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**Report to:** West Yorkshire Combined Authority

**Date:** 29 June 2017

**Subject:** Capital Spending and Project Approvals

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## 1. Purpose

- 1.1. To approve the progression of and funding for schemes from the West Yorkshire Plus Transport Fund (WY+TF) and Local Growth Deal projects.

## 2. Information

- 2.1. This report puts forward proposals for the progression of, and funding for, a number of WY+TF and Growth Deal projects for approval by WYCA, following consideration by the Investment Committee. WYCA will recall that a three stage approach has been introduced as part of an enhancement to current project management arrangements, with the requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass Decision Points 2 (case paper approval) and 5 (final cost approval), highlighted in green below, 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 consists of an independent panel of officers representing policy, legal, financial, assurance and delivery supplemented with external experts. The scheme promoters from the District Councils or Partner Delivery organisations attend the meeting to introduce the scheme and answer questions from the panel. The Terms of Reference for the PAT are contained within the recently updated Assurance Framework.
- 2.3. In accordance with the recently updated Assurance Framework, an overview of all scheme business cases was published on the WYCA website as part of the Investment Committee papers for 16 June 2017, under Agenda Item 6 – Capital Spend and Project Approvals. These business case summaries can also be found under the ‘Decisions’ section of the West Yorkshire Combined Authority Website, under the relevant entry for each of the WYCA decisions contained within this report.

2.4. Seventeen schemes are set out in the following report. These are summarised as:

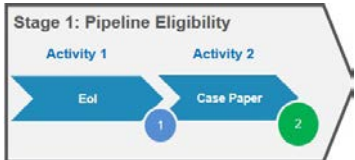
Leeds Public Transport Investment Programme and (LPTIP)	Decision Point 2
Leeds Bradford Airport Station	Decision Point 2
ULEV Taxi Scheme	Decision Point 2
Knottingley Rail Station P&R	Decision Point 2
Rail Park and Ride Phase 2	Decision Point 2
Elland Station (Calder Valley Line)	Decision Point 2
LCR Flood Alleviation for Growth Programme	Decision Point 2
Corridor Improvement Programme	Decision Point 2
Strategic Inward Investment Fund	Decision Point 2
Digital Sector Soft Landing Scheme	Decision Point 2
Business Growth Programme	Decision Point 2
Bradford Forster Square Station Gateway	Decision Point 3
LEP Loan - Gateway 45	Decision Point 4
LEP Loan – Fresh Pastures	Decision Point 4
Tackling Fuel Poverty Phase 4	Decision Point 5
Better Homes	Activity 6 – Change Request
Wakefield Civic Quarter	Activity 6 – Change Request

The following DfT funding allocations are proceeding directly to WYCA ahead of consideration by the Investment Committee due to the nature of the funding streams.

Highways Maintenance Block
Highways Incentive Funding

**Projects in Stage 1: Pipeline Eligibility**

2.5. Projects at the eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, with further project definition including costs and detailed timescales to be developed as the project progresses through the pipeline. At this stage funding may be sought to enable this work to progress.



## 2.6. Leeds Public Transport Investment Programme and (LPTIP) Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

### Background

- 2.6.1. Following the report to WYCA which presented the Strategic Outline Business Case for the Leeds Public Transport Programme (LPTIP) on 1st December 2016, the DfT approved the funding of £173.5m on the 21st April 2017. The main conditions of the grant from the DfT are that the funding is to be used for public transport improvements in Leeds which must be substantially complete by March 2021. As outlined in December's WYCA report, WYCA will be the accountable body for the programme, and will apply the Assurance Framework to the programme.
- 2.6.2. The Leeds Public Transport Investment Programme LPTIP is a Programme comprising the following main packages (further detail on the packages can be found in the attached Business Case Summary):
- Bus Priority Corridors
  - Bus Park and Ride
  - City Centre gateways
  - Rail
  - Bus Transformation
  - Mass Transit
- 2.6.3. In addition there will be investment from Bus Operators to upgrade their vehicles.

### Costs

- 2.6.4. In addition to the DfT £173.500m contribution, monies from Leeds City Council and the WYCA of £8.800m and £0.966m respectively will increase the funding to £183.266m. The programme also includes private sector finance including expenditure on more environmentally friendly buses by bus operators bringing the total programme investment to over £270m.
- 2.6.5. At this stage, funding approval of £15.310m is requested. The programme will be jointly delivered by Leeds City Council and WYCA and the development funding will be spent by both organisations.

<b>Package</b>	<b>Spend for developing to OBC stage (£m)</b>	<b>Scope</b>
1	5.260	Feasibility works on Bus priority corridors
2	2.750	Mix of outline and detailed design work on bus Park and ride
3	2.900	Development of outline design work for City centre gateways
4	1.950	Rail development of feasibility work
5	1.450	Bus delivery
6	-	Mass transit
7	-	Bus delivery Board
8	1.000	Programme management (WYCA/LCC), PR/Comms, PMO, Legal, Resource, scheme leaders & Assurance
<b>Total</b>	<b>£15.310m</b>	

### **Timescales**

- 2.6.6. The DfT funding will be provided in tranches up to 2020/21.
- 2.6.7. The approval sought through this report covers the initial development work to progress schemes to Outline Business Case. This will be completed in a phased approach from late 2017.

### **Tolerances**

- 2.6.8. Tolerance for the programme is that the programme expenditure of £173.5m to be 'substantially' delivered by the end of 2020/21.
- 2.6.9. Tolerances for the individual schemes will be set as part of the Outline Business Case process and these will be used to inform overall programme tolerances.

### **Project Responsibilities**

- Senior Responsible Officer: Gary Bartlett, Leeds City Council
- Deputy Senior Responsible Officer: Dave Pearson, WYCA
- Project Manager: Andrew Wheeler, Leeds City Council
- Case Officer: Paul Roberts WYCA

## Recommendations

2.6.10. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Leeds Public Transport Investment Programme proceeds through Decision Point 2 and the work commences on Activity 3: OBC on each of the project's identified work streams within the programme.
- That an indicative approval to the total programme value of £183.266m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5.
- That approval is given to WYCA's contribution of £0.966m. This will be funded from the remainder of the WYCA funding, which had previously been approved for use on the NGT Project.
- That development costs of £15.310m from the DfT's £173.500m contribution for the development of the programme is approved, and that WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £11.535m.
- That individual schemes within the programme are brought forward through the Assurance Process along their own Assurance Pathway.
- That the Assurance Pathway, Approval Route and Approval Tolerance for the Programme are approved.

## 2.7. Leeds Bradford Airport Station - Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

2.7.1. The following scheme from Leeds Public Transport Investment Programme has also come forward for consideration

### Background

2.7.2. In the Leeds City Region Strategic Economic Plan (SEP), Leeds Bradford Airport (LBA) has been identified as one of the key assets that could help improve the economic performance of the region. Continued passenger growth is predicted (based on DfT forecast) for Leeds Bradford Airport, alongside with the proposed employment zone that would be home to thousands of jobs. There is significant economic potential to build a public transport link to support the area.

- 2.7.3. The proposed scheme will provide heavy rail connectivity to/from Leeds Bradford Airport and new jobs afforded by its nearby economic development area, as well as improved park and ride access to Leeds. Along with the provision of a minimum half hourly train service, it includes the construction of two platforms with associated station facilities such as waiting rooms/ shelters, passenger information screens, lighting, ticket vending machines etc. It will also include the provision of car parking facilities with interchange facilities for airport shuttle buses. A connection to the appropriate highway network is also included as part of this scheme.
- 2.7.4. A feasibility study was completed in autumn 2016 examining the viability of a LBA parkway station on Harrogate line. The report indicates that the proposed station is viable in technical and operational terms with no apparent showstoppers. Reflecting on the findings of LCR Metro study completed in 2016, challenges were particularly acute when considering a regional tram-train system across West Yorkshire as well as the emerging outputs from the Sheffield Tram-Train trial. A proposed station at LBA is therefore considered to be a more viable option in the medium term considering the availability of funding and viability.
- 2.7.5. The proposed LBA rail station supports Priority 4 (Infrastructure for Growth) of the LCR SEP and the scheme could also help contribute to priority 1 (Growing Business) given the role LBA plays as an international gateway for the Leeds City Region.

#### **Costs**

- 2.7.6. The total forecast scheme cost is up to £25m. Further contributions to full scheme costs will be confirmed at Decision Point 3 (Outline Business Case). A funding approval of £0.5m from LPTIP is now sought, in order to progress the scheme to Decision Point 3 (Outline Business Case).

#### **Timescales**

- 2.7.7. It is envisaged that the Outline Business Case will be completed by April 2019. This will include Network Rail's GRIP stage 1-3 works which could be completed by the end of December 2018.

#### **Tolerances**

- 2.7.8. Tolerances will be set for this project at Decision point 3 (Outline Business Case).

#### **Project Responsibilities**

- Senior Responsible Officer: Liz Hunter, WYCA
- Project Manager: Rebecca Cheung, WYCA
- Case Officer: Paul Roberts, WYCA

## Recommendations

2.7.9. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

The Leeds Bradford Airport Rail Station Scheme proceeds through Decision Point 2 and commences work on Activity 3 (Outline Business Case)

- An indicative approval to the total programme value of £25.0m is given, with ultimate approval to spend being granted only once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- Development costs of £0.50m from the Leeds Public Transport Investment Programme for the development of the scheme is approved.
- The future approvals at Decision Point 3 & Decision Point 4 (Full Business Case) are made through a delegation to WYCA's Managing Director, with the scheme returning to Investment Committee and WYCA at Decision Point 5.

