b></p> <p>West Yorkshire and York (March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>The City Region's Strategic Economic Plan (SEP) has laid out an ambition to achieve 99% superfast broadband 30 megabits per second connectivity across West Yorkshire and York. The Superfast West Yorkshire and York Broadband (SWYY) programme is well on the way to meeting this ambition with the first two contracts of the programme on track to deliver up to 98% by 2021.</p> <p>Phase 3 will deploy broadband infrastructure across the West Yorkshire and York geography within some of the hardest to reach urban and rural areas, areas not already targeted through a commercial roll out and areas not targeted by the previous phases.</p> <p>The scheme is funded from the Department for Environment, Food and Rural Affairs (DEFRA), European Structural and Investment Funds (ESIF / ERDF), Business Rate Pool Allocation and gainshare (carried forward from the West Yorkshire Broadband Contracts 1 and 2.</p> <p><b><u>Impact</u></b></p> <p>The scheme will lead to a gross value added (GVA) over 15 years of around £100 million.</p> <p>The scheme's wider social benefits include improving the sustainability of local businesses and enabling expansion and increased access to employment.</p> <p><b><u>Decision sought</u></b></p> <p>Activity 3 Change Request to reduce the total scheme costs as a result of the Combined Authority being in receipt of a lower level of funding than was forecast at decision point 2 when funding bids had just been submitted. There is also a proportionate reduction to the forecast scheme outputs.</p> <p>Total value - £10.828 million</p> <p>Total value of Combined Authority funding - £10.828 million (Department for Environment, Food and Rural Affairs, European Structural and Investment Funds and gainshare (carried forward from the West Yorkshire Broadband Contracts 1 and 2))</p> <p>Funding recommendation sought - £0</p>

- 1.5 Since the Combined Authority's meeting on 14<sup>th</sup> February 2019, the following decision points and change requests have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Investment Committee. No funding approvals were sought as part of these approvals.

<p><b><u>Scheme</u></b></p> <p><b>Dewsbury Riverside</b></p>	<p><b><u>Scheme description</u></b></p> <p>This scheme involves the provision of site access and sustainable urban drainage systems (SuDS) infrastructure to</p>
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<p>Kirklees (March Investment Committee)</p>	<p>bring forward the development of the first phase of 240 homes at Dewsbury Riverside at two sites; Lees Hall Road and Ravensthorpe Road.</p> <p>The scheme supports Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan and Dewsbury Riverside is part of the North Kirklees Growth Zone (NKGZ) which is a recognised Spatial Priority Area.</p> <p>The scheme is the first phase of proposals to develop up to 4,000 new homes at Dewsbury Riverside which are the subject of a bid to the Housing Infrastructure Fund (HIF).</p> <p><b><u>Decision</u></b></p> <p>The Dewsbury Riverside scheme proceeds through decision point 3 and work commences on activity 4 (full business case).</p> <p>Total value - £4.612 million</p> <p>Total value of Combined Authority funding - £4.612 million (Local Growth Fund)</p> <p>Funding recommendation sought - £0 million</p>
<p><b><u>Scheme</u></b></p> <p><b>York Central: Access Road and Station Access Improvements</b></p> <p>York (March Investment Committee)</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme involves the delivery of infrastructure, accessibility and public realm improvements at York Central and York station to support the delivery of a major mixed-use scheme in the centre of the City.</p> <p>The West Yorkshire plus Transport Fund will contribute to the funding of:</p> <ul style="list-style-type: none"> <li>• A new access road into York Central to ‘unlock; housing and employment sites for development by the private sector</li> <li>• A series of accessibility and public realm improvements to the front (eastern side) of York station</li> <li>• Pedestrian access improvements to the western station entrance into the York Central site</li> </ul> <p>The delivery of these elements of the scheme are dependent on City of York (CYC) Council funding and on securing match funding from the Housing Infrastructure Fund (HIF).</p> <p><b><u>Decision</u></b></p> <p>The York Central Access Road and Station Access Improvement scheme proceeds through decision point 4 and work commences on activity 5 (full business case plus costs) subject to the conditions detailed in 3.184 being discharged to the satisfaction of the Combined Authority’s Programme Appraisal Team.</p> <p>Total value of scheme - £187.46 million</p> <p>Total value of Combined Authority funding - £37.32 million (a £4.32 million increase to the indicative scheme costs from the Gateway 1 approval of £33 million) (West Yorkshire plus Transport Fund)</p> <p>Funding recommendation sought - £0</p>

## 2 Approval of revised approval route

- 2.1 As detailed in paragraph 1.3 above, at the meeting of the Combined Authority on 13 December 2018, it was agreed that future decisions on a number of identified schemes (due to be considered in the following 6 months) would be delegated to the Investment Committee.
- 2.2 In preparation for the meeting of the Combined Authority on 27 June, it has been identified that a further tranche of schemes which were scheduled to be considered by both Investment Committee and Combined Authority at meetings between June and December in 2019 should now be considered for approval by Investment Committee only. This revised approval route is in line with Investment Committee's decision making delegation which was also approved by Combined Authority on 13 December 2018. All schemes have been considered by the Combined Authority at decision point 2.

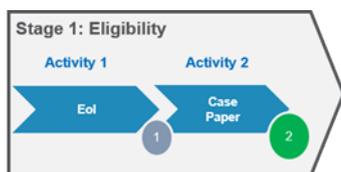
Scheme Name	Decision to be delegated to Investment Committee
Halifax Living Housing Programme - Phase 1	3 – Outline Business Case
City Connect Phase 3 cycling scheme	3 – Outline Business Case
Bradford Heritage Properties – Conditioning House	3 – Outline Business Case
Harrogate Road/New Line	4 – Full Business Case
Halifax Bus Station	3 – Outline Business Case
Bradford Interchange Station Gateway Phase 1	3 – Outline Business Case
York Outer Ring Road Phase 3	4 – Full Business Case
A62/A644 Wakefield road (Cooper bridge)	3 – Outline Business Case
Bradford Interchange Station Gateway Phase 2	3 – Outline Business Case

## 3 Information

- 3.1 The background information on the Combined Authority's assurance framework through which each of the schemes outlined in this report are being approved is provided in **Appendix 1**. In addition, this appendix also provides a description of the approach for the future assurance pathway and approval route and the assurance tolerances for each scheme.
- 3.2 Location maps for each of the schemes presented in this report (where applicable) are provided in **Appendix 2**.
- 3.3 All the schemes set out in this section of the report have been considered by the Investment Committee either on 13<sup>th</sup> March or 12<sup>th</sup> April 2019.

## Programmes and projects for consideration

### Projects in stage 1: Eligibility



- 3.4 Projects at the eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, with further project definition including costs and detailed timescales to be developed as the project progresses through the assurance process. At this stage funding may be sought to enable this work to progress.

<b>Project Title</b>	<b>Leeds City Region Growth Service</b>
<b>Stage</b>	1 (Eligibility)
<b>Decision Point</b>	2 (Case paper)

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

### **Background**

- 3.5 This scheme will deliver a dedicated, flexible business support service for the Leeds City Region's larger SMEs. The support will be delivered by a team of 19 SME Growth Managers as a key component of the Leeds City Region Growth Service. The Growth Managers will be located within the City Region's districts and employed by the local authorities. They will provide information, diagnosis and brokerage function for their clients. This involves understanding the needs of the business and then linking them directly to the right support at the right time to meet their ongoing business needs.
- 3.6 The project is open to all SMEs (less than 250 employees and annual turnover of under circa £40m) in Leeds City Region, but will primarily target those in the current priority sectors of the LEP's Strategic Economic Plan. 306 of the 690 businesses to be supported will receive more intensive support (i.e. minimum

of 12 hours, remainder min. of 3 hours each) and these are expected to be larger ones (50+ staff) that are involved in international trade and are positioned within larger supply chains. They are also likely to be those that have current requirements to move or adapt their premises as there will be specific support available from the project to assist with this. Current intelligence points towards an ongoing increase in property requirements for larger SMEs.

- 3.7 The project will focus on business resilience by supporting the SMEs to undertake more holistic and longer-term financial planning that will enable them to address the challenges, and take advantage of any opportunities, arising from Brexit. This will be particularly important for businesses involved in international trade and that have employees from EU member states. It will also focus on SMEs that are in larger supply chains and also have numerous suppliers of their own. Private sector support will be procured to develop a financial health check product that will be used to improve cash-flow and risk management. The SMEs will also be directly referred into the Brexit preparation support available from the Department for International Trade and the Chambers of Commerce.
- 3.8 Examples could include brokering the businesses to export and innovation support schemes, assisting businesses to apply for capital grant investments, supporting businesses to work with a Higher Education Institution or directly assisting businesses with their property expansion requirements. The most important factor throughout is to remain responsive to the ongoing needs of the businesses, and to ensure that they are supported to meet ongoing challenges, and / or, take advantage of emerging opportunities. There remains a focus on growth, but also on business resilience and planning in the current environment.
- 3.9 The existing LEP Growth Service commenced in April 2015 (officially launched in July 2015) and since then has been funded by Government (BEIS) via its Growth Hub allocation. The LEP and Combined Authority received £612,500 in the first year (15/16) and £512,500 per year since (16/17), with this funding committed until the end of 19/20 at present.
- 3.10 Approximately half of the funding from Government has to date been used to 50% fund the salaries of the existing 10.5 FTE Growth Managers employed by the Local Authorities (LAs) of Leeds City Region, but who operate under the LEP brand, with the other 50% coming from the LAs.
- 3.11 If this funding is approved, the service will secure an additional £1.701 million of ERDF funding over three years from April 2019 to provide a more intensive support service to 690 of its larger SMEs.
- 3.12 To date, the Growth Service has supported over 4,000 SMEs with light-touch support and over 2,000 with more intensive support. The Growth Service has managed over 5,000 enquiries from new and existing businesses and has achieved a customer satisfaction rate of 86%. The LEP products accessed from the Growth Service have created over 4,000 jobs to date, and helped to safeguard another 1,500.

3.13 The objectives of the scheme are:

- Support and facilitate the growth and sustainability of strategically-important SMEs in Leeds City Region
- Put SMEs in stronger positions to identify, and plan effectively for, short to mid—term changes in the economic, regulatory and legislative environment
- Gather direct intelligence from SMEs on the main issues, challenges and opportunities facing them in the current climate
- Develop a methodology for identifying the most strategically important SMEs within a district
- Support a number of SMEs to find sustainable, long-term solutions to their accommodation requirements
- Develop a contemporary financial health product and successfully apply it for SMEs
- Support SMEs to trade more successfully and sustainably within the national and international markets.

3.14 The scheme fits with priority 1 of the Leeds City Region Strategic Economic Plan.

#### **Outputs, benefits and inclusive growth implications**

- The SME's supported will improve their business resilience and, as a result, be in a stronger position to address future challenges and take advantage of future opportunities for growth. A significant proportion of the SMEs will receive support with property relocation / reconfiguration, which will make their futures more secure, sustainable and productive.
- At a more macro level, the Leeds City Region will become stronger as a result of 690 of its SMEs becoming more resilient, sustainable and productive. This will enable them to strengthen their positions within national and international markets and continually introduce new products and processes.
- The Government's backing for the Growth Service is clear indication of it meeting national policy objectives in the field of business support, and that obviously extends to the Growth Manager function. In addition, the emerging National Industrial Strategy has a clear focus on improving productivity, which is also a primary aim of this project and of the LEPs own response to the 'long tail' productivity challenge.
- The ongoing work of the existing 10.5 Growth Managers will contribute to the provision of efficient local referral routes to ensure that small and medium enterprises are able to identify and access the most appropriate and tailored support to meet their need specific growth needs.
- The new 8.5 Growth Managers will support small and medium sized enterprises to develop focussed growth strategies and update or introduce new business models which will drive business performance.

The property and financial health elements of the project will clearly align to this.

- The existing and new Growth Managers will provide elements of 'leadership and management support where connected to the development and implementation of a business growth plan. They will refer their client to more intensive support in this area where appropriate e.g. through the new Skills Service, the Goldman Sachs 10k small businesses programme, Export for Growth, Manufacturing Growth Programme, Supply Chain Development Programme and the LEP's Strategic Business Growth programme.
- Existing clients will be referred to grant schemes to support productive investment and the provision of advice and consultancy on access to finance. The new Investment Readiness project will be a key referral product and the Growth Manager's most common product-referral is to the LEPs Capital Grants programme.
- 306 SMEs receive a minimum of 12 hours support.
- 690 SMEs receive a minimum of 3 hours of Information, Diagnostic and Brokerage (IDB) support.

## **Risks**

3.15 The key design and delivery risks to the scheme and associated mitigation measure are: -

- The Combined Authority is not successful in gaining ESIF funding. The existing Growth Manager would continue to deliver account management support within the current Growth Service model and other sources of funding would be explored e.g. Local Growth Fund, Business Rates Pool and Growing Places Fund, but these are currently scarce in terms of revenue funding. The opportunity to increase the Growth Manager resource and, in the process, provide more focussed and intensive support to a cohort of large SMEs would be lost.
- The Combined Authority receives a smaller ESIF grant than anticipated. The project model is adaptable to the resources available as the investment is primarily in staff who will directly work with the SMEs. Therefore, if the amount of ESIF is reduced, the new Growth Manager resource would have to be reduced accordingly, and there would be a proportionate reduction on the number of SMEs supported.
- The award of the ESIF funding is delayed. As referenced above, the adaptability of the delivery model means that support to SMEs could still be delivered at whatever point in time the project commences. However, the current economic and legislative climate clearly point towards the need for SMEs to access support in the short-term, in order to put them in stronger financial and operational positions for the medium to long-term.
- The level of award for BEIS. At present, there is only funding committed from BEIS for 19/20, which means funding needs to be secured for the

other two years of the project if BEIS does not extend the current Growth Hub funding. The likelihood of extended BEIS funding is reasonably high, but other options need to be fully explored so that the Combined Authority can match the three-year commitment of the Local Authorities, to 50% fund the existing team of 10.5 FTE Growth Managers. Work is ongoing in this area, with Local Growth Deal, Growing Places Fund and Business Rates Pool identified as potential options, although none can be guaranteed for a range of valid reasons.

- There is a risk of clawback on all ERDF-funded projects, but this is mitigated by the Combined Authority's considerable experience and expertise in successfully managing ERDF projects.
- Ensuring that the SMEs most likely to benefit from the support are the ones that access it, will be a key priority to ensure that the resources are used most effectively. This will be mitigated by the utilisation of existing business networks and relationships in the districts, with private sector intermediaries and with business membership groups, and by integrating the support within the wider LEP Growth Service to ensure that any business that makes an enquiry can access an appropriate amount of support.

### **Costs**

- 3.16 The current total forecast cost of the scheme is £3,401,756
- 3.17 The Combined Authority will fund £2,465,413 of the scheme costs, which will be funded as follows
- ESIF funding - £1,700,878
  - BEIS Growth Hub funding - £764,535
- 3.18 Both of these funding sources are in the process of being applied for and have not been confirmed yet.
- 3.19 The remaining contribution to total scheme costs will be from local authority partners who will fund £936,343.
- 3.20 If the Combined Authority is successful in securing the ESIF funding, the Combined Authority will be required to enter into a Funding Agreement with the Ministry for Housing, Communities and Local Government

### **Timescales**

- Decision on ESIF funding is expected mid-March 2019
- Forecasted decision point 5 approval is April 2019
- Scheme start date – April 2019
- First businesses assisted – May 2019
- Scheme end date - March 2022

- Forecast decision point 6 approval is May 2019

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

### Assurance Tolerances

Assurance tolerances
<p>The Combined Authority contribution (ESIF and BEIS Growth Hub) should remain within 30% of the levels set out in this report.</p> <p>That programme timescales remain within 6 months of the ones set out in this report</p> <p>The number of SMEs receiving a minimum of 12 hours of support should remain within 15% of the 306 figure forecast</p> <p>The number of SMEs receiving a minimum of 3 hours of Information, Diagnostic and Brokerage (IDB) support should remain within 15% of the 690 figure forecast</p>

### Project responsibilities

Senior Responsible Officer	Sue Cooke, Combined Authority
Project Manager	Henry Rigg, Combined Authority
Combined Authority case officer	Paul Coy

### Appraisal summary

- 3.21 The Combined Authority has an existing, established Growth Service model, and it has been demonstrated that an expansion to this service through the delivery of this scheme would allow the service to look at the more critical issues that need to be addressed by the Leeds City Region including property investment, financial health and business resilience in the current and future economic climate.
- 3.22 As a comparator, the 'England ERDF Programme 2014-20: Output Unit Costs and Definitions' study states that the median cost per intensive business assist is £10,000, and on this project the cost per output will be lower at £5,534. Furthermore, the study puts cost per output for less intensive support to SMEs at between £2,500 and £4,700, and on this project the cost per output will be £2,454. This demonstrates that this scheme will deliver the type of business support proposed in a cost effective manner.

## Recommendations

3.23 The Combined Authority approves that:

- (i) The Leeds City Region Growth Service project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case).
- (ii) An indicative approval to the total project costs of £3,401,756, of which the Combined Authority contribution will be £2,465,413 (which will be funded through £764,535 from the BEIS Growth Hub funding and £1,700,878 from the ESIF funding) is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The remaining £936,343 will be funded by Leeds City Region District Partners.
- (iii) The Combined Authority delegates the authority to enter into a funding agreement with Ministry for Housing, Communities and Local Government (ESIF) and BEIS (Growth hub funding) to the Combined Authority's Managing Director.
- (iv) The Combined Authority delegates the authority to enter into or amend funding agreements with the local authorities to the Combined Authority's Managing Director.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>Resource Efficiency Fund 2 (REF2)</b>
<b>Stage</b>	1 (Eligibility)
<b>Decision Point</b>	2 (Case paper)

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

## Background

- 3.24 The REF 2 project is funded through the Local Growth Fund. The purpose of this funding is to attract the next generation of jobs and deliver a step change to the growth of the City Region. The Growth Deal enables implementation of the priorities set out in the Strategic Economic Plan including the development of housing and commercial sites, expansion of a skilled workforce, support to growing businesses, promotion of resource efficiency and investment in integrated transport (through the West Yorkshire plus Transport Fund).
- 3.25 In addition the REF 2 project is seeking ERDF funding through Priority Axis 4 the “Low Carbon call for projects”. The objectives of this funding is to:
- Promote the production and distribution of energy derived from renewable resources
  - Promote energy efficiency and renewable energy use in enterprises
  - Support energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector
  - Promote low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures
  - Promote research and innovation in, and adoption of, low-carbon technologies.
- 3.26 The Resource Efficiency Fund (REF) is a project which provides both grant support and advice to SMEs to enable them to make their businesses more resource efficient. REF 1 is a successful grant funding programme which has

been operated by the Combined Authority since November 2016, and is due to conclude in October 2019. So far the REF 1 has delivered the following outputs:

Table 1: Progress as at 31 January 2019

	<b>Current</b>	<b>Revised Programme Target (31/10/19)</b>
Total Business Contacts	554	501
Assessments Commissioned	294	321
Businesses Supported	213	303
Businesses receiving non-financial support	188	200
Businesses receiving information, diagnostic and brokerage support	82	75
Grants Completed	103	133

- Energy reduction (kWh) – 5,970,241 (target 1,018,335)
- CO2 savings (tonnes) – 1,707 (target 3,290)
- Water savings (m3) – 7,417 (target 11,828)
- Waste diverted (tonnes) – 35 (target 6,092)

3.27 The REF 2 scheme builds on the success of REF 1 and will provide enhanced Environmental Resource Efficiency (ERE) and Circular Economy (CE) support Small to Medium Enterprises across the Leeds City Region and North Yorkshire. REF 2 differs from the REF 1 by offering additional larger grants and circular economy support. REF 2 is expected to deliver:

- Up to 392 SMEs with Environmental Resource Efficiency (ERE) assessments.
- Approximately 169 grants (including the introduction of new large grants)
- Up to 66 SMEs with new Circular Economy support, helping to create new circular, resource efficient business models, products or services.

3.28 Circular Economy is a new approach that challenges inefficient production, returning materials back to the economy. It directly supports the aims of the Industrial Strategy. This is a new rapidly emerging policy area that will enable a smarter approach to resources while supporting sustainable and inclusive growth. A small circular economy pilot aims to address the challenges of inefficient production by returning valuable materials back into the economy. It will do this by providing specialist business support to investigate new

business models for SMEs and further clean growth opportunities. REF 2 provides a unique opportunity to pioneer this approach.

- 3.29 ERE assessments involve providing information and advice to SMEs about the conservation of energy and resources. This will support reduction in CO<sub>2</sub>, water and waste and will support air quality improvements thereby reducing the impact of the business on the environment, reducing costs and increasing competitiveness.
- 3.30 The programme will support improved productivity in SMEs as well as environmental improvements and carbon reduction. REF 2 clearly aligns with priority 1 and priority 3 of the Leeds City Region Strategic Economic Plan.
- Priority 1: Growing Businesses, offering information, advice and support to SMEs, which in turn will drive business growth and productivity. The introduction of large grants will target energy efficiency, supporting businesses to save costs and increase productivity. The programme also sits within, and complements, the City Region's Growth Hub.
  - Priority 3: Clean Energy and Environmental Resilience as this programme will support SMEs to improve their ERE performance and save an estimated 2,600 tonnes/CO<sub>2</sub> annually, thus helping to build a low carbon economy. The introduction of new larger grants is proposed to address a current barrier in the REF. A number of SMEs have been unable to deliver a greater range of Environmental Resource Efficiency measures and maximise carbon savings due to the grants offered being too small. This new programme addresses this.
- 3.31 With support from the York, North Yorkshire and East Riding Local Enterprise Partnership, the REF 2 programme will extend support to SMEs across the four North Yorkshire districts which are not within the Leeds City Region geography - Richmondshire, Hambleton, Ryedale and Scarborough.
- 3.32 Two outline ERDF applications with a combined value of £2.825 million were submitted in November 2018 to corresponding Low Carbon calls for both the York North Yorkshire East Riding and the Leeds City Region Local Enterprise Partnership areas. This will provide the main source project funds from the public sector. If successful, the Combined Authority, acting as the lead applicant and delivery agent, will be invited to submit a full application to secure these funds. On the 13th of February it was confirmed that the Leeds City Region outline application has been successful and invited to submit a full application. The status of the North Yorkshire outline application is yet to be confirmed. Should the North Yorkshire application be unsuccessful the Leeds City Region application is unaffected and will proceed.
- 3.33 REF 2 will be delivered through the Leeds City Region Growth Service, transitioning from the current REF scheme. A team of six will deliver the programme for the Leeds City Region (LCR) with up to three additional members to cover the York, North Yorkshire and East Riding LEP area. This will comprise one team, based in the existing Leeds City Region Growth Hub. The whole team will be based out of the Leeds City Region Growth Service

but specific arrangements for staff covering North Yorkshire will be agreed as the project progresses.

- 3.34 It should be noted that these operational arrangements would align with the current discussions underway to create a new LEP covering the areas of West and North Yorkshire.

### **Outputs, benefits and inclusive growth implications**

- 3.35 The forecast outputs from the REF 2 project are as follows:

- 290 businesses assisted in Leeds City Region through ERE assessments
- 127 enterprises receiving grant support in the Leeds City Region – including new large grants
- 102 businesses assisted in North Yorkshire through ERE assessments
- 42 enterprises receiving grant support in North Yorkshire – including new large grants
- 36 businesses receiving Circular Economy support in the Leeds City Region
- 30 businesses receiving Circular Economy support in North Yorkshire
- Reduction of 1,941 tonnes of CO<sub>2</sub> per annum across the Leeds City Region
- Reduction of 630 tonnes of CO<sub>2</sub> per annum in North Yorkshire

- 3.36 Overall, the enhanced programme will directly benefit SMEs, resulting in:

- Improved productivity and environmental performance
- Reduced carbon emissions
- Resource efficient businesses: water, waste, emissions
- Business support and enhanced productivity
- New - Larger grants to enable greater financial and carbon savings
- Integration of renewable energy (to be explored at the Full application)
- New - Development of circular economy business models

- 3.37 It is expected these outcomes and outputs will be delivered by the conclusion of the programme in October 2022.

- 3.38 The wider inclusive growth benefits of the programme are as follows:

- Potential improved employee health and wellbeing through improved facilities/working conditions – this was reported from the participants in the existing REF project

- Potential to reduce local emissions, improve air quality and therefore have a positive impact on health
- Help businesses be more efficient in their use of energy and resources, allowing them to de-couple growth from carbon emissions and pollution
- Potential for both social and environmental benefits as a result of promotion of the Circular Economy business model approach

## Risks

3.39 The key risks to the project and proposed mitigations are as follows:

- **Risk** – ERDF Funding is not approved and therefore the project cannot go ahead. **Mitigation** – Work closely with ESIF Committee/ Managing Authority to produce the best possible application.
- **Risk** – The project fails to comply with ERDF eligibility and State Aid regulations. **Mitigation** – Resources identified to work on full bid to manage compliance risks. State Aid study to be commissioned with funds identified.
- **Risk** – Low uptake of resource efficiency/Circular Economy services and projects meaning the projected ERDF outputs are not delivered resulting in funding clawback. **Mitigation** – Build on the success of the current REF 1 project as well as other programmes within the Leeds City Region growth service and national best practice (in particular looking to Zero Waste Scotland for best practice on Circular Economy). Set up a database of warm leads. Utilise learning from the existing project to ensure appropriate flexibility and project lead in times are built in to make the project as accessible as possible.
- **Risk** – ERDF funding is only secured for part of the geography and therefore the full project cannot be delivered as planned. **Mitigation** – Work closely with ESIF Committee/ Managing Authority to produce the best possible application. Introduce a condition that regardless of the success of the York, North Yorkshire East Riding bid, the Leeds City Region element can still go ahead which will mean the project can be partially delivered. If only the North Yorkshire element is approved, the project will not go ahead.
- **Risk** – Local Growth Fund for the North Yorkshire element of the project is yet to be formally secured. **Mitigation** – This has been agreed in principle at officer level but formal sign off is still required. The team are working closely with colleagues within the York North Yorkshire East Riding LEP to ensure the North Yorkshire element can be delivered. Work is underway with the Combined Authority's legal team to ascertain the best way in which to do this.

## Costs

3.40 The total cost of the scheme is £6.293 million. This will be funded as follows:

Source	Total (£m)	Current status
Leeds City Region Growth Fund (Over programming)	0.751	Indicative approval sought as part of this report
York, North Yorkshire and East Riding Local Enterprise Partnership Growth Fund	0.210	Approval will be sought from York, North Yorkshire and East Riding Local Enterprise Partnership
ERDF Leeds City Region	2.000	Outline application submitted 23/11/18 - approval to proceed to stage 2 application received 13/2/19
ERDF York, North Yorkshire and East Riding	0.825	Outline application submitted 23/11/18 - awaiting recommendation to proceed to stage 2
<b>Sub Total – Public Sector Funding</b>	<b>3.786</b>	
SME Match LCR	1.893	To be secured as part of the grant application process
SME Match YNYER	0.614	To be secured as part of the grant application process
<b>Total Cost</b>	<b>6.293</b>	

3.41 The Combined Authority will be the accountable body for all public sector funding on the project (Growth Fund and ERDF from Leeds City Region and York, North Yorkshire and East Riding City Region). This totals £3.786 million. Subject to a successful application to the Local Enterprise Partnership, York, North Yorkshire and East Riding Local Enterprise Partnership Local Growth Fund monies will be transferred to the Combined Authority for the delivery of this project.

3.42 If the Combined Authority is successful in securing the funding outlined above, it would need to enter into several funding agreements:

- Funding agreement with the Ministry of Housing, Communities and Local Government for the provision of ERDF funding of £2.825 million.
- Funding agreement with North Yorkshire County Council (as accountable body for York, North Yorkshire and East Riding Local Enterprise Partnership) for the Combined Authority to receive and manage the York, North Yorkshire and East Riding match funding contribution of £210,122 from the York, North Yorkshire and East Riding Local Growth Fund

### **Timescales**

3.43 The table below outlines the key milestones for the project.

- Full ERDF application approval - Jun 2019
- Decision point 5 approval - Jun 2019
- Launch - Nov 2019
- First assessments - Nov 2019
- First grant claim - Jan 2020
- Last assessment - Jun 2022
- Last grant payment - Oct 2022
- Activity end date - 31 Oct 2023
- Decision point 6 approval - Nov 2019
- Financial completion - 31 Jan 2023
- Decision point 7 & final claim - 31 Jan 2023

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

### Assurance Tolerances

Assurance tolerances
That the project delivery timescale remains within ten months of the timescales identified within this report. That the total project cost remains within 15% of the costs identified within this report.

### Project responsibilities

<b>Senior Responsible Officer</b>	Ian Smyth, Combined Authority
<b>Project Manager</b>	James Brass, Combined Authority
<b>Combined Authority case officer</b>	Alice Rowland Case paper appraisal undertaken by Mott MacDonald as external advisor.

## **Appraisal summary**

- 3.44 This scheme has a very strong strategic fit with the Combined Authority's Strategic Economic Plan and Growth Deal objectives. There is confidence of successful delivery given this scheme follows on from a very successful existing project. Further detail required to strengthen the economic and management cases for the Full Business Case stage. The value for money (VfM) of the scheme appears to be good, however further detail around the assumptions underpinning the VfM and detailed examples of case studies from previous programme would be beneficial to be presented for review at decision point 5.

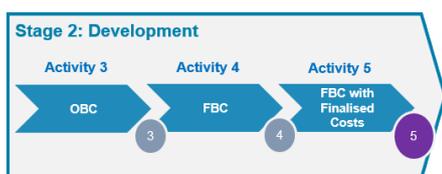
## **Recommendations**

- 3.45 That the Combined Authority approves that:
- (i) The Resource Efficiency Fund 2 project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
  - (ii) Indicative approval to the total project value for both regions (Leeds City Region and four North Yorkshire districts) of £6.293 million is given as detailed below, with full approval to spend being granted once the project has progressed through the assurance process to decision point 5 (full business case with finalised costs).
    - Leeds City Region element of the project of £4.644 million (subject to a successful ERDF application), of which £2.751 million will be funded by the Combined Authority (£2 million ERDF funding for Leeds City Region and £751,137 from the Leeds City Region Local Growth Fund). The remaining funding will be from £1.893 million SME match.
    - York, North Yorkshire and East Riding element of the project of £1.649 million (subject to a successful ERDF application) of which £1.035 million will be funded by the Combined Authority (from £824,522 ERDF funding and £210,122 from the York, North Yorkshire and East Riding region Local Growth Fund, subject to the West Yorkshire Combined Authority submitting a successful bid to the York, North Yorkshire and East Riding LEP; the Combined Authority will be the accountable body for its expenditure for the purposes of this scheme). The remaining scheme costs of £614,000 will be from SME match funding.
  - (iii) The Combined Authority delegates authority to the Combined Authority's Managing Director to enter into an agreement with North Yorkshire County Council as the accountable body for the York, North Yorkshire and East Riding Local Enterprise Partnership (at decision point 5), for the Combined Authority to receive and manage York, North Yorkshire and East Riding match funding contribution of £210,122, subject to a

successful bid to the York, North Yorkshire and East Riding Local Growth Fund.

- (iv) The Combined Authority delegates authority to the Combined Authority's Managing Director to enter into a contract for the provision of the ERDF funding with Ministry of Housing, Communities and Local Government (MHCLG) at decision point 5.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## Projects in Stage 2: Development



- 3.46 Projects at this development stage should demonstrate that they have tested the feasibility of a solution through their business case. This business case should then be developed in order to confirm and detail the preferred solution including finalising its cost.

<b>Project Title</b>	<b>Leeds Flood Alleviation Scheme 2</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

### Background

- 3.47 The Leeds Flood Alleviation Scheme Phase 2 (LFAS2), is a major project which will reduce flood risk to residential, commercial and industrial property and infrastructure assets along the River Aire in Leeds
- 3.48 The Combined Authority contribution to this scheme is funded through the Local Growth Fund. The purpose of this funding is to attract the next generation of jobs and deliver a step change to the growth of the City Region. The Growth Deal enables implementation of the priorities set out in the Strategic Economic Plan including the development of housing and commercial sites, expansion of a skilled workforce, support to growing businesses, promotion of resource efficiency and investment in integrated transport (through the West Yorkshire plus Transport Fund).
- 3.49 The scheme forms part of the Combined Authority's £20 million Leeds City Region Flood Alleviation programme. The objective of the programme is to improve the resilience of businesses in the parts of the Leeds City Region

which are currently affected by high flood risk. The programme aims to reduce the flood risk of 1,385 businesses and therefore safeguard 11,000 jobs.

- 3.50 The scheme is intended to implement Leeds City Council's plans for managing current and future flood risk in the city from the River Aire. The FAS 1 project, which completed in 2017, provided linear defences and moveable weirs to the centre of Leeds that this project will extend. The current scheme will uplift the benefit of both Phase 1 and Phase 2 areas to a 1 in 200 year standard of protection. The peak river flows to the centre of Leeds will be further controlled increasing the resilience of the City to extreme events. The project fits the Council's Best Council Plan and Combined Authority Strategic Economic Plan priorities 3 and 4, which call for integrated flood risk reduction.
- 3.51 The scheme also complements the Aire Valley Natural Flood Management project already approved.
- 3.52 The scheme encompasses the following works between the City Centre and Apperley Bridge:
- The removal of redundant bridges at Armley Mills to improve conveyance
  - Raising of Milford Place footbridge to remove the potential for flow restriction
  - The removal of the under-hanging structure at Redcote Lane bridge
  - The local widening of the channel adjacent to the A65
  - Construction of linear defences
  - Construction of new flood storage area at Calverley subject to funding
  - Provision of access improvements along the corridor and woodland creation at Kirkstall Valley Nature Park.
- 3.53 Leeds City Council are leading the project and have committed to obtain full funding with a possible further potential contribution from the Council to close any final gap.
- 3.54 This programme received decision point 2 approval from the Combined Authority on the 29 June 2017. This approval set out the indicative pipeline of schemes that would be eligible for programme funding if they continued to demonstrate strategic fit and were progressed within the programme timescales. These schemes were
- Calderdale: Mytholmroyd, Brighouse & Clifton
  - Leeds: Wyke Beck Valley/Aire Valley Enterprise Zone, Kirkstall Road
  - Bradford: Canal Road corridor
  - Wakefield: Castleford
  - Kirklees: Leeds Road corridor
  - North Yorkshire: Skipton

- Natural Flood Management Projects

- 3.55 The programme has been split into 3 phases, the first phase consists of schemes in Mytholmroyd, Skipton and Leeds. These schemes have a combined total value of £103 million, which includes Growth Deal contributions of £7.8 million. These schemes are either in delivery or complete.
- 3.56 The second phase consists of natural flood management projects within the Calder, Colne and Upper Aire catchments, in Calderdale, Kirklees and Craven; also the Wyke Beck project in Leeds. These projects are now either in delivery (activity 6) or due to commence delivery shortly. Growth Deal contributions of £4.3 million towards total project costs of £7.5 million are expected within this Phase.
- 3.57 Phase 3 of the programme consists of the indicative pipeline of schemes which are yet to secure approval, and are currently in development. This scheme is the first of those to come forward for funding.
- 3.58 The Leeds FAS Phase 2 demonstrates a strong strategic alignment with the aims of the flood programme around safeguarding businesses and jobs from flood risk, the full business case with final costs is expected summer 2019 and the scheme is expected to be delivered within the timeframes of the fund.
- 3.59 There remains £3.915 million of funding which is unallocated to schemes. The Combined Authority will work with the Environment Agency and District Partners to identify eligible schemes which could be funded from the remaining phase 3 funding within the programme timescales.
- 3.60 There is a stakeholder and communication strategy for the project and wider programme that recognises integration with work upstream with partners including Craven and Bradford District is critical. All public sector partners and infrastructure providers such as Network Rail and the Canal and Rivers Trust are part of this plan and many sit on the Programme Board.

