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**Report to:** West Yorkshire Combined Authority

**Date:** 10 December 2020

**Subject:** **Capital Spending and Project Approvals**

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**Director:** Melanie Corcoran, Director of Delivery

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## **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 Fund, for consideration by the Investment Committee at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 The schemes being considered today were recommended by the West Yorkshire and York Investment Committee (the Investment Committee) 2 December 2020.
- 1.3 Please note, at the time of preparing this report the schemes presented will not have been considered by Investment Committee which meets five days before this meeting. However, to expedite scheme delivery and to avoid any delay (the next meeting of the Combined Authority is in February 2020) the schemes are being presented at this time. The recommendations within this report are based on those being put to Investment Committee. The Chair of the Investment Committee will provide a verbal update on the outcome of the 2 December 2020 Investment Committee's consideration of the schemes and whether there are any changes to the recommendations to be considered by the Combined Authority. Any significant changes will be presented in an addendum to the report.

## **2 Impact of COVID-19**

- 2.1 The full implications of COVID-19 on the region and its economy and transport system are still to be understood and the impact on our programmes and schemes has been mixed. The schemes that were due to start in the first half of 2020/21 have experienced delays due to variety of factors, therefore, during schemes' business case development and appraisal process we are working

closely with our council partners to ensure that the delivery timescales reflect the current issues and schemes are actively stress tested to ensure ongoing viability.

- 2.2 In the wake of COVID-19 it is more important than ever to assess the changes to the landscapes of our towns and cities and the impact on current and future planned schemes, particularly, but not exclusively, those relating to transport. The impact of COVID-19 in relation to travel behaviour into and around towns and cities will be assessed as part of scheme appraisal. However, the business cases for some schemes in this report, were developed prior to COVID-19 and aim to address issues identified prior to lockdown restrictions. Therefore, the data presented for some schemes in this report, for example, expected increases in passenger numbers, reflects the pre COVID-19 position. Although it is generally expected that in the medium and long-term behaviours will return to pre COVID-19, as scheme business cases develop further, assumptions will be re-tested.

### **3 Integrated Clean Growth**

- 3.1 The Combined Authority has taken action to ensure all decisions we make include Climate Emergency considerations. The Combined Authority:
- Has strengthened how clean growth and climate change impacts are considered as part of all schemes that come through the Combined Authority's Assurance Framework.
  - Requires LEP and the Combined Authority reports to include clean growth / tackling the Climate Emergency implications, including qualitative impact assessments.
- 3.2 To fully strengthen decision making across the whole of the Combined Authority's Assurance Framework a robust, quantifiable methodology and tool for assessing all new schemes predicted carbon emissions/wider clean growth impacts is being developed. The tool will be used to assess schemes currently going through the assurance process from early 2021, with results from these assessments expected after the Mayoral election. At the same time, the tool will be incorporated into the assurance framework so that it can be used to assess future proposals as they progress through the assurance process. This part of the commission will involve a significant training element to ensure carbon assessment is properly embedded in the assurance process. It is anticipated that the commission will be completed by summer 2021.
- 3.3 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports. This ensures that the business cases now reflect the Leeds City Region Climate Emergency priority and evidence that they will reduce carbon emissions (both directly and indirectly).

## **4 Strategic Inward Investment Fund (SIIF)**

### **SIIF Pipeline**

- 4.1 SIIF is funded via Growth Deal which ends nationally in March 2021. There is now less than five months of delivery.
- 4.2 The Combined Authority has developed the strongest pipeline of potential projects since the funding was agreed in 2017. There are currently six live projects. Should all projects come forward, the total grant request is c. £7.7 million and could create c.1,000 new jobs.
- 4.3 To maximise these significant economic outputs within the current Growth Deal timeframe these projects need to have completed works to the value of the grant before the end of March 2021.
- 4.4 A Strategic Outline Case has been produced for the full pipeline, that is currently being appraised through the Assurance Framework. In order to meet the Growth Deal timeframe (there is not another Combined Authority meeting until 04 February 2021):
  - (i) The Combined Authority are requested to delegate the approval of the Strategic Outline Case to the Investment Committee.
  - (ii) The Strategic Outline Case will be brought for Investment Committee consideration on 07 January 2021 to seek approval for delegated approval to the Combined Authority's Managing Director for each application, following a recommendation for approval from Business Investment Panel and Programme Appraisal Team (PAT).
- 4.5 These projects are highly confidential, and the Combined Authority has NDA's in place with the applicants. Key decisions have been published but the information that will be published on the Combined Authority's website will include very headline information to keep the commercial integrity of the projects.

