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**Report to:** West Yorkshire and York Investment Committee

**Date:** 12 April 2019

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

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	Para 3

## 1. Purpose of this report

- 1.1 To consider an outline application for SUD, part of the ESIF Programme, and provide advice to the Combined Authority, in its role as the Intermediate Body (IB).

## 2. Information

- 2.1 On 8 March 2017, the Investment Committee considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to West Yorkshire Combined Authority in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 The Committee, in its advisory role, provided advice on the first draft SUD Call at its meeting in June 2017, which was subsequently agreed by the Combined Authority, at the 29 June 2017 meeting, for it to be published July 2017 by the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).
- 2.3 The Combined Authority selected the first round of projects to progress to full application stage following final reconciliation to the available budget by the MHCLG as MA for the funds. This resulted in four out of the five selected

projects asked to progress to full application in February 2018, with one project placed on a reserve list should funds become available. Given the high attrition rate a new Call was published on Friday 8 June 2018 and closed 27 July 2018 by the MA. A further eight applications were received, considered late 2018 and four further applications were selected to progress to full application.

- 2.4 However, despite a good response to the second round call a third round call was published. The Call was not materially changed from that previously approved. The Call grant value was £7m.

### **The Call for SUD outline applications**

- 2.5 The Call was published on 10 January 2019 and closed 22 February 2019 for outline applications. In response to this Call one outline application has been received and which is presented to the Investment Committee (IC). Advice of the IC is sought to support the Combined Authority, acting as the IB for SUD, to inform its decision(s) with regard to project selection.
- 2.6 The assessment of the outline application is attached to this report as **Exempt Appendix 2** together with a covering note (**Exempt Appendix 1**). The IC is requested to consider the content of the outline assessment and the recommended conditions and provide advice to the Combined Authority, in its role as Intermediate Body, for its meeting on 25 April 2019.

### **Selection Process and Assessment Form**

- 2.7 The selection process for SUD, part of the ESIF programme, has been set out in guidance notes issued to the IB by MHCLG, as the MA.
- 2.8 The IB has assessed the outline application for local strategic fit based on the Leeds City Region ESIF SUD Strategy. In considering the strategic fit a qualitative approach has been used to assess the following to come to an overall view:
- Does the proposed operation contribute to the needs/opportunities identified in the Call to which it is responding?
  - Does the proposed operation align to the local growth needs set out in the local ESIF (SUD) Strategy?
- 2.9 In addition the Combined Authority as IB will take into account advice from the IC to support the MA's assessment of:
- 2.9.1 Value for money – the operation must represent value for money. In assessing value for money, the MA takes account of:
- efficiency: the rate/unit costs at which the operation converts inputs to the fund outputs;

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

#### 2.9.2 Deliverability

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

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

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

2.11 Following the IC's advice the IB will finalise its assessment and advice to the MA and make its selection decision. The assessment will then be forwarded to the MA, who will then finalise its assessment (taking account of the advice provided by the IB), and make its selection decision.

#### **Undertaking the Assessment**

2.12 In line with the agreed IB Conflict of Interest Statement and Operating Protocol the outline application has been considered by the Appraisal Team, under the responsibility of the Head of Research and Intelligence from the Combined Authority, who have undertaken their own assessment in line with the criteria outlined above. Their findings are presented to the IC at the meeting. In addition to officers from the Appraisal team the MA will also be in attendance and can respond to questions raised by IC members regarding the assessment as required.

2.13 Only projects that pass both the IB's and the MA's selection criteria will be invited to submit a full application. A failure to meet either the IB's or the MA's selection criteria will result in rejection of the project.

2.14 Having concluded the assessment process the MA will, if it determines the project may proceed, invite the applicant to submit a full application. The MA

will, in the spirit of joint working, meet with the Combined Authority at the conclusion of this reconciliation to clarify its decision.

### **3. Financial Implications**

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

### **4. Legal Implications**

- 4.1 The information contained in Appendices 1 to 2 is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

### **5. Staffing Implications**

- 5.1 There are no staffing implications directly arising from this report.

### **6. External Consultees**

- 6.1 MHCLG have been consulted in their role as Managing Authority in the production of this report.

### **7. Recommendations**

- 7.1 It is recommended that the Investment Committee consider the outline application for SUD, part of the ESIF Programme, and provide advice to the Combined Authority, in its role as Intermediate Body.