

---

**Report to:** West Yorkshire and York Investment Committee

**Date:** 8 May 2019

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

---

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

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

---

## 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 Fund, for consideration by the Investment Committee at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 The Investment Committee has delegated decision making authority, this was approved by the Combined Authority on 13 December 2018. Where Investment Committee is asked to make an approval decision this will be highlighted in the summary table and made clear in the recommendations.
- 1.3 This report presents proposals for the progression of two schemes through the Combined Authority's assurance process in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £10.034 million when fully approved, of which the total value of £10.034 million will be funded by the Combined Authority. A total expenditure recommendation to the value of £1.059 million is sought as part of this report for the development of these schemes. Further details on the schemes are summarised below and can be found as part of this report.

<u>Scheme</u>	<u>Scheme description</u>
<b>Transport Hubs and Connecting Communities</b> Leeds	<p>The Transport Hubs Improvements and Public Transport Access schemes are a part of the Transport Hubs and Connecting Communities work stream of the Leeds Public transport Investment Programme (LPTIP)</p> <p>The schemes will upgrade or create new facilities to improve the waiting environment and travel information offer, as well as enhancing connections within and between other public transport hubs and communities by improving walking and cycling links.</p>

	<p>The scheme is funded through the Leeds Public Transport Investment Programme (LPTIP), which seeks to address connectivity challenges the City Region faces, constraining economic growth.</p> <p><b><u>Impact</u></b></p> <p>The scheme currently demonstrates a benefit cost ratio of 2.33:1 judged as high value for money.</p> <p>The scheme’s wider social benefits include health benefits by encouraging active mode travel and improved air quality through anticipated reduction in traffic congestion, and a better quality of life with improved access to public transport and subsequently to communities / jobs within the City Region, and more attractive waiting environments.</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 - £8.905 million</p> <p>Total value of Combined Authority funding - £8.905 million</p> <p>Funding recommendation sought - £0 (approval of £850,000 development costs secured at decision point 2)</p> <p><b>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</b></p>
<p><b><u>Scheme</u></b></p> <p><b>Garforth Rail Station Car Park Extension</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The Garforth car park extension scheme is part of the rail park &amp; ride programme - a programme of car park extensions on rail station land owned by Network Rail or district partners, to meet increased user parking demand and enhance connectivity to, from and within West Yorkshire.</p> <p>The scheme will be funded through the West Yorkshire plus Transport Fund.</p> <p><b><u>Impact</u></b></p> <p>Scheme delivery will comprise of an extension and reconfiguration of the car park, to deliver in total an additional 85 spaces (increasing total capacity from 252 to 337), a widened access to reduce vehicle congestion, and an enhanced pedestrian access to the platform.</p> <p>The increase in capacity includes delivery of an additional 11 blue badge spaces.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 5 (full business case with finalised costs) and for work to commence on activity 6 (delivery).</p> <p>Total value - £1.129 million</p> <p>Total value of Combined Authority funding - £1.129 million</p>

	<p>Funding recommendation sought - £1.059 million (£0.07 million previously approved)</p> <p><b>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</b></p>
--	--

1.4 This report also presents recommendations for the following change request which relates to two Combined Authority funded schemes and has been assessed in line with the Combined Authority’s assurance process. These schemes have a combined funding value of £13.45 million, all of which will be funded by the Combined Authority (in addition, both schemes will leverage in private sector contributions). Further details of the change request are summarised below and can be found as part of this report.

<u>Scheme</u>	<u>Scheme description</u>
<p><b>Digital Inward Investment Fund and Strategic Inward Investment Fund Change Request</b></p> <p>Leeds City Region</p>	<p>Strategic Inward Investment Fund – Grant fund programme which provides grants to organisations to support inward investment projects.</p> <p>Digital Inward Investment Fund – Grant fund programme which provides grants to small &amp; medium enterprises in the digital and creative sector to support either their inward investment or growth projects within the Leeds City Region</p> <p><b><u>Impact</u></b></p> <p>Creation of over 1,400 jobs in the Leeds city Region and delivering a GVA uplift of over £700 million through supporting investment in the Leeds City Region.</p> <p>Contributing to inclusive growth by ensuring supported projects widen the access across the region to employment opportunities and supporting the skills agenda.</p> <p><b><u>Decision sought</u></b></p> <p>Activity 6 change request to a) reallocate funding from the Strategic Inward Investment Fund to the Digital Inward Investment Fund and b) expand the eligibility criteria for the Digital Inward Investment Fund to enable grant support to be provided to eligible businesses already located in the Leeds City Region</p> <p>Total value – Strategic Inward Investment Fund - £10.95 million, Digital Inward Investment Fund - £2.5 million</p> <p>Total value of Combined Authority funding - Strategic Inward Investment Fund - £10.95 million, Digital Inward Investment Fund - £2.5 million</p> <p>Funding recommendation sought – To reduce the Strategic Inward Investment Fund expenditure approval from £12.45 million to £10.95 million and increase the Digital Inward Investment Fund from £1 million to £2.5 million.</p> <p><b>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</b></p>

1.5 Since the Investment Committee’s meeting on 13 March 2019, the following decision points have been assessed in line with the Combined Authority’s assurance process and approved through the agreed delegation to the Combined Authority’s Managing Director. Under the delegation a total expenditure of £1.7 million has been approved relating the following schemes.