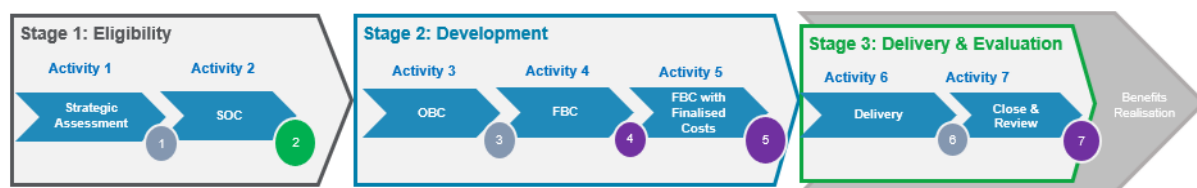
### **Project 7 - SIIF 012 - Advanced Manufacturing Company**

- 4.6 In addition to the above, the following project is at a more advanced stage and therefore requires a different approval, as explained below.
- 4.7 An internationally owned, West Yorkshire based advanced manufacturing company has outgrown its current location and needs to expand its production capacity to an additional site. The company is a major employer in West Yorkshire, as well as a major exporter of advanced machinery to international markets.
- 4.8 To remain competitive and to achieve this expansion, a grant is being sought towards capital investment (premises fit-out and new machinery) to support the growth of the company and create 156 new jobs.

- 4.9 The risk of losing the business and its jobs to another location is significant. The company currently export most of its products from the UK to its parent's key market. Without the grant, the investment will not be paid back within a two-year period, and the international parent will consider moving the whole manufacturing process to alternative overseas location. The demand for their products requires the company to be on site and fully operational by July 2021 – meaning that a lease must be signed in early January 2021 for fit-out works to be completed and the new site to be fully operational and effective.
- 4.10 In order to meet this ambitious timescale (there is not another Combined Authority meeting until 04 February 2021), the Investment Committee (at their 02 December 2020 meeting) recommended that the Combined Authority delegate authority to the Combined Authority's Managing Director to approve:
- (i) The applicant's full business case with finalised costs (decision point 5) and that work commences on activity 6 (delivery),
  - (ii) Approval for the Combined Authority's contribution of £0.779 million is given from the Local Growth Fund.
  - (iii) The scheme's Assurance Framework pathway and approvals.
  - (iv) Subject to the successful appraisal of the application by the Business Investment Panel (BIP) and Programme Appraisal Team (PAT).

## 5 Report

- 5.1 This report presents proposals for the progression of 3 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 £81.530 million when fully approved, of which £26.030 million will be funded by the Combined Authority. A total expenditure recommendation to the value of £15.259 million 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.
- 5.2 The assurance process is a three stage approach with the requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass decision point 2 (Strategic Outline Case) and 5 (Final Business Case with Finalised Costs), with the requirement to meet the intervening activities deemed on a project by project basis.



### Projects in stage 1: Eligibility

- 5.3 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, a long list of options will be considered with a shortlist being presented in the Strategic Outline Case (SOC). Consultation at this stage will be limited, but will be a key to the next activity, Outline Business Case (OBC) in Stage 2. At this stage, funding may be sought to enable work to progress on the OBC.

### Projects in Stage 2: Development

- 5.4 Projects at this development stage should demonstrate that they have tested the feasibility of a solution through their business case and that the necessary consultations have taken place. This business case should then be developed in order to confirm and detail the preferred solution including finalising its cost and obtaining the necessary statutory approvals. At this stage, funding may be sought to enable work to progress on the Final Business Case (FBC) and Final Business Case plus Finalised Costs (FBC+).

### Projects in Stage 3: Delivery and Evaluation

- 5.5 Once in Delivery and Evaluation the scheme is delivered, and Combined Authority funding is drawn down. When delivery is completed a review is carried out to ensure that the scheme has met all its requirements and outputs in accordance with its Funding Agreement. Finally, information about a scheme's performance following its completion is collected, in order to evaluate the success of the scheme.
- 5.6 Further 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**.

### **Value for Money - Benefit Cost Ratios**

- 5.7 The Benefit to Cost Ratio (BCR) for some of the schemes in this report potentially represent low value for money, when assessed using the Department for Transport's Transport Appraisal Guidance TAG on the appraisal of transport schemes.
- 5.8 This is because whilst calculating benefits to costs of a transport scheme there are many more journeys made by car than are made by bus, cycling and walking and as a consequence the monetised benefits arising from improvements to bus, cycling and walking journeys may be outweighed by the monetised dis-benefits to car users.
- 5.9 However, a key strategic objective of investment is to encourage modal switch to more sustainable modes and therefore whilst the 'core' BCR (i.e. following Green Book guidance on total impact on the society as a whole) for some

schemes may be low, discounting the dis-benefits to car users from the appraisal will result in a higher BCR and where possible this 'range of BCR' will be presented to support decision making. This is in line with HM Treasury guidance where appraisal should take account of all five cases (strategic, commercial, economic, financial and management) and the economic case be balanced with these.

