LEEDS CITY REGION
GROWTH DEAL SUBMISSION 2016
THE LEEDS CITY REGION ECONOMY IS THE BIGGEST OUTSIDE LONDON, WORTH £62.4 BILLION, GENERATING 5% OF ENGLAND’S OUTPUT. WE HAVE THREE MILLION RESIDENTS, A WORKFORCE OF 1.9 MILLION AND 119,000 BUSINESSES. OUR ECONOMY CONTINUES TO SHOW CLEAR SIGNS OF RECOVERY FROM RECESSION.

Our existing Growth Deal will enable us to turn around a history of under-performance relative to UK, and deliver an extra 36,000 jobs and £3.7 billion of economic output by 2036.

But this is not the extent of our ambition for the economy and for the residents of Leeds City Region. If we are to fulfil our huge economic potential, provide good growth for all Leeds City Region residents and play our full part in making the Northern Powerhouse a reality, we want to go further – and we have put together a package of Growth Deal proposals that will kick start growth right now and ultimately help us to exceed those targets.

Our submission contains a full five-year financial profile of our current Growth Deal allocation and spending, which clearly demonstrates how and when this will be spent. The proposals in this submission are an integral part of our planning to 2021, and will assist us to deliver that profile, as well as add to the economic impact of our investments. Our intention is therefore to commence delivery as soon as possible on many of the proposals contained within this bid at risk. A successful bid will allow us to deliver both these additional schemes as well as the existing Growth Deal projects that it has not been possible to commission as quickly as was originally planned.

Our proposals are centred round our ambition to support advanced manufacturing, maximise inward investment, raise productivity and build new homes. This focused and strategic package of investment will accelerate development and embed resilience through:

• integrated site infrastructure provision and resilience in our Spatial Priority Areas (SPAs), including our Enterprise Zones;
• the right support to growing businesses and inward investors; and
• a focus on innovation and the creation of the skilled workforce that business needs.

These investments will make a significant additional contribution to our Strategic Economic Plan (SEP) targets and to our long term growth trajectory.

Our proposals provide a further set of interventions that, as we deliver them in collaboration with government and our many other local and national partners, will help to continue to attract investment and maintain business confidence through a period of potential uncertainty.

ROGER MARSH OBE
CHAIR, LEEDS CITY REGION ENTERPRISE PARTNERSHIP

CLLR PETER BOX CBE
CHAIR, WEST YORKSHIRE COMBINED AUTHORITY
CONTENTS

A SUMMARY OF OUR PROPOSAL

1. LEEDS CITY REGION: GOOD GROWTH, GOOD LIVES

2. OUR SUBMISSION
   • STRATEGIC FRAMEWORK AND FUNDING PROFILE
   • PACKAGE 1: ACCELERATING SITE DEVELOPMENT & EMBEDDING RESILIANCE
   • PACKAGE 2: SUPPORTING GROWTH, MANUFACTURING & INWARD INVESTMENT

3. ECONOMIC IMPACT & VALUE FOR MONEY
   • SIGNIFICANT CONTRIBUTION TOWARDS SEP AMBITIONS & NATIONAL PRIORITIES
   • RECYCLING INVESTMENT & POOLING OF RESOURCES

4. SUPPORTING THE NORTHERN POWERHOUSE
A SUMMARY OF OUR PROPOSAL
OUR BID

Our bid:

• focuses on the new challenges and opportunities that have been identified in our revised Strategic Economic Plan and on the gaps in our existing Growth Deal allocation;

• will make the City Region’s existing Growth Deal allocation more deliverable over the period to 2021; and

• will create a financially sustainable Leeds City Region Enterprise Partnership (LEP) that can continue to invest in the City Region beyond 2021.

OUR PROPOSAL

Our proposal will:

• **accelerate development through integrated infrastructure provision** within a number of the City Region’s SPAs, notably our Enterprise Zones and North Kirklees Growth Zone and Leeds South Bank;

• **embed economic and business resilience** through targeted investments in flood, road, green and digital infrastructure; and

• **support inward investment, innovation and employment opportunities** through focused capital grants for business and skills development in priority occupations.
OUR IMPACT SO FAR

• Pre-Growth Deal investment of £125 million that will benefit over 4,000 businesses, create over 3,000 jobs and add a cumulative £1.4 billion to the City Region economy by 2020.

• Repayable loans of over £35 million to enable 3,200 homes and 250,000m² of new commercial and office space to be built by 2021.

• (In the first year of our Growth Deal):
  • help to a further 200 companies, creating 3,300 new jobs by 2021;
  • a Business Flood Recovery Fund that has committed £1.4 million to local firms for capital investment in plant, machinery and premises that were damaged by the floods;
  • the commissioning of 10 FE College projects worth £66.5 million (£45 million LGF and £21.5 million match funding); and
  • the £35 million Wakefield Eastern Relief Road scheme on schedule for completion this financial year.
Additionally, our new Growth Deal allocation will:

- deliver 9,700 additional jobs and £1 billion additional annual economic output by 2036;
- accelerate the development of 550 ha employment land in our Enterprise Zones;
- assist around 200 more companies, that will create over 2,400 gross new jobs by 2021, with likely private sector leverage of approximately £140 million and a cost per job created of less than £10,000;
- unlock land to facilitate the delivery of over 300 new homes, including starter homes, by 2021; and
- contribute to the safeguarding of over 11,000 jobs and 1,300 businesses in those locations affected, or at risk from flooding.
OUR GROWTH DEAL SPENDING PROFILE

It has undoubtedly been a challenge for the LEP and the West Yorkshire Combined Authority (Combined Authority) to establish, effectively from scratch, a team of sufficient size and experience to deliver the City Region’s Growth Deal programme.

Government is aware that the uneven profile of our Growth Deal allocation presents challenges to effective management of this complex portfolio of capital schemes, even allowing for the extensive flexibilities accorded to us.

The proposals in this submission are an integral part of our planning to 2021. They will enable us not only to deliver accelerated growth for the City Region, but also to smooth our investment profile to more effectively deliver the existing Growth Deal schemes that it has not been possible to commission as quickly as was originally planned.

Our intention is therefore to commence delivery at risk as soon as possible on many of the proposals contained within this bid.

The financial table in the following slide shows the scale of our Growth Deal bid and sets out our revised profile of Growth Deal spending for this and subsequent financial years, should we be successful with our submission.
### OUR REVISED GROWTH DEAL SPENDING PROFILE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Growth Deal 1 and 2 profile from Govt.</td>
<td>£68 M</td>
<td>£128 M</td>
<td>£57 M</td>
<td>£62 M</td>
<td>£67 M</td>
<td>£67 M</td>
<td>£449 M</td>
</tr>
<tr>
<td>REVISED LEP PROFILE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Deal 1 and 2</td>
<td>£38 M</td>
<td>£86 M</td>
<td>£96 M</td>
<td>£99 M</td>
<td>£69 M</td>
<td>£61 M</td>
<td>£449 M</td>
</tr>
<tr>
<td>Growth Deal 3 bid</td>
<td></td>
<td></td>
<td>£35 M</td>
<td>£26 M</td>
<td>£30 M</td>
<td>£18 M</td>
<td>£109 M</td>
</tr>
<tr>
<td>REVISED PROFILE</td>
<td>£38 M</td>
<td>£86 M</td>
<td>£131 M</td>
<td>£125 M</td>
<td>£99 M</td>
<td>£79 M</td>
<td>£558 M</td>
</tr>
<tr>
<td>GD3 ‘at risk’ spend</td>
<td></td>
<td></td>
<td>£34 M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PREFERRED PROFILE</td>
<td>£38 M</td>
<td>£120 M</td>
<td>£122.5 M</td>
<td>£116.5 M</td>
<td>£90.5 M</td>
<td>£70.5 M</td>
<td>£558 M</td>
</tr>
</tbody>
</table>

**NOTE:** the preferred profile has the £34 million spend at risk discounted from 2017/18 to 2020/21 at a rate of £8.8 million per annum.
LEEDS CITY REGION
GOOD GROWTH, GOOD LIVES
THE SIZE OF OUR ECONOMY, ITS WIDE VARIETY OF ECONOMIC AND CULTURAL ASSETS AND ITS MANY STRENGTHS REMAIN A GREAT PLATFORM ON WHICH WE CAN BUILD FUTURE PROSPERITY.
THE LEP'S SEP WAS REFRESHED IN MAY 2016. THE PLAN BUILDS ON THE SUCCESS OF OUR 2014 SEP, ENABLING US TO IDENTIFY THE VERY LATEST OPPORTUNITIES AND TO EMBED THE LEARNING FROM OUR EXPERIENCE IN PLANNING FOR EFFECTIVE INVESTMENT IN THE FUTURE.

There is a great deal of continuity between the 2014 and 2016 versions of our SEP.

We are confident that our overall vision, amended in 2016, will inspire and unite all partners towards our ultimate goal of improving the quality of life for City Region residents.

And we are also content that the four policy priorities that we have pursued since the establishment of the LEP are the correct ones to transform our City Region economy.

Our vision and priorities are set out overleaf.
OUR VISION

“TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE”

OUR PRIORITIES

PRIORITY 1
GROWING BUSINESS

PRIORITY 2
SKILLED PEOPLE, BETTER JOBS

PRIORITY 3
CLEAN ENERGY AND ENVIRONMENTAL RESILIENCE

PRIORITY 4
INFRASTRUCTURE FOR GROWTH
A number of the challenges identified in our 2014 SEP remain, notably the imperatives to raise exports, innovation, productivity and skills, and the need to underpin growth with better physical and digital infrastructure.

