Report to:	West Yorkshire and York Investment Committee
Date:	11 October 2018
Subject:	**Capital Spending and Project Approvals**
Director:	Melanie Corcoran, Director of Delivery
Author(s):	Craig Taylor / Cath Pinn

1 Purpose of this report

1.1 To put forward proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects, including West Yorkshire plus Transport Fund (Transport Fund) and Growth Deal, for consideration by the Combined Authority's assurance process.

1.2 This report presents proposals for the progression of five schemes, which have been recommended for approval by the West Yorkshire and York Investment Committee, and considered in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £37.821 million when fully approved, of which £20.766 million will be funded by the Combined Authority. A total expenditure recommendation to the value of £970,000 is sought as part of this report for the development and delivery of these schemes. Further details on the schemes summarised below can be found as part of this report.

Scheme	Scheme description	Decision sought
Warm Homes Fund round 2a West Yorkshire and York	A scheme which is part of a wider programme to help households across Leeds City Region lower their fuel bills and keep their homes warm. Phase 2a will enable more homes to benefit from modern gas central heating. The scheme is funded by the National Grid Warm Homes Fund National Grid benchmark against average grant/system installed for their contribution and the	Approval to proceed through decision point 2 and work commences on activity 5 (full business case with finalised costs) subject to external funding being secured Total value - £4.688 million Total value of Combined Authority funding - £3.451 million Funding recommendation sought - £0

	scheme represents good value for money at this stage The scheme's wider social benefits also include health benefits by supporting people to heat their home to stay warm and healthy	
Calderdale multi-modal transport model	A new Multi-Modal Transport Model for Calderdale which will incorporate variable demand, a highways model and public transport models to support the development, appraisal, delivery and evaluation of Calderdale's West Yorkshire plus Transport Fund programme The project is funded from the West Yorkshire plus Transport Fund and Calderdale Council. The scheme represents good value for money at this stage. The scheme's wider health social benefits will lead in the longer term to improving traffic flow and the benefits of cycling and walking.	Approval to proceed through decision point 2 and work commences on activity 5 (full business case with finalised costs) subject to external funding being secured Total value - £629,000 Total value of Combined Authority funding - £389,000 * Funding recommendation sought - £0 * £325,000 is sourced from previously approved development funding from each of the projects in Calderdale's West Yorkshire plus Transport Fund programme and £64,000 from over-programming against the Transport Fund.
Superfast Broadband West Yorkshire and York – Contract 3 West Yorkshire and York	The project will deploy broadband infrastructure across the West Yorkshire and York geography within some of the hardest to reach urban and rural areas, areas not already targeted through a commercial roll out and areas not targeted by the previous phases. The project is funded through: Broadband Delivery UK; the Department for Environment, Food and Rural Affairs; European Structural Investment Funds and West Yorkshire Combined Authority Broadband Contract One Gainshare and Business Rates Pool. The scheme will lead to a gross value added (GVA) over 15 years of around £100 million.	Approval to proceed beyond decision point 2 and work commence on decision point 5 (full business case with finalised costs) subject to required external funding being secured Total value - £16.428 million Total value of Combined Authority funding - £16.428 million Funding recommendation sought - £120,000

Corridor Improvement Programme Phase 1 – A62 Smart Corridor Kirklees	This scheme forms part of Phase 1 of the Corridor Improvement Programme (CIP). The CIP is a programme of low and medium cost highway interventions on strategic highway corridors on the Key Route Network (KRN). The project is funded from the West Yorkshire plus Transport Fund and European Structural Investment Fund. The scheme currently has a high benefits to cost ratio of 37.4:1 which will be refined through further business case development. The scheme's wider social benefits include improving access to employment.	Approval to proceed through decision point 3 and work commences on activity 4 (full business case). Total value - £8.756 million Total value of Combined Authority funding - £7.906 million Funding recommendation sought - £605,000
Glasshoughton southern link road Wakefield	The Glasshoughton southern link road (GSLR) scheme is the provision of a 7.3 meter wide single carriageway road with footways and a segregated cycle route and provide an alternative route around the leisure and retail area and will therefore reduce congestion and increase accessibility. The scheme is funded by the West Yorkshire plus Transport Fund. The value for money for the scheme has been assessed as high The scheme's wider social benefits include providing access to employment.	Approval to proceed through decision point 4 and work commences on activity 5 (full business case with finalised costs). Total value - £7.320 million Total value of Combined Authority funding - £7.320 million Funding recommendation sought - £245,000

1.3 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.

- The scheme's approval tolerances.

1.4 This report provides information required to enable the Combined Authority to approve each of the above elements.

2 Information

2.1 The background information on the Combined Authority's assurance framework through which each of the schemes outlined in this report are being approved is provided in **Appendix 1**. In addition, this appendix also provides a description of the approach for the future assurance approval pathway and the assurance tolerances for each scheme.

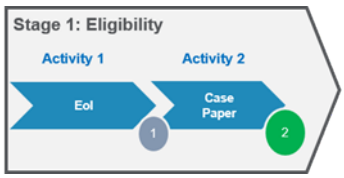
2.2 Five schemes that have been set out in this report have been considered by the Investment Committee on 5 September 2018 and have been recommended for approval. These are summarised as:

Warm Homes Fund round 2a West Yorkshire and York	Decision point 2 (case paper)
Calderdale multi-modal transport model	Decision point 2 (case paper)
Superfast Broadband West Yorkshire and York – Contract 3	Decision point 2 (case paper)
Corridor improvement programme phase 1 – A62 Smart Corridor Kirklees	Decision point 3 (outline business case)
Glasshoughton southern link road - Wakefield	Decision point 4 (full business case)

2.3 In addition, this report seeks expenditure approvals for the Business Growth Programme and Resources Efficiency Fund.

Programmes and projects for consideration

Projects in stage 1: Eligibility



2.4 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 assurance process. At this stage funding may be sought to enable this work to progress.

Project Title	**Warm Homes Fund round 2a**
Stage	1 (Eligibility)
Decision Point	2 (Case paper)

Is this a key decision?	☒ Yes	☐ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes	☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes	☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

2.5 The Warm Homes Fund (WHF) is a £150 million grant fund from National Grid designed to support local authorities, registered social landlords and other organisations working in partnership with them, to address some of the issues affecting fuel poor households.

2.6 The WHF is administered by National Grid's partner organisation Affordable Warmth Solutions across England, Wales and Scotland. The Fund is primarily designed to address some of the issues in fuel poor households who do not use mains gas as their primary heating fuel, by incentivising the installation of affordable heating solutions. It is envisaged that the fund will be used to supplement local strategic plans and other funds available.