- 5.10 The Department for Transport (DfT) and Her Majesty's Treasury (HMT) are currently undertaking a review of these approaches and are aware of the issues. Until the review is complete, the Combined Authority will continue to follow national guidance, which is also reflected in the Leeds City Region Assurance Framework.

|  |   |
|--|---|
| <p><b>Scheme</b></p> <p><b>A58 Corridor</b></p> <p>Leeds</p> <p>(02 December Investment Committee)</p> | <p><b><u>Scheme description</u></b></p> <p>This scheme will deliver improvements to the A58 corridor in Harehills, Leeds (Roundhay Road, Easterly Road and Barrack Road), including upgrading existing signalling; designated bus lanes; new cycling infrastructure as well as improved pedestrian signalised crossing facilities across key junctions along the corridor.</p> <p>The scheme will be funded from the West Yorkshire plus Transport Fund and forms part of the Corridor Improvement Programme – Phase 2 (CIP 2).</p> <p><b><u>Impact</u></b></p> <p>The scheme will improve journey reliability for all road users by reducing journey times and benefit pedestrians and cyclists in particular providing upgraded cycle lanes and improved pedestrian crossing.</p> <p>The scheme supports inclusive growth through improving travel by enhancing the road network as well as enhancing the environment and green infrastructure, supporting better air quality, thereby supporting clean growth and climate change principles.</p> <p>The value for money for this scheme is assessed as high at this stage with further work to be undertaken to confirm this ahead of the next decision point.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value of the scheme - £9.530 million</p> <p>Total value of Combined Authority funding - £9.530 million</p> <p>Funding recommendation sought - £1.259 million</p> <p>A decision by the Combined Authority is sought as part of this report.</p> |
|--|---|

| <b><u>Scheme</u></b>   | <b><u>Scheme description</u></b>  |
|--|---|
| <b>Mytholmroyd Flood Alleviation</b><br>Calderdale<br>(02 December Investment Committee) | <p>The Mytholmroyd Flood Alleviation scheme will improve flood resilience in the area with enhanced flood walls, barriers and river widening.</p> <p>This change request is seeking approval for additional funding reflecting a significant increase in scope to the scheme to help prevent flooding for more homes and businesses following additional Government support and a wider increase to the scheme as a whole.</p> <p>The scheme is funded from the Local Growth Fund.</p> <p><b><u>Impact</u></b></p> <p>The scheme aims to increase the City Region's resilience to current and future climate change through the reduction of flood risk to local businesses and communities.</p> <p>It will reduce flood risk to 270 homes and 196 businesses potentially safeguarding 1,116 jobs within the area. The new funding will result in additional 616 jobs across an additional 94 businesses safeguarded compared to the original funding allocation.</p> <p>The scheme supports the delivery of Priority 3 (Clean Energy &amp; Environmental Resilience), 4b (infrastructure for Growth) and 4c (Flood Alleviation) of the Strategic Economic Plan (SEP).</p> <p><b><u>Decision sought</u></b></p> <p>Approval for the Mytholmroyd Flood Alleviation change request at activity 6 for an additional £2.000 million to be released from the Local Growth Fund and change to scope as outlined in this report.</p> <p>Total value of the scheme – at least £41.000 million</p> <p>Total value of Combined Authority funding - £4.500 million</p> <p>Funding recommendation sought - £2.000 million</p> <p>A decision by the Combined Authority is sought as part of this report.</p> |

5.11 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.

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



- 5.13 Since the Combined Authority's meeting on 10 November 2020 there has not been an intervening Investment Committee meeting where schemes have been approved through the agreed delegation to the Combined Authority's Investment Committee.
- 5.14 Since the Combined Authority's meeting in November, the following decision points and change requests have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Investment Committee. The Investment Committee is authorised to progress a scheme under the Assurance Framework in accordance with any bespoke approval pathway and approval route, subject to an exception relating to exceeding the cumulative total of the financial approval and tolerance levels agreed by the Combined Authority by more than 25%. Decisions regarding the following schemes have will have been made by Investment Committee on the 2 December 2020. The decisions were made by the Investment Committee following a recommendation from Combined Authority Programme Appraisal Team. All the schemes outlined below have remained within the financial approvals and tolerance levels agreed by the Combined Authority unless stated otherwise below.

