
Report to: West Yorkshire Combined Authority

Date: 25 April 2019

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

Director: Angela Taylor, Director of Corporate Services

Author(s): Heather Waddington

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input 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:	Paragraph 3

1. Purpose of this report

- 1.1 That the West Yorkshire Combined Authority (Combined Authority), in its role as the Intermediate Body (IB) for the SUD part of the ESIF programme, approve the advice included in the outline assessment form at Part 3 of Appendix 1 and the respective conditions. The assessment form will be then submitted to the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

2. Information

Republishing of the Call for Projects

- 2.1 On 6 April 2017, the Combined Authority considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to them in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 The Combined Authority, at the 29 June 2017 meeting, agreed for the SUD Call to be published in July 2017 by the Managing Authority (MA), 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.
- 2.5 In response to this third Call one outline application has been received and which is presented to the Combined Authority. The Investment Committee, at its meeting on 12 April 2019, considered and endorsed the advice contained in the outline assessment in order to advise the Combined Authority acting as the Intermediate Body for SUD, to inform its decision with regard to project selection.
- 2.6 The assessment of the outline application is attached to this report as Exempt **Appendix 1** together with a covering note (Exempt **Appendix 2**). The Combined Authority is requested to approve the advice provided in part 3 of this assessment.

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 outline application has been assessed 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 aligns to the local growth needs set out in the local ESIF (SUD) Strategy?
- 2.9 In addition advice has been provided to the MA on:
- 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 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 Combined Authority 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 approval of the Combined Authority's selection decision and advice, the assessment will be finalised and forwarded to the MA, who will then finalise its assessment (taking account of the advice provided by Combined Authority), and make its selection decision.

Undertaking the Assessment

2.12 In line with the agreed West Yorkshire Combined Authority IB Conflict of Interest Statement and Operating Protocol – all outline applications are considered by the Appraisal Team, under the responsibility of the Combined Authority's Head of Research and Intelligence, who has undertaken their own assessment in line with the criteria outlined above.

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

- 2.14 If the total value of projects that pass both the Combined Authority's and the MA's selection criteria does not exceed the budget attached to the Call the MA will invite full applications for these projects.
- 2.15 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. Inclusive Growth Implications

- 3.1 There are no inclusive growth implications directly arising from this report.

4. Financial Implications

- 4.1 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.

5. Legal Implications

- 5.1 The information contained in **Appendices 1 and 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.
- 5.2 The risks of non-compliance with regard to the delegated function of the Combined Authority as an Intermediate Body were previously outlined at the meeting in March 2017.

6. Staffing Implications

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

7. External Consultees

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

8. Recommendations

- 8.1 That the Combined Authority, in its role as the Intermediate Body for the SUD part of the ESIF programme, approve the advice included in the outline assessment form and any respective conditions at Part 3 of Appendix 2.

9. Background Documents

There are no background documents referenced in this report.

10. Appendices

Exempt Appendices 1 - 2