2.7 Leeds City Region has an above national average rate of fuel poverty which affects around 156,000 homes. Those in fuel poverty are unable to heat their

home to the temperature needed to stay warm and healthy. As well as being on low incomes many of these households are also faced with the additional burden of relying on heating systems that are expensive to run and/or inadequate for their needs and/or living in a poorly insulated home. Furthermore, because of their circumstances or property type they may not currently be able to benefit from existing mandated schemes. These 156,000 fuel poor households, represent an average fuel poverty rate of 11.5%, compared to 11.4% for England. There is also considerable variation across the Leeds City Region with rates of 7% in Selby to over 18% within some areas in other local authorities. This represents some of the worst in the country. Fuel poverty rates also vary by tenure, such that the rate of fuel poverty in privately rented homes is twice that of owner-occupied homes.

2.8 The Warm Homes Fund incentivises the installation of affordable heating solutions to fuel poor households, whilst the Energy Company Obligation (ECO) is the national initiative intended to reduce fuel poverty rates, primarily through subsidising insulation rather than central heating systems (although there is potentially a small amount of ECO available towards central heating). Standard insulation measures (funded through ECO) are available through Better Homes Yorkshire, however small numbers only will qualify and be eligible for sufficient funds to pay for the works. Recent data from Better Homes Yorkshire shows around 2% of those targeted for standard cavity wall insulation will convert to a fully funded job.

2.9 The Combined Authority has been acting as programme and contract manager for an award of WHF to the city region under a phase 1 application. This phase is in delivery and is expected to see 704 gas central heating systems installed in eligible homes by March 2019. The scale of the city region Warm Homes current programme and bid, has been determined by the capacity to manage and deliver the scheme within the partners, this includes the level of engagement and marketing activities required to identify those who qualify, as well as whether a gas supply is needed at the property. The previous scheme delivery, processes and conversion rates have informed this process.

2.10 National Grid is now receiving applications for additional grant through Phase 2a within the £150 million fund. A request for decision by the Combined Authority's Managing Director was approved in June 2018 to develop a Leeds City Region bid to this phase. This bid is for £3.451 million of WHF funding to continue the programme through two more seasons being 2019/20 and 2020/21, enabling more homes to benefit from modern gas central heating.

2.11 The Combined Authority will act as accountable body for funding provided by the National Grid with the Local Authority partners leading on marketing and driving applications.

2.12 The Local Authority partners involved in the scheme are:

- City of Bradford Metropolitan Borough Council
- Barnsley Metropolitan Borough Council

- Calderdale Metropolitan Borough Council
- Kirklees Council
- Leeds City Council
- North Yorkshire district councils (Craven, Harrogate and Selby)
- Wakefield Metropolitan District Council
- City of York Council

2.13 This phase will have a focus on engagement with the Private Rented Sector, utilising the networks established by the Local Authority Partners. The Local Authority Partners will take the lead in generating applications and deliver the marketing required.

2.14 The scheme will deliver against the vision in the Strategic Economic Plan

"To be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone"

2.15 It specifically supports priority 3 – Clean energy and environmental resilience and priority 4 – Infrastructure for growth.

2.16 As with phase 1 the scheme will be delivered through the well-established Better Homes Yorkshire.

Outputs, benefits and inclusive growth implications

2.17 The outputs and benefits noted are:

- 1045 properties receiving gas central heating systems
- 447 new gas mains connections
- 10 jobs safeguarded

2.18 Additionally but unquantified:

- Compliance with minimum energy efficiency standards required of private sector landlords
- Housing insulation measures where required

2.19 The scheme is to run for two seasons being 2019/20 and 2020/21. All the outputs and benefits noted above will have been delivered by project closure in May 2021.

2.20 There is no national guidance about value for money assessment. National Grid do benchmark against average grant/system installed for their contribution. The benchmark is currently set at £3,200/system nationally and the Leeds City Region phase 2a bid is slightly higher at £3,302/system. However in broad terms the scheme represents good value at this stage.

2.21 Living conditions will improve in those homes which have the new, efficient modern central heating installed. It will help with health conditions caused by cold, damp properties. Health benefits accruing should be recorded as an outcome of the scheme and the method for doing this outlined at activity 5.

2.22 Householders will also benefit from lower heating bills, a Better Homes Yorkshire case study has shown that eligible occupants who receive a new heating system can save over £400 per annum on heating and hot water, raising the energy performance of the property.

2.23 It has been noted that the scheme will deliver carbon savings but this has not been quantified at expression of interest stage. The full business case should outline the levels of savings expected to be achieved.

Risks

2.24 The Combined Authority is acting as accountable body for the Warm Homes Fund grant from National Grid, providing programme and contract management for the Leeds City Region. This means that financial risks to the Combined Authority are minimal. There are contractual and reputational risks associated with non-delivery against a contract with National Grid for the Warm Homes Funding. These are mitigated by continuing with the successful delivery model being used in phase 1 and applying the lessons learned.

2.25 The key risks and mitigating actions for the project itself are:

- Low uptake in the private rented sector – marketing will be through Local Authority partners who will work with stakeholders.
- Contractor pressure to increase prices reducing the number of outputs delivered and value for money of this phase of the scheme – work with Better Homes Yorkshire to ensure the contractor offers price stability.
- Match funding to cover the VAT payable on systems. The partners are actively involved in developing the match funding package. Letters of support from the Local Authority partners will be evidenced at activity 5.
- The Energy Company Obligation (ECO) Scheme has yet to pass through Parliament. If this is not as expected then the match funding required to deliver the contracted outputs will be reduced, and may trigger a request for change to the funder (National Grid). This has been mitigated by conservative estimates of the proportion of properties eligible for ECO and conservative estimate of the rate of funding per property.

2.26 The total forecast cost to deliver the project is £4.688 million, £3.451 million of which will be funded from the Warm Home Fund.

2.27 The Combined Authority will be the accountable body for the £3.451 million grant from National Grid only. The majority of the match funding will be managed through, and secured by, the Better Homes Yorkshire main contractor, Engie.

2.28 In addition to the Warm Homes Fund grant the Local Authority Partners and Social Housing providers are contributing public sector match funding totalling £842,250. This is currently unsecured but all the partners have been involved in developing the bid with Combined Authority officers.

2.29 Private sector match will come forward on a case by case basis as the programme is delivered. This is forecast to total £395,274.