What was less well recognised two years ago, at the time our first SEP was completed, was the scale of the challenge to ensure that the opportunities and benefits of economic recovery are spread across all communities. We will tackle this by applying the principle of GOOD GROWTH to all that we do, in order to provide better jobs, good quality homes for all and a great environment for all our residents.
THE 2016 SEP WAS DEVELOPED IN THE CONTEXT OF A NUMBER OF CHANGES IN THE ECONOMIC AND POLICY CONTEXT THAT AROSE FOLLOWING THE COMPLETION OF THE 2014 PLAN, INCLUDING:

• the continued economic recovery of the City Region and UK;
• the announcement of additional Assisted Areas and Enterprise Zones for the City Region;
• the development of the Northern Powerhouse agenda, with the creation of Rail North and Transport for the North; and
• as an area hit badly by the recent floods - over 2,000 businesses were affected, with hundreds of jobs lost or at risk and an economic impact of close to £400 million – there is a renewed urgency to ensure businesses and residents can rely on the resilience of local infrastructure to enable them to plan for and invest in the future.

The refreshed SEP is also based upon the lessons learned from our experience of delivery in both the early years of the LEP and during the first year of our Growth Deal.

Some of the key differences that emerge in the new SEP are set out in the next two slides.
The refreshed SEP contains a greater emphasis on place, notably:

- the distinctive assets, economic roles and priorities of the towns, cities and rural areas that make up Leeds City Region;
- a revised list of SPAs, including the recently designated Enterprise Zones, and an emphasis on an integrated approach to the varied types of infrastructure needed to accelerate their development; and
- the role of the visitor economy and culture in building a better quality of place.

*SPAs (SPATIAL PRIORITY AREAS)*

The City Region’s SPAs have been identified as potential major areas for growth based on a shared City Region and local evidence base that draws on factors such as housing need and market geographies, strategic employment land supply and transport needs.
The SEP also identifies a number of new opportunities that have arisen over the last two years or policy areas that we feel should receive a higher priority, such as:

- **Innovation.**
- **An ambition to become a global digital centre.**
- **The need to close the gap in relation to high level skills and to tackle employability issues.**
- **The aim to become a leading centre for zero carbon energy.**
- **Our intention to move beyond the improved connectivity that will result from the Transport Fund towards a single ‘metro-style’ public transport network.**
OUR AMBITION

WITH OUR CURRENT GROWTH DEAL, THE LEP’S AMBITION IS TO DELIVER AN EXTRA 36,000 JOBS AND £3.7 BILLION OF ECONOMIC OUTPUT BY 2036, ON TOP OF THE ‘BUSINESS AS USUAL’ GROWTH THAT IS EXPECTED OVER THAT PERIOD.

Our long term ambition is to go further.

Leeds City Region makes up 20% of the ‘Northern Powerhouse’ economy. The successful transformation of the northern economy is not truly possible without a Leeds City Region that fulfils its potential.

But equally, we are already playing – and will continue to play – our full part in driving this policy agenda. The northern city regions working together, with growth magnified by devolution that gives us the ability to take more effective decisions locally, would facilitate even faster rates of growth and job creation in Leeds City Region, moving to upwards of 50,000 additional new jobs by 2040.

This exciting opportunity to bid for further Growth Deal funds offers the chance for the LEP to work with partners locally and in central government to help us move our economy towards this long term ambition at a faster pace than is possible at present. The full economic impact of our Growth Deal 3 bid is shown in Section 3.
OUR SUBMISSION
2.1 OUR SUBMISSION: STRATEGIC FRAMEWORK AND FUNDING PROPOSALS

Our bid will:

- **accelerate development through integrated infrastructure provision** within a number of the City Region’s SPAs, notably our Enterprise Zones and North Kirklees Growth Zone and Leeds South Bank;
- **embed economic and business resilience** through targeted investments in flood, road, green and digital infrastructure; and
- **support inward investment, innovation and employment opportunities** through focused capital grants for business and skills development in priority occupations.

Our proposal summarised in the remainder of this section focuses on new opportunities that have arisen since the last round of Growth Deal bidding or on gaps in existing funding that cannot be addressed through current Growth Deal flexibilities.

It is summarised in the logic model overleaf.
AMBITION
Transforming the City Region economy and delivering good growth by bringing together interventions to support manufacturing, maximise inward investment and raise productivity. Accelerating development and embedding resilience through integrated site infrastructure provision in Leeds City Region SPAs that will make a significant contribution to our SEP targets, including the creation of: over 9,700 new jobs, the safeguarding of over 11,000 jobs, £1 billion additional GVA, and approximately £350 million private sector leverage.

GROWTH DEAL 3 CORE PACKAGE

KEY FOCUS OF THE BID

SPATIALLY TARGETED
Accelerate development through integrated infrastructure provision:

- SPAs (e.g. North Kirklees Growth Zone)
- Leeds City Region Enterprise Zones
- Assisted Areas
- Sustainable Urban Development area
- Place making

SUPPORTING GROWTH, MANUFACTURING & INWARD INVESTMENT

- Business Expansion
- Low Carbon Innovation
- Skills Capital (SEP Priority Sectors)

CONTRIBUTION TO THE DELIVERY OF SEP HEADLINE INITIATIVES
GOOD GROWTH AND JOBS

- EMPLOYMENT
- EARNINGS
- SKILLS
- ENVIRONMENTAL SUSTAINABILITY

TRANSPORT LOCAL LARGE MAJORS BID

PACKAGES

- £152 million North Kirklees Orbital Road
- £141 million York Northern Outer Ring Road

ACTIVITIES

- Infrastructure Acceleration and Economic Resilience (utilities, highways, site enabling and flood risk green infrastructure)

GOLDEN THREAD

- Our Submission

IMPACT

- Growth & Productivity
- Housing Growth

OUR SUBMISSION
LEEDS CITY REGION SPAs

Our Growth Deal investment will target Leeds City Region SPAs:

1 York
2 Leeds
3 Bradford
4 Halifax
5 Wakefield
6 Huddersfield
7 Barnsley
8 York Central
9 East Leeds Extension
10 Bradford-Shipley Canal Road Corridor
11 City Folds, Wakefield
12 Castleford Growth Zone
13 North Kirklees Growth Zone
14 York Central (Yorkshire E)
15 Leeds Bradford International Airport Employment Zone
16 Gile Lane, Bradford (E2)
17 Pury Lane, Bradford (E2)
18 Staincliffe Lane, Bradford (E2)
19 Leeds (Sheffield Valley) (E2)
20 Neasden
21 Gosthofton
22 Chiswell
23 Clifton Business Park (E2)
24 Moor Park, Mirfield (E3)
25 Cooper Bridge
26 Lesley Moor East and Lesley Moor West (E2)
27 South Kirkby Business Park (E2)
28 Langthwaite Grange Extension (E2)
29 Barget Green
OUR PROPOSALS

Our proposals are contained within two packages and five schemes, as follows:

<table>
<thead>
<tr>
<th>PACKAGE 1: ACCELERATING SITE DEVELOPMENT AND EMBEDDING RESILIENCE</th>
<th>LOCAL GROWTH FUND REQUEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure acceleration</td>
<td>£25 M</td>
</tr>
<tr>
<td>Economic resilience</td>
<td>£20 M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PACKAGE 2: SUPPORTING GROWTH, MANUFACTURING AND INWARD INVESTMENT</th>
<th>LOCAL GROWTH FUND REQUEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business expansion</td>
<td>£24 M</td>
</tr>
<tr>
<td>Skills Capital (SEP priority sectors)</td>
<td>£30 M</td>
</tr>
<tr>
<td>Low carbon innovation</td>
<td>£10 M</td>
</tr>
</tbody>
</table>

| TOTAL                                                           | £109 M                      |

The five schemes are summarised on the following pages.
A key priority for the City Region, set out in our recently refreshed SEP, is to develop an integrated approach to the development of our SPAs if we are to accelerate job creation, deliver new homes and secure more private sector investment.

In particular, we face a critical challenge to provide the right commercial and residential sites in the right locations – sites that have the best possible digital and energy connections, sustainable transport access, and are resilient against disruption and damage.

The risks to 64,000 homes, 31,000 businesses and critical infrastructure sites from flooding have been clearly illustrated by repeated flooding episodes in the last decade, including the devastating floods of December 2015 that hit the City Region. There is an urgent need in our City Region for greater resilience against flooding to protect and retain businesses and employment, and to maintain the transport network to allow people to travel from home to these existing and future employment sites.

Getting the required resilient infrastructure in place for key sites is therefore a central aim of our strategy. To ensure the resilience of our urban environment against the effects of climate change and extreme weather events, we will use cutting edge water-sensitive design features, drawing on world leading approaches to water management (e.g. the ‘sponge city’ concept in China).
**SCHEME 1: INFRASTRUCTURE ACCELERATION (£25 MILLION LGF REQUEST)**

The logic model for this scheme is shown below:

**CONTEXT:** An ambition of the SEP is to build a 21st century physical and digital infrastructure that supports the City Region to grow and compete globally; and to do this in a way that enhances places, transforms connectivity, maximises GVA benefits, minimises carbon impacts, and enables all businesses, people and places to have access to opportunities. This includes accelerating the delivery of new homes and employment growth in SPAs and supporting infrastructure to facilitate sustainable growth.

**RATIONALE:** SPAs have been identified as key strategic sites to stimulate growth and unlock investment. Upfront investment in infrastructure to bring forward sites for housing & employment development significantly reduces market failures & development risk and attracts private investors. Growing needs for increased energy supply into the LCR Enterprise Zones is a key issue that is constraining development. Providing the volume and the right types of housing needed to accommodate a growing workforce is essential to facilitate growth and also acts as a means of boosting local jobs and investment. There is also a need to ensure greater travel choice (and encourage a healthier workforce) through better sustainable travel links to our SPAs.

