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Report to: West Yorkshire and York Investment Committee

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Subject: Growth Deal: Call for Projects – Next Steps

1 Purpose

- 1.1 This report provides an overview of the submissions received relating to potential Growth Deal funding following the recent Call for Projects, including feedback and further analysis following the Investment Committee workshop held on 31 October 2017.

2 Information

Call for Projects Process

- 2.1 In recent months, WYCA has received a number of submissions from scheme promoters who are seeking to bring new projects forward for entry into the 'pipeline' for delivery. No mechanism currently exists to support this, and any opportunity to support new projects is held back by the lack of headroom funding available.
- 2.2 In order to seek to overcome this issue and provide more transparency, a need was identified to formally request promoters to bring forward projects on an agreed and consistent basis through a Call for Projects. The rationale was to provide an indication of future opportunities that exist should funding become available.
- 2.3 A further exercise was also identified, to review the current portfolio of projects and to clearly understand where delivery is not proceeding to agreed timescales or where circumstances have changed which may result in reduced outcomes to those initially envisaged, or where schemes may no longer proceed/be required. The outcomes from this exercise will be used to inform discussions around the creation of potential funding headroom as set out in a separate agenda item.
- 2.4 The initial stage of this process commenced through a Call for Projects which was issued by WYCA on 24 August 2017, and was publicised on the WYCA website with a return date of 25 September 2017. The purpose of the Call was to focus on schemes that could be delivered by 2021 with jobs and housing outputs delivered by 2024. It was highlighted that no funding is currently available.

- 2.5 The Call covered a range of projects under various potential funding sources, namely:
- Growth Deal;
 - Business Rates Pool (BRP);
 - Northern Cultural Regeneration Fund (NCRF); and
 - Other, as potential Growth Deal or with a wider policy context.
- 2.6 All submissions were logged and evaluated under the direction of the Head of Feasibility & Assurance (F&A) to ensure that separation of promoter/reviewer roles was adhered to through ethical walls being put in place. A number of reviewers were identified within the F&A team, supplemented by staff in PMO and Research & Intelligence. Wider district input was requested and was volunteered by Bradford, Wakefield and Calderdale Councils.
- 2.7 There were 93 projects submitted, of which 70 pertained to the Growth Deal. Following an initial review of the submissions, 48 projects were identified where there were key gaps in the supplied information that related to one or all of; project delivery timescales, project costs and scheme benefits. The scheme promoters were contacted and a request was made for the missing information – one week was allowed for this. 42 promoters responded with further detail.
- 2.8 The assessment of the submissions was based on the criteria that was provided, and which related to information set out in the WYCA Assurance Framework. All evaluations were moderated, with input from District partners.
- 2.9 Throughout the process of evaluation, summary information has been provided to the WYCA Programme Appraisal Team (PAT), Directors of Development (DoDs), Investment Committee (workshop), LEP Board and Chief Highway Officers (CHOs).
- 2.10 Projects have been categorised into a number of thematic areas, which broadly relate to Strategic Economic Plan (SEP) priorities:
- Priority 1 – Growing Businesses;
 - Priority 2: Skills Capital;
 - Priority 3: Clean Energy and Environmental Resilience (no submissions received);
 - Priority 4 (a) Housing/Regeneration plus digital infrastructure;
 - Priority 4 (b): Transport Infrastructure; and
 - Sport & Culture.

2.11 There are a number of caveats that should be noted as a ‘health warning’ around the summary information received:

- The assessment has been based on information as provided. There has been no opportunity to check the veracity of scheme costs, timescales or benefits. This may result in an over-selling (or under-selling) of schemes;
- Some schemes may perform better if more information was made available by promoters. Conversely, when examined in more detail, some schemes may not perform as well as has been claimed;
- In a number of cases, schemes ‘pass’ the test of delivery by 2021, though it should be noted that this is often contingent on a delivery programme that requires imminent decisions/funding allocation;
- For certain types of schemes, notably those in the Transport Infrastructure and Sport & Culture category, performance against direct jobs and housing outputs is poor as these projects primarily provide indirect outputs;
- There are a number of submissions relating to transport infrastructure which have been identified for delivery post-2021, but which are seeking feasibility funding as an enabler. Given that the WY+TF runs beyond 2021 we are currently seeking to quantify the demand for this support and where funding such as the WY+TF Transformational Projects may be available to develop schemes further;
- There is one project that is seeking WYCA funding through the Growth Deal as well as NCRF funding; and
- Match-funding will need to be a key consideration in many cases, and this is generally quite poorly defined at present. Where delivery has been identified as possible by 2021, this may be a key consideration.