**Outputs, benefits and inclusive growth implications**

- 3.61 The key anticipated outputs from the scheme as a whole are:
- 474 existing businesses protected from flood risk
  - 77 existing residential properties no longer in zones of significant or very significant risk,
  - Up to 9 hectares of developable land protected, resulting in an £88.2m pa increase in net GVA for Leeds and potential 1,669 jobs created
  - Up to 1,613 new homes estimated to be constructed
  - 28 electrical substations, 9 telecoms centres and equipment protected.
  - Airedale and Wharfedale railway lines and A65 protected from flooding
  - Reduced sense of vulnerability to flooding
  - New forest planting and carbon sequestration

- New wetland habitats and amenity spaces at Kirkstall Meadows
- Improved habitat as part of the NFM programme
- Creation of new public open spaces, including footpaths and cycle ways
- Protection of 5 leisure facilities, 2 places of worship, and 2 educational facilities
- The overall economic benefits over a 100-year period are estimated to be: £150m (existing) and £774.4m (future growth and regeneration)
- The scheme's wider social benefits include creating commercial confidence, improving health and wellbeing for surrounding communities made free from stress about flooding and benefiting from enhanced riverside access and urban greenspace.
- £3.82 million ESIF is being provided for work at Stourton and Kirkstall. Outputs for this funding will be shared pro-rata with the LGF funding.

### **Risks**

3.62 A full Quantified Risk Assessment has been completed for the scheme and the main risks of the project and their mitigation are:

- Full funding for the scheme is not secured. There is a funding shortfall of £15 million. If the Council is not successful in securing full funding the Calverley flood storage area could stall. Applications to a wider range of potential partners are in place and when the current tendering exercise identifies the final main contractor final costs will be determined and savings are anticipated. The Council may consider a further contribution to close any final funding gap.
- The scheme requires the support and full engagement of a wide range of partners across political boundaries within the River Aire catchment. The risk is that partners and political commitment to supporting the scheme varies and becomes a barrier to delivery. This is being actively managed through the Programme Board composition and the stakeholder engagement strategy.
- Technical risks have been identified and are being managed by the Programme Board including:
  - Lack of agreement being reached with land-owners to locate defences away from the river albeit that this is mitigated through Leeds council statutory powers
  - The risk of an unexpected change to the scope or design concept of a stage of the scheme by a stakeholder.
  - Unforeseen contamination at any point of the river is a risk until works are underway
  - Works on a river with a fluctuating level carries a risk of flooding occurring during construction
  - Unknown buried services

- Geotechnical properties resulting in additional excavation work

## Costs

- The current total forecast cost of the scheme is £112 million. It is anticipated this will change and may decrease when the current tendering exercise for the main contractor is complete and final costs are compiled by summer 2019. The lead contractor has a major role in defining costs and creating potential savings.
- The scheme has been costed and verified by the Project Cost Tool against actual costs for FAS Phase 1. The costs have also been benchmarked against the Environment Agency's project cost tool.
- The Combined Authority contribution of up to £3.9 million to the total forecast cost of the scheme, from Local Growth Fund represents 3.6% of the total value of the scheme. The other main funding streams are Leeds City Council £10 million, ESIF £3.82 million, Network Rail £1.4 million and DEFRA £65 million.
- £3.82 million ESIF funding is being provided for work at Stourton and Kirkstall. Outputs for this funding will be shared at a rate consistent with the LGF funding.
- The Combined Authority will need to enter into a Funding Agreement with Leeds City Council for up to £3.9 million at decision point 5.

## Timescales

- Forecast decision point 5 approval summer 2019 after the final contractor is appointed from the tender exercise and the cost plan agreed.
- Start construction summer 2019
- End of construction decision point 6 (delivery) will be confirmed at decision point 5 (summer 2019), once tenders have been received.

## Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 3 (outline business case)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director
Decision point 6 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team

	Decision: Combined Authority's Managing Director
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## Assurance Tolerances

Assurance tolerances
<p>The Combined Authority contribution will remain at the value set out in this report.</p> <p>The programme timescales should remain within 4 months of the timescales set out in this report.</p> <p>The agreed outputs from the scheme allocated to the Growth Deal should remain within 10% of the number presented in this report (notwithstanding natural variation in business numbers).</p>

## Project responsibilities

<b>Senior Responsible Officer</b>	Caroline Farnham Crossland, Combined Authority
<b>Project Manager</b>	Vicky Dumbrell/Daisy Johnson, Combined Authority
<b>Combined Authority case officer</b>	Chris Brunold

## Appraisal summary

- 3.63 The project has a strong strategic and economic case, it builds on FAS1 and strong demand has been evidenced through public consultation and the impact of the 26 December 2015 floods on the business community. It has a Benefit Cost Ratio of 9.4, will protect over 470 businesses from flood risk and has many wider benefits for Leeds and the city region, and aligns with National Infrastructure Committee recommendations. There is widespread public support for the scheme as evidenced through the extensive public consultation.
- 3.64 Achieving full funding and finalising the cost profile of the project remains the largest risk. Clear project governance is set up to provide continuity from FAS 1 and to apply the lessons from that earlier project but the complexity and range of stakeholders involved means there is more to be done on planning for and managing the mitigation of project risks.

## Recommendations

- 3.65 That the Combined Authority approves that:
- (i) The Leeds Flood Alleviation Scheme Phase 2 proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs)
  - (ii) An indicative approval to the Combined Authority's contribution of up to £3.9 million, which will be funded through Growth Deal 3 is given with full

approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £112 million.

- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5, through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>A61 (North) Bus Priority Corridor</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

## Background

- 3.66 This scheme forms part of the Leeds Public Transport Investment Programme, a £183.5 million programme using devolved Department for Transport funding supplemented with contributions from Leeds City Council and the Combined Authority. This programme aims to support economic growth by unlocking transport constraints, improve public transport journey times and usage and improve health outcomes by reducing overall transport emissions.
- 3.67 The A61 (North) Bus Priority Corridor scheme forms part of the Bus Priority Corridor package, which aims to target investment in a number of key corridors to reduce bus journey times and improve the reliability of bus services. The other schemes included in the package are A660, A58, A647 and A61 (South), of which the A61 (South) and A647 have previously been approved by the Investment Committee (decision point 3).
- 3.68 The scheme interfaces with the East Leeds Orbital Route (ELOR) scheme which includes junction improvements to the A61 Harrogate Road and King Lane which have been allocated funding by the Combined Authority. The proposed Alwoodley Gates Park & Ride project would potentially add value to this scheme.
- 3.69 The A61 (North) corridor extends northbound from Leeds City Centre and is a key radial into the city centre from locations including Harrogate and Harewood. The corridor splits just north of the Sheepscar interchange, with one route operating via Chapeltown, Chapel Allerton and Moortown to the east (referred to as the eastern branch) and the other via the A61 Scott Hall Road to the west (referred to as the western branch), which includes King Lane.

- 3.70 Public and stakeholder engagement on the objectives of the scheme has fed into the emerging designs and a second phase of consultation took place in February/March 2019. A range of options were developed and the preferred option (medium cost) comprises of a series of improvements to bus prioritisation and complementary walking and cycling measures including:
- Extension of bus priority to the south of Potternewton Lane (outbound) through the addition of a shared bus/cycle lane between Buslingthorpe Lane and the start of the existing outbound bus guideway at Scott Hall Grove, allowing buses to bypass queueing traffic in the evening peak.
  - Extension of the existing inbound bus lane along Harrogate Road and junction improvements at Harrogate Road / Potternewton Lane.
  - Reallocation of road space to provide shared bus/cycle lanes at key junctions along Harrogate Road where buses experience delays.
  - Conversion of the King Lane / Stonegate Road junction into a signalised crossroads and adding bus lanes (inbound and outbound) along King Lane between Stonegate Road and the A6120.
  - Improvements to the traffic signals at the A61 / A659 junction in Harewood.
  - Upgrade to existing signal installations across the route to incorporate detection and control technology, managing and improving traffic flows and the efficiency of junction operation.
- 3.71 The primary objective of the scheme is to increase bus patronage and improve bus journey times which support the delivery of Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan. It will also support the delivery of Priority 1 (Growing Businesses), Priority 2 (Skilled People and Better Jobs), and Priority 3 (Clean Energy and Environmental Resilience).
- 3.72 The scheme forms part of the Leeds Public Transport Investment Programme (LPTIP). The programme received decision point 2 approval from the Combined Authority on 29 June 2017. As part of the LPTIP approval, the Bus Priority Corridor package was given an indicative allocation of £48.9 million towards scheme costs.
- 3.73 Leeds City Council (LCC) has provided further details on the prioritisation process for schemes coming forward in this package and this will be considered by the LPTIP Programme Board in spring 2019.
- 3.74 LCC are the promoters for LPTIP with WSP as development partner and BAM as the appointed contractor for the corridors and Park & Ride elements of the programme.

### **Outputs, benefits and inclusive growth implications**

- 3.75 The forecast outputs, benefits and inclusive growth implications are
- A 20% reduction in end-to-end journey times and improved punctuality, reducing journey time variability.

- Improved quality of bus passenger experience and levels of satisfaction.
- Improved facilities for cyclists and pedestrians, including access to bus stops.
- Improved network safety for all users.
- Improved access to employment and training via public transport.
- Reduced levels of nitrogen oxides on the key public transport corridors.

3.76 The scheme will enable a growth in more sustainable and attractive travel options, including walking, cycling and bus use, along this key commuting corridor. This will support anticipated employment growth in Leeds city centre. By upgrading transport and highway infrastructure, improving air quality and reducing accidents, the project will benefit local neighbourhoods.

3.77 The benefits will accrue from scheme completion in 2021 and will be measured 3 years after opening. The forecast benefit cost ratio (BCR) is 1.87:1 which represents 'medium' value for money (VfM).

### **Risks**

3.78 The key design and delivery risks to the scheme and associated mitigation measure are:

- Objections to the proposed improvements – mitigated through further consultation and stakeholder engagement and the demonstration of scheme benefits arising from further transport modelling
- Disruption to the road network during construction – significant construction work on the eastern and western branches of the corridor will be programmed to minimise disruption. The full business case will demonstrate how Leeds will manage the interfaces between the construction impacts of this scheme with the construction impacts of the ELOR scheme.

### **Costs**

3.79 The current total forecast of the scheme is £16.1 million. Two higher cost schemes were discounted following extensive and on-going public engagement and on the basis that they would deliver only limited additional tangible benefits for bus journey times.

3.80 The Combined Authority will fund the £16.1 million from the devolved Department for Transport LPTIP fund.

3.81 The scheme does not seek further project development funding at decision point 3, confirming the £900,000 approved at decision point 2 is satisfactory to progress the scheme to full business case with finalised costs (decision point 5).

## Timescales

- Leeds City Council Executive Board and Highways Board approval – May/June 2019
- Full business case (decision point 4) –July/August 2019
- Full business case with finalised costs (decision point 5) – September/October 2019
- Construction commence - November 2019
- Construction complete (decision point 6) - March 2021

## Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 3 (outline business case)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

## Assurance Tolerances

Assurance tolerances
Combined Authority costs should remain within 10% of the costs set out in this report The programme timescales should remain within 3 months of the timescales set out in this report

## Project responsibilities

Senior Responsible Officer	Gary Bartlett, Leeds City Council
Project Manager	Robert Mason, Leeds City Council
Combined Authority case officer	Ian McNichol

## Appraisal summary

- 3.82 The scheme is part of the LPTIP and its objectives are well aligned with SEP Priority 4 - Infrastructure for Growth - and other key local and national strategies and plans including the West Yorkshire Transport Strategy, and the

West Yorkshire Bus Strategy. As well as improvements to bus journey times/reliability/quality it will improve facilities for cyclists and pedestrians and improve network safety for all uses.

- 3.83 The case for change is drawn from evidence of the performance of other similar schemes including the Leeds A65 Quality Bus Corridor and the procurement strategy is robust. The project forms part of the LPTIP and BAM have been appointed as main contractor with Mott MacDonald as their design subcontractors
- 3.84 The scheme represents 'medium' value for money (VfM) and further analysis to quantify the traffic accident benefits which could potentially improve value for money will be provided at decision point 4 (Full business case).
- 3.85 The project will be funded 100% through LPTIP and the key financial risks are understood. It has a clearly defined delivery plan with an existing governance structure and experienced team in place. The approach to risk is appropriate to the scale and complexity of the project and the programme appears achievable.

### **Recommendations**

- 3.86 That the Combined Authority approves that:
  - (i) The Leeds Public Transport Investment Programme: A61 (North) Bus Priority Corridor project proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the total project value of £16.1 million is given from Leeds Public Transport Investment Programme funding with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
  - (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 4 (full business case) and decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director.

<b>Project Title</b>	<b>Wakefield South East Gateway</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

## Background

- 3.87 This scheme is funded through the Local Growth Fund. The purpose of this funding is to attract the next generation of jobs and deliver a step change to the growth of the City Region. The Growth Deal enables implementation of the priorities set out in the Strategic Economic Plan including the development of housing and commercial sites, expansion of a skilled workforce, support to growing businesses, promotion of resource efficiency and investment in integrated transport.
- 3.88 The Wakefield City Centre, South East Gateway scheme forms part of the Housing and Regeneration programme. The objectives of this programme are to deliver commercial floor space and homes in the Leeds City Region.
- 3.89 This scheme presented for decision point 3 approval (outline business case) came forward through the 2017 Call for Projects. The Wakefield City Centre, South East Gateway scheme consists of two projects, Waterfront (Rutland Mills) and Kirkgate and received decision point 2 approval from the Combined Authority on 28th June 2018.
- 3.90 The scope of the project at that time was as follows:
- Bringing 3.3 hectares of key development sites to market by facilitating site assembly and clearance through a programme of acquisitions and demolition, enabling the building of new homes, and acting as a catalyst for regeneration;
  - Assisting with the future development of Rutland Mills at Wakefield Waterfront by conducting enabling and abnormal works including flood protection, drainage, minor highways works, public realm works and environmental treatments;

- Development of a masterplan including feasibility appraisal for the south side of the Kirkgate railway bridge.
- 3.91 Development of the Wakefield City Centre South East Gateway is a key priority for Wakefield Council and the Leeds City Region, to raise the national profile of Wakefield within the cultural and creative sector and to transform the city's image by redeveloping Kirkgate as a distinct part of the city centre, which links Wakefield's retail core with the Waterfront and the proposed new development at Rutland Mills.
- 3.92 The scope of the project has changed and is now as follows:
- Restoration of historic buildings at Rutland Mills and creation of high quality public realm at the Waterfront, delivered over two phases, creating a creative industries jobs hub. The outline business case (OBC) relates to works at Plot L only
  - Delivery of site acquisition and clearance of brownfield sites at Kirkgate to enable the delivery of between 60 to 82 new homes. The outline business case relates to works at Plot A, B and C only.

#### Waterfront

- 3.93 The first phase of development at the Waterfront delivered a commercial development in October 2009, and the Hepworth Wakefield gallery which opened in May 2011. The development proposed at Rutland Mills as part of this project will deliver 6,920 square metres of refurbished commercial space and create/safeguard 301 jobs.

#### Kirkgate

- 3.94 The regeneration of Kirkgate began with the restoration of Kirkgate train station, completed in September 2015 and construction of the new West Yorkshire Archive Building in June 2016. To complement this regeneration, £5 million of highways works were completed at Kirkgate in July 2018.
- 3.95 The funding sought through this OBC will deliver site acquisition of Plot B and site clearance and enabling works to plots B and C to prepare these sites for housing development, ranging between 60 to 82 units (subject to a housing developer partner being secured).
- 3.96 The Council have to date undertaken clearance work to plot A, acquired redundant buildings on Plot C, acquired Chantry House on Plot B and discussions have commenced with interested developers.
- 3.97 The Wakefield South East Gateway project is fundamental to all three core elements of Wakefield Council's adopted Economic Strategy 2018 – 2023 to deliver Successful People, Places and Businesses. The Economic Strategy highlights the need for delivery of sustainable economic growth that reduces the dependency on sectors and industries that are at high risk from technological automation. The implementation of the South East Gateway project is a crucial element to unlock continued development and diversify the

local economy and it is hoped this will be a catalyst for growth and innovation in the creative and digital business sector.

- 3.98 Housing growth is a key theme within the Economic Strategy. The south side of the railway at Kirkgate is adjacent to the City Fields development, which is a key site for housing growth in Wakefield and noted as a key housing growth area in the Leeds City Region SEP. The OBC includes a funding allocation towards a feasibility appraisal as part of a masterplan process for the south side of the railway, which will be the next housing growth area on completion of City Fields.

### **Outputs, benefits and inclusive growth implications**

- 3.99 The forecast outputs, benefits and inclusive growth implications as approved at decision point 2 were:
- Enable the building of approximately 83 new homes on the north side of the railway by March 2024.
  - Deliver a master plan and feasibility appraisal for the south side of Kirkgate railway bridge to explore options for the delivery of long term housing development over a 10 year period;
  - Enable the restoration/conversion of 10,000 square metres of historic listed buildings for retail, leisure, hotel, art gallery, conference spaces and employment uses;
  - Approximately 415 temporary construction jobs (prior to 2024) and 758 permanent jobs across all phases of the development.
- 3.100 The forecast outputs, benefits and inclusive growth implications proposed in the outline business case (March 2019) are now:
- Between 60 to 82 housing units completed – an indirect output by March 2024.
  - Deliver a master plan and feasibility appraisal for the south side of Kirkgate railway bridge to explore options for the delivery of long term housing development over a 10 year period.
  - 6,920 sqm commercial floor space constructed/refurbished by October 2021.
  - +301 gross full time equivalent (FTE) jobs created/safe guarded.
  - Enabling works through land reclamation and vacant property demolition.

### **Risks**

- 3.101 The key risks to the project and the related mitigation are:
- No evident market demand for the proposed niche creative occupiers at Rutland Mills. Mitigation – An independent market demand report will be provided at FBC. Wakefield recognise that deliverability of the scheme is dependent upon identification of specific occupiers and this is the

rationale for working with the proposed specialist developer who is less dependent upon the traditional occupier market. Wakefield Council and the developer are to work together to provide a clear marketing strategy with clarity of approach to identifying and attracting companies to locate to Rutland Mills. The developer is to undertake a marketing campaign to identify tenants, although it is anticipated that a significant proportion of occupiers will be identified through their existing contacts and occupiers in London who are seeking to establish a northern hub.

- Limited or no budget allocation to risk and contingency elements within the cost appraisals for the Waterfront project. The Grade II listed Rutland Mills complex has been vacant for circa 20 years and the historic environment is likely to mean the level of unknowns and costs risks are significant. Mitigation - The developer has commissioned specialist structural surveys which have been reviewed over time and subject to scrutiny by the Council's own structural engineers. The findings of these surveys have been reflected in detailed work programmes and specification for refurbishment of each of the buildings which have been produced by architects who have extensive knowledge of refurbishing listed buildings throughout the country. The works programme and specifications have been costed and subsequently reviewed by two firms of cost consultants who have established a budget for the works including appropriate levels of contingency for both unforeseen costs and anticipated inflation arising from projected timing of works. A detailed Development Viability Appraisal has also been undertaken by the developer based on their own previous experience and specialist knowledge of the intended market. This has been independently reviewed by both Jones Lang LaSalle and Engie / Arcadis. A comprehensive and reflective costed risk register will be prepared for the individual projects (currently combined). The Rutland Mills project risk register to be led by the developer and clarification provided on how costs will be managed in light of the nature and delivery risk associated in working with historic buildings. This costed risk register to be independently assessed.
- Risk of challenge with regards state aid, freehold transfer of Rutland Mills and procurement of the redevelopment works (Public Contracts Regulations). Mitigation – Wakefield Council will provide evidence of state aid advice with supporting appraisal, to provide a clear procurement strategy and to provide clarity on adherence to the Public Contract Regulations in the FBC – decision point 4. Wakefield Council will be the accountable body for the scheme and will include the Combined Authority in the review and agreement to the Head of Terms between Wakefield Council and the proposed developer to ensure its own funding obligations in the Funding Agreement between the Combined Authority and Wakefield Council are appropriately captured.
- Value for Money from a public sector perspective is not realised. Mitigation – Prior to FBC the Head of Terms between Wakefield Council and the proposed developer will be finalised to ensure public sector funding is protected, e.g. through overage arrangements or that Wakefield Council seek to retain more control over the asset, and that

these are appropriately reflected in the funding agreement between the Combined Authority and Wakefield.

- No consistent approach to funding assets owned by the private sector. Mitigation – As part of the FBC Wakefield Council as the accountable body and scheme sponsor will demonstrate good value for money and the Combined Authority will assess this as part of their due diligence.

### **Costs**

3.102 The total cost to deliver the project at decision point 2 was £41.55 million, with £6.505 million sought from the Combined Authority to be funded through over-programming against the Local Growth Fund.

3.103 The project costs are now £32.62 million (Waterfront (Rutland Mills) £21.52 million, Kirkgate £11.1 million)

3.104 The scheme now seeks the following funding contributions for the projects (£13.87 million public sector, £18.75 million private sector):

#### Waterfront

- £4.9 million from the Local Growth Fund
- £1.5m of Business Rate Pool funding (secured)
- £3.85m Wakefield Council - Capital resources
- £11.27m Private Funding (confirmation of funding will only be secured once the required grant agreement between Wakefield Council and the developer is signed).

#### Kirkgate

- £1.6m from the Local Growth Fund (land assembly, demolition and feasibility)
- £2.8m Wakefield Council - capital resources already committed to purchase of Chantry House – up to £2.17m available in the event of cost increases beyond existing contingency sum
- £7.48m - Housing developer(s) (yet to be secured)

### **Timescales**

#### Waterfront (Rutland Mills)

- Planning permission for the scheme granted 12th April 2018
- Outline business case approval – March 2019
- Forecast decision point 5 approval – July 2019
- Start of construction – May 2019
- End of construction – October 2021

- Local Growth Fund elements completed March 2021

### Kirkgate

- Outline business case approval – March 2019
- Chantry House acquisition - mid February 2019
- Demolition completion - December 2019
- Housing developer appointed - January 2020
- Planning approval – December 2021
- Construction commencement - April 2022

### **Assurance pathway and approval route**

<b>Assurance pathway</b>	<b>Approval route</b>
Decision point 3 (outline business case)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

### **Assurance Tolerances**

<b>Assurance tolerances</b>
<p>The funding requests sought under this outline business case are capped and fixed. No project cost increases will be approved or supported by the Combined Authority.</p> <p>That programme timescales should remain within 3 months of the timescales set out in this report.</p> <p>If the number of housing units being delivered is reduced by 10% notification further approval is required from the Managing Director.</p>

### **Project responsibilities**

<b>Senior Responsible Officer</b>	Clare Elliott, Wakefield Council
<b>Project Manager</b>	James Stephenson, Wakefield Council
<b>Combined Authority case officer</b>	Jess McNeill

## **Appraisal summary**

- 3.105 The implementation of the South East Gateway project is a crucial element of the Wakefield Economic Strategy to unlock continued development, diversify the local economy and enable housing growth. It will also contribute to a number of SEP Priorities.
- 3.106 The commercial case for the Waterfront scheme provides a risk largely based on the niche market proposed for the end user within Rutland Mills with little evidence of market demand, but has been driven by the ambition and commitment from the developer to take the scheme forward. There is also the risk of challenge with regards state aid, freehold transfer of Rutland Mills and procurement of the redevelopment works (Public Contracts Regulations). However, Wakefield Council will be the accountable body for the scheme and the Combined Authority will review and agree to the Head of Terms between Wakefield Council and the developer to ensure its own funding obligations in the Funding Agreement between the Combined Authority and Wakefield Council are appropriately captured prior to full approval. A clear procurement strategy is also required as part of the FBC.
- 3.107 The economic case has monetised the direct and indirect jobs that could result from the scheme and the resulting GVA demonstrates that the project could have a positive benefit cost ratio (BCR) of 14.1. However, in light of the risks associated with the project (Rutland Mills particularly) more work is needed in the FBC to understand the risks and contingencies that underpin the project to further inform the scenarios that have been tested.
- 3.108 The financial case has limited information on the level of budget allocation to risk and contingency elements for the Waterfront project but these will be clarified further at FBC. A comprehensive costed risk register is required as part of the FBC.
- 3.109 The management case sets out the broad governance arrangements for the project but clarification is required once they are in place.
- 3.110 Overall, there are significant issues with the project, in particular the Waterfront scheme and therefore a number of conditions have been set that need addressing as part of the FBC. It is also recommended therefore that individual full business cases are submitted for the Waterfront (Rutland Mills) and Kirkgate at decision point 4.

## **Recommendations**

- 3.111 That the Combined Authority approves that:
- (i) The Wakefield City Centre, South East Gateway scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
  - (ii) The individual elements of the Wakefield City Centre, South East Gateway scheme progress as separate full business cases for Kirkgate

and the Waterfront through activity 4 (full business case) and activity 5 (full business case with finalised costs).

- (iii) An indicative approval to the Combined Authority's capped contribution of £4.9 million to the Waterfront scheme and capped contribution of £1.6 million to the Kirkgate scheme (a total contribution of £6.5 million) to be funded from the Local Growth Fund programme is given towards a total scheme cost of £32.62 million (Waterfront (Rutland Mills) £21.52 million, Kirkgate £11.1 million) with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## Corridor Improvement Programme summary

- 3.112 The Corridor Improvement Programme (CIP) is a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth. In order to achieve this the programme aims to deliver an 8% reduction in journey times for all traffic, with a higher target of 12% reduction in journey times for buses.
- 3.113 The creation of a WYKRN is designed to facilitate economic growth and job creation by delivering reliable journey times for all modes across the core road network in West Yorkshire, regardless of authority boundaries. Improved reliability of the WYKRN will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods. Such improvements will help to attract investment and facilitate housing growth across the City Region.
- 3.114 The Corridor Improvement Programme will be delivered in three phases. The total forecast cost of the programme is £130.3 million, £125 million of which will be funded from the Combined Authority's West Yorkshire plus Transport Fund.
- 3.115 The Corridor Improvement Programme received decision point 2 (case paper) approval from the Combined Authority in June 2017 for the programme as a whole, as part of this approval it was agreed that the 13 projects within the programme would be progressed on an individual basis to outline business case. At decision point 2, a total forecast cost for phase 1 of the programme received an indicative approval of £67.754 million, £62.441 million West Yorkshire plus Transport Fund and £5.313 million third party contributions. Phase 1 of the CIP has a total development cost approval of £4.483 million in order to progress the schemes to outline business case stage.
- 3.116 Following consultation on the future steps that should be taken to manage the programme, it is proposed that the costs for individual Phase 1 schemes within the Corridor Improvement Programme should remain within the indicative budget allocation for each Partner Council within the CIP Programme. Where the forecast costs of schemes are increasing above the Partner Council indicative budget allocation, the schemes should either:
- be re-designed to meet the indicative budget envelope of the Partner Council or;
  - the Partner Council should prioritise which schemes they wish to take forward which fit within the indicative budget envelope.
- 3.117 As the outline business cases for the individual Corridor Improvement Programme schemes are received and appraised by the Combined Authority, it has emerged that a Change Request for the programme as a whole is required in order to re-baseline individual scheme allocations, funding and tolerances. It is intended that this Change Request will be brought for consideration by Investment Committee and Combined Authority later in 2019.

- 3.118 This report contains proposals for the progression of two schemes through decision point 3 (outline business case). These schemes are being progressed now, as they are judged to be within the principles of the Investment Committee proposals and the intended programme change request. Both of the schemes are located within the Bradford District. At decision point 2, Bradford Council received a Phase 1 allocation of £14.15 million within the West Yorkshire plus Transport fund across three schemes.
- 3.119 Bradford Council had previously identified 3 CIP schemes as part of Phase 1.
- A6177 Great Horton Road / Horton Grange Road
  - A6177 Thornton Road / Toller Lane
  - A6177 Horton Grange Road / Cross Lane scheme
- 3.120 It has been identified that it would require approximately £19 million of West Yorkshire plus Transport Fund funding to deliver all 3 schemes, which would exceed the Phase 1 decision point 2 allocation for Bradford Council.
- 3.121 As a result Bradford Council will now only take forward two CIP schemes, the “A6177 Great Horton Road / Horton Grange Road” and “A6177 Thornton Road / Toller Lane”. Details of these schemes are provided as part of this report. It should however be noted that outline business case work has been completed for the now omitted A6177 Horton Grange Road / Cross Lane scheme.

<b>Project Title</b>	<b>A6177 Great Horton Road / Horton Grange Road</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

**Background**

- 3.122 This scheme will be funded from the West Yorkshire plus Transport Fund. This is a £1 billion fund covering West Yorkshire and York. The objectives of the West Yorkshire plus Transport Fund are to enable key employment and housing development areas and will help to create about 20,000 new jobs over

the next 10 years. These strategic transport projects will be delivered to facilitate the growth priorities identified in the Leeds City Region Economic plan.

- 3.123 The A6177 Great Horton Road / Horton Grange Road scheme is part of the Transport Fund's Corridor Improvement Programme (CIP), a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth.
- 3.124 Due to the immediate constraints at the Great Horton Road / Horton Grange Road junction, this scheme has been developed primarily through building a new link road between the Horton Park Avenue/Cecil Avenue junction and the All Saints Road/Dirkhill Road junction, with priority junctions at both ends. The new link will allow movements to bypass the Great Horton Road/Horton Grange Road/All Saints Road junction.
- 3.125 It is also proposed that All Saints Road is changed to one way southbound between Great Horton Road and Turner Place. This will reduce traffic conflicts, whilst increasing capacity. The right turn from Great Horton Road into All Saints Road will be prevented with right turning traffic using Horton Park Avenue.
- 3.126 Following scheme delivery, it is anticipated to reduce congestion for all modes of traffic, and in the process reduce journey times and improve journey time reliability for all users. Additionally, the scheme will deliver public realm enhancements, making the associated area more attractive, with improvements for walking and cycling to also be made as part of scheme design.
- 3.127 The scheme supports delivery of Priority 4 'Infrastructure for Growth' of the Leeds City Region Strategic Economic Plan (SEP), by creating additional capacity to enable development, and helping to achieve the Leeds City Region SEP principle of 'Good Growth'.
- 3.128 It should be noted that in relation to the CIP programme's decision point 2 approval, an approval of £277,000 was made to develop an A650 Shipley Airedale/ A647 Leeds Road junction CIP scheme. This scheme was subsequently replaced by the A6177 Great Horton Road / Horton Grange Road via change request and the development cost approval made for the original scheme was replaced by a reduced approval for £225,000 for scheme development of the replacement scheme (although a funding agreement was not entered into at this time and will instead form part of the recommendations presented in this report). For clarity, the approvals sought as part of this report supersedes all previous approvals relating to the Bradford A6177 Great Horton/ Horton Grange Road and the A650 Shipley Airedale/ A647 Leeds Road schemes.

## **Outputs, benefits and inclusive growth implications**

- To improve journey time reliability for all modes including bus services on the western section of the A6177 Outer Ring Road – reducing variability between peak and inter peak time periods for journeys to/from Bradford, within one year of post scheme completion.
- To reduce congestion along the A6177 Outer Ring Road in order to improve productivity and attract new investment – by reducing business operating costs, improving accessibility, and creating greater confidence in highway provision, within one year of post scheme completion.
- To support housing growth aspirations by reducing transport constraints to development – supporting delivery of 8,000 new residences by 2030.
- To improve air quality by reducing congestion and the number of vehicles idling at the junction, within five years of post-scheme completion.
- To reduce road traffic collisions by 5% within five years of post-scheme completion, making travel safer particularly for pedestrians and cyclists.
- The scheme at this stage reflects a benefit cost ratio (BCR) of 2.86:1, judged as High Value for Money based on the Department for Transport's criteria. This will be confirmed at decision point 5.
- The wider benefits of the scheme include a better quality of life for the local community and residents across Bradford who use this junction, with an improved urban environment, improved accessibility to jobs and housing, and an improvement in air quality.

## **Risks**

3.129 The key risks along with the mitigation are outlined below:

- Risk: Cost of utility works is greater than the current estimates based on returns received from providers and existing information and experience. Mitigation: The promoter to obtain detailed utility survey costs before full business case development, with interface meetings to be held with applicable utilities.
- Risk: Unforeseen tender return costs due to market forces, which could also limit availability of contractors. Mitigation: The promoter to monitor market trends and maintain robust dialogue with strategic partners.
- Risk: Compensation costs such as sound insulation is greater than envisaged. Mitigation: The promoter to consult specialists on noise and land as part of detailed design, to assess likely compensation values.
- Risk: Opposition to scheme is greater than anticipated following consultation, requiring scheme design changes causing delays and additional costs. This could include challenges to Traffic Regulation Orders. Mitigation: The promoter is developing a stakeholder management plan to enable robust engagement with all stakeholders. A public consultation exercise has been completed, (concluded 29 March 2019). Feedback to date indicates public support for the scheme with no

significant objections raised to warrant requirement for material changes to scheme design. The promoter to submit a detailed engagement report at full business case (decision point 4).

### Costs

- The total forecast scheme cost at outline business case (decision point 3) is £4.205 million,
- This reflects a scheme cost increase of £1.055 million from the indicative estimate of £3.150 million at decision point 2. The promoter has attributed the increase to inclusion of risk, inflation, and scheme design costs following site investigation surveys, as well as a reforecast of estimated project development costs.
- This scheme has been allocated £225,000 of development costs to progress to outline business case (decision point 3). The promoter now seeks approval of a further £584,007 of development costs taking the total approval sought to £809,007.

### Timescales

- Forecast decision point 4 approval (full business case) - October 2019
- Forecast decision point 5 approval - (full business case with finalised costs) - February 2020
- Forecast start of construction – March 2020
- Forecast decision point 6 approval (end of construction) - August 2021

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 3 (outline business case)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

### Assurance Tolerances

Assurance tolerances
The scheme costs should remain within the costs set out in this report.

That programme timescales should remain within 3 months of the timescales set out in this report.