**INPUTS**

- £25 million Local Growth Fund
- An estimated £180 million+ private sector investment
- Reinvested Enterprise Zone business rates
- Approximately £20 million local contributions (e.g. Local authority / land)
- Other public (e.g. HCA)

**ACTIVITIES**

- Site remediation and site clearance works
- Site access improvement including access through sustainable and active travel modes
- Utilities installed

**OUTPUTS**

- Area of site reclaimed, (re)developed or assembled
- Type and length of utilities installed (e.g. water pipe; gas pipe, electric cables, internet cable)
- Total length of newly built/improved roads
- Uplift in retained business rates

**INTERMEDIATE PHYSICAL OUTCOMES**

- Commercial floorspace constructed/returbushed
- Improved accessibility
- Housing starts/completions

**INTERMEDIATE ECONOMIC OUTCOMES**

- Follow-on investment at site
- Commercial floorspace occupied
- Construction job creation

**IMPACTS**

- Increase in gross employment, GVA and productivity
- Inward investment by businesses (£m)
PURPOSE

An investment package of integrated site infrastructure provision to unlock sites and accelerate development in Leeds City Region Spatial Priority Areas, notably:

- installing power supply infrastructure for industrial use and utilities at the Leeds (Aire Valley) Enterprise Zone;
- developing the North Kirklees Growth Zone, linked to the related bid for Large Local Major Scheme funding for the critical Growth Zone orbital road and the bid to HMG to create a Riverside Garden Village in Dewsbury that has ambitions to deliver 4,000 new homes; and
- enabling economic development and housing growth in key strategic sites, including Leeds South Bank, which is one of the most significant regeneration projects in the UK, complementing HS2, the emerging Northern Powerhouse Rail and station related regeneration.

The scheme will tackle those sites where market conditions are tougher, significant constraints are evident and where confidence of private investors may be lower. The intention is that it should be a revolving fund where possible, through receipt of potential returns from investments and accelerated business rate receipts, enabling it to fund a rolling programme of investments. However, it is recognised that gap funding may be required to ensure the viability of schemes, including to deliver more affordable Starter Homes, shared equity home opportunities and homes for rent.

MEETING LOCAL & NATIONAL PRIORITIES

A focus on advanced and innovative manufacturing and its supporting supply chain businesses, logistics and export infrastructure is a SEP and Leeds City Region Enterprise Zone priority.

This focus is closely aligned with national priorities on Enterprise Zones, productivity (in our work on innovation, skills, trade & investment), housing (in our work with HCA) and in the pursuit of good growth.

Preparing, enabling and accelerating sites with a particular focus in the SPAs to deliver new housing is aligned with the SEP housing growth ambitions to build 10-13,000 new dwellings per year.

A key aim of our proposals is to link up and align site enabling Growth Deal 3 investment with the HCA's Starter Homes programme.

A co-investment approach with the HCA will contribute to the government’s target for new homes and enable the maintenance, enhancement and delivery of a wider mix of housing tenures across starter homes, shared ownership, and affordable sub market renting.
The rationale for this scheme is set out below:

- Upfront investment in infrastructure to bring forward sites for development will significantly reduce development risk and the market failures that often constrain development and private sector investment. There is currently a shortage of serviced employment sites around the M62 corridor which is an attractive investment location with strong market demand.

- Growing need for increased energy supply into the Leeds City Region Enterprise Zones. Crucially, without a comprehensive power solution, the potential for the area to maximise the potential benefits would be severely restricted. This would particularly limit the attractiveness of the Leeds City Region Enterprise Zones to larger industrial/manufacturing end users. In turn, this would reduce opportunities to strengthen economic capacity, create jobs, and to reinvest accelerated business rates income.

- Without the scheme in place, infrastructure delivery is likely to be phased and the development of some locations delayed. This would particularly limit the attractiveness of our Enterprise Zones to industrial/manufacturing end users and reduce the quantum of business rate receipts available to fund other Enterprise Zone activities and similar economic and housing growth schemes in SPA locations. It would also adversely affect opportunities to strengthen economic capacity and create jobs within one of our priority sectors.
Our proposed activity includes:

- £10 million Growth Deal investment to **support the design and build of a primary substation with firm capacity of 30/60 MVA to secure the long term supply of electricity at the Aire Valley Enterprise Zone**. Specifically to:
  - enable development sites to be brought forward to allow the long term delivery of regionally significant quantities of modern manufacturing, logistics and distribution;
  - facilitate economic growth; increase employment opportunities; to support the expansion of existing businesses.

- £10 million Growth Deal investment to **prepare sites to accelerate the delivery of M62 Enterprise Zone sites**:
  - site access improvements; improving links to local road networks and enabling access by sustainable modes; reconfiguring site layouts; broadband, upgrading or installing power supply infrastructure for industrial use and utilities;
  - site assembly including acquisitions/forward purchase, refurbishment and demolitions, reclaiming contaminated land, site levelling and remediation; place-making/public realm, shared energy/R&D facilities.

---

**PARAMETERS FOR ENTERPRISE ZONE INTERVENTION**

### Occupier incentives
- Business rate discounts
- Rent free periods, rental discounts, reverse premiums
- Business grants in accordance with General Block Exemption Regulation
- Enhanced capital allowances

### Support infrastructure
- Highways
- Utilities
- Environment
- Amenities
- Brand

### Developer incentives
- Soft loan
- Grants (gap funding)
- Disposal via flexible tenure (deferred land payment/geared ground lease)
- Forward purchase
- Take a lease
- Guarantee/put option
- Direct investment development

---

**ACCELERATED DELIVERY**
ACCELERATING THE DELIVERY OF LEEDS CITY REGION ENTERPRISE ZONES

Integrated infrastructure and site delivery schemes that provide accelerated delivery of job growth, employment floor space, business rate receipts and accommodation for new and expanded businesses. Delivered in partnership between the Combined Authority and LEP, landowners, local authorities and the HCA.

EXAMPLES OF POTENTIAL INVESTMENTS

**LINDLEY MOOR WEST ENTERPRISE ZONE (KIRKLEES)**
- **Size:** 8.6 hectares
- **Development capacity:** 21,460 sq m (phase 1 on site)
- **Site investments include:** land levelling of phase 2 for commercial development
- **Outputs:** 950 gross jobs; £1.9 million land value uplift
- **Suitability for SME businesses, incubator developments and starter units**
- **Accelerated and uplifted delivery of £2.8 million in Business Rates**

**CLIFTON BUSINESS PARK ENTERPRISE ZONE (CALDERDALE)**
- **Size:** 21.6 hectares
- **Development capacity:** 80,000 sq m
- **Site investments include:** site levelling, access/spine road, drainage and site investigation work
- **Outputs:** 2,700 gross jobs; £10.8 million land value uplift
- **Suitability for SME businesses, incubator developments and starter units**
- **Accelerated and uplifted delivery of £2.8 million in Business Rates**

**LEEDS (AIRE VALLEY) ENTERPRISE ZONE**
- **Size:** 450 hectares
- **Development capacity:** 420,000 sq m
- **Site investments include:** primary sub-station, broadband and green infrastructure
- **Outputs:** 6,000 gross jobs; £14 million land value uplift
- **Accelerated and uplifted delivery of £140 million in Business Rates**
- **Delivery of a strategic site with capacity for high-bay commercial development (B2/B8)**

**SOUTH KIRKBY BUSINESS PARK ENTERPRISE ZONE**
- **Size:** 14 hectares
- **Development capacity:** 49,000 sq m
- **Site investments include:** extension to site access roads, electricity capacity enhancements and drainage
- **Outputs:** 2,700 gross jobs; £0.422 million land value uplift
- **Established business environment with strong market demand.**
- **Mixed (local authority, developer and HCA) land ownership and legacy of partnership working**
- **Accelerated and uplifted delivery of £18 million in Business Rates**
MAXIMISING THE IMPACT OF THE HCA’S STARTER-HOMES INITIATIVE

Our proposed activity includes:

• £5 million Growth Deal investment to accelerate and prepare sites that will maximise the impact of the HCA’s Starter-Homes and shared equity initiatives in Leeds City Region SPA locations:
  • working with Leeds City Region districts and the HCA, a pipeline of schemes (c. £25 million) in key strategic locations has been identified, including Hunslet Mills (City Centre South Bank, Leeds), Halifax Town Centre, British Sugar site (York), Forge Lane (Kirklees), and City Fields (Wakefield). We will co-design their development with the HCA.
  • GD3 will support site viability to enable starter home projects from private sector developers to successfully pass through the HCA’s due diligence process and into delivery, e.g.:
    • site access improvements; improving links to local road networks and enabling access by sustainable modes; reconfiguring site layouts;
    • site assembly, including acquisitions/forward purchase, refurbishment and demolitions, reclaiming contaminated land, site levelling and remediation; and
    • considering demand-side support, where affordability may prevent successful implementation of the starter homes and shared equity models.

IMPACT AND ADDED VALUE OF INFRASTRUCTURE ACCELERATOR

Fully developed, the Leeds (Aire Valley) Enterprise Zone will accommodate over 6,000 gross jobs and will contribute towards the national ambition for the Northern Powerhouse – delivering an estimated £165 million per annum in GVA to the City Region’s economy and generating up to £8.5 million per annum in retained business rates that will be available to the LEP and its partners for reinvestment across the City Region to stimulate further growth.