- Elland Station and Access Package, Calderdale
- Raising Aspirations, Leeds City Region

## 2 Information

2.1 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 approval pathway and the assurance tolerances for each scheme.

### Programmes and projects for consideration

#### Projects in Stage 2: Development



2.2 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>Transport Hubs and Connecting Communities</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

- 2.3 The Transport Hubs Improvements and Public Transport Access schemes are a part of the Transport Hubs and Connecting Communities work streams, which is part of the Bus Delivery Package included in the Leeds Public Transport Investment Programme (LPTIP).
- 2.4 The Leeds Public Transport Investment Programme (LPTIP) is a programme of investment seeking to address connectivity challenges the City Region faces, constraining economic growth.
- 2.5 The LPTIP funding programme comprises of 8 delivery packages with the Transport Hubs and Connecting Communities work streams profiled for delivery under the Bus Delivery package, which comprises of six work streams:
- Low Emission Bus Top Up
  - Transport Hubs
  - Real Time Information
  - Leeds Bus Station
  - Connecting Communities:
    - Public transport access improvements
    - Digital Hub
    - Demand Responsive Transport Trial
  - Network Visualisation
- 2.6 Following extensive consultation and a robust sifting process, the outline business case presented at decision point 3 brings forward a total of nine schemes:
- Transport Hubs Improvement at: Bramley, Middleton, White Rose, Compton Road Interchange
  - Public Transport Access at: Robin Hood, Lincoln Green, Little London, East End Park, Pudsey
- 2.7 A map of the locations can be found within the scheme's business case, included in **Appendix 2**.
- 2.8 Key activities for delivery across the transport hub schemes include improving pedestrian access to the hubs and bus services through footway widening and kerb works, improving pedestrian connectivity and wayfinding between bus stops and local facilities, enhancing the waiting environment and facilities including real time information and totem signage, and reconfiguration of bus shelters.
- 2.9 Key activities for delivery across the public transport access schemes include conversion of footways to shared foot/cycle ways, kerb works (widening /

dropping) to facilitate cycles, enhanced cycleway signage, upgrades to existing crossing facilities, reconfiguration of laybys, and road resurfacing works.

- 2.10 Through scheme delivery, it is anticipated to encourage mode shift from car to bus and rail due to better facilitated, accessible, connected, and attractive hubs, and encourage active mode travel through enhanced walking and cycling provision. The wider impact of these outputs will support reducing road traffic congestion.
- 2.11 The aforementioned outputs support the delivery of the scheme objectives of increasing public transport patronage, provision of more attractive and safe pedestrian and cycling facilities, and improving air quality and environmental impacts in the district.
- 2.12 These objectives align to that of the wider LPTIP programme which includes investment in city centre gateway including the Headrow, Corn Exchange and Infirmary Street, increasing bus priority on the A61 north and the A61 south, A647, A660 and the A58; and development of two new park and rides at Stourton and Alwoodley.
- 2.13 The schemes primarily support Priority Area 4 'Infrastructure for Growth' of the Leeds City Region Strategic Economic Plan, with synergy and consequential benefits that will support Priority Area 1 'Growing Businesses' and Priority Area 3 'Clean Energy and Environmental Resilience'.
- 2.14 A summary of the scheme's business case is included in **Appendix 2**.

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

- 2.15 The following principles derived from the objectives were also agreed:

#### Transport Hubs

- **Passenger Journeys** – Number of passengers boarding/ alighting/ interchanging in one location.
- **Interchange with Other Modes** – Existing or opportunity to improve interchange with other modes such as rail stations, cycle parking, walking and taxis.
- **Creating a Sense of Place** – Provide integration and improvement to the local area and enhance connectivity to local facilities and businesses.
- **Bus Interchange Facilities** – Standard of existing facility and opportunity to enhance provision to include aspects such as waiting facilities, wayfinding, pedestrian and personal safety.
- **Number of Destinations Served** – Location of bus interchange with multiple destinations services.
- **Facilitate Modal Shift** – Utilising park and ride where appropriate to encourage shift from the private car.

