



**leeds city region**  
intelligence driving growth

**empowering local leadership for economic growth**  
leeds city region pilot programme

## Foreword

### Chair of the Leeds City Region Leaders Board

This agreement is the culmination not just of eight months of joint working with government since the submission of our bid for pilot status, but of 5 years of collaborative, city region working aimed at securing a more prosperous economic future and higher quality of life for all who live and work in the city region.



That we became one of two city regions across the country to be granted pilot status is a recognition of the quality of our partnership, and an achievement worth celebrating. However, the real challenge is now before us - to drive recovery and deliver economic growth. This is a challenge not only for the city region local authorities, but for Government, its agencies and our public and private partners.

As such, it is important that this agreement is seen not as an end in itself; rather, it should be seen as a step towards achieving the right level of devolution needed to empower the kind of local economic leadership that we need to deliver growth and prosperity across the city region.

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**Councillor Andrew Carter**

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# A. DRIVING ECONOMIC GROWTH

This report sets out our proposals for the Leeds City Region Pilot. This includes a summary of how our City Region-wide work has gained momentum, our four main priorities for the Pilot, the commitments agreed with Government as set out in the separate document Leeds City Region Agreement and the next steps.

## 1. LEEDS CITY REGION: ONE ECONOMY, MANY PLACES

In 2009, the Leeds City Region (LCR) is home to nearly 3,000,000 people and over 100,000 businesses. The City Region comprises the districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield in West Yorkshire, the whole of Barnsley in South Yorkshire, the unitary authority area of York, and in North Yorkshire, the districts of Craven, Harrogate and Selby.

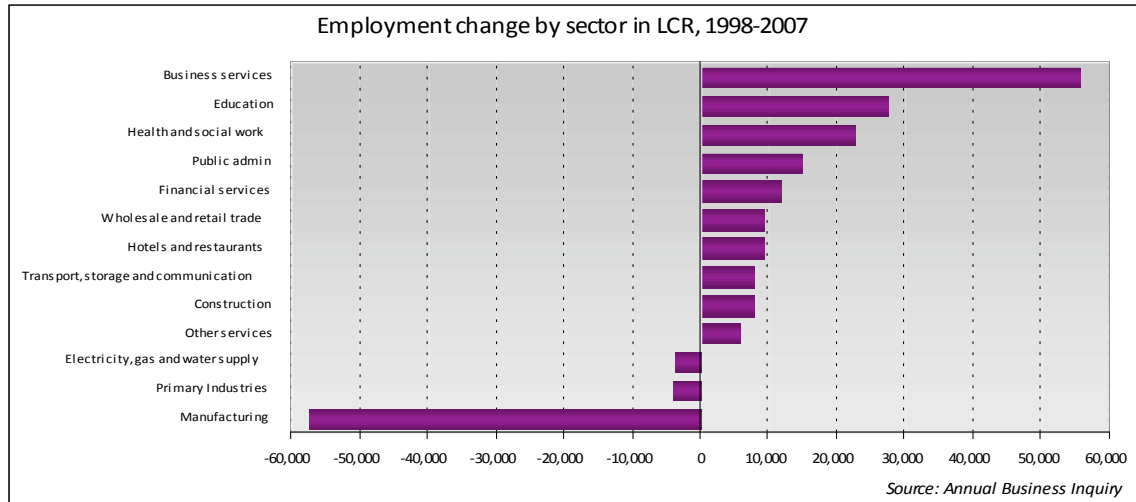
### 5% of UK GVA and Strong Employment Growth

The Leeds City Region generates some £48 billion of Gross Value Added (GVA) each year. This is 5% of the nation's annual GVA. Up to 2007, the City Region experienced a long period of sustained GVA and employment growth. Over the decade, up until 2007, the number of jobs grew by 9%, from 1,176,000 to 1,284,000. As demonstrated below, employment growth has been driven by the business services sector (+55,600 jobs or +40%) and parts of the public sector: public administration (+15,000; +28%); education (+27,700; +27%); and, health (+22,700; +18%). The rate of growth in business services has been above the national average over the period (+35%). Manufacturing was the only sector to experience significant job losses (-57,500 jobs or -25%) albeit at a slower rate of decline than the national average (-30%).



Forecasts prepared prior to the recession showed that in the 20 years to 2026, LCR employment was forecast to grow by 30%—some 360,000 jobs or 18,000 per annum.

Leeds, Bradford and York together will provide just over 70% of this job growth. However, more recent economic forecasts suggest that we will not return to 2007 employment levels until the middle of the next decade.



After London, the Leeds City Region is recognised as the leading UK centre for financial and business services. The LCR is home to eight universities producing more than 36,000 graduates each year. This is fuelling the growth of knowledge-intensive companies in key sectors such as environmental sciences, electrical and optical equipment, bioscience, health and medical research, and digital and the creative industries. Science City York is the most successful project of its kind in the UK.

### **A Strong, Diverse Network of Cities and Towns**

Some 95% of our resident workforce work within the boundaries of the City Region in a three-tier labour market. Each urban centre in the LCR draws labour from a strong local catchment. Three stronger cities -- Leeds, Bradford and York -- are each net importers of labour as well. At the highest level, Leeds draws labour from across the entire City Region and, as such, it is the strongest economic centre. Overall, around 25% of residents in employment commute across local authority boundaries to work.