Improvements in infrastructure at the M62 Enterprise Zone sites will create capacity, increase land values and accelerate development and investment. For example, the M62 Enterprise Zone is estimated to uplift land value by over £20 million, create up to 12,000 new jobs in advanced and innovative manufacturing companies and generate a minimum of £200 million business rate income to the LEP over the 25 year retention period. GD3 investment will accelerate the delivery of business case income.

The site preparation works in our SPAs will unlock land to facilitate the delivery of over 300 new homes by 2021. Fully developed, these sites could provide in excess of 3,000 new homes beyond 2021.

It is estimated that that these packages of interventions could attract in excess of £180 million of private sector investment.

Our Growth Deal bid also recognises the capital element for sustainable transport embedded in Local Growth Fund, proposing schemes that will improve access through sustainable and active travel modes as part of the site infrastructure provision in our SPAs that is needed to accelerate development, as highlighted above. Our forthcoming application to DfT for revenue funding from their Access Fund for Sustainable Travel will be aligned and linked to the sustainable and active travel investments we are making through our Growth Deal and other transport funding programmes, including this new Growth Deal submission.

OUR SUBMISSION
## SCHEME 2: ECONOMIC RESILIENCE (£20 MILLION LGF REQUEST)

The logic model for this scheme is shown below:

### CONTEXT:
The risks to 64,000 homes, 31,000 businesses and critical infrastructure sites from flooding have been clearly illustrated by repeated flooding episodes in the last decade, including the devastating floods of December 2015 that hit the City Region. Our SEP identifies a headline initiative to develop an “integrated flood risk reduction programme” to address the urgent need for greater resilience against flooding to protect and retain businesses and employment, and to maintain the transport network.

### RATIONALE:
Ensure the resilience of businesses in LCR Spatial Priority Areas which are both currently affected by high flood risk where jobs and businesses could be lost as a result of recent flood events and the likelihood of recurrence; and those where planned future development could be slowed or constrained by flood risk. In addition, to mitigate the risk of disruption or loss of access to these areas which would affect current and potential business viability.

### INPUTS
- £20 million Local Growth Fund
- Over £55 million Flood Resilience funding streams

### ACTIVITIES
- Fluvial flood resilience interventions
- Improved highways assets to reduce surface water flood risk
- Improvements in upland catchment area to reduce flow at source

### OUTPUTS
- Fluvial flood resilience improvements created
- Employment/ development land with reduced flood risk (ha by land use)
- Improved surface water drainage
- Upland catchment area improved to reduce flow into rivers

### INTERMEDIATE PHYSICAL OUTCOMES
- Reduced road/rail closures due to flooding
- Reduced likelihood of damage to housing and businesses

### IMPACTS
Increases (gross) in GVA and productivity

### INTERMEDIATE ECONOMIC OUTCOMES
- Businesses able to secure insurance due to lower costs
- Follow-on housing / commercial development
- House price effects
- Rental value effects
- Commercial space occupation rate increase
Targeted investment in green and blue infrastructure, aligned with other strategic investments (e.g. in highways assets) in Leeds City Region SPAs, or those locations that have clear links with SPAs downstream, to safeguard over 11,000 jobs and 1,300 businesses and to help enable development in SPAs through reduced flood risk.

Our proposals are both additional to and complement the extra investment totalling around £155 million announced by government in 2016 for the City Region. Local Growth Fund investment will enhance and unlock joint schemes planned for delivery by the Environment Agency, local authorities and other partners, contributing to and matching other funding sources already identified and secured.

The rationale for this scheme is set out below:

- Ensure the resilience of businesses in Leeds City Region SPAs which are both currently affected by high flood risk where jobs and businesses could be lost as a result of recent flood events and the likelihood of reoccurrence; and those where planned future development could be slowed or constrained by flood risk. In addition, to mitigate the risk of disruption or loss of access to these areas which would affect current and potential business viability.

- Investing in resilience against flooding and ensuring the resilience of the transport network will safeguard existing jobs and businesses, especially in the strategically important manufacturing sector – as well as enabling further growth in jobs and housing in our SPAs by reducing the constraints posed by flood risk and transport network resilience.

- For example, investing into flood resilience at Mytholmroyd and Brighouse in Calderdale in partnership with the Environment Agency will ensure that a high tech manufacturing cluster of businesses are not forced to relocate or become unviable following recent flood events. Integrated green infrastructure and flood defence investment along the River Aire in Leeds will enable the Leeds City Centre and South Bank growth areas along the valley to develop as well as protecting businesses in the Aire Valley which have been critically affected by recent flood events.

MEETING LOCAL & NATIONAL PRIORITIES

The Economic Resilience scheme will play a key role in delivering the SEP headline initiative to develop an "integrated flood risk reduction programme", incorporating flood defences, green infrastructure and resilient development.

This is a critical programme of interventions to ensure that the City Region’s businesses are safeguarded and that the growth we need can be achieved in our SPA locations.

By aligning local authority, Environment Agency and other public and private sector investments – complemented by over £50 million of Transport Fund investment within the same areas (e.g. Brighouse & Canal Road Corridor) – the partnership is working to maximise the impact of all future investment to satisfy insurance companies as well as to grow the confidence of businesses to stay in their location.
IMPACT OF RECENT FLOODING IN THE LEEDS CITY REGION

The Boxing Day floods of 2016 affected a total of 1,000 businesses in Calderdale with a workforce of over 19,000 jobs.

The places that suffered the greatest economic impact proved to be within Mytholmroyd and Brighouse. In those two localities approximately 180 businesses were affected. These companies employ 2,285 staff within the sectors of professional services, automotive and retail. 50% of the large advanced manufacturing and specialised engineering firms were affected.

The employment space flooded brought a loss of over £1.1 million in business rates in 3 months within Mytholmroyd.

The size of the businesses affected and their strategic importance has impacted greatly on future growth for the district. Businesses have reported a total of £150 million worth of losses, and the next 12 months will bring the greatest challenges as they try to deliver orders which have been delayed, as well as balance the effects of delays in getting new equipment and possible site relocation.

Effective flood resilience measures supported by this package will enhance economic stability and strengthen businesses’ resilience to plan more effectively for a future flood.
**EMBEDDING ECONOMIC RESILIENCE**

Our proposed interventions include integrated Infrastructure schemes that reduce fluvial flood risk and improve surface water drainage systems, incorporating green infrastructure to safeguard jobs and businesses and help enable development in SPAs. Further project examples and their additionality are provided in Appendix 2.

<table>
<thead>
<tr>
<th>MYTHOLMROYD, BRIGHOUSE AND CLIFTON FLOOD ALLEVIATION SCHEMES</th>
<th>KIRKSTALL ROAD, LEEDS</th>
<th>CANAL ROAD CORRIDOR, BRADFORD</th>
<th>IMPACT AND ADDED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint EA/Calderdale Council schemes to create and improve existing flood defences on the River Calder and its tributary becks in locations critically affected by flooding and where the continued viability of jobs and businesses are at significant risk from flood risk. The LGF allocations will enable the Mytholmroyd scheme to deliver a consistent standard of protection whilst minimising the impact on the local community and the sense of place which is so vital to sustaining and attracting future investment. It will enable the scheme to happen in Brighouse, in a timeframe that enables the businesses to plan with confidence and will enable alignment with other partner investment to help unlock both a strategic economic growth site and several housing development sites. It will also complement the investment of the DCLG grants that are enabling businesses to improve their resilience by enabling a more broader, strategic approach to business investment funding larger scale works to safeguard and develop new business in the target areas.</td>
<td>Joint EA/Leeds Council Integrated Infrastructure scheme along the River Aire and adjoining A65 Kirkstall Road to create a green and blue infrastructure corridor in West Leeds, reducing flood risk in a location critically affected by flooding and providing resilience against flooding for the Leeds City Centre and South Bank Growth Zones. The LGF contribution will enable the scheme to be designed and delivered in a way that maximises the additional benefits that can be realised from water sensitive design using green infrastructure. For example, it will enable the Kirkstall Valley park concept to be realised in a way that will enable wall heights to be minimised, thus providing improved flood risk protection whilst enhancing the overall ‘offer’ of the area, and its future development potential.</td>
<td>Joint EA/Bradford Council scheme to develop and enhance green and blue infrastructure assets along the Canal Road corridor to reduce flood risk to existing businesses along this route. The integrated scheme will improve the condition of highways assets linked with the river which are in need of critical attention, thereby enhancing the resilience of the critical highways network and further reducing flood risk in the area. The LGF contribution will enable this scheme to happen, to be accelerated and be aligned with other partner investments that will help unlock the strategic housing growth site by realising integrated sustainable urban drainage systems alongside the fluvial flood risk reduction works.</td>
<td></td>
</tr>
<tr>
<td>Safeguard over 11,000 existing jobs and 1,300 businesses, especially in the strategically important manufacturing sector. Enable further growth in jobs and housing in our SPA locations by reducing the constraints posed by flood risk and transport network resilience. The value for money of these schemes will be further enhanced by taking advantage of the opportunity to maximise their alignment with existing West Yorkshire plus Transport Fund schemes, as well as any opportunities for savings that arise from planning them together.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Low productivity is a major issue for the UK, but particularly for the North, including Leeds City Region.

Local research shows that access to finance remains a barrier to growth and competitiveness for many City Region companies. Continued provision of business support, targeted to enable more businesses to start-up, innovate, trade and invest – and crucially also to encourage inward investment – is needed to help us meet the targets to drive up productivity, growth and employment set out in our refreshed SEP.

Evidence also shows that a more productive economy requires a skilled and flexible workforce to thrive and grow. If the City Region is to have a workforce able to meet the demands from the growth in our SPAs and in the digital skills that will be needed in future across all sectors, we need to have an FE sector capable of supplying these skills.