### Project responsibilities

<b>Senior Responsible Officer</b>	Richard Gelder, Bradford Council
<b>Project Manager</b>	Kamal Ubhi, Bradford Council
<b>Combined Authority case officer</b>	Asif Abed

### Appraisal summary

- 3.130 The outline business case provides a satisfactory level of detail on the strategic rationale behind the proposed interventions, which will primarily see delivery of a new link road between the Horton Park Avenue/Cecil Avenue junction and the All Saints Road/Dirkhill Road junction, with priority junctions at both ends. It can be seen the proposal seeks to support delivery of the City Region and transport fund objective of addressing constraints to economic growth by reducing congestion and improving connectivity to jobs and housing within Bradford and the associated area.
- 3.131 The scheme however has site constraints, limiting opportunity to incorporate dedicated provision for public transport in to the scheme design. Improvements to active mode travel of walking and cycling have however been included.
- 3.132 The promoter has confirmed there are no land acquisition requirements and therefore no associated risks, given the land for the new link is within the council's ownership.
- 3.133 The scheme has demonstrated key stakeholder support through engagement with ward members and delivery partners and a round of public consultation, which to date has reflected positive feedback. A detailed engagement report will be submitted at full business case (decision point 4).
- 3.134 The preferred option at outline business case reflects a benefit cost ratio of 2.86:1, judged as high value for money. The appraisal did review the optioneering exercise undertaken that led to the preferred option of delivering a new link road and priority signal junctions. This highlighted that alternative proposals were considered but ruled out on grounds of affordability and deliverability within the scope of the programme.
- 3.135 On the whole, the promoter has demonstrated deliverability of this scheme. Further work is to be undertaken as part of full business case development, at which stage more accurate costs and scheme delivery programme will be known.

## Recommendations

3.136 That The Combined Authority approves that:

- (i) The A6177 Great Horton Road / Horton Grange Road scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £4.205 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Additional development costs of £584,007 are approved in order to progress the scheme to full business case with finalised costs (decision point 5), taking the total project approval to £809,007.
- (iv) The Combined Authority enters in to funding agreement with Bradford Council for expenditure of up to £809,007 from the West Yorkshire plus Transport Fund.
- (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report, including at decision points 4 and 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>A6177 Thornton Road / Toller Lane</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

## Background

- 3.137 This scheme will be funded from the West Yorkshire plus Transport Fund. This is a £1 billion fund covering West Yorkshire and York. The objectives of the West Yorkshire plus Transport Fund are to enable key employment and housing development areas and will help to create about 20,000 new jobs over the next 10 years. These strategic transport projects will be delivered to facilitate the growth priorities identified in the Leeds City Region Economic plan.
- 3.138 The A6177 Thornton Road / Toller Lane scheme is part of the Transport Fund's Corridor Improvement Programme (CIP), a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth.
- 3.139 The scheme focuses on traffic improvements at two junctions and will deliver the following interventions:

### A6177 Whetley Lane / Toller Lane

- Two lane approaches to the junction on A6177
- Dedicated left turn lane from A6177
- Two lanes in both directions on Toller Lane from the Carlisle Road junction to existing dual carriageway
- Flare out approaches on Toller Lane and Whetley Hill to provide a short right turn lane
- Improvement for pedestrians and cyclists

### A6177 Thornton Road / Cemetery Road

- Formalise right turn lane inbound on Thornton Road into Cemetery Road
- Widen westbound direction on Thornton Road to have two lanes from the A6177
- Two lane approach on Allerton Road
- Two lanes north on Cemetery Road approach and two lanes on Allerton Park exit
- Improvement for pedestrians and cyclists

3.140 Following scheme delivery, it is anticipated to improve journey time reliability on the western section of the A6177 Outer Ring Road and reduce congestion along the A6177 Outer Ring Road. This will support improving productivity and encouraging new business investment, as well as support housing growth aspirations by reducing transport constraints to development. The scheme will also deliver public realm enhancements created through demolition of acquired buildings and improved pedestrian and cycling provision.

3.141 The scheme supports delivery of Priority 4 'Infrastructure for Growth' of the Leeds City Region Strategic Economic Plan (SEP), by creating additional capacity to enable development, and helping to achieve the Leeds City Region SEP principle of 'Good Growth'

3.142 Within the decision point 2 CIP Programme approval in June 2017, the A6177 Thornton Road / Toller Lane scheme was originally presented as two separate schemes.

- The A6177 Outer Ring Road/ Thornton Road scheme received an indicative allocation of £5 million towards scheme costs, and
- The A6177 Outer Ring Road/ Toller Lane scheme received an indicative allocation of £3.39 million towards scheme costs.

3.143 The schemes were subsequently merged into the A6177 Thornton Road / Toller Lane scheme with an indicative combined allocation of £8.5 million.

### **Outputs, benefits and inclusive growth implications**

- To improve journey time reliability for all modes including bus services on the western section of the A6177 Outer Ring Road – reducing variability between peak and inter peak time periods for journeys to/from Bradford, within one year of post scheme completion.
- To reduce congestion along the A6177 Outer Ring Road in order to improve productivity and attract new investment – by reducing business operating costs, improving accessibility, and creating greater confidence in highway provision, within one year of post scheme completion.
- To support housing growth aspirations by reducing transport constraints to development – supporting delivery of 8,000 new residences by 2030.

- To improve the urban environment and attractiveness through demolition of blighted buildings and the creation of an enhanced public realm – to be achieved through scheme delivery.
- To improve air quality by reducing congestion and the number of vehicles idling at the junction, within five years of post-scheme completion.
- To reduce road traffic collisions by 5% within five years of post-scheme completion, making travel safer particularly for pedestrians and cyclists.

3.144 The scheme at this stage reflects a benefit cost ratio (BCR) of 4.29:1, which would be judged as Very High Value for Money using the DfT criteria. This will be confirmed at decision point 5.

3.145 The wider benefits of the scheme include a better quality of life for the local community and residents across Bradford who use this junction, with an improved urban environment, improved accessibility to jobs and housing, and an improvement in air quality.

### **Risks**

3.146 The key risks along with the mitigation are outlined below:

- Risk: Land acquisition negotiations fail requiring need for a Compulsory Purchase Order (CPO) to acquire buildings for demolition purposes. The promoter has confirmed CPO route is needed to acquire one property, with negotiations underway with proprietors of a further two. Mitigation: The promoter has built in an element of contingency within scheme costs and the delivery programme should a CPO be required on the further two sites.
- Risk: Compensation costs such as land acquisition and sound insulation is greater than envisaged. Mitigation: The promoter to consult specialists on noise and land as part of detailed design, to assess likely compensation values.
- Risk: Cost of utility works is greater than the current estimates based on C1 returns and existing information and experience. Mitigation: The promoter to attain detailed utility survey costs before full business case development, with interface meetings to be held with applicable utilities.
- Risk: Unforeseen tender return costs due to market forces, which could also limit availability of contractors. Mitigation: The promoter to monitor market trends and maintain robust dialogue with strategic partners.
- Risk: Opposition to scheme is greater than anticipated following consultation, requiring scheme design changes causing delays and increased costs. This could include challenges to Traffic Regulation Orders. Mitigation: The promoter is developing a stakeholder management plan to enable robust engagement with all stakeholders. A public consultation exercise has been undertaken, which concluded 29 March 2019. Feedback to date indicates public support for the scheme with no significant objections raised to warrant requirement for material

changes to scheme design. The promoter to submit a detailed engagement report at full business case (decision point 4).

### Costs

- 3.147 The total forecast scheme cost at outline business case (decision point 3) is £9.662 million, which will be funded from the West Yorkshire plus Transport Fund.
- 3.148 This reflects a scheme cost increase of £1.162 million from the indicative combined allocation of £8.5 million at decision point 2. The promoter has attributed the increase to inclusion of risk, inflation, and forecast land acquisition costs, as well as a reforecast of estimated project development costs. This increase to scheme costs is affordable within the £14.150 million Bradford CIP Phase 1.
- 3.149 The scheme has an existing £225,000 development cost approval. The promoter now seeks approval of a further £721,670 of development costs to fund scheme development to full business case with finalised costs (decision point 5), this will take the total scheme approval £946,670. This reflects 9.8% of total scheme costs (which excludes any land acquisition costs).

### Timescales

- Forecast decision point 4 approval (full business case) - November 2019
- Forecast decision point 5 approval - (full business case with finalised costs) - March 2020
- Forecast start of construction – April 2020
- Forecast decision point 6 approval (end of construction) - January 2022

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 3 (outline business case)	Recommendation: Investment Committee Decision: Combined Authority
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

## Assurance Tolerances

Assurance tolerances
The scheme costs should remain within the costs set out in this report. That programme timescales should remain within 3 months of the timescales set out in this report.

## Project responsibilities

Senior Responsible Officer	Richard Gelder, Bradford Council
Project Manager	Kamal Ubi, Bradford Council
Combined Authority case officer	Asif Abed

## Appraisal summary

- 3.150 The outline business case provides a satisfactory level of detail on the strategic rationale behind the proposed interventions, which will support delivery of the City Region and transport fund objective of addressing constraints to economic growth, by reducing congestion and improving connectivity to jobs and housing within Bradford and the associated area.
- 3.151 The scheme however has site constraints, limiting opportunity to incorporate dedicated provision for public transport into the scheme design. Improvements to active mode travel of walking and cycling have however been included.
- 3.152 The scheme will also deliver public realm enhancements through demolition of buildings, improving the urban environment and attractiveness. To deliver this, and the preferred option junction improvements requires purchase of three buildings, with the promoter confirming a Compulsory Purchase Order (CPO) route is needed to acquire one property, with negotiations underway with proprietors of a further two. The outcome to negotiations could have a significant bearing on scheme costs and delivery timescales, although the promoter has indicated an element of contingency has been profiled with the programme to allow for this.
- 3.153 The scheme has demonstrated key stakeholder support through engagement with ward members, delivery partners and a round of public consultation, which to date has reflected positive feedback. A detailed engagement report will be submitted at full business (decision point 4).
- 3.154 The preferred option at outline business case reflects a benefit cost ratio of 4.29:1, judged as very high value for money. The appraisal did review the optioneering exercise undertaken that led to the preferred option. This highlighted that alternative proposals were considered but ruled out on grounds of affordability and deliverability within the scope of the programme.
- 3.155 On the whole, the promoter has demonstrated deliverability of this scheme. Further work is to be undertaken as part of full business case development, at

which stage more detailed costs and scheme delivery programme will be known.

### **Recommendations**

3.156 That the Combined Authority approves that:

- (i) The A6177 Thornton Road / Toller Lane scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £9.662 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Additional development costs of £721,670 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total project approval to £946,670.
- (iv) The Combined Authority enters into an addendum to the existing funding agreement with Bradford Council for additional expenditure of up to £721,670 from the West Yorkshire plus Transport Fund, taking total value of the funding agreements to £946,670.
- (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision points 4 and 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>Superfast West Yorkshire and York - Contract 3</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

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

## Background

- 3.157 The City Region's Strategic Economic Plan (SEP) has laid out an ambition to achieve 99% superfast broadband 30 megabits per second connectivity across West Yorkshire and York. The Superfast West Yorkshire and York Broadband (SWYY) programme is well on the way to meeting this ambition with the first two contracts of the programme are on track to deliver up to 98% by 2021.
- 3.158 Phase 3 will deploy broadband infrastructure across the West Yorkshire and York geography within some of the hardest to reach urban and rural areas, areas not already targeted through a commercial roll out and areas not targeted by the previous phases of the programme.
- 3.159 The emerging 'Leeds City Region Digital Framework: Leeds City Region transformed by digital tech' is the second big idea proposed as part of the emerging Local Inclusive Industrial Strategy. The Digital Framework has 5 interconnected outcomes which will help to set out our approach to the digital economy and to strengthening of digital capability across the City Region's population and institutions:
- **Digital opportunities for non-digital businesses** - helping all City Region businesses to embrace and grow through improved use of new technologies
  - **Digital skills for all** - giving everyone access to the skills they need to operate and thrive in a digital economy and tackling digital exclusion
  - **The digital sector that serves the rest** - making Leeds City Region the best place to start and grow a digital business
  - **World class digital infrastructure** - ensuring everyone can access a fast, reliable and resilient network

- **A smarter, more intelligent City Region** - using technology and data to solve the City Region's biggest challenges and improve citizen outcomes.

3.160 Phase 3 will comprise of £10.042 million of capital funding and £0.786 million of revenue funding. This comprises funding from the Department for Environment, Food and Rural Affairs (DEFRA), European Structural and Investment Funds (ESIF / ERDF), Business Rate Pool Allocation, a refund from an earlier infill satellite technologies programme (BET refund) and Gain share (carried forward from West Yorkshire and York Broadband Contracts 1 and 2). A previous offer of funding from Broadband UK (BDUK) has been withdrawn which has had a subsequent impact on match-funding available to drawdown against ERDF.

3.161 The project will deploy broadband infrastructure across the West Yorkshire and York geography within:

3.162 Some of the hardest to reach urban and rural areas

3.163 Areas not already targeted through a commercial roll out over the next three years or areas of market failure

3.164 Areas not targeted by the previous phases (Contract One and Two) of superfast broadband delivery

### **Description of the Change Request**

3.165 At decision point 2 the Combined Authority on 11 October 2018 approved that:

- (i) The superfast broadband contract 3 project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case with finalised costs).
- (ii) An indicative approval to the total project value of £16.428 million from the funding sources outlined in this report for which the Combined Authority is the accountable body is given, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Approval to reallocate all or part of the BET Refund funding from Contract 2 to Contract 3 as actioned at decision point 5 full business case with costs.
- (iv) Development costs of £120,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs).

3.166 The change request is to accept a reduction in external funding now that clarity on some funding bids has been obtained and some indicative funding which was previously put forward by HM Government for the programme has been removed by HM Treasury (BDUK, £1.1m). It was anticipated at the time of DP2 approval that overall funding may reduce once the outcome of funding bids was known and therefore a 25% cost tolerance was allowed for.

However, this has been exceeded (DEFRA by 30.4% and ESIF by 45.8%) as detailed in the cost section below.

3.167 As a result the change request is also to accept the pro-rata reduction in outputs as detailed in the outputs section below.

### **Outputs, benefits and inclusive growth implications**

- 3.168 This project focuses on connecting small and medium sized enterprises (SMEs) which is a requirement of government and European funding. As SMEs are connected neighbouring homes and non SME businesses will also be connected.
- 3.169 The objective of the project is to increase the percentage coverage of superfast broadband to as close to 99% of West Yorkshire and York as possible within the funding envelope.
- 3.170 The DEFRA funding application will have pro-rata reduced outputs: instead of 2,476 businesses to have access this will be reduced to 1,723. The DEFRA funding will only target business premises in rural postcodes, as defined in the DEFRA guidelines. DEFRA has a target of access to at least 1,723 businesses (of all sectors).
- 3.171 The ESIF / ERDF funding application will have pro-rata reduced outputs; instead of 1,255 businesses to have access this will be reduced to 702. The ESIF / ERDF funding will target urban and semi-urban geographies and will have a contractual output to deliver to 702 eligible SMEs.
- 3.172 In delivering fibre broadband infrastructure to these businesses, neighbouring residential premises will also get the benefit of the improved connectivity.

### **Risks**

- 3.173 The key risks for this project are:
- The supplier not building sufficient broadband infrastructure within the timescales set by the funding bodies leading to clawback, particularly with regards ESIF (deadline dates for delivery are DEFRA December 2020, ESIF March 2021). To mitigate this, the programme for delivery is clearly planned and the draw down cut off dates are incorporated into the tender documents so that suppliers are fully aware of the drawdown limitations. The programme is subject to BDUK procurement rules, including the use of their standard form of contract; in the event of a severe risk of clawback, the programme may need to consider a reduction in scope to some elements which may not be delivered within external funding timescales. Informal discussions have also taken place with DEFRA and ESIF regarding the potential to submit a change request to extend timeframes.

## Costs

<b>Funding</b>	<b>Decision Point 2 Cost £ (Millions)</b>	<b>Change Request Cost £ (Millions)</b>
Business Rate Pool Allocation (Project Development and Procurement Costs)	0.090	0.090
<b>Capital</b>		
DEFRA Rural Broadband Initiative Funding Bid	9.912	6.898
ESIF / ERDF Capital: Funding Bid	2.810	1.572
Contract One Gainshare	Up to 1.700	1.572
Broadband Delivery UK (Grant Confirmed)	1.110	0
<b>Capital Total</b>	<b>15.532</b>	<b>10.042</b>
<b>Revenue</b>		
ESIF / ERDF Revenue: Funding Bid	0.386	0.270
Combined Authority (BET Refund)	0.310	0.316
Business Rate Pool Allocation (ESIF / ERDF Revenue Match Funding)	0.076	0.076
Business Rate Pool Allocation (Additional Revenue Funding)	0.034	0.034
<b>Revenue Total</b>	<b>0.806</b>	<b>0.696</b>
<b>Total</b>	<b>16.428</b>	<b>10.828</b>

3.174 DEFRA requested the reduction because of the demand for funding across the national programme. The Gainshare has reduced to reflect the actual amount of funding received into the Combined Authority's bank account, as opposed to the estimate.

3.175 The BDUK capital funding contribution has been removed from the project. The funding has been reallocated to another broadband programme run by

DCMS full fibre networks. This was under the instruction of HM Treasury to redact this contribution into another programme. The Combined Authority has written to DCMS directly in regards to the impact of this decision in respect of reduction of benefits to local communities.

3.176 As a direct consequence of the reduction in BDUK funding, the ESIF / ERDF funding bid application has had to be reduced as it requires a 50:50 match funding split, including a reduction in revenue contribution.

### Timescales

- ESIF sub-committee for consideration of the funding award - 20th March 2019.
- Forecast decision point 5 approval - May 2019
- Contract signing - May 2019
- Phase 3 start date - May 2019
- Phase 3 end date - April 2022

3.177 Since the Investment Committee recommended approval of this scheme at their meeting of 13 March 2019, there is likely to be a 6 month delay to the timescales detailed above, due to the procurement not resulting in the selection of a suitable broadband supplier. The current intention is to go back out to the market, having first engaged with likely suppliers to ensure that they will submit a compliant response.

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

### Assurance Tolerances

Assurance tolerances
<p>Combined Authority costs should remain within 10% of the costs set out in this report.</p> <p>That the project delivery timescale remains within 12 months of the timescales identified within this report</p> <p>The number of businesses that would be connected is forecast not to drop by more than 10%</p>

## Project responsibilities

<b>Senior Responsible Officer</b>	Kate Thompson, Combined Authority
<b>Project Manager</b>	John Bullivent, Combined Authority
<b>Combined Authority case officer</b>	Paul Coy

## Appraisal summary

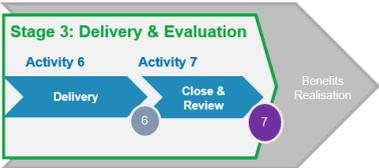
3.178 The project has a clear fit with Priority 4 in the Strategic Economic Plan to support employment and quality environments. It is part of a programme of broadband delivery projects which have had considerable success in delivering benefits to the City Region. There is clear evidence that increasing internet speeds improves the sustainability of local businesses and allows expansion and increased employment. The Combined Authority partners have a good knowledge and experience of delivering this type of scheme and has well established suppliers, so is confident in delivering the project competently within budget and timescale.

## Recommendations

3.179 That the Combined Authority approves that:

- (i) The change request to the Superfast West Yorkshire and York – Contract Three project to reduce the total project value to £10.828 million due to changes in funding from Gainshare, DEFRA, BDUK and ESIF / ERDF is approved.
- (ii) An indicative approval to the total project value of £10.828 million from the funding sources outlined in this report for which the Combined Authority is the accountable body is given, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iii) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

**Projects in Stage 3: Delivery and Evaluation**



3.180 There are no schemes requiring consideration at this assurance stage.

## **Decisions made by the Investment Committee**

3.182 The Investment Committee is authorised to progress a scheme under the Assurance Framework in accordance with any bespoke approval pathway and approval route, subject to an exception relating to exceeding the cumulative total of the financial approval and tolerance levels agreed by the Combined Authority by more than 25%. Decisions regarding the following schemes have been made by Investment Committee at the 13 March meeting. The decisions were made by the Investment Committee following a recommendation from Combined Authority Programme Appraisal Team. All the schemes outlined below have remained within the financial approvals and tolerance levels agreed by the Combined Authority unless stated otherwise below.

### **Dewsbury Riverside**

3.183 This scheme involves the provision of site access and sustainable urban drainage systems (SuDS) infrastructure to bring forward the development of the first phase of 240 homes at Dewsbury Riverside at two sites; Lees Hall Road and Ravensthorpe Road. The scheme is the first phase of proposals to develop up to 4,000 new homes at Dewsbury Riverside which are the subject of a bid to the Housing Infrastructure Fund (HIF).

The Investment Committee approved that the scheme should proceed through decision point 3 and commence activity 4 (full business case). The meeting also gave indicative approval to a total scheme value of £4.612 million.

### **York Central: Access Road and Station Access Improvements**

3.184 The scheme involves the delivery of infrastructure, accessibility and public realm improvements at York Central and York station to support the delivery of a major mixed-use scheme in the centre of the City. The West Yorkshire plus Transport Fund will contribute to the funding of:

- A new access road into York Central to 'unlock' housing and employment sites for development by the private sector
- A series of accessibility and public realm improvements to the front (eastern side) of York station
- Pedestrian access improvements to the western station entrance into the York Central site
- The delivery of these elements of the scheme are dependent on City of York (CYC) Council funding and on securing match funding from the Housing Infrastructure Fund (HIF).

The Investment Committee approved that the scheme proceeded through decision point 4 and commenced work on activity 5 (full business case plus costs). This approval is subject to the discharge of named conditions to the satisfaction of the Combined Authority's Programme Appraisal Team. The Investment Committee also gave indicative approval to a Combined

Authority's contribution of £37.32 million from the West Yorkshire plus Transport Fund, an increase of £4.32 million from the previous Gateway 1 approval, towards a total scheme cost of £187.46 million

#### **4 Inclusive growth implications**

4.1 The inclusive growth implications are outlined in each scheme, see above.

#### **5 Financial implications**

5.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

#### **6 Legal implications**

6.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

#### **7 Staffing implications**

7.1 A combination of Combined Authority and local Partner Council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

#### **8 External consultees**

8.1 Where applicable scheme promoters have been consulted on the content of this report.

#### **9 Recommendations**

9.1 That the Combined Authority approves the revised approval route for the following schemes to enable the Investment Committee to make the decision on behalf of the Combined Authority:

- (i) Halifax Living Housing Programme, Phase 1 – decision point 3
- (ii) City Connect Phase 3 cycling scheme – decision point 3
- (iii) Bradford Heritage Properties, Conditioning House – decision point 3
- (iv) Harrogate Road/New Line – decision point 4
- (v) Halifax Bus Station – decision point 3
- (vi) Bradford Interchange Station Gateway Phase 1 – decision point 3
- (vii) York Outer Ring Road Phase 3 – decision point 4
- (viii) A62/A644 Wakefield road (Cooper bridge) – decision point 3
- (ix) Bradford Interchange Station Gateway Phase 2 – decision point 3

## **Leeds City Region Growth Service**

9.2 That the Combined Authority approves that:

- (i) The Leeds City Region Growth Service project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case).
- (ii) An indicative approval to the total project costs of £3,401,756, of which the Combined Authority contribution will be £2,465,413 (which will be funded through £764,535 from the BEIS Growth Hub funding and £1,700,878 from the ESIF funding is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The remaining £936,343 will be funded by Leeds City Region District Partners.
- (iii) The Combined Authority delegates the authority to enter into a funding agreement with Ministry for Housing, Communities and Local Government (ESIF) and BEIS (Growth hub funding) to the Combined Authority's Managing Director.
- (iv) The Combined Authority delegates the authority to enter into or amend funding agreements with the local authorities to the Combined Authority's Managing Director.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **Resource Efficiency Fund 2**

9.3 That the Combined Authority approves that:

- (i) The Resource Efficiency Fund 2 project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
- (ii) Indicative approval to the total project value for both regions (Leeds City Region and four North Yorkshire districts) of £6.293 million is given as detailed below, with full approval to spend being granted once the project has progressed through the assurance process to decision point 5 (full business case with finalised costs).
  - Leeds City Region element of the project of £4.644 million (subject to a successful ERDF application), of which £2.751 million will be funded by the Combined Authority (£2 million ERDF funding for Leeds City Region and £751,137 from the Leeds City Region Local

Growth Fund). The remaining funding will be from £1.893 million SME match.

- York, North Yorkshire and East Riding element of the project of £1.649 million (subject to a successful ERDF application) of which £1.035 million will be funded by the Combined Authority (from £824,522 ERDF funding and £210,122 from the York, North Yorkshire and East Riding region Local Growth Fund, subject to the West Yorkshire Combined Authority submitting a successful bid to the York, North Yorkshire and East Riding LEP; the Combined Authority will be the accountable body for its expenditure for the purposes of this scheme). The remaining scheme costs of £614,000 will be from SME match funding.
- (iii) The Combined Authority delegates authority to the Combined Authority's Managing Director to enter into an agreement with North Yorkshire County Council as the accountable body for the York, North Yorkshire and East Riding Local Enterprise Partnership (at decision point 5), for the Combined Authority to receive and manage York, North Yorkshire and East Riding match funding contribution of £210,122, subject to a successful bid to the York, North Yorkshire and East Riding Local Growth Fund.
- (iv) The Combined Authority delegates authority to the Combined Authority's Managing Director to enter into a contract for the provision of the ERDF funding with Ministry of Housing, Communities and Local Government (MHCLG) at decision point 5.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **Leeds Flood Alleviation Scheme 2**

9.4 That the Combined Authority approves that:

- (i) The Leeds Flood Alleviation Scheme Phase 2 proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs)
- (ii) An indicative approval to the Combined Authority's contribution of up to £3.9 million, which will be funded through Growth Deal 3 is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £112 million.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5,

through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **A61 (North) Bus Priority Corridor**

9.5 That the Combined Authority approves that:

- (i) The Leeds Public Transport Investment Programme: A61 (North) Bus Priority Corridor project proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £16.1 million is given from Leeds Public Transport Investment Programme funding with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 4 (full business case) and decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director.

### **Wakefield South East Gateway**

9.6 That the Combined Authority approves that:

- (i) The Wakefield City Centre, South East Gateway scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) The individual elements of the Wakefield City Centre, South East Gateway scheme progress as separate full business cases for Kirkgate and the Waterfront through activity 4 (full business case) and activity 5 (full business case with finalised costs).
- (iii) An indicative approval to the Combined Authority's capped contribution of £4.9 million to the Waterfront scheme and capped contribution of £1.6 million to the Kirkgate scheme (a total contribution of £6.5 million) to be funded from the Local Growth Fund programme is given towards a total scheme cost of £32.62 million (Waterfront (Rutland Mills) £21.52 million, Kirkgate £11.1 million) with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **A6177 Great Horton Road / Horton Grange Road**

9.7 That the Combined Authority approves that:

- (i) The A6177 Great Horton Road / Horton Grange Road scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £4.205 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Additional development costs of £584,007 are approved in order to progress the scheme to full business case with finalised costs (decision point 5), taking the total project approval to £809,007.
- (iv) The Combined Authority enters in to funding agreement with Bradford Council for expenditure of up to £809,007 from the West Yorkshire plus Transport Fund.
- (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report, including at decision points 4 and 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **A6177 Thornton Road / Toller Lane**

9.8 That the Combined Authority approves that:

- (i) The A6177 Thornton Road / Toller Lane scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £9.662 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Additional development costs of £721,670 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total project approval to £946,670.
- (iv) The Combined Authority enters into an addendum to the existing funding agreement with Bradford Council for additional expenditure of up to £721,670 from the West Yorkshire plus Transport Fund, taking total value of the funding agreements to £946,670.
- (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision points 4 and 5 through a delegation to the Combined Authority's Managing Director

following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **Superfast West Yorkshire and York – Contract 3**

9.9 That the Combined Authority approves that:

- (i) The change request to the Superfast West Yorkshire and York – Contract Three project to reduce the total project value to £10.828 million due to changes in funding from Gainshare, DEFRA, BDUK and ESIF / ERDF is approved.
- (ii) An indicative approval to the total project value of £10.828 million from the funding sources outlined in this report for which the Combined Authority is the accountable body is given, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iii) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **10 Background documents**

10.1 Business case summaries for the schemes recommended for approval by the Investment Committee are available here:

[March Investment Committee](#)

[April Investment Committee](#)

## **11 Appendices**

**Appendix 1** – Background to the Combined Authority's assurance framework

**Appendix 2** – Location maps for the schemes presented in this report

**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

## Appendix 1: Background to the Combined Authority’s Assurance Framework Information

1.1 This report puts forward proposals for the progression of, and funding for, a number of schemes for approval by the Combined Authority, following consideration by the West Yorkshire and York’s Investment Committee. The Combined Authority will recall that a three stage approach has been introduced as part of an enhancement to current project management arrangements, with the requirement that all projects subject to minor exceptions as detailed in the assurance framework, will as a minimum, need to formally pass decision point 2 (case paper approval) and 5 (final cost approval) highlighted below, with the requirement to meet the intervening activities deemed on a project by project basis.



1.2 The Programme Appraisal Team (PAT) appraises all schemes at the decision points. The PAT consists of an independent panel of officers representing policy, legal, financial, assurance and delivery. The scheme promoters from our partner councils or partner delivery organisations attend the meeting to introduce the scheme and answer questions from the panel. The terms of reference for the PAT are contained within the Leeds City Region Assurance Framework.

### Assurance pathway and approval route

1.3 The tables for each scheme in the main report outlines the proposed assurance process and corresponding approval route for the scheme. The assurance pathway sets out the decision points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each decision point. A

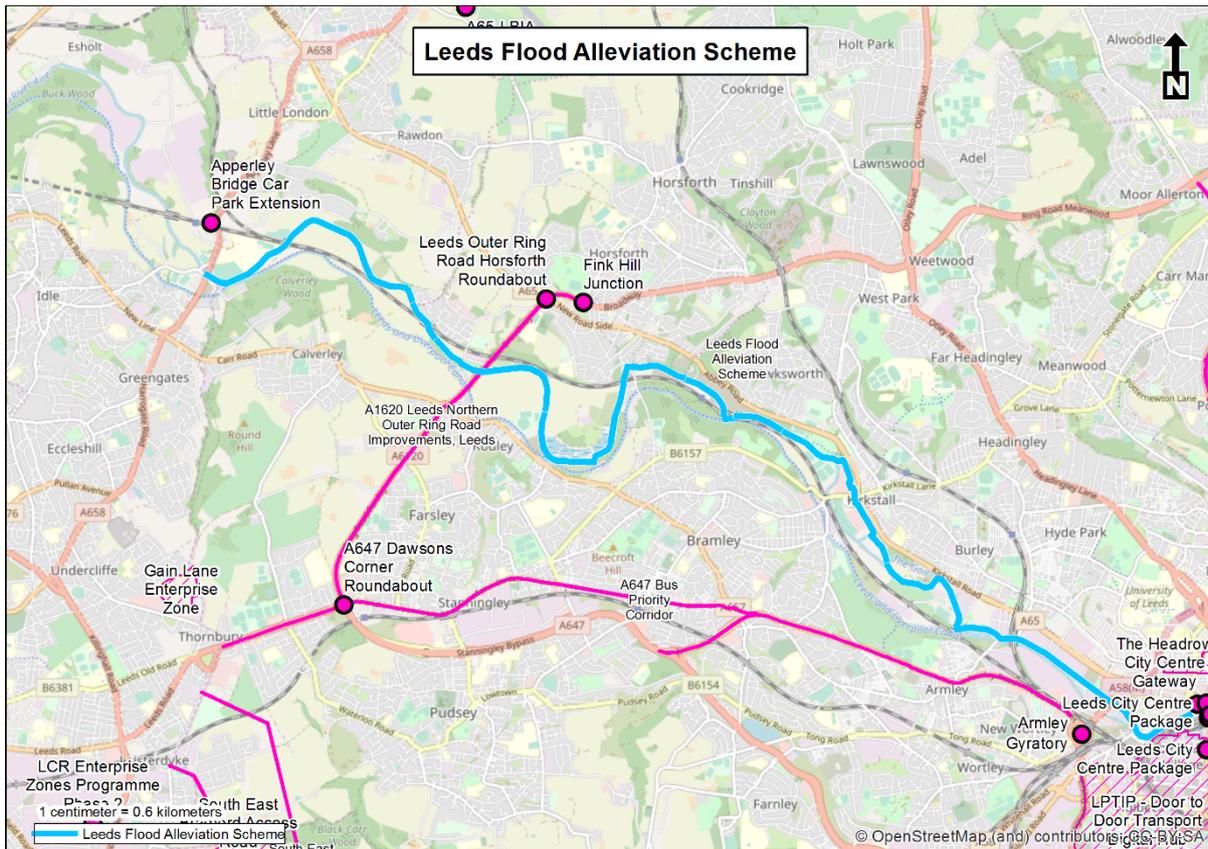
delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

### **Assurance Tolerances**

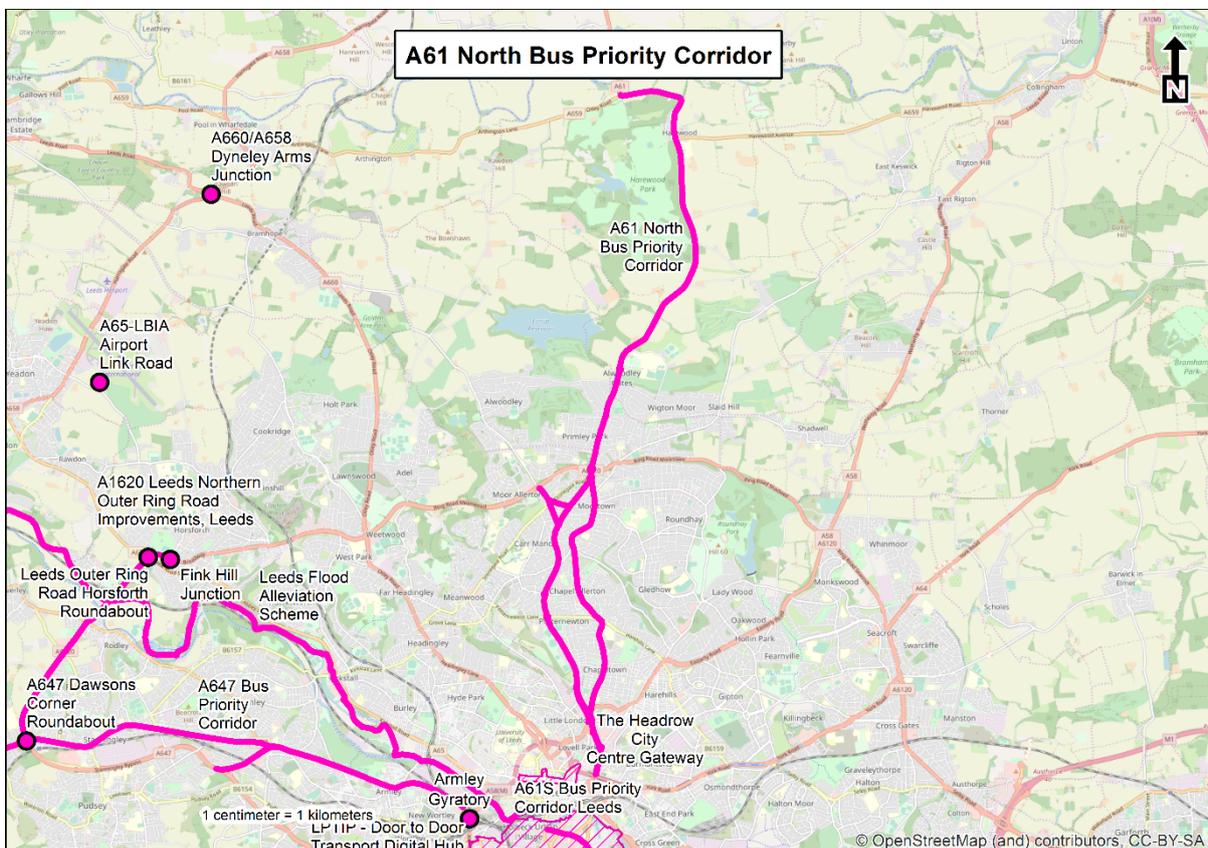
- 1.4 In order for the scheme to follow the assurance pathway and approval route that is proposed in this report, it should remain within the assurance tolerances outlined for each scheme. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or the Combined Authority for further consideration.