### **High Rates of Population and Household Growth**

The Office of National Statistics (ONS) forecasts that the LCR population will increase by 740,000 people (28%) between 2006 and 2031. The Government forecasts that the number of households will increase from 1,206,000 in 2006 to 1,652,000 in 2031 or some 446,000 households. In itself, this population increase will contribute to the growth of the LCR economy.

Some 17.2% of the Lower Super Output Areas in the LCR are in the 10% most deprived nationally; this represents an increase from 16.6% in 2004. The proportion of working age people living in households in which no one is working in the LCR is higher than the national average, although it has decreased by 2% in the LCR over the past decade.

## **2. COLLABORATION ACROSS THE CITY REGION**

Exploration into shared economic prospects and challenges commenced in 1999, and subsequently our 11 LCR local authorities (the ten districts and North Yorkshire County Council) started working together on an informal basis. In 2004, we gathered for a City Region Economic Summit. Subsequently, our local authority Leaders and Chief Executives agreed a Concordat outlining our shared vision and the principles of how we would work together.

### **The Leeds City Region Development Programme**

In September 2006, our local authority Leaders agreed the City Region Development Programme (CRDP). This translated our vision into a firm plan of action. The CRDP forecast a growth scenario in which the City Region would create around 150,000 net additional jobs by 2016. However, it highlighted the weaknesses in our transport networks, and in the skills of our labour force. The CRDP highlighted the priority investments necessary to overcome the barriers to the city region's future prosperity. These are our shared investment priorities. Due to the present recession, however, we may not achieve all of this growth by 2016 - however these barriers are still inhibiting growth.

### **The Leeds City Region Leaders Board**

In April 2007, we established the Leeds City Region Leaders Board. This is legally constituted by the 11 City Region local authorities as a Joint Committee. Under Section 2 of the Local Government Act 2000, the Leaders Board is empowered to discharge, on behalf of the member Councils, the promotion and improvement of the economic well being and competitiveness of the City Region. The Leaders Board is the decision-making body of the Partnership.

Our Business Leadership Group provides strong private sector insight into the City Region agenda and to champion our interests across the City Region.

The Leaders Board is supported by the Chief Executives Group, the Directors of Development Group, the Policy Advisers Group and four advisory panels:

- the Transport Panel;
- the Skills and Labour Market Panel;
- the Housing Panel; and
- the Economic Drivers and Innovation Panel.

These Panels include elected members, business leaders and officials within other public sector organisations. Along with the Business Leadership Group, the Panels play a key role in shaping our development proposals.

### **The Multi-Area Agreement**

Our Multi-Area Agreement (MAA), one of the first in the country, was signed by the LCR local authorities and Government during the summer of 2008. This featured ambitious joint targets to improve the high-level skills provision and enhance transport connectivity. In the MAA, Government agreed to three delegated freedoms and joint working arrangements. These are:

- measures to reduce the administrative burden on small and medium-sized companies seeking to commit to Level 4 training;
- measures to accelerate the delivery of key transport schemes; and
- freedoms to allow LCR partners to pool financial resources to deliver new transport schemes such as park and ride facilities at rail stations.

In addition, the Government and its agencies committed to support the preparation of Strategies both for higher level skills and transport investments in the City Region and consult on their plans and policy proposals.

### **3. THE CITY REGION PILOT**

Our track record in joint working across the City Region, and with Government, has provided the foundation for our bid to be a pilot city region which we submitted in the form of the Leeds City Region Forerunner Plan early in 2009. In the April Budget, the Government announced that we would be designated as one of only two city region pilots across England.

#### **SUSTAINABLE LOCAL ECONOMIC LEADERSHIP**

Since this announcement, the City Region has been working with various Government departments and agencies, including the Regional Development Agency Yorkshire Forward and the Homes and Communities Agency (HCA), to refine our Forerunner Plan proposals. City Region Leaders met with Government Ministers in July to agree the main elements of the pilot programme and that they would meet again in November 2009 to agree the details. The Leeds City Region Agreement summarises the elements of the agreement and more details are set out in the rest of this report.

**Essentially, our pilot programme constitutes the framework for a sustainable model of local economic leadership. As the Leeds City Region Partnership, we believe that this is the best way to drive one of the North's most powerful engines of economic growth. This leadership is key to both accelerating our recovery from the recession and strengthening our global competitiveness.**

As set out below, we have agreed with Government to establish joint planning and investment mechanisms governing housing and regeneration, transport, employment and skills, and innovation. These bring the 11 City Region local authorities together with Government (and various agencies, including Yorkshire Forward) to agree investment priorities and the necessary actions key to strengthening the City Region's economy.

#### **CITY REGION PILOT COMMITMENT**

During 2010, our proposals for housing and regeneration, innovation, transport, and skills and worklessness, along with other areas of city region collaboration not part of the pilot agreement, will be brought together into an overarching Leeds City Region Strategy and Investment Plan. This will be one of the main building blocks for the Integrated Regional Strategy for Yorkshire and the Humber. We have agreed with Yorkshire Forward that our main proposals will be embedded in any future regional strategies reflecting agreed regional joint working arrangements.

## B. OUR FOUR PRIORITIES

Our City Region Pilot focuses on four priorities:

1. HOUSING AND REGENERATION
2. INNOVATION
3. TRANSPORT
4. SKILLS AND WORKLESSNESS

Our approach to each of these priorities is as follows:

### 1. HOUSING AND REGENERATION: Sustainable Places for a Globally Competitive City Region

Across the City Region, we are working together to create distinctive, better connected places that meet the needs of a sustainable and competitive economy. This is essential. One of our most valuable assets is the quality of life that we offer to growing businesses, entrepreneurs, and talented individuals. Our regeneration programmes harness private investment to drive our urban renaissance and to build the homes that we require in order to support economic growth over the next 20 years and beyond.