| Scheme  | <u>Scheme description</u>  |
|---|--|
| <p><b>Transforming Travel Centres</b></p> <p>Bradford, Huddersfield and Leeds</p> | <p>This scheme will transform the travel centres of Huddersfield, Bradford and Leeds bus stations through a range of design, refurbishment and digital improvements including improved lighting, reduced heating and air-conditioning costs, automated ticketing machines and re-designing or creating retail space.</p> <p>The scheme will be funded from the Local Transport Plan Integrated Transport Block (LTP ITB).</p> <p><b><u>Impact</u></b></p> <p>This scheme will enhance public transport services to new and existing customers as evidenced by the scheme's strategic fit with the aims of the LTP ITB programme of 'maintaining and enhancing assets'.</p> <p>The benefit cost ratio (BCR) is 1.7:1 which offers medium value for money. Revenue benefit is anticipated by providing new retail rental space.</p> <p>Once implemented a carbon saving of 30 tonnes of carbon over the lifetime of the scheme is anticipated. Lower and more sustainable use of energy in the centres will be delivered through more energy efficient lighting.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 2 (strategic outline case) and work commences on activity 5 (full business case with finalised costs).</p> <p>Total value of the scheme - £1.000 million</p> <p>Total value of Combined Authority funding - £1.000 million</p> <p>Funding recommendation sought - £0.169 million</p> |

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|---|---|
| <p><b>Scheme</b></p> <p><b>LTP: ITB Rail Accessibility Package</b></p> <p><b>Location</b></p> <p>Calderdale, Bradford and Wakefield</p> | <p><b><u>Scheme description</u></b></p> <p>The scheme will deliver new lifts; a replacement footbridge at two of the stations; installation of new station signage, CCTV and tactile paving across Todmorden, Menston and Pontefract Monkhill train stations.</p> <p>The scheme will be part funded by the Local Transport Plan – Integrated Transport Block (LTP ITB) 2019-22.</p> <p><b><u>Impact</u></b></p> <p>The scheme will improve access and journey times by rail to employment, education, leisure, and housing for people with reduced mobility, lower carbon dioxide emissions through reduced car use, improve air quality and encourage housing and employment developments in the area by providing fully accessible local stations.</p> <p>The value for money assessment was determined and endorsed by the Department for Transport as part of the successful funding application process for its 'Access for All' funding programme.</p> <p>The scheme supports inclusive growth by delivering step-free, fully accessible stations for all, in particular to benefit persons of reduced mobility, improving journey times and access to employment, education, leisure, and housing and quality of life.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).</p> <p>Total value of the scheme - £7.044 million</p> <p>Total value of Combined Authority funding - £0.709 million</p> <p>Funding recommendation sought - £0.709 million</p> |
|---|---|

| Scheme  | <u>Scheme description</u>   |
|---|---|
| <p><b>Wakefield Warm Homes</b></p> <p>Wakefield</p> | <p>The scheme compliments Wakefield Council's existing Home Energy Efficiency Improvement Programme (which includes funding from the current Fuel Poverty Fund heating improvement scheme); enabling the installation of additional energy efficiency improvement measures.</p> <p>This scheme will address fuel poverty by reducing heating costs and produce a carbon reduction in Wakefield, through the provision of up to 271 energy efficiency improvements (including insulation and new boilers).</p> <p>The scheme will be funded from the Getting Building Fund (GBF).</p> <p><b><u>Impact</u></b></p> <p>The scheme aims to address fuel poverty, contribute to better health outcomes, and improve the homes while reducing carbon emissions by 2000 tonnes over the scheme's product lifetimes.</p> <p>The scheme has a benefit cost ratio (BCR) of 1.7:1 which represents medium value for money.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).</p> <p>Total value of the scheme - £0.961 million</p> <p>Total value of Combined Authority funding - £0.661 million</p> <p>Funding recommendation sought - £0.661 million</p> |