## 2.8. ULEV Taxi Scheme - Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

### Background

- 2.8.1. WYCA will receive £1.980m in capital funding from the Government Office for Low Emission Vehicles (OLEV) Ultra Low Emission Taxi Scheme to deliver 88 electric vehicle charge points across West Yorkshire during 2017/18 - 2019/20 for dedicated use by taxi and private hire vehicles. OLEV funding covers 75% of the unit and installation costs for each charge point.
- 2.8.2. Match funding totalling £1.20m over 3 years to cover the remaining 25% of unit and installation cost plus project management/development has been indicatively endorsed by Transport Committee and WYCA in the LTP IP3 programme and will be formally endorsed on 7 July.
- 2.8.3. This project will 'pump-prime' a commercial charge point operation in West Yorkshire, with no ongoing revenue subsidy requirement from WYCA or the local authorities. Procurement will confirm the total private investment to be invested by the appointed installer/operator, which has potential to reduce the LTP match requirement. Procurement will also explore further investment and innovation

opportunities during the contract, including public and e-bike charging infrastructure and adding value to other projects – i.e. WYTF.

- 2.8.4. The project is forecast to enable the replacement of 500 existing diesel taxis and private hire vehicles (5.1% of combined fleets) operating across West Yorkshire by 2020. This equates to an 18% reduction in Nitrogen Oxide emissions and an estimated health cost saving of £189,000 per annum by 2020. (WYLES, 2016).
- 2.8.5. This project supports the Leeds City Region Strategic Economic Plans vision for 'good growth' and the creation of quality places by tackling West Yorkshire's poor air quality. Road transport (including taxis) is the biggest contributor to air pollution which results in 1 in 20 deaths in West Yorkshire. This project will be a delivery component of the West Yorkshire Low Emission Strategy, adopted by WYCA on 6 April 2017, and seeks to reduce emissions from transport.

### **Costs**

- 2.8.6. The total scheme cost is £3.180m. This will be funded through £1.980m of OLEV grant and £1.20m of LTP IP3 funding.
- 2.8.7. Development cost approval of £25,000 is sought in order to progress the scheme to Decision Point 5.

### **Timescales**

- 2.8.8. Project delivery is over a 3 year period from 2017/18 to 2019/2020. OLEV expects £0.490m of capital delivery in 2017/18.
- 2.8.9. Procurement of a partner to install and operate the network will take place in summer 2017 with the approval to Decision Point 5 being sought in September 2017.

### **Tolerances**

- 2.8.10. 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:
- Scheme must be delivered within the allocation of £3.18 m.
  - That the £0.495m of OLEV funding is spent on charge point delivery in 2017/18.
  - That the scheme is delivered within the timescales set out in this report.
  - Should the following risks occur:



- o Failure to deliver charge points – private land owners cannot commit to host agreement terms and charge points not delivered.
- o Failure to Spend Funding within Programme timeframe.
- Should there be a forecast significant reduction in the realisation of the following benefits:
  - o 5% conversion of existing taxi and private hire fleets to ULEV.
  - o 7.2 tonnes CO2 saving by 2020 p.a (minimum).
  - o 18% improvement in NOx emissions across West Yorkshire taxi fleets.
  - o Utilisation of charge points to a commercially viable level (c. 4hrs charge / unit/day)
  - o Creation of West Yorkshire charge point network to support national target of 10% registered vehicles to be ULEV by 2020.

#### **Project Responsibilities**

- Senior Responsible Officer: Liz Hunter, WYCA
- Project Manager: Alistair Ryder, WYCA
- Case Officer: Chris Dunderdale, WYCA

#### **Recommendations**

2.8.11. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the ULEV Taxi Scheme proceeds through Decision Point 2 and the work commences on Activity 5: (FBC with Finalised Costs).
- That an indicative approval to the total project value of £3.180m is given, with ultimate approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- That development costs of £25,000 are approved in order to progress the scheme to Decision Point 5 (FBC with finalised costs) from the OLEV grant.
- That the future approvals at Decision Point 5 are made through a delegation to WYCA's Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

## 2.9. Knottingley Rail Station P&R - Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

### Background

- 2.9.1. The WY+TF Rail Package (Parking) will deliver approximately 1,000 additional car parking spaces at 16 West Yorkshire rail stations. The majority of these extensions will be on Network Rail's land. The package will achieve the following objectives:
- An increase in employment (+117 jobs) and productivity (incremental GVA £8.2m);
  - Extended free car parking enhancing employment accessibility.
- 2.9.2. This scheme is part of the Rail Park and Ride (Phase 1), which is an agreed programme in the West Yorkshire plus Transport Fund. Delivery of the individual sites are coming forward in phases reflecting onsite issues and to allow for strategic programming to be appropriately managed.
- 2.9.3. Knottingley is the next site to come forward under this programme and is seeking approval for a project allocation under the Rail Park and Ride programme baseline budget and an approval for funding to undertake development work streams to get to Full Business Case (Activity 4). Total project costs have been forecast at £1.780m.
- 2.9.4. As promoting authority for the programme, WYCA have submitted an Expression of Interest ) and a Case Paper which went to WYCA's Programme Appraisal Team (PAT recommending that the project proceeds through Decision Point 2 (Case Paper) and that a development funding allocation is approved. In addition, due to the relatively low risk and costs associated with the delivery of the project under the wider Rail Park and Ride Programme, it was recommended that future funding decisions at Activity 4 and 5 be approved by delegated authority to Managing Director.

### Costs

- 2.9.5. The total forecast scheme cost is £1.780m.
- 2.9.6. A funding approval of £474,259 is now sought from the WY+TF to cover a forecast spend to undertake feasibility works, surveys, land acquisition and design works to progress the project through to Decision Point 4 (Full Business Case).

## **Timescales**

2.9.7. The project will seek approval of Decision Point 4 (Full Business Case) in May 2018.

2.9.8. The project is forecast for completion by December 2018.

## **Tolerances**

2.9.9. 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 scheme should remain within +10% of the overall scheme cost set out in this report.
- That the schemes is delivered within +3 months of the timescales set out in this report.
- Should there be a forecast reduction of 10% in the number of parking spaces delivered (115 spaces).

## **Project Responsibilities**

- Senior Responsible Officer: Melanie Corcoran, WYCA
- Project Manager: Pete Coello, WYCA
- Case Officer: Jessica McNeill, WYCA

## **Recommendations**

2.9.10. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Knottingley Rail Station Park and Ride project proceeds through Decision Point 2 and the work commences on Activity 4 (Full Business Case).
- That an indicative approval to the total project value of £1.78m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That development costs of £474,259 to be funded from the WY+TF are approved in order to progress the scheme to Decision Point 4.
- That the future approvals at Decision Point 4 are made through a delegation to WYCA's Managing Director following consideration and recommendation by Investment Committee. Approval at Decision Point 5 will be made through

the delegation to WYCA's Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

## 2.10. Rail Park and Ride Phase 2 - Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

### Background

- 2.10.1. Following the success of the Phase 1 programme, work has been undertaken to identify and consider the possibility of a Phase 2. The Phase 2 programme would look to deliver the same objectives as Phase 1 and increase further car parking facilities at identified sites where additional parking capacity can be delivered to enhance connectivity and improve access to the rail network.
- 2.10.2. The delivery programme of Phase 1 has been successful and there will be over 4 locations within this programme on site during 17/18 with more programmed for 18/19. However, due to onsite restrictions and challenges to find a suitable engineering solution at some of the original sites within Phase 1, there is now a number of schemes which were pushed back into a proposed Phase 2.
- 2.10.3. To manage delivery profiles and certainty of spend, Phase 2 has been split into 2 sub-phases 2a and 2b. Only the sites identified under Phase 2a are being recommended to take forward to ensure costs remain within the current Rail Station Car Parks Programme allocation in the WY+TF. Phase 2a locations have been selected due to the ownership of land being in the rail industry and the ability to secure delivery by 2021. These are:
- Apperley Bridge (Bradford)
  - Guiseley (Leeds)
  - Moorthorpe (Wakefield)
  - Outwood (Wakefield)
- 2.10.4. As promoting authority for the programme, WYCA have submitted an Expression of Interest and a Case Paper to WYCA's Programme Appraisal Team recommending the re-profiling of the £12.500m allocation for Phase 1 to be allocated to the development and delivery of Phase 2a.
- 2.10.5. Furthermore, of the £12.5m, £477,100 of funding was recommended for development works for the sites as identified.

2.10.6. To note, locations in Phase 2b will deliver benefits against the same objectives but will need to come forward under a separate EoI proposal as currently there is no available programme funding for these additional sites.

### **Costs**

2.10.7. The forecast scheme cost is £12.5 million.

2.10.8. A funding approval of £477,100 is now sought from the WY+TF to undertake feasibility works, surveys, land acquisition and design works to progress the programme of projects through to Full Business Case, Decision Point 4. This will be funded from Rail Park & Ride (Phase 1) re-profiled funding.

### **Timescales**

2.10.9. The programme of projects will come forward to Full Business Case from Q1 18/19 onwards. All schemes that form part of this programme are forecast to be delivered by March 2021.

### **Tolerances**

2.10.10. 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 scheme should remain within +10% of the overall scheme cost set out in this report.
- That the schemes is delivered within +3 months of the timescales set out in this report.
- If the following outcomes/benefits are judged to have significantly reduced:
  - Additional car parking.
  - Enhanced CCTV and personal security.