2.30 Combined Authority staff costs will be covered by the scheme. These total £75,842 including 10% for overheads based on a Project Manager two days per week and a Programme Manager 1 day.

Timescales

2.31 The timescales of the project are:

- National Grid Funding Award - November 2018
- Decision point 5 - November 2018
- Grant agreement in place - January 2019
- First referrals, visits and surveys - February 2019
- Begin installations - April 2019
- Scheme completion - May 2021

Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation - Combined Authority's Investment Committee Approval - Combined Authority
Decision point 5 (Full business case with costs)	Recommendation – Combined Authority's Programme Appraisal Team Approval - Combined Authority's Managing Director

Tolerances

Project tolerances
Any cost increase that triggers a contract variation with National Grid will require additional approvals. This is for the £3.451 million for which the Combined Authority will be the accountable body. The timescales should remain within 6 months of the timescales set out in this report.

Project responsibilities

Senior Responsible Officer	David Walmsley, Combined Authority

Project Manager	James Brass, Combined Authority
Combined Authority case officer	Jacquie Boulton

Appraisal summary

2.32 The strategic case for Warm Homes Fund phase 2a has a clear fit with the Leeds City Region Strategic Economic Plan, specifically delivery against priority 3c – energy efficient and empowering customers – reduce fuel poverty and priority 4 – action area A(ii) – improve energy performance of housing to address fuel poverty and health impacts.

2.33 The Combined Authority will act as accountable body, undertaking programme and contract management and as such the scheme represents a low financial risk. The main source of project funding is from National Grid's Warm Homes Fund with match funding contributions from the local authority partners and local authority housing, the energy company obligation scheme (a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty, paid into by the energy companies) and private sector landlords. Approval to make an application to National Grid for the Warm Homes Fund phase 2a was given through an approved Request for Decision to Leadership Team on 29 June 2018.

2.34 The Combined Authority is already successfully delivering a Round 1 through the well-established Better Homes Yorkshire, which has provided lessons learned in the development of the current bid to National Grid. Delivery of phase 1 has demonstrated the demand for the scheme. Phase 2a is to deliver improvements to an additional 1045 homes.

Recommendations

2.35 That the Combined Authority approves that:

(i) The Warm Homes Fund phase 2a proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs)

(ii) That an indicative approval is given to the total project value of £4.688 million and the Combined Authority funding contribution of £3.451 million with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).The remainder will be funded by local authority partners, social housing providers and match with private sector match funding on a case by case basis.

(iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	**Calderdale multi-modal transport model**
Stage	1 (Eligibility)
Decision Point	2 (Case paper)

Is this a key decision?	☐ Yes	☒ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes	☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes	☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

2.36 This scheme is to deliver a new Multi-Modal Transport Model for Calderdale which will assist Calderdale Council to plan for a range of major new transport improvements in the area.

2.37 The model suite will incorporate variable demand, a highways model and public transport models to support the development, appraisal, delivery and evaluation of Calderdale's West Yorkshire plus Transport Fund programme, including:

- A629 Phase 1b, Phase 2 and Phase 4 improvements
- A641 improvements
- Halifax Station Gateway
- Elland Station Access Package (Elland Station scheme is led by the Combined Authority)
- Corridor Improvement Programme: A58 and A646 corridors
- North East Calderdale Transformational Project

2.38 Calderdale Council is currently reliant on using the current Calderdale Strategic Transport Model (CSTM) which is 10 years old. Despite having undergone various updates it has been identified that the model has issues which bring into question its suitability to support the development and appraisal of full business cases for the projects listed above. The CSTM also has observed geographical and modal gaps in data which will be addressed in the new multi-modal model.

2.39 The scope of Calderdale's West Yorkshire plus Transport Fund programme is substantial; it incorporates public transport, highway and active pedestrian and cycling modes and collectively has the potential to drive and deliver more change and improvements to the ways people travel. WebTAG transport modelling sets out 'Logical Tests for Provisional Model Scope'. Test 1 asks 'Do the set of schemes to be appraised relate to only one of the modes; public transport and highway?' If NO, a multi-modal treatment will, in principle, be required.'

2.40 These issues have raised concerns that should there be a Public Inquiry (PI) held for any of the West Yorkshire plus Transport Fund schemes the analytical works (including modelling and appraisal using CSTM) will not stand up to scrutiny and this may lead to the identified problems with existing CSTM giving unfavourable outcomes that scenario.

2.41 The decision was taken to procure a new, multi-modal model and a proportion of development funding allocated to each of the schemes in their West Yorkshire plus Transport Fund programme was identified to cover the costs of delivering the model.

2.42 The competitive procurement process has been undertaken and a preferred supplier has been selected. However, the tenders returned prices in excess of the total amount identified to deliver the type of model required to overcome the issues identified with the existing model. This is discussed in the costs section below.

2.43 As a multi-modal transport model, this project will support the development of transport fund schemes which will deliver outcomes in support of the Leeds City Region (LCR) Strategic Economic Plan (SEP) strategic priorities. Through these schemes this project aligns with the strategic priority 4, Infrastructure for Growth to:

"Maximise the increase in employment productivity and economic growth across West Yorkshire and York (irrespective of boundaries) by the delivery of transport interventions."

2.44 Each of the projects supported by the model will need to demonstrate individual strategic case with alignment to the LCR SEP.

Outputs, benefits and inclusive growth implications

2.45 This project will support the development, delivery and evaluation of Calderdale's West Yorkshire plus Transport Fund programme. It is the delivery of the projects within that programme which will support the delivery of the LCR SEP.

2.46 The main, direct output of this project is the Calderdale Multi-Modal Transport Model.

2.47 As stated previously this will include the following outputs:

- Primary and secondary data collection (highway, public transport, journey times & other)
- New highway and public modelled networks and new zone structure
- Variable demand model (calibrated and realism tested)
- Highway model (calibrated and validated)
- Public transport model (calibrated and validated)
- Development of a model reference case for defined future years
- All associated reporting including: model specification report, data Collection Report, Local Model Validation Report (Highway and PT), variable demand model development report and reference case report

2.48 The multi-modal transport model will be delivered in 2019, over a 15 month contract period.

2.49 The model will deliver value for money through an enhanced level of transport modelling. It should also be noted that Calderdale Council has already been out to the market through a competitive tendering process and this has identified a preferred supplier within their quality/cost ratio. The prices returned can be bench marked against similar models procured by other partner authorities.

2.50 The benefits and implications for inclusive growth will come from successful delivery of the Transport Fund projects supported by use of the model.