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| <p><b>Scheme</b></p> <p><b>Holbeck Phase 2 Victorian Terrace Retrofit</b></p> <p>Leeds</p> | <p><b><u>Scheme description</u></b></p> <p>This scheme is an extension of the Holbeck Regeneration and Group Repair scheme which has already delivered the same outcomes in comparable homes (phase 1: Growth Deal Fund). Managed by Leeds City Council, the scheme's purpose is to address fuel poverty amongst some of the most vulnerable households within the Leeds City Region through a capital programme of transformative energy efficiency improvements (external wall insulation, roof insulation, gas boilers etc.) and essential repair works across all types of housing, reducing the carbon emissions by 8,500 tonnes over the product lifetimes.</p> <p>The scheme will be funded from the Getting Building Fund (GBF).</p> <p><b><u>Impact</u></b></p> <p>The scheme will deliver energy efficiency and heating improvements to 100 homes. This will lead to reduced heating costs and lower carbon dioxide emissions and a reduction in fuel poverty and associated health and social impacts. Improvements to the appearance of the residential streets will also be delivered, including the remediation and redesign of communal bin yards. It is expected that this work will create 30 construction jobs and support 3 apprenticeships.</p> <p>The Benefit to Cost Ratio (BCR) is reported as 0.5:1, which would be considered as poor value for money. However, this is a low estimate and accepted that it is difficult to attribute certain benefits to such schemes due to the high number of unknowns, including household makeup and factors such as health conditions, financial situations and school attainment. The scheme's BCR is within the range of similar schemes and is expected to deliver a higher value than has been calculated.</p> <p>This scheme is more comprehensive than the preceding one in this report with higher cost interventions due to the poor condition of these Victorian properties that require a range of interventions, including external wall insulation, remedial and roofing repairs which have a more comprehensive economic impact on the wider area.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 5, full business case with finalised costs, and work commences on activity 6, delivery.</p> <p>Total value of the scheme - £3.281 million</p> <p>Total value of Combined Authority funding - £2.604 million</p> <p>Funding recommendation sought - £2.604 million</p> |
|--|---|

| Scheme   | <u>Scheme description</u>   |
|--|---|
| <p><b>Wakefield Business Gigabit Voucher Scheme</b></p> <p>Wakefield</p> | <p>The scheme offers financial assistance to bring high speed broadband to the hardest to reach premises in the Wakefield area. These will be provided directly to SME businesses or residents in the form of vouchers to gap fund the installation of high speed broadband. This is a continuation of the Government's National Gigabit Voucher programme which closed early due to full allocation.</p> <p>The scheme will be funded from the Getting Building Fund (GBF).</p> <p><b><u>Impact</u></b></p> <p>The scheme will help businesses and residents to access faster connectivity, where funding might have been a barrier.</p> <p>On average existing businesses will see increased productivity with an expected impact of between 0.3% and 3.8% increase in turnover per worker per annum.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).</p> <p>Total value of the scheme - £0.300 million</p> <p>Total value of Combined Authority funding - £0.300 million</p> <p>Funding recommendation sought - £0.300 million</p> |

## 6 Information

- 6.1 Location maps for each of the schemes presented in this report (where applicable) are provided in **Appendix 2**.
- 6.2 All the schemes set out in this report have been or will have been considered by the Investment Committee on 2 December 2020.

### **Projects in stage 1: Eligibility**

- 6.3 There are no projects in this stage to be approved in this report.

## Projects in Stage 2: Development

|                       |                             |
|-----------------------|-----------------------------|
| <b>Project Title</b>  | <b>A58 Corridor (Leeds)</b> |
| <b>Stage</b>          | 2 (development)             |
| <b>Decision Point</b> | 3 (outline business case)   |

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|---|---|--|
| 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 type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: |   |  |

### Background

- 6.4 This scheme will be funded from the West Yorkshire plus Transport Fund. This is a £1 billion fund, covering West Yorkshire and York. The objectives of the West Yorkshire plus Transport Fund are to enable key employment and housing development areas and will help to create about 20,000 new jobs over the next 10 years. These strategic transport projects will be delivered to facilitate the growth priorities identified in the Leeds City Region Economic plan.
- 6.5 The A58 Corridor scheme has been developed by Leeds City Council as part of a larger package. Following a prioritisation exercise at programme level for both Leeds Public Transport Investment Programme and the Corridor Improvement Programme (CIP) Phase 2, the scheme will now form part of CIP Phase 2 Programme.
- 6.6 This scheme will deliver improvements to the A58 Roundhay, Easterly and Barrack roads corridor in Leeds including upgrading existing signalling with better links between signal controlled junctions; designated bus lanes; new cycling infrastructure as well as improved pedestrian signalised crossings across key junctions along the corridor.
- 6.7 A location map is included in **Appendix 2**.

### Clean Growth / Climate Change Implications

- 6.8 There will be a reduction in vehicle emissions from a transfer from private to public vehicles and increased cycling and walking, enhancing the environment and green infrastructure, thereby supporting better air quality, thereby supporting clean growth and climate change principles.

## **Outputs, Benefits and Inclusive Growth Implications**

6.9 The scheme outputs and benefits include:

- Upgrading existing signalling;
- Designated bus lanes;
- Provision of new cycling infrastructure; and
- Improved pedestrian signalised crossings across key junctions along the corridor.