### **Project Responsibilities**

- Senior Responsible Officer: Melanie Corcoran, WYCA
- Project Manager: Pete Coello, WYCA
- Case Officer: Jessica McNeill, WYCA

### **Recommendations**

2.10.11. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Rail Park and Ride Phase 2 programme proceeds through Decision Point 2 and the work commences by the individual schemes on Activity 4 (Full Business Case).
- That an indicative approval to the total programme value of £12.5m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs). This will be funded through WY+TF funds re-profiled from Phase 1 of Rail Park and Ride.
- That development costs of £477,100 are approved in order to progress the schemes to Decision Point 4.
- That the individual schemes return to Investment Committee and WYCA for approval at Decision Point 4 (Full Business Case) where the proposed Approval Route for Decision Point 5 through a delegation to WYCA's Managing Director will be confirmed. This Approval Route will be subject to the schemes remaining within the tolerances outlined above.

#### 2.11. Elland Station (Calder Valley Line) - Decision Point 2(Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 2.11.1. Elland Station Package scheme involves a new station on the Calder Valley line at Elland as well as pedestrian, cycle and public realm improvements to link the new station to Elland town centre and surrounding areas of planned employment and housing growth. The scheme also incorporates bus infrastructure to enable bus-rail interchange at the station and a dedicated station car park and associated highway access arrangements to enable the station to serve as a Park and Ride facility.
- 2.11.2. The original allocation from the Transport Fund identified a £20m contribution towards Calder Valley line speed improvements, which would have supported 312 additional jobs, an increase in GVA of £21.2m (at 2026) and a GVA/£ ratio of 0.6. Network Rail has since decided to expand the scope of rail outputs planned for the route beyond those originally defined, which has resulted in an opportunity for the Transport Fund allocation originally prioritised to further reduce journey times and headways along the line to be redeployed in order to amplify the economic impacts from that investment. The Elland Station Package is therefore a replacement scheme; it has been endorsed by Network Rail, Rail North and Northern as the preferred option for delivery in the short to medium term because it makes the

most of the existing commitments and can be delivered by 2022. The full costs of the Elland Station package have been calculated as £22.036m (this includes a 20% risk uplift to the delivery costs) meaning that it is more expensive than the scheme it replaces. However, the scheme is forecast to support an increase in GVA of up to £98m and around 1500 jobs. Even assuming only half of this growth were to be achieved the scheme would have a considerably higher GVA/£ ratio than that estimated for the Calder Valley line speed improvements project. Despite the scheme's forecast cost increase above the WY+TF allocation, it is anticipated that the WYCA contribution will be fixed at up to £20m, with contributions to total costs funded by the project promoter or project stakeholders.

- 2.11.3. A contribution of £0.050m towards the development of the Outline Business Case (OBC) has already been secured from the promoter and since the scheme includes a significant element of highway improvements, further contributions from Calderdale Council towards project costs will be explored as part of the development of the OBC and identified at Decision Point 3. Opportunities for developer contributions from the adjacent business park, the developers of the nearby residential developments and other local employers will also be explored. Given the highly positive net revenue forecast from the scheme there may be opportunities for sharing some elements of risk with the train operator.
- 2.11.4. The Strategic Case for the scheme is strong as it contributes to all the SEP strategic priorities, it should also enhance links to economic opportunities elsewhere and attract higher value jobs to Elland itself through improvements in connectivity. The commercial case is also good with a number of local firms having indicated that the station will render inward investment more viable. The costs of the scheme have been assessed as part of the financial case and while there are uncertainties, an element of risk has been incorporated into these costs.
- 2.11.5. The Project Inception Report suggests that there is a strong economic case for the station elements of the scheme. There is also a potentially good economic case to be made for the package as a whole, but this will require further assessment in the OBC as evaluating the urban realm, walking and cycling benefits as well as the wider economic benefits will need careful consideration.
- 2.11.6. There are risks associated with delivery of the scheme because it depends on the Calder Valley line improvements to allow sufficient rail capacity for services to stop at the new station. Delivery may also be affected by the TransPennine Upgrade project as this will involve diverting services along the line running through Elland.

### **Costs**

- 2.11.7. The full cost of the scheme is forecast to be up to £22.036m. The cost of progressing the scheme to Decision Point 3 (Outline Business Case) is £884,748 and a contribution of £50,000 has been secured from Calderdale Council towards this. A funding approval of £834,748 from WY+TF is therefore sought to prepare the OBC.

## **Timescales**

2.11.8. The OBC is due to be completed in Dec 2018. It is forecast that delivery of the scheme will be completed by early 2022.

## **Tolerances**

2.11.9. 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 scheme should remain within +10% of the overall scheme cost set out in this report.
- That the schemes is delivered within +6 months of the timescales set out in this report.
- Should the following risk occur:
  - o That the Calder Valley Line improvements are not carried out by Network Rail in advance of the scheme. There is a dependence on these improvements to deliver the necessary timetable changes and/or infrastructural changes to allow an appropriate stopping service to be provided for Elland Station.

## **Project Responsibilities**

- Senior Responsible Officer: Steven Lee, Head of Highways & Transportation, Calderdale Council
- Interim Project Manager: Simon Pope, Calderdale Council
- Case Officer: Matthew Page, WYCA

## **Recommendations**

2.11.10. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Elland Station Package scheme should replace the Calder Valley Line Enhancement scheme within the WY+TF.
- That the Elland Station project proceeds through Decision Point 2 and the work commences on Activity 3 (Outline Business Case).
- That an indicative approval to the total project value of £22.036m is given, with ultimate approval to spend being granted once the scheme has



progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).

- That development costs of £884,748 are approved in order to progress the scheme to Decision Point 3, and that WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £834,748 to be funded from the WY+TF. The remaining £50,000 will be funded directly by Calderdale Council.
- That the future approvals at Decision Point 3 and Decision Point 5 are made through a delegation to WYCA’s Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above. The scheme will return to Investment Committee and WYCA at Decision Point 4 (Full Business Case).

**2.12. LCR Flood Alleviation for Growth Programme - Decision Point 2(Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

**Background**

2.12.1. The Strategic Economic Plan (SEP) identifies a headline initiative to develop an “integrated flood risk reduction programme” to address the urgent need for greater resilience against flooding to protect and retain businesses and employment, and to maintain the transport network.

2.12.2. A programme of flood risk management projects has been developed that will improve the resilience of businesses in the parts of the Leeds City Region which are currently affected by high flood risk; where jobs and businesses could be lost as a result of recent flood events and the likelihood of recurrence; and those where planned future development could be slowed or constrained by flood risk. In addition, they will mitigate the risk of disruption or loss of access to these areas which would affect current and potential business viability.

2.12.3. Flood risk management projects in the indicative programme are:

- Calderdale: Mytholmroyd\*, Brighouse & Clifton
- Leeds: Wyke Beck Valley/Aire Valley Enterprise Zone, Kirkstall Road\*
- Bradford: Canal Road corridor
- Wakefield: Castleford
- Kirklees: Leeds Road corridor

- North Yorkshire: Skipton\*
- Natural Flood Management Projects

\*The first phase of the Flood Alleviation Programme consisted of schemes from the above list in Mytholmroyd, Skipton and Leeds Kirkstall Road. Together these received £7,800,000 Growth Deal funding in March 2017.

2.12.4. As a whole, the LCR Flood Alleviation Programme will deliver:

- Flood defence walls
- Upstream flood storage reservoirs
- Channel realignment/remaindering
- Pump drainage
- Weirs

2.12.5. Natural Flood Management measures will also be implemented:

- Trees planted
- Wooded debris dams/leaky dams
- Soak aways
- Peat restoration

2.12.6. Outputs generated will include:

- Fluvial flood resilience interventions
- Improved highways assets to reduce surface water flood risk
- Existing jobs and businesses safeguarded
- Fluvial flood risk reduction schemes
- Employment/ development land with reduced flood risk
- Improved surface water drainage
- Upland catchment area improved to assist in reducing flow into rivers.

### **Timescales**

2.12.7. The individual projects within the programme will submit business cases from September 2017 onwards and work will be completed by March 2021.

### **Cost**

2.12.8. The total scheme cost is £77.0m. The programme requires £20.0m funding from the Local Growth Fund £56.8m public match funding is in place, along with £0.2m private sector investment. Due to the £7.8m already spent on Phase 1, Phase 2 requires a £12.2m allocation from Growth Deal.

## Tolerances

2.12.9. 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:

2.12.10. The programme should remain within the overall scheme cost set out in this report.

- That the programme is delivered within +3 months of the timescales set out in this report.

## Responsibilities

- Senior Responsible Officer: Adrian Gill, Environment Agency
- Programme/Project Manager: Mark Wilkinson, Environment Agency
- Case Officer: Polly Hutton, WYCA

## Recommendations

2.12.11. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Leeds City Region Flood Alleviation for Growth Programme proceeds through Decision Point 2 and the work by the individual schemes commences on Activity 3 (Outline Business Case).
- That an indicative approval to WYCA's remaining £12.2m contribution to the total programme value of £77m is given, with ultimate approval to spend being granted once the schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That the individual schemes will return to Investment Committee for consideration and WYCA for approval at Decision Point 3 (Outline Business Case) or Decision Point 4 (Full Business Case), based on the level of detail produced by the Environment Agency business case process. At this stage individual assurance pathways and Approval Routes will be set for each scheme.