Risks

2.51 The key risks for this project are:

- Unable to deliver the model as required due to business case not being strong enough to secure sufficient funding.
- Delays in decision making which mean data collection cannot be undertaken in the autumn 2018 neutral period which will push back delivery of the model.

2.52 To mitigate these risks Calderdale is appointing the preferred supplier now and will utilise existing approval to fund data capture in advance of decision point 5 approval.

2.53 The risk to the Combined Authority is weakened business cases will be submitted for each of the West Yorkshire plus Transport Fund projects dependent on using the model. This could mean projects being delayed in delivery and potentially failing in a public enquiry.

Costs

2.54 The total cost to deliver the project is £629,000.

2.55 This price has been established through competitive procurement.

2.56 The Combined Authority's contribution to the scheme is £389,000. Of this £325,000 is sourced from previously approved development funding from each of the projects in Calderdale's West Yorkshire plus Transport Fund programme and £64,000 from over-programming against the Transport Fund.

2.57 Calderdale is contributing the balance amounting to £240,000.

Timescales

2.58 The timescales of the project are:

- Contract award - June 2018
- Submit full business case - October 2018
- Data collection - October 2018
- Decision point 5 (full business case with costs) - December 2018
- Model completed - May 2019

Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation - Combined Authority's Investment Committee Approval - Combined Authority
Decision point 5 (full business case with costs)	Recommendation – the Combined Authority's Programme Appraisal Team Approval – the Combined Authority's Managing Director

Tolerances

Project tolerances
That Combined Authority costs should remain within 5% of the costs outlined in this report. That timescales should remain within 3 months of the timescales set out in this report. If the failure to deliver the Calderdale Multi-Modal Transport Model as described in the project brief risk occurs further approval for change of scope will required from the Combined Authority

Project responsibilities

Senior Responsible Officer	Steven Lee, Calderdale Council
Project Manager	Sarah Callaghan, Calderdale Council
Combined Authority case officer	Jacquie Boulton

Appraisal summary

2.59 Over all the strategic rationale for the project is strong and it is vital for developing robust business cases for and allow other transport fund projects in Calderdale to progress in a timely manner.

2.60 The project is at an advanced stage of development having already been through a competitive procurement with a preferred supplier identified.

2.61 Management structures are in place and are based on professional project management guidance.

2.62 The economic case at full business case will be strengthened by articulating the indirect outputs and outcomes to be delivered by the transport fund programme, which use of the model is expected to support.

Recommendations

2.63 That the Combined Authority approves that:

(i) The Calderdale Multi-Modal Model project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case with finalised costs.).

(ii) An indicative approval to the West Yorkshire Combined Authority's contribution of £389,000 (which will be funded through £64,000 from the West Yorkshire plus Transport Fund and £325,000 from the other Transport Fund projects which are already approved) is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £629,000.

(iii) Future approvals are made in accordance with the approval pathway and Approval Route outlined in this report including at decision point 5 through a delegation to West Yorkshire Combined Authority's Managing Director following a recommendation by West Yorkshire Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	**Superfast Broadband West Yorkshire and York - Contract 3**
Stage	1 (Eligibility)
Decision Point	2 (Case paper)

Is this a key decision?	☒ Yes	☐ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes	☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes	☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

2.64 The City Region's Strategic Economic Plan (SEP) under Priority 4: Infrastructure for Growth sets out an ambition to achieve 99% superfast broadband 30 Megabits per second (Mbps) connectivity across West Yorkshire by 2018/19. The Superfast West Yorkshire and York Broadband (SWYY) programme is well on the way to meeting this ambition with the first two contracts of the programme on track to deliver up to 98% by 2021.

2.65 The 'Superfast West Yorkshire and York – Contract Three' (SWYY) programme helps to deliver further roll out of fast and reliable superfast broadband at 30 Mbps to homes and businesses.

2.66 The project will deploy broadband infrastructure across the West Yorkshire and York geography within some of the hardest to reach urban and rural areas which have not already been targeted through a commercial roll out of superfast broadband and areas not targeted by the previous phases of the programme.

2.67 It is estimated that up to approximately 41,000 premises (homes and business) are eligible for public sector support to enable superfast broadband connectivity. They are eligible because they currently receive less than 30Mbps download broadband speed; there is no broadband infrastructure supplier in their local area and they are in no commercial plans for infrastructure deployment in the next three years. The 41,000 premises that are eligible for public sector intervention are the last of almost one million total premises in West Yorkshire and York without superfast broadband. This project will connect some of these premises but not all of them. Other project and programmes will be considered alongside the superfast project to connect other areas.

2.68 The delivery phase is scheduled to start around April 2019 and run until March 2022.

Outputs, benefits and inclusive growth implications

2.69 This project focuses on connecting small and medium sized enterprises (SMEs) which is a requirement of government and European funding. As SMEs are connecting neighbouring homes and non SME businesses will also be connected.

2.70 It is estimated that approximately 3,700 small and medium sized enterprises (SMEs) can be connected to superfast broadband services by this project. This has the potential to deliver a gross value added (GVA) over 15 years of around £100 million. The precise number of SMEs connected and other premises will be outlined by the preferred infrastructure supplier following an open procurement exercise. Deployment plans provided by potential suppliers will be considered a Value for Money approach (i.e. which seeks to maximise the number of premises connected). This approach is in line with the funding requirements and ensures our programme can deliver the outputs agreed with government.

Risks

2.71 The key risks for this project are:

- Not building a strong enough business case to secure the grant funding that has been requested from the European Structural Investment Funds (ESIF) and the Department for Environment, Food and Rural Affairs (DEFRA). To mitigate this the project may be scaled back if funding awarded from government is lower than expected.
- The supplier not building sufficient broadband infrastructure within the timescales set by the funding bodies leading to clawback, particularly with regards ESIF (BDUK March 2020, DEFRA December 2020, ESIF March 2021). To mitigate the programme for delivery is clearly planned and the draw down cut off dates are incorporated into the tender documents so that suppliers are fully aware of the drawdown limitations.