### Scheme location maps

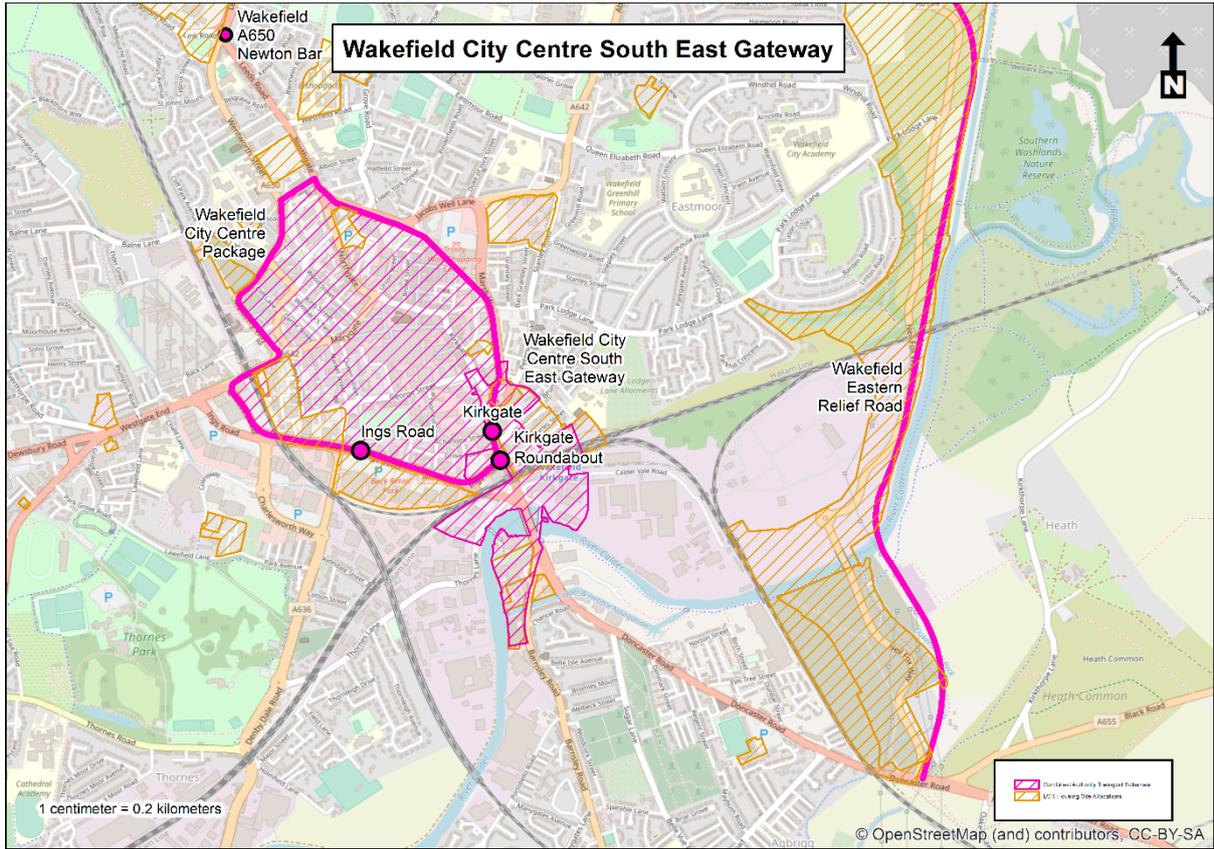
### Leeds Flood Alleviation Scheme 2



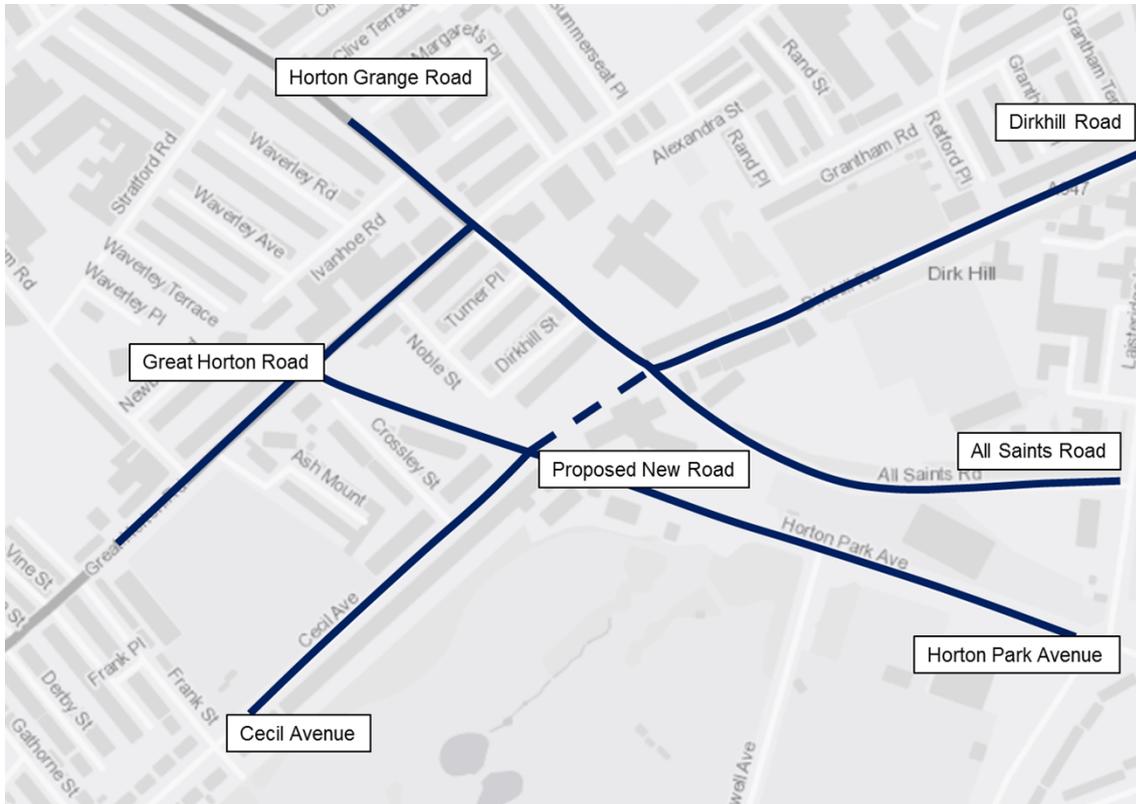
### A61 (North) Bus Priority Corridor



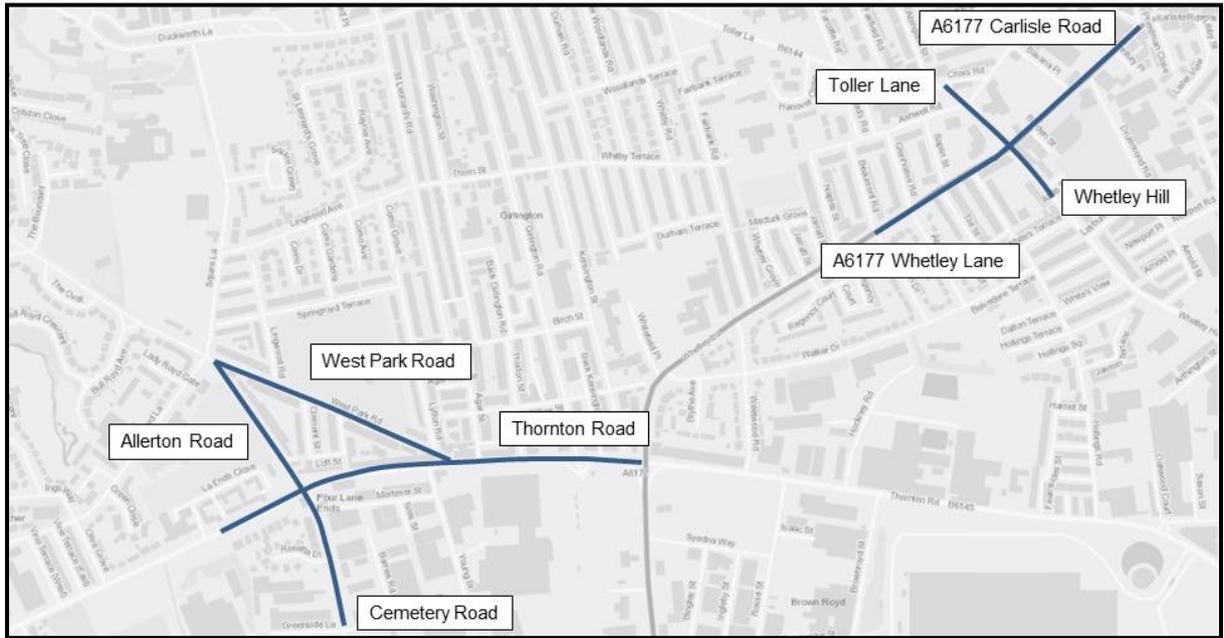
## Wakefield South East Gateway



## A6177 Great Horton Road / Horton Grange Road



# A6177 Thornton Road / Toller Lane



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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Integrated Transport Block (ITB) Programme 2019-2022**

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

**Author(s):** Steve Heckley

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

## 1. Purpose of this report

- 1.1 To indicatively approve the West Yorkshire Integrated Transport Block funded programme 2019-2022, to support delivery of the West Yorkshire Transport Strategy 2040, and to approve the assurance process detailed in this report to gain full approval of the programme.

## 2. Information

### Background

- 2.1 The West Yorkshire Combined Authority adopted the West Yorkshire Transport Strategy 2040 in 2017. The Transport Strategy is a single plan with multiple funding streams, including Department for Transport (DfT) provided Integrated Transport and Highway Maintenance block grant allocations, alongside the larger West Yorkshire-plus Transport Fund (which uses Local Growth Funds), plus other grant or aligned partner funding that becomes available.
- 2.2 The Integrated Transport Block (ITB) is granted by government to local transport authorities to fund the delivery of smaller scale improvements to

transport networks and facilities, to be spent at local discretion to support Transport Strategy delivery.

- 2.3 Within West Yorkshire, ITB grant is paid to the Combined Authority and is then allocated between the five partner councils and the Combined Authority. ITB grant is £13.1 million per annum for West Yorkshire, and is allocated across six partners and a range of investment needs. ITB provides a useful element of flexibility and responsiveness to local needs in delivering transport policy and strategy. The approach to use and allocation of ITB funds is an inclusive, collaborative process, with programmes developed with the input of all of the partners. Transport Committee oversees the development and delivery of the ITB
- 2.4 The Transport Strategy 2040 was agreed to be delivered through a series of five year Implementation Plans that contain specific programmes and projects. The first of these covers the five year period from 2017-2022.
- 2.5 The Combined Authority meeting of 6 April 2017 approved an ITB programme for 2017-2022, following earlier endorsement of a draft programme by Transport Committee. The approved programme included:
- A detailed programme for years one (2017-18) and two (2018-19);
  - Indicative “headline” allocations for years three (2019-20), four (2020-21) and five (2021-22), with a requirement to consider any changes to circumstances and priorities following the first two years of delivery, and to return to Transport Committee to develop and endorse a programme for the next three years.
- 2.6 The total expected ITB funding for West Yorkshire for the three year period 2019-2022 is £39.3 million, based on the current level of funding.

#### Integrated Transport Block (ITB) Programme 2019-2022

- 2.7 The detailed ITB programme for 2019-22 attached as **Appendix A** shows proposed allocations to schemes within three prioritised programme areas, and a programme management element.
- 2.8 The proposed programme was developed in partnership with the input of all the partner councils and the Combined Authority, with discussion of local needs, opportunities and potential interventions. This collaboration involved Transport Committee members, West Yorkshire District Portfolio Holders and senior officers and their teams within each of the partner authorities.
- 2.9 The Transport Committee meeting of 6 July 2018 instructed the next three years of delivery to be focussed on three prioritised programme areas. A workshop with Transport Committee Members and Portfolio Holders on 6 August 2018 provided steer on interventions to be considered. The prioritised programme areas are:
- **Maintaining and Enhancing Assets** – to ensure that highways and transport assets are in good operational condition and provide high levels

of satisfaction and safety for users, with ITB to be targeted at traffic management equipment and improvements to bus shelters and stations;

- **Healthy Safer Streets** - to coordinate the delivery of active travel and road safety initiatives identified in the 'Inclusive Growth, Environment, Health and Well-being' and 'Places' core themes of the Transport Strategy, with a focus on creating healthy, safe street environments which help people lead active, healthy lives in areas of good air quality;
- **Improving Public Transport** – to improve the performance and quality of bus and rail services and facilities, including technological improvements set out in the 'One System Public Transport' and 'Smart Choices' themes of the Transport Strategy, with a focus on delivery in districts other than Leeds (where significant interventions are being funded through the 'Connecting Leeds' public transport investment programme).

2.10 The detailed programme for 2019-22 is a fine-tuning and focussing of the interim programme approved by the Combined Authority in 2017, but a new feature is the Healthy Streets demonstration projects. A Healthy Streets approach puts people and their health at the heart of improving transport networks and places, and seeks to coordinate investment around enhancing local connectivity and better managing the adverse impacts of traffic to improve personal safety, reduce air pollution, and provide better quality environments that are more conducive to social interaction and physical activity such as walking and cycling. The approach is becoming well-established, with the Mayor of London developing and championing an approach which is being successfully delivered in partnership with London Boroughs.

2.11 Provision is made for a Healthy Streets demonstration project to the value of £1 million in each district. These projects would be led and delivered by the partner councils, with the support of the Combined Authority, Public Health England and Local Public Health teams, and other partnerships. The intention is to deliver exemplar schemes to showcase what can be achieved by communities and delivery agencies working together. The partner councils have proposed locations for the projects. The range of place and road types should be helpful in developing an overall approach to Healthy Streets:

- **Residential street areas:** working with local communities to make residential areas safer, healthier and greener, with attractive environments for play, walking and cycling – with proposed projects in Park Ward, West Halifax (Calderdale) and Holbeck Moor (Leeds);
- **Local district or town centres:** supporting regeneration initiatives by making improvements to streetscape and environment, and enhancing and prioritising pedestrian, cycle and public transport use to access local businesses and services – with proposed projects in Shipley (Bradford) and Horsefair, Pontefract (Wakefield);
- **Major transport corridors:** reducing the impact of through traffic on communities living adjacent to major traffic routes, taking action against the negative impacts of poor air quality, noise, road danger and

community severance caused by the volume and speed of through traffic – with a proposed project in New Mill (Kirklees).

- 2.12 The demonstration project allocation is additional to total funding of £6 million over three years for Casualty Reduction (Killed and Seriously Injured) interventions, and £6 million over three years, for Local Traffic Management, Safety and Accessibility improvements. Partner councils will have flexibility to move funds at their local discretion between casualty reduction and traffic management pots to best address local needs and priorities.
- 2.13 Another proposed new feature of the programme is a £2.5 million allocation within the Improving Public Transport programme area to deliver pilot projects for Demand Responsive bus services. The proposal aims to explore and deliver different models for organising bus services to better connect communities to jobs and services. Project locations are to be confirmed and details developed to report back to Transport Committee.
- 2.14 The three year split across the ITB programme areas are as follows:
- **£11.4 million** - Maintaining and Enhancing Assets;
  - **£18.5 million** - Healthy Safer Streets;
  - **£7 million** - Improving Public Transport;
  - **£2.3 million** - Management and Programme development.
- 2.15 The three year split across between the partners is as follows:
- **£26.9 million** - allocated directly to partner councils. The split by individual partner councils is shown in Table 1 below;
  - **£2.4 million** - allocated to the West Yorkshire Combined Authority;
  - **£9 million** – managed at a West Yorkshire level, by the Combined Authority, with spend across all West Yorkshire districts;
  - **£1 million** – allocations to be confirmed/allocated

Table 1

<b>Partner Council</b>	<b>£ Proposed allocation Total 2019-22</b>	<b>% Proposed allocation 2019-22</b>
Bradford	£6,083,000	<b>15</b>
Calderdale	£3,278,000	<b>8</b>
Kirklees	£5,156,000	<b>13</b>
Leeds	£7,962,000	<b>20</b>
Wakefield	£4,421,000	<b>11</b>
Combined Authority	£2,425,000	<b>6</b>
Managed at a West Yorkshire Level with delivery in partner council areas	£9,000,000	<b>23</b>
Partner allocations to be confirmed	£987,000	<b>3</b>
<b>Total</b>	<b>£39,312,000</b>	

- 2.16 The ITB programme for 2019-22 is recommended as providing a good strategic fit with the Transport Strategy 2040 and an appropriate development of the indicative programme agreed by the Combined Authority in 2017. The programme addresses partner priorities, offers local flexibility and discretion in spend and provides confidence in effective use of resources and deliverability.
- 2.17 At their meeting of 15 March 2019 the Transport Committee endorsed this programme.

#### Portfolio management and Assurance process

- 2.18 The Combined Authority has an Assurance Framework and operates a Portfolio Management Office (PMO) to ensure the most effective project control and to deliver best value for money in a transparent and effective way. It is proposed that the Assurance Framework is applied in a proportionate way to the ITB programme, to expedite the delivery of what is a collection of a large number of generally smaller (in scale and cost) projects. Each partner council will detail their works at a programme level (as opposed to individual projects) and it will be this programme that will be subject to the Assurance Framework. The Combined Authority-led elements of the programme will be subject to the Assurance Framework, detailed at a sub-programme or individual project level as appropriate. It is also proposed that approval for partner councils' programmes and the Combined Authority's sub-programmes/projects is delegated for approval to the Investment Committee.
- 2.19 To take each sponsor authority's programme through the assurance process may take up to 6 months, therefore approval is also sought for the first and second quarter payments to be made to each sponsor authority.
- 2.20 It is proposed to allocate to the total cost of the available budget, as identified in paragraphs 2.14 and 2.15 and Table 1 (and not apply over-programming). There remains a small sum of approximately £0.15m not yet allocated which is

proposed to be included with any other sums for reallocation at a later date. Progress with expenditure will be monitored by the PMO on a quarterly basis, with the scope to reallocate funds where delivery is found to not be possible.

### **3. Inclusive Growth Implications**

- 3.1 The ITB programme is constrained by the scale of available funding, but is expected to contribute to the delivery of inclusive growth objectives, and wherever possible align with and support delivery of the Combined Authority's recently adopted Energy Strategy and Green and Blue Infrastructure Strategy.
- 3.2 The proposed allocations within the Improving Public Transport programme, particularly for piloting Demand Responsive bus services within communities currently poorly served by bus services, will directly support inclusive growth objectives by improving the delivery and performance of bus networks to better connect communities to jobs and services.
- 3.3 The proposed allocation to the Health Safer Streets programme will improve the living environment of communities and promote easier, safer local access to jobs and services. The Healthy Streets Demonstration Projects provides the opportunity to develop approaches for community engagement and targeted transport improvements with the coordination of different agencies activities, for broader roll-out with a particular focus on the Inclusive Growth Corridors and project pipeline development being progressed through the Combined Authority's and partner councils work on Connectivity Strategy.
- 3.4 The Healthy Streets demonstration project proposals were presented to the Combined Authority's Inclusive Growth and Public Policy Panel meeting on 4 December 2018. Because the ambition of the Healthy Streets initiative extends beyond transport matters and into inclusive growth and place making and public health agendas, Transport Committee agreed to hold a workshop early in Year 1 of the programme with West Yorkshire District Portfolio Holders and Members of the Combined Authority's Inclusive Growth and Public Policy Panel, Places Panel and Green Economy Panel to help set the ambition, scope, timetable and key milestones of the Healthy Streets projects.

### **4. Financial Implications**

- 4.1 The financial implications are set out in Section 2 of this report.

### **5. Legal Implications**

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

### **6. Staffing Implications**

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

## **7. External Consultees**

- 7.1 Transport Committee and West Yorkshire District Portfolio Holders were involved in developing the ITB programme 2019-22 through reports to Transport Committee on 6 July 2018 and 15 March 2019, and a workshop held on 6 August 2018. Senior officers and teams from all of the West Yorkshire partner councils were involved in developing the detail of the ITB programme.
- 7.2 The Healthy Streets proposals were presented to the Combined Authority's Inclusive Growth and Public Policy Panel meeting on 4 December 2018 and an information item provided to the Place Panel meeting on 31 January 2019. Both panels were supportive and asked to be kept informed of progress in developing and delivering the programme.

## **8. Recommendations**

- 8.1 That the Combined Authority indicatively approves the attached West Yorkshire Integrated Transport funded programme for the three year period 2019-22 following endorsement of the draft programme by Transport Committee in March 2019.
- 8.2 That the Combined Authority approves the assurance process detailed in paragraphs 2.18 to 2.20 of this report to gain full approval of the programme, including delegation to approve partner councils' programmes and the Combined Authority's sub-programmes/projects to the Investment Committee.

## **9. Background Documents**

None.

## **10. Appendices**

Appendix 1: West Yorkshire Integrated Transport Block programme 2019 - 2022.

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<b>INTEGRATED TRANSPORT BLOCK PROGRAMME 2019 - 2022</b>				
All allocations shown in £000s	2019/20	2020/21	2021/22	3 year TOTAL
<b>Programme Area 1: Maintaining and Enhancing Assets</b>			<b>TOTAL £11.4 million</b>	
<b>WY Key Route Network - Network Management Assets (£000s)</b>				
Maintenance and operational improvement <i>with additional investment to begin to renew the traffic signal asset and address life-expired UTMC equipment on the West Yorkshire Key Route Network</i>				
Bradford	529	529	529	<b>1,587</b>
Calderdale	161	161	161	<b>483</b>
Kirklees	391	391	391	<b>1,173</b>
Leeds	897	897	897	<b>2,691</b>
Wakefield	322	322	322	<b>966</b>
<i>Sub Total</i>	2,300	2,300	2,300	<b>6,900</b>
<b>Public Transport assets (£000s)</b>				
Travel Centres <i>Remodel Travel Centres in Bradford, Kirklees and Wakefield to provide an improved environment and self-service facilities</i>	200	400	400	<b>1,000</b>
Large Bus Stations – Bradford Interchange <i>Essential structural renewal - Replacement of carriageway and waterproofing of car park</i>	2,000	0	0	<b>2,000</b>
Small Bus Stations <i>Coordinated package of small improvements to customer experience, delivering consistent standards across all facilities; includes real time displays and concourse information signing</i>	135	135	130	<b>400</b>
Bus Shelters - replacement of life expired shelters	333	333	334	<b>1,000</b>
Safety & Security at Bus Stations <i>Small scale works (e.g. lighting, barriers, pedestrian crossing points, emergency exits, brush barriers)</i>	33	33	34	<b>100</b>
<i>Sub Total</i>	2,701	901	898	<b>4,500</b>

<b>Programme Area 2: Safer Healthy Streets</b>			<b>TOTAL £18.5 million</b>	
<b>Safer, Healthy, Streets (£000s)</b>				
<i>£6m Casualty Reduction (Killed &amp; Seriously Injured) programme and £6m Local traffic Management programme of community focussed accessibility improvements that could promote safer cycling, walking and motorcycling, alongside education, training, promotion activities</i>				
Bradford	932	932	932	<b>2,796</b>
Calderdale	365	365	365	<b>1,095</b>
Kirklees	761	761	761	<b>2,283</b>

Leeds	1,357	1,357	1,357	<b>4,071</b>
Wakefield	585	585	585	<b>1,755</b>
<i>Sub Total</i>	4,000	4,000	4,000	<b>12,000</b>

#### Healthy Streets Demonstration projects (£000s)

*Programme of demonstration schemes in each District to deliver inclusive, connected, healthy places and develop the Healthy Streets concept and approach - Range of interventions which could include accident reduction, traffic management, parking, play-streets, public realm, cycling & walking routes, air quality improvements, Electric Vehicle charging facilities*

Bradford – Shipley Town Centre	100	450	450	<b>1,000</b>
Calderdale: Park Ward, West Halifax	100	450	450	<b>1,000</b>
Kirklees: New Mill (plus one other location tbc)	100	450	450	<b>1,000</b>
Leeds: The Recreations', Holbeck Moor	100	450	450	<b>1,000</b>
Wakefield: Horsefair, Pontefract	100	450	450	<b>1,000</b>
<i>Sub Total</i>	500	2,250	2,250	<b>5,000</b>

#### Air Quality (£000s)

*Initiatives to support the partners councils delivery of the West Yorkshire Low Emission Strategy, which could include upgrades to traffic management systems to improve air quality at sensitive locations, and continuation of the Eco-Stars Low Emission Fleet Incentive Scheme (commenced in 2017/18) – Details tbc*

Air Quality delivery	80	80	80	<b>240</b>
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#### Match-funding commitments (£000s)

CityConnect (CCAG) match funding contribution <i>The remainder of the match funding commitment to Department for Transport – to fund remaining delivery of activities within the programme, including ongoing monitoring and evaluation</i>	460	90	100	<b>650</b>
ULEV Taxi and Private Hire Chargepoint Programme – match funding contribution <i>Match funding required as commitment to Government Office for Low Emission Vehicles project to deliver EV charging facilities</i>	300	300	0	<b>600</b>

Programme Area 3: Public Transport Improvements (£000s)			TOTAL £7 million	
<b>Bus (£000s)</b>				
Bus Alliance delivery <i>Consultancy and legal support to developing the Bus Alliance proposal</i>	100	100	100	<b>300</b>
Local Bus Hotspots <i>Smaller interventions to improve bus performance</i>				
Bradford	166	166	168	<b>500</b>

Calderdale	166	166	168	<b>500</b>
Kirklees	166	166	168	<b>500</b>
Wakefield	166	166	168	<b>500</b>
<i>Hotspots Sub total</i>	666	666	668	<b>2,000</b>
<b>Real Time Bus Information</b> <i>Enhancement to existing back office system to automate updates</i>	200	100	75	<b>375</b>
<b>Demand Responsive Bus services</b> <i>Demonstration project(s) – to trial Innovative interventions to address inadequacies in conventional, commercial bus services for specific communities/Growth area;</i>	833	833	834	<b>2,500</b>
<b>Transport ICT</b> <i>Bus asset and service information database enhancements for timetable/real time information</i>	0	110	240	<b>350</b>
<b>Rail</b>				
Rail Station Accessibility <i>Access for All bids - Match funding contribution to 5x station bids already submitted in November 2018 (Announcement expected April 2019)</i>	0	350	400	<b>750</b>
<b>Smart/ Innovation programme (All Modes)</b>				
<i>Mobility as a Service (app)</i>	250	250	250	<b>750</b>

<b>Programme Management and Development (Programme wide activities) TOTAL £2.3 million</b>				
Local Cycling & Walking Infrastructure Plans <i>LCWIP network planning &amp; development – further phases of development for a wider geographic focus plus small scale feasibility funding for initial scheme development</i>	200	200	200	<b>600</b>
Project Pipeline development <i>Small scale feasibility funding for initial scheme development e.g. Major Roads bid development, Local Roads priorities feasibility, Public Transport Gateways, Bus station, Hubs etc</i>	200	400	600	<b>1,200</b>
Transport Strategy Research, Monitoring & Evaluation Programme – including programme and scheme specific monitoring and evaluation	150	150	150	<b>450</b>
<b>TOTAL INTEGRATED TRANSPORT BLOCK</b>	<b>12,938</b>	<b>13,078</b>	<b>13,149</b>	<b>39,165</b>

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Corporate matters**

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**Director:** Angela Taylor, Director, Corporate Services

**Author(s):** Jon Sheard, Joanne Grigg, Liz Davenport, Khaled Berroum

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

## 1. Purpose of this report

- 1.1 To consider the gender pay report for 2018.
- 1.2 To endorse the draft capital strategy.
- 1.3 To note the intention to review the Combined Authority's current scrutiny arrangements to ensure scrutiny arrangements are in line with best practice nationally and to ensure compliance with new statutory scrutiny guidance expected this year.
- 1.4 To approve a conflicts of interest protocol and policy.
- 1.5 To consider a delegation to the Head of Legal and Governance Services to confirm local authority nominated appointments to committees ahead of the annual meeting.

## 2. Information

### Gender pay gap

- 2.1 The requirement to publish a gender pay gap report was introduced to all organisations with a workforce over 250. The gender pay gap is the difference in the average hourly wage of all men and women across a workforce. If women do more of the less well paid jobs within an organisation than men, the gender pay gap is usually bigger.
- 2.2 The requirement is to publish information for the previous year by 31 March each year. This means that the report issued in 2019 reflects the position at the end of March 2018.
- 2.3 The Combined Authority employs a total of 535 people (Full Time Equivalent: 469.54). The gender make up of our organisation remains relatively even, with 53% of the workforce identifying as female and 47% identifying as male.
- 2.4 The measurement used is the mean and median position which are defined as follows:  
Mean pay gap: compares the average pay of female employees against the average pay of male employees and calculates the percentage difference.  
Median pay gap: takes the mid earning point of female employees and compares it to the mid earning point of male employees, calculating the percentage difference.
- 2.5 This mean figure shows that when looking at the Combined Authority as a whole, female employees earn on average 11.60% less than male employees. This median figure shows that when looking at the organisation as a whole, the middle point for female employees is 12.10% lower than that of male employees.
- 2.6 Figures published for 2018 show that the median national gender pay gap for all employees stands at 17.9%. At 11.6% the Combined Authority is better than this national average but there is clearly still a need to improve further - the Combined Authority remains committed to providing a workplace that encourages and welcomes diversity and equal opportunities.
- 2.7 The report attached as **Appendix 1** highlights the summary position and actions proposed to address the gap. These include focussing on how recruitment practices can be improved to attract a wider field of applicants and ensure shortlisting decisions are made without knowledge of the person's gender. Work will also be done to review flexible working patterns and ensure new technology facilitates these options.

### Capital strategy

- 2.8 A draft Capital strategy was considered and endorsed by the Governance and Audit Committee at its March 2019 meeting. The strategy is attached at **Appendix 2**.

- 2.9 Determining a capital strategy for the Combined Authority is a requirement of the Prudential Code that require all local authorities to have one in place for the 2019/20 financial year. It is required in order to demonstrate that the Combined Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The strategy, in a high level view, sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The capital strategy will form part of the authority's revenue, capital and balance sheet planning. The strategy is tailored to the authority's circumstances and includes or signposts information on capital expenditure, investments and liabilities and treasury management.
- 2.10 The strategy has been developed using the following guidance provided by CIPFA and by benchmarking with other local authorities:
- apply a long-term approach ie 20-30 years;
  - explore external influences (eg government funding / policy);
  - explore internal influences (eg corporate plan, local plan etc);
  - ensure corporate plan priorities drive capital investment ambition;
  - determine implications of any Investment Strategy;
  - examine commercial activity / ambition;
  - examine available resources and capacity to deliver;
  - assess affordability against ambition and identify any gap;
  - identify capital financing principles;
  - demonstrate integration with other strategies / plans;
  - produce a 10 year capital investment plan;
  - capture risks and mitigating factors;
  - outline governance and monitoring processes.
- 2.11 Members are asked to approve the Capital Strategy and to note that it will continue to be developed and reviewed during the coming year.

### **Scrutiny guidance and review of scrutiny arrangements**

- 2.12 On 15 December 2017 the House of Commons' Communities and Local Government Committee published a report entitled '[Effectiveness of local authority overview and scrutiny committees](#)' concluding an investigation into scrutiny nationwide and making recommendations to the government. The [government responded in March 2018](#) accepting most of the recommendations and pledging to issue new, updated scrutiny guidance to local authorities (last issued in 2006) by the end of 2018.
- 2.13 The publication of the new scrutiny guidance was delayed by national political developments in late 2018 but it is still currently expected by early/mid 2019. Following conversations with colleagues at the Ministry of Housing, Communities and Local Government (MHCLG), the Centre for Public Scrutiny (CfPS) and other sectoral stakeholders, the current understanding is that the guidance will cover the following principal areas:
- Culture and mind-set
  - Resourcing for scrutiny

- Selecting committee members
  - Powers to access information
  - Work planning and engaging the public
  - Evidence sessions
- 2.14 The guidance will explicitly apply to combined authorities and be issued under relevant legislation. Combined authorities are obligated to “have regard to” guidance in the way that they work and the decisions they make and any combined authority subject to the guidance must have a clear justifiable reason for departing from it. Scrutiny Standing Order 14 also obligates the Overview and Scrutiny Committee and the Combined Authority to have regard to any guidance issued by the Secretary of State.
- 2.15 Consequently, the Overview and Scrutiny Committee agreed<sup>1</sup> that as the Combined Authority and LEP have changed noticeably in the last four years, and now that a dedicated statutory scrutiny officer has been appointed, the time was right to revisit and conduct a review of scrutiny arrangements and their effectiveness – with a particular focus on the following areas:
- Resources and capacity
  - Governance and working group arrangements
  - Strategic work planning
  - Public involvement in scrutiny
  - Methods of scrutiny (Eg 'scrutiny in the community' site visits)
  - Involvement of external experts and stakeholders
- 2.16 Following the publication of guidance, a series of workshops with scrutiny members will be arranged to discuss the contents of the government's new guidance and the Centre for Public Scrutiny's planned refreshed 'good scrutiny guide' of national best practice and make recommendations to the Overview and Scrutiny Committee, Combined Authority, the LEP and partner authorities as appropriate.

### **Conflicts of interest protocol and policy**

- 2.17 In addition to the existing Code of Conduct for Members of the Combined Authority, it is also now proposed to adopt an overarching Conflicts of Interest Policy, which is attached as **Appendix 3** to this report. This provides an overview of conduct-related provisions applying to Members and officers, with a particular focus on conflicts of interest arising in respect of applications for loans or grants to business which is addressed by way of a Conflicts of Interest Protocol (**Appendix 4**). It is proposed that the policy and protocol are jointly approved by the Combined Authority and the LEP Board, for consistency and completeness. The LEP Board at its meeting on 26 March 2019 delegated authority to the LEP Chair to approve the Policy and Protocol further to their consideration by the Combined Authority at today’s meeting. To facilitate the joint adoption of these documents, it is proposed that the Combined Authority delegates authority to the Managing Director to approve

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<sup>1</sup> Minute 5, 13 July 2018 – Overview and Scrutiny Committee

the Conflicts of Interest Policy and Protocol, subject to consultation with the Chair of the Combined Authority and the LEP Chair.

- 2.18 It is proposed that the provisions within the Protocol replace the current provision within the Officer Delegation Scheme which requires applications for loans or grants from members to be referred to the Chair of the Overview and Scrutiny Committee, before approval.

### **Appointments to Combined Authority committees**

- 2.19 To facilitate achieving quorate meetings of those Combined Authority committees with a scheduled meeting after the local elections and before the Combined Authority's annual meeting, it is proposed that the Head of Legal and Governance Services is given delegated authority to confirm any appointment (made in accordance with a nomination by the relevant partner council) to fill any vacancy for a local authority representative on any committee of the Combined Authority arising after the local elections and before the Combined Authority's annual meeting.