## 2.13. Corridor Improvement Programme - Decision Point 2(Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

## Background

- 2.13.1. The Corridor Improvement Programme (CIP) is a programme of low and medium cost highway interventions on strategic highway corridors, which aims to improve connectivity and accessibility to support economic growth.
- 2.13.2. In order to achieve this the programme aims to deliver an 8% reduction in journey times for all traffic, with a higher target of 12% reduction in journey times for buses. The CIP Programme is split into 3 distinct delivery phases as follows:
- Phase 1 - package of 13 projects across all districts to deliver junction improvements at key locations by 2021, at an estimated cost of £67.8m, as follows:

District	Junction/Corridor
<b>Bradford</b>	A6177 Outer Ring Road/Toller Lane
	A6177 Outer Ring Road/Thornton Road
	A6177/A647 Leeds Road Shipley Airedale
	A6177 Outer Ring Road/Great Horton Road
<b>Calderdale</b>	A58/A672 Sowerby Bridge
	A646/A6033 corridor
<b>Kirklees</b>	A62 Smart Corridor
	Huddersfield Southern Gateways
	Holmfirth Town Centre Access Plan
<b>Leeds</b>	A647 Dawsons Corner
	A660/A658 Dyneley Arms
	A6120 Fink Hill, Horsforth
<b>Wakefield</b>	A61 Newton Bar

- Phase 2 – package of feasibility work to identify and develop wider corridor measures to increase the benefits on each corridor at an approximate cost of £1.5m; and
- Phase 3 – development and delivery of the further schemes identified by the Phase 2 feasibility work by 2025 at an estimated cost of £61m.

- 2.13.3. As part of Phases 2 and 3, work will also be undertaken with Bus Operators to secure changes in bus operations resulting from improved traffic flows on the CIP corridors.
- 2.13.4. There is a good Strategic Case for the programme which clearly aligns with SEP strategic priority 4 'Infrastructure for growth' and headline indicator 9, since the improvements proposed through the programme will speed up journey times and assist in improving accessibility to urban centres and other employment and housing growth areas.
- 2.13.5. The work undertaken to date suggests that the programme could contribute to the delivery of up to 1,300 jobs and 650 housing units, however this analysis was undertaken some time ago and will therefore require updating in the next few months. Phase 1 of CIP is forecast to contribute to 834 additional jobs, 78 housing units and an increase in GVA of +£77m per annum.

### **Costs**

- 2.13.6. The total cost of the CIP programme is £130.3m and £125m of this is sought through the WY+TF in line with the indicative allocation previously made. The remainder of the funding is to be provided through a combination of £4m of public sector funding (through the Leeds Public Transport Investment Programme) and £1.3m through Section 106 sources (but not all of this is yet secured).
- 2.13.7. The total cost of Phase 1 of the CIP programme is £67.8m for the development and delivery of 13 individual schemes. The total cost for developing each of the 13 Phase 1 schemes up to Decision Point 3 (Outline Business Case), plus associated programme management costs is £4.483m.

### **Timescales**

- 2.13.8. Phase 1 of the programme is due to be complete by 2021 and it is currently anticipated that the Outline Business Cases for each of the 13 Phase 1 schemes will begin to come forward later on this year. The full programme is expected to be delivered by the end of 2025.

### **Tolerances**

- 2.13.9. 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 programme needs to return to Investment Committee and/or WYCA for further consideration:
- The programme should remain within +10% of the overall scheme cost set out in this report.

- That the programme is delivered by the end of 2025.
- Tolerances relating to risks and benefits will be set out for each scheme within the programme.

### **Project Responsibilities**

- Senior Responsible Officer: Melanie Corcoran, Director of Delivery (WYCA)
- Programme Manager: Rachel Jones, Programme Manager (WYCA)
- Case Officer: Louise Porter, Programme Manager (WYCA)

### **Recommendations**

2.13.10. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Corridor Improvement Programme, Phase 1 proceeds through Decision Point 2 and the work commences on the 13 individual schemes on Activity 3 (Outline Business Case).
- That an indicative approval to the Phase 1 programme value of £67.8m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That development costs of £4,482,500 are approved in order to progress the 13 individual schemes in Phase 1 to Decision Point 3 (Outline Business Case) to be funded from the WT+TF. This will include £0.408m of WYCA Programme Management costs. That WYCA enter into a Funding Agreement:
  - with Bradford for expenditure of up to £1.245m;
  - with Calderdale for expenditure of up to £0.430m;
  - with Kirklees for expenditure of up to £0.800m;
  - with Leeds for expenditure of up to £1.525; and
  - with Wakefield for expenditure of up to £0.075.
- That the individual schemes will return to Investment Committee (for recommendation) and WYCA (for approval) at Decision Point 3 (Outline Business Case). As part of this approval, individual assurance pathways and Approval Routes will be set for each scheme.

**2.14. Strategic Inward Investment Fund - Decision Point 2 (Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

**Background**

2.14.1. The Growth Deal 3 award includes an allocation of £13.45m for a business expansion fund to support identified gaps in provision to assist large businesses and provide an improved incentive package to attract inward investors and support exporters. This funding has been split, with £12.45m allocated to a Strategic Inward Investment Fund, and £1m towards a Digital Sector Soft Landing Scheme. External advice has been obtained to assist in designing and delivering these schemes. Their report advises on providing a scheme which will enable maximum flexibility under the EU’s General Block Exemption Regulations to allow the LCR to offer appropriate and effective funding through every available mechanism to inward investing businesses.

**Strategic Inward Investment Fund**

2.14.2. The capacity of the City Region to offer funding to businesses to de-risk their investments is seen as a critical factor in enabling competition with other UK regions, particularly the devolved administrations. A number of potential overseas inward investment projects have been lost on the basis that grant support in competitor places has been stronger. In many cases this has been in spite of a more compelling business case in the region. The ability of this type of funding to secure significant investment has been tested and proven by the recent Burberry business services project (formerly Project Primrose - refer to para 2.18 of this report for further detail). A dedicated scheme which can be operated specifically to secure this type of investment is likely to deliver significant benefits in terms of job creation and leveraging private sector investment.

2.14.3. This fund will be available as a tool to support our region to win ‘footloose’ FDI investment opportunities and the Trade and Investment Team will work with local authority partners to ensure this funding is available to support their own inward investment opportunities. It is intended that applications will be invited from FDI businesses where a funding requirement has been identified. Further selection criteria will be developed at the Full Business Case stage. 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 larger than £250k and, in the main, lower than £1m but will set no upper limit on the size of individual applications. The grant scheme as proposed in the Growth Deal 3 bid to Government aimed to achieve the creation of a minimum

of 600 new jobs and leverage of £104.81m match funding. However, it is hoped that the new jobs target will be exceeded and a cost per job target of c£10k is aimed for, which would result in 1,245 new jobs.

### **Costs**

- 2.14.4. An allocation of £12.45m is sought from the Growth Deal which will cover all delivery costs and grants to businesses.

### **Timescales**

- 2.14.5. The final approval of the Full Business Case and costs will be undertaken in July 2017 with the aim of launching the grant scheme shortly after. The grant will be in operation until March 2021. The programme will be reviewed in 2020/21 to determine if funding needs to be reallocated.

### **Tolerances**

- 2.14.6. 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 scheme should remain within the overall scheme cost set out in this report.
  - That a minimum of 1245 jobs are created.
  - That a minimum of £104.81m Match Funding is attracted.
- 2.14.7. The intention is for the appraisal and approval process to match those of the Business Growth Programme, minimising the need to convene additional panels, groups or develop additional expertise. However, further work is required given the particular characteristics of this fund.

### **Project Responsibilities**

- Senior Responsible Officer: David Shepherd, WYCA
- Project Manager: Sam Lewis, WYCA
- Case Officer: Lynn Cooper, WYCA

### **Recommendations**

- 2.14.8. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:



- That the Leeds City Region Strategic Inward Investment Fund proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- That an indicative approval to the total scheme value of £12.45m Strategic Inward Investment Fund is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That the future approvals at Decision Point 5 are made through a delegation to WYCA’s Managing Director following consideration and a recommendation by Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

**2.15. Digital Sector Soft Landing Scheme - Decision Point 2 (Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

**Background**

2.15.1. The London property and salary market is overheated, with costs that are inhibitive to business growth particularly in the digital sector. Leeds City Region has a strong reputation in this sector and there is an opportunity to capitalise on the relocation and expansion projects of London/South East firms in particular. City AM recently reported that 25% of London’s tech firms are considering wholesale relocations, while 40% think London cannot meet their growth needs due to rental costs. 65% of London tech firms would consider moving and the sector’s growth in London necessitates an extra 2 million sq ft of office space this year. However, it is recognised that there are risks and costs associated with relocation and expansion projects. In order to mitigate these risks and to support growing technology firms to gain a ‘foothold’ in the region the proposal is to offer a ‘soft landing’ grant scheme.

2.15.2. This scheme will offer a grant of up to 50% of costs and will support any eligible costs associated with the company’s project in our region over the first 12 months. Primarily it is anticipated this to include contributions towards capitalised lease costs, as well as support towards equipment. It is anticipated that applications between £10k and £50k will be received.

**Costs**

2.15.3. An allocation of £1m from the Growth Deal is sought for the scheme which will cover all delivery costs and grants to businesses.

## **Timescales**

2.15.4. The final approval of the Full Business Case and costs will be undertaken in July 2017 with the aim of launching the grant scheme shortly after. The grant will be in operation until March 2021. The programme will be reviewed in 2020/21 to determine if funding needs to be reallocated.

## **Tolerances**

2.15.5. 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 (to be reviewed in the full business case). If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The scheme should remain within the overall scheme cost set out in this report.
- That a minimum of 170 jobs are created.
- That a minimum of £0.9m Match Funding is attracted.
- That a minimum of 30 companies are supported.

