
Report to: Place, Regeneration and Housing Committee

Date: 5 January 2023

Subject: **Programme Development: Creating Great Places and Accelerated Infrastructure**

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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 type="checkbox"/> Yes <input checked="" 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 engage the Committee on the ongoing work to prioritise and develop a portfolio of workstreams and programmes under Investment Priority 3 (IP3) Creating Great Places and Accelerated Infrastructure.
- 1.2 To engage the Committee on the requirement for a framework for assessing proposals aligned to IP3 as they arise as part of the pipeline development process.

2. Information

Background

Policy and Strategy Context

- 2.1 At the Combined Authority in June 2021 the approach to the Single Investment Fund (SIF) and the West Yorkshire Investment Strategy (WYIS) were endorsed¹. The WYIS sets out the Investment Priorities for the period 1 April 2021 to 31 March 2024 which are framed across six areas.
 - **Investment Priority 1:** Good Jobs and Resilient Businesses (including entrepreneurialism)

¹ A updated version of the WYIS was agreed at the June 2022 Combined Authority meeting

- **Investment Priority 2:** Skills and training for people Investment
- **Investment Priority 3:** Creating Great Places and Accelerated Infrastructure
- **Investment Priority 4:** Tackling the Climate Emergency and Environmental Sustainability Investment
- **Investment Priority 5:** Future Transport Investment Priority
- **Investment Priority 6:** Culture and Creative Industries

2.2 Investment Priority 3 is a broad investment priority with cross-cutting themes but is well aligned to place-making, housing, regeneration, flood risk and digital infrastructure which are key areas of activity driven by this Committee, the West Yorkshire Combined Authority and the Mayor.

2.3 The Gainshare allocation process [3rd February 2022 Combined Authority meeting](#) identified an initial indicative allocation of £12m to deliver against Investment Priority 3 for the period 2021 to 2025. The aim was to use this to develop projects for us then to either fund ourselves and/or leverage in other funding to complete the projects. This is a flexible allocation and one which we are keeping under review as we need to respond to changing external conditions and priorities. There are also a number of other funding sources that could be used to develop the projects under this investment priority.

Previous Engagement with the Committee

2.4 The Committee (7 July 2022) considered a range of strategic themes and potential proposals under IP3. These initial themes were: Housing; Digital Infrastructure; Capital Infrastructure Flood Programme²; Design Quality; Safer and Stronger Communities; Employment Opportunities and Green Infrastructure.

2.5 **Appendix 1** outlines these themes alongside an outline of the ambition and target outcomes (discussed at the 7 July Committee).

2.6 The Committee broadly welcomed the scope of the themes and noted that the Authority should focus on where added value can be provided e.g. areas of market failure or where significant leverage can be unlocked. The Committee also noted that some principles are required to support the prioritisation of investments.

IP3 (Creating Great Places and Accelerated Infrastructure) Portfolio

Prioritisation and Emerging IP3 Portfolio

2.7 Proposals against each of these themes have been developed and the key details of each proposal have been assessed to support the identification of a portfolio of future programmes. This will support decision making around prioritisation and sequencing of any potential funding allocations.

² A £7.1m Natural Flood Management programme is being delivered under IP4

2.8 The prioritisation process includes theme/programme level assessment in the following areas:

- **The Problem:** articulating the challenge or opportunity it seeks to address.
- **Strategic Fit:** considers the ability to support or align with the WY Investment Strategy (including Strategic Economic Framework (SEF) priorities) and Mayoral pledges.
- **Co-benefits:** consideration of jobs; health and air quality; fuel poverty reduction; innovation.
- **Existing strength of pipeline:** the stage of pipeline development, investment readiness and overall strength of the pipeline
- **Outputs and Outcomes:** the high-level outputs or outcomes to be achieved.
- **Funding availability:** an indicative total cost figure, and if any existing funding exists.
- **Potential Programme/Project(s):** outline of the programmes that could be created to deliver the desired outcomes and outputs. Scalability (opportunities for longer term investment and growth).
- **Deliverability:** timeframes, delivery partners and their capacity to deliver.
- **Inclusive growth, equality, diversity and inclusion:** highlighting links with addressing fuel poverty, socio-economic inequalities, vulnerable communities, hard to reach groups.

2.9 The following is a summary of the areas of programme development that are emerging as a priority as part of the assessment process so far.

2.10 The views of the Committee are welcomed on the emerging priorities outlined below:

Housing Accelerator Fund

2.11 The proposed Housing Accelerator Fund would build on the established Housing Revenue Fund that was secured through the devolution deal providing revenue funding to support the development of the strategic housing pipeline. This is strongly aligned to the housing theme and the outcomes of IP3. The current Housing Revenue Fund programme is due to end in March 2023.

