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Report to: West Yorkshire and York Investment Committee

Date: 6 September 2017

Subject: Capital Spending and Project Approvals

1. Purpose

- 1.1 To put forward proposals for the progression of, and funding for, a number of WYCA supported projects, including West Yorkshire Plus Transport Fund (WY+TF) and Growth Deal, for consideration by the Investment Committee at Stages 1, 2 and 3 of WYCA's Assurance process.
- 1.2 This report presents proposals for the progression of the following schemes through WYCA's Assurance process in line with the Leeds City Region Assurance Framework. Further detail on the schemes summarised below can be found as part of this report.

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper) Total Value - £30.000m Total Value of WYCA Funding - £30.000m Funding Recommendation sought – £0.570m	Development of a scheme which will deliver highway improvements at Ainley Top Roundabout and also implement strategic interventions across the A629 corridor to improve public transport journeys on this route.
Access Innovation Programme	Decision Point 2 (Case Paper) Total Value – £9.174m Total Value of WYCA Funding - £4.750m Funding Recommendation sought – £0m	A grant programme to support innovation activity in growth-orientated SMEs.
Strategic Business Growth Programme	Decision Point 2 (Case Paper) Total Value - £7.058m Total Value of WYCA Funding - £3.146m Funding Recommendation sought – £0m	A business support and grant programme, which will provide an integrated package of support to SMEs from priority sectors to assist them to grow and create employment opportunities.
Beech Hill, Halifax	Decision Point 2 (Case Paper) Total Value – £5.000m Total Value of WYCA Funding - £1.000m Funding Recommendation sought – £0m	A scheme that will clear and remediate land to the West of Halifax City Centre in order for the land to be attractive for future housing development.
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case) Total Value of scheme – £4.511m Total Value of WYCA Funding - £4.511m Funding Recommendation sought - £0.317m	A scheme that will enhance the existing Railway Station facilities and improve surrounding public realm to provide an attractive gateway to Castleford.
Energy Accelerator Programme	Decision Point 4 (Full Business Case) Total Value – £3.817m Total Value of WYCA Funding - £3.817m Funding Recommendation sought - £0.180m	A scheme that will offer specialist expertise to organisations in the development of low carbon projects in the City Region

Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme – £21.276m Total Value of WYCA Funding - £4.000m Funding Recommendation sought - £4.000m	A scheme that will provide reduced cost household heating by transferring heat created at the Aire Valley Recovery and Recycling Facility to customers in the north of Leeds City Centre through a network of underground super insulated pipework.
New Bolton Woods	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme - £25.731m Total Value of WYCA Funding for the scheme - £3.600m Funding Recommendation sought - £3.600m	A scheme which will remediate and prepare land on the Bradford Shipley Canal Road Corridor in order to facilitate the development of a mixed-use regeneration scheme on the site.

- 1.3 These schemes have a total combined funding value of £106.567m when fully approved, £54.824m of this amount will be funded by WYCA with the rest coming from other public sector or private sector contributions. The majority of schemes are still in development and are not seeking an expenditure recommendation as part of this report, however a total expenditure recommendation to the value of £8.667m is sought as part of this report for the development of the projects above.
- 1.4 This report also presents recommendations for the following schemes that have had exceptions reports assessed in line with WYCA's Assurance Process. Further detail on the schemes summarised below can be found as part of this report.

Leeds New Station Street	Activity 5 (Full Business Case plus finalised costs) Exception Total Value - £1.591m Total Value of WYCA Funding - £1.591m Funding Recommendation sought – £0m	Scheme to significantly improve the environment for pedestrians around the entrance to Leeds Station. Exception is to extend the timescales to completion on site to December 2018 from March 2018.
Huddersfield Incubation & Innovation Centre	Activity 6 (Delivery) Exception Total Value - £4.255m Total Value of WYCA Funding - £2.922m Funding Recommendation sought – £0m	Scheme focusing on digitalisation, design innovation and smart manufacturing, enabling firms to become faster, more responsive and closer to customers. Collaboration to provide the latest access to technologies in these sectors and provide a specialist incubator and grow-on space tailored to "wrap around" business support services. Exception to the project is that the private sector partner has withdrawn funding from the project, but many of the outputs remain or improve.
Tackling Fuel Poverty	Activity 6 (Delivery) Exception Total Value - £1.920m Total Value of WYCA Funding - £1.529m Funding Recommendation sought – £0m	Programme to address fuel poverty amongst some of the most vulnerable households in the Leeds City Region though a capital programme of energy efficiency improvements. Exception is to extend the grant deadline and approve additional 3 rd party funding.

- 1.5 Since Investment Committee's meeting on 12 July 2017, decisions regarding the following schemes have been exercised through agreed delegation to WYCA's Managing Director:

Rail Park and Ride Hebden Bridge	Decision Point 5 (Full Business Case with Finalised Costs) Total Value - £0.626m Total Value of WYCA Funding - £0.626m Funding Recommendation sought – £0.626m	Scheme to increase car parking capacity to support sustainable employment growth in the main urban centres, support more travel into and between the urban centres and reduce on-street parking.
LEP Loan - Fresh Pastures	Decision Point 5 (Full Business Case with Finalised Costs) Total Value - £N/A (loan) Total Value of WYCA Funding - £0.800m Funding Recommendation sought – £0.800m	A loan of £0.800m from the LEP Growing Places Loan Fund to fit out its new facility to the required standard for food grade manufacture in order to consolidate manufacture and storage from three sites to one and allow expansion of production.
Strategic Inward Investment Fund	Decision Point 5 (Full Business Case with Finalised Costs) Total Value - £12.450m Total Value of WYCA Funding - £12.450m Funding Recommendation sought – £12.450m	A dedicated inward investment grant scheme, which will be operated specifically to secure investment to deliver significant benefits in terms of job creation and leveraging private sector investment.
Business Growth Programme	Decision Point 5 (Full Business Case with Finalised Costs) Total Value - £9.000m Total Value of WYCA Funding - £9.000m Funding Recommendation sought – £9.000m	The Business Growth Programme (BGP) has been in operation since February 2013. Initially it was funded through the Governments Regional Growth Fund and as from 1 April 2015 received an allocation of £18m to allow it to continue. An additional £9m has been allocated to the scheme through the Growth Deal 3 award. The programme will continue to support businesses operating within the LEP's priority sectors (manufacturing, low carbon & environmental, financial & business services, digital & creative and health & life sciences).