6.10 These measures are designed to:

- Create peak journey time savings
- Enhance public transport reliability
- Decongest the network
- Improve health by improving air quality and reducing noise
- Improve access to employment and training

### **Risks**

6.11 The scheme risks include:

- Land deals not agreed in time / at expected cost; mitigated by early agreements of third-party land requirements.
- Public objection from the cycling community in the design of cycle lanes; mitigated by careful, well planned and communicated design.
- Wider stakeholder objections as little engagement to date; mitigated by communications plan

### **Costs**

6.12 The scheme costs are:

- Total scheme cost is anticipated as £9.530 million.
- The current projected scheme development cost to full business case is £1.259 million to be funded from the West Yorkshire plus Transport Fund. This includes £0.321 million already incurred under LPTIP to decision point 3 (outline business case) and then £0.883 million to decision point 4 (full business case) and £0.054 million to decision point 5 (full business case with finalised costs). This funding will cover the following costs: scheme development/ design, project management, further value for money and benefit cost ratio work and land purchase.



## Assurance Pathway and Approval Route

| Assurance pathway  | Approval route   | Forecast approval date |
|--|--|------------------------|
| 3 (outline business case)                                  | Recommendation: Investment Committee<br>Decision: Combined Authority   | 10/12/2020             |
| Decision point 4 (full business case)                      | Recommendation: Combined Authority's Programme Appraisal Team<br>Decision: Investment Committee                      | April 2021             |
| Decision point 5 (full business case with finalised costs) | Recommendation: Combined Authority's Programme Appraisal Team<br>Decision: Combined Authority's Managing Director    | August 2021            |
| Decision point 6 (delivery)                                | Recommendation: Combined Authority's Programme Appraisal Team<br>Decision: Combined Authority's Director of Delivery | 01/03/2023             |

## Other Key Timescales

- Start on site September 2021
- Completion December 2022

## Assurance Tolerances

| Assurance tolerances  |
|---|
| That the total scheme cost remains within +10% of the costs identified within this report.<br>That the scheme delivery timescale remains within three months of the timescales identified within this report. |

## Project Responsibilities

|                                 |                                    |
|---------------------------------|------------------------------------|
| Senior Responsible Officer      | Garry Bartlett, Leeds City Council |
| Project Manager                 | Robert Mason, Leeds City Council   |
| Combined Authority case officer | Neil Johnson                       |

## Appraisal Summary

- 6.13 The scheme is a good strategic fit with the priorities of the Strategic Economic Plan and other schemes underway or planned in Leeds, and serve planned new housing, school and business developments. The need for improving the public transport offer to match the demand for travel is clearly demonstrated. Upon delivery, the scheme should enable a more efficient public transport

network and cycling route, both of which should reduce air pollution in the area.

- 6.14 The project is to be managed by an experienced team within Leeds City Council. This team have experience of delivering similar projects. Procurement is most likely through existing frameworks; however, this will be clarified at the next decision point.
- 6.15 There are outstanding economic case questions related to the benefit to cost ratio that require further information at full business case to elevate the confidence level the Combined Authority has with the economic case and conditions have been set, that need to be discharged at full business case. The appraisal will be revised and based on the use of strategic modelling to account for reassigned traffic. The Appraisal Specification Report will be revised in agreement with the Combined Authority to reflect the change in the modelling and appraisal methodology and address issues raised. If the scheme appraisal at full business case is not positive, including a BCR of medium VfM, it may not be approved to progress any further.
- 6.16 Leeds City Council will work with the Combined Authority to ensure the data requirements of the Carbon Impact assessment tool are proportionate and assess the scheme using the Carbon Impact tool during full business case development.

### **Recommendations**

- 6.17 The Combined Authority approves that:
- (i) The A58 Corridor scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - (ii) That an indicative approval to the total project value of £9.530 million is granted 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 £1.259 million from the West Yorkshire plus Transport Fund are approved to cover costs to date to progress the scheme to outline business case and in order to progress the scheme to decision point 4 (full business case with finalised costs) and 5 (full business case with finalised costs).
  - (iv) The Combined Authority enters into a funding agreement with Leeds City Council for up to £1.259 from the West Yorkshire plus Transport Fund.
  - (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report subject to the scheme remaining within the tolerances outlined in this report.

|                       |                                      |
|-----------------------|--------------------------------------|
| <b>Project Title</b>  | <b>Mytholmroyd Flood Alleviation</b> |
| <b>Stage</b>          | 3 (delivery and evaluation)          |
| <b>Decision Point</b> | Change request (activity 6)          |

|   |   |  |
|---|---|--|
| 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 type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: |   |  |