Costs

2.72 The forecast cost to deliver the project is £16.428 million as detailed below:

Funding	**Cost £ (Millions)**	**Status**
Business Rate Pool Allocation (Project Development and Procurement Costs)	**0.090**	Secured
Capital		
DEFRA Rural Broadband Initiative Funding Bid	9.912	Decision expected December 2018
ESIF Capital: Funding Bid	2.810	Decision expected October - December 2018
Contract One Gainshare	Up to 1.700	Secured
Broadband Delivery UK (Grant Confirmed)	1.110	Secured
Capital Total	**15.532**	
Revenue		
ESIF Revenue: Funding Bid	0.386	Decision expected October - December 2018
Combined Authority (BET Refund)	0.310	Secured
Business Rate Pool Allocation (ESIF Revenue Match Funding)	0.076	Secured
Business Rate Pool Allocation (Additional Revenue Funding)	0.034	Secured
Revenue Total	**0.806**	
Total	**16.428**	

2.73 The Combined Authority direct contribution to the scheme will use funding that is being held on behalf of the partner authorities through Contract One Gainshare. Contract One Gainshare is an investment fund that has been created due to the success of the Contract One of the superfast broadband programme.

2.74 The BET Refund was previously allocated to Contract 2. Currently work is ongoing to determine whether this is now required for Contract 2. Therefore, approval to reallocate all or part of this funding to Contract 3 is being sought.

2.75 Development costs of £120,000 are requested to complete the full business case with finalised costs.

Timescales

2.76 The timescales of the project are that the full business case with finalised costs will be brought forward in January 2019, and then the project will be delivered through 2019 until April 2022.

Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation – Investment Committee Approval – the Combined Authority
Decision point 5 (full business case with finalised costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director

Tolerances

Project tolerances
That the total project costs remain at or below the costs outlined in this report. That the DEFRA and/or ESIF contributions should not reduce by more than 25%. That the project delivery timescale remains within 12 months of the timescales identified within this report.

Project responsibilities

Senior Responsible Officer	Kate Thompson, Combined Authority	
Project Manager	John Bullivent, Combined Authority	
Combined Authority case officer	Ben Manuja	

Appraisal summary

2.77 The project has a clear fit with Priority 4 in the SEP to support employment and quality environments. It is part of a programme of broadband delivery projects which have had considerable success in delivering benefits to the City Region. There is clear evidence that increasing internet speeds improves the sustainability of local businesses and allows expansion and increased employment. The Combined Authority partners have good knowledge and experience of delivering this type of scheme and has well established suppliers, so is confident in delivering the project competently within budget and timescale.

Recommendations

2.78 That the Combined Authority approves that:

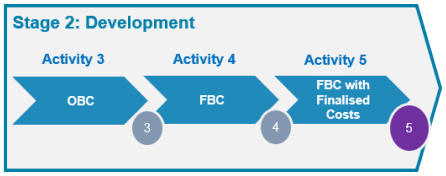
(i) The superfast broadband contract 3 project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case with finalised costs).

(ii) An indicative approval to the total project value of £16.428 million from the funding sources outlined in this report for which the Combined Authority is the accountable body is given, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

(iii) Approval to reallocate all or part of the BET refund funding from contract 2 to contract 3 as actioned at decision point 5 full business case with costs.

(iv) Development costs of £120,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs).

Projects in Stage 2: Development



2.79 Projects at Development stage should demonstrate that they have tested the feasibility of a solution through their business case. This business case should then be developed in order to confirm and detail the preferred solution including finalising its cost.

Project Title	**Corridor Improvement Programme - A62 Smart corridor**
Stage	2 (Development)
Decision Point	3 (Outline business case)

Is this a key decision?	☒ Yes	☐ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes	☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes	☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Corridor Improvement Programme Summary

2.80 The Corridor Improvement programme is a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth. 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.

2.81 The creation of a West Yorkshire Key Route Network (WYKRN) is designed to facilitate economic growth and job creation by delivering reliable journey times for all modes across the core road network in West Yorkshire, regardless of authority boundaries. Improved reliability of the WYKRN will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods. Such improvements will help to attract investment and facilitate housing growth across the City Region.

2.82 It is intended that the Corridor Improvement Programme will be fully reviewed over the next 6 months and, if required, a change request approval sought to update the total forecast cost for Phase 1 schemes.

Background

2.83 This scheme forms part of Phase 1 of the Corridor Improvement Programme (CIP). The CIP is a programme of low and medium cost highway interventions on strategic highway corridors on the Key Route Network (KRN). CIP aims to deliver benefits for all road users with an emphasis on reducing journey times, in order to improve connectivity and accessibility to economic growth sites, including those located in spatial policy areas. 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.

2.84 The Corridor Improvement Programme will be delivered in three phases. The total forecast cost of the programme is £130.3 million, £125 million of which will be funded from the Combined Authority's West Yorkshire plus Transport Fund.

2.85 The Corridor Improvement Programme received decision point 2 approval (case paper) from the Combined Authority on the 29th June 2017 for the programme as a whole, as part of this approval it was agreed that the 13 projects within the programme would be progressed on an individual basis to outline business case. At decision point 2, a total forecast cost for phase 1 of the programme received an indicative approval of £67.8 million.

2.86 The A62 Smart Corridor project is part of Phase 1 of the Corridor Improvement Programme. At decision point 2 this scheme had an indicative allocation of £7.5 million.

2.87 The preferred option for the A62 Smart Corridor Phase 1 (ASCP) scheme, which is being promoted by Kirklees Council, starts at the junction of Huddersfield Ring Road / Southgate / Northumberland Street and ends at the junction of A62 / Old Fieldhouse Lane; a corridor length of approximately 2.0km.

2.88 There has been a change of scope since the approval of the case paper (decision point 2) in June 2017. The change in scope is detailed below.

Option 1: Original scope - A62 Smart Corridor Phase 1 (as defined in Expression of Interest (EoI) plus green infrastructure)

2.89 This scheme includes works to Northumberland Street Junction; new signal controlled junction, the reallocation of road space and segregated cycle provision. The removal of the Gasworks Street gyratory and replacing with a signal controlled junction and improvements to the Thistle Street junction plus the inclusion of green infrastructure. This scheme has a corridor length of 0.936km.

2.90 Total scheme costs if this scheme progresses would be £8.060 million. An application has been submitted for European Structural and Investment Funds

(ESIF) funding of £850,000, meaning the amount requested from the Combined Authority for this scheme would be £7.210 million (£290,000 less than the agreed budget at decision point 2).

