

Report to: West Yorkshire Combined Authority

Date: 9 December 2021

Subject: **UK Community Renewal Fund**

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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:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To summarise the outcome of the UK Community Renewal Fund (UKCRF) process in West Yorkshire, including the confirmed funded projects (Appendix 1) and project appraisal process, and to ensure lessons learnt are captured and taken in to account in the design of any future local bidding process.
- 1.2 To authorise the Managing Director to enter into a funding agreement with the Department for Levelling Up, Housing and Communities (DLUHC) on behalf of the Combined Authority.
- 1.3 To authorise the Managing Director to enter into a funding agreement with the seven Project Deliverers, as required by Government, acting as Lead Authority for the Fund in West Yorkshire.
- 1.4 That the Combined Authority indicatively approves £306,604, funding from the Single Investment Fund to create a test-case for establishing low carbon communities in Calderdale, whilst creating opportunities for residents to develop skills and build the foundations of long-term career and sustainable futures, in response to the West Yorkshire Community Renewal Fund Prospectus, with full approval to spend being granted once the project has progressed through the assurance process.

- 1.5 That the Combined Authority delegates to the Finance, Resources and Corporate Committee, the approval of the project to pass through to Decision Point 4 totalling no more than £0.31m of funding from the Single Investment Fund.

2. Information

- 2.1. The £220 million UKCRF 2021-22, was announced in the Budget on 3 March and aims to support people and communities most in need across the UK, creating opportunities to trial new approaches and innovative ideas ahead of the introduction of the UK Shared Prosperity Fund in 2022.
- 2.2. The UKCRF is administered by the Department for Levelling up, Housing and Communities (DLUHC) with a Lead Authority for each place. In West Yorkshire this is the Combined Authority.
- 2.3. DLUHC administered the Fund as a competitive bidding process with no pre-set eligibility. The Government identified 100 priority places based on an index of economic resilience. In West Yorkshire, the designations were:
- **Priority Areas:** Bradford, Calderdale and Wakefield
 - **Other Areas:** Kirklees and Leeds

The vast majority of the process was laid out in rules set down by Government.

West Yorkshire Combined Authority Lead Authority role

- 2.4. In line with Government rules, as the Lead Authority, the Combined Authority was required to invite bids from a range of Project Applicants, assess the bids received and submit a shortlist up to a maximum of £3 million per place to Government by **18 June 2021**, against a nationally defined assessment framework (see para 2.8).
- 2.5. To enable a broad range of ideas to come forward the Combined Authority operated an open and transparent bidding process (as required by Government), inviting bids from any organisation that could deliver an eligible project. Applicants were required to respond to the West Yorkshire [invitation to bid¹](#) prospectus, which set out the national priorities for funding, eligibility requirements, assessment criteria and the local investment priorities that the Combined Authority would use in prioritising submissions. These investment priorities were based on the draft priorities for the West Yorkshire Investment Strategy² agreed by the Combined Authority on 9 March 2021 and focused on supporting economic recovery and growth. The invitation to bid was widely promoted to relevant stakeholders, including a stakeholder briefing on the process.

¹ <https://www.westyorks-ca.gov.uk/growing-the-economy/uk-community-renewal-fund/>

² <https://westyorkshire.moderngov.co.uk/documents/s18964/Item%206%20-%20Appendix%202.pdf>

- 2.6. The Fund was heavily oversubscribed, with bids received totalling over **£33m** against a maximum available amount of £15m. A summary of the bids received can be found below;
- **59** Bids in total received
 - **2** arrived late and therefore were rejected and not appraised
 - **3** found to be duplicates
 - **2** failed Gateway checks
 - **52** bids in total appraised.
- 2.7. Overall, the quality of bids was disappointing due to a number of reasons including a number of new bidders not used to processes for applying for external funding, not demonstrating alignment with local priorities as well as understanding the Government forms and guidance.
- 2.8. Following rigorous and comprehensive review of applications, undertaken and supported by Local Authority officers, of the 52 bids appraised, **17 projects across West Yorkshire were shortlisted** to the value of circa **£8.9m**. The projects that were selected were those of best quality, met local need and were deemed deliverable within the timeframes of the UKCRF.

