
Report to: West Yorkshire and York Investment Committee

Date: 3 September 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 two outline applications from Round 4 (Havertop Lane and Healthy Streets Shipley) and three full applications (Brighouse Flood Alleviation Scheme, SME Units at South Kirby Business Park and Top of Town Public Realm Improvements) 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 has since selected projects to progress to full application stage. Round 1 resulted in only one project progressing to full application stage, due to a high attrition rate. This project is now contracted.
- 2.4 A Round 2 Call was subsequently republished 8 June 2018 and closed 27 July 2018. The Call was not materially changed from that previously approved. A further eight applications were received and considered in late 2018 with four applications selected to progress to full application. Three of the four full applications are now being presented to the Investment Committee for advice. Advice of the Investment Committee is sought to support the Combined Authority, acting as the IB for SUD, to inform its decision(s) with regard to project selection.
- 2.5 As funding was still available a Round 3 Call was published 10 January 2019, closing 22 February 2019. One outline application was received which was considered by the Combined Authority, as Intermediate Body, in April 2019 and was selected to progress to full application.
- 2.4 Given there was a poor response to the Round 3 Call, a further Round 4 Call was published 8 April 2019 and closed 28 June 2019. Two outline applications were received and are now being presented to the Investment Committee for advice. 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.
- 2.5 Following the two responses received for the Round 4 Call, and given there was still money to be committed locally, a Round 5 Call was published on the 31 July 2019 and is scheduled to close 31 October 2019. The Call value is £6.8 million and is split as follows.
- Priority Axis 3 (Site development) – £3,900,000
 - Priority Axis 5 (Flood mitigation) - £529,111
 - Priority Axis 6 (Green and blue infrastructure) - £2,400,000
- 2.6 The assessments of the three full applications, Round 2, and the two outline applications, Round 4 are attached to this report as **Exempt Appendices 2 - 6** together with a covering note (**Exempt Appendix 1**). The Investment Committee is requested to consider the content of the three full and the two outline assessments and the recommended conditions and provide advice to the Combined Authority, in its role as Intermediate Body, at its meeting on 10 October 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.

Outline applications

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 Investment Committee 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.

2.9.3 Outline assessment forms are designed and owned by MHCLG. The Assessment form is split into five 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).

2.10 Following the Investment Committee's advice, the IB will finalise its assessment and advice to the MA and make its selection decision and forward

the form to the MA, who will then finalise its assessment (taking account of the advice provided by the IB), and make its selection decision.

Full applications

- 2.11 The IB has already assessed the full applications for local strategic fit based on the Leeds City Region ESIF SUD strategy and made its project selection, setting out its advice and any respective conditions for the applicants to consider when developing their full applications.
- 2.12 The Investment Committee is asked to advise the IB on whether the proposals set out at full application continue to appropriately address:
- Local domestic priorities, development needs/growth conditions and opportunities.
 - The contribution and value for money proposed in the context of the operational programme and the local ESIF strategy.
 - Any local issues that need to be taken into account in the development and/or delivery of the projects.
- 2.13 The full assessment form is split into four sections and each completed by either the IB or the MA as follows:
- Part 1, summary project details - completed by MHCLG
 - Part 2, the IB's assessment - completed by the Combined Authority
 - Part 3, the MA's assessment - completed by MHCLG
 - Part 4, selection decision - completed by the Combined Authority (4a) and MHCLG (4b and 4c).
- 2.14 Following the Investment Committee's advice the IB will finalise its assessment and advice to the MA who will make the final decision (taking account of the advice provided by the IB), and enter in to a Funding Agreement with the applicant.
- 2.15 The overall summary of the three full assessments indicates the scoring criteria is considered to be met by all projects. The projects are considered to be sufficiently developed to enable the MA to issue a funding agreement subject to the proposed conditions set out in the assessment being fully met.

Undertaking the assessment

- 2.16 In line with the agreed IB Conflict of Interest Statement and Operating Protocol the applications have 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 Committee 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 members regarding the assessment as required.

- 2.17 With regard to outline applications 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.
- 2.18 Having concluded the outline 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 (€19.95 million) 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 6 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 three full applications, Round 2, and the two outline applications for SUD, part of the ESIF Programme, and provide advice to the Combined Authority, in its role as Intermediate Body.

8. Background Documents

- 8.1 None.

9. Appendices

9.1 Exempt Appendices 1 - 6:

Exempt Appendix 1 - Summary FINAL

Exempt Appendix 2 - Havertop Lane Ph1 OA FINAL

Exempt Appendix 3 - Healthy Streets OA FINAL

Exempt Appendix 4 - SME Units at South Kirkby full appraisal FINAL

Exempt Appendix 5 - Brighthouse CIP full appraisal FINAL

Exempt Appendix 6 - Top of Town full appraisal FINAL