2.15.6. The recommended Approval Route will be identified in the full business case.

## **Project Responsibilities**

- Senior Responsible Officer: David Shepherd, WYCA
- Project Manager: Sam Lewis, WYCA
- Case Officer: Lynn Cooper, WYCA

## **Recommendations**

2.15.7. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Digital Sector Soft Landing Scheme proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- That an indicative approval to the total scheme value of £1m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That the future approval at Decision Point 5 is made through a delegation to WYCA's Managing Director following consideration and a recommendation by

Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

## 2.16. Business Growth Programme - Decision Point 2 (Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

### Background

- 2.16.1. 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.
- 2.16.2. 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.
- 2.16.3. Funding will support the expansion, modernisation and diversification of economic activities. Activities supported include the purchase of plant, machinery and equipment, fit out of new premises and alterations and extensions to existing premises. Research and development activity (excluding basic/fundamental research) will be supported where this supports employment and business growth.
- 2.16.4. 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). Overall, the programme will lead to productivity improvements and a net increase in the average number of employees in recipient businesses. All employment posts will be maintained for at least 3 years in SMEs and at least 5 years in large businesses. All applicants will be expected to provide match funding of at least 80%. The programme aims to provide an overall funding ratio of at least 1:4 (Public to Private).

### Costs

- 2.16.5. The full allocation of £9m is sought from the Growth Deal which will provide funding for grants and cover the costs of administering and managing the scheme.

### **Timescales**

2.16.6. The aim is for the full approval of the project to be completed in July 2017. At that point the £9m funding will be available within the current scheme.

### **Tolerances**

2.16.7. 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 scheme should remain within the overall scheme cost set out in this report.
- That the schemes is delivered within the timescales set out in this report.
- That a minimum of 500 jobs are created.
- That a minimum of £54m Match Funding is attracted.
- That a minimum of 165 companies are supported.

### **Project Responsibilities**

- Senior Responsible Officer: Henry Rigg
- Project Manager: Neill Fishman
- Case Officer: Lynn Cooper

### **Recommendations**

2.16.8. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- That the Business Growth Programme proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- That an indicative approval to the total scheme value of £9m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That the future approval at Decision Point 5 is made through a delegation to WYCA's Managing Director following consideration and a recommendation by Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

### 3. Projects in Stage 2: Pipeline Development



#### 3.1. Bradford Forster Square Station Gateway Decision Point 3 (Outline Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 3.1.1. Bradford Forster Square is one of the schemes within the Stations Gateways programme to be implemented as part of the West Yorkshire plus Transport Fund. This package has been allocated £50m within the WY+TF. The forecast cost for Bradford Forster Square Station is £17.311m.
- 3.1.2. The Bradford Forster Square station will see the re-development of the existing station to provide a new high quality, modern station facility which will significantly enhance the user experience, providing an attractive and welcoming gateway to the City of Bradford. The scheme is centrally placed and will ensure the focus of the investment in Bradford contributes to the already developing City Centre Growth Zone. Investment in this transport hub will raise Bradford's image as a place to live and work and act as a catalyst for further investment in the vicinity.
- 3.1.3. Key outcomes of the work to be undertaken will deliver significantly improved station facilities, new café, ticket office/information centre, new retail units, cycle parking, community garden and 2 new lifts with access to School Street.
- 3.1.4. An Outline Business Case at Activity 3 was submitted by Bradford Council on 19th April, a full Peer Review was undertaken on 3rd May 2017 and an Outline Business Case appraisal report was presented to PAT on 16th May 2017. The Peer Review evaluation and PAT have recommended the scheme pass through Activity 3 and progress to a Full Business Case at Activity 4.
- 3.1.5. The Outline Business Case detailed high level project costs of £17.311m, £17.061m of which will be funded from the WY+TF. It is anticipated that the WYCA contribution will be fixed at this level, with any scheme costs above this funded by the project promoter or project stakeholders.

## **Costs**

- 3.1.6. The total scheme cost is £17.311m. A funding approval of £3,671,314 is now sought from the WY+TF to cover a forecast spend to undertake further works, incorporating surveys, detailed designs including specialist lift and POD designs to progress through to Full Business Case, Activity 4.

## **Timescales**

- 3.1.7. The project will seek approval of its Full Business Case at Decision Point 4 in January 2019. The scheme is forecast to be completed by March 2021.

## **Tolerances**

- 3.1.8. 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 scheme should remain within +/- 10% of the overall scheme cost set out in this report.
- That the scheme is delivered within +/-3 months of the timescales set out in this report.

## **Project Responsibilities**

- Senior Responsible Officer: Julian Jackson, Bradford Council
- Project Manager: Helen Morgan, WYCA
- Case Officer: Jessica McNeill, WYCA

## **Recommendations**

- 3.1.9. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:
- That the Bradford Forster Square Station Gateway project proceeds through Decision Point 3 and the work commences on Activity 4 (Full Business Case).
  - That an indicative approval to the total project value of £17.311m is given (which includes a £17.061m contribution for WY+TF), with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
  - That development costs of £3,671,314 to be funded from the WY+TF are approved in order to progress the scheme to Decision Point 4 (Full Business

Case). That WYCA issues an addendum to the existing Funding Agreement with Bradford Council for expenditure of up to £3,671,314.

- That the scheme will return to Investment Committee (for recommendation) and WYCA (for approval) at Decision Point 4, with the intention that approval at Decision Point 5 (Full Business Case with Finalised costs) will be made through the delegation to WYCA’s Managing Director, subject to the scheme remaining within the tolerances confirmed at Decision Point 4.

### 3.2. LEP Loan - Gateway 45 - Decision Point 4 (Full Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 3.2.1. Aire Valley Land LLP has applied for a second LEP loan to accelerate the development of the Gateway 45 development. This site is within the Leeds Enterprise Zone and is strategically located on J45 of the M1.
- 3.2.2. The site is a restored surface mine and waste water treatment site which has required remediation. Since 2015, significant infrastructure has been constructed to allow plots to be brought forward for development. These early works have already been supported through a LEP loan of £4m, some of which has been repaid. This loan and accompanying security is being held by Leeds CC, as they were the Accountable Body for the LEP in 2014. To allow a further loan to be secured on the site, Leeds CC will need an instruction to release part of their charge. There is sufficient value in the site to cover both loans.
- 3.2.3. In order to give confidence in the site and accelerate its occupation, Aire Valley Land LLP is proposing to set up a new company which will speculatively build 2 industrial units of 52,500 sq ft and 105,000 sq ft on 12 acres of land, so giving a clear signal of the scheme’s ability to deliver modern industrial accommodation in a timely manner. The aim of the project is to kickstart the commercial construction phase, so pump priming the development as a physical advert that the site as ‘open for business’ to inward investors. It is hoped that the development would also act as a catalyst for the wider development of the whole Gateway 45 site due to its high visibility from the M1. Due to these exceptional circumstances and because business rates generated by this development will return to the LEP, the LEP Investment Panel has recommended that the amount of this loan exceeds the usual £1m limit.
- 3.2.4. Any LEP loan approved by WYCA would be matched by a loan of a similar amount from the Revolving Investment Fund, operated by seven of the city region

authorities. This Fund would advance the whole loan to the new company being established, with WYCA contributing 50%. The loan will comply with State Aid rules and interest will be applied.

### **Costs**

- 3.2.5. The LEP Loan funding of up to £3.3m will be used to fund construction costs and related fees and costs to complete the two buildings. The loan will comply with State Aid rules and interest will be applied. The interest rate applied is state aid compliant and relates to the HCA devised matrix used, which is the EU reference rate plus a multiplier.
- 3.2.6. The total costs will also be part funded by the joint LEP/Revolving Investment Fund (RIF) loan, with the remaining funding being contributed by the Aire Valley Land LLP. The RIF will be the lead organisation for the loan with risks and reward being shared with the LEP/WYCA. In any loan recovery situation any funds would be shared 50:50 with the RIF (after costs). The risk of the loan is being carefully assessed through due diligence of Aire Valley Land LLP and will be reported back at Decision Point 5 (FBC with finalised costs). However this is currently considered acceptable as an independent valuation shows that the site is worth more than the loan amount and appropriate security will be taken.

### **Timescales**

- 3.2.7. Planning approval has been obtained, the project is ready to commence on site in summer 2017 and will be completed by Spring 2018.

### **Tolerances**

- 3.2.8. In order for the loan 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 loan should remain within the loan value set out in this report.
- That the loan period should remain at 4 years.

### **Project Responsibilities**

- Senior Responsible Officer: Ian Ball, Aire Valley Land
- Project Manager: Iain Thompson, Aire Valley Land
- Case Officer: Sally Hinton, WYCA

### **Recommendations**

- 3.2.9. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:



- That the Gateway 45 loan proceeds through Decision Point 4 and the work commences on Activity 5 (Full Business Case with Finalised costs).
- That an indicative approval to the total loan value of £3.3m is given, with ultimate approval to the loan being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- That Leeds City Council are instructed that the current charge held as security for the earlier £3m LEP loan is released and imposed solely on part of the site.
- That the approval of the loan agreement at Decision 5 is made through the delegation to WYCA’s Managing Director, subject to the scheme remaining within the tolerances set out above.

### 3.3. LEP Loan – Fresh Pastures - Decision Point 4 (Full Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 3.3.1. Fresh Pastures are seeking a LEP Loan to enable the completion of their new purpose built facility in Normanton, to food processing standards and to install two new production lines along with their existing manufacturing line. This will enable the company to expand and diversify into markets beyond their previous school milk carton business. The company will be creating value added products that use long life milk, so capitalising on the unused and therefore surplus milk available during the school holidays.
- 3.3.2. The loan of £0.8m to the Company will support existing bank borrowing and WYCA will enter a Deed of Priority as a junior lender to the Bank.

#### Costs

- 3.3.3. The LEP Loan funding of up to £0.8m will be used to fund construction costs, procurement and installation of new equipment and relocation of existing manufacturing equipment. The loan will comply with State Aid rules and interest will be applied.
- 3.3.4. The risk of the loan is being carefully assessed as due diligence progresses, but an independent valuation for WYCA confirms the value of the facility at completion will be appropriate security for the LEP Loan.