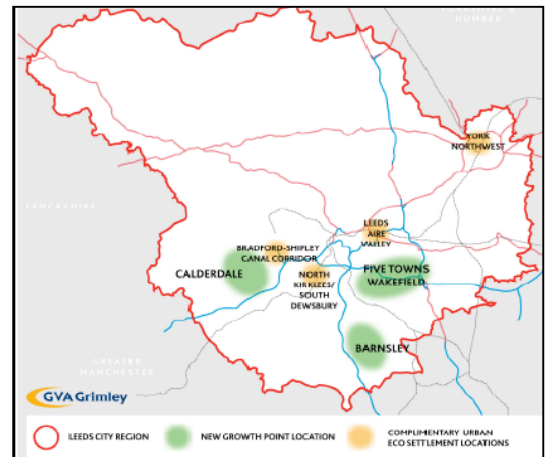
#### HOUSING AND REGENERATION: STRATEGY AND INVESTMENT FRAMEWORK

In order to ensure that public investment (by local authorities, the Homes and Communities Agency, Yorkshire Forward, and other public agencies) attracts the maximum private sector investment, we have prepared the [Leeds City Region Housing and Regeneration Strategy and Investment Framework](#). This was approved by the City Region Leaders Board in October 2009.

The Strategy and Investment Framework supports the proposals set out in the City Region Development Plan. These are in accordance with regional spatial and economic strategies. Investments in our growth points and urban eco-settlements are proposed, alongside strategic renewal and renaissance.

Based on a comprehensive assessment of the LCR housing market – including consideration of the impact of the recession – the Framework sets out four themes for intervention to guide investments and actions across the entire City Region:

- accelerating strategic growth;
- promoting eco-living;
- delivering strategic urban renewal; and
- supporting rural economic renaissance.





For each of these, where appropriate, we have agreed specific priority locations for public investment. Section 7 of the Strategy and Investment Framework summarises the main emerging proposals. We have also prepared a performance management framework which identifies the strategic added value which is arising from working across the City Region.

Two key programmes currently form the crux of the City Region's housing growth and regeneration package. First, the LCR was awarded **Growth Point** status in 2008. This focuses on Barnsley, Calderdale and Wakefield. The Programme of Delivery proposes 5,000 additional new homes to 2017, in excess of RSS targets. Second, the City Region's **Urban Eco Settlement** proposals for major brownfield regeneration areas together offer the potential to contribute around 30,000 new 'eco' homes in major, mixed use developments.

The Strategy and Investment Framework highlights the challenges of (a) increasing the supply of affordable housing; (b) improving the existing housing stock; and (c) building new houses. Moreover, the recession has called into question many of the conventional models for financing and delivering affordable housing and new approaches are now being developed by the LCR in partnership with the Homes and Communities Agency (HCA).

The Strategy and Investment Framework provides the foundation for a Housing and Regeneration Investment Plan being developed with the HCA. This will result from the city region-wide "Single Conversation." The Plan will be agreed by April 2010.

## **CITY REGION PILOT COMMITMENTS**

The Leeds City Region Agreement comprises six housing and regeneration commitments:

### **1. Establish a Joint Housing and Regeneration Board**

The City Region Leaders Board and the HCA are establishing a Joint Housing and Regeneration Board. This will establish funding priorities and coordinate HCA investments in the City Region. It will also seek to align related Local Authority, Yorkshire Forward and other public sector spend with HCA spend to deliver City Region priorities. The Board will be constituted as a Committee of the HCA Board with delegation from the main HCA Board, similar to the London Housing Board. Government will consult with the Joint Board on any proposed actions that would impact on the overall level and profile of HCA funding within the city region.

Our Joint Board will also be responsible for securing the delivery of city region strategic programmes such as Growth Points and the Urban Eco Settlements. The Leaders Board and the HCA will establish appropriate executive arrangements.

### **2. Deliver the Urban Eco Settlements Programme**

The Urban Eco Settlements programme is the Leeds City Region's approach to developing "zero-carbon" communities. Government has agreed to treat our programme as a high priority, in the same way as the Eco Town Programme in the rest of England. We will develop these settlements in accordance with the standards set out in the Eco Towns Planning Policy Statement, and will include providing up to 28,000 new homes to at least Code Level 4. This will provide the centrepiece of our ambitions to become a Centre of Excellence for Eco Design and Innovation.

The Urban Eco Settlements will provide opportunities to develop and pilot new innovative housing designs and eco technologies that will help the 'step change' required to move the city region towards a low carbon economy. It will also include investments in neighbourhood improvement and retrofitting of existing homes to meet higher energy conservation standards and ensure integration with existing communities. Consistent with sustainable communities principles, our programme will seek to ensure appropriate physical and social infrastructure is put in place. We will work closely with our key infrastructure partners, including the education and health sectors, to enable an integrated approach to service delivery.

The Programme will provide a wide range of skills training opportunities for those already in construction and those seeking to enter the sector. Government, through the HCA and other agencies, has agreed to prioritise investment and support in our Urban Eco Settlement locations. This will primarily be taken forward through the City Region HCA Single Conversation to develop a phased and deliverable Urban Eco Settlement Programme.