## Public Transport Access Schemes

- **Bus Network Integration** - Effective integration of the bus services to both the commercial network and supported bus services. The service provides connectivity to locations which currently have limited services.
- **Promotes Inclusive Growth** - To supplement the existing bus network providing connectivity for those in deprived areas, locations of high unemployment, groups with mobility challenges and promotes travel for under 19 year olds.
- **Scheme Sustainability** – Scheme does not require additional revenue funding to supplement initial capital funding.
- **Facilitate Modal Shift** - To connect communities with high commuter flows by private car to rail stations where they are currently unable to access the rail network by public transport.
- To improve air quality and environmental impacts in the district, with an anticipated reduction in levels of pollutant within 5 years of scheme completion.
- The combined benefit cost ratio (BCR) at this stage of scheme development is 2.33:1 which reflects a high value for money scheme. The BCR will be refined at full business case (decision point 4) following completion of detailed design.
- The scheme's wider social benefits include health benefits by encouraging active mode travel and improved air quality through anticipated reduction in traffic congestion following increase in public transport patronage. Additionally a better quality of life with improved access to public transport and subsequently to communities and jobs within the City Region, as well as more attractive waiting environments and improvements to user information with enhanced real time information and totem signage.

### **Risks**

2.16 The main headline risks across Transport Hubs and Connecting Communities schemes:

- The detailed design stage bringing to light several risks impacting scheme costs and deliverability such as greater earthwork costs and contaminated land than anticipated, errors in topographical surveys, and stage 2 and 3 safety audit identifying changes to scheme design. The Combined Authority has provided mitigation measures such as ensuring use of qualified specialist surveyors and maintaining close site working arrangements, that sufficient site investigations are carried out to ensure accurate classification, and ensuring adequate safety assessments are carried out throughout the scheme design process.

### **Costs**

2.17 The meeting of the Combined Authority on 29 June 2017 approved that the Leeds Public Transport Investment Programme (LPTIP) should proceed

through decision point 2 with an indicative total Combined Authority funding approval of £183.266 million, and that £15.310 million be approved to fund project development costs. It also agreed that the schemes would now progress on an individual project or package basis to outline business case.

- 2.18 Within the aforementioned programme approval, the Bus Delivery package was allocated £27.2 million. Within this allocation, Transport Hubs was allotted £8 million towards scheme costs, and Connecting Communities £5 million, with approval of £800,000 and £50,000 respectively towards project development costs.
- 2.19 Nine schemes have now come forward as a package at outline business case at a total cost of £8.905 million. These schemes cut across both the Transport Hubs and Connecting Communities work streams.
- 2.20 The Combined Authority has indicated £8 million of costs is to be funded from the Transport Hubs pot and £905,000 from the Connecting Communities pot and that further project development costs to progress to full business case with finalised costs (decision point 5) are not required at this stage beyond the previous approval.

### **Timescales**

2.21 Key milestone dates:

- Statutory regulations (planning, land acquisition, traffic regulation order) - November 2019
- Full business case with finalised costs decision point 5 (package 1) - December 2019
- Full business case with finalised costs decision point 5 (package 2) - April 2020
- Start of construction - July 2020
- End of construction decision point 6 - July 2021

### **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: 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

<b>Assurance tolerances</b>
<p>Combined Authority costs should remain within 10% of the costs set out in this report.</p> <p>That programme timescales should remain within 3 months of the timescales set out in this report</p>

## Project responsibilities

<b>Senior Responsible Officer</b>	Gary Bartlett, Leeds City Council Dave Pearson, Combined Authority
<b>Project Manager</b>	Helen Ellerton, Combined Authority
<b>Combined Authority case officer</b>	Asif Abed

## Appraisal summary

- 2.22 The business case demonstrates a good strategic fit, with close synergy to local and regional transport strategies to encourage mode shift from car to public transport, and to encourage active mode of travel.
- 2.23 The Combined Authority has highlighted the possible options to procurement, with supporting narrative provided as to the considerations being given to each, giving confidence the best route will be taken forward and be demonstrated at full business case with finalised costs (decision point 5).
- 2.24 The financial case adequately details the forecast costs of the individual schemes, with board approval minutes supporting the package approach of bringing forward Transport Hubs and Connecting Communities schemes from the £27.2 million Bus Delivery package of the Leeds Public Transport Investment Programme (LPTIP) in a single outline business case at decision point 3.
- 2.25 The economic case is well presented and currently reflects a combined benefit cost ratio (BCR) of 2.33:1, judged as high value for money. This will be refined at full business case with finalised costs.
- 2.26 The outline business case presented at decision point 3 on the whole provides sufficient level of detail expected at this stage to satisfy appraisal of the five cases, with recommendation to progress to full business case with finalised costs (decision point 5).

## Recommendations

2.27 That Investment Committee recommends to the Combined Authority that:

- (i) The Transport Hubs Improvement and Public Transport Access scheme proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs).
- (ii) An indicative approval to the total project value of £8.905 million is given from the Leeds Public Transport Investment Programme 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 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>Garforth Rail Station Car Park Extension</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	5 (Full business case with finalised costs)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in 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

2.28 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 around 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.