### **Timescales**

- 3.3.5. The loan is required for the start of the school summer holidays to enable the completion of the facility as described, so that it is ready to open for the new school term in September. A drawdown by mid-July is needed to enable this.

### **Tolerances**

- 3.3.6. In order for the loan 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 loan should remain within the loan value set out in this report.
  - That the loan period should remain within the 5 year period and repaid on an annuity basis.
  - That the outcomes of the financial and due diligence information significantly impacts on the risks of the loan.
  - If before the final drawdown the project costs for the Company rise by more than 10% or a funding risk materialises that jeopardises the scheme.

### **Project Responsibilities**

- Senior Responsible Officer: Graham Morley, Fresh Pastures Ltd
- Project Manager: To be confirmed
- Case Officer: Chris Brunold, WYCA

### **Recommendations**

- 3.3.7. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:
- That the Fresh Pastures loan proceeds through Decision Point 4 and the work commences on Activity 5 (Full Business Case with Finalised costs).
  - That an indicative approval to the total loan value of £0.8m is given, with ultimate approval to the loan being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
  - That the approval of the loan agreement at Decision 5 is made through the delegation to WYCA's Managing Director, subject to the scheme remaining within the tolerances set out above.

### 3.4. Tackling Fuel Poverty Phase 4 - Decision Point 5 (Full Business Case with Finalised Costs)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 3.4.1. Priority 3 of the Leeds City Region Strategic Economic Plan (Clean Energy and Environmental Resilience) sets out a long term ambition to become a resilient zero carbon energy economy underpinned by high quality infrastructure. Priority 3 particularly emphasises the ambition to:
- Deliver improvements that make homes across the Leeds City Region warmer and reduce fuel poverty;
  - Develop partnership and funding models with the health sector to deliver collaborative interventions that reduce extreme cold and damp and improve health.
- 3.4.2. Fuel poor households often live in cold and damp housing, are vulnerable to poor health and possible exclusion from services such as education and the jobs market. There are 140,000 fuel poor households in the city region, in addition, energy use in homes accounts for around 35 % of carbon emissions from the city region.
- 3.4.3. The Tackling Fuel Poverty Programme was approved by June 2016 WYCA; projects within Phases 1-3 have been submitted to subsequent meetings of WYCA, and received approval. Wakefield Council joined the Better Homes programme post the original Full Business Case and subsequent meetings of the Investment Committee (Nov '16) noted that the scale of the programme was likely increase to £6m, to accommodate Wakefield.
- 3.4.4. The Phase 1 (June 2016 WYCA approval) scheme in Calderdale, to insulate hard to treat properties, in partnership with the Joseph Crossley Almshouse Trust, has now been withdrawn. The scheme was no longer viable due to unforeseen risks, and changes to the project which could not be accommodated within the budget. Calderdale have now developed an alternative scheme and, along with Kirklees Council, are now ready to submit projects under Phase 4. If successful, this will fulfil a key political aim of delivering a project in every district through the Programme, and will take the overall LGF investment to £6m.
- 3.4.5. The other Phase 1 Projects in Leeds (Holbeck Group Repair) and Bradford are progressing well. Work is due to commence shortly in Leeds, and almost 100 properties have now been completed in Bradford, with investment of £850k Local

Growth Fund, and £150k match funding (ECO and customer contributions). Wakefield, York, Selby, Harrogate and Craven (Phases 2 and 3) are mobilising; a short extension is required for Barnsley however this is within Programme tolerances, and the scheme will commence on site shortly.

- 3.4.6. The purpose of the Programme 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.
- 3.4.7. Projects have been developed by districts, in order to ensure local strategic priorities in regard to tackling fuel poverty are met. All property tenures (social, privately owned, privately rented) are eligible for inclusion within the Programme, in order to ensure local needs are met. A sliding scale of contributions will be applied, depending on tenure, in order to stretch the Growth funding sought.
- 3.4.8. The Kirklees project is a mixed tenure scheme, in partnership with Kirklees Neighbourhood Housing and Kirklees Building Services, delivered through the Better Homes Programme. 221 social, and 70 private sector housing (former right to buy) properties will benefit. This project is part of a wider KNH investment programme to upgrade the thermal efficiency of 750 'hard to treat' council owned properties in the Deighton/Brackenhall area of Huddersfield.
- 3.4.9. The project in Calderdale will deliver attic room insulation to 115 hard to treat properties in some of the most deprived areas of the district. This project will target privately owned and rented properties and is part of the Council's £1.4m Affordable Warmth programme which is also providing heating, insulation and energy advice and support for lower income households.
- 3.4.10. The projects will be delivered through the Better Homes Yorkshire programme contracts, using local supply chain, and will sustain 17 jobs for 12 months.
- 3.4.11. The table below sets out the LGF investment and approvals by Phase, the exception (Calderdale scheme withdrawal) is identified within Phase 1. Taking into account the exception, and the request to progress Phase 4 into delivery, the total LGF investment will be £6m. This is in line with the indicative budget noted in the report to November 2016 Investment Committee.

	<b>Existing LGF Investment Approved</b>	<b>Exception</b>	<b>Proposed LGF Investment</b>
<b>Phase 1 – Leeds Holbeck, Bradford and Calderdale</b>	CA June 2016 £2,857,177	Calderdale scheme has been withdrawn (£148,177)	£2,709,000
<b>Phase 2 – York, Selby, Craven, Harrogate, Barnsley</b>	CA Sept 2016 £1,011,200	No change	£1,011,200

<b>Phase 3 – Leeds Warm and Well, Wakefield</b>	MD Jan 2017 £1,272,000	No change	£1,272,000
<b>Phase 4 – Calderdale and Kirklees</b>		N/A	£1,007,800
<b>Total</b>			£6,000,000

#### **Costs (Phase 4)**

3.4.12. The total Scheme Cost is £1,573,800. This comprises WYCA Funding of £1,007,800 (of which £500,000 to Kirklees; £507,800 to Calderdale), other public sector investment of £504,000 (from Kirklees Council) and other private sector investment of £62,000 from householder contributions.

#### **Timescales**

3.4.13. August 2017 – September 2018

#### **Tolerances**

3.4.14. 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 scheme should remain within the overall scheme cost set out in this report.
- That new funding secured leads to expansion of the project beyond 10% or requires an award of further grant.
- That the scheme is delivered within +/-3 months of the timescales set out in this report.
- If any key risks regarding compliance with new Ofgem regulations, high levels of complex properties which cannot be replaced increasing costs, multiple complaints about work completed or supply chain issues affecting deliverability or other substantial incident occurs.
- If there is significant impact on the delivery of the key outcomes/benefits - lower thermal comfort delivered less than expected, health and wellbeing worsened by insulation rather than improved.

## Project Responsibilities

- Senior Responsible Officer: Colin Blackburn, WYCA
- Programme Manager: Vicky Dumbrell, WYCA
- Case Officer: Chris Brunold, WYCA

## Recommendations

3.4.15. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- The approval of the reduction of LGF investment of Phase 1 of the Tackling Fuel Poverty Programme from £2,857,177 to £2,709,000, due to the withdrawal of the Calderdale Almshouse scheme.
- The approval of Phase 4 of the Tackling Fuel Poverty Programme for delivery in targeted areas of Calderdale and Kirklees to progress from Activity 5 (FBC with Finalised Costs) to Activity 6 (Delivery). The reduction of Phase 1, together with the inclusion of Phase 4 projects, brings the total LGF investment in the Tackling Fuel Poverty Programme to £6m. This is in line with the indicative budget noted in the report to November 2016 Investment Committee.
- The approval of WYCA funding of £1,007,800 and that WYCA enters into a Funding Agreement with Kirklees for expenditure of up to £500,000 and with Calderdale for expenditure of up to £507,800, and that WYCA authorise delegation to the Managing Director to finalise the agreements.

## 4. Projects in Stage 3 – Delivery & Evaluation



### 4.1. Better Homes - Activity 6 Delivery Change Request

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

## Background

4.1.1. Priority 3 of the Leeds City Region Strategic Economic Plan (Clean Energy and Environmental Resilience) sets out a long term ambition to become a resilient zero

carbon energy economy underpinned by high quality infrastructure. Priority 3 particularly emphasises the ambition to:

- Deliver improvements that make homes across the Leeds City Region (LCR) warmer and reduce fuel poverty;
- Develop partnership and funding models with the health sector to deliver collaborative interventions that reduce extreme cold and damp and improve health.

4.1.2. There are 140,000 fuel poor households in the city region, in addition, energy use in homes accounts for around 35 % of carbon emissions from the city region.

4.1.3. The Better Homes programme launched in March 2015 and; to date 2,480 homes have received energy efficiency or renewable energy measures, with a contract value of £11.2m. Almost 75% of the value has been delivered by LCR supply chain, with a further 20% by contractors just outside (i.e. Doncaster). In total 35 different sub-contractors have been awarded work through the programme and 204 jobs have been sustained.

4.1.4. The quality of works delivered and customer satisfaction has been excellent, the partnership is well established and has delivered many benefits in sharing best practice and resources, accelerating project delivery and securing funding. Wakefield joined the Programme in early 2017.