- 1.6 These schemes have a total combined funding value of £22.876m and full approval is recommended, £22.876m of this amount will be funded by WYCA.
- 1.7 The Pothole Action Fund proceeded directly to WYCA ahead of consideration by the Investment Committee due to the nature of the funding stream. The £2.231m funding allocation was approved by WYCA on 3 August 2017.

2. Background

- 2.1 Investment Committee will recall that WYCA has a three stage Assurance Process as set out below with the requirement that all projects will as a minimum need to formally pass Decision Points 2 and 5, highlighted in green below, and with the requirement to meet the intervening activities deemed on a project by project basis.



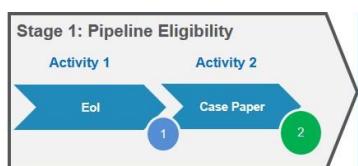
- 2.2 The Programme Appraisal Team (PAT) appraises all schemes at the Decision Points. The PAT is an internal assurance group and has no formal approval making powers,

they make recommendations which are then reported through the current WYCA governance arrangements for a formal decision/approval. The PAT consists of a panel of officers representing policy, legal, financial, assurance and delivery supplemented with external experts. Where conflict of interest issues arise during a meeting e.g. scheme comes forward for discussion which a member of the PAT is the Senior Responsible Officer for, the SRO will not take part in the discussion and agreeing of recommendations and in the case of the chair will leave the meeting and won't be part of any discussions and recommendations in relation to their scheme. The scheme promoters from the District Councils or Partner Delivery organisations attend the meeting to introduce the scheme and answer questions from PAT as required. The Terms of Reference for the PAT are contained within the Assurance Framework.

- 2.3 Projects at the Pipeline Eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, meet funding criteria and have available funding identified with further project definition including costs and detailed timescales to be developed as the project progresses through the pipeline. At this stage development funding may be sought to enable this work to progress.
- 2.4 Projects at Pipeline Development Stage should demonstrate that they have tested the feasibility of a solution through their business case. This business case should then be developed in order to confirm and detail the preferred solution including finalising its cost.
- 2.5 Once in Delivery & Evaluation the scheme is delivered and WYCA funding is drawn down. When delivery is completed a review is carried out to ensure that the scheme has met all its requirements and outputs in accordance with its Funding Agreement. Finally information about a scheme's performance following its completion is collected, in order to evaluate the success of the scheme.

3. Programmes and Projects for Consideration

Projects in Stage 1: Pipeline Eligibility



3.1 A629 Phase 4 (Activity 2 Case Paper)

Background

The A629 Halifax to Huddersfield Corridor Improvements is a £120.6m transport package comprising multi-modal interventions which will improve journey time reliability, through a combination of road space reallocation and targeted junction improvements to address key congestion hot spots. Delivered in a number of phases over the next five years, it will also bring major transformations to Halifax town

centre's pedestrian environment, public transport network and infrastructure. The scheme is a crucial component in realising the Halifax Town Centre Delivery Plan aspirations, and unlocking key Local Plan growth sites.

Delivery of the project is being realised in a number of phases with implementation and works being undertaken on the following phases:

- Phase 1 – Calderdale Southern Section.
- Phase 2 (incorporating Phase 3) – Halifax Town Centre.
- Phase 5 – Ainley Top into Huddersfield.

Whilst the scope and interventions of the phases above is now largely understood, there remains two aspects of the corridor strategy yet to be developed:

- Preferred highway improvements for implementation at Ainley Top, as the one remaining pinch point where preferred solutions are yet to be identified: and
- Wider strategic interventions needed across the corridor as a whole in order to improve the appeal and uptake of public transport between Halifax and Huddersfield, and to provide journey time reliability for commercial (goods) vehicles.

Phase 4 approach will look to identify develop and implement solutions to address these residual aspects of the wider corridor strategy.

A summary of the Scheme's Business Case is included in **Appendix 1**.

Costs

The scheme has an existing approval of £0.075m which has funded feasibility works on the scheme. The total scheme cost of the Phase 4 element of the programme is forecast to be £30.000m. The scheme promoters require of £0.570m development funding to cover the cost of undertaking further feasibility to determine scope and costs of the scheme, preliminary design, and outline business case preparation in order to take the scheme to Decision Point 3.

Timescales

- An Outline Business Case submission is programmed for May 2018, with approval in October 2018.
- Full Business Case plus finalised costs for December 2019.
- Start on site January 2020 with completion December 2020.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these

tolerances are exceeded during the next Activity the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The project costs should remain within +10% of the total project cost set out in this report.
- The project's programme should remain within + 3 months of the delivery timescales set out in this report.

Project Responsibilities

Senior Responsible Officer:	Mark Thompson, Calderdale Council
Project Manager:	Chris Hoesli, Calderdale Council
WYCA Case Officer:	Tom Murphy

Recommendations

That Investment Committee recommends to WYCA that:

- The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
- An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
- WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.2 Access Innovation Programme (Activity 2 Case Paper)

Background

The Access Innovation Programme is designed to support innovation activity by Small and Medium Enterprises (SMEs) in the Leeds City Region.

The Programme is funded from three sources:

- European Region Development Funding (ERDF).
- Local Growth Fund Access to Capital Grants Programme.
- Private Sector Match Funding.

The programme will support growth-orientated SMEs by providing grants (in the form of redeemable vouchers) of between £2,000 and £50,000 to support innovation projects with a total cost of between £10,000 and £100,000. The grants will aim to address an identified ‘market gap’ in the funding of innovation activity, knowledge transfer and building capacity for innovation in SMEs.

Overall, the project will lead to establishing relationships between SMEs and Innovation Support Providers and fostering sustained mechanism for collaboration, innovation capacity building and knowledge transfer, in turn contributing towards inclusive growth.

There is a strong strategic fit as the scheme fits to the Leeds City Region Strategic Economic Plan (2016) and Priority Area 1, Key Action Area (B) – “*delivery high quality innovation products and services and maximise the role of the universities in innovation*”.