Government's Assessment Process on the shortlisted bids

- 2.9 Following submission of the shortlist, Government undertook their own assessment of all shortlisted bids against the published assessment criteria which required eligible bids to meet a minimum score to be shortlisted against the assessment criteria. Depending upon whether the project predominantly delivered in one or more of the 100 priority places identified for UKCRF, appointable projects were allocated to bands depending upon their score:
- **Band A:** projects scoring 80% or more against the published criteria and predominantly delivered in priority places
 - **Band B:** projects scoring 80% or more against the published criteria and predominantly delivered in non-priority places
 - **Band C:** projects scoring 50% or more against the published criteria and predominantly delivered in priority places
- 2.10 The published UKCRF assessment criteria stated that following the ranking of projects ministers could exercise discretion to allocate funding to ensure:
- a) a reasonable thematic split of approved projects (e.g. skills, local business, communities and place, employment support)
 - b) a balanced spread of approved projects across Great Britain
 - c) the balance of approved projects between those focused on priority and non-priority places gives appropriate regard to priority places

In respect of point b) ministers wished to allocate funding on the basis of, England 62%, Scotland 9%, Wales 23% and Northern Ireland 6%. The explanatory note states that Ministers did not give any direction in respect of points a and c.

Full detail of the Governments selection and decision making process can be found here [UK Community Renewal Fund: explanatory note on the assessment and decision-making process - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-community-renewal-fund-explanatory-note-on-the-assessment-and-decision-making-process)

Outcome of UKCRF – West Yorkshire Award

- 2.11 Government announced the successful projects on the 3rd November 2021, over three months later than anticipated. Out of the 17 submitted projects, West Yorkshire has been successful in securing funding for 7 bids, equating to **£2,539,429** (£2,489,638 delivery plus £49,791 Lead Authority Management Fee).
- 2.12 The successful projects are (more detail can be found in Appendix 1):
- Building Our Future – City of Bradford Metropolitan District Council
 - Retrofit Hub – West Yorkshire Combined Authority
 - Buck Wood Community Woodland Masterplan – Inspired Neighbourhood CiC
 - Participation in the Arts and Creative Economy (PACE) – Kirklees Council
 - Healthier Working Futures – St James University Hospital Leeds
 - A Better Future Post Covid: Empowering Communities in the Wakefield District – Wakefield Council
 - ‘Go Green’ – A curriculum for the future – Wakefield Council (Lead) Wakefield College (Partner)
- 2.13 No proposals from Calderdale were approved by Government despite being identified as a priority area. Of the shortlisted schemes, one high scoring Calderdale project, (which was shortlisted by local partners), has the potential to contribute to the Combined Authority’s objectives to achieve carbon and green outcomes, improve skills and reduce inequality, and act as one of the first projects to be supported as part of the Climate Action Plan.
- 2.14 The Project, Greener Together, is designed around three themes aligned to the Combined Authority’s and partners’ zero carbon and environmental ambitions. The schemes aims to retro-fit existing social housing properties with the introduction of renewables and smart energy concepts, support carbon literacy and energy awareness activity within the community, and act as an exemplar by improving local residents’ green skills. The Combined Authority seeks to ensure all areas of West Yorkshire benefit from available funding in order to level-up, and recommend this project is funded, in principle from the Single Investment Fund, to the value of **£306,604**.
- 2.15 If the Combined Authority approves the recommended project, officers from the Combined Authority and Calderdale Council will work with the delivery partner, to further develop the proposition, to be submitted in line with the Combined Authority’s Assurance Process. This is with a view to delivery taking place as soon as is practically possible to allow this pilot activity to be tested to inform future interventions.

- 2.16 Over time the Combined Authority will explore ways of supporting other unsuccessful bids where they have potential to contribute to the delivery of key investment priorities.
- 2.17 Due to delays in announcing the successful projects leading to tight delivery timescales, Government announced that the delivery end date is now **30th June 2022**, extended three months from 31st March 2022. All projects in West Yorkshire have confirmed that they are able to meet this new deadline.
- 2.18 Work is now taking place, at speed, to support partners to allow delivery to start immediately. It is expected that over the lifetime of the Fund, and as required by Government, all projects will be formally evaluated and the learning and best practice shared in order to help feed into the design of the UK Shared Prosperity Fund. Whilst the UKCRF will help inform the design of the UKSPF through supporting people and communities, creating opportunities to trial new approaches and innovative ideas at the local level, the funds are distinct in regard to design, eligibility, and duration.

