

Report of: Chief Executive

Report to: Full Council

Date: 10 January 2018

Subject: Devolution

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 checked="" type="checkbox"/> Yes	<input 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. This report is intended to update Members on matters in the Leeds City Region Local Enterprise Partnership (LEP) and through the West Yorkshire Combined Authority (WYCA).
2. The main issues described in this report are from the latest public WYCA meeting in December.

Recommendations

1. Members are asked to consider the content of this paper and action that might be needed from Leeds City Council as a result.

1. Purpose of this report

- 1.1 This report is intended to update Members on matters in the Leeds City Region LEP and the West Yorkshire Combined Authority.

- 1.2 Specifically, this report provides details of the latest public combined authority meeting in December.

2. Background information

- 2.1 Following cross party agreement, this is the fourteenth report to Full Council to provide an update to Members on the work of the WYCA and Leeds City Region LEP.
- 2.2 Devolution remains an issue of significant importance to the city region; both in terms of using the powers and flexibilities already devolved, and in making progress towards further devolution. Leeds City Council continues to be in dialogue with other local authorities across Yorkshire regarding the geography, freedoms and flexibilities of a possible devolution deal that would build on those deals previously concluded.

3. Main Issues

- 3.1 The following items were among those discussed at the Combined Authority meeting on the 14th December 2017. All WYCA decisions are subject to call-in.

3.2 Capital Spend and Project Approvals

WYCA approved the progression of, and funding for, a number of projects, including the West Yorkshire Plus Transport Fund and Growth Deal. Projects progress through a three stage process, from Pipeline Eligibility to Pipeline Development to Delivery and Evaluation.

The total combined funding value for these projects is £37.466m, with £36.176m from WYCA and the remainder from other public/private contributions. A total of £14.558m was sought as part of the report.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development	Stage 3: Delivery and Evaluation
Leeds City Region Enterprise Zones Programme	East Leeds Outer Ring Road Junctions	Strategic Inward Investment Fund
Warm Homes Programme		
WYCA Website		

3.3 Project Beta

Project Beta relates to an application from a company seeking support to establish a new UK-based drug manufacturing facility. The company is expected to make a final decision about their preferred UK location shortly.

The combined authority supported in principle providing a grant of up to £3m to Project Beta. The grant is seen as a key part of a wider regional offer to enable the company to commit to Leeds City Region (LCR), and WYCA's Investment Committee recommended it for approval in November.

The Leeds Enterprise Zone has been proposed as a location for the facility, and detailed dialogue has taken place with Leeds City Council and the LEP in relation to funding to support the project. Due to the scale of investment required, to secure the development this may involve funding from both the LEP and Government alongside private investment.

3.4 HS2 and Connectivity

WYCA were updated on the LCR HS2 Growth Strategy, which has now incorporated comments from Government. They also endorsed the principles of the LCR HS2 Connectivity Strategy, supporting the development of Inclusive Growth Corridor Plans.

The purpose of the LCR HS2 Connectivity Strategy is to establish major local and regional connectivity priorities to enable and maximise growth associated with HS2. According to WYCA it will be a 'daughter document' to the LCR HS2 Growth Strategy and West Yorkshire Transport Strategy.

The components of the strategy include:

- (a) Embracing technology to create an integrated network.
- (b) Continued Government support for delivering existing transport priorities.
- (c) Delivering Inclusive Growth through transforming connectivity on the corridors where the economic need is greatest.

In relation to (c) WYCA have identified a set of 'priority corridors' which will form the basis of Inclusive Growth Corridor Plans to connect major communities, including some of the most deprived, to HS2. Some are pan-northern, others are regional and some are local to Leeds, Bradford and Wakefield. WYCA anticipate that these plans and the wider strategy will help shape the region's bid into Government's Transforming Cities Fund, announced in November's Budget.

3.5 HS2 and Skills

The combined authority endorsed the development of the Skills and Supply Chain Growth Strategy into an implementation plan.

The strategy builds on the LCR Employment and Skills Plan, and aims to ensure Leeds residents have the right skills to make the most out of the opportunities HS2 will bring. It details proposals to accelerate LCR's development as a national and international centre of excellence for skills and supply chain expertise in High Speed and Light Rail, driving the UK's Industrial Strategy.

The strategy is split into three priority themes:

- *Priority Theme 1* – Building and retaining talent for growth in LCR.
- *Priority Theme 2* – Building the supply chain capacity for success.
- *Priority Theme 3* – Nurturing economic innovation based on LCR strengths in digital, data analytics and academia.

WYCA intend to submit the strategy to Government as part of the LCR HS2 Growth Strategy. The approach to implementation then depends on how far Government financially supports the plan. As part of the wider Growth Strategy asks, WYCA have requested up to £45m for the period 2018-2033 to deliver skills strategy measures.

3.6 Local, Inclusive Industrial Strategy Update

This item noted that in the national Industrial Strategy White Paper Government set out the requirement for Combined Authorities and LEPs to coordinate local industrial strategies, which will bring together city partners to drive growth and regeneration.