2.12 The Housing Revenue Fund programme has provided direct support to Local Authorities to add much needed resource and capacity to develop pipeline sites. The programme has supported over 64 projects helping to progress sites that will deliver over 20,000 homes of which at least 3,000 are expected to be affordable. Crucially, undertaking work to develop the pipeline has demonstrated the regions ability to provide confidence to key Stakeholders such as Homes England and the West Yorkshire partnership across our delivery plans. One of the key criteria for securing a Strategic Place Partnership with Homes England (currently in development) is to demonstrate the region has a robust pipeline of investible development opportunities.

2.13 The Housing Revenue Fund support has ranged from recruiting new posts (graduate and senior level) in Local Authority teams to undertaking technical

feasibility work on Local Authority owned sites developing these to a marketable and/or investible positions. Some Examples of the projects delivered by the Housing Revenue Fund include;

- Providing technical highways and drainage support at Kirklees Council to support key strategic sites such as Dewsbury Riverside and Bradley Park. A successful phase 1 planning application was approved in November for Dewsbury Riverside which this work directly contributed to.
- Recruitment of 3 directly funded posts at Calderdale Council (project manager, site unlocking officer and graduate housing trainee) to boost capacity in the team in project development. The graduate housing trainee has secured a permanent, senior post within Calderdale's team.
- Viability and marketing work at sites such as Cock Hill Lane in Shelf, Calderdale which have resulted in attracting high levels of interest from local and national developers. A similar exercise is due to commence at Meadow Lane in Leeds and Minster View in Halifax.
- Engagement and procurement of developer partners at key projects (linked to Spatial Priority Areas) such as Bradford City Village and North Halifax.
- A large range of technical feasibility work to inform planning and marketability of sites including at Pontefract Dispensary, Farrar Lane, Gomersal and Kershaw (among many others).

2.14 Following the closure of the programme in March 2023, no other funding source will be available to continue the revenue programme which continues to provide added value to Local Authority teams in progressing housing projects where budget constraints would otherwise mean sites would likely become stalled and development slowed.

2.15 Building on the success of the Housing Revenue Fund the purpose of the Housing Accelerator Fund is to support projects to get to an investment ready position where robust business cases can be developed for projects to enter suitable capital funding programmes and/or secure private sector investment. The funding will be used to test the deliverability of schemes. As such, the Housing Accelerator Fund has four core objectives as follows;

- To understand the deliverability of projects across the strategic housing pipeline (for example through feasibility, viability testing), to a point where projects are ready to enter investment/capital programme.
- To boost capacity and resource at local levels to work up Strategic Housing Pipeline Projects.
- To support projects that aim to maximise economic development and promote clean and sustainable housing growth that contribute to the regions net-zero carbon objectives.

- To develop the Combined Authority's capacity to take a more proactive development role across strategically significant, transformational housing sites.
- 2.16 The Housing Accelerator Fund is proposed to extend the revenue fund continuing the work to increase capacity and progress sites to an investment ready position. Work is ongoing with Local Authority teams to identify the first tranche of projects for the Housing Accelerator Fund, these will be outlined in detail within the Housing Accelerator Fund Strategic Outline Case currently being developed. The Housing Revenue Fund programme has demonstrated the need for revenue funding to support Local Authority teams and develop regional capacity to accelerate the delivery of sites within the strategic housing pipeline. The counterfactual position (if further funding is not secured for the Housing Accelerator Fund as part of the IP3 proposals) will be that sites inevitably become stalled and there is a lack of progress towards delivery, consequently leading to missed opportunities to attract private investment and secure capital funding through regional and national programmes.

Employment Accelerator Fund

- 2.17 The development of an Employment Accelerator Fund would provide revenue funding for identifying a robust pipeline of employment sites. This will build on evidence held by Local Authorities and the Combined Authority to identify strategic employment sites with the potential to deliver key outcomes aligned to IP3. Through this work it will be possible to maximise support for the delivery of commercial developments and ensure these enhance the sustainability and viability of cities and towns by delivering employment opportunities which are well located to existing settlements and provide a range of employment opportunities.
- 2.18 The pipeline work will develop detailed evidence on a site-by-site basis, supporting business case development, identifying constraints and testing viability or barriers to investment. Ultimately this will support the securing of third-party investment and / or creating opportunities to bid for public sector capital investment.
- 2.19 The need for this revenue funding has been identified to enable a targeted approach to employment land / development acceleration, building on the success of the Enterprise Zone programme, to create new opportunities to maximise employment investment and bring job growth to the area. The need for intervention is also linked to the quality of employment opportunities, need for a range of unit sizes and types to maximise the long-term sustainability of developments in the region and focusing on attracting development and investment across a range of sectors. Opportunities to connect to planned and new investment in renewables, to deliver secure and sustainable energy, will be explored and supported as a key driver for attracting manufacturing.
- 2.20 Through focusing public sector support in this way, it will also be possible to increase the focus on placemaking, public space and ensuring that new commercial developments are integrated with other uses, including residential