The high level outputs include:

- 98 jobs created/safe guarded.
- 444 Businesses created/assisted.

A summary of the Scheme’s Business Case is included in **Appendix 2**.

Costs

The total scheme costs are £9.174m. There are 3 funding sources:

- European Region Development Funding (ERDF) - £4.265m secured for this programme.
- LGF Access to Capital Grants Programme - £0.485m – already allocated.
- Private Sector Match Funding - £4.430m – expected from businesses as part of their application.

Timescales

- Decision Point 2 Approval is requested from Combined Authority on 5th October 2017.
- Full approval with Finalised Costs (Decision Point 5) via the MD Delegation will be requested in late October 2017.
- Scheme completion is forecast for March 2020 and full evaluation will take place during 2020/21 financial year.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these

tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The WYCA's funding contribution to the scheme should not exceed the total of £4.750m.
- The scheme's programme should remain within 2 months of the timescales set out in this report.
- The outputs are forecast to remain within 10% of amounts forecast in this report (98 jobs created/ safe guarded 444 businesses created/ assisted).

Project Responsibilities

Senior Responsible Officer: Henry Rigg

Project Manager: To be appointed

WYCA Case Officer: James Bennett

Recommendations

That Investment Committee recommends to WYCA that:

- The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the LGF Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.3 Strategic Business Growth Programme (Activity 2 Case Paper)

Background

Closure of the National Business Growth Service (BGS) in March 2016 due to funding cuts, has led to gaps in advisory provision for growth in the LCR. Assistance with strategic business planning is a common issue for many SMEs that contact support services, particularly the need for some expert coaching and mentoring to develop and implement a plan capable of unlocking their growth potential. This project and the availability of supporting funding through the ESIF programme provides the opportunity to address this gap in provision and address the needs of SMEs with growth potential.

The project will engage with SMEs across the Leeds City Region (LCR) with ambition and aspirations to grow through providing an integrated package of support. The package will comprise of tailored advice along with financial support (capital grants) to help them grow and create new employment opportunities.

The support will be targeted at SMEs operating within the LEPs priority sectors of; manufacturing, low carbon and environmental, financial & business services, digital & creative and health & life sciences.

The programme will run until January 2020 funded through a combination of local and EU funding, matched by the enterprises engaged in the project. The project will be managed by WYCA in partnership with a local delivery agency which has been procured through competitive tender. The project is mobilised and ready to commence delivery following approvals.

A summary of the Scheme's Business Case is included in **Appendix 3**.

Costs

The total costs of the project are £7.058m. The WYCA funding contribution of £3.146m is made up of £2.156m ESIF Grant and £0.990m WYCA Capital Grants Fund. The remaining £3.914m will be match funding provided by the businesses in receipt of support and capital grants.

Timescales

- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5 October 2017.
- Approval of the Full Business Case with Finalised Costs (Decision Point 5) will be sought through WYCA's Managing Director Delegated Approval in late October 2017.
- The project can commence immediately and the project will be completed by January 2020.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The WYCA funding allocation should remain at £3.146m.
- The total Private Sector Match funding contribution must not decrease by more than 5%.
- The programme completion date is fixed at January 2020.

- Possible impact/disturbance caused by BREXIT negotiations and subsequent changes to UK/EU funding regimes is forecast to effect the availability of the ESIF grant.
- The number of businesses supported should remain within 15% of the 302 target.
- The number of businesses in receipt of grant funding should remain within 10% of the 44 target.
- The number of jobs created should remain within 10% of the 604 target.

Project Responsibilities

Senior Responsible Officer: Sue Cooke, WYCA

Project Manager: Neill Fishman, WYCA

WYCA Case Officer: Fiona Limb

Recommendations

That Investment Committee recommends to WYCA that:

- The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants Fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.4 Beech Hill, Halifax (Activity 2 Case Paper)

Background

Beech Hill lies on the western edge of Halifax Town Centre. The regeneration of the site is a joint venture partnership with Calderdale Council and Together Housing Group (THG) who own the three derelict tower blocks in the area, as well as 17 social rented units.

This project is to assist with the remediation of Stannery Depot and with the demolition of three high-rise tower blocks to assist the delivery of new housing development in its place on the Beech Hill site.

As part of the strategic approach Beech Hill has been identified as an area where intervention and support is needed to drive regeneration and improve quality of life

for its communities. It is the Council's aim to implement a programme of improvement and redevelopment at Beech Hill. Phase 1 of this scheme will allow land to become available with an opportunity to develop approximately 140 new dwellings, of which the majority are proposed to become affordable homes.

Overall, the funding will principally focus on Phase 1 of the regeneration project; bringing the demolition of the three high-rise tower blocks and the remediation /development of Stannery Depot together as one project. Phase 1 has been selected because it aligns with early stage deliverables and represents the areas where investment will be focused in the short to medium term.

Through combining the two ventures of the Council depot and the tower blocks as one delivery phase, it is projected to achieve greater economies of scale. There is the potential to use material from the tower block demolitions to make up levels across the depot site and this will have an impact to any options considered for the overall remediation.

The proposed overall scheme has a strong strategic fit to and will contribute to the Leeds City Region Strategic Economic Plan 2016, Priority 4: Infrastructure for Growth (a) Integrated spatial priority areas which includes Urban Growth Centres, Housing Growth Areas and Employment Growth Areas.

A summary of the Scheme's Business Case is included in **Appendix 4**.

Costs

The totals costs for Phase 1 are estimated as £5.000m

This will be funded from:

- WYCA Contributions - £1.000m (Local Growth Fund Growth Deal 3 allocation)
- Joint Venture Contributions - £4.000m

Timescales

- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5th October 2017.
- Full Business Case with Finalised Costs approval (Decision Point 5) via the MD Delegation will be requested in March 2018.
- Scheme completion for Phase 1 is forecast for December 2018.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- WYCA's contribution should remain within £1.000m with a maximum 10% of capital budget underspend on the project as whole.
- If the project programme should remain within 3 months of the timescales set out in this report.