### **3. Deliver the Domestic Energy Efficiency Programme**

The Home Energy Efficiency Programme will accelerate activity across the city region in insulating homes to higher environmental standards and encouraging micro renewable generation take up. Significant financial efficiencies will be gained through city region collaboration, driving down costs and reaching 'hard to insulate' properties. Building on the successful Warm Zone pilot in Kirklees, the city region has identified the need to improve 300,000 properties by 2015, which would help bring 50,000 households out of fuel poverty.

Government supports the aspirations of the city region and has agreed to work with the partnership to explore ways in which the programme can be supported. Work is ongoing with Government, HCA and other delivery partners to explore simplification of the complex delivery arrangements; to secure resources to deliver more effective and coordinated area based programmes; and to explore further freedoms and flexibilities needed to deliver the programme.

### **4. Pilot Funding Flexibilities in the Leeds-Bradford Corridor**

At present, a very complex set of regulations governs each of the various public sector investment programmes in housing and regeneration. Each has different timescales, eligibility criteria, outputs and monitoring mechanisms.

Government has agreed to work with the city region on piloting a simplified funding regime around 'place' in the Leeds-Bradford Corridor, with an initial proposed area in the Corridor being Laisterdyke. Subject to further exploration of detailed proposals, the intention would be for the pilot to commence in April 2011, and would seek to deal with a range of funding sources in a more coherent and integrated way. If successful, the pilot will be replicated elsewhere in the City Region and beyond. Discussions around potential flexibilities are ongoing within Government, and we will continue to work together to explore any benefits to the City Region.

### **5. Investment in the Private Rented Sector**

We recognise the need to strengthen the private rented sector as part of a comprehensive approach to meeting housing needs in the City Region as a whole. We are now working with Government to assess various mechanisms to do so. The primary aim is to attract institutional investment into the provision of new homes and to identify what the public sector needs to do attract this investment.

## **6. Pilot Accelerated Development Zone**

Government is now considering its policy on the idea of accelerated development zones. In these areas, local authorities might have the freedom and flexibility to borrow funds to finance infrastructure, based on agreement that they could retain a proportion of resulting increases in business rate income. If Government does decide to designate ADZs, as a Forerunner city region with a worked up scheme in the Aire Valley, Leeds would be a serious candidate. We would also explore how the model could be applied in other locations across the city region, such as York Northwest.

## 2. INNOVATION: Leeds City Region: Innovation Capital

We are working to establish the Leeds City Region as a globally-renowned Innovation Capital. We are building an “innovation eco-system” to do this.

A recent OECD review of innovation in the North of England identified a lack of truly world class innovation infrastructure. They questioned whether the North could compete globally without significant strategic interventions. In response, we commissioned the Work Foundation to map existing innovation infrastructure in the Leeds City Region. This demonstrated that we have considerable strengths in our universities and companies, but that the resulting economic outputs do not truly reflect these strengths. The Work Foundation advised that our companies and universities need to work more closely together in order to compete more successfully in global markets, and by doing so, there is the very real potential to develop the city region as an Innovation Capital.

### FOUNDATIONS FOR THE INNOVATION CAPITAL

We have over 100,000 businesses now in the City Region. Some 36% of the research produced by our eight higher education institutions (one of the largest clusters in Europe) is deemed “world class” and 10% is deemed “world leading.” In addition, the city region boasts Science City York and two of the top 100 business schools (as ranked by the Financial Times). Leeds itself is home to the largest teaching hospital trust in Europe, which brings in substantial amounts of research and development income.

Our ‘**innovation eco-system**’ is being developed to connect “knowledge generators” and “end-users.” This features constructing state-of-the-art facilities, joint university-business project development and building a global profile about these facilities and projects. Major developments already planned will become part of this network. These include:

### FLAGSHIP PROJECTS

- the proposed **Innovation City Leeds** programme which features an Energy Research Building, a £28m ‘Innovation City Leeds’ building, a bio-incubator and creating new gateways to global markets;
- existing **Science City York** facilities, and the **development of Heslington East at the University of York**, which will include new incubation facilities at the **Catalyst**, for existing and start-up research-led businesses; and
- the creation of the **Bradford Learning Quarter**, (centred on the University of Bradford and Bradford College now implementing a £200m investment) to provide new space for creative and knowledge-based industries.

### INNOVATION LED BUSINESSES

In addition, we are piloting a range of novel approaches to connecting entrepreneurs and researchers. These include **Open Innovation** events which will bring together, for the first time, businesses to share ideas and explore how best to develop these as commercial ‘products’ and new businesses. We are seeking to unlock the untapped potential of thousands of our part-time students as **Innovation Activists** as conduits for innovation with their employers. We are offering **Innovation Challenge** programmes providing groups of business with support from Yorkshire Forward and Business Link.

## **NEW BUSINESSES**

We are planning to assist up to 2000 people leading to the creation of at least 200 new businesses. We are also exploring new approaches to stimulating more high technology start-ups linked to our growth sector and supported as appropriate models knowledge transfer, for example, mini KTPs.

## **THE INNOVATION CAPITAL: A NEW PARTNERSHIP WITH GOVERNMENT**

The designation as a City Region Pilot is providing a further boost to establish the Leeds City Region as an Innovation Capital. Our Economic Drivers and Innovation (EDI) Panel is leading our efforts to develop our forward plans to achieve this ambition. The Panel already includes local authority elected members and officials and representatives from the universities and the business community. From June 2009 the Panel has included Yorkshire Forward, and from November 2009, will include the Department of Business Innovation and Skills (BIS), the National Endowment for Science Technology and the Arts (NESTA) and the Technology Strategy Board (TSB). These national organisations are now direct stakeholders in the delivery of Leeds City Region's innovation ambitions.

