

**Report to:** West Yorkshire Combined Authority

**Date:** 2 February 2023

**Subject:** **CoSTAR Innovation Hub**

**Director:** Phil Witcherley, Interim Director of Inclusive Economy, Skills and Culture

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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
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this Report

- 1.1 To give the Combined Authority an overview of an opportunity to bid for up to £51 million UK Research and Innovation (UKRI) funding to create a national innovation centre in the creative industries and seek the Combined Authority's approval to be a participant in the bid in order the national innovation hub be located at the Langthwaite Enterprise Zone, South Kirkby, which is owned by the Combined Authority.
- 1.2 To seek an initial release of funding in order to progress design and enabling works for the Langthwaite Enterprise Zone site.

## 2. Information

### The Opportunity

- 2.1 There is an outstanding national competition headed by UKRI to fund (a) a national centre for the Convergent Screen Technologies and performance in Realtime (CoSTAR) and (b) production technologies. This opportunity has a funding package of £51m for a national centre and £12.5m for up to three regional centres.
- 2.2 Subject to approval by the Combined Authority, there is an opportunity to join a bid for the CoSTAR national centre. A successful bid will bring a national centre of innovation excellence in the creative sector to our region. This would lead to increased opportunity for people across West Yorkshire to pursue

careers and skills development in the culture sector and creative businesses. It is expected that the innovation hub would further the attraction of other creative industry participants to occupy its site and ultimately lead to increased inclusive economic growth in West Yorkshire.

- 2.3 The scheme will also support our regional growth ambitions for the creative industries in line with our recently agreed Culture, Heritage and Sport Framework. The creative industries are a growing sector in the region with almost 9,000 businesses, employing over 48,000 people and adding almost £2 billion to our regional economy, West Yorkshire's creative sector is one of the fastest growing in the UK.
- 2.4 The deadline for submission for an initial expression of interest is 2nd February 2023 and the award date is expected to be this August, with construction commencing soon after. Any participation will be subject to the project's progression through the Assurance Framework and all decisions will be finalised by the Combined Authority later in the year (but prior to the August confirmation).
- 2.5 Further details can be found in **Exempt Appendices 1-3**.

### **3. Tackling the Climate Emergency Implications**

- 3.1 The development would need to be in line with the Combined Authority's objectives around the climate emergency. This is in line with the UKRI bidding process where they are looking for a building specification in line with environmental requirements.

### **4. Inclusive Growth Implications**

- 4.1 If successful, the innovation hub is likely to have a positive impact on inclusive growth within the surrounding area of the site and the wider West Yorkshire region.

### **5. Equality and Diversity Implications**

- 5.1 The final bid will be judged by its equality and diversity credentials having already been through a rigorous equality and diversity assessment conducted by UKRI. There is a focus in both our innovation and creative sector work in broadening the workforce in the sector and to provide opportunities for a diverse workforce. Any skills and employment approach aligned to a successful CoSTAR bid would need to ensure that there was support for a diverse range of talent to access the opportunities provided.

### **6. Financial Implications**

- 6.1 The report seeks endorsement from the Combined Authority to make an appropriate investment to participate in the CoSTAR bid for a national R&D

centre, including utilising Growing Places Funding to support the opportunity. All financial decisions will be subject to approval of the project through the Assurance Framework.

- 6.2 The Growing Places Fund (GPF) began in 2012 offering loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, within a timescale of five years or less. The fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region. New activity with the Fund has been paused since 2020, whilst internal discussions took place on the potential development of a new loan fund. There is £1.988 million remaining capital funding within GPF and available for investment.
- 6.3 The LEP oversees the strategy for the Leeds City Region Enterprise Zones and was also the original recipient of the GPF funding. Informal discussions have taken place with the LEP Chair in respect of the reallocation of GPF funding for the Langthwaite Enterprise Zone site, in advance of the Combined Authority meeting.
- 6.4 BEIS have previously advised that the decision to re-allocate the remaining GPF can be determined at local level by the Accountable Body, providing the aims are broadly similar to those of the original GPF. In addition, as GPF came through a Section 31 grant determination, the Accountable Body / LEP will need to ensure that the funding is utilised in the manner stipulated in the grant determination and any specific conditions are adhered to e.g. Under the S31 capital grant determination, the funding allocations must be used for infrastructure to unlock further development. The use of the GPF for the Langthwaite site would therefore be in keeping with the S31 funding.
- 6.5 To ensure we develop this proposition at pace, it is also expected that external resources would need to be acquired including, but not limited to, programme management and additional legal support. To ensure this, approval is sought now for expenditure up to £250,000, to be funded from the Growing Places Fund residual capital.

## **7. Legal Implications**

- 7.1 The information contained in Appendix 1, Appendix 2 and Appendix 3 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.
- 7.2 Legal Implications are included in the exempt appendices and if the bid is successful, and the project is progressed through the AF process, these risks will be kept under review, managed and mitigated as far as possible during the progression of the scheme itself.

## **8. Staffing Implications**

- 8.1 A combination of Combined Authority and potential partner project, programme and portfolio management resources are, or are in the process of, being identified and costed for to support the project detailed in this report.
- 8.2 To support the project there would be a significant utilisation of existing internal resources within the Combined Authority and a requirement for either repurposing existing work or additional capacity to undertake the required work. It is also expected that external resources would need to be acquired including, but not limited to, additional legal support.

## **9. Recommendations**

- 9.1 That the Combined Authority approves the participation as a party in the CoSTAR bid and submission of the non-binding letter of support outlining the potential financial support the Combined Authority is providing to the bid (subject to full Combined Authority Agreement and Assurance) provided at Appendix 2.
- 9.2 That the Combined Authority approves the principles of the draft Memorandum of Understanding (to which the Combined Authority will be a signatory) outlined at Appendix 3. Both the letter of support and the Memorandum of Understanding would be in substantially the form attached and subject to further legal input.
- 9.3 That the Combined Authority agrees to release £250k in initial resourcing capacity to enter into this bidding process and to enable development of the Langthwaite site, funded through residual Growing Places Fund monies.
- 9.4 That the indicative funding package for Langthwaite enabling works as detailed in Appendix 1, para 5.1 is noted.

## **10. Background Documents**

- 10.1 There are no background documents referenced in this report.

## **11. Appendices**

- 11.1 Appendix 1, 2, 3 – Exempt Appendices