Option 2: Extended scope - A62 Smart Corridor Phase 1 (preferred option)

2.91 This option includes the same elements from the original scope scheme above and also includes on road cycle provision, enhanced bus stop improvements and the inclusion of green infrastructure along any extended length or road corridor. This option also provides segregated cycle provision at Northumberland Street junction, including crossing facilities, enhanced "green" areas, widened footways and improved areas for public realm. The route also includes the reallocation of road space by amending lane widths to provide cycle lane facilities for a corridor length of 2km and also includes enhanced bus stop provision. This option is able to offer larger benefits to achieving the strategic ambitions of the Leeds City Region's Strategic Economic Plan, the Transport Strategy and the Council's draft Local Plan. The costs and relatively low risks to deliverability present this as a strong option, and therefore this option is presented as the preferred scheme.

2.92 Total scheme costs of the preferred option are £8.756 million. An application has been submitted for ESIF funding of £850,000, meaning the amount being requested from the Combined Authority for this scheme is £7.906 million, an increase of £696,289 Option 1 (original scope) (£406,000 more than the agreed allocation at decision point 2).

2.93 An option assessment against the Strategic Economic Plan (SEP) objectives and the critical success factors was completed and the 'Do All' scheme scored highest on both assessments. Whilst the Option 1 (original scope) scheme may be the most cost effective option, it is only able to partially deliver incremental benefits to meet the objectives of the Leeds City Region Strategic Economic Plan, the Transport Strategy and draft Local Plan (DLP), which is why the recommendation to proceed with the Option 2 scheme was approved at the Combined Authority's Programme Appraisal Team.

2.94 A scheme location map is included in **Appendix 2**.

Outputs, benefits and inclusive growth implications

2.95 The key benefits associated with this scheme are:

- To ease congestion issues which are a lead cause of slow peak period journey times, an inefficient highway network and air quality issues
- To improve access to existing and proposed employment sites and the strategic and primary route network
- To improve the safety of the A62 road corridor, alongside improving the detrimental environmental issues
- To enhance the accessibility of potential housing growth allocations in the draft local plan

- To support the housing and employment allocations through a sustainable transport network
- To support a more sustainable transport network and modal shift from the private car

2.96 The project is aiming to complete construction by July 2020, with benefits realised by February 2021.

2.97 The scheme currently has a high benefits to cost ratio of 37.4:1 for a length of over 2km. The preferred option delivers a high level of benefits for the A62 Smart Corridor, and meets the objectives of the Leeds City Region Strategic Economic Plan the Transport Strategy and draft Local Plan. This scenario will ease congestion, unlock the potential development sites and deliver significant improvements for alternative modes of transport. Although the benefits to cost ratio is expected to significantly reduce during the full business case development stage as modelling works become more refined, it will still be expected to represent good value for money at decision point 5.

2.98 There are also expected to be wider social benefits with the scheme, including an increase in active modes and improved general fitness levels. The scheme also has the potential to have a two-fold beneficial impact on Air Quality – firstly the reduction in congestion and improvements to journey reliability would reduce the frequent stopping, idling and acceleration that generate the highest levels of emissions. Secondly, the provision of the green infrastructure and landscaping features will also help with natural air cooling, collecting nitrogen oxides and the absorption of carbon dioxide.

Risks

2.99 A risk register and risk management strategy have been completed for the scheme.

2.100 The key risks are outlined below along with the mitigation are::

- £850,000 ESIF funding not received. Mitigation – complete value engineering to reduce scheme costs or seek alternative funding from other sources
- Loss of stakeholder support. Mitigation - Ensure robust support and communication plans. Early involvement, active liaison groups
- Unable to claim against part 1 claims if outline business case not strong enough to be approved. Mitigation – to be monitored
- Scheme does not fulfil the objectives of the business case. Mitigation – Robust monitoring and evaluation plan to be put in place and monitored

Costs

2.101 The total scheme costs are £8.756 million. An application has been submitted for ESIF funding of £850,000, meaning the amount being requested from the Combined Authority West Yorkshire plus Transport Fund is £7.906 million, an increase of £696,000 over the Option 1 (original scope) option, and an increase of £406,000 over the amount requested at decision point 2 (i.e. £7.5million). The reasons for this variation, as mentioned above, is due to the increase in scope of the project.

2.102 Phase 1 of the Corridor Improvement Programme received a total development cost approval of £4.483 million, of which £250,000 was allocated for the development of this scheme. The additional amount required to take the scheme to decision point 5 (full business case with finalised costs) is £605,000, bringing the total development funding to £855,000.This equates to 10% of the total scheme costs.

2.103 The Combined Authority will be required to issue an addendum to the existing funding agreement with Kirklees Council for expenditure of up to £605,000 from the West Yorkshire plus Transport Fund taking the total approval to £855,000. This development funding is required for full business case development, design development, invitation to tender and evaluation of tenders for construction.

2.104 The approval of the increase in the indicative allocation for the full scheme costs by an additional £406,000, from £7.500 million to £7.906 million, is required to complete the preferred, Option 2 (extended scope scheme) scheme put forward by Kirklees Council. It is considered that this increase in scheme costs is affordable through a mix of over-programming of Phase 1 and also from the wider Phase 2 and 3 forecast programme costs. It is intended that the Corridor Improvement Programme will be fully reviewed over the next 6 months and, if required, a change request approval sought to update the total forecast cost for phase 1 schemes.

Timescales

2.105 The timescales of the project are:

- Forecast full business case (decision point 4) approval - May 2019
- Forecast full business case plus costs (decision point 5) approval - May 2019
- Start of construction - July 2019
- End of construction - July 2020
- Forecast decision point 6 approval - July 2020

Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 4 Full business case	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director
Decision point 5 Full business case with finalised costs	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

Tolerances

Project tolerances
That Combined Authority costs should remain within the revised approval of the costs set out in this report
That the scheme does not receive ESIF funding
The timescales should remain within 3 months of the timescales set out in this report

Project responsibilities

Senior Responsible Officer	Melanie Corcoran, Combined Authority
Project Manager	Tracey Brewer, Kirklees Council
Combined Authority case officer	Laura Greenan

Appraisal summary

2.106 The A62 Scheme is a key element of the strategy to provide the Huddersfield area with the infrastructure it needs to support growth. It will enable the local road network to operate efficiently by reducing congestion, improving journey times and providing capacity for growth. The scheme has a clear strategic fit to the Strategic Economic Plan and also identifies strategic fit to the Transport Strategy and the West Yorkshire Local Transport Plan 3 (LTP3).

2.107 There is evidenced demand for the scheme and if work is not completed it could result in possible constraint of potential development sites allocated in the draft Local Plan and employment opportunities will also not be accessible to local residents of the surrounding deprived areas. Procurement routes have been defined and a project team identified to manage the work.

