

Report of: Nigel Guy

Report to: Director of Resources

Date: 18 December 2014

Subject: Engagement of a consultant to assist with the preparation for delivery of the Leeds City Region Growth Deal for 2015-16.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The LEP team needs to find additional resources to assist in its work to prepare for delivery of the projects and programmes allocated government funding in the Leeds City Region Growth Deal. The government announced the allocation of funding in July 2014 for projects and programmes to begin in April 2015: including the West Yorkshire plus Transport Fund, the LEP has secured over £70m for the coming financial year, and £573m overall for the period to 2020-21.
2. As part of the preparation for delivery, the LEP team needs to implement project management, monitoring and evaluation arrangements, as well as assist with further project development for capital projects that we wish to bring forward for future appraisal and investment. The current staffing resources available to the team are insufficient to carry out the necessary work and another appropriately skilled person is required and the WYCA has given its approval for the recruitment of further resources for this purpose.

Recommendations

3. In view of the urgency of the work needed and the short timescales involved, there is not time to utilise standard recruitment procedures to obtain the required staff. The appointment of VG Analytics is recommended through a call-off contract to a maximum of 45 days'. This arrangement represents good value for money, and it is recommended that the relevant contractor procedure rules are waived under CPR Clause 8 due to the exceptional circumstances.

1 Purpose of this report

- 1.1 To put in place a consultant to provide the additional staffing resources needed in the LEP team so that we can carry out the preparatory work required to deliver the projects and programmes to be funded by government under the Leeds City Region Growth Deal for 2015-16. Additionally, support will be needed to do further work to develop the business cases for any projects granted funding under 'Growth Deal 2' (to be announced in January 2015) and to develop a pipeline of projects that can be appraised and readied for investment as we move into the new financial year.
- 1.2 In the period before April 2015 (when Local Growth Fund projects and programmes commence), the LEP team needs to complete the appraisal of the business cases for the successful capital projects included in the Growth Deal, and to implement the project management, monitoring and evaluation systems now in place to ensure successful delivery of these and other City Region projects. We currently have some resources within the team with these skills, and can also call on additional support from the Council's Regional Economic Intelligence Unit through our Service Level Agreement with them. However, the volume of work required in the coming months is such that these resources are not sufficient. If the LEP and the West Yorkshire Combined Authority do not deliver the projects and programmes that have been funded by government, this will not only delay the progress on jobs and growth that we wish to see, but it will also adversely affect our ability to draw down further funding in the future, as well as being damaging to our reputation as one of the leading LEPs in the country.

2 Background information

- 2.1 Government required each Local Enterprise Partnership (LEP) to submit a 'Strategic Economic Plan' (SEP) by March 2014. The SEP is a statement by the Leeds City Region Enterprise Partnership of its long term ambition for the economy. It also contained proposals for additional freedoms and flexibilities with regard to economic development policy, and a bid for a financial allocation from the new Local Growth Fund in order to support the LEP's priority projects and programmes from 2015-16 onwards. Following the submission of the final draft in March, government assessed the competing bids of the 39 English LEPs before its announcement of the 'Growth Deals' for each area (that is, the settlement in terms of powers and financial resources for each LEP area) in July.
- 2.2 The LEP secured a total of £573m in government financial support over the period from 2015-16 to 2020-21. Moreover, the 20-year agreement to support the West Yorkshire plus Transport Fund means that an additional £420m of government funding will be granted from 2021-22 to 2034-35. This is the biggest sum allocated to any LEP. Additionally, government has recently announced a further allocation to the LEP through Growth Deal 2.

3 Main issues

Reason for Contracts Procedure Rules Waiver

- 3.1 In order to enable the LEP team to complete the work required to meet government deadlines and to develop and monitor the successful projects to ensure they will deliver successfully from April 2015, extra staffing resources are required. While one existing member of the team has the skills to carry out such activities, and some additional capacity can be bought in from the Regional Economic Intelligence Unit, the amount of work required is more than can be done by the available resources.

