

## **LEEDS CITY REGION GROWTH DEAL**

The Leeds City Region Growth Deal aims to attract the next generation of jobs and deliver a step change to the growth of the City Region. This deal will lead to investment in integrated local transport, enable the development of housing and commercial sites, expand a skilled workforce and provide support for growing businesses.

The Growth Deal, subject to a satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on three key priority areas as identified in the LEP's Strategic Economic Plan:

- Improving transport connectivity, accelerating housing growth and town centre regeneration
- developing a skilled and flexible workforce
- Supporting growing business and promoting resource efficiency

The Leeds City Region has secured **£572.9m from the Government's Local Growth Fund to support economic growth in the area – with £62.2m of new funding confirmed for 2015/16 and £233.3m for 2016/17 to 2021.** This is on-top of £277.4m of funding which the Government has previously committed as part of Local Growth Deal funding for the area.

This substantial investment from Government will **bring forward at least £340m of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £912.9m for the Leeds City Region area.**

By 2021, this Deal will create at least 8,000 jobs and allow 1,000 homes to be built.

The Leeds City Region Enterprise Partnership brings together the local private sector with Barnsley Council, City of Bradford Metropolitan District Council, Calderdale Council, Craven District Council, Harrogate Borough Council, Kirklees Council, Leeds City Council, North Yorkshire County Council, Selby District Council, Wakefield Metropolitan District Council and City of York Council, together with the West Yorkshire Combined Authority.

### **Summary of Leeds City Region Growth Deal projects and funding**

<b>Leeds City Region Enterprise Partnership Local Growth Fund breakdown (£m)</b>			
	<b>2015/6</b>	<b>2016 onwards</b>	<b>Total</b>
<b>Local Growth Fund award</b>	62.2	233.3	295.5
<b>Previously committed funding</b>	10.7	266.7	277.4
<b>Total</b>	72.9	500	572.9

These totals exclude match funding for European Social Fund (ESF) skills activities. The total amount of ESF skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills ESF match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

The table above includes the provision of £1.98m loan funding (subject to due diligence) to Citu (Low Fold) LLP to accelerate the delivery of 280 homes on the Low Fold Passivehaus site. The table above

excludes the provision of £3.46m loan funding (subject to due diligence) to BOCM PAULS Ltd to accelerate the delivery of 844 homes on the Olympia Park<sup>1</sup> site.

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<sup>1</sup> The above Olympia Park figure is captured in the York, North Yorkshire and East Riding Growth Deal.

**Leeds City Region and Central Government have agreed to co-invest in the following jointly-agreed priorities:**

- **West Yorkshire Plus Transport Fund** – This Growth Deal represents a step change in the ability of local partners to deliver the infrastructure necessary to support the area’s ambitious growth plans. Government will provide support for a multi-year flexible fund that will allow the West Yorkshire Combined Authority to oversee significant investments in inter-city and intra-city connectivity schemes. These will include rail enhancements, junction improvements and city centre master planning.
- **Skills capital programme** – Investment in further education colleges and training providers that will support sectors which are likely to generate the largest contribution to economic growth, as well as ensuring a world-class learning environment for young people.
- **Business Growth Programme** – Funding that will provide for capital grants for businesses. This will increase commercial lending and equity, and make a valuable contribution to work on supply chains, innovation and inward investment.
- **Energy Hub** - Specialist vehicle responsible for the development of a pipeline of new energy infrastructure projects (including energy efficiency, energy generation, supply chain and distribution and storage).
- **Resource smart business support** – tailored support to small and medium sized enterprises to reduce resource costs and increase productivity and competitiveness.
- **One City Park, Bradford** – Transformation of Bradford city centre through site works to enable the development of a central business district.
- **East Leeds extension** – strategic development for housing growth. This project is for Red Hall and brownfield sites in Seacroft and includes preparatory site works, land remediation and relocation of council facilities to provide land for the East Leeds Orbital road.
- **City Fields, Wakefield** – strategic development for housing growth. Funding relates to the former power station site in the development’s Southern Gateway. Funding will enable the removal of old structures and site remediation.
- **York Central** – Regeneration site that will accommodate housing, office, retail and leisure within a 1 million sq ft urban extension. Funding will support Phase 2, including site clearance and remediation and Holgate Beck capital works.
- **Halifax Town Centre** – Part of the wider Halifax Town Centre renaissance plan, this project for Northgate House will support site clearance and demolition to enable a new commercial development.
- **BioVale, York** – Innovation cluster for biotechnology, focusing on the development of high value chemicals, natural products, next generation biofuels and bio-waste valorisation. A joint project with the York, North Yorkshire and East Riding Local Enterprise Partnership.
- **Horse Close, Craven** – A key site for employment and housing in Skipton. This project will fund a new bridge over the Leeds/Liverpool canal to open up land, including for affordable housing, in this North Yorkshire market town.