2.108 £8.756 million is the total project costs for the preferred option, 90% of which is to be funded through the West Yorkshire plus Transport Fund and 10% through European Social Investment Fund (ESIF) funding, yet to be secured. This has been highlighted as a key risk to the Combined Authority.

Recommendations

2.109 That the Combined Authority approves that:

(i) The A62 Smart Corridor Phase 1 project proceeds through decision point 3 and work commences on activity 4 (full business case).

(ii) An indicative approval is given to the total project value of £8.756 million and the Combined Authority contribution (from the West Yorkshire plus Transport Fund) of £7.906 million (£406,000 increase from approved expression of interest scheme total) with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The remainder will be funded by £850,000 of ESIF funding yet to be confirmed.

(iii) That development costs of £605,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs), and that the Combined Authority issue an addendum to the existing funding agreement with Kirklees Council for expenditure of up to £605,000 from the West Yorkshire plus Transport Fund taking the total approval to £855,000.

(iv) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	**Glasshoughton southern link road**
Stage	2 (Development)
Decision Point	4 (Full business case)

Is this a key decision?	☒ Yes	☐ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes	☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes	☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

2.110 The Glasshoughton southern link road (GSLR) scheme is primarily the provision of a 7.3 metre wide single carriageway road with footways and a segregated cycle route which extends from the existing Whistler Drive and links into the Coalfields link road at the Flass Lane/Cutsyke Road/Premier Way roundabout. The scheme will open up substantial job creation opportunities by providing direct access to employers. The road acts as a link between the existing Whistler Drive and Flass Lane for business, leisure and commuter traffic and M62 (east) whilst also supporting housing and employment growth in the Glasshoughton strategic investment corridor. The route will provide an alternative route around the Glasshoughton leisure and retail area and will therefore reduce congestion and increase accessibility. Providing additional highway capacity will improve conditions for bus services, pedestrians and cyclists and open up further opportunities to provide complementary sustainable transport measures.

2.111 The scheme will enable Wakefield Council, as project promoter, to fulfil its own growth ambitions which strengthen and support the principles of the West Yorkshire-plus Transport Fund and the strategic pillars of the Leeds City Region (LCR) Strategic Economic Plan (SEP).

2.112 The scheme was assessed at Gateway 1 (equivalent to decision point 3, outline business case) and a recommendation was made by Investment Committee to progress the scheme on 20 December 2016.

2.113 A scheme location map, is included in **Appendix 3**.

Outputs, benefits and inclusive growth implications

2.114 The key benefits of the scheme are to:

- Ease congestion issues which are a lead cause of slow peak journeys and an inefficient highway network
- Improve the safety of the arterial network into Glasshoughton and Castleford alongside improving the detrimental environmental issues
- Enhance the accessibility of potential housing growth allocated in the local development framework and across the Leeds City Region
- Improve access to existing employment sites and the strategic and primary route network
- Support the housing allocations in Glasshoughton through a sustainable transport network

Risks

2.115 The scheme is relatively well developed and Wakefield has significant experience in delivering this type of scheme so the risks associated with delivery and the risks to the Combined Authority are low. The key construction risks are:

- Traffic management and safety of road users - night time working may be required during some construction phases;
- Drainage design - flood storage mitigation is required;
- Land stability and unknown ground conditions - site has been subject to extensive borehole, coring and further geotechnical surveys maybe required;
- Archaeology - whilst much of the site has already been worked (and the remains of a roman road found), some areas remain relatively untouched. Following discussions with the West Yorkshire Archaeology Services (WYAS) a watching brief has been advised during construction. However, as the works lie in an area that has previously had nationally important archaeological discoveries, substantial risk allowance has been made at this stage;
- Environmental issues, including the presence of protected species that may require mitigation. Discussions with West Yorkshire Ecology Services (WYES) have resulted in a number of surveys being carried out and whilst there are no protected species, mitigation works / enhanced habitats have been incorporated into the scheme design;
- Buried utilities - may need relocating;
- Land acquisition – land has been dedicated by Waystone and Harworth Estates, the landowning company in the scheme area, for the road corridor and land secured under licence for its construction.

Costs

2.116 The current estimated total cost to deliver the project is £7.320 million. This is an increase on the total cost estimated at decision point 3 (outline business case) Gateway 1, which was £6.388 million (excluding optimism bias).

2.117 When original work to plan the scheme was undertaken it was not clear how optimism bias was accounted for and an assumption was made that it was included in the approval. Reviewing the scheme has led to contingency within project costs now being incorporated which will cover elements now needing to be managed including drainage mitigation, ecological improvements and changes to the embankment to incorporate a crossing. The Combined Authority contribution is 100% of the scheme costs.

2.118 Previous development costs total £733,000 and an additional £245,000 is requested to progress the scheme to decision point 5 (full business case with finalised costs). These development costs will be used for legal and land costs, Wakefield Council staff costs and external design fees. The total development costs are therefore £978,000 which represent 13% of the total cost to deliver the project.

2.119 The Combined Authority will need to enter into an addendum to the existing funding agreement with Wakefield Council for additional expenditure of up to £245,000 from the West Yorkshire-plus Transport Fund. This takes the total funding agreement amount to £978,000.

Timescales

2.120 Forecasted full approval (decision point 5, full business case with finalised costs) is anticipated in October 2018.

2.121 Construction is expected to commence in January 2019 and the scheme is expected to be completed in December 2019.

Assurance pathway and approval route

Assurance pathway	Approval route
Decision point 4 Full business case	Recommendation: Investment Committee Decision: Combined Authority
Decision point 5 Full business case with finalised costs	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director

Tolerances

Project tolerances
That costs should remain within the total project cost set out in this report. The timescales should remain within 3 months of the timescales set out in this report.

Project responsibilities

Senior Responsible Officer	Brian Thomas, Wakefield Council
Project Manager	Tracey Brewer, WYG group (consultancy commissioned by Wakefield Council)
Combined Authority case officer	Matthew Page

Appraisal summary

2.122 This is a relatively straightforward road scheme which will provide access to an employment growth development area and enhanced cycling provision. There are no significant issues with the business case.

Recommendations

2.123 That the Combined Authority approves that:

(i) The Glasshoughton Southern Link Road project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).

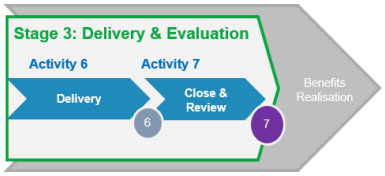
(ii) An indicative approval to the total project value of £7.320 million is given from the West Yorkshire-plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

(iii) Development costs of £245,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs), taking the total project approval to £978,000.