## **3. Inclusive Growth Implications**

- 3.1 Actions to address the gender pay gap will assist in achieving inclusive growth objectives.

## **4. Financial Implications**

- 4.1 None arising directly from this report.

## **5. Legal Implications**

- 5.1 The Combined Authority has published its gender pay gap in line with the required timescales.

## **6. Staffing Implications**

- 6.1 As set out in the report – a number of actions to continue to promote gender diversity will be undertaken in the coming year within existing resources.

## **7. External Consultees**

- 7.1 No external consultations have been undertaken.

## **8. Recommendations**

- 8.1 That the Combined Authority notes the gender pay gap and the actions identified to further reduce the gap.
- 8.2 That the Combined Authority approves the capital strategy at Appendix 2.
- 8.3 That the Combined Authority supports the intention to review the Combined Authority's current scrutiny arrangements to ensure scrutiny arrangements are

in line with best practice nationally and to ensure compliance with new statutory scrutiny guidance expected this year.

- 8.4 That the Combined Authority delegates authority to the Combined Authority's Managing Director to approve the Conflicts of Interest Policy and Protocol attached as Appendices 3 and 4 to this report, subject to consultation with the Chair of the Combined Authority and the LEP Chair, and deletes the requirement in the Officer Delegation scheme that the Managing Director consult with the Chair of Overview and Scrutiny Committee before determining any application for a grant or loan where a potential conflict of interest arises.
- 8.5 That the Combined Authority delegates authority to the Head of Legal and Governance Services to confirm any appointment (made in accordance with a nomination by the relevant partner council) to fill any vacancy for a local authority representative on any committee of the Combined Authority arising after the local elections and before the Combined Authority's annual meeting.

## **9. Background Documents**

['Effectiveness of local authority overview and scrutiny committees' – first report of the Communities and Local Government Committee in the Session 2017-19 \(15 December 2017\).](#)

[Government Response to the Communities and Local Government Committee's First Report of 2017-19 \(6 March 2018\).](#)

## **10. Appendices**

Appendix 1 – Gender pay gap

Appendix 2 – Capital strategy

Appendix 3 – Conflicts of Interest Policy

Appendix 4 – Conflicts of Interest Protocol

## Gender pay gap 2018

This report contains the latest calculations of our gender pay gap. It captures the pay data of relevant employees as at 31 March 2018 which we have then used to make the six calculations required under Gender Pay Gap legislation.

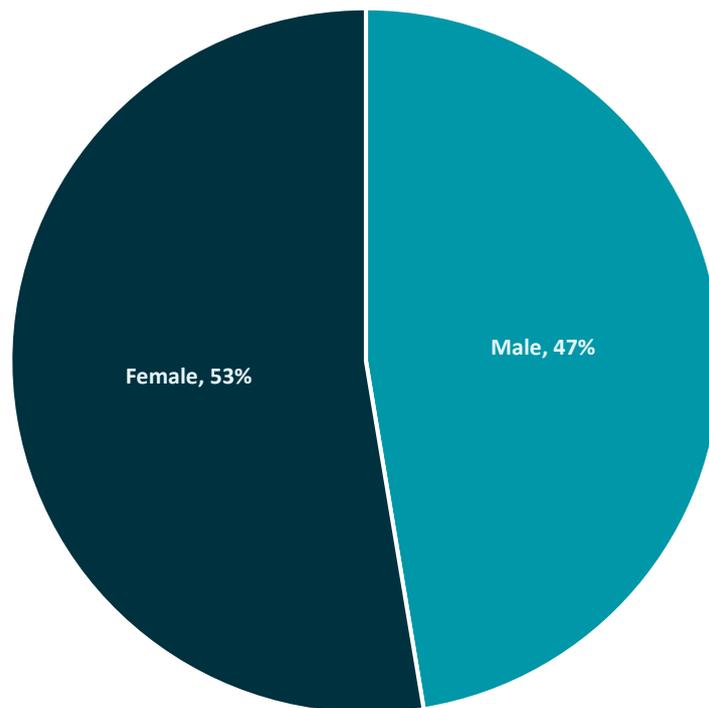
The Combined Authority brings together districts partners, the business community via Leeds City Region Enterprise Partnership and also takes in the former Passenger Transport Executive (branded Metro. Overall, the Combined Authority covers a population of around 2.5 million people and represents the largest economy outside London.

We employ staff in a range of functions from travel centres and bus stations across the region, to project staff managing large scale infrastructure projects and helping business to grow to drive the regional economy.

We want to be an organisation which is balanced and diverse. We are proud that we are the only Combined Authority nationally that has a female Chair and have a gender balanced Senior Management Team.

### Gender make-up of our organisation

We employ a total of 535 people (FTE: 469.54). The gender make up of our organisation remains relatively even, with 53% of our workforce identifying as female and 47% identifying as male.

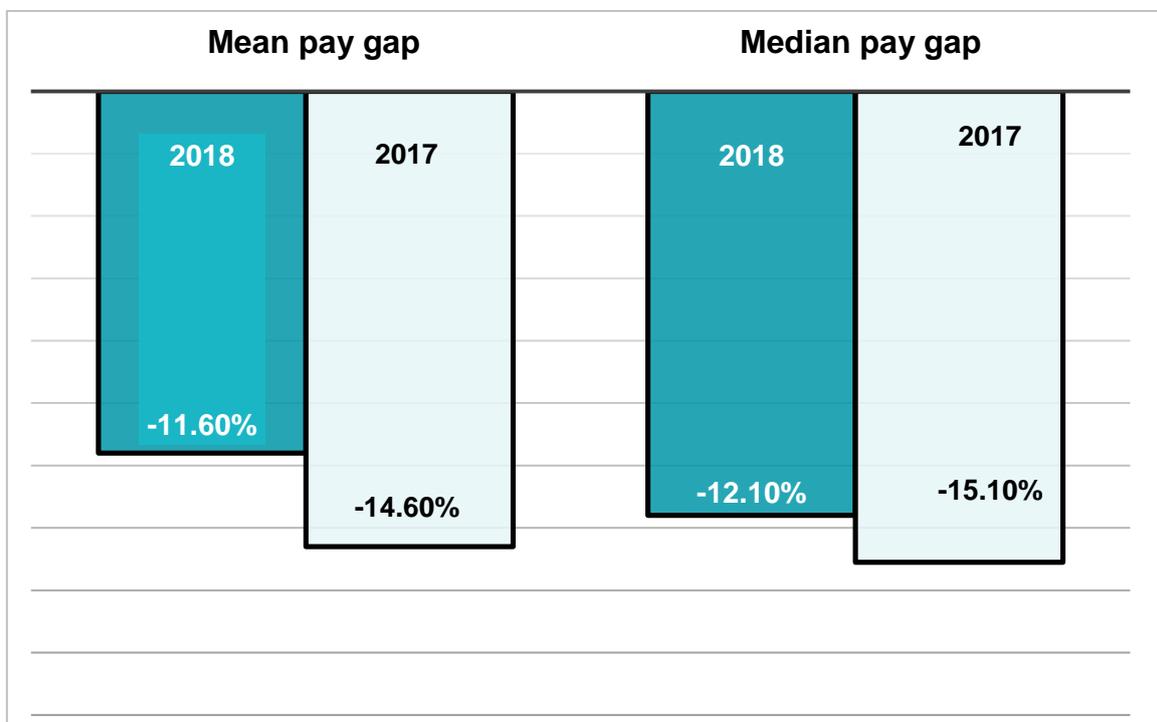


## Our pay gap

In Accordance with the gender pay gap legislation, we have calculated both our mean and median pay gap figures for the whole of our organisation.

**Mean pay gap:** compares the average pay of female employees against the average pay of male employees and calculates the percentage difference.

**Median pay gap:** takes the mid earning point of female employees and compares it to the mid earning point of male employees, calculating the percentage difference.



This mean figure shows that when looking at our organisation as a whole, our female employees earn on average 11.60% less than our male employees.

This median figure shows that when looking at our organisation as a whole, the middle point for our female employees is 12.10% lower than that of our male employees.

Figures published for 2018<sup>1</sup> show that the median national gender pay gap for all employees stands at 17.9%. At 12.10% we are lower than the national average. This is driven primarily by more women working in part-time jobs, which are on average lower paid. The national median figure for full time only employees stands at 8.6%. By comparison, the Combined Authority's full time figure is currently 9.1%

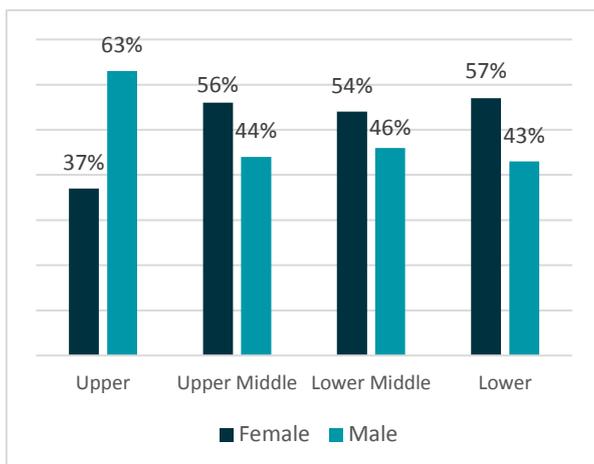
We have reduced our pay gap figures by 3% in both the mean and median ranges since the last reportable year (2017).

We are keen to maintain a healthy gender balance and this remains high on our equality agenda.

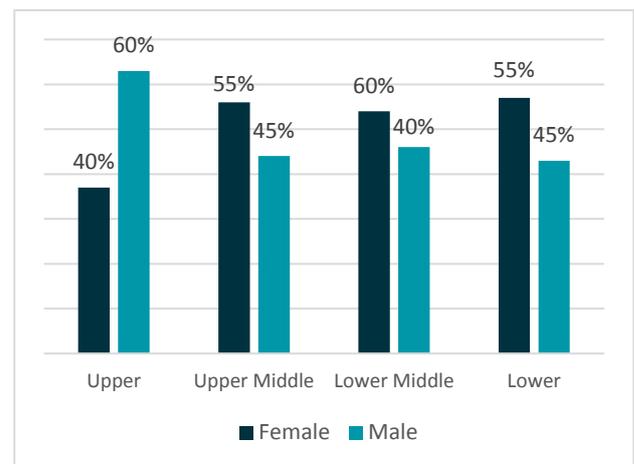
Steps were taken through the introduction of a two year pay settlement to address lower pay and reduce the gap between gender at the bottom end of our pay scales. This is consistent with the approach taken across local government.

## Percentage in pay quartiles by gender

### 2017



### 2018



### Highlights:

- Increase of females in upper quartile (from 37% in 2017 to 40% in 2018)
- Slight decrease of females in upper middle quartile (from 56% in 2017 to 55% in 2018)
- Increase of females in lower middle quartile (from 54% in 2017 to 60% in 2018)
- Decrease of females in lower quartile (from 57% in 2017 to 55% in 2018)

Our One Organisation programme which restructured the organisation and introduced different roles across the organisation, a revised pay structure and the promotion of internal talent during 2017/18 has seen figures shift from the upper middle to upper quartile.

<sup>1</sup> Office for National Statistics

Our focus for 2018/19 will be concentrated on enabling our increased number of female employees in the lower middle quartile to progress to upper middle quartile roles and to continue to recruit into the upper middle quartile. We will also focus on bringing the number of lower middle quartile females to a more balanced position when compared to male employees.

### **Steps taken to address the gap**

- A focus on our recruitment practices to ensure shortlisting decisions are taken without knowledge of a person's gender
- Reviewing our pay structures to reflect the living wage, with a greater percentage pay award applied to lower grades
- Opportunities to apply for flexible working patterns
- A review of our accommodation requirements to encourage mobile and flexible working to assist balance work and home life
- Introducing new technology to accommodate more flexible patterns of work
- Embedding our values across the organisation and encouraging and celebrating diversity

## DRAFT CAPITAL STRATEGY

2019/20 – 2029/30

### Content

1. Introduction & background
2. Core Principles
3. Governance Framework
4. Capital Planning Objectives
  - a. Short Term (1-3yr)
  - b. Medium Term (4-10yr)
  - c. Long Term (10yr +)
5. Strategic Economic Plan – Capital Investment Priorities
6. Asset Management Planning
7. Commercial Activity and Investment Property
8. Loans
9. Capital Funding
  - a. Capital Grants
  - b. Non Government Funding
  - c. Capital Receipts
  - d. Revenue budget contributions and general reserves
  - e. Leasing
  - f. Section 106 contributions
  - g. Private Finance Initiatives
  - h. Borrowing
  - i. Joint Ventures
  - j. Equity Investment
10. Revenue budget implications from capital investment decisions
11. Risk Appetite
12. Knowledge and skills
13. Capital Programme Performance monitoring
14. Investments for a return
15. Minimum revenue provision

## 1. INTRODUCTION AND BACKGROUND

This Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of capital investment for the West Yorkshire Combined Authority. The strategy focuses on core principles that underpin the authority's capital programme; its short, medium and long-term objectives; the key issues and risks that will impact on the delivery of the programme; and the governance framework required to ensure the capital programme is delivered and provides value for money.

The capital strategy aligns with the key strategies and priorities including those set out in the Strategic Economic Plan. The strategy is integrated with the medium term financial strategy and treasury management strategy.

The Combined Authority will agree the capital strategy and programme annually and as necessary in the event of a significant change in circumstances. The programme includes schemes relating to our own assets, schemes where we are responsible for direct delivery and schemes being delivered by our district partners.

The indicative capital programme approved 14 February 2019 is shown below:

<b>Expenditure per programme</b>	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Local Transport Plan	9,335	20,000	19,093	13,104
Highways Maintenance Plan	34,630	32,320	31,550	31,550
Major scheme Expenditure	1,905	6,971	712	119
Non LTP Funding (transport)	20,412	76,005	81,725	17,614
Growth Deal (WY+ TF)	84,878	121,603	159,275	200,696
Other economic growth funding	12,124	6,386	3,172	4,072
<b>Total Expenditure</b>	<b>163,284</b>	<b>263,285</b>	<b>295,527</b>	<b>267,155</b>
<b>Financing</b>				
LTP Grant	13,104	13,104	13,104	13,104
LTP Grant carry forward	9,116	12,885	5,989	
Highways Maintenance Plan	31,550	31,550	31,550	31,550
Non LTP Funding (Excluding Majors)	2,810	63,773	81,725	17,775
Growth Deal, Economy & WY+ TF	74,349	73,510	100,340	40,000
Other economic growth funding	11,458	6,826	3,024	1,306
Carry forward	107,494	75,933	18,873	18,725
Borrowing requirement	2,221	10,566	59,647	160,815
<b>Total Funding Available</b>	<b>252,102</b>	<b>288,147</b>	<b>314,252</b>	<b>283,275</b>

## 2. CORE PRINCIPLES THAT UNDERPIN THE CAPITAL PROGRAMME

The core principles for the capital programme are summarised below and shown in more detail at Annex A.

- Capital investment decisions reflect the aspirations and priorities included within the Strategic Economic Plan, Transport Plan and other organisational strategies;

- Schemes to be added to the capital programme will be subject to our Assurance Framework, prioritised according to strategic and economic fit, availability of resources (capacity and financial) and scheme specific funding and factors such as legal / statutory obligations, health and safety considerations, value for money and the longer-term impact on the authority's financial position.
- The cost of financing capital schemes, net of revenue benefits, are profiled over the lifetime of each scheme and incorporated into the annual policy and resources strategy and budget.
- Commissioning and procuring for capital schemes will comply with the requirements set out in financial regulations and contract standing orders.

### **3. GOVERNANCE FRAMEWORK**

The Combined Authority is the accountable body for the Local Enterprise Partnership (LEP) and receives significant capital funding from government. As the accountable body it ensures that all spending decisions are overseen by local elected politicians. A significant part of our expenditure is with district council partners who directly deliver a range of schemes to help transform the Leeds City Region economy.

The aim is for the Combined Authority to agree, with appropriate input from the LEP, the capital strategy and programme annually and in the event of a significant change in circumstances. In conjunction with the Assurance Framework, the Chief Finance Officer (Section 73) will consider the impact of proposed schemes in the capital programme with the medium term financial strategy, the capital resources available to the Combined Authority, the revenue implications of the proposed capital expenditure and any other relevant information.

Democratic decision-making and scrutiny processes provide overall political direction and ensure accountability for investment in the capital programme. These processes include:

- Combined Authority approving the plan which sets out the strategic priorities
- Combined Authority being ultimately responsible for approving the Capital Strategy, Treasury Management Strategy and capital programme.
- The Combined Authority, Transport Committee and Investment Committee receiving regular capital monitoring reports, approving variations to the programme and considering new programmes / projects for inclusion in the capital programme as part of the Assurance Framework and in line with LEP priorities.
- Managers being assigned projects in line with their responsibilities
- Overview and Scrutiny committee being able to call in decisions, receive and scrutinise reports
- All projects progressing through the capital programme follow the constitution, financial regulations and contract standing orders.
- The capital programme is subject to internal and external audit reviews.

Any new capital expenditure is considered as part of a thorough appraisal / evaluation in line with the requirements of the Assurance Framework. The appraisal / evaluation will outline the key benefits that are expected to arise from this

programme in relation to priorities and economic and strategic fit. The evaluation will include the financial considerations such as the expected cost and funding sources identified, benefit-cost ratio and value for money. Any risks to either the delivery or cost forecasts are to be considered as part of an appraisal / evaluation.

Approval to spend on individual capital schemes will only be given once procedural guidelines have been complied with and assessed to the satisfaction of the Assurance Framework which involves senior management, technical experts and Investment Committee, Transport Committee and Combined Authority as appropriate.

Senior managers within directorates monitor the delivery of the assigned capital programmes. Directorate management teams must consider and recommend all additions or variations to their directorate capital programme via the Assurance Framework before being agreed ultimately by the Combined Authority.

#### **4. SHORT, MEDIUM AND LONG-TERM CAPITAL PLANNING OBJECTIVES**

The Combined Authority approves annually a refresh of the indicative capital programme that covers a three year period. The capital programme for the Combined Authority is a longer term ambition, with the lifetime of new and existing assets stretching far into the future. The obligation for maintaining and improving operational buildings (including bus stations) is very long term and as such should be considered accordingly in financial and asset management planning. With regards to the latter an Asset Management Strategy is in development as at March 2019 and will be submitted for approval over the coming year.

The application and planning for the capital expenditure obligations and objectives for the Combined Authority can be considered over short, medium and long term time horizons.

##### Short to medium term (1-3 Years):

Within a shorter timeframe the focus of the capital strategy is towards the delivery and implementation of any capital scheme. At this stage, the management of potential risks in the acquisition or delivery of particular capital schemes is of significant importance for the Combined Authority.

Within the short term timeframe the capital programme may be amended with the introduction of urgent, high priority capital schemes. The programme will need to be flexible to ensure that the capital programme can incorporate schemes to meet the requirements or opportunities that arise, with any proposed changes being considered via the Assurance Framework. As part of capital programme and resource management, schemes may be phased over multiple years due to factors such as complexity, resourcing, legal and planning requirements.

##### Medium to long-term (4-10 Years)

There is typically a long lead time from identifying investment need or opportunity and to implementation. The medium term programme allows the Combined Authority to develop plans for the delivery and funding across capital projects as well as the

contribution of this capital expenditure toward the Combined Authority's objectives and individual service priorities.

Early evaluation can be developed to allow the Combined Authority to assess the expected benefits and costs of capital expenditure. The identification of sources of funding, specific grants, external contributions or revenue budget may be identified to fund capital projects.

The Combined Authority incorporates the capital programme expenditure and funding projections into medium term cashflow forecasting which in turn feeds into the treasury management strategy for the Combined Authority. Decisions on debt financing will be influenced by capital projections as well as forecast capital receipts.

The capital programme and the implications of the programme for the Minimum Revenue Provision (see later in the strategy for more detail) and debt financing costs are incorporated into the medium term financial strategy.

#### Long Term: 10 Years Plus

The Combined Authority has some longer term plans that requiring capital investment consideration including:

- the Strategic Economic Plan (2016 – 2036)
- West Yorkshire Plus York Transport Plan (to 2036)
- the Local Transport Plan, branded as the Local Transport Strategy (to 2040)
- Future plans for revolving funds from Growing Places Fund
- Reinvestment of Business Rate Income (to 2042)

The Combined Authority is able to review and develop strategies for meeting investment need in the much longer term where there is considerable uncertainty and complexity.

For example understanding economic, social and technological factors that drive regeneration and redevelopment initiatives, long-term planning issues to deliver objectives e.g. the Combined Authority's ambition to deliver on the key elements of the Strategic Economic Plan (including Clean Energy, Infrastructure for Growth), and asset management planning for long-term property need and investment.

There is a clear link between long term planning for capital and for treasury management purposes. The Combined Authority's debt portfolio contains loans that mature in up to 30-50 years time. The debt repayment profile needs to be managed alongside the longer term expectations for capital expenditure and funding forecasts.

Long-term forecasts are not easily predicted and the accuracy of all financial estimates will be limited. However, long-term forecasting is valuable in informing strategic plans taking account of the cumulative sustainability and affordability of existing and planned investment, which will need to be repaid over future periods. For major projects and investment the funding and financial implications need to be planned well in advance.

## **5. COMBINED AUTHORITY STRATEGIC ECONOMIC PLAN - CAPITAL INVESTMENT PRIORITIES**

Capital investment plans are driven by the Strategic Economic Plan, the Combined Authority's key strategic document that sets out the vision, ambitions, values and priorities.

Key capital commitments in the capital programme include:

- Delivery of a programme of significant transport projects including Elland station, the rail park and ride programme and a potential new bus station at Halifax;
- Supporting district partners to deliver a range of major highways, public transport and sustainable transport initiatives including schemes through the West Yorkshire plus Transport Fund, Connecting Leeds and City Connect
- Supporting district partners to deliver a range of economic benefits including delivery of major capital infrastructure through the Skills Capital and Innovation and Flood Alleviation, and Housing and Regeneration programmes
- Alleviating fuel poverty and improving homes through the Better Homes and Warm Homes programmes
- Supporting digital inclusion through the provision of broadband infrastructure in urban and rural communities through the continued Superfast West Yorkshire and York programme
- Developing smart card technology, making it easier for bus and rail users when paying for their journeys
- Accelerating economic growth through the development of 10 sites within the Leeds City Region Enterprise Zone
- Delivery of the corporate head office accommodation project and Corporate Technology Programme.

## **6. ASSET MANAGEMENT PLANNING**

The overriding objective of asset management within the Combined Authority is to achieve a corporate portfolio of property and equipment assets that is appropriate, fit for purpose and affordable. The Combined Authority's property portfolio consists mainly of operational properties (eg bus stations), investment properties (rented to tenants) and property held for development or regeneration purposes. The Combined Authority has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. bus stations, office buildings and that provide a financial return (eg tenant rent)
- Regeneration, enabling strategic place shaping and economic growth.
- Delivery of major infrastructure eg in support of mass transit
- Delivery of the Enterprise Zone programme.

The Combined Authority is in the process of developing its Asset Management Strategy which will align with the Capital Strategy. It is anticipated that this strategy will include the approach to 'invest to save' projects, investment required, asset classes/ type, estimated revenue streams, risks, approach to lease, economic footprint, ethical value to the organisation.

Asset management is a key part of the Combined Authority's business management arrangements and is crucial to the delivery of efficient and effective services. The ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the Combined Authority's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

The Combined Authority will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

## **7. COMMERCIAL ACTIVITY AND INVESTMENT PROPERTY**

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

In the context of the Capital Strategy, the Combined Authority is in the process of considering plans to use capital (including capital grant) to invest in property to provide a positive surplus/financial return. The Combined Authority funds the purchase of property by borrowing money or use of capital grant. The rental income paid by the tenant contributes to the cost of repaying the borrowed money each year and is part of the annual revenue budget.

The reasons for buying and owning property are primarily:

- Financial returns to fund services
- Market and economic opportunity.
- Economic development and regeneration.

Historically, owned property has provided strong returns in terms of a stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. The strategy makes it clear that the Combined Authority will continue to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process.

## **8. LOANS**

The Combined Authority has discretion to make loans for a number of reasons, primarily for economic development. These loans are treated as capital expenditure. In making loans the Combined Authority is exposing itself to the risk that the borrower defaults on repayments. The Combined Authority, in making these loans, must therefore ensure it is prudent and has fully considered the risk implications,

with regard to both the individual loan and that the cumulative exposure of the Combined Authority is proportionate and prudent.

The Combined Authority will ensure that a full due diligence exercise is undertaken and adequate, that the formal Assurance Framework processes are used to assess loan risk / opportunities and that security is in place. The business case will balance the benefits and risks. All loans under the existing programme are agreed by the Combined Authority and are subject to close, regular monitoring.

## **9. CAPITAL FUNDING**

Capital expenditure for the Combined Authority is financed through a variety of sources, typically:

- Capital grants from government (including Local Enterprise Partnership funding)
- Non-Government funding (eg European Funding)
- Receipts from the sale of capital assets
- The use of revenue budget contributions and general reserves
- Leasing
- Section 106 contributions
- Private Finance Initiatives (PFI)
- Borrowing
- Joint Ventures
- Equity Investment

### Capital Grants:

Capital resources from Central Government can be split into two categories:

- a. Ring-fenced – resources which are ring fenced to particular areas and therefore have restricted uses, specified by the funder.

This currently encompasses the vast majority of Government funding received by the Combined Authority.

- b. Non-ring fenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose).

### Non-Government Funding

Where there is a requirement to make an application to an external agency to receive external funding, and, when appropriate, to commit Combined Authority resources as matched funding to any bid for external resources, the proposal goes through the Assurance Framework for consideration / approval. The business case

must demonstrate how the project aligns to the Combined Authority's priorities and how matched funding and any revenue consequences can be managed within the context of the capital and revenue budget, including consideration of the timing of which funds are used first.

### Capital Receipts

Capital Receipts come from the sale of the Combined Authority's assets.

Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource.

There will be no ring-fencing of capital receipts to specific projects unless the use of the receipt is governed by legislation or by a specific agreement. However, where the asset has been funded from prudential borrowing a review will be undertaken to determine whether the most cost effective option is to utilise the receipt to repay debt, considering the balance sheet position of the Combined Authority.

There is no current strategy for the use of capital receipts. However future consideration will be given to the following:

- To provide for an MRP holiday to the value of external loan payments generating a revenue budget saving;
- To consider forgoing the immediate capital receipt for longer term and sustainable income stream through development of sites or other projects.
- To invest in further economic activity in support of the SEP.

### Revenue budget contributions and general reserves

An element of the revenue budget can be set aside to fund the capital programme (Direct Revenue Financing). The annual refresh of the capital programme will detail any amount that is forecast to be available in upcoming years, however with increasing revenue budget pressures and diminishing, available reserves, any such amounts will be limited and will need to be regularly reviewed.

A directorate / service area may wish to offer some of its revenue budget to support the financing of a capital project. This may be acceptable if it can be demonstrated that this funding is unrestricted.

### Leasing

The Combined Authority does have the option to lease assets utilising an operating lease arrangement, though due to Prudential Borrowing this source of financing is becoming less attractive.

The International Accounting Standards Board have reviewed how leased assets are treated and in January 2016 issued a new standard for annual periods starting on or after the 1<sup>st</sup> January 2019. This will need to be reflected as part of any business case proposals.

## Section 106 contributions (S106)

Our district partners make S106 agreements with developers / landowners as part of the planning approval process to ensure that new development mitigates its own impact and provides the necessary site specific infrastructure to support it. The Combined Authority accesses these contributions via the district partners as appropriate.

These contributions are site specific or can be 'pooled' for a maximum of five site specific projects. Any contributions received are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and can be applied to fund schemes within the relevant capital programme.

The S106 contributions are time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement and any funds not spent in line with the agreement would have to be repaid to the developer, which, may include interest.

Consideration of available S106 funding should be taken into consideration when agreeing the use of the available funding and reduce the reliance on other sources of funding, predominantly borrowing.

## Private Finance Initiatives (PFI)

PFI is a means by which the Combined Authority can facilitate major new infrastructure projects. PFI schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital.

Under PFI, a private sector contractor agrees to accept the risks associated with the design, construction and maintenance of the asset over the contract term, which is typically for a 25 year period. The public sector partner pays an annual fixed price during the contract term, part of which is subject to inflation. At the end of the term, the asset is wholly owned by the Combined Authority.

No PFI projects are currently being proposed and any future proposals would require approval by the Combined Authority having been evaluated beforehand through the Assurance Framework.

## Borrowing

Any capital expenditure not financed by the above will need to be funded by borrowing. Existing Combined Authority debt is the consequence of historical capital expenditure. The Combined Authority can temporarily utilise other resources in lieu of external borrowing to fund capital expenditure (ie internal borrowing from cash balances).

The Combined Authority will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.

Where it is considered that prudential borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be built into the revenue budget planning process. There are various debt instruments available for financing prudential borrowing and these are explored in more detail in the Treasury Management Strategy.

The Public Works Loan Board (PWLB) remains the Combined Authority's preferred source of long term borrowing given the transparency and control that its facilities continue to provide.

An alternative debt instrument available to the Combined Authority is the European Investment Bank (EIB) facility which was established in 2018. The EIB provides an option to provide a flexible financing offer to support the West Yorkshire plus Transport Fund. Many of the Combined Authority's schemes in the Fund meet the EIB funding criteria and this would provide an attractive alternative to the traditional PWLB lending. The UK's decision to withdraw from the European Union does not preclude this arrangement taking place.

It is not proposed at this stage that the Combined Authority enter into any other credit arrangements as defined by the regulations, other than as described above. If and when these are to be progressed then it should be recognised that they would be classified as borrowing and would need to be recognised in the operational boundary and authorised limit approval. Should any such arrangements be required these will be expected to be funded within the approved strategy.

#### Joint Ventures (JV)

A joint venture is a cooperative enterprise entered into by two or more entities for the purpose of a specific project or other business activity. The reason for a joint venture is usually some specific project.

JVs are commonly formal arrangements and they can be short term or long term. Often the JV creates a separate business entity, to which the owners contribute assets, have equity, and agree on how this entity may be managed. The new entity may be a corporation, limited liability company, or partnership.

In other cases, the individual entities retain their individuality and they operate under a JV agreement. In any case, the parties in the JV share in the management, profits, and losses, according to a joint venture agreement (contract).

Joint ventures are often entered into for a single purpose but they may also be formed for a continuing purpose.

The Combined Authority has one JV with Leeds City Council for the Next Generation Technology (NGT) assets (primarily land and buildings).

Any future JV proposals require approval by the Combined Authority having been evaluated beforehand through the Assurance Framework or other relevant approval processes.

## Equity Investment

An equity investment generally refers to the buying and holding of company shares in anticipation of income from dividends and capital gains.

The Combined Authority do not currently have any equity investments. Any future proposals require approval by the Combined Authority having been evaluated beforehand through the Assurance Framework or other relevant approval processes.

## **10. REVENUE BUDGET IMPLICATIONS FROM CAPITAL INVESTMENT DECISIONS**

In approving the inclusion of schemes and projects within the capital programme, the Combined Authority ensures all of the capital and investment plans are affordable, prudent and sustainable. In doing so the Combined Authority will take into account the arrangements for the repayment of debt, through a prudent MRP policy in line with MRP guidance produced by the Ministry of Housing, Communities and Local Government.

The capital financing charges and any additional running costs arising from capital investment decisions are incorporated within the annual revenue budget and medium term financial plans. This enables the Combined Authority to consider the consequences of capital investment alongside other competing priorities for revenue funding.

### **Long Term revenue implications of capital investment decisions**

Capital investment decision making is not only about ensuring the initial allocation of capital funds meets the corporate and service priorities but ensuring the asset is fully utilised, sustainable and affordable throughout its whole life. This overarching commitment to long term affordability is a key principle in any capital investment appraisal decision. In making its capital investment decisions the Combined Authority must have explicit regard to consider all reasonable options available. These would include sustainable revenue streams achieved through initiatives such as business rates receipts (EZ programme), tenant rental income (Bus station development) and interest earned from loans (Growing Places Fund).

## **11. RISK APPETITE**

This section considers the Combined Authority's risk appetite with regard to its capital investments and commercial activities, i.e. the amount of risk that the Combined Authority is prepared to accept, tolerate, or be exposed to at any point in time. It is important to note that risk will always exist in some measure and cannot be removed in its entirety.

A risk review is an important aspect of the consideration of any proposed capital or investment proposal. The risks will be considered in line with the risk management strategies we have in place and commensurate with the Combined Authority's

relatively low risk appetite on financial matters. The Combined Authority’s risk appetite statement is summarised in the table below.

Current Risk Appetite:	Low Risk Appetite <span style="float: right;">➔ High Risk Appetite</span>				
	1	2	3	4	5
Compliance and Regulation					
Operational/Service Delivery					
Financial					
Reputational/Marketing/PR					
Strategic Transformational Change					
Development and Regeneration					
People and Culture					

Subject to careful due diligence, following the formal Assurance Framework or other appropriate approval processes, the Combined Authority may consider a moderately higher level of risk for strategic initiatives, where there is a direct gain to the Combined Authority’s revenues or the ability to deliver its statutory duties more effectively and efficiently.

## 12. KNOWLEDGE AND SKILLS

The Combined Authority has professionally qualified staff across a range of disciplines including finance, legal and property, however there are a number of capital projects and programmes which will require the use or addition of specialist technical advisers or development of a new commercial team, e.g. future grants and loans programme, Enterprise Zones and new rail station development.

A review of capacity and skills gaps is currently under consideration to get the Combined Authority to the level of performance required, especially in relation to commercial skill sets and specialised procurement expertise. A review of financial ICT systems is also planned to ensure key functions are supported.

The Combined Authority establishes project teams from all the professional disciplines from across the Combined Authority as and when required and has a dedicated Delivery Directorate that focuses on delivering new capital proposals once they pass through Decision Point 2 of the Assurance Framework. In addition our Transport Services Directorate is responsible for the Combined Authority’s assets including repair and maintenance, development and commercialisation of those assets.

External professional advice is taken where required and will always be sought in consideration of any major commercial property or investment decision.

### **13. Capital Programme Performance Monitoring**

The Combined Authority Senior Management Team will review the financial performance of the capital programme on a regular basis.

Financial monitoring reports will be considered by the Combined Authority and Investment Committee at each of its meetings, together with a capital outturn report.

Where a potential cost overrun has been identified, the Combined Authority and Investment Committee will explore possible solutions in detail. It will also consider any underspending or identified surplus resources which can be reallocated to other priorities.

Where there is a delay in the commitment of programme/project resources, the Combined Authority requires programme / project managers / capital delivery leads to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of non ring-fenced resources to other projects. It is recognised that there may be potential revenue consequences of doing this due to the capital accounting requirement to transfer abortive costs to revenue.

The Transport Committee meetings also includes monitoring reports on the implementation and delivery of the individual transport projects that they are responsible for in order provide additional oversight for specific schemes within their remit.

The performance of the capital programme is also measured by the prudential indicators which are reported as part of the Treasury Management Strategy and quarterly reviews with officers.

The Combined Authority annual Internal Audit Plan also includes a review of the capital programme and internal control environment that supports the decision making processes.