**Local flexibility over Growth Deal programme:** Leeds City Region has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable

vision for growth in the area and has established strong financial monitoring procedures and cross local authority collaboration. As a result the LEP will have the ability to redirect Local Growth Funding to fit with changing growth priorities. Government will disburse funds to deliver the deal to the LEP annually in advance; the LEP will need to notify Government of any changes to specific projects.

The Growth Deal does not amount to an endorsement of everything in the submitted SEP. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

## **The Leeds City Region Growth Deal**

The investment secured by the deal will be focused on three key areas to deliver transformative growth:

### **Improving transport connectivity, accelerating housing growth and town centre regeneration**

This Deal will ensure that transport connectivity provides the engine for growth in Leeds City Region. Major investment will be made in order to provide infrastructure to better connect people, jobs and goods. This will improve inter-city and intra-city connectivity, and could include enhancements to rail and rapid transit, more efficient highways and bus networks and significant improvements to multi-modal transport corridors. Infrastructure investments will also create better quality housing at sites across the City Region and attract new jobs and investment by supporting development-ready sites and schemes. As part of the package of investments, the Government confirms a deal with Leeds City Region, providing £180 million over 6 years (2015-16 to 2020-21) to support the West Yorkshire plus Transport Fund. This agreement could be worth up to £600 million over 20 years, dependent on the economic impact of local investments. This agreement, when combined with local commitments, could deliver a £1 billion Transport Fund in the Leeds City Region.

<b>Leeds City Region Enterprise Partnership commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Draw together national and local funding streams to invest in infrastructure that will drive economic growth across Leeds City Region.</li> <li>• Ensure that schemes that offer maximum benefits and value for money are prioritised for investment.</li> <li>• Provide public sector match funding of at least £217m from 2015/16 to 2034/35 towards the West Yorkshire plus Transport Fund raised by a local levy. At least £42.3m of this local funding will be provided from 2015/16 to 2020/21.</li> <li>• Align the previously devolved £183m transport major funding from 2015/16 to 2025/26 with the West Yorkshire plus Transport Fund investment</li> <li>• Commission an independent review of the economic benefits and economic impact of the first tranche of transport investments. The outcome of this review will inform the decision as to whether further investment will be unlocked.</li> <li>• Deliver 11,350 houses as a result of the West Yorkshire plus Transport Fund.</li> <li>• Invest £9.8m in One, City Park, Bradford;</li> <li>• Invest £64.5m in East Leeds Extension, Red</li> </ul>	<ul style="list-style-type: none"> <li>• Provide £180m from the Local Growth Fund to support Leeds City Region’s ambitions for the West Yorkshire plus Transport Fund. This funding will be provided as £30m per annum from 2015/16 to 2020/21.</li> <li>• Subject to an independent review, provide up to £420m over the period 2021/22 to 2034/2035 for the West Yorkshire plus Transport Fund. This funding will be provided as up to £30m per annum from 2021/22 to 2034/35.</li> <li>• Invest £5.2m in One, City Park, Bradford (£0.4m in 2015/16);</li> <li>• Invest £5.1m in East Leeds Extension, Red Hall and Seacroft (£2.6m in 2015/16);</li> <li>• Invest £2.5m in City Fields Wakefield, former power station site in 2015/16;</li> <li>• Invest £1.7m in York Central, Phase 2 in 2015/16;</li> <li>• Invest £1.3m in Halifax Town Centre, Northgate House (£0.3m in 2015/16);</li> <li>• Invest £0.9m in Horse Close, Craven in 2015/16;</li> <li>• DfT commits to implementing the partnership agreed between the Secretary of State and Rail North in January 2014 as an initial step in</li> </ul>

