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Report to: West Yorkshire & York Investment Committee

Date: 9 November 2017

Subject: European Structural and Investment Funds (ESIF) – Sustainable Urban Development (SUD)

1. Purpose

1.1 To consider the outline applications for SUD, part of the ESIF Programme, and provide advice to WYCA, in its role as the Intermediate Body.

2. Background

2.1 On 8 March 2017, the Investment Committee considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to West Yorkshire Combined Authority (WYCA) in order to deliver the SUD Strategy, part of the ESIF Programme.

2.2 The Committee, in its advisory role, provided advice on the draft SUD Call at its meeting in June 2017, which was subsequently agreed by WYCA, at the 29 June 2017 meeting, for it to be published July 2017 by the Managing Authority (MA), Department for Communities and Local Government (DCLG).

3. The Call for SUD Outline applications

3.1 The Call was published on Monday 3 July 2017, earlier than expected. The Call closed on Friday 29 September 2017 for outline applications. In response to this Call five outline applications have been received and which are presented to the Investment Committee. Advice of the IC is sought to support WYCA, acting as the Intermediate Body for SUD, to inform its decision(s) with regard to project selection.

3.2 The assessment of the outline applications are attached to this report as Exempt **Appendices 2-6** together with a covering note (Exempt **Appendix 1**). The Investment Committee is requested to consider the content of the outline assessments and the suggested prioritised list, and provide advice with a view to

recommending the list of prioritised projects for selection to WYCA at its meeting on 14 December 2017.

4. Selection Process and Assessment Form

4.1 The selection process for SUD, part of the ESIF programme has been set out in guidance notes issued to the IB by DCLG, as the MA.

4.2 The IB will assess each outline application for local strategic fit based on the Leeds City Region ESIF SUD Strategy. In considering the strategic fit a qualitative approach will be used to assess the following to come to an overall view:

- Does the proposed operation contribute to the needs/opportunities identified in the Call to which it is responding?
- Does the proposed operation align to the local growth needs set out in the local ESIF (SUD) Strategy?

4.3 In addition WYCA as IB will take in to account advice from the IC to support the MA's assessment of:

4.4 **Value for money** – the operation must represent value for money. In assessing value for money, the MA takes account of:

- efficiency: the rate/unit costs at which the operation converts inputs to the fund outputs
- economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality
- effectiveness: the extent to which the operation contributes to programme output targets, results and/or significant strategic impact at the local level
- that the investment will deliver activities and impacts that would not otherwise take place

4.5 Deliverability

- The operation is deliverable within the requirements of the fund specific operational programme taking account risks, constraints and dependencies
- Evidence has shown that this type of operation is effective, the risks have been considered and appropriate mitigations put in place.

4.6 Assessment forms are designed and owned by DCLG. The Assessment form is split in to 5 sections and each completed by either the IB or the MA as follows;

- Part 1, summary project details – completed by DCLG
- Part 2, the gateway assessment - completed by DCLG
- Part 3, the IB's assessment – completed by WYCA
- Part 4, the MA's assessment - completed by DCLG
- Part 5, selection decision -- completed by WYCA (5a) and DCLG (5b).

Following the Investment Committee's advice the IB will finalise its assessment and advice to the MA and make its selection decision and forward the form to the MA, who will then finalise its assessment (taking account of the advice provided by the IB), and make its selection decision.

5. Undertaking the Assessment

- 5.1 In line with the agreed WYCA IB Conflict of Interest Statement and Operating Protocol previously reported to the Committee, all outline applications have been considered by the Appraisal Team, under the responsibility of the Head of Research and Intelligence, WYCA, who have undertaken their own assessment in line with the criteria outlined above. Their findings are presented to the Investment Committee at the meeting. Where projects are flood related the Environment Agency has also been consulted with regard to deliverability. In addition to officers from the Appraisal team the MA will also be in attendance and can respond to questions raised by members regarding the assessment as required.
- 5.2 Only projects that pass both the IB's and the MA's selection criteria will be invited to submit a full application. A failure to meet either the IB's or the MA's selection criteria will result in rejection of the project.
- 5.3 If the total value of projects that pass both the IB's and the MA's selection criteria does not exceed the budget attached to the Call the MA will invite full applications for these projects.
- 5.4 However if the total value of projects that pass both the IB's and MA's selection criteria exceeds the indicative budget attached to the Call the MA, taking into consideration the IB's decision in respect of local strategic fit, will reconcile the projects to the budget. If the over bid against the indicative allocation for the Call is modest, and or there appears to be a high risk that a number of projects may fail to progress, the MA, may in consultation with WYCA, choose to invite projects with a total value greater than the indicative allocation to the Call to proceed to full application in expectation that some will fail to proceed and or projects will be prioritised post appraisal.
- 5.5 If these steps do not resolve the overbid the MA will undertake a reconciliation of the IB's and its own prioritised lists.
- 5.6 Having concluded the assessment process, including any reconciliation to budget, the MA will determine which projects may proceed and be invited to submit a full application and which will be rejected. The MA will, in the spirit of joint working, report back to WYCA at the conclusion of this reconciliation to clarify its decision(s).

6. Risks

- 6.1 The risks of non-compliance with regard to the delegated function of WYCA as an Intermediate Body were previously outlined at the meeting in March 2017.

7. Benefits

- 7.1 SUD will provide project grant funding of €19.5m (Est. £15.5m) in support of key projects to support the delivery of the ESIF Strategy and the Strategic Economic Plan.

8. Financial Implications

- 8.1 DCLG, as MA for the funds, is responsible for the issuing of Funding Agreements, paying projects and general contract management. The funding within the Strategy (€19.95m) is a notional budget and is part of the ESIF ERDF programme. All finances go directly through DCLG's accounts not WYCA's.

9. Legal Implications

- 9.1 The information contained in **Appendices 1 to 6** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

10. Staffing Implications

- 10.1 None

11. Recommendations

- 11.1 That the Committee consider the outline applications and the respective prioritised project list for SUD, part of the ESIF Programme, and provide advice to WYCA, in its role as Intermediate Body.