## **CITY REGION PILOT COMMITMENTS**

The Leeds City Region Agreement comprises two innovation commitments:

### **1. Innovation Capital Prospectus and Investment Plan (ICPIP) for the LCR**

We have agreed with Government that the EDI Panel will prepare an Innovation Capital Prospectus and Investment Plan (ICPIP) for the Leeds City Region. This will provide a framework for effective coordination and commissioning of investment in strategic projects needed to create an exemplar innovation eco system. This will:

- set out the objectives and priorities for the city-region;
- assess the innovation strengths within the city-region from which to build;
- consider the demand for innovation support and measures to meet demand;
- outline how the city-region might become, and be recognised as, a science hub and innovation centre of excellence;
- estimate the of scale of private and public investment needed to achieve the City Region's ambitions and deliver the strategy;
- identify how better alignment and co-ordination of extant funding streams can be deployed with innovative finance mechanisms and policy levers to secure the investment needed.

We envisage that the ICPIP will be complete before April 2010. Yorkshire Forward will ensure that the priorities for intervention in the Leeds City Region will be fed directly into the Integrated Regional Strategy (IRS) as the latter is prepared throughout 2010. As part of the development of the ICPIP we will work with Yorkshire Forward to prioritize Leeds City Region schemes within the current ERDF programme.

### **2. Pilot Revenue Schemes for Accelerating Sustainable Recovery**

Whilst the ICPIP is being prepared, we will work with BIS and Yorkshire Forward to identify additional funding to support enterprises and individuals affected by the economic downturn. Yorkshire Forward will be reviewing existing provision to ensure sufficient focus on the City Region.

### 3. TRANSPORT: Integrated Connectivity for Sustainable Economic Growth

We are promoting investments in our transport networks to strengthen the City Region’s economic competitiveness and to contribute to achieving the nation’s carbon reduction targets. In preparing our City Region Pilot proposals, we are discussing a “Statement of Intent” with Government, which will set out the key transport connectivity challenges facing the city region and how we propose to address them. It will set out what we would like the Department for Transport and H M Treasury to do to enable delivery of locally determined solutions, based squarely on shared confidence in the transport strategy for the City Region and clear governance structures.

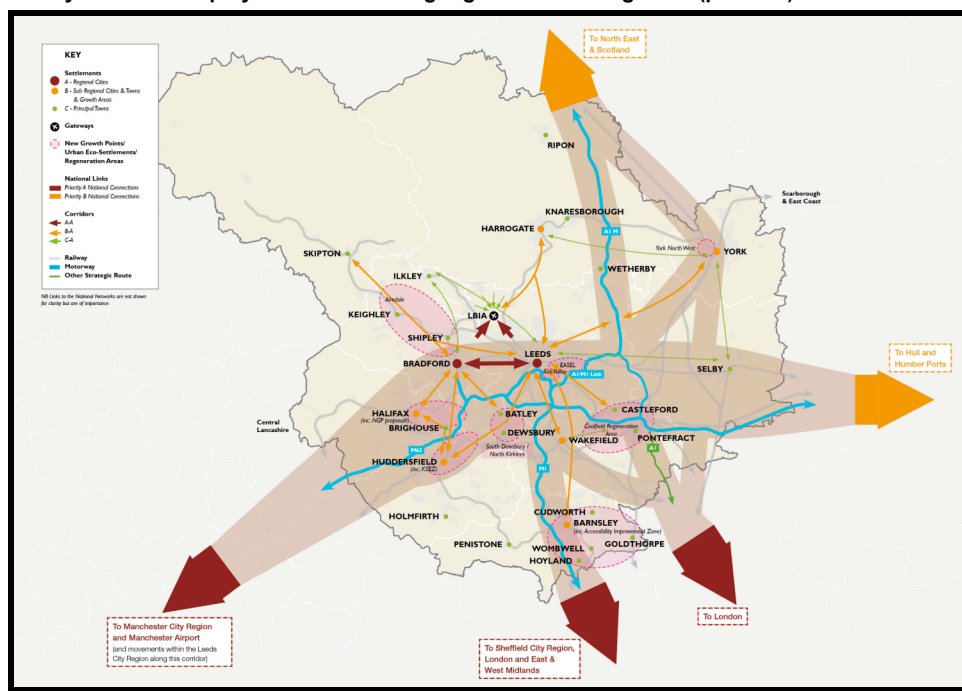
#### SEVERE CHALLENGES: MAJOR OPPORTUNITIES

We have undertaken a wide-ranging analysis of the transport challenge facing the City Region. This evidence highlights the severe congestion and overcrowding facing many links in the road and rail networks. Moreover, planned housing and employment growth will significantly increase most of these problems.

This rapid economic growth in the City Region as a whole, and particularly in Leeds, has driven significant increases in travel demand by car and rail. Overall, commuting, and commuting trip distances, have increased. Many rail services are overcrowded at peak periods. However, bus use has declined overall, and the reductions in the bus networks will limit efforts to reduce the City Region’s dependence on private car journeys.

The recession has led to a temporary pause in the rising ‘demand’ for travel. However, over the medium term, the City Region’s economy is expected to grow steadily. Significant improvements in transport networks are needed to enable this growth as well as to address the congestion and overcrowding challenges faced today.