- 2.29 The Combined Authority approved the mandate in 2014 for a programme of car park extensions on rail station land owned by Network Rail or district partners, awarding the programme £30.5 million from the West Yorkshire plus Transport Fund. Following feasibility works, and a number of sifting exercises, the final programme comprises of 14 schemes, three of which have already been successfully completed at South Elmsall, Fitzwilliam and Mirfield A, with Mytholmroyd and Hebden Bridge currently in delivery.
- 2.30 Demand for rail travel has increased significantly in West Yorkshire and is expected to continue, as set out by the Leeds City Region Transport Plan 2040, which forecasts a growth of 75% in rail trips by 2027.
- 2.31 Rail station car parks however are at capacity, constraining rail accessibility especially between commuter towns and main urban centres, and if not resolved, will discourage train travel for existing users and potential new users. This is evident at Garforth with the car park full by 8am on most term time weekdays, and in the event has caused complaints from rail users at the lack of parking, and from local residents due to rail users resorting to parking on street in the surrounding area.
- 2.32 Scheme delivery at Garforth station will see a reconfiguration and extension of the car park to primarily create an additional 85 parking spaces, increasing capacity from 252 to 337 spaces. As part of scheme design, the proposal will also include a widened access for vehicles, making entry and exit easier, subsequently reducing congestion. Additionally, pedestrian access to the station will be improved, provision of CCTV, low energy lighting, and enhanced draining infrastructure will be delivered, and electrical ducting to future proof possibility of providing two electric vehicle charging bays.
- 2.33 Through scheme delivery, it is anticipated to deliver improvements for existing rail users due to improved access in to the car park, and a better guarantee of parking availability. As a result, journey times should improve, with reduced congestion driving in to the car park, reduced time to find a parking space, and reduced walking time to the platform, especially for those who otherwise park on street. Increase in parking capacity should therefore also contribute to removal of on street parking by rail users, improving the environment for local residents.
- 2.34 Scheme delivery should also encourage new users to make onward journeys by rail. This switch to a more sustainable mode of travel will support reducing road traffic and subsequently carbon emissions, supporting delivery of the transport strategy and City Region Strategic Economic Plan (SEP) objectives.
- 2.35 The scheme primarily supports priority 4 'infrastructure for growth' of the Leeds City Region Strategic Economic Plan, with increase in parking capacity encouraging users to switch to a more sustainable mode of travel and providing better connectivity and access to employment and housing.

2.36 A summary of the scheme's business case and location map is included in **Appendix 3**.

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

2.37 Project outputs and benefits are:

- An additional 85 spaces increasing total capacity for rail users from 252 to 337 parking spaces, including an additional 11 blue badge spaces, giving a better guarantee of parking availability, and in the process contributing to removal of on street parking.
- Reduction in walk time to the station platform, predominantly to users who otherwise have been parking on street.
- Reduction in overall journey time with delivery of a widened entry point to ease congestion and improved pedestrian access to the station platform.
- Contribution to increase in rail patronage with increase in parking capacity to encourage new users.
- Contribution to improving air quality within the local and surrounding areas with more users switching onward journey travel to train.
- Contribution to increase in employment accessibility with additional users to have opportunity to commute from Garforth.
- The scheme Benefit Cost Ratio (BCR) is estimated at 2.9, judged as high value for money.
- The contractor has confirmed that 45% of the contract value will be sourced locally, rising to 61% within a 55 mile radius. This will support good growth principle of investment in to local labour. Scheme delivery will also support a better quality of life, with rail users having a better guarantee of parking availability and avoiding the need of on street parking, which will appease local residents. The scheme will also encourage new users to switch to a sustainable mode of travel for onward journeys, providing better access to employment, and in the event reducing vehicle traffic and therefore carbon emissions on the road.

### **Risks**

2.38 Key risks to the project are:

- Access widening: The design has been agreed in principle but is still subject to approval of a section 278 by Leeds City Council, expected in May 2019.
- Decant strategy: During construction the car park will only be semi-closed, with anticipation to offer use of 100 out of the existing 252 spaces. The risk is a number of users decanting on to local streets, causing further conflict with local residents. A communications package for rail users, recommending alternative travel arrangements whilst still

promoting sustainable travel is to be drafted with Arriva Rail North and local ward members.