<p>Hall and Seacroft;</p> <ul style="list-style-type: none"> <li>• Invest £11.1m in City Fields, former power station site</li> <li>• Invest £65.5m in York Central, Phase 2</li> <li>• Invest £10.2m in Halifax Town Centre, Northgate House</li> <li>• Invest £34.5m in Horse Close, Craven</li> <li>• Continue to develop a self-sustaining investment fund, using the Single Appraisal Framework to assess all investment projects and determine the most appropriate type of funding support, based on a 'loan first' principle.</li> <li>• The LEP and partners agree to take a more proactive role in consultation on long-term rail planning and franchise specification; and provide a co-ordinating role between constituent local authorities.</li> <li>• The LEP agrees to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities.</li> <li>• The LEP and local planning authorities commit to working together to deliver the housing provided for in Local Plans. The LEP commits to supporting the 10 local authorities in applying the LCR Statement of Cooperation, which sets out how local authorities will positively engage to update their local plans and deliver strategic planning priorities set out in the LEP Strategic Economic Plan.</li> </ul>	<p>devolving responsibility for the Northern and TransPennine rail franchises. The shared objectives that underpin the partnership include:</p> <ul style="list-style-type: none"> <li>○ Growing the railway to maximise the benefits of infrastructure investment and linking this to railway efficiencies;</li> <li>○ Having a platform for determining investment priorities within the Partnership;</li> <li>○ Risk and reward sharing between members of the Partnership, including the potential for revenue or profit-sharing mechanisms that could allow reinvestment into rail services ; and,</li> <li>○ A partnership structure that allows the balance of risk to change over time.</li> <li>• The Department for Transport and Network Rail commit to more proactive engagement of the Local Enterprise Partnership in the long-term rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the Local Enterprise Partnership as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of Local Enterprise Partnerships and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with LEPs as key local stakeholders.</li> <li>• The Highways Agency commits to developing a more proactive and collaborative approaches to promoting national and local growth and commits to continue building strong relationships and working arrangements with Local Enterprise Partnerships and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the Local Enterprise Partnership in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic</li> </ul>
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growth and development, and commits to providing each Local Enterprise Partnership with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic Development Group to support Local Enterprise Partnerships at a national and sub-national level, and a draft licence published on 23<sup>rd</sup> June 2014 for the new Highway Agency Company includes a requirement to co-operate, which will underpin the arrangements described above.

- The Homes and Communities Agency will continue to collaborate with the Leeds City Region Enterprise Partnership and Local Authorities on the development of pipeline projects and the alignment of investment including:
  - working jointly with the LEP and Registered Providers to develop effective AHP bids;
  - working closely with the LEP and Local Authorities regarding potential LIF schemes (due diligence is being undertaken in relation to a £4.5 million investment proposal from the Round 1 LIF Programme for City Fields in Wakefield.
- In the published consultation on High Speed 2, the route for Phase Two included stations at Leeds, Manchester Airport, Manchester City Centre, Sheffield Meadowhall, and Toton. DfT and HS2 Ltd are considering the responses to the consultation, along with Sir David Higgins' recommendation to accelerate the benefits of HS2 to the Midlands and the North by extending the line to Crewe.
- Ahead of the Secretary of State for Transport announcing the outcome of that consultation, Growth Deal support will focus on Phase One locations.
- Through Growth Deals, Government has established a package of support which will be provided to all HS2 station LEPs once the route is announced. Government commits to working with and supporting Phase Two LEPs to develop their HS2 Growth Strategies once the final decision on Phase Two is published. This will include the development of detailed proposals which LEPs can put forward for

	financial or other support through future Growth Deals. In the meantime, Leeds City Region LEP will work with Phase One LEPs and Government officials to co-design an approach to developing and delivering HS2 Growth Strategies.
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**Developing a skilled and flexible workforce**

The Deal includes a substantial package of measures to ensure that key sectors and sources of growth are supported by high quality skills and education facilities. Leeds City Region has 14 further education colleges, eight higher education institutions and many other skills providers, working in close partnership with the LEP. There is a student body of 230,000 in those colleges and universities. Through the deal, the LEP will invest in excellent learning facilities which support the LEP’s economic drivers, our key business sectors and our Skills Plan.