### **14. Investments for a Return**

Beyond those investments for cash management purposes and for service enhancement the Combined Authority may also make investments, with a range of economic and social objectives in mind, but with a key element being on making a return on the investment. It is these types of investments which are the focus of this section of the Strategy.

The Combined Authority is an organisation heavily governed by statute and it is not a commercial organisation with the purpose of making a financial return for shareholders. Nonetheless like any organisation it does need to fund its activities and with more traditional funding sources, such as government grants, substantially decreasing, there is a need to look to more innovative ways of generating income. The financial return on investments being one such approach in addition to other intangible social and regeneration benefits these investments can yield.

The remainder of this section seeks to set out the nature of investments the Combined Authority will engage in and the circumstances in which it will do so.

## Financial Investments

Financial Investments can fall into three categories, namely: Specified Investments, Loans and Non-specified Investments.

Specified and non-specified investments are only likely to be undertaken on either a short, or a long term basis as part of managing the Combined Authority's cash flows and are therefore covered by the Treasury Management Strategy rather than here.

Loans may also be used for treasury management purposes, but where they are used in support of service delivery objectives this is covered by the Loans and Guarantees Financial Instruction.

## Non-Financial Investments

For the purposes of this strategy a non-financial investment is a non-financial asset held by the Combined Authority primarily, or partially to generate a surplus. This might be through an anticipated appreciation in the capital value of the asset, or by way of delivering a regular income stream, or a combination of both. However, in the current financial climate the emphasis is likely to be on assets that generate a regular income stream.

Although the Combined Authority remains open minded to consider a range of opportunities the high likelihood is that non-financial investments will involve property assets. Chosen carefully, property offers the opportunity for a higher yield and less volatility than financial investments, however, it is an illiquid asset and carries with it the inherent risk of being unable to respond quickly enough to changes in market conditions.

The Combined Authority is in the process of developing its Asset Management Strategy which will align with the Capital Strategy. It is anticipated that this strategy will include investment required, asset classes/ type, estimated revenue streams, risks, approach to lease, economic footprint, ethical value to the organisation.

## **15. Minimum Revenue Provision**

Minimum Revenue Provision (MRP) is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. MRP, which is largely defined by regulation, is aimed at ensuring that the Combined Authority does not have time expired/fully depreciated assets whilst still holding associated outstanding debt.

For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, MRP is calculated using the asset life annuity method. Using this method MRP is calculated in a similar way as calculating the capital repayment element of a fixed rate repayment mortgage. In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.

The asset life annuity method calculation requires estimated useful lives of assets to be input in to the calculations. These life periods will be determined under delegated powers to the Chief Financial Officer, with regard to the statutory guidance. However, the Combined Authority reserves the right to determine useful life periods

and prudent MRP in exceptional circumstances where the asset life annuity method would not be appropriate.

As some types of capital expenditure are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Recognising the impact of MRP on the revenue budget is an important element in determining the affordability and sustainability of borrowing to fund an asset. Essentially, if there is no on-going capacity within the revenue budget to afford the MRP then one shouldn't take out the borrowing in the first place. This is why a robust business case demonstrating a rate of return in excess of costs (including MRP) is important and to be considered as schemes progress through the Assurance Framework.

## Annex A

### CORE PRINCIPLES UNDERPINNING THE CAPITAL PROGRAMME

In considering schemes for inclusion in the capital programme, regard will be had to the following principles undertaken via the formal Assurance Framework:

- Strong strategic fit with existing SEP priorities;
- schemes to be included in the Capital Programme should follow an appropriate level of due diligence and assurance regarding deliverability /practicability (eg formal Assurance Framework);
- prior to mobilisation, all projects should be supported by an affordable and sustainable plan, including careful consideration of value for money and options appraisal (eg benefit cost ratios);
- environmental and social sustainability issues should be built into project appraisal where appropriate
- capital appraisal should also promote schemes which provide a direct gain to the Combined Authority's revenues, including revenue savings, within agreed risk appetite, e.g. business rate growth, commercial investment return and "invest to save" outcomes;
- the financial implications of capital investment decisions will be properly appraised as part of the Assurance Framework;
- available resources will be identified for investment over the capital planning period;
- available capital funding will be optimised e.g. through surplus asset disposal strategy, maximising use of planning gain, by corporately pooling capital receipts and by exploring external financing sources;
- that capital funding decisions minimise or mitigate the ongoing revenue implications of capital investment decisions i.e. assessment made of lifetime cost and liabilities;
- the financial implications of capital investment decisions should be fully integrated into revenue budget and longer term financial plans i.e. lifetime cost and liabilities;
- robust governance arrangements are in place for all programmes and projects, clearly defining responsibility for the delivery of individual schemes within the capital programme;
- all capital schemes follow appropriate project management arrangements;
- there are effective working relationships with district partners and other delivery partners;
- that projects are reviewed on completion to ensure key learning opportunities are maximised;
- that projects are monitored throughout and upon completion to ensure anticipated benefits have been realised.

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

## 1. Introduction

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

This Conflicts of Interest Policy applies to:

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

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

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

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

## 2. Definition

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

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

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

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

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

### 3. General

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

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

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

### 4. Members of the LEP Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 6. **Officers**

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

The **LEP Constitution** also requires:

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

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

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

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

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

## **7. Loans or grants to businesses**

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

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

## Leeds City Region Enterprise Partnership

### West Yorkshire Combined Authority

#### **Conflicts of Interest Protocol: Loans or grants to businesses**

##### **1. Purpose**

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

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

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

##### **2. Scope**

This protocol should be followed where an application for a loan or grant is made by any business (including a company, social enterprise or a sole trader) to the LEP or to the Combined Authority<sup>1</sup>.

The protocol applies to:

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

It applies to both local authority and private sector representatives.

##### **3. General**

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

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

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

#### 4. Setting policies and strategies relating to loans and grants

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

However, to secure the input of suitable expertise and a range of representative views into the decision-making process, appropriate involvement in matters in which Members may have an interest<sup>2</sup> is facilitated by exceptions and dispensations granted under the Codes.

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

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

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

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

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

## 5. Applying for a grant or loan

Each application form for a loan or grant to businesses will ask the applicant to declare whether the applicant, any Director(s) or employee(s) of the business, or their spouse or civil partner<sup>3</sup>, is:

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

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

To facilitate this, members who (to comply with a Code of Conduct) have registered an interest in any business<sup>4</sup>, must:

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

Members must also:

- a) **notify the Monitoring Officer**<sup>5</sup> on each occasion where:
  - they apply for a loan or grant, or
  - a business which is registered as an interest on their register of interest applies for a loan or grant<sup>6</sup>,
  - any other interest arises which may be perceived as giving rise to a conflict of interest (for example, where an application is made by a close friend, or family member, or they are related to an officer of the Combined Authority).
- b) so far as reasonably practicable **avoid any personal involvement**<sup>7</sup> with any application to the LEP or the Combined Authority for any loan or grant, or

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

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

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

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

<sup>7</sup> This includes advising on, drafting or signing the application

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

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

## 6. Advising on loan and grant applications

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

## 7. Considering loan and grant applications

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

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

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

Where an interest has been declared by an applicant on the application form, and/or a member (or where an interest is otherwise brought to the attention of a relevant Director<sup>9</sup>), the application will not be progressed unless:

a) the Monitoring Officer has confirmed that:

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

b) the relevant Director has confirmed that:

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

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

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

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

- the Combined Authority's Managing Director, or
- a meeting of the Combined Authority or a relevant committee<sup>10</sup>.

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

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

The **record of any decision** about an application where a conflict of interest has arisen must record the conflict of interest declared by the member, and that this protocol has been followed<sup>11</sup>.

## 8. Reporting

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

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

<sup>11</sup> This extends to any published record of the loan or grant.

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Corporate planning and performance**

**Director:** Angela Taylor, Director, Corporate Services

**Author(s):** Louise Porter and Jon Sheard

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

## 1. Purpose of this report

- 1.1 To provide the West Yorkshire Combined Authority with an update on corporate performance including progress against corporate plan priorities, risk management and budget position.

## 2. Information

### Corporate Plan 2018/19

- 2.1 The Combined Authority's annual Corporate Plan sets out the vision and mission for the organisation and also highlights the long term regional ambitions, which the Combined Authority will play a major role in contributing towards. These ambitions fall under the key themes of boosting productivity, enabling inclusive growth and delivering 21<sup>st</sup> century transport.
- 2.2 A set of 14 headline success measures has been developed in order to measure the Combined Authority's success in contributing towards these regional ambitions. An update on progress against these success measures is provided as part of the performance snapshot report which is provided at **Appendix 1**.

2.3 This shows that while the majority of indicators are assessed as on track to be met, there are currently three indicators assessed as red which can be summarised as follows:

- The delivery of refurbished floorspace through skills capital projects is currently not on track to be fully met in 2018/19, due to an unanticipated delay in the programme for one of the key projects.
- Supporting individuals to upskill in skills shortage areas is not on track to be met due to the confirmation of European Social Funding to deliver this activity being received later than expected on 30th October 2018. As a result of this delay, activity has commenced later than planned with 2018/19 outputs therefore being rolled forward to 2019/20.
- Supporting businesses to offer apprenticeships is also not on track to be met due to the delay in European Social Funding being received as described above. As a result of this delay, activity has commenced later than planned with 2018/19 outputs therefore also being rolled forward to 2019/20.

### **Corporate Plan 2019/20 development**

2.4 Following approval of the 2019/20 business plans at the February meeting of the Combined Authority, work has been undertaken to develop the content for the external facing Corporate Plan for 2019/20. This plan confirms the vision and mission for the organisation and the practical steps for how these are to be progressed during the year.

2.5 As previously reported to the Combined Authority, the Corporate Plan will continue to build on the three overarching corporate priorities as presented in last year's plan (boosting productivity, enabling inclusive growth and delivering 21st Century transport) and will also introduce a fourth corporate priority of clean growth.

2.6 As in previous years, the Corporate Plan will set out the objectives and activities of the organisation as a whole. However this year it will also be designed such that information relating to the specific activities of the LEP can be pulled out separately. This is necessary in order to fulfil the requirements of the Strengthened Local Enterprise Partnerships report, which sets out a new requirement from 2019/20 for all LEP's to produce an annual delivery plan, clearly setting out proposals and targets for the year ahead.

2.7 The LEP Board considered the proposed content for the LEP Annual Delivery Plan at their meeting of 26th March and delegated authority to agree the final text to the LEP Chair and the Managing Director.

2.8 The proposed content for the 2019/20 Corporate Plan as a whole (including the LEP Annual Delivery plan) is presented at **Appendix 2** for consideration and feedback from Combined Authority members. It should be noted that at this stage the document has not been subject to a design process and this will follow once the content has been agreed.

## **Corporate risk update**

- 2.9 In line with the provisions of the Corporate Risk Management Strategy, Regular review of the key strategic risks affecting the organisation continues to be undertaken and the corporate risk register updated accordingly.
- 2.10 Senior officers have recently undertaken a detailed review of the corporate risk register and as a result of this have suggested a number of changes. These changes are included in the updated version of the register provided at **Appendix 1**. Four new risks which are assessed as 'high' have been added to the register as follows:
- Risk that the response to Brexit is not sufficiently well coordinated across local partners leading to loss or duplication of service, which is being addressed through continued dialogue with partners
  - Failure to generate sufficient business rates income to support corporate revenue projections, which is being mitigated through prudent forecasting of income and the ongoing work of the dedicated Enterprise Zones team
  - Potential business failure of local transport providers external to the Combined Authority, which is being addressed through open and ongoing dialogue with providers
  - Potential for significant transport disruption as a result of major transport investment programmes (e.g. Transpennine route upgrade, bus corridor improvements and other highways schemes). This is being addressed through the development of a travel demand management plan and close working with scheme sponsors
- 2.11 In addition to the inclusion of new risks, a number of existing risks have also been updated and in some cases de-escalated or replaced as follows:
- Consolidation of five previously separate financial risks into three
  - De-escalation of a risk relating to the potential impacts of the proposed Leeds Clean Air Zone to the Transport Services risk register

## **Revenue budget position**

### **2018/19**

- 2.12 A summary of the 2018/19 current spend to budget as at February 2019 is attached at **Appendix 3**. A RAG rating has been included to identify budgets that need further review. There are no 'red' areas of concern to report.
- 2.13 The approved annual budget included a £1.4m deficit to be funded from general reserves. Latest forecasts suggest that expenditure is being managed within this figure and currently indicating a £1.0m deficit by the year end.

### **2019/20 and Medium Term Financial Strategy**

- 2.14 The 2019/20 budgets are being reviewed for changes since February 2019 meeting and any updates will be coming through in future reports. Work is underway on the Medium Term Financial Strategy and a progress report will

be brought to future meetings of the Combined Authority and to the members Budget Working Group.

### **3. Inclusive Growth Implications**

- 3.1 The draft content for the Corporate Plan as provided at appendix 2, sets out further details regarding the organisations approach to enabling inclusive growth in 2019/20. It also provides details of progress in this area in the current financial year.

### **4. Financial Implications**

- 4.1 The financial implications are covered in the body of the report and at the supporting appendices.

### **5. Legal Implications**

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

### **6. Staffing Implications**

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

### **7. External Consultees**

- 7.1 No external consultations have been undertaken.

### **8. Recommendations**

- 8.1 That the Combined Authority notes and provides comment on the information on corporate performance.
- 8.2 That the Combined Authority endorses the 2019/20 corporate plan, with a final sign off delegated to the Managing Director, in consultation with the Chair of the Combined Authority and the LEP Chair.

### **9. Background Documents**

- 9.1 None.

### **10. Appendices**

Appendix 1 – Corporate Performance Snapshot Report  
Appendix 2 – Draft Corporate Plan 2019/20 content  
Appendix 3 – Budget monitoring 2018/19

## APPENDIX 1: CORPORATE PERFORMANCE SNAPSHOT

### Progress against 2018/19 Key Corporate Plan priorities:

Boosting Productivity				
Indicator	Target	Status	RAG	Notes
A Local Inclusive Industrial Strategy for the City Region	By 31/03/19	Ongoing		Now planned to be in wave 3 – to be delivered by December 2019. Timelines have been clarified with BEIS. Action plans in place for all workstreams and joint approach with YNYER LEP developed. Development of evidence base is on-track.
181 Delivery of new and refurbished skills floorspace through economic regeneration projects funded by our Growth Deal	24,898m <sup>2</sup> new	4,500 sqm		4,500sqm opened Sept 2018. 5,200sqm in Q3 18/19. Delays have been due to a contractor going into administration (beyond CA control) but the project is now progressing well with the remaining 15,198sqm currently on site and will complete in Q2 19/20.
	12,100 m <sup>2</sup> refurbished	0 sqm		2,500sqm to be delivered in Q4 18/19, remaining 9,600sqm will complete in later years (6,000sqm in 19/20 and 3,600sqm in 20/21). Delays due to value engineering exercise at the start of the project (beyond CA control) to bring scheme within budget.
Supporting businesses who want to grow through our business growth service	2,750 businesses	2,654		Digital Enterprise has now been added into this month's figures. The majority of the support by Digital Enterprise was in the first half of the year. Ad:Venture enquiries will be added to the end of year figures.
Supporting the creation of jobs in those businesses receiving intensive support from our growth service	500 jobs	1,099		On track
Supporting the creation of a further new jobs in the region through the work of our inward investment service	1,500 jobs	1,796		On track
Enabling a high % of those businesses who receive intensive support from the business support service to achieve growth	75%	81%		This is an annual target. Figure quoted is based on a relatively small sample of businesses supported in 2015/16 and 2016/17 where it is possible to show impact over time. The study will be updated in summer 2019 to include 2017/18 data.

## Inclusive Growth

Indicator	Target	Status	RAG	Notes
Delivering an enhanced model of employability, enterprise and careers education to disadvantaged students	To reach 12,000 students	11,432		To be counted for this target pupils need two encounters in the financial year so target is profiled to achieve most outputs in Q3 and Q4. 9,238 of our most disadvantaged young people have received two or more employer encounters so far this year to positively impact on their employability and aspirations.
Supporting individuals to upskill in skills shortage areas	1,250 individuals	74		The majority of outputs against this indicator will be rolled forward into 2019/20 as they were reliant on securing ESF funding. The ESF funding for [re]boot was confirmed on Tuesday 30th October. This late notification and a delay in the procurement of subcontractors will delay the commencement of delivery on this project. Successful notification of the ESF Employment Hub was received on Wednesday 31st October. The team is working closely with partners to ensure the relevant information is being obtained and systems are created for programme delivery. The number of AGE grants received is significantly lower than expected with at present only 2 eligible applications received and payment made for 1. Grant criteria have now been changed with increased take-up of the scheme anticipated. There are 60 teacher CPD events scheduled to take place in March 2019, meaning we will meet the CPD sessions target.
Supporting businesses to offer apprenticeships	1,000 businesses	40		Due to the delayed funding confirmation of the ESF Employment Hub, delivery will not commence until 2019. The telemarketing campaign will align with the Employment Hub delivery, the team are working closely with Local Authority partners to understand when delivery will commence in 2019. Due to the delayed notification of ESF funding outputs from this KPI will be rolled into 2019/20.
Improving homes through the Better Homes programme	1,000 Homes	1,390		As at end of January 2019

21<sup>st</sup> century transport

Indicator	Target	Status	RAG	Notes
Delivery of a programme of significant transport projects by end of March 2019	13 complete 11 on site	17 <i>complete</i> 15 <i>on site</i>		<p><b>Complete:</b> 12 x Bus Hotspots Bradford Interchange short stay car-park Mirfield A Park &amp; Ride CCTV at bus stations Real time installations at Morley and South Elmsall Hubs</p> <p><b>On site:</b> 11 x Bus Hotspots with a further 3 anticipated to commence before the end of March 19 Castleford Rail Station Mytholmroyd &amp; Hebden Bridge Rail P&amp;R LPTIP 450 LED Real Time installation (250 installed to date)</p>
Support partners to deliver significant transport projects by March 2019	2 complete 9 on site	3 <i>complete</i> 8 <i>on site</i>		<p><b>Complete:</b> YORR junction improvements Phase 1 A629 Phase 1a Wakefield City Centre Package Phase 1 – Kirkgate</p> <p><b>On site:</b> East Leeds Orbital Route City Connect schemes: - Leeds City Centre - Bradford Canal Road - York Scarborough Bridge</p> <p>YORR junction improvements Phase 2 Hard Ings, Keighley Glasshoughton Southern Link Road UTMC element A – on-street works</p>
Increase MCard (smart ticket) sales	10% increase	5.2% <i>increase</i>		Up to the end of Sept 18 Under review with West Yorkshire Ticketing Co. Ltd - WYTCL has set 3-5% target increase in their strategy
Increase the proportion of travel information interactions/enquiries made on line	98% of enquiries online	97.2%		Actions to increase online enquiries continuing

## Corporate Risk

Current Risk Appetite:	<i>Low Risk Appetite</i>  <i>High Risk Appetite</i>				
	1	2	3	4	5
Compliance and Regulation					
Operational/Service Delivery					
Financial					
Reputational/Marketing/PR					
Strategic Transformational Change					
Development and Regeneration					
People and Culture					

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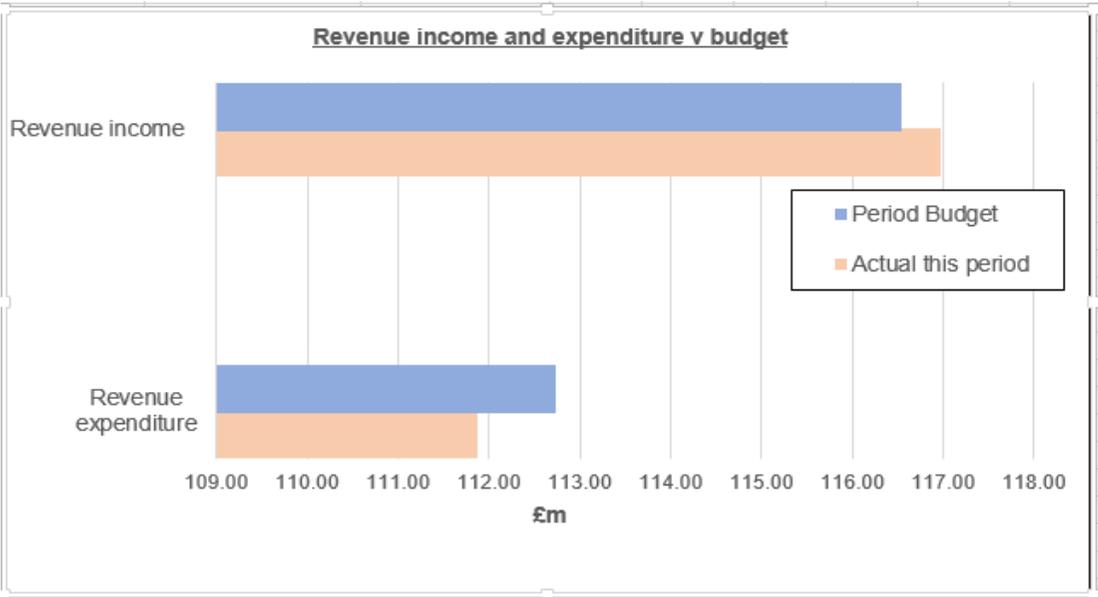
### Current 'Very High' risks:

		Probability	Impact	Mitigation summary	Movement since last report
<b>Very High x2</b>	Failure to secure enhanced funding and devolved powers (F1)	Possible	Highly significant	Devolution discussions continuing	No Change
	Failure to deliver Growth Deal/other capital funding programmes within timescales/ costs (SD2)	Possible	Highly significant	Significant controls in place through PMO	No Change

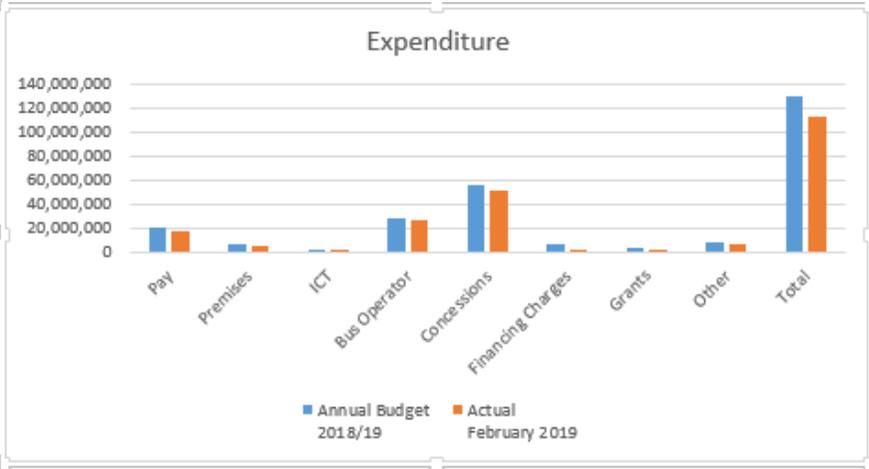
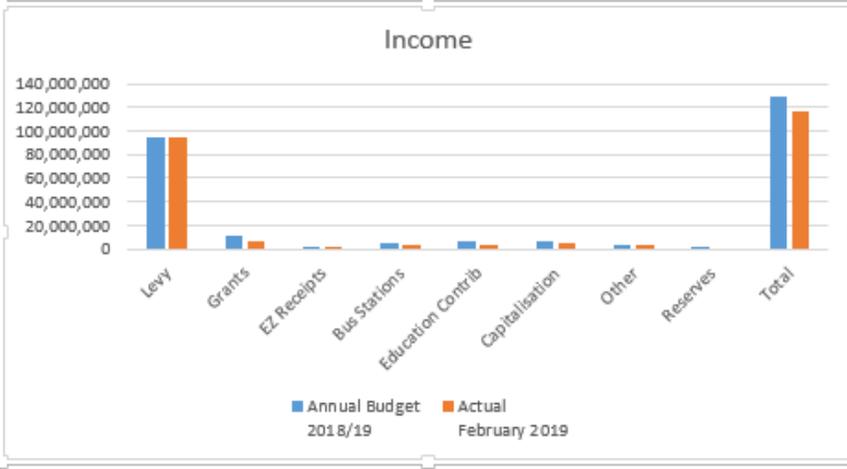
**Current 'High' risks:**

		<b>Probability</b>	<b>Impact</b>	<b>Mitigation summary</b>	<b>Movement since last report</b>
	Failure to have the supporting infrastructure and processes in place to deliver against corporate priorities (SD3)	Possible	Major disruption	Transformation programme & corporate technology programme in place and addressing this	No Change
	Failure to have in place the capacity, skills and resource needed to deliver increased workload (HR1)	Possible	Major disruption	Organisational structures largely embedded. Ongoing monitoring	No Change
	Failure to deliver CA objectives and outcomes to demonstrate that CA/LEP is making a difference (SD1)	Possible	Major disruption	Continuing to embed remaining elements of change programme	No Change
	Failure to secure sufficient and continued funding for key services (F2)	Possible	Major disruption	Ongoing review of funding opportunities/bids. Budget monitoring	No Change
	Failure to deliver appropriate working arrangements with District partners (PC1)	Possible	Major disruption	Continuing to strengthen key partnerships	No Change
	Risk of legal proceedings/financial penalty of not being compliant with GDPR (R2)	Possible	Major Disruption	Information asset register/data policies continually reviewed	No Change
	Risk that national terrorism threat level is raised to 'imminent' resulting in unanticipated operational changes/costs (SP2)	Possible	Major Disruption	Continued review of national trends and potential mitigation measures	No Change
	Insufficient national & local investment in the inclusive industrial strategy to make the transformational change needed (SP1)	Possible	Moderate	Ongoing dialogue with Government	No Change
	Risk of legal challenge as a result of not being compliant with HR, Financial, procurement and Governance Legislation (R1)	Possible	Moderate	Policies/procedures in place and subject to ongoing review	No Change
	Financial failure of a major contractor/supplier to the CA or a recipient of funding from the CA (F3)	Possible	Moderate	Contract management, regular financial checks and escalation processes	No Change
	Major unanticipated change in national policy resulting in operation of the organisation/organisational objectives (SP3)	Unlikely	Highly significant	Ongoing dialogue with Government. Monitoring of national policy trends	No Change
	Risk of Major incident at CA facility, accident /injury to vulnerable person(s) (SS1)	Unlikely	Highly significant	Policies/procedures/training in place and continually reviewed	No Change
	Failure to generate sufficient business rates income to support corporate revenue projections (PC2)	Possible	Major Disruption	Prudent income forecasting. Dedicated Enterprise Zone team in place	NEW
	Risk that Brexit response not sufficiently well coordinated across local partners leading to loss or duplication of service (SP4)	Possible	Moderate	Continuing dialogue with local partners	NEW
	Significant transport disruption arises from major transport investment programmes (PC3)	Possible	Major Disruption	Creation of a travel demand management plan and close working with programme sponsors	NEW
Business failure of transport providers (SD4)	Possible	Major Disruption	Open dialogues for early warnings	NEW	

**Current revenue position: Year to date figures as at February 2019**



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# Draft Corporate Plan 2019/20

## Foreword – Cllr Susan Hinchcliffe, Chair of the West Yorkshire Combined Authority

As we reflect on the past 12 months and look forward to the next, there is a lot to be proud of. Working alongside our partner councils and the LEP, we have made significant progress in achieving our vision of creating a strong, successful economy where everyone can really feel the benefits. Undoubtedly, there are no quick fixes to the ingrained problems we, like many areas of the UK, face but we've made solid progress which we can successfully build on together with our partners in 2019/20.

Skilled people are the lifeblood of the economy – they drive forward inclusion and social mobility, improve productivity and encourage vibrant communities where the benefits are tangible for all. I'm extremely proud to have established the national Future-Ready Skills Commission here in West Yorkshire earlier this year. This will bring together experts and leading thinkers from business, education, local government and think tanks to create a blueprint for skills that can be adopted throughout the UK.

Successful economies are dependent on good transport links and we're committed to ensuring that people in our region have services that are reliable, affordable and fit for purpose. So, while we remain committed to ensuring our communities benefit from the major national infrastructure projects such as Northern Powerhouse Rail and HS2, we're also investing in local projects through our Transport Fund.

We remain steadfast in our belief that only further devolution will give us the powers and money we need to make the right, long-term decisions that will tackle inequalities within our economy. We will continue to be pragmatic and flexible with Government, and prepared to work with colleagues across Yorkshire to advance a deal that will bring more investment into our region and ensure decisions are taken in the best interests of the people and communities we serve.

## Foreword – Roger Marsh OBE, Chair of the Leeds City Region Enterprise Partnership (the LEP)

This year has been fantastic for the LEP. Working closely with the West Yorkshire Combined Authority, we have achieved extraordinary growth that will have a real, long-lasting impact on the people who live and work in our region.

Our 'Be the Spark' campaign beat off highly competitive bids from other city regions to make Leeds the new national headquarters for Channel 4. This is truly a once-in-a-generation chance to rapidly grow our digital and creative sector, unlock opportunities for our talented young people and draw international attention to our region.

In 2018 we celebrated achieving the highest level of investment from overseas firms in Yorkshire since the recession with £1.9 billion of deals. We also hit a significant milestone in the support we provide to business, helping 10,000 businesses through our Growth Service since April 2015. Businesses have also benefitted from investment totalling £34 million to upskill their staff, fit out new premises, develop new products and processes, take on an apprentice and save money on their energy bills.

I'm thrilled that the LEP has played a role in accelerating the growth of so many companies in our region but this is absolutely not job done. Our region does still have its

challenges and our economy is entering a period of uncertainty. That said, I feel confident that by continuing to bring together the public and private sectors through the LEP, we have what it takes to support businesses and communities through these uncertainties.

We will continue to develop the Local Industrial Strategy with Government, which will set out how we will drive productivity and create a low carbon economy from which everyone will benefit

In 2019/20, we will continue to build on the momentum we've already generated, working in partnership to deliver even more to make our region a great place to live, work and do business. I look forward to the year ahead.

## **Foreword – Ben Still, Managing Director of West Yorkshire Combined Authority and the LEP**

This has been an extremely positive year for our region and the achievements set out in this plan show the difference that collaborative working between the Combined Authority, the LEP and our partners are making to our communities.

As an officer body that supports both the Combined Authority and LEP Board, we will continue to develop our organisation so we are able to respond positively to the opportunities and challenges that are ahead. Inclusive growth remains at the heart of everything we do and we will expand on this even further in the next 12 months.

We've made significant progress with our ambitious programme of internal transformation, deepening our level of partnership working, strengthening our monitoring and evaluation capabilities, and continuing to enhance our accountability and transparency. Over the coming year, we'll continue on this journey, placing a particular focus on modernising the way we work to ensure that we are best placed to deliver our vision for the region.

This year we've placed a much bigger emphasis on clean growth, making this a key organisational priority for the year ahead. We've already made good progress in this area but we'll be taking this a step further in 2019/20, delivering a programme of activity to help deliver zero carbon for the City Region by 2036.

With much more in the pipeline, this is shaping up to be an exciting year!

## **Introduction**

### **Who we are**

The Combined Authority and LEP work in partnership with one another - and with local councils and business - to ensure everyone in our region benefits from a strong, successful economy and a modern, accessible transport network.

Although the Combined Authority and LEP are separate bodies, we have a shared vision for our region and a shared organisation that support us to deliver this. We also operate the Metro network of bus stations, travel centres and public transport information across West Yorkshire.

*[Organisational graphic to be added]*

The majority of our work benefits the 10 local authority areas known collectively as Leeds City Region.

*[Insert map]*

## **Our vision**

We want our region to be recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by world-class transport, housing and digital connectivity.

We will achieve this by planning and delivering economic and transport schemes and programmes across the region in partnership with the public and private sectors – focusing on the areas of work which will make the biggest difference.

## **Our priorities**

We've developed a set of priorities that we believe will best enable us to achieve our vision for the region. This year we've added an important new priority to better reflect our ambition of becoming a zero carbon economy.

Our priorities:

- **Boosting productivity** – helping businesses to grow and bringing new investment into the region to drive economic growth and create jobs
- **Enabling inclusive growth** – ensuring that economic growth leads to opportunities for all who live and work in our region
- **Delivering 21st Century transport** – creating efficient transport infrastructure that makes it easier to get to work, do business and connect with each other
- **Supporting clean growth** – growing our region's economy while also cutting CO<sub>2</sub>

## **Powerful partnerships**

Partnership is fundamental to everything we do. The Combined Authority and LEP work closely with one another – but also work with councils across the region to ensure our policies, services and capital infrastructure projects meet the needs of communities and help us to deliver local priorities.

We also work closely with the private sector through the LEP to develop, shape and deliver policies that meet the needs of employers in the region.

## **Annual review – 2018/19**

In this section, we set out what we've achieved together over the past year to make our region a great place to live, work and do business.

### **Our year in numbers** *[to be presented as a full page infographic]*

This year, we've invested in services and projects worth **£319 million** to benefit local people and the economy. As a result of this investment we've:

- Delivered **17 significant transport projects**
- Spent nearly **£100 million on infrastructure projects**, the majority delivered by our partner councils across the city region

- Supported over **1 million trips** through our subsidised bus services
- Provided travel advice to **350,000 people** through our Metroline contact centre
- Taken over **9,000 cars** a week out of Leeds city centre as a result of our Park and Ride services
- Saved **117,000 tonnes of carbon** through our Better Homes Yorkshire scheme – warming homes and helping residents save money on their bills
- Saved enough energy to make **72 million cups of tea** through our Resource Efficiency Fund
- Sowed **7 million seeds** to create a living wall that will improve air quality in Calderdale
- Supported **over 1,000 business** to grow and become more productive through our LEP Growth Service – in total over 10,000 since 2015
- Created **over 1,000 jobs** through our trade and investment activity
- Supported almost **80,000 pupils** across the UK through our employability, enterprise and careers education schemes

### **A momentous year** *[timeline style design]*

This year, we've continued to have a big impact on our region's economy. Working in partnership with local councils and the LEP to deliver projects and services, we've truly had a momentous year. Here are some of the highlights:

#### **April**

We committed £2.7 million to improve cycling and walking access on sections of the Calder Hebble, Leeds-Liverpool, Rochdale and Huddersfield narrow canals. So far three out of four projects have opened – with almost 12km of towpath improved and accessibility enhanced

#### **May**

We reached the halfway point in delivering our £1bn LEP Growth Deal with Government, which has created or safeguarded over 27,500 jobs so far

Our MCard app, which enables those travelling in West Yorkshire to buy and load travel tickets anytime, was used to purchase over £1 million of MCard travel by May 2018, rising to £3 million by the end of the year

#### **June**

We launched our £1 million Digital Inward Investment Fund to encourage digital businesses to relocate to Leeds City Region

#### **July**

We helped over two million people to access new skills and careers through the launch of our Discover Digital and Earn It campaigns and help address the skills needs of our growing digital sector

## **August**

We launched our new Apprenticeship Grant for Employers scheme to enable more businesses to recruit their first apprentice

## **September**

We launched the £500,000 productivity pilot which will support eight businesses in the region to invest in new technology and equipment to improve their productivity

## **October**

We secured the regional headquarters for Channel 4, bringing opportunities for the independent production sector across the region and generating a £1 billion economic impact over the next decade – this has been rapidly followed by several TV companies to the city region as well

## **November**

We secured £2m from Government to install 88 new rapid charging points across West Yorkshire to improve air quality by encouraging the use of electric vehicles

We continued to lobby to ensure the region's transport priorities are central to Government investment plans and those of other bodies such as Transport for the North

## **December**

We funded over 80 Boxing Day bus services across West Yorkshire enabling over 66,000 passengers to travel over the festive period

We agreed an ambitious Energy Strategy setting out the steps we will take towards making the City Region a zero carbon energy economy – including saving enough carbon to drive a car to the moon and back 16,000 times

## **January**

We installed free wi-fi and new CCTV equipment at bus stations across West Yorkshire to improve safety and security

We provided businesses with access to Government's full range of information and guidance on Brexit preparation

## **February**

We launched a new national Future-Ready Skills Commission to explore how the skills system can be shaped to meet the needs of local economies

## **March**

We organised and held a major One Yorkshire devolution conference where 250 national and regional leaders met to discuss the key opportunities of devolution for the region

We showcased the region as a leading destination for investment at global property conference, MIPIM

**Case studies** [to be interspersed throughout this section of the document with quotes from beneficiaries where possible]

### **Transforming learning and lives**

In November, the Springfield Sixth Form Centre, a purpose built higher learning facility in Dewsbury, opened its doors to students in the region. The scheme has benefitted from £11.1 million investment through our Growth Deal to provide state-of-the-art facilities that will help to ensure that people across the region have access to high quality education that will lead them into successful careers.