## Background

- 6.18 This scheme is funded through the Local Growth Fund. The purpose of this funding is to attract the next generation of jobs and deliver a step change to the growth of the City Region. The Growth Deal enables implementation of the priorities set out in the Strategic Economic Plan including the development of housing and commercial sites, expansion of a skilled workforce, support to growing businesses, promotion of resource efficiency and investment in integrated transport (through the West Yorkshire plus Transport Fund).
- 6.19 Mytholmroyd has a significant risk of flooding from the River Calder, Cragg Brook and the Rochdale Canal. In recent years businesses and local communities have suffered multiple flood events, including the Boxing Day 2015 floods where river levels were the highest ever recorded and flooding was widespread throughout the whole of the Calder Valley. In 2020, storm Ciara also caused significant flooding within the area.
- 6.20 The Mytholmroyd Flood Alleviation scheme is being delivered through the Local Growth Fund and was approved by the Combined Authority's Managing Director in 2017.
- 6.21 At the time of approval, the project scope was still under development. Development works included the construction of new flood walls to the river Calder and Cragg Brook, widening of the river channel and removal and construction of a new bridge at Caldene Avenue.
- 6.22 The scope of the project has been developed and refined with 11 areas of flood alleviation works identified. These are:
- Greenhill Industrial Estate
  - Mytholmroyd Bridge and St Michael's Church
  - Cragg Brook and River Calder Confluence

- Caldene Bridge
- Upstream of Caldene Bridge
- Cragg Brook upstream of railway viaduct
- White Lee Clough Culvert
- Rochdale Canal
- Scar Bottom Cottages and Cragg Road
- Brearley and Luddenden Foot (downstream works)
- Burnley Road

6.23 As a result of the refinement to the scope, significant flooding during early 2020, and the impact of the COVID-19 pandemic, the scheme costs have increased to over £41.000 million.

### **Clean Growth / Climate Change Implications**

6.24 The scheme aims to increase the City Region's resilience to current and future climate change through the reduction of flood risk to local business and communities

### **Outputs, Benefits and Inclusive Growth Implications**

6.25 The scheme outputs and benefits include:

- Reduced flooding risk to 270 homes and 196 businesses, potentially safeguarding 1116 jobs within the area. The new funding will result in additional 616 jobs across an additional 94 businesses safeguarded compared to the original funding allocation.
- Reducing the potential cost of future flood damage by over £85 million.
- Protecting essential infrastructure in the area, including rail, road, public transport, walking and cycling links.
- Reduce the potential risks to public safety as a result of rapid onset flooding.

6.26 The scheme has a benefit cost ratio (BCR) of 1.8:1 which represents medium value for money.

### **Risks**

6.27 The scheme risks include:

- There is a risk that adverse weather in winter of 2020 will cause delays to the programme due to rising river levels. This risk will be reduced by installing temporary measures (e.g. dams) to keep areas dry.
- There is a risk that the ongoing COVID-19 pandemic will cause delays to the programme due to being unable to obtain materials, i.e. concrete. This risk will be reduced by sourcing alternative suppliers.

## Costs

6.28 The scheme costs are:

- The total scheme cost at full business case in 2017 was £15.000 million.
- Due to the increased scope and delays outline above, the total scheme cost has increased to over £41.000 million. Funding has been secured from Flood Defence Grant in Aid, DEFRA Booster Funding, European Structural Investment Funds (ESIF) and local levy approved by the Yorkshire Regional Flood and Coastal Committee (YRFCC).
- The change request seeks approval for an additional £2.000 million from the Local Growth Fund taking the Combined Authority's contribution to £4.500 million. The additional Local Growth Fund money for this scheme is available within the overall allocation for Flood Alleviation schemes. The additional LGF monies will enable £2.000 million of the DEFRA Booster Funding to be reallocated to flood alleviation schemes within the wider Calderdale area for additional benefits to be realised.

6.29 The change request seeks approval for an additional £2.000 million from the Local Growth Fund taking the Combined Authority's contribution to £4.500 million. The additional Local Growth Fund money for this scheme became available after the Brighouse Flood Alleviation Scheme was withdrawn from the Growth Deal programme and returned to the pipeline. The additional LGF monies will enable £2.000 million of the DEFRA Booster Funding to be reallocated to flood alleviation schemes within the wider Calderdale area for additional benefits to be realised. Specifically, £1.5000 million will be ringfenced for the Brighouse Flood Alleviation Scheme (Fluvial), which is expected to safeguard 2,036 jobs and 258 businesses, and £0.500 million to Brearley Bridge Scour Protection works.

## Assurance Pathway and Approval Route

| Assurance pathway           | Approval route   | Forecast approval date |
|-----------------------------|--|------------------------|
| Change request (activity 6) | Recommendation: Combined Authority's Programme Appraisal Team<br>Decision: Combined Authority                        | 10/12/2020             |
| 6 (delivery)                | Recommendation: Combined Authority's Programme Appraisal Team<br>Decision: Combined Authority's Director of Delivery | 31/03/2021             |

|                      |  |            |
|----------------------|--|------------|
| 7 (review and close) | Recommendation: Combined Authority's Programme Appraisal Team<br><br>Decision: Combined Authority's Director of Delivery | 28/02/2023 |
|----------------------|--|------------|

### Other Key Timescales

- 6.30 Construction of this scheme is due to complete by February 2021.