Encouraging innovation is a real priority for the City Region economy. The Growth Deal already supports programmes that help companies in a range of sectors to invest in new capital and to innovate. There is a gap in our services for a scheme that will accelerate the growth and development of our low carbon energy sector and to overcome the obstacles facing new low carbon technologies that need to prove their worth in a demonstration situation.
**SCHEME 3: BUSINESS EXPANSION (£24 MILLION LGF REQUEST)**

The logic model for this scheme is shown below:

**CONTEXT:** The SEP’s ambition in Priority 1 ‘Growing Businesses’ is to drive up productivity, growth and employment through an environment that enables businesses to start-up, innovate, trade and invest. We will do this through delivery of a programme of capital expenditure grants and loan funding; targeted investment and investor development through unique propositions in key sectors (e.g. digital and manufacturing); and by improving the City Region’s export performance.

**RATIONALE:** Although the marketplace has evolved substantially, with new players in crowd funding, on-line funding platforms and challenger banks in place, there remains a critical gap for investment in the £10,000-£250,000 category. Huge demand for investment grants from City Region businesses also exists, i.e. £14 million of our £18 million allocation for 15/16-17/18 is now committed. The LEP’s trade and investment resource has developed a strong pipeline of potential inward investment projects, including several large manufacturing enquiries, which could be at risk if we are not able to provide an attractive grant finance offer for large enterprises.

<table>
<thead>
<tr>
<th>INPUTS</th>
<th>ACTIVITIES</th>
<th>OUTPUTS</th>
<th>OUTCOMES</th>
<th>IMPACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>£24 million LGF</td>
<td>Capital grants for start-up and early stage businesses</td>
<td>No. of businesses engaged</td>
<td>Private sector investment leveraged</td>
<td>Increased jobs, GVA, productivity</td>
</tr>
<tr>
<td>Over £140 million matched investment from business beneficiaries</td>
<td>Capital grants to support innovation &amp; supply chain development</td>
<td>No. of businesses receiving grant support</td>
<td>Increased level of inward investment &amp; exports</td>
<td>Diversification of the business stock</td>
</tr>
<tr>
<td>Growth Service support (referral, etc.)</td>
<td>Capital grants to support large companies (incentive package to attract inward investors and support exporters)</td>
<td>No. of new enterprises supported</td>
<td>Business expansion (by sector)</td>
<td>More competitive local sectors &amp; supply chains</td>
</tr>
<tr>
<td>Combined Authority/LEP staff time</td>
<td></td>
<td>Beneficiary characteristics (age, size, sector)</td>
<td>Business start-ups</td>
<td></td>
</tr>
<tr>
<td>Alignment to local/national finance products</td>
<td></td>
<td></td>
<td>Employment in supported firms</td>
<td></td>
</tr>
</tbody>
</table>

The logic model for this scheme is shown below:
Responding to the huge demand for capital investment grants from City Region businesses and building on the excellent track record of our Business Growth Programme, this scheme will extend the reach and impact of our existing provision of capital grants by introducing new and flexible forms of grant support.

This added flexibility will enable us to meet identified gaps in provision, respond quickly to economic shocks and/or opportunities, compete more effectively for investment projects with other regional and national competitor locations and further exploit those sites in the City Region that have Assisted Area and Enterprise Zone status. It will also enable us to enhance our support offer to foreign-owned large firms based here at a time of economic uncertainty, particularly in the light of future investment decisions from their parent companies and the need for us to support local decision-makers to put forward the best possible case for re-investment here.

The capital grants scheme will continue to provide finance for start-up enterprises and SMEs investing in technology, R&D, innovation and supply chain development but will be extended to address a gap in existing provision by assisting large companies (e.g. those employing over 250 people) through a more comprehensive and compelling incentive package to attract inward investors. Under the extended programme, our capital grants offer will also target:

- inward investment enquiries from large companies new to the City Region;
- existing foreign owned large companies presently in our region but looking to expand and create more jobs; and
- existing foreign owned large companies presently in our region looking to safeguard jobs under threat.

This will be through support of more than £250,000 for substantial projects, as well as providing a ‘soft landing package’ for inward investment projects, recognising the importance of securing and safeguarding major inward investment and the impact that such projects have on the local supply chain and economy generally. Large enterprises also create the greatest proportion of new job opportunities per business, which is why it is so important to have a financial incentive to offer.

**MEETING LOCAL & NATIONAL PRIORITIES**

Strong fit with the ambitions and direction of the SEP by:
- delivering business growth through exports, innovation, and trade & investment and improving the City Region’s inward investment performance.
- The Fund will help deliver the LEP International Business Strategy to attract higher levels of Foreign Direct Investment.
- The Fund is complementary to the objectives of the Northern Powerhouse initiative (e.g. Northern Powerhouse Investment Fund) and supports its objective to rebalance the UK economy.
- The City Region’s extended Assisted Area coverage, along with the new Enterprise Zone sites coming on stream in 2017, also complement the proposed Fund. The new sites will be able to offer more attractive financial incentives to investors, including large businesses (e.g. higher intervention rates, Enhanced Capital Allowances, business rates relief).
- Furthermore, the LEP now has greater flexibility over its Skills Service funding, which could allow it to support major inward investors if they are creating higher-skilled jobs. This adds further weight to the incentives package that could be put together for new investors.

**OUR SUBMISSION**

**SCHEME 3: BUSINESS EXPANSION (£24 MILLION LGF REQUEST)**
The LEP’s Business Growth Programme (and new Access to Capital Grants Fund) has delivered significant economic impact since 2013. Since its launch we have spent £29.3 million (actual not committed), which has supported over 490 businesses and created to date 1,971 jobs, with a further 4,500 to be created based on our current commitments.

A 2015 impact evaluation of the scheme demonstrates the excellent performance of the programme:

• Met its funding commitments: at the time of the evaluation programme spend commitments stood at 99% allocation against the total budget;

• Significantly exceeded its job creation target: the programme had 3,405 jobs committed against a target of 2,536 (134% achieved);

• Made a significant contribution to economic growth in the City Region and delivered a positive return on investment: contributing £112 million-£127 million GVA to the sub-regional economy. This indicates a £4.50–£5.20 return on every £1 spent by the programme;

• Delivered excellent value for money: the net cost per job of the programme was £7,100 (against a target figure of £10,000 per job), which compares favourably with national benchmarks; and

• Outperformed its leverage ratio targets: achieving a ratio of 1:8 against a target of 1:6.

**OUR SUBMISSION**

### SCHEME 3: BUSINESS EXPANSION (£24 MILLION LGF REQUEST)

<table>
<thead>
<tr>
<th>TARGET MEASURE</th>
<th>3-YEAR TARGET (APRIL 15 TO MARCH 18)</th>
<th>ACHIEVED (AS OF JUNE 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>£18 M</td>
<td>£14.2 M (committed)</td>
</tr>
<tr>
<td>New jobs created</td>
<td>2,600</td>
<td>3,152 (committed)</td>
</tr>
<tr>
<td>Businesses supported</td>
<td>200</td>
<td>250 (committed)</td>
</tr>
<tr>
<td>Private sector leverage</td>
<td>£90 M</td>
<td>£152.8 M (committed)</td>
</tr>
</tbody>
</table>

Our £18 million Growth Deal investment in BGP will exceed its targets:

The proposed investment of £24 million could create over 2,400 gross new jobs, and achieve a private sector leverage of at least £6 for every £1 of grant support. It is estimated that these new jobs could create in the region of £90 million extra annual GVA by 2036.

Evidence from the North East Let’s Grow programme for large enterprises demonstrates the potential impact a similar scheme could deliver in Leeds City Region. To date c. £40 million investment has created over 5,200 jobs (£7,500 cost per job) and attracted over £200 million private sector investment (c. £5 for every £1 public sector grant).
MEETING THE HIGH DEMAND FOR FINANCE FROM SMEs AND LARGE ENTERPRISES

MARKET FAILURES STILL PERSIST

Although the market place has evolved substantially, with important new players in crowd funding, on-line funding platforms and challenger banks in place, there remains a critical gap for investment in the £10,000-£250,000 category.

DEMAND FOR SME FINANCE REMAINS HIGH

£14.2 million of our £18 million three year Growth Deal Business Growth Programme (BGP) allocation is already committed (£8 million spent) – on current levels of demand, we are likely to have to close the scheme to new applications towards the end of 2016.

Demand for LEP finance remains high, especially from key sectors. Such calls represent 29% of all enquiries to the Growth Service in the year to June 2016. The majority of BGP applications (approximately 70%) are from the manufacturing sector, with an increase in those from the ICT/Digital sector in recent months.

Moreover, in a period of potential economic uncertainty, our business support offer provides the flexibility to respond to changing economic circumstances very rapidly, as we demonstrated with the introduction of our Business Flood Recovery Scheme in January 2016.

GROWING DEMAND FOR FINANCIAL INCENTIVES FROM LARGE INWARD INVESTORS

The LEP’s international resource has developed a strong pipeline of potential inward investment projects, including several large manufacturing enquiries. The team has approximately 70 Category A/B (above 50 jobs) live inward investment enquiries, of which 37 have enquired about funding support. Failure to provide a more compelling and attractive financial package to these potential ‘new to the region investors’ could result in up to 7,500 employment opportunities being lost to the area and the UK.

UKTI provide the richest source of referrals to the LEP Inward Investment team from all intermediaries. In the majority of cases there is a request to include information on funding options for which large companies may be eligible. In the absence of a large company grant scheme, the UK could easily lose out on internationally mobile projects for which the City Region is their preferred UK location, but where we are at distinct disadvantage against international competitor locations.