Project Responsibilities

Senior Responsible Officer: Heidi Wilson, Calderdale Council

Project Manager: Steph Furness, Calderdale Council

WYCA Case Officer: Caroline Coy

Recommendations

That Investment Committee recommends to WYCA that:

- The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in Stage 2: Pipeline Development



3.5 Castleford Rail Station Gateway (Activity 3 Outline Business Case)

Background

The Castleford Rail Station Gateway scheme which will see the enhancement of the existing rail station facility to provide a new, high quality, modern waiting facility and pedestrian linkages with Castleford town centre and the bus station, providing an attractive and welcoming gateway to the town. This, together with the £6m Castleford Bus Station refurbishment, will create a public transport 'Hub' for Castleford.

The proposed scheme will see significantly improved facilities provided at the rail

station with the replacement of the existing life expired poor waiting shelter with a new modern building design which seeks to complement the architectural style of the bus station. The new waiting facility will incorporate a fully enclosed waiting room and partially enclosed waiting areas; kiosk/retail space including a ticket vending machine; staffed ticket office; disabled toilet and seating. Sheltered cycle parking will also be provided.

The scheme will also deliver significant public realm improvements both to the forecourt area and on the key walking routes between the rail station, town centre and the bus station through footway treatments, landscaping and signage. In the forecourt area, provision will be made for taxis, private hire vehicles and buses. The car park layout will be improved to allow for easier pedestrian and non-motorised access, with the existing on-site parking provision retained and complemented by the creation of 10 new on-street parking bays adjacent to the station. Significant refurbishment of the underpass will be delivered, including waterproofing, lighting and CCTV, to create a more attractive link between the rail station and large residential areas in the south of Castleford town centre, which will be available for rail and non-rail users, boosting connectivity.

A summary of the Scheme's Business Case is included in **Appendix 5**.

Costs

The total scheme cost is forecast as £4.511m. The scheme requires development funding of £0.317m to cover the cost of progressing the scheme to Decision Point 5 (Full Business with Finalised Costs). The scheme has an existing approval of £0.021m, which has funded its development to Outline Business Case.

Timescales

Full Business Case with Finalised Costs submission in January 2019, with scheme completion by February 2020.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That the forecast project costs remain within +/- 10% from the total scheme cost set out in this report.
- That the project's programme remains within +/- 3 months from the timescales set out in this report.

Project Responsibilities

Senior Responsible Officer: Kate Thompson, WYCA
Project Manager: Chris Dunderdale, WYCA
WYCA Case Officer: Adam Kendall Ward

Recommendations

The Investment Committee recommends to WYCA that:

- The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
- An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC with Finalised Costs), taking the total project approval to £0.338m.
- WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.6 Energy Accelerator (Activity 4 Full Business Case)

Background

The Energy Accelerator (Accelerator) is an innovative project development programme that offers specialist expertise to local low carbon projects. The Accelerator will act as an 'enabler' to low carbon and energy efficiency projects, moving them from concept to the point of investment.

The potential for commercially viable, revenue-generating low carbon / zero carbon projects is still largely untapped within Leeds City Region. To date the initial risk associated with project development has prevented good schemes from leveraging the finance available to them. The lack of schemes that are investment ready is underpinned by a lack of availability of project development finance combined with a lack of specialist knowledge in the development of low carbon projects. This is therefore currently a market failure that the Accelerator aims to address.

The Accelerator will only focus on technical support for the following:

- Commercial and Domestic Retrofit including Integration of Renewable Energy sources into the built environment e.g. Solar PV, biomass.
- District Heating.
- Street Lighting.

The main outcomes will be to:

- Secure just under £3 million of commercial and technical support for a range of regional low carbon projects.
- Enable ~£100m of capital investment in low carbon projects across the region.
- Result in a substantial decrease in regional carbon emissions.
- Create temporary and some permanent jobs.

Once established, the Accelerator will be the first of its kind in the UK.

WYCA have been developing the Accelerator over a number of years. In November 2015 Investment Committee (IC) approved £0.640m of Local Growth Funding to support the development and delivery of the Accelerator, subject to a successful European Investment Bank's (EIB) funding bid. In the summer of 2016 WYCA submitted a bid for approximately £5.700m (exact amount dependent on Euro exchange rate) from the EIB European Local ENergy Assistance (ELENA) facility. ELENA provides grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy projects and programmes. In line with recommendations received from the ELENA Team, WYCA in May 2017 revised the bid to approximately £2.997m (exact amount dependent on Euro exchange rate at the date of approval). To date WYCA is awaiting a decision from EIB, which is expected September 2017.

The Accelerator has a Governance and Appraisal Framework which has been aligned with the Leeds City Region Assurance Framework. Under the Accelerator's Governance and Appraisal Framework a Programme Advisory Group will be established to support the delivery of the Accelerator. The Accelerator's Programme Team (commercial and technical experts) will assess potential projects against an established Project Assessment Framework and make recommendation on the conditions of the support to be offered (the value of the technical support given is likely to range from £10K – £500,000). Individual Support Agreements followed by quality review with WYCA's legal team will also be undertaken by the Accelerator Programme Team. Monitoring and evaluation of individual projects will be undertaken by the Accelerator's Programme Team.

It will be the responsibility of the Project Sponsors (who receive support through the Accelerator) to deliver any capital schemes that are deemed technically viable by the Accelerator. Actual delivery of these capital schemes is not part of the Accelerator programme.

A summary of the Scheme's Business Case is included in **Appendix 6**.

Costs

The total revised project value of the Accelerator is approximately £3.817m with £2.997m (£3,513,847) of funding being secured through the EIB's ELENA fund (application pending) and £0.820m from the Local Growth Fund (£0.640m was

approved in 2015, subject to a successful ELENA bid). Exact costs will be dependent on the Euro exchange rate at the date of approval.

As an innovative programme a robust evidence base was needed including preliminary commercial and viability appraisal work to identify a shortlist of potentially deliverable low carbon projects. This work identified over 70 potential projects to explore, with just over 20 projects shortlisted for Accelerator assistance. Staff and technical bespoke support were also needed to develop the operational model and to compile the ELENA bid. £0.165m of project cost have been incurred to date and a further £0.015m is required to progress the scheme to Decision Point 5.