WYCA formally committed to developing a Local, Inclusive Industrial Strategy (LIIS), jointly owned by the combined authority and LEP Board, to replace the Strategic Economic Plan (SEP). According to the report, LIIS have an expanded policy remit with inclusive growth at its core, and will tackle the challenges identified in the national Industrial Strategy.

Government will agree the first Local Industrial Strategies by March 2019, prioritising areas with the potential to drive wider regional growth, focusing on clusters of expertise and centres of economic activity.

3.7 Inclusive Growth Progress in the Leeds City Region

WYCA discussed the inclusive growth work accomplished to date, and approved the funding of a secondment for six months to continue their plans. According to the combined authority, significant milestones in making inclusive growth a key cross-cutting policy for LCR include:

- Completion of a first phase scoping work programme.
- Key projects starting – particularly around ‘anchor institutions’, large organisations acting as cornerstones of best practice.
- Creation of an Inclusive Growth Steering Group.
- Creation of a ‘virtual’ team including city partners.

WYCA also discussed the development of a second work programme, coordinated by the Steering Group, with the overall objective to incorporate inclusive growth into every aspect of the work of LCR, rather than having it as a ‘stand-alone’ issue. Over the next six months WYCA plan to identify the key indicators of success for inclusive growth, developing specific programmes and securing sufficient funding in light of their findings.

3.8 Business Planning and Budget 2018/19

This item advised WYCA on the work underway on business planning and budgeting for 2018/19, and the medium-term financial strategy which forms its basis. The business plan, budget and transport levy must be approved at WYCA's meeting in February.

WYCA recognised the difficult funding environment for local government, as outlined in their medium-term financial strategy. They discussed some of the challenges to prepare for when planning:

- Balancing the budget – reserves will be at their minimum level of £3.6m at 1 April 2018, and a potential funding gap of £0.897m by 2020/21 has been identified.
- Enabling a cut in the transport levy – this is the largest source of revenue income for the authority, which they assume will be reduced by £1m in each of the next three years based on the current pattern.
- Inflation in the statutory English National Concessionary Travel Scheme, which currently uses 45% of the levy, as well as in bus tendered services and pay. This sees expenditure increasing even with standstill service provision.

WYCA are considering a range of options to reduce expenditure in certain areas and increase funding streams. For example, a plan has been developed to transform passenger transport provision, to reduce their £19m spend procuring socially necessary bus services to £15m by 2020/21. The authority are also reviewing Enterprise Zone income and actions to accelerate this funding stream.

3.9 Update on WYCA Procurement Strategy 2018 to 2021

WYCA were updated on the development of a new Procurement Strategy to cover the next three-year period. The final strategy will be submitted for approval in February.

It has been suggested that the WYCA Procurement Strategy be in line with the new National Procurement Strategy nearing finalisation by the LGA. Their approach includes 31 Business Value Codes to identify priority areas for local government.

In order to meet the agreed elements of the National Procurement Strategy, WYCA's strategy is suggested to include the following key deliverables:

1. Mandatory weighting for social value contribution.
2. Encourage suppliers to pay the living wage.
3. Increase SME and local spend percentages.
4. Training for commissioners and suppliers.
5. Implementation of a benchmarking and measurement tool for WYCA suppliers, to improve reporting on social value.
6. Implementation of a contract management toolkit and corporate-wide key performance indicators.
7. Implementation of corporate spend analytics.
8. Increase in use of corporate contracts and frameworks.

3.10 European Structural and Investment Funds – Sustainable Urban Development

This item covered WYCA's role as the Intermediate Body for the Sustainable Urban Development (SUD) part of the European Structural and Investment Funds (ESIF) programme.

The city region's SUD Call was published in July to receive outline applications for the €19.95m of funding. It closed in September, having received five applications. They have since been assessed for local strategic fit based on the LCR ESIF SUD Strategy.

In this meeting WYCA approved the advice in the outline assessment forms, the decision and any respective conditions, and the prioritisation list and the assessment will be finalised and forwarded to the Managing Authority, the Department for Communities and Local Government, who will then finalise its assessment (taking account of the advice provided by WYCA), and make a selection decision.

4. Corporate Considerations

4.1 Consultation and Engagement

As this report is providing an update from a WYCA meeting, there hasn't been any specific consultation and engagement.

4.2 Equality and Diversity / Cohesion and Integration

Point 3.4, 3.6 and 3.7 discuss WYCA's priorities and ambitions for inclusive growth. The objectives and actions referred to in the report, such as the development of 'Inclusive Growth Corridor Plans', a Local Inclusive Industrial Strategy, and work from the Inclusive Growth Steering Group, are specifically intended to positively impact upon some of the more disadvantaged communities in LCR.

4.3 Council policies and Best Council Plan

The Best Council Plan priorities refer to aspects of the WYCA work and are undertaken in that context.

4.4 Resources and value for money

There are no specific implications as a result of this report.

4.5 Legal Implications, Access to Information and Call In

There are no specific legal implications arising from this report.

4.6 Risk Management

There is currently a risk identified regarding Devolution on the Corporate Risk Register. This is to ensure that any deal to be considered is in the best interests of the people of Leeds.

4.7 Recommendations

Members are asked to consider the content of this paper and action that might be needed from Leeds City Council as a result.

4.8 **Background documents**
None