SCHEME 3: BUSINESS EXPANSION (£24 MILLION LGF REQUEST)
Examples from our Business Growth Programme:

**SCHEME 3: BUSINESS EXPANSION (£24 MILLION LGF REQUEST)**

Overseas customers are becoming increasingly interested in our brand, thanks to its 'Britishness,' so we wanted to expand our international marketing. Thanks to support from the LEP, we have been able to invest in technology that’s the first of its kind in the UK, opening a new £4 million bottling line in a 23,000 sq ft extension.

We’ve been able to create six immediate jobs that will grow to 18 positions across the business in production, sales, marketing and accounts.

For a business like ours which is growing rapidly, it’s the right kind of funding that can help us reach the next stage in our expansion plans. The LEP were there when we needed them.

We spotted a gap in the market and were looking to diversify our product range. However, in order to fill this gap we needed some specialist machinery.

We successfully applied for support from the LEP to help renovate a former engineering store, ready thanks to the funding. We’ve seen we’re already accelerating our plans to build a dedicated window and door showroom.

We’re delighted to secure the LEP grant. It has enabled us to offer a specialist service to meet our customers’ expectations.

**OUR SUBMISSION**
**SCHEME 4: SKILLS CAPITAL ‘SEP PRIORITY SECTORS’ (£30 MILLION LGF REQUEST)**

The logic model for this scheme is shown below:

**CONTEXT:** The LEP received £79 million funding from Growth Deals 1 and 2 to focus investment of skills capital towards sectors and skills likely to generate the largest contribution to economic growth, as well as ensuring world-class learning environments for young people in all our centres. Additional funding of £30 million is required to build on success to date and to ensure the delivery of a number of transformational schemes that will achieve game-changing impact on a number of communities across the City Region.

**RATIONALE:** Responding to the emerging evidence from the West Yorkshire Area Review which confirms that there is still some way to go to address the historically poor condition of facilities for students in West Yorkshire colleges, including through further rationalisation of estates (accommodation classed as good or better is 64%). Ensuring the delivery of transformational and game-changing schemes (three much larger, more complex and ambitious projects emerged during Round 2 call for schemes) and responding to demand (a number of the Colleges have indicated further ambition to improve the offer of colleges across the region, including their ability to provide match funding through future earnings/disposals).

**INPUTS**
- £30 million LGF
- £29 million FE Colleges
- £1 million private sector investment

**ACTIVITIES**
- New/refurbished education and skills facilities
- Purchase of capital equipment for training courses

**OUTPUTS**
- New build learning/training floorspace
- Refurbished learning/training floorspace
- Floorspace rationalised

**OUTCOMES**
- Increase in number of learners / learners gaining qualifications
- Increase in private sector investment in education and training
- Employment in FE space improved or constructed
- Education / training places accommodated by type of course

**IMPACTS**
- Increase in gross GVA, productivity and earnings
- Reduced risk of unemployment
- Increase in labour market participation/reduced unemployment risk
- Spillover impacts for businesses (improved productivity/profit)
The Skills Capital Fund will deliver:

- complete the transformational projects within the existing programme, where three much larger, more complex and ambitious projects emerged during our second call for schemes in Leeds (Leeds City College and Leeds College of Building) and Kirklees (Kirklees College - Dewsbury). These three projects are scheduled to start in 2016/17 but will take longer than one year to complete, meaning that we will have to prepare a revised profile of expenditure in line with the actual construction programme required. To enable all three projects to proceed, a further £15 million is required to fulfil these transformational plans for the future of FE and to regenerate the communities of Dewsbury and Leeds;

- develop ambitious projects where they can support wider benefits, such as regeneration of an area, not only to rationalise and upgrade estate but also to release existing assets to support land use for other priorities such as housing;

- respond to growing demand from a number of colleges, for example:
  - Leeds College of Building: to respond to the growth in demand for skills for infrastructure by bringing all their specialist construction training to an enlarged state of the art facility at Hunslet Road, Leeds; and
  - Kirklees College: to further enhance their offer in specialist manufacturing and engineering, which has significant support from a number of large manufacturing employers, locally, regionally and nationally.

- upgrade estate, reducing maintenance costs, carbon emissions and operational costs and increasing the % of A/B category facilities in West Yorkshire from 64% to over 80%;

- take into account the recommendations of the West Yorkshire Area Review which confirms that there is still some way to go to address the historically poor condition of facilities for students in West Yorkshire colleges, including the need to further rationalise estates and enhance specialist facilities.

MEETING LOCAL & NATIONAL PRIORITIES
Support the delivery of the LEP Skills Plan and national skills policy to focus on curriculum to address priority, identified employer skills gaps and shortages including:

- infrastructure/construction;
- engineering/manufacturing; and
- tech/digital skills which support numerous growth sectors.
Our Skills Capital investment will continue to deliver transformational impact. Two calls for proposals have been issued during 2014 and 2015 resulting in the award of £45 million LGF to 10 schemes:

- **ROUND 1 RESULTED IN THE AWARD OF APPROXIMATELY £17 MILLION TO FOUR SCHEMES:**
  - Kirklees College – Process Manufacturing Centre in Huddersfield;
  - Calderdale College – Unlocking Potential in Halifax;
  - Leeds City College – Printworks in South Bank;
  - Shipley College – Mill Building refurbishment and IT upgrade.

- **ROUND 2 RESULTED IN THE AWARD OF APPROXIMATELY £28 MILLION TO SIX SCHEMES:**
  - Wakefield College – Advanced Skills & Innovation Centre;
  - Selby College – The Aspiration building;
  - Shipley College – Salt Building refurbishment & IT;
  - Bradford College – Advanced Technology Centre; Leeds College of Building – Flexible Construction Innovation Centre;
  - Kirklees College – Pioneer House & Dewsbury Educational Village.

**IMPACT AND ADDED VALUE**

It is estimated that the additional Skills Capital funding would help to deliver approximately 10,000m² new or refurbished accommodation, improve the percentage of good and better accommodation and also lever new private investment.

The enhanced educational facilities and the associated higher number and quality of learner outcomes offers the potential to generate over £50 million additional annual GVA to the City Region by 2036.

Much of the match funding will be realised from the disposal of poor quality accommodation, eliminating maintenance and operational costs and improving the carbon footprint, to reduce future financial costs but also to release quality sites for other priority uses.

This funding has attracted £21.5 million match funding, including private sector match through equipment donation. At the Process Manufacturing Centre, Huddersfield, this proved invaluable for employer partners, as students learn on the same equipment as in their workplace.

We aim to build on this success to date and to ensure the delivery of further schemes that will achieve game-changing impact across the City Region.
SCHEME 4: SKILLS CAPITAL ‘SEP PRIORITY SECTORS’ (£30 MILLION LGF REQUEST)

By securing additional Growth Deal investment we will ensure the delivery of a number of transformational schemes that will achieve game-changing impact on a number of communities across the City Region, helping deliver higher levels of prosperity, jobs and quality of life.

EXAMPLES OF POTENTIAL SCHEMES INCLUDE:

**LEEDS CITY COLLEGE – QUARRY HILL CAMPUS**

The project will contribute to completing the renewal of Leeds City College’s estate in Leeds

Higher Education at Leeds City College has grown successfully since merger and now needs its own, purpose built accommodation.

**KIRKLEES COLLEGE - IT, DIGITAL, MEDIA AND MUSIC CENTRE AND DEVELOPMENT OF FURTHER PHASE OF PROCESS MANUFACTURING CENTRE**

IT, digital, media and music centre adjacent to the Waterfront, Huddersfield campus

Development of Phase 2 of the Process Manufacturing centre to complete the processing plant to include packaging, bottling and logistics so that training in the whole life cycle was available on site.

**CALDERDALE COLLEGE - ADVANCED LEVEL AND APPLIED GENERAL QUALIFICATIONS**

The project will see the development of a new centre alongside existing facilities

Enhance higher level curriculum offer in Advanced Engineering & Manufacturing, Digital & Creative Media, and Skills Training & Online Facilities.

An innovative approach to fully engage employers into the learners’ experience.

**THE POTENTIAL TO DELIVER A RANGE OF POSITIVE OUTCOMES**

- Progression opportunities into employment and further learning, support new traineeships and reduce NEETs.
- Reduction in skills gaps at technician level and graduate level.
- Improved progression into employment in key sectors such as coding and digital, engineering and finance and professional services.
- Engagement of new learners as a result of improved offer and facilities.
- Improved engagement with businesses through apprenticeship offer and curriculum.
Examples from our Skills Capital Programme:

- Leeds College of Building
- Kirklees College Educational Village
- Leeds City College Quarry Hill Campus
- Kirklees College Process Manufacturing Centre
- Wakefield College Advanced Skills & Innovation Centre

Scheme 4: Skills Capital ‘SEP Priority Sectors’ (£30 Million LGF Request)
SCHEME 5: INVESTING IN LOW CARBON INNOVATION (£10 MILLION LGF REQUEST)

The logic model for this scheme is shown below:

**CONTEXT:** Our SEP sets out an aspiration to become a leading edge centre for zero carbon energy. A transformational move to innovative, low carbon technology across all sectors of the economy will help to drive and support the growth of the City Region economy. The scale of opportunities to create new products and drive business growth in this field is increasing rapidly and the City Region has marked strengths and assets to exploit these opportunities, including excellent expertise and intellectual capital (e.g. in universities and manufacturing).

**RATIONALE:** Rates of R&D and innovation in the City Region are improving, but not fast enough to close the gap with national averages. Action is required to: build expertise and innovation to establish the City Region as a centre of intellectual capital and at the forefront of global action to reduce carbon emissions; and create economic opportunities and jobs in the low carbon and energy sector (many of them skilled and in key sectors such as engineering).