4.1.5. The Better Homes Yorkshire programme was procured at the end of December 2014. The programme is unusual in terms of a WYCA scheme, in that WYCA and the local authorities did not commit any capital funding to procure, or finance, the Services. Instead, they offered exclusive use of their branding to promote energy efficiency measures to private households, endorsement, access to data and use of their marketing channels for the duration of the contract. Instead it was anticipated that the headline KPI target of '12,000 homes improved over the first 3 years', would be delivered and financed through Energy Company Obligation (ECO) and Green Deal funding, this funding would be directly accessed by the Provider. The ECO and Green Deal funding are external funding streams over which WYCA, districts and the Provider have no control. Government policy has changed since contract award (December 2014), and this resulted in a downward trend in ECO funding available (it now represents a small top up to the cost of measures, rather than provide the full funding which it did previously). In addition Green Deal Communities and Green Deal Home Improvement funds, expected during 2015, were cancelled. This has negatively affected the ability of the Provider to deliver the headline commitment. Investment has been secured from alternative sources, by the project team, to deliver alternative projects, and finance the outputs achieved, as noted above.

4.1.6. The headline KPI target number of homes improved has been reviewed each Year to reflect current funding conditions, in accordance with Schedule 11 of the

Framework, to allow the Framework and Call Off contracts to remain fit for purpose. An exception is requested for Year 1-3 baseline targets (agreed in 2014 and expected to be financed by ECO & GD funding) in respect of the following KPIs (note that Investment Committee have previously been advised of the changes to the funding environment, and the likely negative impact on the headline target):

- Target number of homes improved revised from 12,000 to 3,580.
- Suspension of marketing and assessment targets
- Revise target apprenticeships created, to apprenticeships supported.

4.1.7. All targets in respect of quality, customer service, cost control, reporting, local supply chain and jobs are retained as per the baseline, but there are some areas of performance which could be improved and a formal KPI Rectification Plan has been requested, in line with Clause 12 of the Framework, to address this.

4.1.8. For the avoidance of doubt, this exception does not impact on targets agreed in respect of WYCA, or partner district investment in the LGF funded Tackling Fuel Poverty Programme. The baseline targets within this programme are retained and are expected will be achieved as agreed.

#### **Costs**

4.1.9. There is no impact on costs to WYCA or districts as a result of this exception. WYCA and the districts receive 2% of the contract value as annual income, there is a risk of reduced income from the contract as the volume of works delivered is reduced. This is somewhat mitigated as, due to the nature of the works commissioned, the alternative projects in delivery are higher value per property, than the baseline business plan assumptions.

#### **Timescales**

4.1.10. The exception covers 2015/16 – 2017/18, however it is noted that the changes in external funding and impact on expected targets for 2015/16 has previously been reported to Investment Committee.

#### **Project Responsibilities**

- Senior Responsible Officer: Colin Blackburn, WYCA
- Programme Manager: Vicky Dumbrell, WYCA
- Case Officer: Chris Payne, WYCA

#### **Recommendations**

4.1.11. Following its meeting on the 16th June, Investment Committee has recommended to WYCA that WYCA approves the exception that Year 1-3 baseline targets in respect of the following KPIs for the Better Homes programme:



4.1.12. Target number of homes improved revised from 12,000 to 3,580.

- Suspension of marketing and assessment targets
- Revise target apprenticeships created, to apprenticeships supported
- That the Better Homes Yorkshire KPIs are updated in accordance with Schedule 11 of the Framework Agreement.

#### 4.2. Wakefield Civic Quarter - Activity 6 Delivery Change Request

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

#### Background

- 4.2.1. Wakefield City Council have had approval to £1.1m of Local Growth Fund investment to purchase 2 key sites to enable the creation of a Civic Quarter in central Wakefield. The main objective of the Civic Quarter is to restore and convert historic buildings, bringing them back into use while delivering economic development activity, infrastructure and new jobs.
- 4.2.2. The objectives of the project are the selective demolition of multi-storey car park with the remediation of this 0.4 hectare site and the relocation of an existing business. These actions will facilitate a wider scheme in the longer term, including a potential hotel, leisure and residential development.
- 4.2.3. This project was approved by WYCA on 29th September 2016 and Members were informed that Wakefield Council are seeking a Local Growth Fund grant investment of £1.1m towards the site acquisition and demolition costs. It was proposed that the grant would have conditions attached and would be repaid in full on the sale of the site, which the Council forecast could be in 2018/19.
- 4.2.4. WYCA agreed the approval of a grant of £1.1m Local Growth Funding for the Wakefield Civic project, subject to conditions, with the funding approvals to be progressed through the delegation to WYCA's Managing Director.
- 4.2.5. Discussions have been ongoing with Wakefield Council regarding the conditions to be attached to the grant, especially regarding the repayment. The Council has already invested £1.5m on acquisition and land assembly as part of the project, and will incur annual net revenue costs estimated at £60k+ per annum until the sites are disposed of. However, Wakefield Council is prepared to agree with WYCA to a 50:50 split of future receipts from land sales, should those sales be straightforward disposals to a developer. If the preferred development option is by way of a joint venture of some kind, which may involve a complex public/private funding package, this split of receipts would need to be reviewed at a future date.

- 4.2.6. Following a discussion at the WYCA Programme Appraisal Team (PAT), it was agreed that this exception item should be bought back to the Investment Committee and WYCA to obtain a view regarding this repayment proposal, as the share of the proceeds may not repay the £1.1m grant in full. Members are aware that the 'Loans First' principle still applies and even though a grant with conditions has been offered, if at least some funding is recouped from projects that have capacity to generate a capital receipt, this can then be recycled into other projects.

### **Recommendations**

- 4.2.7. Following its meeting on the 16th June, Investment Committee has recommended that WYCA approves the following exception:
- That a condition of the approved £1.1m grant for the Wakefield Civic Quarter project is that it is repaid (to a maximum amount of £1,1m) from a 50:50 share of any disposal proceeds. If the disposal involves a complex funding package and a lesser share is proposed, a further exception report will be prepared for the Investment Committee.

## **5. Schemes proceeding directly to WYCA**

- 5.1. The following schemes have proceeded directly to WYCA ahead of consideration by the Investment Committee due to the nature of the funding stream.

### **5.2. Highways Maintenance Block and Highways Incentive Funding**

- 5.2.1. The Highways Maintenance allocations are made to District Councils in full with the funding that is received by WYCA paid over in full to the Districts as determined by the DfT's formulaic allocation. Similarly the Highways Maintenance Incentive Funding is received from DfT and redistributed to Districts in accordance with their formula for this funding. The allocations made to WYCA for the 2017/18 financial year are £25.971m (Highways Maintenance Block) and £2.432m (Highways Incentive Funding). This was presented to WYCA as part of the 2017/18 Budget Report at February 2017 meeting, at which stage the Indicative Capital Programme was approved.
- 5.2.2. WYCA is now asked to approve £25.971m funding for the Highways Maintenance Block and £2.432m for the Highways Incentive Funding, which will both be funded from the DfT's allocation to WYCA.

## **6. Financial Implications**

- 6.1. The following schemes will be funded from the WY+TF:
- Knottingley Rail Station P&R
  - Rail Park and Ride Phase 2

- Elland Station (Calder Valley Line)
- Corridor Improvement Programme
- Bradford Forster Square Station Gateway

6.2. The development works of the Leeds Public Transport Investment Programme and the Leeds Bradford Airport Station project will be funded from the Leeds Public Transport Investment Programme funding.

6.3. The ULEV Taxi Scheme will be funded through the OLEV grant and LTP IP3 funding.

6.4. Tackling Fuel Poverty Phase 4 Scheme will be funded from the Local Growth Fund.

6.5. Highways Maintenance Block and Highways Incentive Funding will be funded from the DfT's allocation to WYCA.

## **7. Legal Implications**

7.1. The payment of any funding received through the Local Growth Deal, WY+TF or the Leeds Public Transport Investment Programme to any partner will be subject to a funding agreement being in place between the WYCA and the partner in question.

## **8. Staffing Implications**

8.1. None arising from this report.

## **9. Recommendations**

9.1. Leeds Public Transport Investment Programme and (LPTIP) - Decision Point 2 (Case Paper).

9.1.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Leeds Public Transport Investment Programme proceeds through Decision Point 2 and the work commences on Activity 3: OBC on each of the project's identified work streams within the programme.
- ii) That an indicative approval to the total programme value of £183.266m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5.
- iii) That approval is given to WYCA's contribution of £0.966m. This will be funded from the remainder of the WYCA funding, which had previously been approved for use on the NGT Project.
- iv) That development costs of £15.310m from the DfT's £173.500m contribution for the development of the programme is approved, and that WYCA enter

into a Funding Agreement with Leeds City Council for expenditure of up to £11.535m.

- v) That individual schemes within the programme are brought forward through the Assurance Process along their own Assurance Pathway.
- vi) That the Assurance Pathway, Approval Route and Approval Tolerance for the Programme are approved.

## 9.2. Leeds Bradford Airport Station - Decision Point 2 (Case Paper).

9.2.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) The Leeds Bradford Airport Rail Station Scheme proceeds through Decision Point 2 and commences work on Activity 3 (Outline Business Case).
- ii) An indicative approval to the total programme value of £25.0m is given, with ultimate approval to spend being granted only once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) Development costs of £0.50m from the Leeds Public Transport Investment Programme for the development of the scheme is approved.
- iv) The future approvals at Decision Point 3 & Decision Point 4 (Full Business Case) are made through a delegation to WYCA's Managing Director, with the scheme returning to Investment Committee and WYCA at Decision Point 5.