Lessons learnt

- 2.19 Discussions have taken place on how best practice and lessons learnt from the UKCRF process could further help Government in the design of the UKSPF as the national framework documents are being prepared ahead of a 2022 launch . A technical lessons learnt paper has been prepared which is the result of a collation of responses locally and across the country, which aim to set out a series of key principles to the design work, which Government is undertaking. It is not the formal position of all the organisations that have contributed to the document, but a collation of the issues and ideas generated by them as pertinent to the future development of the investment funds. The technical paper includes the following headlines;
- Due to UKCRF being a time limited, one-off fund, one of the biggest challenges was timescales. Short timescales placed a real strain on Lead Authorities to undertake the tasks, on behalf of local partners, in an efficient, effective, open and transparent manner. Bidders faced tight bidding deadlines resulting in some small creative and third sector organisations, who this Fund was also aimed at supporting, unable to bid for the Funds, as they were unable to develop meaningful bids which were also creative and new.
 - Duplication in the appraisal process has led to delays and inefficiencies. Lead Authorities first were required to assess applications and reached a decision on shortlisting back in June. The Government then undertaking a second, potentially duplicative appraisal. One tier of local decision making would be the preferred option for any future Fund.
 - The move to a highly competitive, short term, Fund under a national assessment framework is an unwelcome move. Competitive bidding does not encourage collaborative approaches to delivering joint solutions and does not allow for an effective 'levelling up' of region's economies or a focus on underlying structural issues. Indeed, often the competitive bid process pits

area against area, and becomes more about the quality of bid writing, rather than the implementation of schemes which truly benefit local communities.

- Delays in Government announcing the list of successful projects, some three months later than expected, taken together with less than 8 months to deliver, raises the question of how meaningful impact can be achieved, and does not allow the implementation of schemes of a more ambitious or transformative nature to be delivered.
 - Partners welcomed the cross thematic approach of the Fund – something many partners have asked for over many years given the siloed nature of European funding over 9 thematic areas. The need to ensure maximum integration across e.g. people, business and place interventions and the requirement to avoid sustaining institutional and operational silos cannot be understated and still remains a key critical success factor of a new Fund and one that supports the rebalancing of the UK economy and levelling-up of communities.
 - Delivery of a new Fund must maximise local autonomy and the ability of places to respond to local opportunities and needs and at the right time.
- 2.20 Overall, key reflections have concluded that greater involvement of Local Authority partners within the process would have added more value. The Combined Authority and local authority partners would have liked to have gone further than that allowed, for instance requiring a letter of support from the respective local authority partner, for each bid, where delivery was planned to take place – this would have ensured there was full support for any proposed scheme. However due to rules imposed by Government the Combined Authority, acting as Lead Authority for the Fund was not allowed – this is a key learning point for the operation of the UKSPF.

3 Tackling the Climate Emergency Implications

- 3.1 As a key assessment criteria, investment under this fund should meet the Government's clean growth principle and not conflict with the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.
- 3.2 The West Yorkshire invitation to bid prioritised projects supporting clean growth and those working with the natural environment to achieve project objectives.
- 3.3 Due to the West Yorkshire Combined Authority's declaration of a climate emergency, all project Funding Agreement's will have a local condition attached to ensure that Project Deliverers consider how their project can further contribute to tackling the climate and environment emergency and contribute to local net zero targets and objectives.

4 Inclusive Growth Implications

- 4.1 The impact of inclusive growth was considered and written into the invitation to bid. Projects will play an important role in supporting inclusive growth by

ensuring that opportunities are open to all and that disadvantaged groups and places are targeted and delivery models are tested to ensure they are flexible and responsive to meet local need.

- 4.2 Due to the adoption of the West Yorkshire Combined Authority's adoption of the Inclusive Growth Framework in March 2021, together with partner councils local commitments, all project funding agreements will have a local condition attached to ensure that Project Deliverers further consider how their project may contribute to addressing inequalities and supporting inclusive growth throughout the lifetime of the programme.