**INPUTS**

- £10 million LGF
- Partner SMEs technology providers
- Partner demonstration site owners
- £10 million other public sector sources, e.g. HEFEC, European funding, etc.
- Private investors
- Combined Authority/LEP staff time (e.g. Growth Service)

**ACTIVITIES**

- Matching SME technology providers to demonstration sites
- Funding to support the costs of the demonstration
- Access to academic institutions to provide, independent high quality verification of the trials
- Access to further LEP business support products

**OUTPUTS**

- No of companies engaged
- No of companies supported
- No of companies referred to other LEP products
- No of demonstration plant installed

**OUTCOMES**

- Increase in number of businesses innovating to bring new products/services to market
- Businesses cooperating with research institutions
- Employment in supported companies

**IMPACTS**

- Increased GVA, employment, innovation and productivity in the low carbon technology sector
- Reduction in carbon emissions and costs across all sectors acting as demonstration sites
SCHEME 5: INVESTING IN LOW CARBON INNOVATION (£10 MILLION LGF REQUEST)

The scheme will support our ambition in the SEP for the City Region to become a test bed for game changing low carbon technology by facilitating real world demonstration of new technologies. Demonstration is a critical component of technology innovation - the ‘Virtual Lab’ will be a technology demonstration programme that will link innovative energy technologies in need of test sites to public sector and private sector assets across the City Region, providing funding for the demonstration and independent validation of trials by local research institutions. Supported companies will be further assisted by the LEP to create new partnerships with the vibrant manufacturing sector to create a transition from demonstration to production.

The rationale for this scheme is set out below:

- **Advancing/testing technologies**: testing possible applications, feasibility and performance for a new technology. This could be for a range of audiences including investors or potential customers in order to convince them of the viability of the chosen product/approach, or to test them on end users. Progress may be slow without incentives for companies to begin early deployment...

- **Whilst the City Region has sector strengths in energy infrastructure and manufacturing, carbon emissions are falling at a lower rate than the national average.** The existing energy generation sector needs to adapt and grow over the next decade as coal generation is phased out and energy intensive industries supported to become sustainable for the long term. In last year’s energy policy reset, government recognised the crucial role that innovation would need to play to deliver the goals of decarbonisation, affordability and energy security. Nevertheless, BIS research into innovation trends show that the energy sector is innovating at a slower rate than other sectors.

- **Rates of R&D and innovation in the City Region are improving**, but not fast enough to close the gap with national averages: the City Region and Yorkshire and Humber lag behind competitors in the levels of business and non-R&D investment.

- **The need to improve collaboration with the knowledge base, including university to business collaboration**: only 8% of firms collaborated with a university when developing a new product, process or service (Mazars found this to be 23% among manufacturers). Thus there is significant untapped potential within the University base which is not currently being realised or exploited by the region’s SMEs.

- **Market intelligence from the LCR business community**: the LEP has commissioned research to further understand the demand for such a scheme. This includes interviews with businesses to further shape the delivery model so that it addresses the constraints and barriers to commercialisation that SMEs face.

MEETING LOCAL & NATIONAL PRIORITIES

Targeted investment and innovation to make the City Region a leading edge centre for zero carbon energy and a driving force in helping the UK meet it’s 2050 carbon reduction targets.

By investing in knowledge exchange and encouraging greater collaboration between businesses in the City Region and Higher Education Institutions, the scheme will support the priorities of UK Productivity Plan (2015), Our Plan for Growth: science and innovation (2014); the outcomes of the Witty Review of universities and economic growth (2013); Government’s aspirations to drive forward innovations across the 8 Great Technologies and the UK Carbon Budget.

OUR SUBMISSION
OUR KEY ACTIVITIES

Unlike traditional innovation incubator models, this programme does not involve the build or management of costly assets. Neither does it attempt to ‘relocate’ innovative companies from one area of the UK to another.

This programme would be completely additional; there is no support available for companies wishing to develop innovative low carbon products in the City Region at present. Neither is there anything comparable being developed by any of the other LEPs.

The support offer to technology providers will include:

• matching with asset owners who could host the demonstration (both private and public sector);

• funding to support the costs of the demonstration (e.g. R&D infrastructure, such as shared facilities, research equipment or a testing facility); and

• links with academic institutions to provide independent high quality verification of the trials.

Supported companies will have access to further LEP business support products to allow them to develop links with manufacturing companies in the City Region for when they’re ready to move from demonstration to production.

IMPACT AND ADDED VALUE

The scheme will result in increased GVA, employment (with many jobs that are skilled or in key sectors such as engineering), innovation and productivity in the clean energy and energy intensive sectors. For example, it is estimated that the scheme could deliver in the region of 200 new jobs, resulting in over £25 million gross additional GVA by 2021.

Whilst the demonstrations themselves will provide immediate environmental and economic benefits, the key economic benefit to the Leeds City Region comes from the increased opportunity for manufacturing of technologies within the region. Companies are more likely to utilise local manufacturing capacity if they already have commercial traction in the region.

Greater expertise and specialisation in these activities, which will promote the City Region as a leading location for reducing carbon emissions.
This Growth Deal bid has been developed alongside the LEP’s submission to DfT into the Large Local Major Schemes Fund.

The most significant Spatial Priority Area in relation to this Growth Deal bid is the North Kirklees Growth Zone. Our proposal is for a £152 million North Kirklees Orbital Road – a new road and junctions to unlock development land in north Kirklees, with access from junctions on the M1 and M62.

This new transport infrastructure will kick start a mixture of housing, employment and mixed use sites, and complement other investments we are putting forward for Growth Deal support in our bid. Full development of the Zone will also play a crucial role in the revitalisation of Dewsbury, with the completion of 6,500 new homes and the development of 35 ha of land to accommodate 5,000 jobs.

More broadly, it also aligns with TfN aims to reduce congestion along the M62.

The proposal should be viewed against the major ambitions of the LEP and Combined Authority for our transport network: this starts with delivery of the Transport Fund; we plan then to follow this with the creation of a ‘metro style’ public transport network within the region (as prioritised in our refreshed SEP). These and other already-planned investments in the City Region network will enable us to maximise benefits from HS2 and Northern Powerhouse Rail. The Orbital Road is additional to our other local plans and will make a major contribution to our overall aims for good growth.

The LEP also supports the £141 million proposal to dual the A1237 York Northern Outer Ring Road, to be submitted by the YNYER LEP. This scheme is critical to enable the successful delivery of future housing and employment growth aspirations of both the YNYER and Leeds City Region LEP areas.
ECONOMIC IMPACT
AND VALUE FOR MONEY
Growth Deal 3 investment will make a significant contribution to our longer term aspiration to deliver faster rates of growth. It is estimated that the £109m Growth Deal investment could deliver by 2036:

- 9,700 additional jobs; and
- £1 billion GVA uplift.

Growth Deal 3 is estimated to deliver the following benefits by 2020/21:

- facilitate the delivery of 300 new homes;
- facilitate the creation of over 460,000 sq m commercial floor space;
- 10,000 sq m new or refurbished learning accommodation; and
- over 11,000 jobs and 1,300 businesses safeguarded in locations affected by, or at risk of flooding.

We are confident that Growth Deal 3 will deliver a positive return on investment - for every £1 of Growth Deal investment our package of interventions offers the potential to deliver a return of approximately £9.
Our long term ambition is for the City Region to become much more self-sufficient, thereby reducing our reliance on government funding. We would like to see most of our investment become loan funding, to be revolved and reused time and time again. The more that we can go down this path, the less will be our reliance on the national purse and the more flexible and locally-focused will be our investment decisions.

As a result, we agreed a ‘loan-first’ principle with government in our 2012 City Region Deal, and this has continued under the current Growth Deal settlement.

The first loans from our Growing Places Fund are already being repaid, helping us create an ongoing revenue stream to invest in other projects that will support growth and jobs.

To date the fund has spent £27 million supporting 11 property based projects, of which £4.6 million has been recycled.

Additionally, many of the Growth Deal projects signed off to date have been based on loan, overage or other repayment agreements. The development of our Enterprise Zones enables us to take this approach to the next level, since we will be able to use the receipts from 25 years’ worth of extra business rates to invest and recycle.

One of the key aims of this Growth Deal bid is to bring forward the time by which we can be self-sufficient by accelerating the pace at which the Enterprise Zones are developed out, thereby generating business rates more quickly.

And in turn, the LEP’s business friendly and flexible approach, combined with the large scale opportunities that exist across the City Region, will mean that commercial investors can be confident of securing a healthy return on investment and see Leeds City Region as an area for real growth.
SUPPORTING THE NORTHERN POWERHOUSE
A successful Northern Powerhouse is impossible without Leeds City Region:

- the LEP area represents 20% of the North’s economy;
- the recent Independent Economic Review by Transport for the North (TfN) shows that the 4 ‘prime capabilities’ of the Northern Powerhouse (digital, energy, health innovation, advanced manufacturing) align very closely to our key sectors;
- we are also strong in the 3 enabling capabilities identified in the report (logistics, education, financial & professional services).

The LEP and WYCA are directly and actively involved in shaping the Northern Powerhouse agenda, working closely with the LEPs and Combined Authorities elsewhere in the north, and with Transport for the North (for example, the LEP Chair is a member of the TfN Partnership Board while the WYCA Managing Director is the Railway Sponsor on its Executive Group).

Our refreshed SEP is closely aligned with national priorities: notably on productivity (in our work on innovation, skills, trade & investment), in the delivery of Enterprise Zones, in housing (with our support for the HCA’s work in the City Region to promote starter homes and on other initiatives such as shared equity and rental house building initiatives) and in the pursuit of good growth.

