
Report to: West Yorkshire Combined Authority

Date: 4 February 2021

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

Director: Angela Taylor, Director of Corporate Services

Author: Heather Waddington, Policy Manager ESIF

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:	Para 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 full assessment forms at Part 2 of each Appendix (2-3) and any respective conditions. The assessment forms will be then submitted to the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

2. Information

- 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 Since then the Combined Authority has selected a number of projects to progress over a number of Call rounds – Rounds 1 to 6.
- 2.3 Under Round 5 two outline applications were received which were considered by the Combined Authority, as Intermediate Body, January 2020 and both were selected to progress to full application. These two full applications are

now being presented to the Combined Authority for support and to progress to a Funding Agreement, following their consideration by the Investment Committee at its meeting on 7 January 2021.

- 2.4 The assessment of the full applications are attached to this report as Exempt **Appendices 2–3** together with a covering note (Exempt **Appendix 1**).
- 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			£698,195	£698,195
2019 - Round 4	£1,867,776		£0	£1,867,776
2019 - Round 5	£1,912,632	£469,323		£2,381,955
2020 – Round 6			£3,985,000	£3,985,000
Value of Pipeline	£6,370,853	£4,319,777	£6,258,195	£16,948,825
Total Allocation	£6,360,135	£5,300,564	£6,360,135	£18,020,835
Remaining allocation to Reserve Fund	-£10,718	£980,787	£101,940	£1,072,009

- 2.6 Any funding 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 two full applications have 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 align to the local growth needs set out in the local ESIF (SUD) Strategy?

2.9 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.

2.10 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.

2.11 The full assessment form is split into six sections and each completed by either the IB or the MA as follows:

- Part 1, summary project details - completed by MHCLG
- Part 2, the intermediate body's appraisal - completed by the Combined Authority
- Part 3,4 and 5, the managing authority's appraisal - completed by MHCLG
- Part 6, selection decision completed by the Combined Authority (6a) and MHCLG (6b).

2.12 The overall summary of the full assessments indicates the scoring criteria is considered to be met by both 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

2.13 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 were first presented to the Investment Committee for consideration and advice at their meeting on the 7 January 2021 to support the Combined Authority in its selection of projects. The Investment Committee were supportive of both applications.

- 2.14 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.
- 2.15 With regard to the viable deliverability of the scheme due to COVID-19, the MA, should the Combined Authority approve the projects to allow the MA to issue a funding agreement will, as they are doing with all ESI Funded projects, discuss with the applicant any changes required and are expected to work closely with the applicant to build in additional flexibilities to ensure the project can still be delivered as outlined.

3. Tackling the Climate Emergency Implications

- 3.1 The Leeds City Region SUD Strategy gives priority to sustainable urban development which will focus on ecologically sound and resilient site development, particularly in key strategic economic growth sites/locations. The aim will be to create highly attractive and innovative sites providing an unrivalled setting for investment and attracting high value enterprise. Projects have therefore been assessed with regard to their contribution to meeting these aims and objectives of which the detail can be seen in the assessments Appendix 2-3.

4. Inclusive Growth Implications

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

5. Financial Implications

- 5.1 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.

6. Legal Implications

- 6.1 The information contained in **Appendices 1 to 3** are 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.
- 6.2 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.

7. Staffing Implications

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

8. External Consultees

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

9. Recommendations

- 9.1 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 full assessment forms at Part 2 of Appendix 2 and 3 to allow the MA to now issue a funding agreement subject to the proposed conditions set out in the full assessments being fully met.

10. Background Documents

- 10.1 There are no background documents referenced in this report.

11. Appendices

Exempt Appendix 1 - Summary

Exempt Appendix 2 - Shillinghill Lane Full Application

Exempt Appendix 3 - Erringden Hillside Flood Alleviation Scheme Full Application