



Report of Director of City Development

Development Plan Panel

Date: 9 June 2009

Subject: LEEDS CITY REGION PILOT PROGRAMME

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

This report updates members with the Leeds City Region pilot programme which was announced as part of the Budget on 22 April.

The report provides the latest information on progress of the programme, and the details of key asks and proposals put forward in the city region Partnership's original bid for pilot status.

It provides an overview of delivery arrangements and how the pilot programme sits within existing and emerging regional arrangements.

1.0 INTRODUCTION

- 1.1 The Leeds City Region Partnership has been successful as one of two pilot city regions to take forward new freedoms and flexibilities in relation to the devolution of powers and responsibilities to the city region. The result comes after the Partnership submitted four distinct proposals in its Forerunner Plan submitted to the Government in March.
- 1.2 The Partnership joins Greater Manchester as one of two pilot city regions to take forward new freedoms and flexibilities to advance the devolution agenda and help tackle the impact of the recession.
- 1.3 Going forward, the Partnership will work with Government and partners to agree the terms under which our Forerunner Plan is taken forward.

2.0 THE PILOT PROGRAMME

- 2.1 In its Forerunner Plan, the Leeds City Region proposed taking on new powers and funding across three core areas of work covering housing & regeneration, innovation and higher level skills. In addition, the Partnership proposed piloting the Accelerated Development Zone model as promoted through the Core Cities Group, in the Aire Valley Leeds initially, with the potential for roll-out across other regeneration areas in the city region

2.2 HOUSING AND REGENERATION

- 2.2.1 The Partnership has proposed taking on devolved responsibilities and funding for housing and regeneration, which will allow for better alignment to city region priorities for promoting economic growth and competitiveness.
- 2.2.2 Specifically, the Partnership has proposed taking on devolved funding streams to bring forward delivery of agreed housing growth as set out in our New Growth Point and Urban Eco-Settlements Programmes, and in doing so seek to deliver 30,000 new homes.
- 2.2.3 In order to do this, we will develop a robust and collaborative relationship with the Homes and Communities Agency (HCA), by establishing a **Joint City Region / HCA Board**, which will oversee the preparation and delivery of a city region Housing and Regeneration Strategy and Investment Plan. The Strategy and Investment Plan will set the strategic housing and regeneration priorities over the next 5-10 years, and will seek to be jointly endorsed by the city region partnership, HCA and other key organisations. It is anticipated to prepare the Strategy and Investment Plan by Autumn 2009.
- 2.2.4 In the medium to longer term, we will seek to ensure that the Joint Board is given a prominent role in influencing the wider housing and regeneration policy and funding priorities of Government and other relevant bodies to ensure programme and funding alignment with the city region's all funding and delivery bodies. We will also seek to develop **joint investment planning arrangements** for housing and regeneration, which will 'pool' a wide range of the disparate funding regimes that currently exist, with the necessary freedoms and flexibilities given to the Joint Board to enable it to be responsive to changing circumstances and priorities.

2.3 INNOVATION SUPPORT

- 2.3.1 The Partnership has proposed devolved funding to enable short and longer term investment to support innovation and our economic drivers.
- 2.3.2 We will be seeking to secure a City Region **Innovation Fund** of £70m which will accelerate the delivery of a number of revenue schemes to provide immediate support to businesses and individuals impacted by the recession, as well as the delivery of **around 5 capital investment projects**. These investments will be support the creation of an open innovation system, which will benefit businesses in our **existing core sectors**, especially Financial and Business

Services (FBS), but also our **growth sectors** such as environmental technologies, digital and bio-medical industries.

2.4 HIGHER LEVEL SKILLS

- 2.4.1 The Partnership has proposed taking on greater responsibilities for higher level skills in the city region.
- 2.4.2 It has proposed developing a **Skills and Work Plan** that will act as the commissioning framework for the new Skills Funding Agency. This would be owned by a **City Region Employment and Skills Board** with negotiated duties from Government and key partners, which would build on our existing Labour Market and Skills Panel and Business Leadership Group.

2.5 INNOVATIVE CITY REGION DELIVERY MECHANISMS

- 2.5.1 In order to deliver the above agendas, the Partnership has proposed working with Government to explore flexible local financing mechanisms.
- 2.5.2 Specifically, the Partnership proposed the piloting of the **Accelerated Development Zones (ADZ) model** - a form of Tax Increment Financing (TIF) that has been developed by the Core Cities Group for unlocking regeneration potential by ring-fencing future uplift of regeneration to enable forward financing of the infrastructure needed before development can begin.
- 2.5.3 The Plan proposes the regeneration of the Aire Valley in Leeds as an initial pilot for this model, given its scale and that it was one of the case studies developed as part of the Core Cities report on ADZs.
- 2.5.4 In the longer term, we would seek to explore further flexible financing mechanisms such as capturing value uplift in housing and regeneration projects and reinvesting these to achieve shared housing and regeneration objectives.

3.0 DELIVERY OF THE PILOT PROGRAMME

- 3.1 The pilot programme will be delivered by the city region Partnership in collaboration with Government and partners. It is likely that a terms of agreement and/or a delivery plan will be prepared sometime before the summer recess (21 July).
- 3.2 At present all decisions are taken by the City Region Leaders Board, a legally constituted joint committee. Four panels corresponding to our four agendas (housing, innovation, skills and transport) advise and carry out work on behalf of the Leaders Board.
- 3.3 The Forerunner Plan specifies the introduction of two new structures—the Employment and Skills Board and the joint city region-HCA Housing and Regeneration Board. Further consideration will be given to the introduction of a Joint Investment Board, which will direct investment on behalf of the city region. Discussions are ongoing with Leaders about potential governance review issues.

5.0 RECOMMENDATIONS

- 5.1 Members are requested to:
 - i) Note the success of the Leeds City Region pilot bid.
 - ii) Note plans being progressed as part of the Leeds City Region Forerunner Plan.

Background Papers

Leeds City Region Forerunner Plan

Chapter 4 of the HM Treasury Pre-Budget Report, 2008

Chapter 4 of the HM Treasury Budget Report, 2009