### **Costs**

- 2.39 At decision point 2 (case paper) on 5 April 2018, the Combined Authority indicatively approved £825,000 total scheme cost, with approval of £45,000 development costs to progress the scheme to decision point 5 (full business case with finalised costs).
- 2.40 The scheme has also secured Managing Director approval of £25,000 to allow the Combined Authority to enter in to a Basic Asset Protection Agreement (BAPA) with Network Rail. The BAPA confirms Network Rail's approval of scheme design and allows works to be undertaken during the quieter summer holiday period, which in turn brings forward scheme completion (decision point 6) from December 2019 to November 2019.
- 2.41 The scheme has now come forward at decision point 5 seeking further approval, with total scheme costs of £1,129,278 reflecting a cost increase of £304,278. The increase in project costs is due to an increase in specification for drainage infrastructure at detailed design required by Network Rail and insufficient allowance for associated project costs and contingency.
- 2.42 The rail park and ride programme has secured £30.5 million from the West Yorkshire plus Transport Fund and the Combined Authority has confirmed that the scheme is affordable within the overall programme. The Combined Authority has agreed to undertake a programme affordability exercise for consideration by the programme board and the Programme Appraisal Team (PAT).
- 2.43 Given the above, the scheme to date has secured approval of £70,000. The Combined Authority now seeks approval of a further £1.059 million at decision point 5.
- 2.44 The Combined Authority is required to enter in to a Section 56 Rail Funding Agreement with Arriva Rail North for spend up to £1.029 million, to be funded from the West Yorkshire plus Transport Fund.
- 2.45 The Combined Authority is required to enter in to a Section 278 Funding Agreement with Leeds City Council for spend up to £30,000, to be funded from the West Yorkshire plus Transport Fund.

### **Timescales**

- 2.46 Key milestone dates:
- Enter in to respective agreements - late May / early June 2019
  - Section 278 access widening works - Late May 2019
  - Main contractor works commence - July 2019

- Contractor works complete and handover (decision point 6) - November 2019

### Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee
Decision point 6 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery
Decision point 7 (review and close)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery

### Assurance Tolerances

Assurance tolerances
Scheme costs to remain within 5% of costs set out in this report. Delivery programme to remain within 3 months of that set out in this report.

### Project responsibilities

<b>Senior Responsible Officer</b>	Melanie Corcoran, Combined Authority
<b>Project Manager</b>	Sara Brook, Combined Authority
<b>Combined Authority case officer</b>	Asif Abed

### Appraisal summary

- 2.47 The business case at decision point 5 reinforces the strategic rationale behind scheme delivery, highlighting the need for intervention based on issues identified as to the current configuration of the car park, as well as making a strong case for market demand for commuting by rail should the parking capacity be increased. The scheme therefore can be seen as good fit in supporting objectives of the transport strategy and the Leeds City Region Strategic Economic Plan.
- 2.48 Furthermore, the business case presents in good detail the considerations taken in developing the procurement strategy and demonstrates the tender process with sound reasoning to justify appointment of the main contractor.

- 2.49 The financial case does however reflect a fairly significant cost increase to that forecast at decision point 2 and costs can be accommodated within the rail park and ride programme, which has secured £30.5 million from the West Yorkshire plus Transport Fund.
- 2.50 The economic case does present a good argument for this scheme, demonstrating a benefit cost ratio of 2.9 (high value for money), with adequate level of information provided to justify the modelling and appraisal methodologies, and assumptions used in the value for money assessment.
- 2.51 On the whole it can be recommended that the scheme proceeds to Activity 6 (delivery), a wider review is required at programme level to ensure the remainder of the programme is affordable with confirmation of anticipated outputs and associated costs, which will be considered at future meetings.

### **Recommendations**

- 2.52 The Investment Committee approves that:
- (i) The Garforth rail car park extension scheme proceeds through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).
  - (ii) Approval to the total project value of £1,129,278 is given from the West Yorkshire plus Transport Fund, with approval of £1,059,278 through this report.
  - (iii) The Combined Authority enters into a Section 56 Rail Funding Agreement with Arriva Rail North for spend of up to £1,029,278 from the West Yorkshire plus Transport Fund.
  - (iv) The Combined Authority enters into a Section 278 Funding Agreement with Leeds City Council for spend up to £30,000 from the West Yorkshire plus Transport Fund.
  - (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 6 and 7 through a delegation to the Combined Authority's Director of Delivery 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



- 2.53 Once in Delivery and Evaluation the scheme is delivered and Combined Authority funding is drawn down. When delivery is completed a review is carried out to ensure that the scheme has met all its requirements and outputs in accordance with its Funding Agreement. Finally information about a scheme's performance following its completion is collected, in order to evaluate the success of the scheme.

<b>Project Title</b>	<b>Strategic Inward Investment Fund &amp; Digital Inward Investment Fund Change Request</b>
<b>Stage</b>	3 (Delivery and Evaluation)
<b>Decision Point</b>	6 (Delivery)

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**

- 2.54 There are two schemes which are the subject of this change request; the Strategic Inward Investment Fund, and the Digital Inward Investment Fund.
- 2.55 Both schemes are 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).
- 2.56 The Strategic Inward Investment fund received decision point 5 approval in September 2018 and is now in delivery (activity 6). The purpose of the fund is

to provide grants of between €200,000<sup>1</sup> and £1 million to large organisations in order to attract strategic investment in the City Region's priority sectors (Advanced Manufacturing, Financial and Professional Services, Digital and Technology, and Health and Life Sciences) and in wider industries. The grants are intended to address funding gaps that have been evidenced by the applicant, which act as a barrier to their investment. The maximum intervention rate for Combined Authority investment is 10% of project costs and the grant can contribute towards any capital costs associated with the investment project. The fund is anticipated to deliver 1,245 net new jobs to the city region and £650 million in GVA uplift. The Strategic Inward Investment Fund received an expenditure approval of £12.45 million at decision point 5.

