



**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE AND YORK INVESTMENT COMMITTEE
HELD ON WEDNESDAY, 8 MARCH 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON HOUSE, LEEDS**

Present:

Councillor Susan Hinchcliffe (Chair)	Bradford Council
Councillor Barry Collins	Calderdale Council
Councillor Ian Gillies	City of York Council
Councillor Richard Lewis	Leeds City Council
Councillor Peter McBride	Kirklees Council
Councillor Alex Ross-Shaw	Bradford Council

In attendance:

Councillor Eric Firth	WYCA Transport Committee
Councillor David Jones	Wakefield Council
Ben Still	WYCA
Melanie Corcoran	WYCA
Angela Taylor	WYCA
Rachel Jones	WYCA
Jess McNeill	WYCA
Sally Hinton	WYCA
Heather Waddington	WYCA
Justin Wilson	WYCA
Neil Evans	Leeds City Council
Polly Cook	Leeds City Council
Ruth Chaplin	WYCA

31. Apologies for Absence

Apologies for absence were received from Roger Marsh, WYCA/Leeds City Region LEP and Councillor Denise Jeffery, Wakefield Council.

32. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

33. Exempt Information - Possible Exclusion of the Press and Public

There were no items on the agenda which required exclusion of the press and public.

34. Minutes of the Meeting held on 4 January 2017

Resolved: That the minutes of the West Yorkshire and York Investment Committee held on 4 January 2017 be approved and signed by the Chair.

35. Leeds City Growth Deal Delivery

The Committee considered a report which provided an update on:

- progress made in implementing and achieving target expenditure on Growth Deal (Rounds 1 and 2);
- work undertaken with Local Authority partners in conjunction with the Investment Committee to drive delivery and spend; and
- the outcome of the Annual Conversation following a second meeting which took place with the Cities and Local Growth Unit (CLOG) on 31 January 2017.

Members were advised that the spend target for 2016/17 was £86.5m but following the monthly monitoring of the Programme the forecast had been revised to £81.07m. A review had been undertaken to identify issues/actions required to ensure the revised expenditure could be achieved and details of the most significant risks were outlined in the submitted report.

The Committee noted the Dashboard Report which was attached at Appendix A. This provided information on spend against allocation and forecast for all approved projects with a red, amber or green (RAG) rating for progress to date. It was agreed that this would be updated and brought to future meetings of the Committee. Members also noted a list of West Yorkshire Plus Transport Fund pipeline projects which was attached at Appendix B.

Members noted the outcomes of the workshop held on 25 January 2017 and considered it had been successful in addressing key issues and identifying projects and methodologies aimed at accelerating expenditure and principles to manage the delivery of the Growth Deal programmes. This included the proposed funding criteria for Transformational Projects which was attached at Appendix C. The resource implications associated with the acceleration of projects was discussed and members were advised that WYCA would continue to liaise with the District Councils/Directors of Development on the proposals to recruit additional staff across a range of skills. It was proposed that a further workshop be arranged in April 2017 which would be aimed to better understand priorities across West Yorkshire.

It was reported that the second meeting of the Annual Conversation with the Cities and Local Growth Unit (CLOG) had been held on 31 January 2017 and it was

considered that this had been positive.

Resolved:

- (i) That the progress in delivering the Growth Deal (Rounds 1 and 2) be noted.
- (ii) That the criteria for assessing RAG (red, amber, and green) ratings for 2017/18 as detailed in the submitted report be endorsed.
- (iii) That the West Yorkshire Plus Transport Fund Transformation Projects funding criteria as set out in Appendix B be endorsed.
- (iv) That the principles of over-programming by up to 30% over a three year programme period be endorsed.
- (v) That the Investment Committee supports WYCA to lead a recruitment campaign to appoint 20-25 FTEs to accelerate project delivery in the West Yorkshire Plus Transport Fund.

36. Capital Spending and Project Approvals

The Committee considered a report on proposals for the progression of, and funding for, a number of West Yorkshire plus Transport Fund and Growth Deal projects at Stages 1, 2 and 3.