## 9.3. ULEV Taxi Scheme - Decision Point 2 (Case Paper).

9.3.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the ULEV Taxi Scheme proceeds through Decision Point 2 and the work commences on Activity 5: (FBC with Finalised Costs).
- ii) That an indicative approval to the total project value of £3.180m is given, with ultimate approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (FBC with Finalised Costs).
- iii) That development costs of £25,000 are approved in order to progress the scheme to Decision Point 5 (FBC with finalised costs) from the OLEV grant.
- iv) That the future approvals at Decision Point 5 are made through a delegation to WYCA's Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

9.4. Knottingley Rail Station P&R - Decision Point 2 (Case Paper).

9.4.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Knottingley Rail Station Park and Ride project proceeds through Decision Point 2 and the work commences on Activity 4 (Full Business Case).
- ii) That an indicative approval to the total project value of £1.78m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That development costs of £474,259 to be funded from the WY+TF are approved in order to progress the scheme to Decision Point 4.
- iv) That the future approvals at Decision Point 4 are made through a delegation to WYCA's Managing Director following consideration and recommendation by Investment Committee. Approval at Decision Point 5 will be made through the delegation to WYCA's Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

9.5. Rail Park and Ride Phase 2 - Decision Point 2 (Case Paper).

9.5.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Rail Park and Ride Phase 2 programme proceeds through Decision Point 2 and the work commences by the individual schemes on Activity 4 (Full Business Case).
- ii) That an indicative approval to the total programme value of £12.5m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs). This will be funded through WY+TF funds re-profiled from Phase 1 of Rail Park and Ride.
- iii) That development costs of £477,100 are approved in order to progress the schemes to Decision Point 4.
- iv) That the individual schemes return to Investment Committee and WYCA for approval at Decision Point 4 (Full Business Case) where the proposed Approval Route for Decision Point 5 through a delegation to WYCA's Managing Director will be confirmed. This Approval Route will be subject to the schemes remaining within the tolerances outlined above.

9.6. Elland Station (Calder Valley Line) - Decision Point 2 (Case Paper).

9.6.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Elland Station Package scheme should replace the Calder Valley Line Enhancement scheme within the WY+TF.
- ii) That the Elland Station project proceeds through Decision Point 2 and the work commences on Activity 3 (Outline Business Case).
- iii) That an indicative approval to the total project value of £22.036m is given, with ultimate approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iv) That development costs of £884,748 are approved in order to progress the scheme to Decision Point 3, and that WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £834,748 to be funded from the WY+TF. The remaining £50,000 will be funded directly by Calderdale Council.
- v) That the future approvals at Decision Point 3 and Decision Point 5 are made through a delegation to WYCA's Managing Director. This Approval Route will be subject to the scheme remaining within the tolerances outlined above. The scheme will return to Investment Committee and WYCA at Decision Point 4 (Full Business Case).

9.7. LCR Flood Alleviation for Growth Programme - Decision Point 2 (Case Paper).

9.7.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Leeds City Region Flood Alleviation for Growth Programme proceeds through Decision Point 2 and the work by the individual schemes commences on Activity 3 (Outline Business Case).
- ii) That an indicative approval to WYCA's remaining £12.2m contribution to the total programme value of £77m is given, with ultimate approval to spend being granted once the schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That the individual schemes will return to Investment Committee for consideration and WYCA for approval at Decision Point 3 (Outline Business Case) or Decision Point 4 (Full Business Case), based on the level of detail produced by the Environment Agency business case process. At this stage individual assurance pathways and Approval Routes will be set for each scheme.

9.8. Corridor Improvement Programme - Decision Point 2 (Case Paper).

9.8.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Corridor Improvement Programme, Phase 1 proceeds through Decision Point 2 and the work commences on the 13 individual schemes on Activity 3 (Outline Business Case).
- ii) That an indicative approval to the Phase 1 programme value of £67.8m is given, with ultimate approval to spend being granted once the individual schemes have progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That development costs of £4,482,500 are approved in order to progress the 13 individual schemes in Phase 1 to Decision Point 3 (Outline Business Case) to be funded from the WT+TF. This will include £0.408m of WYCA Programme Management costs. That WYCA enter into a Funding Agreement:
  - o with Bradford for expenditure of up to £1.245m;
  - o with Calderdale for expenditure of up to £0.430m;
  - o with Kirklees for expenditure of up to £0.800m;
  - o with Leeds for expenditure of up to £1.525; and
  - o with Wakefield for expenditure of up to £0.075.
- i) That the individual schemes will return to Investment Committee (for recommendation) and WYCA (for approval) at Decision Point 3 (Outline Business Case). As part of this approval, individual assurance pathways and Approval Routes will be set for each scheme.

9.9. Strategic Inward Investment Fund - Decision Point 2 (Case Paper).

9.9.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Leeds City Region Strategic Inward Investment Fund proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) That an indicative approval to the total scheme value of £12.45m Strategic Inward Investment Fund is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That the future approvals at Decision Point 5 are made through a delegation to WYCA's Managing Director following consideration and a recommendation

by Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

9.10. Digital Sector Soft Landing Scheme - Decision Point 2 (Case Paper).

9.10.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Digital Sector Soft Landing Scheme proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) That an indicative approval to the total scheme value of £1m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That the future approval at Decision Point 5 is made through a delegation to WYCA's Managing Director following consideration and a recommendation by Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

9.11. Business Growth Programme - Decision Point 2 (Case Paper).

9.11.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Business Growth Programme proceeds through Decision Point 2 and the work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) That an indicative approval to the total scheme value of £9m is given, with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That the future approval at Decision Point 5 is made through a delegation to WYCA's Managing Director following consideration and a recommendation by Investment Committee. This Approval Route will be subject to the scheme remaining within the tolerances outlined above.

9.12. Bradford Forster Square Station Gateway - Decision Point 3(Outline Business Case).

9.12.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Bradford Forster Square Station Gateway project proceeds through Decision Point 3 and the work commences on Activity 4 (Full Business Case).



- ii) That an indicative approval to the total project value of £17.311m is given (which includes a £17.061m contribution for WY+TF), with ultimate approval to spend being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That development costs of £3,671,314 to be funded from the WY+TF are approved in order to progress the scheme to Decision Point 4 (Full Business Case). That WYCA issues an addendum to the existing Funding Agreement with Bradford Council for expenditure of up to £3,671,314.
- iv) That the scheme will return to Investment Committee (for recommendation) and WYCA (for approval) at Decision Point 4, with the intention that approval at Decision Point 5 (Full Business Case with Finalised costs) will be made through the delegation to WYCA's Managing Director, subject to the scheme remaining within the tolerances confirmed at Decision Point 4.

9.13. LEP Loan - Gateway 45 - Decision Point 4 (Full Business Case).

9.13.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Gateway 45 loan proceeds through Decision Point 4 and the work commences on Activity 5 (Full Business Case with Finalised costs).
- ii) That an indicative approval to the total loan value of £3.3m is given, with ultimate approval to the loan being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That Leeds City Council are instructed that the current charge held as security for the earlier £3m LEP loan is released and imposed solely on part of the site.
- iv) That the approval of the loan agreement at Decision Point 5 is made through the delegation to WYCA's Managing Director, subject to the scheme remaining within the tolerances set out above.

9.14. LEP Loan – Fresh Pastures - Decision Point 4 (Full Business Case).

9.14.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) That the Fresh Pastures loan proceeds through Decision Point 4 and the work commences on Activity 5 (Full Business Case with Finalised costs).

- ii) That an indicative approval to the total loan value of £0.8m is given, with ultimate approval to the loan being granted once the project has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- iii) That the approval of the loan agreement at Decision 5 is made through the delegation to WYCA's Managing Director, subject to the scheme remaining within the tolerances set out above.

9.15. Tackling Fuel Poverty Phase 4 - Decision Point 5 (Full Business Case with Finalised Costs).

9.15.1. Following its meeting on the 16th June, Investment Committee has made the following recommendations to WYCA:

- i) The approval of the reduction of LGF investment of Phase 1 of the Tackling Fuel Poverty Programme from £2,857,177 to £2,709,000, due to the withdrawal of the Calderdale Almshouse scheme.
- ii) The approval of Phase 4 of the Tackling Fuel Poverty Programme for delivery in targeted areas of Calderdale and Kirklees to progress from Activity 5 (FBC with Finalised Costs) to Activity 6 (Delivery). The reduction of Phase 1, together with the inclusion of Phase 4 projects, brings the total LGF investment in the Tackling Fuel Poverty Programme to £6m. This is in line with the indicative budget noted in the report to November 2016 Investment Committee.
- iii) The approval of WYCA funding of £1,007,800 and that WYCA enters into a Funding Agreement with Kirklees for expenditure of up to £500,000 and with Calderdale for expenditure of up to £507,800, and that WYCA authorise delegation to the Managing Director to finalise the agreements.

9.16. Better Homes Activity 6 (Delivery) – Change Request.

9.16.1. Following its meeting on the 16th June, Investment Committee has recommended to WYCA that WYCA approves the exception that Year 1-3 baseline targets in respect of the following KPIs for the Better Homes programme:

- i) Target number of homes improved revised from 12,000 to 3,580
- ii) Suspension of marketing and assessment targets
- iii) Revise target apprenticeships created, to apprenticeships supported
- iv) That the Better Homes Yorkshire KPIs are updated in accordance with Schedule 11 of the Framework Agreement.

9.17. Wakefield Civic Quarter - Activity 6 (Delivery) – Change Request.

9.17.1. Following its meeting on the 16th June, Investment Committee has recommended that WYCA approves the following exception:

- i) That a condition of the approved £1.1m grant for the Wakefield Civic Quarter project is that it is repaid (to a maximum amount of £1,1m) from a 50:50 share of any disposal proceeds. If the disposal involves a complex funding package and a lesser share is proposed, a further exception report will be prepared for the Investment Committee.

9.18. Highways Maintenance Block and Highways Incentive Funding

9.18.1. WYCA is asked to approve expenditure to the Districts of £25.971m for the Highways Maintenance Block and £2.432m for the Highways Incentive Funding, which will both be funded from the DfT's allocation to WYCA.

## **10. Background Documents**

10.1. None.