- 3.2 In view of the extremely urgent need for this work, there is not sufficient time to ask for the availability of secondees from City Region authorities, and VG Analytics have been approached directly because of our knowledge of their skillset. Because of the LEP's previous experience in employing the company, we are aware that they have the specific expertise, capacity and capability to undertake the detailed technical and analytical work needed. Moreover, their fees are very competitive and therefore offer good value for money.

Consequences if the proposed action is not approved

- 3.4 The LEP is currently well-regarded by government, and the SEP submitted in March 2014 was judged to be of very high quality. It has helped secure the largest Growth Deal of any LEP. However, it is now imperative that the LEP, the West Yorkshire Combined Authority and all local partners now deliver on our side of the Growth Deal. The main purpose of the Deal is to create jobs and accelerate growth across the Leeds City Region, and any delays or failures in delivery will inevitably reduce or delay the outcomes we wish to see. Moreover, government has made it clear that LEPs which do not deliver their Deals successfully will be penalised in future bidding rounds, which will have an extra adverse impact on local jobs and growth. Finally, as one of the leading LEP areas, our reputation could be damaged if we are not able to fulfill our end of the Deal.
- 3.5 Successful delivery by the LEP and other partners depends on the preparation done before funding commences in April 2015. We do not feel it will be possible to carry out the amount of work required to the deadlines set by government without the additional resources requested in this waiver.

Advertising

- 3.3 The urgent need to undertake this work against very tight deadlines meant that it was not possible to advertise internally or among local partners in the normal way.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Consultation has been undertaken internally within LCC with regard to the capacity available to support this activity. As capacity is not available in the relevant sections agreement has been reached to progress this waiver.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no equalities and diversity issues with this commission or cohesion and integration issues at this stage.

4.3 Council Policies and City Priorities

- 4.3.1 The Council's Leader and Chief Executive both sit on the Leeds City Region Enterprise Partnership Board, the body responsible for the overall strategic direction of the LEP's activities. The Growth Deal was awarded by government on the basis of a submission by the LEP in form of the Leeds City Region Strategic Economic Plan (SEP), a document that took account of Leeds City Council priorities.
- 4.3.2 The Growth Deal also contains an agreement by government to provide funding over a 20-year period for the West Yorkshire plus Transport Fund, vital to improving connectivity and the prospects for growth in Leeds. The West Yorkshire Combined Authority, on which the

Council's Leader also sits, has adopted the SEP as its overall economic strategy, and will be responsible for delivering schemes under the Transport Fund.

4.4 Resources and Value for Money

4.4.1 VG Analytics has proposed a call-off contract at a daily. The rate is considered to be good value for money in view of the skills, knowledge and experience required to fill the role. Moreover, the call-off option means that no more money will be spent to carry out the work required than is strictly necessary.

4.4.2 The proposal is that VG Analytics will provide a maximum of 45 days of consultancy from January to March 2015.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Chief Procurement Officer has advised that this invocation report is required to meet the Council's obligations of transparency and openness and therefore this is a matter properly falling within Contracts Procedure Rule 8. There are no other legal provisions requiring a further competition exercise to be undertaken.

4.6 Risk Management

4.6.1 The budget is in place to fund this post for the time period set out. The post will be managed by the Head of Research & Intelligence within the LEP team, who is also responsible for the management of the Growth Deal.

4.6.2 These arrangements will ensure that any risks with the project are identified and tackled in line with standard management procedures.

5 Conclusions

5.1 The work that is the subject of this Waiver is needed and has a budget in place to fund it. The proposal is to offer a call-off contract to someone that we know has the requisite skills and experience, and it is clear that the proposal offers value for money.

6 Recommendations

6.1 The Deputy Chief Executive is recommended to approve the waiver of the following Contracts Procedure Rule(s):

*Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements**

7 Background documents

7.1 Proposal by VG Analytics to the Leeds City Region Local Enterprise Partnership, January-March 2015.