Timescales

- EIB Decision on ELENA funding – August / Sept 2017.
- WYCA Decision Point 4 (Full Business Case) Approval - 5 October 2017.
- WYCA Decision Point 5 (Full Business Case with Finalised Costs) via Managing Director (MD) delegation - November 2017.
- Launch Energy Accelerator –January 2018.
- Project Completed – January 2021.

Tolerances

In order for the whole Accelerator Programme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That Scheme cost remains within the allocation of £3.817m.
- That the scheme remains within the timescales set out in this report.
- That less than £2.5 million pounds (€3 million euro) be offered by the EIB.
- If at the mid-way point (18 months into the contract with the EIB) less than 85% of the total programme spend is expected to result in projects that reach the ‘point of implementation’ (defined as procurement stage with ELENA) within the ELENA contract period.
- In addition to meeting the above programme tolerance, if at the mid-way point (18 months into the contract with the EIB) the Programme Leverage Factor is less than 15.

Project Responsibilities

Senior Responsible Officer: David Walmsley, WYCA

Project Manager: Jacqui Warren, WYCA

WYCA Case Officer: Peter Coello

Recommendations

That the Investment Committee recommends to WYCA, subject to a successful ELENA application, that:

- The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- Approval to spend the £0.640m LGF allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (exact amount dependent on Euro exchange rate at the date of approval - application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £2.997m ELENA).
- Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (FBC with finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.
- WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

3.7 Leeds District Heat Network - Phase 1 (Activity 5 Full Business Case with Finalised Costs)

Background

The Leeds District Heat Network (LDHN) involves the construction of a new 4.5 kilometre District Heating Network of super insulated underground pipework connecting the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to customers across the City.

Phase 1 of the LDHN will initially bring heat to Council-owned flats to the north of the city centre. The project will tackle fuel poverty through reducing fuel bills for vulnerable residents and in addition make a significant contribution to Leeds City Council's (LCC) ambition to achieve a 40% reduction in carbon dioxide between 2005 and 2020. Once the LDHN is operating at full capacity it holds the potential to heat the equivalent of 25,000 flats.

Leeds City Council has a 15 year vision to grow the LDHN to cover the city centre with Phase 2 extensions to Leeds City Region Spatial Priority Areas of the Southbank and Aire Valley regeneration areas. Investing in Phase 1 of a LDHN will create the confidence for future low carbon developments, underpinned by district heating.

WYCA approved £7 million towards the LDHN on 31 March 2016. A revised business case was submitted in February 2017 requiring an additional £3 million funding from WYCA as a result of an increase in total project cost from £21 million to £25 million. WYCA conditionally approved a grant of £10 million for the LDHN on 6 April 2017, subject to the full funding package being secured from other sources and robust evidence regarding anticipated levels of demand.

The project's scope has been amended and the Full Business Case has been re-submitted. The key change is that the Energy Centre will no longer be located on the Enterprise Zone which means that Leeds City Council will no longer need to pay business rates to WYCA. The previous £10m request was predicated on the need to pay these rates, the funding request has now been reduced. The £4 million grant would instead be repayable to WYCA under the state aid clawback mechanism. If an operating profit is made by the network, up to £4 million of the profit would be recoverable to WYCA. This will be specified as part of the detailed grant conditions, the approval of which is requested to be delegated to WYCA's Managing Director.

The final business case focuses on Phase 1 of the LDHN and reflects cost efficiencies achieved through the now concluded design, build and operate contract procurement. Match funding has been confirmed and the demand required to support the business model has been evidenced. 60% of demand has been secured through Housing Leeds and detailed discussions and technical surveys have been undertaken with the other lead anchor customers.

The Leeds District Heat Network was approved by Leeds City Council Executive Board on 17 July 2017.

A summary of the Scheme's Business Case is included in **Appendix 7**.

Costs

The final scheme is seeking a £4.00m grant from the Local Growth Fund towards total project costs of £21.276m

Timescales

Full planning approval for the energy centre	January 2018
Construction of the energy centre complete	August 2018
The underground District Heat Network installed	December 2018
The LDHN to be fully operational	April 2019
Key clients connected	June 2019

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That the project cost (and WYCA's contribution) should remain within 10% of the costs stated in this report.
- That the programme should remain within 3 months of the timescales stated in this report.

Project Responsibilities

Senior Responsible Officer: Neil Evans, LCC
Project Manager: Polly Cook, LCC
WYCA Case Officer: Chris Maunder

Recommendations

That Investment Committee recommends to WYCA conditional approval of the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- The Funding Agreement makes provision for up to £4 million to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.8 New Bolton Woods (Activity 5 Full Business Case with Finalised Costs)

Background

The New Bolton Woods project will undertake essential site remediation, preparation and infrastructure works to facilitate the delivery of a key phase of residential development within a major mixed-use regeneration scheme. New Bolton Woods sustainable urban village will provide over 1,000 new homes in the Bradford Shipley Canal Road Corridor regeneration area.

The Project will facilitate the preparation of 5.66 hectares of brownfield land for housing development and the creation of 145 new homes by 2021.

The regeneration scheme is being delivered through a Public Private Partnership in the form of an asset based joint venture company, Canal Urban Village Ltd. established by Bradford Metropolitan District Council in partnership with URBO regeneration Ltd. Keepmoat construction will act as the development partner.

The project was approved by WYCA on 29 September 2016 to progress from Outline to Full Business Case. The Full Business Case was supported by the Programme Assurance Team (PAT) on 8 June 2017 and achieved subsequent Managing Director Delegated Approval at Decision Point 4.

The funding conditions defined by WYCA's Programme Appraisal Team as set out below have been met during Activity 5 and captured in the Funding Agreement:

- Claw back if 90 housing units are not built by March 2021.
- Profit share on pro rata ratio if sales income exceeds that shown in the development appraisal, triggered only if any overage income accrued by the Council is not allocated for additional regeneration actions in the Canal Road Corridor by an agreed longstop date.
- Provision of State Aid opinion by qualified solicitor.
- Provision of a final cost analysis to confirm the viability gap.
- Evidence that management tools covering risk, programme, communications, and change management are complete and a recognised project management methodology will be adopted.

Time limitations have resulted in following conditions currently being outstanding:

- Provision of State Aid opinion by qualified solicitor.
- Provision of a final cost analysis to confirm the viability gap.

