

## Local Government and Communities Committee

### City Region Deals

#### Submission from Leeds City Region Enterprise Partnership

#### **How is the Governance of your local City Deal structured?**

HM Government set three objectives for Wave 1 English City Deals, including the deal for Leeds City Region (LCR):

- to give cities the powers and tools they need to drive local economic growth,
- to unlock projects or initiatives that will boost their economies, and
- to strengthen the governance arrangements of each city.

The Leeds City Region City Deal, signed in 2012, focuses on a range of thematic areas including:

- transport,
- skills,
- international trade and investment, and
- digital infrastructure.

As a condition of our City Deal, Leaders and the Leeds City Region Enterprise Partnership (LEP) Chair agreed to the creation of West Yorkshire Combined Authority (WYCA) in order to provide strong accountability for the Deal and as a vehicle for securing future powers and funding to be devolved from Whitehall and Westminster to Leeds City Region. It was envisaged WYCA would enable the effective prioritisation of strategic schemes and provide streamlined local, long term decision-making across the functional economic area covering a number of Councils. Following the statutory requirements laid down in the Local Democracy, Economic Development and Construction Act 2009, WYCA was established in April 2014, comprising membership by West Yorkshire's Councils and associate membership by City of York Council and the LEP. Some limitations of the 2009 Act prevented WYCA from being created (or expanded) to cover more of the bigger City Region footprint. A number of these legislative limitations (such as the requirement for contiguous boundaries) were subsequently addressed through the 2016 Cities and Local Government Devolution Act.

Further information on WYCA decision making structures and procedures can be found at: <http://www.westyorks-ca.gov.uk/your-ca/combinedauthority/>

#### **How are City Deal projects prioritised and managed, and who is held accountable for the outcome of projects?**

##### *Prioritisation and assurance*

The funding devolved within our City Deal included the following:

- £4.6m for the running of Apprenticeship Hubs
- £5.7m Youth Contract
- £17.5m Employer Ownership Pilot
- £183m devolved Major Transport Scheme Funding

These devolved funding streams have subsequently been added to including through Growth Deals and our 2015 non-Mayoral devolution deal.

As a result of growing levels of funding placed by Government under WYCA control or influence it became essential that robust, transparent and accountable decision making and assurance processes were put in place to ensure value for money for the public purse.

Understanding and evidencing the impact that programmes and projects make upon LCR objectives is vital in making cases for investment, demonstrating the value such activities bring to the City Region, and increasing our knowledge of 'what works'. Effective economic appraisal and impact evaluation therefore form an important component of the WYCA 'Assurance Framework' (<http://www.the-lep.com/LEP/media/New/SEP%20documents/Leeds-City-Region-Assurance-Framework-Feb-17.pdf>).

Our single appraisal framework (SAF) forms a key component of WYCA's assurance framework and is our 'tool-kit' for determining that investments of City Region significance represent value for money and are delivered effectively through strong project development, business case development, project and options appraisal and prioritisation.

Through the SAF, all significant discretionary projects and programmes funded from Government or local sources that flow through WYCA and the LEP will be subject to comprehensive but proportionate assessment that is in line HM Treasury and Department for Transport guidelines.

The SAF appraises and evaluates the evidence on all types of City Region projects and programmes, whether they are housing, regeneration, transport, low carbon, skills, innovation or anything else that comes to WYCA and the LEP for consideration. For example, to gain approval, the case has to be made that a scheme is:

- in line with our strategic aims;
- it demonstrates a good return on investment;
- it is commercially viable;
- it is financially affordable and sustainable; and
- it is deliverable with achievable objectives.

To enhance the rigour of the assessment, a range of nationally recognised value for money benchmarks relevant to the type of scheme under review is drawn on, such as the Regional Development Agency Impact Study 2009<sup>1</sup>, the HCA Additionality

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<sup>1</sup> See

<http://webarchive.nationalarchives.gov.uk/20090430145135/onenortheast.co.uk/impact/index.cfm>

Guidance <sup>2</sup>and other appropriate sources, including DCLG Appraisal Guide. The adopted approach also aims to provide a 'level playing field' between the wide range of intervention types that are being considered across the four priorities of the Strategic Economic Plan (SEP). This has been identified as the most appropriate approach to maximise the employment and productivity outcomes from available funding.

### *Outcomes*

The LEP has led on the delivery of skills and business growth programmes funded through the City Deal, and WYCA has led on the delivery of strategic transport investment. As Accountable Body, WYCA is ultimately held accountable for all funding devolved to the LEP and WYCA. Visible accountability is also ensured through WYCA structures including the Overview and Scrutiny Committee and the Audit and Governance Committee. The WYCA Board additionally includes wider representation by the LEP Chair and opposition members, providing a further check and challenge on strategic decision making.

### **How are City Deal projects evaluated?**

An LCR evaluation strategy has been agreed in principle with HM Government. Our strategy will be used to assess how well - and cost effectively - devolved funding – including from the City Deal - has delivered its locally determined objectives, and the learning points that have emerged. The principles behind our evaluation strategy are that it is locally owned, managed and draws on local systems; it is proportionate and selective (e.g. we will not evaluate everything) and we will work with partner LEPs and HM Government to identify opportunities for thematic evaluations that could be conducted across LEP areas or centrally commissioned.