### Assurance Tolerances

| Assurance tolerances  |
|---|
| That Combined Authority costs remain within those outlined in this report.  |
| That the timescales remain within 1 month of those outlined in this report. |

### Project Responsibilities

|  |                                 |
|--|---------------------------------|
| <b>Senior Responsible Officer</b>      | Adrian Gill, Environment Agency |
| <b>Project Manager</b>                 | Paul Swales, Environment Agency |
| <b>Combined Authority case officer</b> | Heather Briggs                  |

### Appraisal Summary

- 6.31 The full business case for this scheme was approved in 2017, before the assurance process was implemented. The scope at the time stated that the scheme would comprise of channel widening to the river Calder and Cragg Brook and wall raising works within the town. It was stated at the time of approval that the options for the scheme were still under development.
- 6.32 Since the scheme was approved, the scope has been developed and refined further and increased to the details provided earlier in this report. As a result of this, the scheme costs have substantially increased which has resulted in the benefit cost ratio (BCR) for this scheme being reduced from 3.9:1 to 1.8:1. This scheme does, however, represent medium value for money.

### Recommendations

- 6.33 The Combined Authority approves that:
- (i) The change request to the Mytholmroyd Flood Alleviation scheme to award an additional £2.000 million from the Local Growth Fund, taking the total Combined Authority Local Growth Fund contribution to £4.500 million, is approved.

- (ii) The Combined Authority enters into a variation to the existing funding agreement with the Environment Agency, for additional expenditure of up to £2.000 million from the Local Growth Fund taking the full allocation of Combined Authority funding to £4.500 million.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report subject to the scheme remaining within the tolerances outlined in this report.

### **Projects in Stage 3: Delivery and Evaluation**

6.34 There are no projects in this stage to be approved in this report.

## **7 Clean Growth Implications**

7.1 Clean growth implications are outlined in each scheme, see above.

## **8 Inclusive Growth Implications**

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

## **9 Financial Implications**

9.1 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.

## **10 Staffing implications**

10.1 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.

## **11 External consultees**

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

## **12 Recommendations**

### **Strategic Inward Investment Fund (SIIF) Pipeline**

12.1 The Combined Authority approves that:

- (i) Delegated authority is given to the Investment Committee to approve the Strategic Outline Case (decision point 2).

### **Project 7 - SIIF 012 - Advanced Manufacturing Company**

12.2 Combined Authority approves that delegated authority is given to the Combined Authority's Managing Director to approve, subject to the successful appraisal of the application by the Business Investment Panel (BIP) and Programme Appraisal Team (PAT).

- (i) The applicant's full business case with finalised costs (decision point 5) and that work commences on activity 6 (delivery)
- (ii) Approval for the Combined Authority's contribution of £0.779 million is given from the Local Growth Fund.
- (iii) The scheme's Assurance Framework pathway and approvals.

### **A58 Corridor**

12.3 The Combined Authority approves that:

- (i) The A58 Corridor scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
- (ii) That an indicative approval to the total project value of £9.530 million is granted 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 £1.259 million from the West Yorkshire plus Transport Fund are approved to cover costs to date to progress the scheme to outline business case and in order to progress the scheme to decision point 4 (full business case with finalised costs) and 5 (full business case with finalised costs).
- (iv) The Combined Authority enters into a funding agreement with Leeds City Council for up to £1.259 from the West Yorkshire plus Transport Fund.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report subject to the scheme remaining within the tolerances outlined in this report.

### **Mytholmroyd Flood Alleviation**

12.4 The Combined Authority approves that:

- (i) The change request to the Mytholmroyd Flood Alleviation scheme to award an additional £2.000 million from the Local Growth Fund, taking the total Combined Authority Local Growth Fund contribution to £4.500 million, is approved.
- (ii) The Combined Authority enters into a variation to the existing funding agreement with the Environment Agency, for additional expenditure of up to £2.000 million from the Local Growth Fund taking the full allocation of Combined Authority funding to £4.500 million.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report subject to the scheme remaining within the tolerances outlined in this report.



## **13 Background Documents**

- 13.1 Business case summaries for the schemes recommended for approval by the Investment Committee on 2 December 2020 are available here:

[2 December Investment Committee](#)

## **14 Appendices**

- 14.1 **Appendix 1** – Background to the Combined Authority's assurance framework
- 14.2 **Appendix 2** – Location maps for the schemes presented in this report