It is recommended that delivery of these conditions will be confirmed as part of the WYCA Managing Director approval for Decision Point 5 (Full Business Case with Finalised Costs) which will be sought in December 2017 following anticipated receipt of full planning permission for the project.

A summary of the Scheme's Business Case is included in **Appendix 8**.

Costs

The scheme is seeking £3.600m Local Growth funding, towards total project costs of £25.731m.

Timescales

- Full planning approval for the New Bolton Woods Phase 3 scheme will be secured by the end of September 2017.
- Construction delivery is programmed for commencement in January 2018 and will be completed in 2021.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That costs remain within 10% within of the total project cost stated in this report and that the WYCA contribution is fixed at £3.600m.
- That the programme remains within 3 months of the timescales set out in this report.
- That the outputs that are forecast remain within 30 housing units of the output set out in this report.

Project Responsibilities

Senior Responsible Officer: Shelagh O'Neill, Bradford Council

Project Manager: Simon Woodhurst, Canal Road Urban Village Ltd

WYCA Case Officer: Chris Maunder

Recommendations

That Investment Committee recommends to the WYCA Managing Director that:

- The New Bolton Woods Phase 3 project proceeds through Decision Point 5 and work commences on Activity 6 Delivery.
- Approval to WYCA's grant contribution of £3.600m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Bradford Metropolitan District Council for expenditure of up to £3.600m from the Local Growth Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.9 Leeds New Station Street (Activity 5 Full Business Case with Finalised Costs) Exception

Background

The aim of the New Station Street project is to significantly improve the environment for pedestrians on New Station Street and around the entrance to the main concourse

of Leeds Station. Current plans involve rationalising the bus stops on New Station Street and a doubling of the area of footway available for pedestrian circulation. This will involve widening the footway along most of the distance from the concourse doors down to City Square and also to the east past City House. The complete length of New Station Street will be repaved, from the junction with Wellington Street/Bishopgate Street to the junction with Boar Lane. The New Station Street project is recognised as the next phase of delivery for the wider Leeds Station masterplan work, delivering much needed improvements prior to the implementation of the longer term masterplan works that are currently in development.

Following the Gateway 1 submission in August 2016, the project was approved subject to not exceeding cost estimates of £1.591m, and achieving delivery by winter 2017/18. The start on site date was anticipated to be January / February 2018. The approval route for the project was for all future approvals to be made by the WYCA MD subject to remaining within the tolerances above. The project development is taking longer than anticipated following delays between Network Rail and their sub-contractor. As a result Network Rail were asked to produce a revised programme which set out the project tasks from development through to construction end. This programme now shows a site start date of 29/06/18 and a construction end date of 14/12/18.

In light of these delays the project is being brought back to Investment Committee to highlight the changes to the delivery programme, and confirm that the agreed approval process, which grants Managing Director delegation at DP5, is accepted in order to prevent further delay to the project. This delegation would be on the basis that the project remains within the previously approved budget of £1.591m, and starts on site by July 2018 with completion by December 2018.

Costs

The scheme is forecast to cost £1.591m.

Timescales

- The scheme is forecast to receive Full Business Case Approval with Finalised costs (Decision Point 5) in May 2017.
- Construction on the scheme is forecast to commence in July 2018 with completion by December 2018.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That total project costs remain within +/- 10%.
- That project timescales remain within 3 months of forecast date for completion.

Project Responsibilities

Senior Responsible Officer: Liz Hunter, WYCA
Project Manager: Thomas Murphy, WYCA
WYCA Case Officer: Sara Brook

Recommendations

That Investment Committee recommends to WYCA that:

- The exception to extend the Leeds New Station Street project timescale to completion on site by December 2018 is approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in Stage 3 – Programme Committed



3.10 Wakefield Eastern Relief Road (Activity 6 Delivery) Exception.

Please note that the report provided as Agenda Item 8 Wakefield Eastern Relief Road: Change request is currently in Stage 3 - Programme Committed and has been appraised in line with the Assurance Framework.

3.11 Huddersfield Incubation & Innovation Centre (Activity 6 Delivery) Exception

Background

The original Business Case for this project, which was approved in 2016, was to focus on digitalisation, design innovation and smart manufacturing, enabling firms to become faster, more responsive and closer to customers. The project was a collaboration, located at both Globe Mills, Slaithwaite, Huddersfield and 3M BIC at Huddersfield University to provide the latest access to technologies in these sectors and provide a specialist incubator and grow-on space tailored to “wrap around” business support services. The approved total cost of the project was £10.500m, which was funded through £2.922m of WYCA Local Growth Fund and match funding of £5.510m from the private sector partner, £1.3m from 3M, £0.268m from ESIF and £ 0.516m from Huddersfield University. The scheme aimed to refurbish commercial floor

space, create 139 FTEs (133 indirect and 6 direct), provide financial and non-financial support to businesses and provide businesses with access to specialist kit.

Project Exception

The exception to the project will see the University provide a greater resource within the University offering a wider supply of equipment for businesses. The funding will not be used to provide the incubator space in Globe Mill but the developer will continue to develop the space to provide much needed office space. Therefore the total value of the project has reduced from £10.5m to £4.255m. This is because the capital contribution and associated ESIF match funding at the Globe will no longer be part of the project, however the University contribution has increased to £1.355m. WYCA's contribution remains the same at £2.92m however it now comprises 68% of the overall project costs.

This exception results in the following changes to the project:

- The commercial floor space at Globe Mills, will not be developed, however reduced funds will be spent refurbishing and equipping the 3M BIC premises to enable more funding to be directed towards supporting businesses.
- Reduction in direct job created from 6 FTE to 2 FTE.
- Increase in no. of enterprises receiving non-financial support from 120 to 150. Due to wider range of equipment available through the project.
- Increase in no. of enterprises receiving business support services. Due to all businesses now accessing support directly through 3MBIC and access to more innovation support. The equipment will also support upskilling of existing businesses and the SME High Growth Programme through the University.
- Increase in no. of potential entrepreneurs assisted to be enterprise ready from 400 to 480.
- Increase in no. of new enterprises supported from 80 to 90.
- Decrease in no. of enterprises receiving financial support from 34 to 17 due to no ESIF funding.
- The university anticipates further added value from the additional equipment through its use in providing supply chain development services which are the subject of a current ESIF proposal.