#### Priority areas for employment and housing regeneration and growth (planned)



Similarly, significant housing growth is likely, particularly within Leeds and Bradford and in the Growth Points and Urban Eco-Settlements. Investments in transport

networks will be needed to enable this development. This strategy, therefore, recognises the importance of transport mirroring the way people live their lives and will ensure that local people have good access to jobs and key services including healthcare, education and leisure facilities.

Our evidence shows that significant shifts toward the use of bus and rail services, and changes in the mix of vehicle fuel sources are required across the City Region to make progress towards carbon reduction targets. Moreover, providing faster access to major employment centres would produce significant agglomeration benefits. (Until recently scheme appraisal methods did capture agglomeration benefits with up to 25% of the total potential not counted.) Also, carbon dioxide emissions could be reduced by 7.5% if the range of transport system interventions presented below were to be implemented.

## **EMERGING TRANSPORT PRIORITIES FOR THE LEEDS CITY REGION**

We are now preparing clear transport priorities for the City Region as a whole. The following draft priorities have been informed by DaSTS policy, and discussions with local authority chief executives and DfT officials:

### Priority A:

- developing an internationally recognised city region;
- developing the role of Leeds as a Regional City;
- transforming the Regional City of Bradford;
- improving access via TransPennine links to Manchester City region and Manchester airport and supporting movements within the Leeds City region along the TransPennine corridor;
- improving access to the Sheffield City region and London; and
- improving access to Leeds Bradford International Airport

### Priority B:

- developing enhanced and complementary roles for the Sub Regional cities and Towns (Barnsley, Halifax, Harrogate, Huddersfield, Wakefield and York) capitalising on their particular strengths and potential;
- supporting the delivery of priority areas for regeneration and housing growth (Coalfield Regeneration Area in Wakefield District, Airedale – Bradford to Skipton, Aire Valley Leeds,
- South Dewsbury / North Kirklees, York NorthWest, East Leeds, East Bradford – West Leeds area; and
- improving connectivity for rail freight to / from the Humber Ports.

### Priority C:

- strengthening the service centre roles of the Principal Towns: Batley, Brighouse, Castleford, Cudworth, Dewsbury, Goldthorpe, Holmfirth, Hoyland, Ilkley, Keighley, Knaresborough, Penistone, Pontefract, Ripon, Selby, Skipton, Wetherby, and Wombwell. These roles will be defined in more detail in local plans and priorities, in particular through Local Development Frameworks

## **GOVERNANCE ARRANGEMENTS**

We are in agreement with Government that current governance arrangements need to be further developed. The role of our Transport Panel is being reviewed, testing the case for strengthened membership and looking at its relationship with our Leaders Board joint committee arrangements. This review is considering the scope for delegation of investment decisions.

In tandem, we are developing a governance scheme for the West Yorkshire Integrated Transport Authority (ITA). This includes consideration of how best to develop this ITA with the strongest leadership to drive devolved planning and funding decisions. This ongoing review is also considering whether an ITA should have powers of direction to ensure the effective delivery of agreed priorities.

The DfT has indicated its support for strengthening governance and its willingness to work with the City Region to ensure appropriate arrangements are put in place.

## **CITY REGION PILOT COMMITMENTS**

Building from our Multi-Area Agreement with Government, the Leeds City Region Agreement comprises four transport commitments:

### **1. Leeds City Region 20-year Transport Strategy**

As agreed in our MAA, we have worked with the Department for Transport (and the Highways Agency and Network Rail) to prepare a cross-modal 20 year Leeds City Region Transport Strategy. We have agreed with DfT and HM Treasury that there is an urgent need for this clear vision and strategic agenda for transport that takes account of sustainable, low cost and affordable solutions. This Strategy is closely aligned with national policy, including DaSTS. The DfT has recently agreed to contribute to the costs of a DaSTS connectivity study; this will form part of the implementation plan to deliver our ambitious Transport Strategy.

### **2. Developing New Protocols for Highways and Rail**

Under the MAA, Leeds City Region is recognised as a designated consultee on transport policy proposals which are circulated to local authorities or regional bodies. The DfT have indicated their support for the development of protocols with the City Region on the national network (rail and strategic roads), building on the MAA. We are now working with DfT on these protocols, which would underpin closer collaborative working, and these could be in place early in the New Year.

### **3. Flexible, Long-term, Consolidated Funding Streams**

Initially operating within the existing regional frameworks, the DfT have welcomed our proposals to develop a delivery plan consistent with and integrating the various disparate funding streams and to align these with Leeds City Region transport priorities. Thus, working with DfT, HM Treasury and Yorkshire Forward, we will prepare a costed and affordable, 10-year implementation plan which will be aligned with a single, consolidated funding package based on existing allocations. Our new DaSTS Study on Leeds City Region Connectivity, which held its first Steering Group meeting on 14 October, will assist this process.



To do this, after the next Spending Review, we will explore with DfT and HM Treasury:

- working initially within relevant regional frameworks, review the Regional Funding Allocation (RFA) framework to ensure investment levels reflect the economic contribution of the Leeds City Region to the nation's prosperity – and to identify how best to move towards a more cohesive approach to resource allocation;
- how best to ensure that the City Region secures other regional funding including ERDF and Yorkshire Forward's single pot;
- how best to pool local funding, including LTP and the ITA levy; and
- the potential for pooling private sector finance, including developer contributions.

Whilst we acknowledge the immediate constraints on establishing a City Region funding package, we will work with Yorkshire Forward to shape the Regional Funding Allocation processes. We will both focus on the delivery of existing commitments within available funding, and will be ready to prioritise City Region investments resulting from scheme slippage elsewhere. We will ensure that investment in transport is aligned with and supports other Leeds City Region projects aimed at driving economic recovery and growth.