2.12 A summary table of the submissions against Growth Deal priority areas is provided below:

Priority	Type	WYCA Grant	Total Project Size	No of Applicants
Priority 1	Growing Businesses	£89.74m	£251.37m	10
Priority 2	Skills Capital	£79.07m	£141.91m	17
Priority 4 (a)	Housing, Regeneration and Digital	£121.08m	£1,170.64m	17
Priority 4 (b)	Transport Infrastructure	£446.98m	£1,064.39m	20
Priority S&C	Culture and Sport	£18.78m	£65.82m	6
Grand Total		£755.65m	£2694.13m	70

- 2.13 It is recognised that the nature of the Call for Projects was necessarily restrictive in terms of delivery timescales. It should also be noted that with the development of the Local Inclusive Industrial Strategy, there may be a policy shift that lends itself to supporting a wider range of projects. As a consequence of these factors, it is proposed that a further Call for Projects is given consideration in 2018/19. The timing and nature of this is to be determined by a future Investment Committee meeting.

3. Findings

- 3.1 An overview of submissions by Priority area was discussed at Investment Committee Workshop on 31 October. A summary of the key messages and proposed way forward for each of the Priority Areas is provided below.

Priority 1: Growing Businesses

- 3.2 A number of strong projects were submitted that would potentially deliver direct jobs by 2021. Based on the information supplied, the strongest performing schemes were; LCR Enterprise Zones Programme Phase 2, EZ Local Authorities (seeking £33.8m) and Institute for High Speed Railways and System Integration, University of Leeds (seeking £10.88m). Collectively these are seeking WYCA grant funding of around £45m. The former of these is scalable, and can be further split into phases.
- 3.3 However, funding sources are currently over-subscribed, therefore significant challenges exist if any of these projects are to be accelerated. Notwithstanding this, it is proposed that the above schemes are brought forward for consideration by the WYCA Programme Appraisal Team (PAT) for entry into the 'pipeline' such that they can potentially proceed through the WYCA Assurance Process so as to maximise the state of readiness when funds become available.

Priority 2: Skills Capital

- 3.4 Six projects with a total WYCA funding ask of £23m were submitted which had a strong fit with Growth Deal Criteria and a strong/medium economic impact, and were stated as being deliverable by 2021. A further eight projects with a total WYCA funding ask of around £43.5m could potentially also be delivered within this timescale, though with a lower economic impact.
- 3.5 There is no further devolved skills capital funding available at this time to progress any of the submitted schemes, though there may be some recycled funding available towards the end of the programme period.

Priority 4 (a): Housing, Regeneration and Digital

- 3.6 A number of strong projects were put forward with a delivery timescale by 2021, including a number seeking support for initial feasibility, acquisition or remedial

work. Currently, there are unallocated funds within the current Housing and Regeneration programme of around £4m.

- 3.7 Several projects have forecast new homes outputs and WYCA should consider supporting them to ensure that the overall target of 2,000 new homes built is met. Those projects which meet criteria for early delivery and which have presented the best fit with Growth Deal criteria and a strong/medium economic impact are; York Central Phase 1 Kickstarter, City of York Council (seeking £16.3m), Wakefield City Centre South East, Wakefield Council (seeking £5.5m), Halifax Living, Calderdale Council (seeking £1m) and City Centre Heritage Properties, Bradford Council (seeking £7.2m). A further eight projects with a combined WYCA funding ask of around £45m were identified as being deliverable by 2021, though with a less strong fit against defined criteria.
- 3.8 It is proposed that the schemes listed in 3.7 are brought forward for consideration by the WYCA PAT for entry into the 'pipeline' such that they can potentially proceed through the WYCA Assurance Process so as to maximise the state of readiness should funds become available. Further detail on potential phasing options may be required to understand affordability within the overall programme funding constraints.