Costs

The revised total scheme costs are £4.255m, with WYCA's contribution grant contribution being £2.922m.

Timescales

A condition of the grant will be that it must be spent by March 2018.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- WYCA contribution should not exceed the £2.922m grant fund contribution.
- The WYCA grant fund contribution should be spent by end of March 2018.

Project Responsibilities

Senior Responsible Officer:	Liz Towns- Andrews, University of Huddersfield
Project Manager:	Elizabeth Courtney, WYCA
WYCA Case Officer:	Heather Briggs

Recommendations

That Investment Committee recommends to WYCA's Managing Director that:

- The exceptions to the Huddersfield Incubation & Innovation Centre project outlined in the report above are approved.
- It is reconfirmed that the project will receive the WYCA grant fund allocation of £2.922m to be funded from the Local Growth Fund.
- The funding agreement between WYCA and Huddersfield University is revisited in light of the above exception and any changes to the Funding Agreement and Overage Agreement will be approved through the delegation to WYCA's Managing Director.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.12 Tackling Fuel Poverty (Activity 6 Delivery) Exception

Background

The Tackling Fuel Poverty Programme was approved by WYCA in two phases:

- Phase 1 (Bradford Council) in June 2016.
- Phase 2 (Barnsley Metropolitan Borough Council) in September 2016.

The Programme's aim is to address fuel poverty amongst some of the most vulnerable households in the Leeds City Region through a capital programme of energy efficiency improvements, including existing solid wall and hard to treat housing stock across all tenures. The Programme offers grants to householders in fuel poverty to meet the cost of the energy efficiency measures.

This exception requests the following:

- Bradford Council requests a 3 month grant deadline extension from the end of August 2017 to the end of November 2017. Bradford Council also requests that additional funding of £0.130m acquired through Energy Company Obligation funds and customer contributions is used to complete a further 12-15 properties during this period.
- Barnsley Metropolitan Borough Council requests a 4 month grant deadline extension from end of June 2017 to end of October 2017.

Approval of the exception will increase ECO funding secured and therefore increase customer contributions by £23k and project outputs by improving a further 12 - 15 properties.

Costs

There is no impact on the cost to WYCA as the additional funds will come from ECO and customer contributions. The total scheme costs have increased for Bradford from £1.29m to £1.42m (variance of £130k). The Barnsley costs remain unchanged (£500k).

Timescales

The overall Programme closure timescale remains unchanged (March 2019) so this additional requested timeframe is well within the Programme timeframes.

Tolerances

In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The Programme Closure timeframe remains at March 2019.
- The Programme should remain within the scheme costs set out in this report.

Project Responsibilities

Senior Responsible Officer:	Liz Courtney, WYCA
Programme Manager:	Vicky Dumbrell, WYCA
WYCA Case Officer:	Heather Briggs

Recommendations

That Investment Committee recommends to the WYCA Managing Director that:

- The exceptions to the Tackling Fuel Poverty Programme outlined in the report above are approved.

- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

3.13 Decisions made through the Delegation to the Managing Director

Since Investment Committee's meeting on 12 July 2017, decisions regarding the following schemes have been exercised. These decisions were made though the delegation to WYCA's Managing Director following a recommendation from WYCA's Programme Appraisal Team.

- **Hebden Bridge Rail Park and Ride Decision Point 5 (Full Business Case with Finalised Costs).**
As part of the West Yorkshire Plus Transport Fund, a package of car park extensions at rail stations has been identified to enhance connectivity to, from and within West Yorkshire. The purpose of the package is to increase car parking capacity at selected stations to support sustainable employment growth in the main urban centres however it will also support more travel into and between the urban centres by rail for other purposes. The package will produce other local benefits such as the reduction in on-street parking. The extension of the existing rail station car park at Hebden Bridge will provide:
 - 127 standard car parking spaces.
 - 4 Blue Badge car parking spaces.
 - Additional CCTV and lighting.
 - Re-surfaced and re-marked existing car park surfaces.
 - Enhanced drainage infrastructure, with fuel and oil interceptors.
 - Provision for 2 x EV charging bays.

The scheme was indicatively approved by WYCA at the meeting on the 2 February 2017. As part of this approval WYCA also agreed that Decision Point 5 approval could be delegated to WYCA's Managing Director providing that the scheme remained within its approval tolerances. The scheme has remained within these tolerances and the Full Business Case with finalised costs set out a total project value of £0.626m. As a result the scheme sought Managing Director delegated approval to proceed through Decision Point 5 into Activity 6 (Delivery), and that a grant of £0.491m be made to Arriva Rail North under Section 56(2) of the Transport Act 1968. Managing Director delegated approval was received on 7 July 2017.

A summary of the Scheme's Business Case is included in **Appendix 9**.

- **LEP Loan – Fresh Pastures (Full Business Case with Finalised Costs)**
Fresh Pastures (FP) is a small milk processing company, specialising in the supply of milk in 1/3rd pint cartons to the school market. FP is currently seeking a loan of £800k from the LEP Growing Places Loan Fund to fit out its new to the required

standard for food grade manufacture. Completing the facility will consolidate manufacture and storage from three sites to one and allow expansion of production.

The scheme received Decision Point 4 (Full Business Case) approval by WYCA at the meeting on the 29 June 2017. As part of this approval WYCA also agreed that Decision Point 5 approval could be delegated to WYCA's Managing Director providing that the scheme remained within its approval tolerances. The scheme has remained within these tolerances and the Full Business Case with finalised costs set out a total loan value of £0.8m. As a result the scheme sought Managing Director delegated approval to proceed through Decision Point 5 into Activity 6 (Delivery), and that WYCA enter into a Funding Agreement with Fresh Pastures Processing Ltd for expenditure of up to £0.8m from the LEP Loans fund. Managing Director delegated approval was received in principle on the 7 July 2017 and signature of the Funding Agreement is expected in September.

A summary of the Scheme's Business Case is included in **Appendix 10**.