- 2.57 The Digital Inward Investment fund received decision point 5 approval in September 2018 and is now in delivery (activity 6). The purpose of the fund was to provide grants of between £10,000 to £50,000 to digital & creative companies to support their inward investment into the city region, or to assist projects which were considered mobile (i.e. could locate out of the city region) to occur in the city region. The grants are intended to address funding gaps that have been evidenced by the applicant. The required intervention rate for Combined Authority investment is 50:50 and the grant can contribute towards any capital costs associated with the investment project. The fund is anticipated to deliver 170 net new jobs to the city region and £56 million in GVA uplift.
- 2.58 Since both funds have been in delivery, the interest and uptake of the Strategic Inward Investment Fund and Digital Inward Investment Fund have led to the reassessment of the structure of these grant schemes, and has informed this change request. For Strategic Inward Investment Fund, there have been a limited number of grant awards due in part to the state aid regulations that must be applied to the fund. Despite this, the grants that have been committed or awarded have delivered very good value for money and strong strategic fit with the Strategic Economic Plan leading to the job target for the programme of 1,245 being met already.
- 2.59 Conversely the interest in the Digital Inward Investment Fund has exceeded that originally forecast and 20% of this fund has been committed to date. A key contributory factor is the announcement of the Channel 4 relocation to the Leeds, which has encouraged digital and creative businesses to consider relocating outside of London in order to capitalise on the anticipated sector growth in the Leeds City Region. Digital Inward Investment Fund provides the Combined Authority with the potential to support companies to relocate to the city region and ensure that there is strong supply chain in place to support the Channel 4 investment. Over the last 15 months, the Combined Authority have consistently received enquiries from digital and creative businesses that are currently located within the Leeds City Region looking for support to grow their

---

<sup>1</sup> These parameters refer to two common routes through which state aid is given to businesses: de minimis (which allows for €200,000 of support over a three year rolling period) and the Regional Investment Aid provision of the General Block Exemption Regulations, which allows support of up to 10% of eligible capital expenditure. The scheme has a guideline limit on contributions to individual projects at £1,000,000.

business. They are not currently eligible for support from Digital Inward Investment Fund and as such cannot receive any sector specific support from the Combined Authority. It has been identified that providing support to these businesses will deliver similar levels of jobs and GVA uplift to that delivered through applications that are already eligible.

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

2.60 The factors above have led to the following change request being proposed:

- That £1.5 million of funding is transferred from the Strategic Inward Investment Fund to the Digital Inward Investment Fund, to enable the Digital Inward Investment Fund to meet the level of demand for grants that has been forecast.
- The implementation of this change request will lead to the Digital Inward Investment Fund having a £2.5 million expenditure approval and the Strategic Inward Investment Fund a £10.95 million expenditure approval. Based on current levels of demand it is assessed that these revised funding levels will meet the requirements of the individual grant funds. There will be no net impact on the number of jobs and GVA uplift will increase slightly due to the value of the jobs that are likely to be created generally being of above average value.
- That the eligibility criteria for the Digital Inward Investment Fund is expanded to enable businesses that are located within the Leeds City Region to be supported by grants of between £10,000 and £50,000. It is intended that the Digital Inward Investment Fund will be managed as a single fund but marketed under two separate brands to cater for the different requirements of the applicants.
- The expansion will be affordable by increasing the value of the funding available. There is not considered to be any net change to the number or value of jobs created as a result of this element of the change request. It is considered that provision of this grant funding will assist in addressing the shortage of suitable digital and creative office space available outside of central Leeds, by supporting businesses to develop accommodation that meets their growth requirements in or near their current location.

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

2.61 The implementation of this change request will result in the following outputs, benefits and growth:

- Facilitating the growth in the Leeds City Region's digital & creative sector
- Supporting large companies to invest in the Leeds City Region
- The creation of over 1,400 jobs (which matches the total number of jobs prior to this change request):
  - A minimum 1,245 net additional jobs from the Strategic Inward Investment Fund
  - 157 jobs from the Digital Inward Investment Fund

- GVA uplift of over £700 million
  - £650 million from the Strategic Inward Investment Fund
  - £56 million from the Digital Inward Investment Fund
- Leverage in £74.6 million of private sector development (which is £10.5 million below the combined GVA uplift forecast prior to this change request). This is because the Digital Inward Investment Fund requires less private sector intervention than Strategic Inward Investment Fund grants.
- Ensuring through the application of grant conditions that recipient businesses contribute to the city region's inclusive growth priorities, in particular addressing widening access to employment opportunities and the skills agenda.