We also have supported – using our Growth Deal flexibilities – the recent flood emergency response by government – and we stand ready to do this with regard to any future shocks by using flexible business support and potentially recalibrating other investment criteria.
LEEDS CITY REGION IS AN ECONOMY AT THE HEART OF THE NORTHERN POWERHOUSE WITH ENORMOUS POTENTIAL, BOTH TO IMPROVE THE QUALITY OF LIFE FOR ITS RESIDENTS AND TO CONTRIBUTE TO GROWTH ACROSS THE NORTH AND THE NATION AS A WHOLE.

We believe the additional investment of £109 million requested in this Growth Deal submission for Leeds City Region will be excellent value for money in terms of the substantial impact it will have on the local and national economy.

It will add 9,700 jobs and £1 billion to the City Region economy by 2036 beyond the impact of our existing Growth Deal funds.

Moreover, our proposals will not only add to the economic impact of the existing Growth Deal: they will also accelerate growth within the City Region, bringing forward the benefits to residents and the national exchequer.

We base our belief that our proposals are realistic and deliverable on:

- our successful track record in investment and delivery;
- the effectiveness of our governance and local partnerships;
- the open and collaborative nature of our plans;
- the robust nature of our assurance framework;
- the capacity we will bring to bear on delivery; and
- the close alignment of our strategy with the Northern Powerhouse and national priorities.

These points are set out in more detail in the slides which follow.
A SUCCESSFUL TRACK RECORD

Investment of the £125 million available to the LEP from 2011-15 will create thousands of jobs for local people, benefit thousands of businesses, and unlock nearly half a billion pounds of private investment.

We have continued this effective delivery into the start of our Growth Deal programme, with thousands more jobs to be created through our business support programmes, a complex skills capital programme well underway, the Transport Fund programme well underway and loans awarded to unlock the building of thousands of houses.

VIEW OUR IMPACT REPORT HERE
OUR DELIVERY PRE-GROWTH DEAL

As the role of the LEP grew, government made available £125 million for us to invest from 2011-15. With this investment, by 2020, we will:

- create an additional 3,200 jobs for local people
- benefit 4,300 businesses
- unlock nearly half a billion pounds of private investment.

A cumulative £1.4 billion will have been added to the City Region economy by 2020 as a result.

In other words every £1 of LEP investment to date has levered in an additional £4 from the private sector, and will achieve a cumulative economic impact of over £10 by 2020.

Investment here produces substantial on-the-ground results, efficiently delivered.

VIEW OUR IMPACT REPORT HERE
GOVERNMENT HAS TO DATE AWARDED £624 MILLION TO THE LEP FOR THE LIFETIME OF THIS PARLIAMENT, AND AS PART OF ITS SUPPORT FOR THE WEST YORKSHIRE PLUS TRANSPORT FUND, WILL PROVIDE AN ADDITIONAL £30 MILLION EACH YEAR FROM 2021 TO 2035.

In starting to deliver the Growth Deal, we have continued the successes of earlier LEP investments, as well as delivering major new capital investment for the City Region:

- over £14 million in additional support has been committed to a further 200 local companies, which will create 3,300 new jobs by 2021 and lever in over £160 million of private sector investment as a result;
- using the flexibilities of our Growth Deal, we established a Business Flood Recovery Fund in response to the devastating floods over Christmas 2015 that severely affected businesses across the City Region, particularly in Calderdale and Leeds. To date, the Fund has committed £1.4 million to over 30 businesses to help them get back towards their pre-flood level of operation;
- from two rounds of open calls since the announcement of our Growth Deal, we have appraised and commissioned 10 FE College projects to the tune of £45 million LGF – these include £25 million for new facilities in Kirklees, Wakefield, Selby and Leeds to provide the skills in advanced manufacturing, digital and other key sectors to support the future growth of the City Region economy;
- we are on track to complete the £30 million Wakefield Eastern Relief Road and the £10 million Aire Valley Park & Ride schemes by the end of this financial year. A further three major projects are forecast to start in 2016/17:
  - A629 Phase 1A: Jubilee Road to Free School Lane;
  - Wakefield City Centre Package Phase 1 Kirkgate; and
  - Rail Station Car Parks.
- as well as commissioning seven housing and regeneration schemes as part of the Growth Deal, we have committed over £35 million in loans to housing and regeneration developments which will enable 3,200 new homes to be built and approximately 250,000 m² of new commercial and office space to be created by 2021. Additionally, we have a pipeline of schemes that could deliver a further 900 new and improved homes and 7,000 m² of new office and commercial space.
GOOD GOVERNANCE AND PRIVATE-PUBLIC PARTNERSHIP


The terms of the Leeds City Region City Deal in 2012 led to the establishment of the Combined Authority in April 2014. The Combined Authority’s initial focus was the governance of the £1 billion West Yorkshire plus Transport Fund – its remit now, as the accountable body for the largest single Growth Deal in the country, is much wider.

The public and accountable decision-making procedures of the Combined Authority bring the transparency and scrutiny required of decisions to spend public money, and – as the joint working of the LEP and Combined Authority develops further – enable the synergies between different projects and types of investments to be exploited more effectively.

Since its establishment in 2011, the LEP has made great strides in developing the partnership with the private sector, for example in increasing their sponsorship of our trade and inward investment activity, including support for the GREAT campaign.

In particular, the engagement with and involvement of SMEs in the work of the LEP has been a feature of our partnership:

- SME membership of the Board since February 2014;
- a Business Communications Group within the LEP, whose members represent around 20,000 local businesses;
- a monthly e-newsletter which goes out to over 30,000 local businesses.
THE PROPOSALS IN THIS BID ARE DESIGNED TO IMPLEMENT THE PRIORITIES OF THE REFRESHED SEP.

We consulted extensively from December 2015-April 2016 in preparing the 2016 SEP – with hundreds of local partners and stakeholders in person and via a month-long open consultation via our website and social media.

We found strong support from the public, private and third sectors for our approach to the integrated development of Spatial Priority Areas, the encouragement of innovation, the alignment of skills provision with the real needs of employers and for targeted business support to promote growth and raise productivity.

WE HAVE WORKED PARTICULARLY CLOSELY WITH DISTRICT PARTNERS AND KEY PUBLIC AGENCIES IN DEVELOPING THE SPECIFICS OF OUR PROPOSALS.

For example, with:

- the Environment Agency and districts on flood resilience measures;
- the HCA on the starter homes sites;
- City Region districts in identifying EZ priorities; and
- Highways England in developing the North Kirklees Orbital Road scheme.

Additionally, all City Region MPs have been given the opportunity to feed into and comment on our bid during its preparation.
ROBUST ASSURANCE

WE HAVE WORKED HARD TO ENSURE THAT THE LEEDS CITY REGION ASSURANCE FRAMEWORK, AGREED IN MARCH 2015 BY BOTH THE LEP BOARD AND COMBINED AUTHORITY, IS ONE OF THE MOST ROBUST IN THE COUNTRY.

Our officers worked closely with officials in the Department of Business, Innovation and Skills in its development, and have been reviewing it continually in light both of our own experience and following the publication of the recent National Audit Office report. We have also worked in collaboration with the What Works Centre to develop an accompanying Evaluation Strategy that we believe is a leading example of its kind.

Using our Assurance Framework – and the Single Appraisal Framework (SAF) at its heart – we have been able to allocate around £130 million to projects across the City Region since 2014. Equally, the robust nature of this process has meant that a number of projects have been rejected or reworked rather than being allowed through unchanged, even though they were identified in the Growth Deal settlement with government.

Our decision-making processes are continually evolving to learn from experience, and the SAF will be updated to ensure that all future investment is assessed according to its contribution to the refreshed principles of the 2016 SEP and its commitment to good growth.
DELIVERY AND CAPACITY

IT HAS UNDOUBTEDLY BEEN A CHALLENGE FOR THE LEP AND COMBINED AUTHORITY TO ESTABLISH, EFFECTIVELY FROM SCRATCH, A TEAM OF SUFFICIENT SIZE AND EXPERIENCE TO DELIVER THE CITY REGION’S GROWTH DEAL PROGRAMME.

Additionally, in adopting a rigorous approach to assurance and in applying our ‘loan first’ principle to a number of proposed investments, spending decisions have sometimes taken longer than they ideally should have done.

The Leadership Team of the combined Authority and the LEP has recently approved plans to create a Portfolio Management Office to ensure that the processes, structures and systems needed to deliver our large and complex Growth Deal programme are in place and work effectively. This recommendation will be taken to the Combined Authority on 28 July and, if approved, these resources and systems will soon be in place.

Of equal importance to the effective delivery of the City Region’s Growth Deal, as Government is aware, is the uneven profile of our allocation, which presents challenges to effective management of this complex portfolio of capital schemes, even allowing for the extensive flexibilities accorded to us.

The proposals in this submission focus on new opportunities that have arisen since the last round of Growth Deal bidding, or on gaps in existing funding that cannot be addressed through current Growth Deal flexibilities.

But what an additional Growth Deal allocation will also enable us to do is to make maximum use of the flexibilities at our disposal to smooth out the profile of our investments and to deliver on all our existing commitments, as the table on the next slide demonstrates. The proposals in this submission are such an integral part of our planning to 2021 that we intend to commence delivery as soon as possible on many of the proposals contained within this bid.

But since there is no currently unallocated Growth Deal funding, then without the ability both to re-profile our existing allocation and to draw on additional support, we will be forced to drop a number of existing commitments.

The successful delivery of the ambitions and targets set out in our SEP will in part be reliant on the successful delivery of our £340 million ESIF programme. Where applicable we will also make use of our flexibilities to ensure the delivery of our current pipeline of ESIF schemes.