Leeds City Region is also well-positioned to enhance the current Careers Information, Advice and Guidance offer by influencing the shape of provision so that it meets the needs of the local economy. Moreover, the LEP has the ability to link employers with education providers; can have strategic influence over skills supply, and have the ability to coordinate local services towards a shared goal. The skills capital investment, along with more influence over careers and guidance will help Leeds City Region to fulfil its ambition to create a NEET-free City Region, with more and better jobs, and the skilled and flexible local workforce to sustain them.

<b>Leeds City Region Enterprise Partnership commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Invest £26m in a skills capital investment programme (with £6m in 2015/16).</li> <li>• Leeds City Region will facilitate stronger linkage between education providers and local businesses. It will also work with relevant local stakeholders to communicate local priorities and align offer to the National Careers Service (NCS) providers ahead of the new service’s roll-out in October 2014 in order to augment the service.</li> <li>• Leeds City Region will consider skills implications as part of decision taking on growth strategies.</li> <li>• Leeds City Region will clearly articulate and evidence their skills priorities in the light of strategic national and local growth opportunities and communicate them to the Further Education and skills sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £74m in a skills capital investment programme (with £12m in 2015/16).</li> <li>• Government commits to working with Leeds City Region to help ensure that local employer priorities are fed into the operations of the new National Careers Service (NCS) providers in Leeds City Region.</li> <li>• Improving skills levels is a key factor in stimulating local growth and taking advantage of new economic opportunities. Government is committed to ensuring that adult skills provision is increasingly responsive to the needs of business and supports local economic growth and jobs.</li> <li>• Government, through the Skills Funding Agency, will ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach: <ul style="list-style-type: none"> <li>○ Procurement of new provision: LEPs will be involved throughout the process and providers’ track records against LEP requirements will be considered as part</li> </ul> </li> </ul>



<ul style="list-style-type: none"> <li>• Leeds City Region will positively engage the Further Education and skills sector in key strategic partnerships eg Skills and Employment Boards.</li> <li>• Leeds City Region will recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment.</li> <li>• The LEP and its partners will open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that that local areas use of the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value.</li> <li>• Alongside this Growth Deal, the Government expects Leeds City Region to deliver against its commitments towards youth employment.</li> <li>• The LEP commits to work with Government to explore the design of a programme of Enterprise Advisers to advise schools on how to drive employer engagement.</li> </ul>	<p>of this assessment</p> <ul style="list-style-type: none"> <li>○ Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively held to account for being responsive to local economic priorities. The Skills Funding Agency is trialling Skills Incentives Pilots from 2014/15 to explore the mechanisms through which providers will account to LEPs for delivery.</li> <li>○ Allocations and Intervention: In future years providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope; subject to evaluation of the pilots, these mechanisms will be rolled out to other LEPs in future years</li> </ul> <ul style="list-style-type: none"> <li>• Government will set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery.</li> <li>• Government will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas.</li> <li>• This Government remains committed to helping all young people to achieve their potential and specifically to reduce long-term youth unemployment. As part of this commitment the Deputy Prime Minister</li> </ul>
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	<p>launched the Youth Contract for Cities in November 2013 providing local areas with devolved funding to boost employment opportunities for young people. As part of this, Leeds City Region was awarded £4.6m from the Government to develop its youth employment programme, including an innovative pilot looking at the role that Employment Agencies can play in helping young people into work and through a Young Ambassador scheme.</p> <ul style="list-style-type: none"> <li>• Government welcomes Leeds City Region LEP’s ambition to strengthen the link between education providers and businesses in the local area. Through the Growth Deal, Government will work with Leeds City Region LEP to explore the feasibility of implementing a programme of Enterprise Advisers in line with Lord Young’s recommendation in his review ‘Enterprise for All’, in addition to wider school-business linkage activities. Advisers would be volunteers drawn from local private and public sector organisations and would advise head teachers and teachers on how employers can engage with schools.</li> <li>• Central Government commits to work with the LEP to explore the design of a programme of Enterprise Advisers, in addition to wider school-business linkage activities, and allocate funding for such a project subject to further discussions.</li> </ul>
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**Supporting growing businesses and promoting resource efficiency**