## **Risks**

2.62 The key risks are:

- That insufficient take up of the funds limits the impact of the schemes, relative to what could be achieved with a full commitment of funding. This will be managed through the recruitment of a dedicated role to develop relationships with potential applicant businesses. In addition, a lead generation exercise is underway to identify potential applicants, and this work will be renewed if successful. A dedicated marketing campaign will be undertaken to raise awareness of the scheme locally, and existing and well established networks including the Growth Managers will be utilised.
- That the quality or diversity of projects limits the impact of the schemes. Geographic spread will be addressed through ongoing engagement of local authority partners, local business networks and Growth Managers. The selection criteria for the scheme will allow for the breadth of the sector to apply. Quality will be assessed through appraisals and through panel discussion. The impact of grants will be monitored on an ongoing basis to ensure that quality is achieved in line with the conditions of the grant award.
- That there is insufficient physical space to accommodate the inward investment and growth projects that are able to be unlocked through this funding, and that this acts as a restriction on the overall scheme. The grant should address this directly, and will support businesses to undertake capital projects to expand or create new space fit for their growth. The Combined Authority will work with local authority partners, through the business support and trade and investment teams, to provide an understanding of business demand to inform the development of new physical space. Where appropriate the trade and investment team will also work with developers and investors to unlock new property developments suitable for the sector.

## Costs

- 2.63 That the expenditure approval relating to the Strategic Inward Investment Fund changes from £12.45 million to £10.95 million.
- 2.64 That the expenditure approval relating to the Digital Inward Investment Fund changes from £1 million to £2.5 million.

## Timescales

- 2.65 The timescales for both grant funds remains unchanged.
- Strategic Inward Investment Fund and Digital Inward Investment Fund Grant Closes – March 2021 (decision point 6).
  - Delivery of all outputs required through the Grant Agreements i.e. jobs created – outputs forecast by March 2023 (decision point 7).

## Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 6 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Director of Delivery

## Assurance Tolerances

Assurance tolerances
That the Combined Authority funding remains within the expenditure approval set out in this report.
That the Strategic Inward Investment Fund funding remains the expenditure approval set out in this report.
That timescales should remain within those set out in this report.
That the cost per job for both Strategic Inward Investment Fund and Digital Inward Investment Fund should not exceed £10,000.

## Project responsibilities

Senior Responsible Officer	Henry Rigg, Combined Authority
Project Manager	Sam Lewis, Combined Authority
Combined Authority case officer	Cath Pinn

## Appraisal summary

- 2.66 This change request enables the Combined Authority to respond strongly to growth opportunities in the Leeds City Region's digital and creative sector (a

priority sector within the Strategic Economic Plan) and meet the emerging levels of demand for this type of grant support from businesses located both within and outside of the Leeds City Region. The appraisal has shown that transferring the funding from the Strategic Inward Investment Fund to the Digital Inward Investment Fund will not impact on the level of jobs created, and may slightly improve the GVA impacts due to the nature of jobs that are created in this digital and creative sector. The Digital Inward Investment Fund requires a lower level of private sector match funding, than the Strategic Inward Investment Fund (in line with state aid regulations) and as a result the £1.5 million of funding transferred to the Digital Inward Investment Fund will leverage in less private sector match funding than if it remained in the Strategic Inward Investment Fund, however as the Combined Authority is performing strongly against its growth deal match funding target, this change request will not affect the ability to meet this target. Changing the eligibility of the Digital Inward Investment Fund will enable businesses based in the Leeds City Region to also grow in response to new sector opportunities, to better distribute the benefits of these opportunities in the region.

### **Recommendations**

- 2.67 That Investment Committee approves the following elements of this change request:
- (i) To reallocate £1.5 million of funding from the Strategic Inward Investment Fund to the Digital Inward Investment Fund, resulting in the revised expenditure approvals of £10.95 million for Strategic Inward Investment Fund and £2.5 million for Digital Inward Investment Fund.
  - (ii) To amend the scope of the Digital Inward Investment Fund, by expanding the eligibility criteria to enable businesses already located in the Leeds City Region to receive grant support from the programme.
  - (iii) Future approvals are made in accordance with the approval 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.

## **Decisions made through the delegation to the Managing Director**

- 2.68 Since Investment Committee's meeting on the 13 March 2019, decisions regarding the following schemes has been exercised. This decision was made through the delegation to the Combined Authority's Managing Director following a recommendation from Combined Authority's Programme Appraisal Team. In order for a decision to be made through a delegation to the Managing Director, the scheme must remain within the assurance tolerances that have been approved at an earlier decision point. All the schemes outlined below have remained within their approved delegations unless stated otherwise below.