The Committee considered the following projects:

Stage 1: Pipeline (Eligibility)

A629 Halifax to Huddersfield Corridor Phase 5 – Case Paper (Activity 2)

It was reported that the A629 interventions were being delivered jointly by Kirklees Council and Calderdale Council. The funding request related to the Phase 5 section being led by Kirklees Council covering the section between Huddersfield Ring Road and Ainley Top roundabout. Members welcomed the scheme which would provide an important link between Huddersfield and Halifax, particularly in view of the forthcoming hospital closure in Huddersfield. The Committee was asked to consider recommending the funding request for £202k to WYCA for approval to progress through Decision Point 2 to Activity 3 (Outline Business Case).

Enterprise Zone Phase 2 (Part 2 Feasibility) – Case Paper (Activity 2)

The Committee acknowledged that Enterprise Zones (EZs) are seen as a key part of the Government's national agenda. It was noted that the Leeds City Region EZs comprised of the Leeds EZ (Phase 1) and nine further EZs for Phase 2. In order to develop the programme for Phase 2, further feasibility and masterplanning work was required to identify the packages of site-specific interventions.

The request was for the Investment Committee to consider recommending to the WYCA that funding of £165k be approved for EZ Phase 2 (Part 2) to enable the procurement of the feasibility work and that confirmation of the match funding and start of the procurement be sent to Department of Communities and Local Government (DCLG).

The full Leeds City Region Enterprise Zones programme (10 sites) would be brought to the next meeting of the Committee. It was noted that York Central Enterprise Zone was being progressed separately and this would be highlighted in the report.

West Yorkshire Traffic Signal Asset Risk Avoidance – EOI (Activity 1)

The Committee was advised that the Programme Appraisal Team (PAT) had considered the scheme to replace critically aged traffic signal equipment across West Yorkshire at a cost of £25.8m. The PAT had agreed that the scheme in its current form did not meet the funding criteria for Growth Fund. It had therefore been agreed with the scheme promoter that other funding options, including the possibility of bringing the scheme forward as part of wider corridor improvements, be explored.

Stage 2: Pipeline Development

York Outer Ring Road (A1237) – Change Request (Outline Business Case) (Activity 3)

It was reported that the full costs for developing the project to Decision Point 5 had been calculated as £2.45m. It was noted that funding of £208k had previously been approved and now that City of York Council was a full member of the West Yorkshire Plus Transport Fund, subject to a signed partnership agreement being in place, the full costs of developing the project could be funded from the Growth Deal. The Committee considered a request to recommend to WYCA funding for an additional £2.24m from the West Yorkshire Plus Transport Fund to continue to progress through to Activity 4 (Full Business Case).

A629 Halifax to Huddersfield Corridor Phase 1a – Full Business Case (Activity 4)

The Committee considered a request to recommend to WYCA funding of £2.2m to undertake further development works to progress the scheme from Activity 4 (Full Business Case) through Activity 5 (Finalise Costs). The request included £1.5m to repay incurred costs at risk and £708k for further development works including final land acquisitions and further utility advanced diversions. It was reported that the full total cost of the scheme had increased to £8.505m. Members noted that Calderdale Council have gone out to tender to secure a contractor partner and, with clarification from Calderdale Council that any cost overruns are to be at their risk, it was proposed that subsequent progression to Decision Point 5 to a maximum funding total of £8.5m be approved by delegation to the Managing Director.

Leeds City College – Quarry Hill – Change Request (Finalising Costs) (Activity 5)

Members were advised that following WYCA approval, the college has now exchanged contracts for the Quarry Hill land acquisition. It was reported that due to a number of factors detailed in the submitted report, the total project costs are higher than estimated and are now forecast to be £57m. This had no impact on the grant request and WYCA's grant contribution remains the same at £33.4m although the programme will be delayed by 10 months with completion anticipated in June 2019.

The Committee approved the total project cost increase and extension of the project by 10 months. They recommended to the Managing Director that assets from disposal are used to cover the increase in project costs, whilst any remaining surplus would return to WYCA.

Leeds District Heat Network – Change Request (Finalising Costs)(Activity 5)

It was reported that approval of £7m had been given by WYCA on 31 March 2016. It was agreed that the funding should be split into a £3m loan and a £4m grant. However, in order to reflect a number of key changes to the project which were set out in the report, Leeds City Council (LCC) had now submitted a revised Full Business Case, a summary of which was attached at Appendix 5. In view of the scale of change and identified risks, the Investment Committee were asked to reconsider the project and they discussed a number of options which were set out in the submitted report.