We intend to explore the prospect for increased flexibilities in the use of designated capital and revenue funding streams.

We are exploring with key partners the potential to progress the shared approach described here following the next Spending Review. This could comprise DfT, H M Treasury, Yorkshire Forward and the Government Office for Yorkshire and the Humber. It will be important to agree the Terms of Reference and scope of such a Group from the outset.

#### **4. Pilot Devolution of Scheme Appraisal**

Building on our MAA, DfT has indicated its willingness to discuss "lighter touch" scheme appraisal procedures. The DfT is already reviewing its appraisal requirements to ensure a more proportionate approach is taken across the board and for smaller schemes in particular. We are further proposing the devolution of appraisal of "major scheme" costing up to £25m. This would accelerate the delivery of these schemes and provide significant efficiency savings. The Department has indicated its willingness to explore with the City Region the requisite organisational and technical capacity and the new governance arrangements to provide clear accountability that would be required before these changes could be introduced.

#### **4. SKILLS AND WORKLESSNESS: Skills for the Future City Region Economy**

Now, and in the future, our skilled, motivated and flexible workforce is key to strengthening the competitive advantage of the Leeds City Region. To do this, we must ensure that provision reflects the current and future needs of local employers, key economic drivers and the city region economy.

##### **STRONG DEMAND FOR SKILLED LABOUR BUT SKILLS DEFICITS**

We estimate that there will be a demand for over 600,000 workers in Leeds City Region to 2017, the majority of this demand arising from workers retiring from the labour market. Demand will occur across all occupations and is expected to be strongest for those occupations that require higher level skills (Level 4 and above).

Today, we face particular skills challenges and there is a risk that these challenges will become more severe into the future. Overall, 13.1% of the working age population lack qualifications; in Barnsley and Bradford 18% hold no qualifications. Overall, our workforce is less skilled than the nation as a whole - 26% of City Region residents are qualified to NVQ Level 4+ against a national average of 29%.

##### **HIGH LEVELS OF OUT OF WORK CLAIMANTS**

In February 2009 the total number of out-of-work claimants in the City Region stood at 247,000; this was 16% higher than a year earlier and represents 13.6% of the working age population. In line with the rest of England, Incapacity Benefit claimants form the majority of benefit claimants in the city region, making up over half (52%) of all out-of-work claimants. Claimants under the age of 25 make up a significant and rising proportion of benefit claimants across the city region. In August 2009 there were a total of 85,000 Job Seeker Allowance (JSA) claimants in the City Region; this represents an increase of 70% over the previous year and is higher than the rate of increase nationally.

##### **GOVERNMENT IS LOOKING TO REGIONAL AND LOCAL LEADERSHIP**

The importance of investing in up-skilling the nation's workforce and tailoring investments to meet local needs is now widely recognised. The Skills Funding Agency and other bodies are being established to replace the Learning and Skills Council in a move designed to create a more demand-led, streamlined system. Yorkshire Forward will be responsible for preparing a new regional skills strategy which will articulate regional priorities for investment in skills and sit within the National Skills Strategy when published in late 2009. Government also wishes to devolve more responsibility for skills strategy and delivery to employer-centred partnerships at the local level (via Section 4/Section 24A powers) as it has already done in London. We will ensure that our proposals for the Leeds City Region are in accord with regional and national priorities.

Similarly, Government has indicated that it wishes to devolve more responsibility for programmes to reduce worklessness to employer-centred sub-regional and local bodies. We are working with DWP and partners to ensure this can happen in the Leeds City Region as quickly as practicable.

## **SKILLS AND EMPLOYABILITY IN THE LEEDS CITY REGION**

We see the need for significant changes in skills provision and in support for those out of work in the Leeds City Region.

### **The Skills Challenge**

Our employers continue to find the plethora of initiatives extremely confusing. Often it is unclear why they are being contacted by colleges and other learning providers, and it is also unclear what support is on offer in the round. Many of our employers find that the quality of the training available is variable, and they are not clear how courses can best meet their needs.

Most take up of Train to Gain and other public sector training programmes is by large and medium-sized companies. Small businesses often find it difficult to access support for their training needs. It is also the case that much of this provision is accrediting existing skills rather than directly funding new skills development.

Currently colleges and other training providers commission provision based on their narrow assessment of client demand. Despite evidence from the national Sector Skills Councils or regional intelligence, mainstream provision often does not consistently take account of the needs of specific sectors or communities in the City Region. This is because Colleges find it difficult to offer, and then recruit to, courses which anticipate the medium-term needs of the economy. Yorkshire Forward and European Social Fund (ESF) funding has supported sector focused skills programmes in response to the needs of local companies; however, this represents only a small proportion of the training on offer.

We are now working more closely together to ensure that the City Region workforce is sufficiently skilled. We intend to implement a new approach to strategy-setting so that the skills system can respond to the needs of employers and will:

- be flexible enough to meet the needs of our different Places;
- be driven by the needs of employers and the economy – and not provider-led;
- distinguish between the short-term needs of individuals and employers and the medium to long-term needs of our key sectors; and
- inform better careers guidance and advice.

### **The Employability Challenge**

We see an equally important need to develop innovative and flexible local solutions to how we support people seeking to re-enter the labour market. Whilst the Government has positively transformed programmes to reduce worklessness (including the Flexible New Deal which will be offered in the near future), in the Leeds City Region there are still local gaps in provision. We will work with DWP Commissioning colleagues to ensure provision is attuned to local needs and the priorities of the City Region. We will also work closely with the Strategic Health Authority and health providers to ensure that mental and physical well-being needs are being assessed and that effective provision is being made available.