### **Elland Station and Access Package**

- 2.69 The scheme involves provision of a new railway station and park and ride car park on the Calder Valley Line for the town of Elland and surrounding area on a site adjacent to the A629 and close to Lowfields Business Park, plus a package of complementary walking, cycling and public realm enhancements to connect the station to the existing land uses.
- 2.70 The expected outputs and benefits of the scheme are a new station at Elland, an associated 166 space car park and an access package to facilitate pedestrian and cyclist access by linking the station to the town centre and other nearby sources of demand.
- 2.71 The scheme received approval from the Combined Authority at decision point 2 in June 2017. This approval, made by the Combined Authority's Managing Director on 29 March 2019, was for decision point 3 (outline business case) and for work to commence on activity 4 (full business case). Development costs of £1.3 million (rail station at £884,595 and the access package at £415,405)
- 2.72 Future approvals are made in accordance with the approval pathway and approval route including at decision point 4 through recommendation to Investment Committee and approval to the Combined Authority.

### **Raising Aspirations**

- 2.73 The Raising Aspirations School Pilot Scheme will involve conducting a pilot at schools with high numbers of disadvantaged pupils and / or with an intake of pupils from the most deprived wards of the Leeds City Region. Grants will be awarded to schools / colleges to support an increase in activity to raise aspirations amongst disadvantaged pupils by strengthening engagement with employers, widening pupil's experiences of jobs beyond their home communities and engagement with young role models working in priority sectors. The Combined Authority has been delivering a highly regarded Enterprise in Education service since 2015 with a universal offer in place and is currently working with 90% of Leeds City Region's secondary schools and colleges. This pilot provides a unique opportunity to address 'cold spots' through a fund only available to schools and colleges in order to design solutions for the most disadvantaged communities.

- 2.74 The expected outputs, benefits and inclusive growth of the scheme include enabling schools to meet the eight Gatsby Career Benchmarks of good practice, an enhanced model of enterprise education directly to 3,500 most disadvantaged learners, engagement of an additional 20 employers to deliver 6,000 encounters and the sharing of best practice to help reach 18,000 disadvantaged learners. Evidence shows that where learners have more opportunities to engage with employers they are less likely to be unemployed, and more likely earn more than their peers as they are enabled to make better informed choices about their next steps in education, training or employment.
- 2.75 The scheme received approval from the Combined Authority at decision point 2 in February 2019. This approval, made by the Combined Authority's Managing Director on 29 March 2019, was for decision point 5 (full business case with finalised costs) for a total project value of £400,000 to be funded by the Combined Authority from the secured business rates pool funding and for work to commence on activity 6 (delivery).

### **3 Financial implications**

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

### **4 Legal implications**

- 4.1 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.

### **5 Staffing implications**

- 5.1 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.

### **6 External consultees**

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

### **7 Recommendations**

#### **Transport Hubs and Connecting Communities**

- 7.1 That the Investment Committee recommends to the Combined Authority that:
- (i) The Transport Hubs Improvement and Public Transport Access scheme proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs).
  - (ii) An indicative approval to the total project value of £8.905 million is given from the Leeds Public Transport Investment Programme 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 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.

### **Garforth Rail Station**

7.2 That Investment Committee approves that:

- (i) The Garforth Rail car park extension scheme proceeds through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).
- (ii) Approval to the total project value of £1,129,278 is given from the West Yorkshire plus Transport Fund, with approval of £1,059,278 through this report.
- (iii) The Combined Authority enters into a Section 56 Rail Funding Agreement with Arriva Rail North for spend of up to £1,029,278 from the West Yorkshire plus Transport Fund.
- (iv) The Combined Authority enters into a Section 278 Funding Agreement with Leeds City Council for spend up to £30,000 from the West Yorkshire plus Transport Fund.
- (v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 6 and 7 through a delegation to the Combined Authority's Director of Delivery 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.

### **Strategic Inward Investment Fund and Digital Inward Investment Fund Change Request**

7.3 That Investment Committee approves the following elements of this change request:

- (i) To reallocate £1.5 million of funding from the Strategic Inward Investment Fund to the Digital Inward Investment Fund, resulting in the revised expenditure approvals of £10.95 million for Strategic Inward Investment Fund and £2.5 million for Digital Inward Investment Fund.
- (ii) To amend the scope of the Digital Inward Investment Fund, by expanding the eligibility criteria to enable businesses already located in the Leeds City Region to receive grant support from the programme.

- (iii) Future approvals are made in accordance with the approval 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.

## **8 Background documents**

8.1 None as part of this report.

## **9 Appendices**

**Appendix 1** – Background to the report

**Appendix 2** – Transport Hubs and Connecting Communities

**Appendix 3** – Garforth Rail Station Car Park Extension