*[supporting quote from a student and image/video content to be inserted]*

### **Protecting homes and businesses**

We've invested £1.5 million of Growth Deal funding into flood alleviation works in Skipton, designed to increase protection for up to 400 homes and 165 businesses, while also converting flood plains into land that is suitable for development. The funding, which forms part of an overall £17.8 million investment into flood prevention, will reduce the risk of overflow from Eller Beck and Waller Hill Beck, which often swells very quickly after heavy rain.

### **Delivering natural flood management**

In January, work started on a project to help protect homes and nurture wildlife in the Colne and Calder valleys that were devastated by the Boxing Day floods in 2015. Supported by £1.3 million of Growth Deal funding, the investment will introduce measures to mimic natural flood management, helping to slow the flow of water across the catchment and reduce peak flows.

*[supporting quote from a business owner and image/video content to be inserted]*

### **Working with groups at the heart of our communities**

Through our CityConnect programme we've invested £170,000 to enable 22 organisations to provide tailored support in communities to help more people access employment, education, training and leisure opportunities by bike or on foot. Each project focused on providing solutions to specific barriers in their local area with initiatives ranging from pool bikes and bike loans to led cycles and walks.

*[supporting quote from a beneficiary and image/video content to be inserted]*

### **Speeding up journeys**

Work on the A629 between Halifax and Huddersfield has made bus services more reliable and punctual and improved facilities for walking and cycling on the route. The scheme, funded through our Transport Fund and jointly delivered by Calderdale and Kirklees Councils, has included widening the road at Salterhebble Hill and creating a vertical green wall which will help improve local air quality by absorbing carbon dioxide and nitrogen dioxide, as well as delivering biodiversity benefits for the area.

### **Providing low cost travel for young people**

Working in partnership with bus operators in West Yorkshire, we're connecting more young people to jobs and opportunities by making bus fares simpler and more affordable. Through the bus alliance, we've extended half-fare travel to all under 19s living in West

Yorkshire and introduced the MyDay bus ticket that offers daily countrywide bus travel for under 19s for just £2.75.

### **#futuregoals**

Our #futuregoals service provides advice and support to help young people choose their career paths, give them the right skills and experience to start work and provide vital links between education and employers. In 2018/2019 we worked with 177 schools and 258 businesses within our City Region.

*[supporting quote from a young person and image/video content to be inserted]*

*[To add:*

*Case study: Resource efficiency fund*

*Case study: Northern Powerhouse Rail]*

### **LEP annual review – 2018/ 2019**

*[can be pulled out as a standalone section to form part of the LEP Annual Delivery Plan]*

### **What is the LEP?**

We unlock the Leeds City Region's vast economic potential by enabling businesses to grow and develop. We work with partners across the public and private sectors, including the West Yorkshire Combined Authority, with the goal of stimulating growth that will create jobs and prosperity for everyone who lives, works and does business here.

*[LEP priorities infographic to be added to the online version]*

### **LEP impact – 2018/19**

This year has been significant for the LEP with 2018/19 seeing the LEP work even more closely with the Combined Authority to make a real difference to local people and our economy – and play a specific role in ensuring that projects and services meet the needs of our region's employers. Take a look at some of the highlights from the last year:

#### *Supporting businesses to grow*

The LEP is also responsible for directly delivering services to support growing businesses, inspire people to gain economically valuable skills and attract major investments.

This year, the LEP has:

- Supported over 1,200 business to grow and become more productive through the LEP Growth Service – taking the total number of businesses supported since 2015 to over 10,000
- Provided £6 million of LEP grants to help over 150 small and medium-sized businesses to grow
- Created 1,400 jobs through trade and investment activity
- Recruited almost 250 businesses to help school pupils develop work-ready skills through the Enterprise Adviser Network

- Helped over 250 businesses to reduce their energy bills and lower their carbon emissions through the Resource Efficiency Fund
- Helped city region businesses tap into new overseas markets through delegations to trade events including MIPIM, Arab Health in Dubai and Smart Cities in Spain as well as others in Hong Kong, China and Germany
- Launched a productivity pilot investing £500,000 in manufacturing businesses enabling them to invest in new equipment and processes
- Established a careers hub in Kirklees linking schools and businesses and worked with Burberry to develop a creative careers programme
- Supported business through offering 660 capital grants

### *Creating the environment for growth*

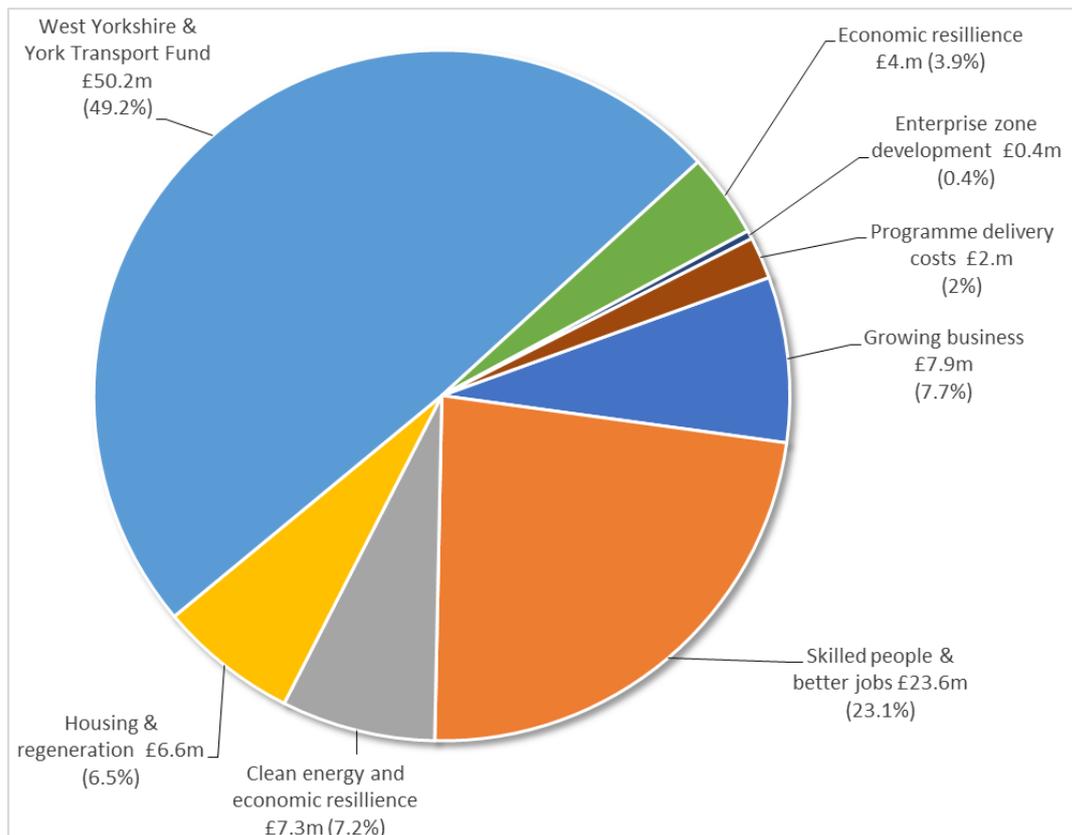
In 2014, the LEP secured a £1 billion-plus Growth Deal with Government which includes the West Yorkshire and York Transport Fund and provides funding for a significant number of Combined Authority and LEP projects and programmes. The LEP Growth Deal – the largest in the country - accelerates economic growth across the entire City Region by improving local transport links, accelerating housing growth and town centre regeneration, developing a skilled and flexible workforce, supporting growing businesses and building a zero carbon economy.

This year marked the halfway point in the delivery of the Growth Deal which, so far, has:

- Created 5,500 jobs
- Safeguarded 22,000 jobs
- Invested £335 million to support economic growth, job creation and transport improvements across the region
- Unlocked an extra £342 million of public and private sector investment
- Opened up land for over 1,900 homes to be built

The Growth Deal now includes 128 projects - 20 of these have now been completed, 35 have started on site and the remainder are in the development stages.

In 2018/19, we've invested our Growth Deal funding in the following areas:



This has enabled us to deliver:

- Increased Park and Ride opportunities across the region, including 170 new, free spaces created at Fitzwilliam, Mirfield and South Elmsall railway stations, with further schemes in development
- £2 million investment in new flood defences, including a scheme to protect 118 businesses in Skipton and the surrounding area
- Over £19 million of grant and loan investment in new, world-class college facilities, and £8 million match funding
- An additional 10 schemes to get underway, including the development of new housing and commercial sites in Wakefield city centre and Halifax town centre
- Significant progress on Enterprise Zones across the region, with Kirklees Lindley Moor West and South Kirkby starting on site and funding agreements in place for development works at Clifton and Staithgate Lane

**Case studies** [to be interspersed throughout this section of the document with quotes from beneficiaries where possible]

### Bringing Channel 4 to our region

In October, Channel 4 confirmed that Leeds City Region will be the home of its new national headquarters. The announcement followed two years of discussions with the broadcaster led by the LEP with support from partners across the region. The move, scheduled to take place in 2019, will see Channel 4 benefit from one of the youngest and fastest growing labour markets in the UK. It is also set to contribute to the creation of more than 1,200 jobs and an economic impact of £1 billion over the next decade.

### **The most transparent LEP in the country**

This year, the LEP has continued its journey to become the most transparent LEP in the country, implementing a series of measures that go much further than the national best practice guidance. The LEP now holds all its meetings and sub-committee meetings in public, publishes reports and minutes from its meetings on the Combined Authority website, and publishes details of grants awarded to businesses in Leeds City Region. The LEP also works to an Assurance Framework that ensures all funding is subject to a consistent level of rigour and scrutiny.

### **Roger Marsh OBE – Chair of the LEP**

[insert photograph]

Roger Marsh OBE has chaired the LEP since 2013 and in that time he has worked tirelessly to champion the City Region as a globally recognised place where people can build great businesses, careers and lives.

His outstanding contribution to the regional economy was recognised when he won the prestigious Ambassador award at the Yorkshire Business Masters Awards 2019.

In addition to his role at the LEP, Roger also chairs the NP11 – the influential body made up of the chairs of each of the 11 LEPs located within the Northern Powerhouse.

He is also Chair of The Piece Hall Trust, leading the independent charity tasked with transforming the Grade I Listed building in Halifax. He is a member of the Council of the University of Leeds and an Honorary Doctor of the University of Huddersfield. He is also the Yorkshire and the North East representative on the Institute of Directors Council.

Roger has more than 30 years' experience of business recovery, turnaround and insolvency including practical experience of dealing with challenging financial, operational and sensitive management issues within a wide range of sectors.

He was awarded an OBE in the Queen's Birthday Honours list in 2015 for Services to Business and the Economy.

## Business plan – 2019/20

### What's coming next?

In 2019/20 we will continue to work with our partners to deliver against the long term ambitions we have in place for our region, focusing on our four priorities:

- Boosting productivity
- Enabling inclusive growth
- Delivering 21st Century transport
- Supporting clean growth

### Plan on a page *[full page infographic style]*

In 2019/20, we'll invest in services and projects worth **£398 million** to benefit local people and the economy. As a result of this investment we will:

- Support **3,000+** businesses
- Invest **£105 million** of Growth Deal funding in major infrastructure schemes
- Enable **20 million** passenger journeys per year
- Support **18,000** disadvantaged students
- Complete projects to warm **750** homes and make them more energy efficient

### Our plans for 2019/20

#### *Boosting productivity*

We aim to help businesses to grow and bring new investment into the region to drive economic growth and create jobs. Over the coming year, we will:

- Support businesses in the City Region through the Brexit process and help them to manage the opportunities and challenges it may present
- Support 3,025 businesses in our region to grow and become more productive – with 1,035 receiving intensive support
- Develop five new business support programmes to respond to the changing economy and business needs, including a scheme to support 60 firms secure new investment
- Help 350 businesses to increase their overseas export activity
- Attract global investors to the region, creating 1,700 jobs and safeguarding a further 500
- Maximise the opportunities created by Channel 4's HQ relocation by securing additional investment in the creative and digital sectors
- Continue to deliver development projects for our Enterprise Zones

## *Enabling inclusive growth*

We aim to ensure that economic growth leads to opportunities for all who live and work in our region. Over the coming year, we will:

- Develop an Inclusive Growth Strategic Framework for the City Region which will identify strategic funding opportunities and partners and form the basis for an inclusive growth programme
- Embed inclusive growth principles in our business support programmes, including ensuring 75% of jobs created in businesses receiving grants through our Capital Grants Programme pay the real living wage or above
- Help 18,000 disadvantaged students prepare for careers with skills training and advice
- Help 1,000 people to learn new digital skills
- Enable 1,000 businesses to engage with education and skills initiatives and create 800 new apprenticeships
- Connect 5,277 homes and businesses in the City Region to superfast broadband
- Provide accessible transport services for 5,000 people with personalised transport needs
- Enable 40,000 young people to travel from home to school by coordinating services on behalf of our partner councils, with an investment of £3 million a year

## *Delivering 21<sup>st</sup> Century transport*

We aim to create efficient transport infrastructure that makes it easier to get to work, do business and connect with each other. Over the coming year, we will:

- Deliver £60 million of improvements to bus, road and rail travel funded through the Connecting Leeds programme
- Continue developing the bus alliance with operators to deliver better and affordable services for passengers
- Develop plans to build new railway stations at Elland, Leeds Bradford International Airport, White Rose and Thorpe Park, working closely with our partners and local communities
- Complete major new road schemes to reduce congestion on key commuter routes, including the Glasshoughton Southern Link Road and improvements to York Outer Ring Road
- Help more people feel the health, financial and environmental benefits of cycling and walking through our City Connect programme, working with schools, businesses and communities
- Continue to influence regional and national transport investment programmes, attracting more investment to our region
- Increase sales of MCard by 5%, resulting in over £34 million worth of MCards being purchased over the year
- Continue to develop our transport services by increasing digital payment options and information displays to make services easier and more convenient for people to use

## Supporting clean growth

We aim to grow our region's economy while also cutting greenhouse gas emissions, including carbon dioxide emissions. Over the coming year, we will:

- Enable 750 households to be warmer, save money and become more energy efficient through our Better Homes Yorkshire programme
- Continue the delivery of seven flood prevention schemes to reduce the risk of flooding and protect communities and businesses
- Provide sustainable travel advice to businesses, recruiting an additional 96 employer members to our Travel Plan Network
- Support a further 88 businesses to save money on their energy bills and use less water and waste through resource efficiency funding and advice
- Contribute to cleaner air by installing 88 ultra-low emission vehicle (ULEV) charging points for taxis with a goal of making 5.1% of our region's taxis ULEV by 2020
- Begin detailed feasibility work on 10 projects within the new Energy Strategy and Delivery Plan that will enable us to meet our region's energy needs and generate clean, low carbon energy
- Enable people to benefit from locally generated, low cost and low carbon energy through the Leeds PIPES network which will transfer heat into homes and businesses from summer 2019
- Set out how we will achieve our ambition to become a zero carbon City Region by 2036

**Case studies** *[to be interspersed throughout this section of the document]*

### **The Employment Hub**

The Employment Hub was launched this year to address current and future skills shortages within the Leeds City Region. The free service will help more than 6,000 young people aged 15-24 over the next three years. It will enable them to better understand the workplace and discover work and training opportunities across the region. Businesses will receive a free package of support including information on training opportunities, the benefits of hiring an apprentice and how investing in skills can boost productivity.

### **Completion of Skills Capital**

The £80 million Skills Capital programme – the largest package of skills capital investment in the country – will complete in 2019. The state-of-the-art Leeds City College Quarry Hill Campus will open in September 2019 after receiving Growth Deal funding. Other facilities supported include The Dewsbury Learning Quarter, Wakefield College Advanced Skills and Innovation Centre, Calderdale College and the Northern Dental Education Centre (NORDEC) at Bradford College.

### **Transport Fund investment in Bradford**

The West Yorkshire and York Transport Fund is continuing to be invested in a number of projects that will reduce journey times and improve air quality in Bradford. In May, work started on the £10.3 million Hard Ings Road Improvement Scheme in Keighley to improve road conditions and create better facilities for cyclists and pedestrians. Work will also start major junction improvements at the Harrogate Road New Line junction at Greengates and at three roundabouts on the A6177 Outer Ring Road.

## **Energy Strategy – Leeds PIPES**

Work is continuing to bring low carbon, lower cost heating and hot water to homes in Leeds whilst also cutting 22,000 tonnes of carbon emissions every year. The Leeds PIPES Network, which is part funded by the Growth Deal, uses super-insulated steel pipes to transfer heat from the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to homes and businesses in the city. Almost 2,000 homes will be connected between summer 2019 and autumn 2020.

## **LEP delivery plan – 2019/20**

[Can be ‘pulled out’ as a standalone section to form part of LEP delivery plan as required]

In 2019/20, the LEP will build on the progress of the last 12 months – going further and faster to deliver even greater benefits for the region.

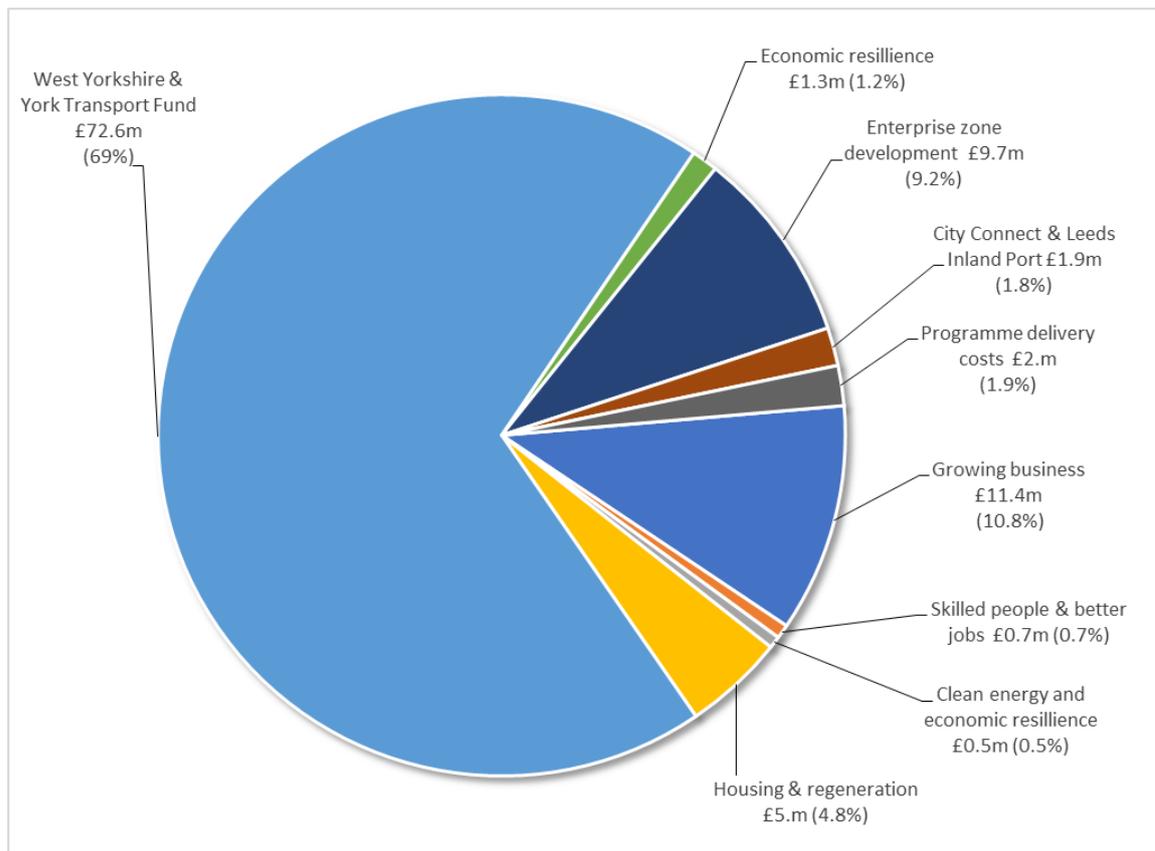
### **Plan on a page** *[full page infographic style]*

In 2019/20 the LEP will:

- Provide Growth Deal funding to deliver **10** major projects
- Support **3,025** businesses to grow
- Invest **£6 million** in business growth
- Create **1,700** jobs through inward investment activity
- Support **18,000** disadvantaged pupils with careers and enterprise encounters
- Help to create **800** new apprenticeships

### **Delivering the Growth Deal**

The LEP remains on track to achieve delivery of the largest Growth Deal in the country. In 2019/20 we will invest £105 million Growth Deal funding in the following areas:



This will enable:

- 10 projects to be completed
- 21 projects to start on site

The Growth Deal supports economic development, regeneration and transport projects. In earlier years, funding focussed on projects which could be started and delivered relatively quickly such as improving facilities at colleges within the City Region. Many of those projects have now been completed and the focus of Growth Deal expenditure has moved to transport projects. Transport projects are generally more complex and involve multiple stages of development including feasibility studies, the purchase of land and gaining of planning permission before construction can begin. This has resulted in a significant increase in spend on transport projects this year compared to previous years.

A full list of performance indicators can be found in [the technical appendix](#). Highlights include:

- The completion of Leeds City College – Quarry Hill campus which will open to students in September 2019
- Extension work on four railway station car parks to increase capacity and access to rail by creating 350 new parking spaces
- Supporting over 3,000 businesses through our business growth service
- Starting works at Harrogate Road – New Line in Bradford, a project to reduce congestion on the third most overcrowded road in the UK
- Continuing to deliver seven flood prevention schemes to protect homes and businesses
- Starting work on the construction of a new road as part of the East Leeds Orbital Route which will unlock land to for up to 5,000 new homes

## **Supporting businesses to grow**

In 2019/20, the LEP will continue its work to support growing businesses, inspire people to gain economically valuable skills and attract major investments. A full list of performance indicators can be found in [the technical appendix](#). Key success measures include:

- Delivering intensive support to 1,025 businesses, in partnership with local councils, to help create 650 jobs
- Helping 350 businesses trade overseas and develop stronger links with emerging markets
- Attracting 30 companies to invest in the region
- Helping 1,000 people upskill in sectors of skills shortage
- Relaunching the LEP Growing Places Fund using returned investment from previous programmes to unlock land for future homes and jobs

### **Pull out box: Delivering a return on investment**

The LEP Growing Places Fund was launched in 2012 to provide loan funding to support capital projects, focusing particularly on infrastructure and regeneration of brownfield land. To date, the programme has supported nearly 20 borrowers to kick-start projects, so far creating 829 jobs, 31 apprenticeships, 785 new homes and almost 59,000 square metres of commercial floor space. More than £16 million has been repaid so far with much more to follow, providing ongoing investment to support jobs and growth in the region.

## **Strategic activity and influencing**

This year, the LEP will also continue its strategic activity, working closely with a wide range of partners to influence policy-making for the benefit of the region. Key activities include:

### *Local Industrial Strategy*

The LEP, working in partnership with the York, North Yorkshire & East Riding Enterprise Partnership, will develop a Local Industrial Strategy, which will cover the proposed new LEP geography. Sitting at the heart of a long-term strategic policy framework, the strategy will focus on bold steps aimed at boosting productivity and driving both inclusive and clean growth for a post-2030 economy.

### *UK Shared Prosperity Fund*

The LEP will carry on its work with Government to help shape the new UK Shared Prosperity Fund, to support regional economic growth after the UK leaves the EU. The LEP will continue to call for this post-Brexit funding for local economic growth to exceed existing domestic and EU funding allocations for the Leeds City Region, and put more control of funding decisions in local hands.

### *NP11*

The NP11 is an influential, Government-funded body which is made up of the Chairs of the 11 LEPs located within the Northern Powerhouse. It is chaired by Roger Marsh OBE, the Chair of our LEP. It was established in 2017 by the Northern Powerhouse Minister, Jake Berry MP, to work with Government to deliver on the Northern Powerhouse ambition.

### *Transport for the North*

The LEP, working closely with the Combined Authority, will continue to be an active partner of Transport for the North (TfN) to ensure that the City Region's transport priorities are reflected both in the programme itself and through funding opportunities. Working with TfN, the LEP will also continue to champion the need for investment in our rail networks, particularly through HS2, Northern Powerhouse Rail and the Transpennine Route upgrade.

### *Strategic transport pipeline*

The LEP supports the Combined Authority's strategic transport plans, particularly the development of an integrated City Region transport network. These proposals will be developed in conjunction with the National Infrastructure Commission following the announcement that the region was one of five places they have chosen to work with to develop transport plans. The plans will be developed to align with our policies on infrastructure, housing and flood prevention.

### *Strengthening Local Enterprise Partnerships and Improving transparency even further*

The LEP remains committed to implementing the changes that Government has set out in its Strengthening Local Enterprise Partnerships report. This outlines how Government will work with LEPs to build on their achievements to date and strengthen their accountability. We are exploring a merger with the York, North Yorkshire and East Riding LEP to create a new LEP covering the whole of West and North Yorkshire. As we move forward with these plans, we will ensure the highest standards of transparency and accountability are upheld.

## **Delivering our priorities**

### **Our governance**

Our Combined Authority team supports the work of the Combined Authority itself and the Leeds City Region Enterprise Partnership (LEP). These two boards inform everything we do and take decisions about our investment.

### *Our boards*

#### **The Combined Authority**

The Combined Authority is made up of elected politicians from the councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield, plus York and the LEP Chair representing the views of business. All decisions - including those relating to investment - are approved at meetings in public of the Combined Authority which take place six times a year.

Meet our board:

*[Insert name, title and headshots]*

#### **The LEP**

The LEP Board, under a private sector chair, brings together business, council and university leaders – working with private sector businesses and industry bodies – to ensure that our work meets the needs of employers in the region. Its remit covers the whole of the Leeds City Region and also meets in public.

Meet our board:

*[Insert name, title and headshots]*

### *Transparency and accountability*

The Combined Authority and LEP Board are supported by a number of committees and advisory panels. All our meetings are held in public and information, including reports and minutes of every meeting, are available on our website.

As a public body, governance and scrutiny are vital parts of our work and the Combined Authority Overview and Scrutiny Committee is responsible for reviewing and scrutinising decisions or actions taken by the Combined Authority or the LEP. The Committee is made up of cross-party representatives from each of the West Yorkshire and York councils and provides challenge to the organisation - making reports and recommendations to the Combined Authority on its work and any issues that might affect the people who live and work in Leeds City Region.

### **Engaging with local communities**

Ensuring people have a chance to shape our work is key to developing policies, projects and services that meet the needs of the people that live and work in our region. To support this process, we have developed a digital engagement hub, known as YourVoice, which enables us to share information and source feedback electronically in a more interactive way. In the first twelve months since launching Your Voice we've had 83,600 page views across 22 projects with over 600 users registered to share their views.

### **Where our funding comes from and how we spend it**

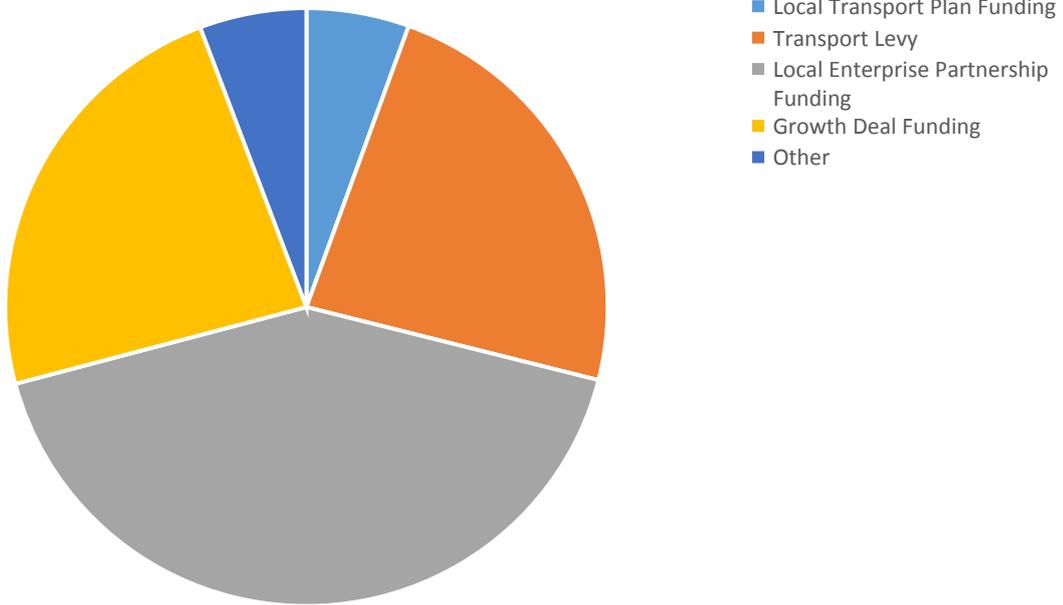
As a public body we must ensure that our budget is balanced. The majority of our revenue funding comes from the transport levy that West Yorkshire councils collect as part of their council tax and other transport funding. Of this, £47 million goes directly towards providing free travel for older people, which is a statutory obligation. The rest goes towards activities that we have determined as local priorities, including concessionary fares for young people, socially necessary bus services for vulnerable people or those living in isolated areas and travel information services.

Capital funding comes through the LEP Growth Deal, our West Yorkshire-plus Transport Fund and other investment grants that support our capital infrastructure programmes, including improvements to road, rail and cycleways, regeneration schemes, new college facilities and housing developments.

We also bring in government, European and private sector funding to support our economic services and support for businesses. Private sector sponsorship pays for increasing amounts of our trade and investment work to attract new companies to the region, and we generate income through our bus stations and sales of our MCard.

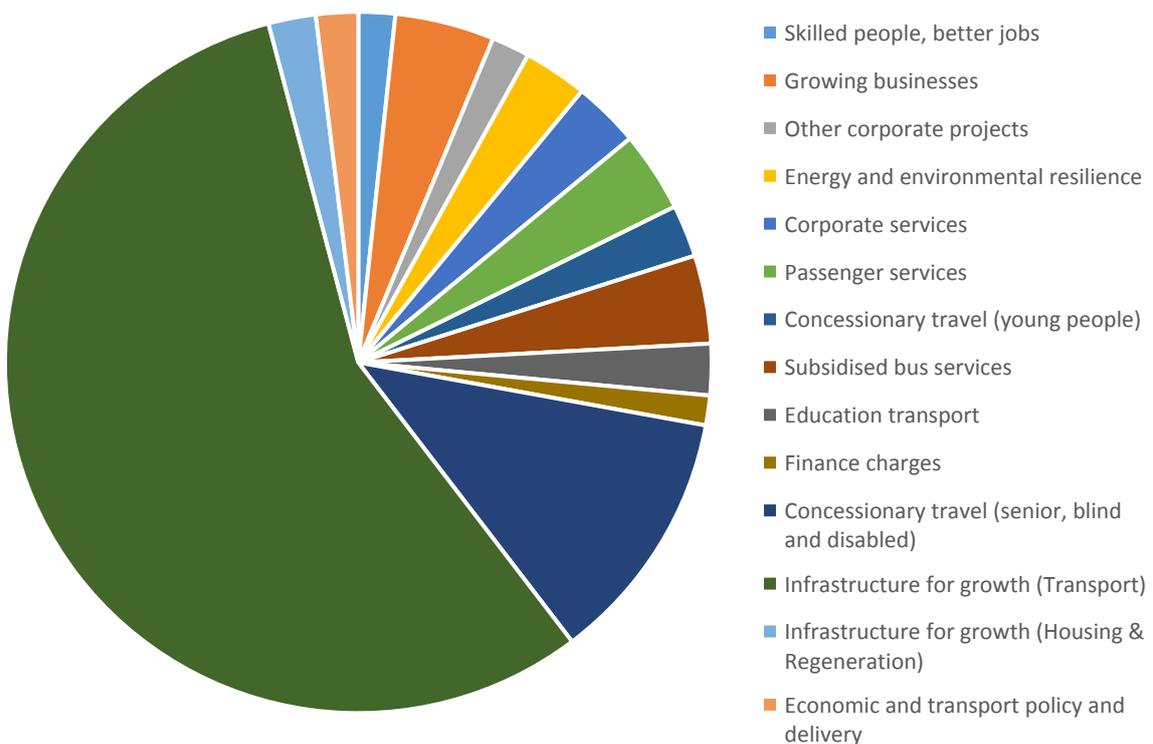
### Where our funding comes from in 2019/20

Total income: £398 million



### How we will spend our money in 2019/20

Total budget: £398 million



## Our partners

Partnership working is at the heart of everything we do. In 2019/20, we'll continue to work with our partners to move further towards our vision for our region.