(iv) The Combined Authority enters into an addendum to the existing funding agreement with Wakefield Council for additional expenditure of up to £245,000 from the West Yorkshire plus Transport Fund. This takes the total funding agreement amount to £978,000.

(v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team.

Projects in Stage 3: Delivery and evaluation



2.124 There are no schemes in stage 3 to present in this report.

Additional Approvals

Business Growth Programme

2.125 The Business Growth Programme provides grants to businesses for capital investment including fit-out and refurbishment of buildings, plant, machinery and equipment, creating permanent jobs in the City Region. The programme originally commenced using Regional Growth Funding in February 2013 and is now funded through the Growth Deal. A total of £27 million of Growth Deal funding was allocated to the project, £18 million from Growth Deal round 1 and a further £9 million from Growth Deal round 2. It has emerged that whilst the first Growth Deal 1 allocation was agreed by the Investment Committee at its meeting in June 2015 no formal recommendation was made. Individual annual allocations were then formally agreed through recommendation to the Combined Authority. One of these original annual approvals (£4 million) is outstanding and now requires approval in order to allow full spend on the programme.

2.126 All of the funding has been considered through the formal assurance process relevant at the time.

Recommendation

2.127 That the Combined Authority approve additional expenditure of £4 million for the Business Growth Programme funded through the Local Growth Fund taking the total approval to £27 million.

Resource Efficiency Fund

2.128 The Resource Efficiency Fund has been in operation since early 2017 it provides business support to SMEs located in the Leeds City Region to help identify, fund and implement resource efficiency improvements (eg reduction of energy usage, more efficient use of materials, reduction and recycling of waste). Whilst the Investment Committee considered the project in June 2015 no formal recommendation was recorded approving the expenditure on the project. In order to complete this approval the project has been retrospectively (September 2017) put through the assurance process, it is now brought forward for formal approval having demonstrated a robust business case (attached at **Appendix 4**).

Recommendation

2.129 That the Combined Authority confirms approval of the total scheme costs of £1.984 million for the Resource Efficiency fund comprising £840,000 Local Growth Fund (LGF) and £1.144 million European Regional Development Fund (ERDF).

3 Inclusive Growth Implications

3.1 The inclusive growth implications are outlined in each scheme, see above.

4 Financial Implications

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

5 Legal Implications

5.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

6 Staffing Implications

6.1 A combination of Combined Authority and local partner Council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

7 External Consultees

7.1 Where applicable scheme promoters have been consulted on the content of this report.

8 Recommendations

8.1 Warm Homes fund round 2a

That the Combined Authority approves that:

(i) The Warm Homes Fund phase 2a proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs)

(ii) That an indicative approval is given to the total project value of £4.688 million and the Combined Authority funding contribution of £3.451 million with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).The remainder will be funded by local authority partners, social housing providers and match with private sector match funding on a case by case basis.

(iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5

through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

8.2 Calderdale multi-modal transport model

That the Combined Authority approves that:

(i) The Calderdale Multi-Modal Model project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case with finalised costs.).

(ii) An indicative approval to the West Yorkshire Combined Authority's contribution of £389,000 (which will be funded through £64,000 from the West Yorkshire plus Transport Fund and £325,000 from the other Transport Fund projects which are already approved) is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £629,000.

(iii) Future approvals are made in accordance with the approval pathway and Approval Route outlined in this report including at decision point 5 through a delegation to West Yorkshire Combined Authority's Managing Director following a recommendation by West Yorkshire Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

8.3 Superfast broadband West Yorkshire and York – Contract 3

That the Combined Authority approves that:

(i) The superfast broadband contract 3 project proceeds through decision point 2 (case paper) and work commences on activity 5 (full business case with finalised costs).

(ii) An indicative approval to the total project value of £16.428 million from the funding sources outlined in this report for which the Combined Authority is the accountable body is given, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

(iii) Approval to reallocate all or part of the BET Refund funding from Contract 2 to Contract 3 as actioned at decision point 5 full business case with costs.

(iv) Development costs of £120,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs).

(v) The Combined Authority enter into a Service Level Agreement/Funding agreement if required with Leeds City Council for expenditure up to £120,000 development funding.

(vi) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

8.4 Corridor improvement programme – A62 smart corridor

That the Combined Authority approves that:

(i) The A62 Smart Corridor Phase 1 project proceeds through decision point 3 and work commences on activity 4 (full business case).

(ii) An indicative approval is given to the total project value of £8.756 million and the Combined Authority contribution (from the West Yorkshire plus Transport Fund) of £7.906 million (£406,000 increase from approved expression of interest scheme total) with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The remainder will be funded by £850,000 of ESIF funding yet to be confirmed.

(iii) That development costs of £605,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs), and that the Combined Authority issue an addendum to the existing funding agreement with Kirklees Council for expenditure of up to £605,000 from the West Yorkshire plus Transport Fund taking the total approval to £855,000.

(iv) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

8.5 Glasshoughton southern link road

That the Combined Authority approves that:

(i) The Glasshoughton Southern Link Road project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).

(ii) An indicative approval to the total project value of £7.320 million is given from the West Yorkshire-plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

(iii) Development costs of £245,000 are approved in order to progress the scheme to decision point 5 (full business case with finalised costs), taking the total project approval to £978,000.

(iv) The Combined Authority enters into an addendum to the existing funding agreement with Wakefield Council for additional expenditure of up to £245,000 from the West Yorkshire plus Transport Fund. This takes the total funding agreement amount to £978,000.

(v) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team.

8.6 Business Growth Fund

That the Combined Authority approves that:

(i) That the Combined Authority approve additional expenditure of £4 million for the Business Growth Programme funded through the Local Growth Fund taking the total approval to £27 million.

8.7 Resource Efficiency Fund

That the Combined Authority approves that:

(i) That the Combined Authority confirms approval of the total scheme costs of £1.984 million for the Resource Efficiency fund comprising £840,000 Local Growth Fund (LGF) and £1.144 million European Regional Development Fund (ERDF).

9 Background documents

9.1 Business case summaries for schemes recommended for approval by the Investment Committee are available here:

https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=156&MId=735&Ver=4

10 Appendices

Appendix 1 – Background to the Combined Authority's assurance framework

Appendix 2 - Location map – Corridor improvement programme – A62 smart corridor

Appendix 3 - Location map – Glasshoughton southern link road

Appendix 4 – Business case summary Resource Efficiency Fund