5 Equality and Diversity Implications

- 5.1 The UKCRF aims to offer funding to develop creative solutions to address a range of local place-based issues as well as addressing particular areas of need which aim to address equality of opportunity for all. The Combined Authority ensured that the bidding process took account of its legal obligations, including the Public Sector Equality Duty. The application form that bidders completed required information about the impact on equalities to assist in this regard. The UKCRF aims to offer funding to develop creative solutions to address a range of local place-based issues as well as addressing particular areas of need which aim to address equality of opportunity for all.

6 Financial Implications

- 6.1 Government have set out the financial and legal implications in a draft Funding Agreement. The Combined Authority will be liable for any expenditure the Secretary of State determines to be ineligible and any ineligible expenditure will be recovered from the Combined Authority. The Combined Authority will consequently enter into funding agreements with those successful local bidders and will pass on any government contractual obligations to the delivery partner to manage risk, as set out in the Government prospectus.
- 6.2 Funding will be paid to the Combined Authority in two tranches – 62.5% within 30 days of the Combined Authority executing the Funding Agreement with DLUHC and the balance upon completion of the Fund autumn 2022. In order to manage any risk to the authority Project Deliverers will be paid based on bi-monthly claims submitted.
- 6.3 As Lead Authority the Combined Authority has received capacity funding of £20,000 per priority place (£60,000 total) for carrying out its role of coordinating, appraising bids and preparing the shortlist.
- 6.4 The Combined Authority will receive further funding of maximum **£49,791** towards the costs incurred in managing the Fund.

7 Legal Implications

- 7.1 The Combined Authority, as Lead Authority, for the purposes of UK Community Renewal Fund in West Yorkshire, is required to enter into a funding agreement

with DLUHC for an amount up to **£2,539,429**. This is expected to take place by early December 2021, and will be responsible for managing these funds accordingly. In order to do so authorisation is sought that the Managing Director can enter into a funding agreement with the Department for Levelling Up, Housing and Communities (DLUHC) on behalf of the Combined Authority.

- 7.2 The Combined Authority will subsequently enter into a funding agreement with each of the projects set out in 2.11. To manage risks any contractual obligations will be passed down accordingly, including any local conditions. In order to do so authorisation is sought that the Managing Director can enter into a funding agreement for an amount up to **£2,489,638**, this is expected to take place by mid December 2021, with each of the seven Project Deliverers, on behalf of the Combined Authority.

8 Staffing Implications

- 8.1 Resources have been identified to carry out all the functions required to late 2022, including the recruitment of a temporary Contracts Officer (anticipated to cover the period January to September 2022). Any costs will be covered through the Lead Authority management fee as noted in section 6.4.

9 External Consultees

- 9.1 No external consultations have been undertaken.

10 Recommendations

- 10.1 That the Combined Authority notes the outcome of the UK Community Renewal Fund (UKCRF) process in West Yorkshire, including the confirmed funded projects, **Appendix 1**, and project appraisal process.
- 10.2 That the Combined Authority authorises the Managing Director to enter into a funding agreement with the Department for Levelling Up, Housing and Communities (DLUHC) on behalf of the Combined Authority for an amount up to **£2,539,429**.
- 10.3 That the Combined Authority authorises the Managing Director to enter into a funding agreement with the seven Project Deliverers for an amount up to **£2,489,638**, as required by Government, acting as Lead Authority for the Fund in West Yorkshire.
- 10.4 That the Combined Authority indicatively approves £306,604, funding from the Single Investment Fund to create a test-case for establishing low carbon communities in Calderdale, whilst creating opportunities for residents to develop skills and build the foundations of long-term career and sustainable futures, in response to the West Yorkshire Community Renewal Fund Prospectus, with full approval to spend being granted once the project has progressed through the assurance process.

10.5 That the Combined Authority delegates to the Finance, Resources and Corporate Committee, the approval of the project to pass through to Decision Point 4 totalling no more than £0.31m of funding from the Single Investment Fund.

11. Background Documents

None

12. Appendices

Appendix 1 – UKCRF: Summary West Yorkshire Project Awards