- **Strategic Inward Investment Fund Decision Point 5 (Full Business Case with Finalised Costs).**
The fund is a dedicated inward investment grant scheme, which will be operated specifically to secure investment likely to deliver significant benefits in terms of job creation and leveraging private sector investment. This fund will be available as a tool to support Leeds City Region to win 'footloose' investment opportunities. The proposed target for this funding scheme is non-indigenous businesses in priority sectors seeking to create large numbers of jobs in our region. Additional contributions to the inclusive growth agenda will be sought through the application process. It is anticipated that applications will be larger than £250k and, in the main, lower than £1m but no upper limit on the size of individual applications will be set. The fund will have a total value of £12.45m and be funded from Growth Deal 3. The fund is forecast to deliver 1,245 new jobs in the City Region.

The scheme received Decision Point 2 (Case Paper) approval by WYCA at the meeting on the 29 June 2017. As part of this approval WYCA also agreed that Decision Point 5 approval could be delegated to WYCA's Managing Director providing that the scheme remained within its approval tolerances. The scheme has remained within these tolerances. As a result the scheme sought Managing Director delegated approval to proceed through Decision Point 5 into Activity 6 (Delivery). Managing Director delegated approval was received on 23 July 2017.

A summary of the Scheme's Business Case is included in **Appendix 11**.

- **Business Growth Programme Decision Point 5 (Full Business Case with Finalised Costs).**

The Business Growth Programme (BGP) has been in operation since February 2013. Initially it was funded through the Government's Regional Growth Fund and as from 1 April 2015 received an allocation of £18m to allow it to continue. An additional £9m has been allocated to the scheme through the Growth Deal 3 award. The programme will continue to support businesses operating within the LEP's priority sectors (manufacturing, low carbon & environmental, financial & business services, digital & creative and health & life sciences) to provide grants of between £10,000 and £250,000, where grant support is needed/adds value by filling a funding gap, accelerating an investment, enabling an investment to happen on a larger scale or in a particular location. The programme will primarily support SMEs, though large companies may be considered by exception. Investments must be specifically linked to job creation, or clearly demonstrate the investment is linked to growth (e.g. in the supply chain) or skills development (leading to a recognised qualification). The £9m fund is forecast to create over 500 net new jobs to the Leeds City Region, supporting 160 businesses in the City Region's priority sectors and leveraging in £50m of private sector investment.

The scheme received Decision Point 2 (Case Paper) approval by WYCA at the meeting on the 29 June 2017. As part of this approval WYCA also agreed that Decision Point 5 approval could be delegated to WYCA's Managing Director providing that the scheme remained within its approval tolerances. The scheme has remained within these tolerances. As a result the scheme sought Managing Director delegated approval to proceed through Decision Point 5 into Activity 6 (Delivery). Managing Director delegated approval was received on the 18th August 2017.

A summary of the Scheme's Business Case is included in **Appendix 12**.

4. Financial Implications

- 4.1 The report seeks endorsement to expenditure from the available WYCA funding as set out in this report.

5. Legal Implications, Access to Information

- 5.1 The payment of any funding received through the Local Growth Deal to any partner will be subject to a funding agreement being in place between the WYCA and the partner in question.

6. Staffing Implications

- 6.1 A combination of WYCA and District partner project, programme and portfolio management resources are identified and costed for within the schemes in this report.

7. Recommendations

- 7.1 That Investment Committee recommends to WYCA that:

- The **A629 phase 4 project** proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
- An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
- WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.2 That Investment Committee recommends to WYCA that:

- The **Access Innovation Programme** proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the LGF Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.3 That Investment Committee recommends to WYCA that:

- The **Strategic Business Growth Programme** proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants Fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.4 That Investment Committee recommends to WYCA that:

- The **Beech Hill project** proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.5 The Investment Committee recommends to WYCA that:

- The **Castleford Rail Station Gateway project** proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
- An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC with Finalised Costs), taking the total project approval to £0.338m.
- WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.6 That the Investment Committee recommends to WYCA, subject to a successful ELENA application, that:

- The **Energy Accelerator programme** proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- Approval to spend the £0.640m LGF allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (exact amount dependent on Euro exchange rate at the date of approval - application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £2.997m ELENA).
- Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (FBC with

finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.

- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.
- WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

7.7. That Investment Committee recommends to WYCA conditional approval of the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- The **Leeds District Heat Network project** proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- The Funding Agreement makes provision for up to £4 million to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.8 That Investment Committee recommends to the WYCA Managing Director that:

- The **New Bolton Woods Phase 3 project** proceeds through Decision Point 5 and work commences on Activity 6 Delivery.
- Approval to WYCA's grant contribution of £3.600m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Bradford Metropolitan District Council for expenditure of up to £3.600m from the Local Growth Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.9 That Investment Committee recommends to WYCA that:

- The exception to extend the **Leeds New Station Street project** timescale to completion on site by December 2018 is approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.10 That Investment Committee recommends to WYCA's Managing Director that:

- The exceptions to the **Huddersfield Incubation & Innovation Centre project** outlined in the report above are approved.
- It is reconfirmed that the project will receive the WYCA grant fund allocation of £2.922m to be funded from the Local Growth Fund.
- The funding agreement between WYCA and Huddersfield University is revisited in light of the above exception and any changes to the Funding Agreement and Overage Agreement will be approved through the delegation to WYCA's Managing Director.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.11 That Investment Committee recommends to the WYCA Managing Director that:

- The exceptions to the **Tackling Fuel Poverty Programme** outlined in the report above are approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

8. Appendices

- Appendix 1 – A629 Phase 4 Halifax to Huddersfield Corridor Improvements
- Appendix 2 – Access Innovation Programme
- Appendix 3 – Strategic Business Growth Programme
- Appendix 4 – Beech Hill, Halifax
- Appendix 5 – Castleford Rail Station Gateway
- Appendix 6 – Energy Accelerator Programme
- Appendix 7 – Leeds District Heat Network
- Appendix 8 – New Bolton Woods
- Appendix 9 – Rail Park and Ride Hebden Bridge
- Appendix 10 – LEP Loan - Fresh Pastures
- Appendix 11 – Strategic Inward Investment Fund
- Appendix 12 – Business Growth Fund

9. Background Documents

9.1 None as part of this report