Historically, it has been felt that the combination of local authorities-commissioned and Jobcentre Plus/DWP-funded support leads to duplication. Eligibility constraints have sometimes limited the support that an individual is able to receive to assist them

towards sustained employment. We are developing robust evidence to ensure that support is targeted on the communities, individuals and employers that the Leeds City Region sees as priorities. Again different performance management and target frameworks can mitigate against a holistic approach and can lead to the inefficient use of scarce resources.

The introduction of the DWP devolution model provides an exceptional opportunity to ensure that wraparound support offered by local authorities and other partners complements the mainstream ensuring a comprehensive, holistic local support offer for individuals in the Leeds City Region. We believe that this is essential if we are going to use limited public sector resources to enable those out of work across the City Region to re-enter the labour market.

## **CITY REGION PILOT COMMITMENTS**

To address these challenges our Leeds City Region Agreement comprises four employment and skills commitments:

### **1. Employment and Skills Board**

City Region and the relevant Government Department officials agreed interim ESB Terms of Reference in October 2009. The ESB will be co-designed between city region partners and BIS/DWP.

City region partners, including Local Authorities and Yorkshire Forward, will recruit the members for the ESB with a shadow ESB to be in place by December 2009, building on existing arrangements where appropriate, for example, Leeds City Region Leaders Board, Chief Executives group, Business Leadership group and regional and local arrangements where these are in place.

### **2. Employment and Skills Plan**

Our ESB will lead the preparation of an evidence-based City Region Employment and Skills Plan that articulates skills needs for our key sectors/drivers. The Board will work closely with Yorkshire Forward to seek to inform, and ensure there is alignment with, the Regional Skills Strategy.

The plan will also identify and agree clear priorities and direct commissioning for adult skills and employability programmes in the city region. Government departments and key agencies will ensure that both mainstream and discretionary funding related to employment and skills are joined-up to support of the City Region priorities outlined in this Plan. Linked to this, we will work with Government towards the development of an aligned performance management regime together with early implementation of new data sharing protocols.

City region partners will identify those additional resources and capacity necessary to take forward the development and implementation of a statutory employment and skills plan within the necessary timescales. BIS and DWP will explore whether to provide funds, for example, via LSC/SFA, for the development of statutory employment and skills plan.

### **3. Strategy Setting Powers**

City region partners will work with Government to ensure the proposed delivery arrangements satisfy agreed key criteria for the devolution of statutory Section 4 powers by spring 2010.

### **4. Delivering Employability and Welfare to Work Programmes**

We will work with DWP towards closer alignment of commissioning, contracting and delivery management systems (combining the work of Jobcentre Plus/DWP and local authorities) across the City Region through the DWP devolution agenda.

### **5. Integration of Employment and Skills**

We will work with DWP and BIS to ensure the improved integration of employment and skills. This will draw on the lessons from the Integrated Employment and Skills pilot areas and will involve activity to progressively mainstream employment and skills programmes into an integrated service.

This will involve significant enhancements to the current client and employer support offers; development of stronger employer engagement; and development of responsive and flexible learner pathways. This will ensure further integration, for example, with health and housing. We will trial with DWP and local partners, where value can be demonstrably added, multi-agency approaches based on established best practice from local arrangements and the city strategy pathfinders to assist in the development of more active, personalised and flexible models of support within the City Region.

### **6. Sector Progression and Productivity Pilot**

LCR partners will also work with BIS to progress the Sector Productivity and Progression pilot model in the locality in order to test how provision of sector co-ordinated training and business support services can boost productivity and help create higher value job opportunities. Building on our Multi Area Agreement, agreed in the 'first wave' July 2008, it is proposed that the pilot will be focused initially on examining current practice and proposed flexibilities around accreditation of higher level skills (levels 3 / 4) in the Financial and Business Services Sector.

## **C. OUR NEXT STEPS**

### **1. DELIVERING THE PILOT PROGRAMME: A NEW MODEL OF LOCAL ECONOMIC LEADERSHIP**

**This pilot agreement sets out how we are achieving long-lasting, sustainable empowerment of Leeds City Region’s local authorities to drive economic growth.**

As set out above, we are establishing governance structures to provide the accountability and transparency needed to match the powers and responsibilities to be exercised by the Leeds City Region Leaders Board. The form of these structures will follow the function of these responsibilities as set out in this agreement. The result will be a new model of local economic leadership, which exemplifies subsidiarity – taking decisions through a partnership of local authorities.

We are establishing an Employment and Skills Board and a joint Housing and Regeneration Board with the HCA. The Regional Development Agency, Yorkshire Forward, will be involved in these arrangements. We will develop further governance proposals in due course including the exploration, with Yorkshire Forward and the HCA, of a Joint Investment Board which will join up investment planning across the full city region agenda.

For each of the four priorities, we will agree performance indicators with Government and relevant agencies which will enable the progress of the pilot programme to be measured.

Our Leeds City Region Leaders Board and the Departments for Communities and Local Government, Business Innovation and Skills and HM Treasury will jointly provide strategic oversight to the delivery of the pilot programme. The Partnership’s four advisory Panels, with their membership that will now include relevant Government departments, agencies and partners, will direct the work for each of the four priorities.

The Leeds City Region Partnership will work with Government and the relevant agencies to develop an action plan for each of the four themes by the end of the year.