Combined Authority members:

*[Insert logos]*

Working with:

*[Insert headshots for LEP Board members]*

*[Insert logos]*

## Find out more

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**West Yorkshire Combined Authority - Summary**

91%

Title	Budget 2018/19 £	February 2019 Actual £	%		RAG	Forecast 2018/19 £
<b>Expenditure</b>						
Salary & Pay Related Costs	20,919,698	17,348,051	82.9%	Reflects above average staff vacancies during the year		18,877,390
Indirect Employee Related Costs	556,450	688,716	123.8%	Overspend attributable to recruitment costs to vacant posts - see above		805,350
Premises Related Costs	6,184,194	5,322,447	86.1%	Spend in line with expectations - rents, rates paid in advance		6,414,684
Travel, Transport & Subsistence Related Costs	112,984	115,171	101.9%	Spend in line with expectations		123,402
Member Related Costs	153,168	129,878	84.8%	Spend in line with expectations		153,168
Office Supplies & Services	540,050	566,105	104.8%	Spend in line with expectations - spend profile not even during the year.		664,952
ICT & Telephony Costs	2,342,778	1,974,364	84.3%	Spend in line with expectations - ICT & telephony charges paid in advance		2,274,960
Professional & Consultancy Fees	2,296,718	1,884,339	82.0%	Spend in line with expectations		2,533,153
Corporate Subscriptions	39,398	25,750	65.4%	Spend in line with expectations - corporate memberships paid in advance		19,783
Marketing & PR Costs	1,315,079	1,002,011	76.2%	Spend in line with expectations - significant proportion of costs recovered		1,430,276
Insurance	279,400	304,941	109.1%	Small overspend due to impact of previous year claims history		302,400
Operator Payments (Transport)	27,397,250	25,992,774	94.9%	Spend slightly ahead of expectations - plans in place to address before year end		26,557,978
Pre Paid Ticket Cost	31,500,000	30,378,777	96.4%	Cost matched by income (see below) ##		32,500,000
Concessions	56,270,200	51,263,974	91.1%	Spend in line with expectations		55,445,118
Additional Pension Costs	2,245,800	2,074,410	92.4%	Spend in line with expectations - impact of one annual payment £1.3m		2,204,800
Financing Charges	5,670,000	2,156,873	38.0%	Spend in line with expectations - charges accrued at the year end		4,930,000
Grants	3,893,861	633,241	16.3%	Low spend below expectations - due to timing of payments		664,101
Other Miscellaneous Costs	514,958	305,708	59.4%	Spend in line with expectations		1,465,332
Contribution to External / Related Parties	277,606	81,885	29.5%	Spend in line with expectations - further spend expected in quarter three		283,379
Additional Savings Target	(1,455,000)	0	0.0%	Staff budget saving target - to offset against savings in salary budget above.		0
Contingency	200,000	0	0.0%	Pay award - to add to salary / pay budget		0
<b>Total Expenditure</b>	<b>161,254,592</b>	<b>142,249,415</b>	<b>88.2%</b>			<b>157,650,226</b>
<b>Income</b>						
Rail Admin Grant	(918,000)	(804,833)	87.7%	Received in arrears - forecast is £878k due to reduction		(878,000)
LEP General Funding Income	(1,234,000)	(613,131)	49.7%	Received in arrears and towards year end		(1,234,000)
Growing Places Fund Interest	(200,000)	(238,433)	119.2%	Received in arrears - currently at year end		(380,000)
Enterprise Zone Receipts	(1,968,000)	(821,459)	41.7%	10 instalments - nine received to date		(1,618,849)
Transport Levy	(94,198,000)	(94,198,000)	100.0%	Received in full at the start of the year		(94,198,000)
Bus Service Operator Grant (BSOG)	(1,942,000)	(2,063,592)	106.3%	Received in arrears		(2,063,592)
Education Contribution to Transport	(6,768,000)	(3,896,725)	57.6%	Some receipts in advance / others in arrears. Overall on budget.		(6,768,000)
Bus Station Tenant Income	(1,472,464)	(1,294,187)	87.9%	Received in arrears		(1,487,236)
Bus Station / Services - Other Income	(2,866,121)	(1,904,287)	66.4%	Received in arrears		(2,876,477)
Admin Recharges	(2,247,672)	(1,919,443)	85.4%	Received in arrears		(2,225,629)
Capitalisation of Revenue Costs	(6,803,125)	(5,236,113)	77.0%	Income matches expenditure (see above) ##		(4,110,405)
Pre Paid Ticket Income	(31,500,000)	(30,378,777)	96.4%	Received in arrears - being reviewed with budget holders.		(32,500,000)
Other Income	(7,684,973)	(3,984,167)	51.8%			(6,307,021)
<b>Total Income</b>	<b>(159,802,355)</b>	<b>(147,353,146)</b>	<b>92.2%</b>			<b>(156,647,209)</b>
<b>Net Expenditure</b>	<b>1,452,237</b>	<b>(5,103,731)</b>	<b>-351.4%</b>			<b>1,003,018</b>

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

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

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

**Author(s):** Henry Rigg and Lorna Holroyd

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

## 1. Purpose of this report

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

## 2. Information

- 2.1 In early 2018, the LEP Board and the Combined Authority agreed that work should begin on the development of a Policy Framework and Local Inclusive Industrial Strategy (LIIS) for Leeds City Region.
- 2.2 As initial discussions around the Policy Framework and the LIIS progressed, it was identified that an opportunity existed to secure increased inclusive growth commitments from recipients of capital grants on the Business Growth

programme (BGP), including an incentive to pay the Real Living Wage for jobs created as a condition of the grant awards.

- 2.3 The Business, Innovation and Growth (BIG) Panel considered a paper on the introduction of inclusive growth conditions for BGP recipients at its meeting on 7 March 2018. The revised criteria and associated conditions were then approved by the LEP Board at its meeting on 27 March 2018 and Combined Authority on 10 May 2018. The new criteria were implemented for business applicants to BGP from July 2018.
- 2.4 The Combined Authority asked for a review to be undertaken after six months to assess the initial effectiveness of the approach, and to inform decisions as to whether to continue and/or expand the approach further.

#### Review of Initial Effectiveness

- 2.5 Prior to the introduction of the revised criteria, analysis of BGP grants awarded in the previous 12 months (June 2017 to June 2018) showed that **58% of the jobs created** were paying the Real Living Wage or above.
- 2.6 Since the introduction of the new criteria in July 2018, 62 BGP applications have been approved. These applications are linked to the creation of 321 new jobs, 216 of which are proposed to pay above the Real Living Wage. This represents **67% of all of the jobs to be created** via the investment projects to be supported on BGP. So far, 15 of these jobs have been created, 10 of which are paying at least the Real Living Wage, and this will continue to be closely monitored as the supported projects progress and the associated jobs are filled.
- 2.7 13 BGP applications of above £50,000 have been approved since the introduction of the new approach. Applicants at this grant level are required to commit to additional inclusive growth interventions, as well as creating new jobs, and so far, 30 such commitments have been secured. A list of inclusive growth commitments has been developed, and support is available from the LEP/Combined Authority, and its partners, such as Jobcentre Plus and Local Authorities, to implement them.
- 2.8 The current commitments include: - Inspire the next generation by working with schools and/or colleges; Develop a Skills Plan including apprenticeships; Offer training to low paid staff to help them progress; Offer work opportunities to local people with disabilities or health issues; Offer more sustainable 'green travel' options to employees; Undertake an energy audit to identify ways to reduce energy consumption; Undertake a supply chain audit to identify opportunities to buy more from local suppliers; Pay small business suppliers in accordance with the Prompt Payment Code - <http://www.promptpaymentcode.org.uk/> - including a commitment to pay all suppliers within 60 days and to commit to 30 days as the norm; Commit to paying staff the Real Living Wage within an agreed timescale.

- 2.9 Informal feedback from businesses has been positive to date, with the majority being receptive to the new approach. As perhaps expected, smaller businesses have expressed some concern related to their more limited resources to implement the commitments, and the financial pressure of paying the Real Living Wage.

Broadening the inclusive growth approach

- 2.10 At its meeting on 14 September 2018, the Combined Authority's Overview and Scrutiny Committee considered a report on the business grants currently delivered by the Combined Authority/LEP. This covered an update on the outputs associated with each grant programme and the recent introduction of the inclusive growth approach for capital grants.
- 2.11 The Committee recommended that consideration be given to extending the inclusive growth approach to the grant elements of all business support programmes and also to grants of all values.
- 2.12 The LEP currently manages eight grant programmes for businesses (and has contributed match funding to a further two managed by Leeds City Council on behalf of the City Region). LEP grant programmes are listed in Appendix 2. Across these programmes, 896 grants were approved in 2017/18, and 594 have been approved to date in 2018/19, which demonstrates the high volume of transactions and businesses supported.
- 2.13 The BIG Panel considered the outcome of the six-month review and the recommendations of the Overview and Scrutiny Committee at its meeting on 26 February 2019. A summary of its response is as follows: -
- The Panel remains committed to the importance of inclusive growth and of supporting businesses to develop their employees, increase wage rates, continually improve and contribute to the City Region's economic, social and environmental priorities. In this regard, it is supportive of continuing the approach.
  - The Panel believes that the approach needs to be proportionate in relation to the size of the business, and was specifically concerned about the impact on smaller businesses that are less likely to have the resources to meet additional commitments. This is particularly the case with grants of smaller values e.g. those under £25,000.
  - The Panel thinks that the current £50,000 threshold for additional commitments to be delivered by grant-recipients remains appropriate, but that this could be reduced to recipients of grants over £25,000 as long as support was available from the LEP and its partners to put in place the required one commitment. It was suggested that this should be tested and closely monitored for a period to determine take-up and inform next steps.
- 2.14 The above was also considered by members of the Inclusive Growth and Public Policy Panel on 1 March 2019. The members were similarly supportive of the criteria and commitments, welcomed the leadership role of the LEP in pioneering this approach and commended the good progress to date. They

particularly stressed the inherent value from an inclusive growth perspective of supporting the low carbon agenda through encouraging businesses to adopt more holistic approaches to recycling and reuse, as well as continued support for employers to recruit apprentices.

- 2.15 The Overview and Scrutiny Committee (OSC) met on 22 March 2019 and considered the progress to date as well as the proposals for extending inclusive growth criteria and commitments ahead of the LEP Board. The Committee's recommendations were that commitments around the Prompt Payment Code should be strengthened, particularly for larger businesses, and that priority should be given to commitments related to the employment of people with disabilities and those that have been out of the employment market for longer periods. Furthermore, the OSC reiterated its view that the criteria and commitments should be applied to all business support programmes with grant elements, and also stressed the importance of businesses offering higher-level apprenticeships.
- 2.16 LEP Board duly considered the proposals and consultation feedback above, including the benefits and risks of extending/adapting the approach to other grant programmes in the LEP's portfolio. Members of the LEP Board advocated an ambitious approach to inclusive growth which actively seeks appropriate levels of commitment from businesses in receipt of grants whilst also balancing the risk of added bureaucracy and unnecessary hurdles which might prevent businesses from engaging with the LEP.
- 2.17 LEP Board members suggested the use of case studies, awards and peer-to-peer influence as good methods of raising the profile of companies reaping the business benefits of employing inclusive growth practices, as also highlighted in the anchor institutions field. It was agreed to promote the commitments relating to employment opportunities for people with disabilities and/or health issues more strongly, and to ensure that the skills plan commitment includes workforce learning. Looking ahead, the Board considered the remit of grant programmes in supporting employment objectives and acknowledged the continued need for incentivising jobs growth in areas of high unemployment, whilst also testing out more productivity-led approaches linked to job quality in the current LEP Productivity Pilot.
- 2.18 A revised model for extending the principle of Inclusive Growth criteria and commitments to all LEP business grants was agreed by the LEP Board taking into account the feedback gathered to date. This incorporates incentive-based criteria linked to the Real Living Wage for all programmes which create jobs, thus building on the success of the BGP experience to date. It also extends the list of Inclusive Growth Commitments to the wider range of grant programmes and includes a lower threshold (£25,000 and above) at which grant recipients will be asked to make commitments as a condition of the grant.
- 2.19 Those businesses receiving grants of between £10,000 and £24,999 will be expected, and supported, to deliver one commitment, albeit not as a grant condition, and commitments will be voluntary for those receiving grants below

£10,000. The effect on business behaviour and the take-up of support will be closely monitored to inform any required changes. The proposals agreed by the LEP Board are set out at Appendix 1 and their application is summarised by grant programme at Appendix 2.

### **3. Inclusive Growth Implications**

- 3.1 This policy makes a direct contribution to the inclusive growth agenda by seeking additional commitments from businesses to a range of inclusive growth actions, as well as incentivising payment of the real living wage, and extends its reach to more businesses than previously in scope.

### **4. Financial Implications**

- 4.1 There will be financial implications arising from the recommendation to extend inclusive growth commitments more widely, such as the need for additional resource to monitor the delivery of the commitments to a much larger cohort of businesses.
- 4.2 Financial penalties could also be incurred from grant funding bodies if outputs, outcomes and expenditure targets are not met in the event of fewer businesses engaging with programmes, if the additional commitments act as a disincentive to participation to significant numbers of businesses.

### **5. Legal Implications**

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

### **6. Staffing Implications**

- 6.1 There will be additional staffing implications in a number of teams involved in promoting, contracting and monitoring the proposed approach across a larger range of grants, which would need to be monitored as the volume of grant commitments increases and resources would have to be reallocated from within existing programme budgets to address this.

### **7. External Consultees**

- 7.1 No external consultations have taken place since the original market testing with businesses prior to the introduction of the approach. The report's recommendations were, however, previously considered by the BIG Panel on 26 February 2019, with members of the Inclusive Growth & Public Policy Panel on 1 March 2019 and Overview and Scrutiny Committee on 22 March, prior to the LEP Board decision on 26 March.

### **8. Recommendations**

- 8.1 That the Combined Authority considers the progress to date on the implementation of the new Inclusive Growth criteria and commitments to the Business Growth Programme (BGP).

- 8.2 That the Combined Authority endorses the proposal to continue the approach to inclusive growth for recipients of business grants.
- 8.3 That the Combined Authority adopts the LEP Board's decision to extend the Inclusive Growth criteria and commitments to the full range of LEP business grants as set out in Appendices 1 and 2.
- 8.4 That the Combined Authority notes that the approach should be closely monitored for another six-month period.

**9. Background Documents**

None.

**10. Appendices**

**Appendix 1** – Proposed inclusive growth criteria and commitments

**Appendix 2** – List of LEP grant programmes and their contribution to Inclusive Growth

## Appendix 1 - Proposed Inclusive Growth Criteria for Rollout

### A. Job Creation: Real Living Wage Incentive

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

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

- Investment projects must create permanent new jobs in the Leeds City Region
- Applicants will be incentivised to employ staff on or above £9 per hour, by allocating more grant per new job for those paying that rate
- All new jobs funded by the LEP grant must be paid at least the National Living Wage or Minimum Wage (£8.21 per hour from age 25+ as of April 2019)
- Apprenticeship jobs are permissible but applicants are expected to pay the apprentice at least the National Minimum Wage appropriate for the age of the apprentice (rather than the lower national apprenticeship wage)
- For each new job created, the following maximum amounts will be available to the applicants:

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

### B. Inclusive Growth Commitments

Businesses receiving grants will be also expected to deliver additional Inclusive Growth commitments as outlined below:

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

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

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

## Appendix 2 – Proposed application of Inclusive Growth to Leeds City Region Enterprise Partnership (LEP) Grant Programmes

Grant Scheme	Purpose	Range of grant awards £	Value and number of grants approved (April 17 – March 18)	Value and number of grants approved (April 18 - January 19)	Primary outputs / outcomes	Covered by Real Living Wage criteria (See Appendix 2 Section A)	Covered by Inclusive Growth commitments (See Appendix 2 Section B)	Completion date and impact report
Business Growth Programme 217	Provides capital grants to businesses within priority sectors that enable them to grow and create new jobs.	£10,000-250,000	£2,233,596 (24 grants)	£2,827,636 (55 grants)	Jobs created	Yes	Yes	March 2021  Impact report Summer 2019 & Summer 2021
Access to Capital Grants (A2CG)	Provides capital grants to SME businesses with projects linked to innovation, digital, supply chain and start-up. Also provides funding for the grant element of Strategic Business Growth and part funds the grant element of Access Innovation.	£10,000-£100,000	£3,762,882 (149 grants)	£1,207,733 (43 grants)	Jobs created	Yes	Yes	March 2021  Impact report Summer 2019 & Summer 2021)

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

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

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

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **European Structural and Investment Funds (ESIF) – Sustainable Urban Development (SUD)**

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**Director:** Angela Taylor, Director of Corporate Services

**Author(s):** Heather Waddington

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	Paragraph 3

## 1. Purpose of this report

- 1.1 That the West Yorkshire Combined Authority (Combined Authority), in its role as the Intermediate Body (IB) for the SUD part of the ESIF programme, approve the advice included in the outline assessment form at Part 3 of Appendix 1 and the respective conditions. The assessment form will be then submitted to the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

## 2. Information

### Republishing of the Call for Projects

- 2.1 On 6 April 2017, the Combined Authority considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to them in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 The Combined Authority, at the 29 June 2017 meeting, agreed for the SUD Call to be published in July 2017 by the Managing Authority (MA), MHCLG.

- 2.3 The Combined Authority selected the first round of projects to progress to full application stage following final reconciliation to the available budget by the MHCLG as MA for the funds. This resulted in four out of the five selected projects asked to progress to full application in February 2018, with one project placed on a reserve list should funds become available. Given the high attrition rate a new Call was published on Friday 8 June 2018 and closed 27 July 2018 by the MA. A further eight applications were received, considered late 2018 and four further applications were selected to progress to full application.
- 2.4 However, despite a good response to the second round call a third round call was published. The Call was not materially changed from that previously approved. The Call grant value was £7m.
- 2.5 In response to this third Call one outline application has been received and which is presented to the Combined Authority. The Investment Committee, at its meeting on 12 April 2019, considered and endorsed the advice contained in the outline assessment in order to advise the Combined Authority acting as the Intermediate Body for SUD, to inform its decision with regard to project selection.
- 2.6 The assessment of the outline application is attached to this report as Exempt **Appendix 1** together with a covering note (Exempt **Appendix 2**). The Combined Authority is requested to approve the advice provided in part 3 of this assessment.

### **Selection Process and Assessment Form**

- 2.7 The selection process for SUD, part of the ESIF programme has been set out in guidance notes issued to the IB by MHCLG, as the MA.
- 2.8 The outline application has been assessed for local strategic fit based on the Leeds City Region ESIF SUD Strategy. In considering the strategic fit a qualitative approach has been used to assess the following to come to an overall view:
- Does the proposed operation contribute to the needs/opportunities identified in the Call to which it is responding?
  - Does the proposed operation aligns to the local growth needs set out in the local ESIF (SUD) Strategy?
- 2.9 In addition advice has been provided to the MA on:
- 2.9.1 **Value for money** – the operation must represent value for money. In assessing value for money, the MA takes account of:
- efficiency: the rate/unit costs at which the operation converts inputs to the fund outputs;

- economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality;
- effectiveness: the extent to which the operation contributes to programme output targets, results and/or significant strategic impact at the local level;
- that the investment will deliver activities and impacts that would not otherwise take place;

### 2.9.2 Deliverability

- The operation is deliverable within the requirements of the fund specific operational programme taking account risks, constraints and dependencies.
- Evidence has shown that this type of operation is effective, the risks have been considered and appropriate mitigations put in place.

2.10 Assessment forms are designed and owned by MHCLG. The Assessment form is split in to 5 sections and each completed by either the Combined Authority or the MA as follows:

- **Part 1**, summary project details – completed by MHCLG
- **Part 2**, the gateway assessment - completed by MHCLG
- **Part 3**, the IB's assessment – completed by the Combined Authority
- **Part 4**, the MA's assessment - completed by MHCLG
- **Part 5**, selection decision — completed by the Combined Authority (5a) and MHCLG (5b).

2.11 Following the approval of the Combined Authority's selection decision and advice, the assessment will be finalised and forwarded to the MA, who will then finalise its assessment (taking account of the advice provided by Combined Authority), and make its selection decision.

### **Undertaking the Assessment**

2.12 In line with the agreed West Yorkshire Combined Authority IB Conflict of Interest Statement and Operating Protocol – all outline applications are considered by the Appraisal Team, under the responsibility of the Combined Authority's Head of Research and Intelligence, who has undertaken their own assessment in line with the criteria outlined above.

2.13 Only projects that pass both the Combined Authority's and the MA's selection criteria will be invited to submit a full application. A failure to meet either Combined Authority's or the MA's selection criteria will result in rejection of the project.

- 2.14 If the total value of projects that pass both the Combined Authority's and the MA's selection criteria does not exceed the budget attached to the Call the MA will invite full applications for these projects.
- 2.15 Having concluded the assessment process the MA will, if it determines the project may proceed, invite the applicant to submit a full application. The MA will, in the spirit of joint working, meet with the Combined Authority at the conclusion of this reconciliation to clarify its decision.

### **3. Inclusive Growth Implications**

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

### **4. Financial Implications**

- 4.1 MHCLG, as MA for the funds, is responsible for the issuing of funding agreements, paying projects and general contract management. The funding within the Strategy (€19.95m) is a notional budget and is part of the ESIF ERDF programme. All finances go directly through MHCLG's accounts not the Combined Authority's.

### **5. Legal Implications**

- 5.1 The information contained in **Appendices 1 and 2** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.
- 5.2 The risks of non-compliance with regard to the delegated function of the Combined Authority as an Intermediate Body were previously outlined at the meeting in March 2017.

### **6. Staffing Implications**

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

### **7. External Consultees**

- 7.1 MHCLG have been consulted in their role as Managing Authority in the production of this report.

### **8. Recommendations**

- 8.1 That the Combined Authority, in its role as the Intermediate Body for the SUD part of the ESIF programme, approve the advice included in the outline assessment form and any respective conditions at Part 3 of Appendix 2.

**9. Background Documents**

There are no background documents referenced in this report.

**10. Appendices**

Exempt Appendices 1 - 2

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

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

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

**Author(s):** James Hopton, Patrick Bowes

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

## 1. Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for Leeds City Region.

## 2. Information

- 2.1 This report presents recent developments in the global, national and local economies. The report is now produced on a regular, quarterly basis. As such the latest available version will be presented for each meeting. When no new report is available from the previous meeting, a brief update will be provided covering any recent major developments.

The version presented here is the February 2019 Economic Update.

### Main national and international headlines

- 2.2 The main national and international headlines include:

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

### 2.3 Leeds City Region economic headlines

For Leeds City Region, the key headlines include:

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

Fieldwork for the 2019 Leeds City Region Business Survey recently concluded. The survey spoke to a representative sample of 2,000 City Region businesses between January and March 2019. Full results will be available from April and will be reported to the next Combined Authority meeting. However, early analysis of headline findings around Brexit has been provided.

- 33% of businesses said they felt Brexit would have a detrimental impact, compared to 11% saying it would be beneficial. This compares to 28% and 10% in the 2017 survey respectively.

- Companies in manufacturing, construction and other production industries are more likely to say Brexit will be beneficial, whereas those in logistics and financial services are more concerned about the implications.
- 15% of respondents identified opportunities in Brexit, with an increase in customers/demand, less restrictive regulation and more investment in UK or home grown products all mentioned by 2% of respondents.
- 60% of businesses identified some risk from Brexit, with higher costs (identified by 10% of respondents) general uncertainty / lack of confidence (8%) and the loss of customers (7%) the most frequently mentioned.
- 82% of respondents said they were not at all reliant on EU migrant workers, with 8% saying they were quite or heavily reliant. However, among medium and larger companies, 18% are either quite or heavily reliant on EU workers. The hospitality sector has the highest reliance, with 13% of companies either quite or heavily reliant.

#### 2.4 Brexit commentary and assessment

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

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

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

### **3. Inclusive Growth Implications**

3.1 There are no inclusive growth implications directly arising from this report.

### **4. Financial Implications**

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

### **5. Legal Implications**

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

### **6. Staffing Implications**

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

**7. External Consultees**

7.1 No external consultations have been undertaken.

**8. Recommendations**

8.1 That the Combined Authority notes the analysis presented in the economic update and dashboard.

**9. Background Documents**

9.1 There are no background documents associated with this report.

**10. Appendices**

Appendix 1 – Leeds City Region Economic Update Report

Appendix 2 – Leeds City Region Economic Dashboard

## ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, FEBRUARY 2019

### Key points at glance

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

#### **National and international headlines**

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

#### **Key City Region and local developments**

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

#### **Brexit implications and conclusions**

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

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

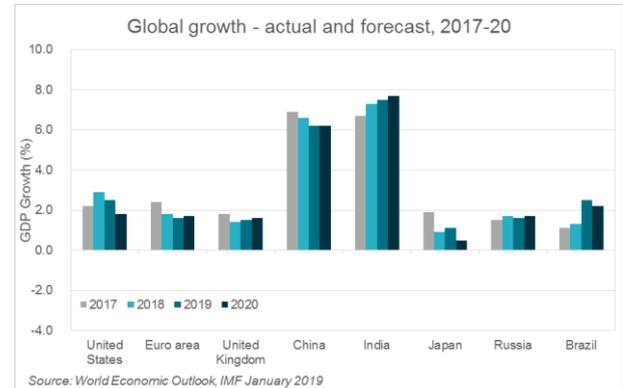
## ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, NOVEMBER 2018

### Introduction

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

### Global economic and political developments

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



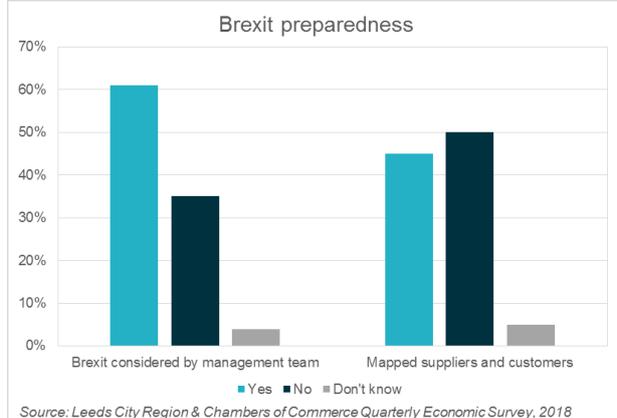
**Global economy summary:** There is a broad based slowdown in economic activity, partly driven by global, cyclical factors but also a range of country-specific issues. This trajectory is expected to continue in the coming months, leaving British businesses facing a combination of uncertain conditions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

## UK economic dashboard

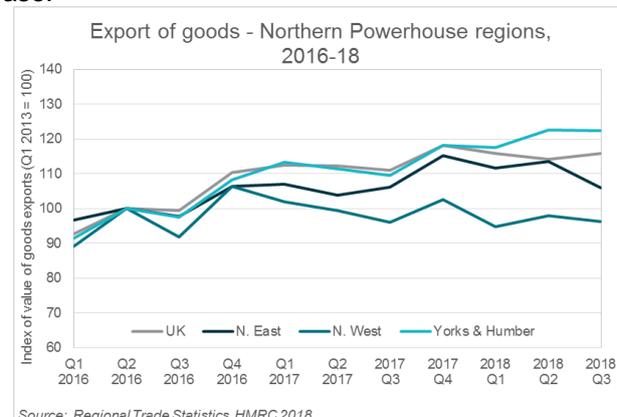
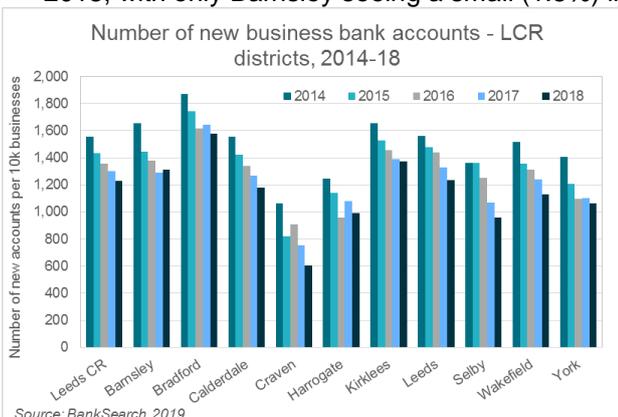
Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	<p>UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The service sector expanded by 0.4% but manufacturing (-0.9%) and construction (-0.3%) both contracted.</p> <p>The UK economy as a whole saw output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

## Leeds City Region – Business Performance and Trade

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



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



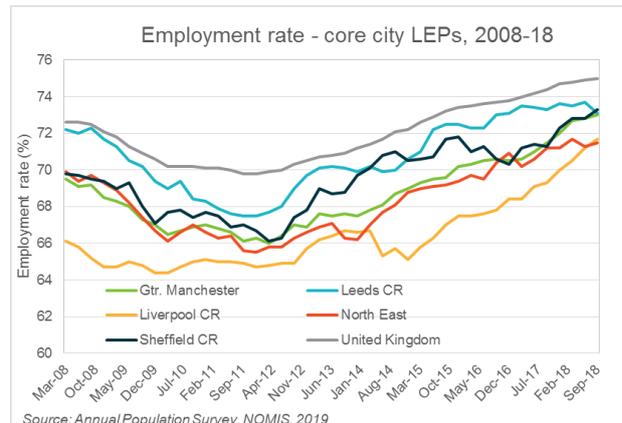
- The value of goods exported from Yorkshire & Humber was largely unchanged between Q2 2018 and Q3 2018 at £4.55bn. There was a 1.6% drop in EU exports, and a 2.2% increase in trade with other markets.
- Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.

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

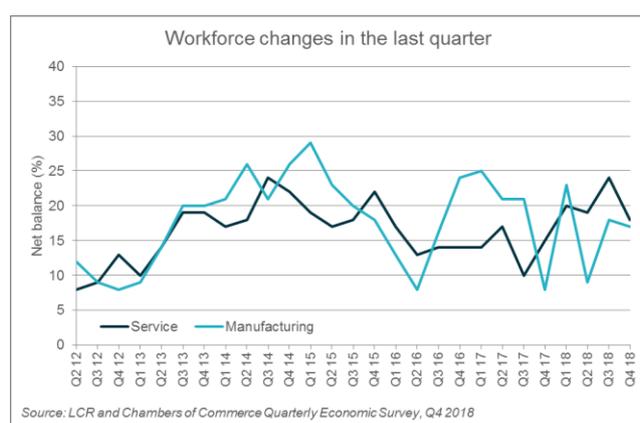
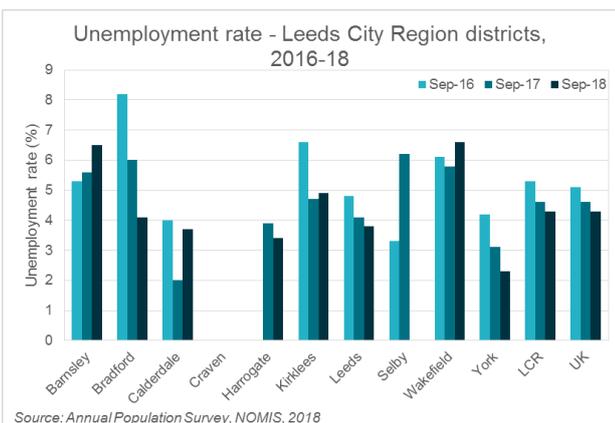


## Leeds City Region – Labour Market

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



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



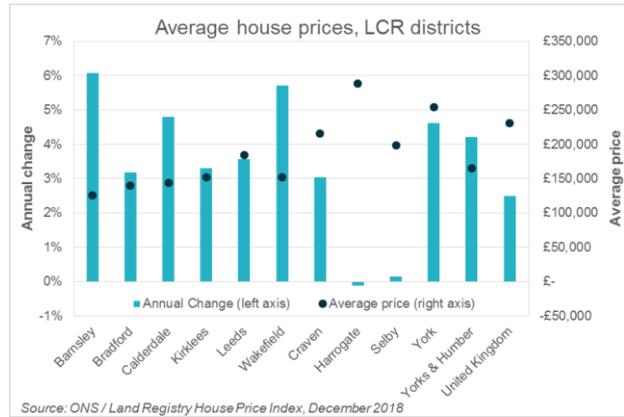
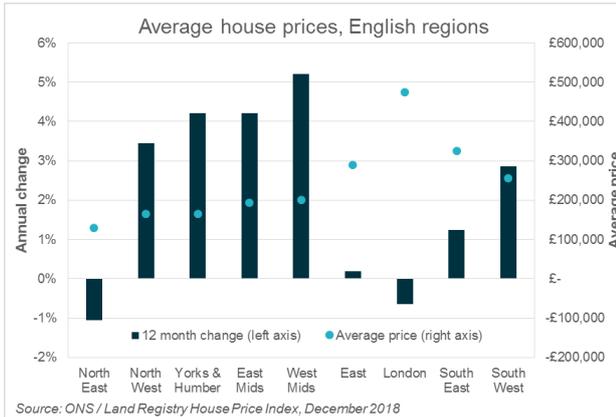
- Looking at unemployment, there was again a split between West Yorkshire and other parts of the City Region, with most non-West Yorkshire districts seeing unemployment fall, offsetting a 1,100 increase across West Yorkshire as a whole. Bradford was the only West Yorkshire district where the number out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

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

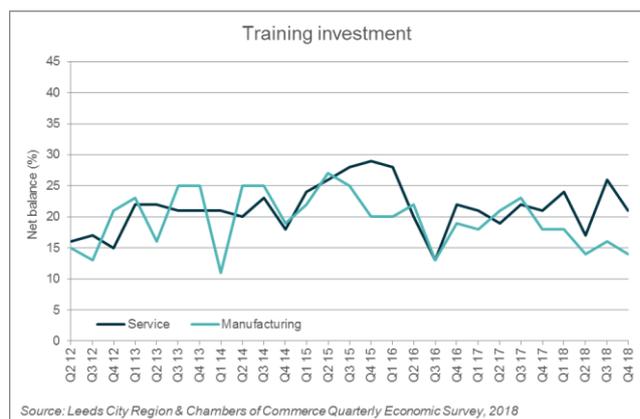
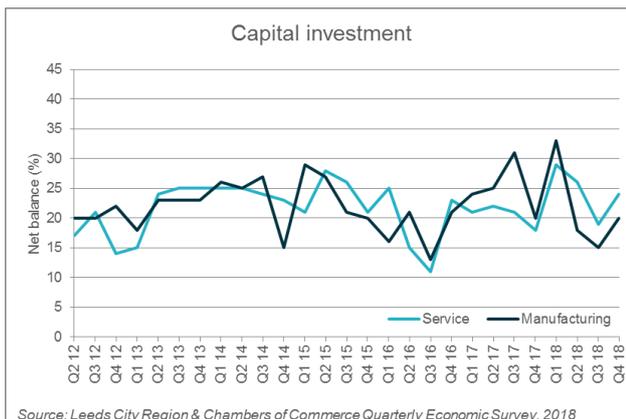


## Leeds City Region – Housing, Property and Investment

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



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



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

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



## Conclusions and outlook

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

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

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

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**Report to:** West Yorkshire Combined Authority

**Date:** 25 April 2019

**Subject:** **Minutes for Information**

**Director:** Angela Taylor, Director of Corporate Services

**Author(s):** Ruth Chaplin

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

## 1. Purpose of this report

- 1.1 To provide Members with details of the minutes of committees and panels that have been published on the West Yorkshire Combined Authority's website since the last meeting.

## 2. Information

- 2.1 The following minutes have been published on the West Yorkshire Combined Authority's website and can be accessed [here](#):

- Transport Committee held on 11 January 2019
- Governance & Audit Committee held on 17 January 2019
- Overview & Scrutiny Committee held on 18 January 2019
- LEP Board held on 23 January 2019
- Green Economy Panel held on 29 January 2019 (Draft)
- Place Panel held on 31 January 2019 (Draft)
- Investment Committee held on 6 February 2019
- Business Innovation & Growth Panel held on 26 February 2019 (Draft)
- Employment & Skills Panel held on 28 February 2019 (Draft)
- Investment Committee held on 13 March 2019

- Transport Committee held on 15 March 2019 (Draft)
- Governance & Audit Committee held on 21 March 2019 (Draft)
- LEP Board held on 26 March 2019 (Draft)

### **3. Inclusive Growth Implications**

3.1 There are no inclusive growth implications directly arising from this report.

### **4. Financial Implications**

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

### **5. Legal Implications**

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

### **6. Staffing Implications**

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

### **7. External Consultees**

7.1 No external consultations have been undertaken.

### **8. Recommendations**

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

### **9. Background Documents**

There are no background documents referenced in this report.

### **10. Appendices**

None.