It was agreed to recommend Option C which would be to provide a £10m grant with a conditional approval. This would be subject to the full funding package being secured from other sources and robust evidence regarding anticipated levels of demand being provided at the next meeting of the Investment Committee.

It was confirmed that Leeds City Council will guarantee to pay WYCA a minimum of £400,000 each year, once the facility is operational, this will either come through the National Non-Domestic Rates (NNDR) payments due from the District Heat Network or from the project's budget.

Projects in Stage 3 – Delivery & Evaluation

Kirklees Housing Project – Change Request (Delivery)(Activity 6)

It was reported that since the initial Kirklees Housing Project loan of £1m was approved in July 2015 there had been reconsideration of the 'loans first' principle. In contrast to other similar loans which are interest free, this project was the only one which had an interest rate applied and Kirklees Council have asked WYCA to review the position.

The Committee considered the request and recommended to the Managing Director to change the £1m loan at 2% interest to an interest free loan of £800k and a £200k project development grant. This would bring the Kirklees Housing Project in line with

other Local Growth Fund projects and allow for the claiming of staff time as eligible project development costs.

Resolved:

- (i) To recommend to WYCA approval of £202k for the **A629 Halifax to Huddersfield Corridor Phase 5** scheme to progress through Decision Point 2 to Activity 3 (Outline Business Case). That the Approval Pathway be amended so that the scheme returns to the Programme Appraisal Team (PAT), Investment Committee and WYCA at Decision Point 3 to request further development costs and land acquisition costs.
- (ii) To recommend to WYCA that pre-feasibility funding of £165k be approved for **EZ Phase 2 (Part 2)** to enable the procurement of the feasibility work and that confirmation of the match funding and start of procurement be sent to Department for Communities and Local Government (DCLG). That the full programme be brought back to the PAT, Investment Committee and WYCA for consideration in June 2017.
- (iii) To recommend to WYCA approval of £2.24m funding for the **York Outer Ring Road (A1237)** scheme to continue progress through to Activity 4 (Full Business Case).
- (iv) To recommend to WYCA approval of £2.2m funding for the **A629 Halifax to Huddersfield Corridor Phase 1a** to progress the scheme from Activity 4 (Full Business Case) through Activity 5 (Finalise Costs). That subsequent progression at Decision Point 5 to a maximum funding total of £8.5m be recommended for approval through delegation to the Managing Director.
- (v) That the total cost increase for the **Leeds City College – Quarry Hill** project and extension of the programme by 10 months be approved and to recommend through delegation to the Managing Director that assets from disposal are used to cover the increase in project costs, whilst any remaining surplus would return to WYCA.
- (vi) To recommend to WYCA Option C for the **Leeds District Heat Network**, to provide a £10m grant with a conditional approval subject to the full funding package being secured from other sources and robust evidence regarding anticipated levels of demand being provided to the next meeting of the Investment Committee
- (vii) To recommend through delegation to the Managing Director to change the £1m loan at 2% interest for the **Kirklees Housing** Project to an interest free loan of £800K and a £200k project development grant to bring the project in line with other Local Growth Fund projects and allow for the claiming of staff time as eligible project development costs.

37. ESIF Sustainable Urban Development

The Committee was given a presentation which provided the background on how the Sustainable Urban Development (SUD) Intermediate Body (IB) delegations will work and an overview of the process and shape of the SUD Call.

Members were provided with information on the roles and responsibilities of the Investment Committee and WYCA as IB and how the SUD Call will be developed and delivered.

It was noted that the SUD Strategy set out how it will use the SUD allocation (approximately £15m - £17m) to support projects which will focus on environmentally sound and resilient site development, to unlock economic growth sites to support SMEs in the SUD area (West Yorkshire and York). The Investment Committee were keen to see the work progress so the money can be spent on projects which will support the ESIF Strategy and Strategic Economic Plan (SEP) ambitions.

Resolved: That the draft call be prepared and presented for advice at the next meeting.