The strategy, which draws on recognised evaluation techniques and methodologies, will play an important role in strengthening our evidence base in order to inform the future strategic direction of policy development and assist in the design and delivery of future policy by:

- **Establishing evaluation frameworks with supporting tools and templates:** such as the adoption of agreed indicators and measures, data collection procedures and reporting mechanisms;
- **Identifying benefits and impacts:** Establishing the outcomes and impacts of a given project or programme and understanding whether the project under/over performed;
- **Demonstrating value for money:** showing that the public funds the LEP, WYCA and partners are managing are being used effectively and efficiently and are delivering a positive return on investment; and
- **Understanding the key lessons learnt:** Exploring what is working well and what is not, including management, content, delivery, recruitment and how far projects or programmes are meeting beneficiaries' needs.

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<sup>2</sup> See

[http://cfg.homesandcommunities.co.uk/sites/default/files/aboutus/additionality\\_guide\\_2014\\_full.pdf](http://cfg.homesandcommunities.co.uk/sites/default/files/aboutus/additionality_guide_2014_full.pdf)

To support our overall monitoring and evaluation activities we also are working closely with national and local policy evaluation experts, including the **What Works Centre for Local Economic Growth** and a number of **Evaluation Working Groups** coordinated by national government, such as the Data and Evaluation Working Group.

### **How are local residents and businesses involved in and kept informed of City Deal projects and activities?**

Dedicated communications and engagement activity focussed on improving awareness and take up of the LCR offer, including skills and apprenticeship programmes:

- Structured MPs engagement, eg 'Team Leeds',
- Engagement of business representative organisations (such as the Federation of Small Business, Chambers, and Institute of Directors) via the LCR Business Communications Group,
- Stakeholder engagement – eg sector for and Universities,
- PR and media – reactive media enquiries and media monitoring, and opinion pieces in local and regional press (Leaders and LEP Chair), and
- Social media – proactive and reactive posting and monitoring

### **How does City Deal funding interact with Growth Deal and Devolution Deal funding?**

The various different types of funding in play (Growth, City and Devolution deal) are in practice interlinked and reinforcing, rather than distinct and separate funding streams:

- Apprenticeship Grant for Employers was devolved to the City Region as part of our first stage, non-mayoral Devolution deal agreed with the coalition Government in 2015. This complements our City Deal funded programmes and is enabling 1,893 grants to 1,673 employers.
- 2014 Growth Deal, the biggest awarded, included £600m gain share funding to fully realise and enable the creation of the £1bn West Yorkshire plus Transport Fund originally proposed in the City Deal.
- the priorities established via the City Deal largely informed the priorities of our first SEP/Growth Deal – therefore demonstrating strong alignment.

There has also been a degree of temporal overlap between the various deals. Our City Deal provided for the establishment of an SME Skills Fund to incentivise local employers, particularly small and medium sized enterprises, to invest in skills. After Leaders had signed the City Deal in 2012, officers had to go through a competitive process of bidding for the then Department for Business, Innovation & Skills' Employer Ownership Skills Fund to finance this programme. LCR LEP received the funding, worth £17.5 million, in early 2015, two years later than planned with grant conditions more rigid than planned when we initially devised the scheme.

Our Assurance Framework also covers capital and significant revenue expenditure funded by Government or local sources and invested by WYCA in projects and

programmes, including all Government funding received by the LCR LEP, via WYCA as the LCR LEP's accountable body – this ensures consistency in how we develop business cases, appraise projects and monitor and evaluate performance and impact them irrespective of funding source.

LEP Impact Report (2015) is one example of an exercise we have undertaken to understand the collective impact these funding sources are bringing to the City Region: <http://www.the-lep.com/LEP/media/New/Impact%20report/The-Small-Report-of-Big-Impact-FINAL-for-web.pdf>

### **Could projects delivered through City Deal funding be delivered through other means?**

The fiscal limits imposed by the Local Audit and Accountability Act 2013, alongside the reductions in central government funding to local authorities have made it very difficult for Councils to raise the additional funding needed for strategic transport infrastructure investments without first triggering multiple Council Tax referenda across the City Region.

Other sources of revenue funding do potentially exist for economic programmes aimed at addressing market failure, eg the under-provision of apprenticeships (partly responsible for creating the 'NEETs' phenomenon), such as retained funding from Enterprise Zones. However the timing and scale of these alternative sources of funding is less certain and so do not provide an immediately available alternative to devolved funding streams.

### **Have City Deals (as opposed to Growth Deals and Devolution Deals) helped to encourage a shift towards local decision-making on major infrastructure projects in your region?**

Yes. Our City Deal has been the prime mover for the local approach to 'self-help' in delivering major infrastructure projects, for the following reasons:

- Provided of long term, devolved capital funding, in particular to enable local appraisal and prioritisation of transport schemes.
- Initiated the necessary governance reforms to provide robust accountable local decision making structures, in particular WYCA.
- Discussions with Government about a further devolution of funding and decision making powers in return for the establishment of a mayoral CA with a directly elected 'metro' Mayor are ongoing and it is anticipated these discussions will continue after the General Election.