The Growth Deal will extend the successful Business Growth Programme in order to provide grants for those businesses with the potential to grow, including a large manufacturing base and the largest financial and professional services sector outside London. It will also support the creation of a Leeds City Region Business Growth Hub that will provide a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time. Government support for the BioVale innovation cluster, in partnership with the York, North Yorkshire and East Riding LEP, will provide specific support for the growing Yorkshire life sciences sector.

In addition, the deal will ensure that businesses in Leeds City Region can be more energy and resource efficient. There will be significant investment in new energy infrastructure – including energy efficiency, energy generation, supply chain and distribution and storage – across Leeds City Region through an Energy Hub, which will boost innovation and product development.

<b>Leeds City Region Enterprise Partnership commits to:</b>	<b>Central Government commitments</b>
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<ul style="list-style-type: none"> <li>• Secure £90m of private sector match funding for the business growth programme (with £40m in 2015/16)</li> <li>• Invest £5.4m of public sector match funding for Energy Hub over the lifetime of this Deal</li> <li>• Invest £1.2m of public sector match funding for the resource smart business support programme (£0.2m in 2015/16)</li> <li>• Invest £35m of match funding for BioVale</li> <li>• Provide £0.5m of public and private funding in 2015/16 to support the delivery of the local growth hub. Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private provision and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time.</li> <li>• The LEP will undertake a robust evaluation of its Growth Hub, with the aim of becoming a model for identifying the most effective business support interventions. The LEP will work closely with Government to gather detailed data on the Growth Hub and follow best practice on evaluation.</li> <li>• The LEP will steer delivery of the University of Bradford/BT/NHS University Enterprise Zone within the context of the Strategic Economic Plan as agreed with BIS as part of enhancing Higher Education/business interaction in the City Region.</li> <li>• LCR Enterprise Partnership and the Enterprise Zone team will be clear with UKTI about the sectors they wish to promote and the assets they have which will be of interest to investors.</li> <li>• Leeds, Bradford and York City Councils will commit to boosting SME voucher take-up as part of the Superconnected Cities Programme. To support extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects, Leeds City Region Enterprise Partnership will commit to work with local partners and BT to support delivery. To support extension of superfast broadband</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £18m in business growth programme (with £8m in 2015/16).</li> <li>• Invest £0.6m in Energy Hub in 2015/16</li> <li>• Invest £1.2m in resource smart business support programme (with £0.2m in 2015/16).</li> <li>• Invest £3m in BioVale (with £1m in 2015/16 and funded as part of a joint programme with York North Yorkshire LEP)</li> <li>• Provide £0.625m funding for a growth hub in 2015/16 subject to minimum conditions that reflect the position agreed by the Government review on business support and services</li> <li>• Invest £3.8m in the Bradford University Enterprise Zone</li> <li>• The Technology Strategy Board will support LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives.</li> <li>• UKTI will commit to effectively communicating its strategic priorities to LEPs and where possible help them access relevant opportunities. UKTI will double the number of Partnership Managers to 16. This will ensure that UKTI can work more closely with LEPs and help build their capability to secure more inward investment.</li> <li>• UKTI will support the ambitions of the Aire Valley Enterprise Zone and work with Leeds City Region Enterprise Partnership in an integrated way wherever possible, extending opportunities made available to the LEP, such as marketing workshops or training on proposition development, to include Enterprise Zone teams.</li> </ul>
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<p>coverage to 95% of UK premises by 2017, Leeds City Region Enterprise Partnership will also work with local partners to help ensure match funding is in place for the next round of projects</p>	
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**As part of the deal:**

- **Ensure implementation and demonstrate success**, by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015.
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks
- **Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders** by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.