Priority 4(b): Transport Infrastructure

- 3.9 Only a very limited number of schemes were submitted which appear to have potential to deliver by 2021. These are City Connect Cycle Programme Phase 1 and 2 Extension, WY-wide (seeking £11.402m), Rail Station Car Park Extension Programme Phase 2, WY-wide (seeking £54.94m, which is scalable) and Stourton Inland Port, Canal and River Trust (seeking £1.8m). These demonstrated a strong fit with Growth Deal Criteria and strong economic impacts, and should be considered for acceleration through initial feasibility work for entry into the WY+TF pipeline such that they can potentially proceed through the WYCA Assurance Process, and subject to reaching clear conclusions on the current programme re-profiling exercise.
- 3.10 There are a number of potential pipeline schemes for delivery post-2021, including some which are seeking feasibility funding or additional allocations from the WY+TF. These include ambitious transport and regeneration schemes such as Huddersfield Station Gateway, Kirklees Council (seeking £27m) and Leeds City Centre Package, Leeds CC (seeking £30.3m). WYCA are currently working with scheme sponsors to identify where elements of a phased delivery by 2021 are achievable. It is proposed that the sponsors of these schemes are also invited to submit their proposals for consideration to the WYCA PAT Team such that they can potentially proceed through the WYCA Assurance Process so as to maximise the state of readiness should funds become available.
- 3.11 It is still too early to reach a clear conclusion on the wider schemes within the Transport Infrastructure category, since the programme re-profiling exercise has not concluded and that work is still ongoing to agree criteria for 'transformational projects' (see separate report), for which some of them may potentially be eligible.

WYCA are currently working with scheme sponsors to identify where phased delivery by 2021 is achievable or where feasibility support is required to ensure that better performing projects are able to be developed to a state of readiness for future funding opportunities.

Sport and Culture

- 3.12 There is currently no clear funding source for these schemes, and although some interesting proposals were submitted, a WYCA policy shift will be required to support them. The Local Inclusive Industrial Strategy is currently being developed, which may assist in addressing this issue.
- 3.13 The best performing scheme in this priority area, and which is deliverable by 2021 is the Bradford Odeon project, which was also submitted as a Northern Cultural Regeneration Fund bid, and has been shortlisted by the Leeds CR LEP Board. Subject to it being selected for funding, there would still be a funding gap of £1.8m. This scheme has previously been supported by WYCA as a Regeneration project, with £325k funding towards the building conversion.

Next Steps

- 3.14 It is proposed that WYCA write to those schemes listed in 3.2, 3.7, 3.9, and 3.10 to set out next steps and indicate our in-principle support to these schemes, subject to successful progression through the WYCA Assurance Process and the availability of funding. These schemes will be termed the 'Reserve List'. If further Calls for Projects are made, submissions from future calls will be considered alongside schemes submitted in the recent call for projects to ensure transparency. Project sponsors will be given the opportunity to update/ revise previous submissions.

4 Financial Implications

- 4.1 As set out in the report.

5 Legal Implications

- 5.1 There are none arising directly from this report.

6 Staffing Implications

- 6.1 There are none arising directly from this report.

7 External Consultees

- 7.1 None.

8 Recommendations

- 8.1 It is recommended that the Investment Committee recommends to WYCA that the projects identified in 3.2 (LCR Enterprise Zones Programme Phase 2, and Institute for High Speed Railways and System Integration), 3.7 (York Central Phase 1 Kickstarter, Halifax Living, Wakefield City Centre South East and Bradford City Centre Heritage Properties), 3.9 (City Connect Cycle Programme Phase 1 and 2 Extension, Rail Station Car Park Extension Programme Phase 2, and Stourton Inland Port) and 3.10 (Huddersfield Station Gateway and Leeds City centre Package) are brought forward for consideration for entry into the WYCA pipeline list, pending the outcome of the programme re-profiling exercise and the future availability of funding, and subject to approval through the WYCA Assurance Process.
- 8.2 That it is noted that further work is ongoing through discussion between WYCA and District officers to agree wider projects under Priority 4(b): Transport Infrastructure which could be progressed through feasibility work to strengthen the state of readiness of the forward pipeline of schemes. The conclusions from this exercise will be reported back to Investment Committee.

9 Background Documents

- 9.1 None.