
Report to: West Yorkshire and York Investment Committee

Date: 7th October 2020

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 three outline applications for selection as part of the SUD ESIF Programme, as delegated by 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 Since then the Combined Authority has selected a number of projects to progress over a number of Call rounds – Rounds 1 to 5.
- 2.3 As funding was still available a final Round 6 call was published January 2020 and closed 30 June 2020. The call value was for £5 million (Priority Axis 3: £1m Priority Axis 6: £4m). The three applications received are now presented to the Investment Committee for advice. It is important to note that the level of demand in Priority Axis 3 and 6 significantly exceeds the resource available.

The Investment Committee will need to consider this in providing its advice to the IB in order to prioritise its preferred investment options.

2.4 The assessment of the outline applications are attached to this report as **Exempt Appendices 2 – 4** together with a covering note (**Exempt Appendix 1**). The Committee is requested to consider the content of the outline assessments and the suggested prioritised list, and provide advice with a view to recommending the list of prioritised projects for selection to the Combined Authority at its meeting on 10 November 2020.

2.5 Funding pipeline is as outlined below;

SUD Call Round	PA3 (SME Competitiveness)	PA5 (Climate Change - Flooding)	PA6 (Green / Blue Infrastructure)	Total ERDF sought
2017 - Round 1	£636,065			£636,065
2018 - Round 2	£1,954,380	£3,850,454	£1,575,000	£7,379,834
2019 - Round 3			£670,285	£670,285
2019 - Round 4	£1,867,776		£0	£1,867,776
2019 - Round 5	£2,100,973	£668,839		£2,769,812
2020 – Round 6	£532,630		£6,615,520	£7,148,150
Value of Pipeline	£7,091,824	£4,519,293	£8,860,805	£20,471,922
Total Allocation	£6,360,135	£5,300,564	£6,360,135	£18,020,835
Remaining allocation to Reserve Fund	-£731,689	£781,271	-£2,500,670	-£2,451,087

2.6 Any funding at this point which is not committed to the project pipeline, Rounds 1 to 6, will no longer be ring fenced for SUD. MHCLG is now reviewing the remaining investment options for utilising the remaining unallocated ERDF funding nationally.

Selection process and the outline 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 applications 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.

Undertaking the assessment

2.11 In line with the agreed IB Conflict of Interest Statement and Operating Protocol the 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 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.

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 Appendix 1-2 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 has been consulted in its role as Managing Authority in the production of this report.

7. Recommendations

- 7.1 It is recommended that the Investment Committee consider the outline applications and the respective prioritised project list 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 - 4:

Exempt Appendix 1 - Summary FINAL

Exempt Appendix 2 – Broad Cut Farm Outline Application FINAL

Exempt Appendix 3 – Slowing the Flow Outline Application FINAL
Exempt Appendix 4 – Wortley Beck Catchment Outline Application FINAL