and leisure uses. This will help to create the vibrant locations needed to attract workers.

- 2.21 The funding revenue sought is based on interventions across all 5 Local Authority Areas with any scalability of this revenue fund directly related to this approach.

Spatial Priority Areas

- 2.22 There is clear evidence that the availability of development finance is constrained in West Yorkshire which has been exacerbated by the pandemic and recent global economic instability. Rising inflation and interest rates, alongside uncertainty in power supply, has led to falling investor confidence. This is hampering delivery, impacting on the ability to create great places.
- 2.23 The agreed and endorsed Spatial Priority Areas (SPAs) provide consensus on the strategic opportunities in our sub region where we can achieve balanced growth. SPAs are of regional significance and / or are cross-boundary locations which bring together cross sector development opportunities, aligning investment from housing and employment development, alongside renewable energy and infrastructure investment. Taking a holistic approach across these sectors creates opportunities to maximise the attractiveness of the SPAs to investors through delivering locally available power sources which are sustainable, reliable and low cost, alongside transport and active travel schemes, flood investment and digital infrastructure. This approach maximises the competitiveness of the SPAs, balances risk and creates the potential to build momentum, delivering IP3 outcomes and outputs.
- 2.24 To support the delivery of SPAs a flexible revenue fund is being sought to identify and develop appropriate and tailored delivery models utilising a suite of tools such as grants, put options, direct investment, cross funding, Compulsory Purchase and potential use of Mayoral Development Corporations to suit the requirements of the individual SPAs. The revenue fund will ensure that delivery can be achieved across SPAs, with agreed outputs and outcomes secured and the public funding intervention minimised or targeted appropriately. In the first year the fund is anticipated to be aligned to priority SPAs in each of the 5 Local Authority areas, with future years investment potentially more targeted to specific outcome / deliverables.

Flood Infrastructure Capital Programme

- 2.25 In West Yorkshire approximately 39,000 residential properties and 13,000 commercial properties currently fall within a flood zone and flooding is likely to become a more frequent occurrence as a result of climate change. There are a range of social, environmental and economic benefits that can be unlocked by making our communities more resilient to flooding e.g. by reducing the financial and carbon impact from future flooding events.
- 2.26 Funding for flood schemes principally comes from the Department for Environment, Food and Rural Affairs (DEFRA) but this funding is not always

enough to fully fund schemes. Previous West Yorkshire flood programmes have utilised a range of additional funding sources to bridge any potential funding gaps in the programme, the largest other contributions were often European and Growth Deal funding. However, these funding sources are no longer available and there is unlikely to be any significant funding for flood mitigation via the UK Shared Prosperity Fund.

- 2.27 Local partners have developed a robust pipeline and flooding programme comprising 24 schemes. This programme can provide enhanced flood protection to 3,608 homes and 2,767 businesses. It has a total capital value of £249m with significant levels of Government funding potentially available to deliver these schemes. However, this funding cannot be unlocked for these schemes until they are in a fully funded position. There is currently a funding gap of £52.8m.
- 2.28 Many the schemes in the early phases of the programme are ready for investment now subject to funding being made available.

Digital Infrastructure

- 2.29 **Connected Places (or ‘Smart Cities’)**: Digital technology and innovation are developing at pace and offer a range of opportunities for efficiency, carbon and financial savings within place-based applications. Currently there isn’t a cohesive approach to this workstream, notwithstanding significant areas of local innovation happening across West Yorkshire. This theme would identify opportunities to scale up, amplify and deliver this agenda at a West Yorkshire scale.
- 2.30 This programme would initially require development funding to work across the partnership, with commercial support to identify opportunities, challenges and a potential pipeline of connected places activities.
- 2.31 **Broadband Coverage**: The Government has set a target to deliver gigabit capable broadband to a minimum of 85% of UK premises by 2025. Building Digital UK³ (BDUK) are engaging with local partners and the market to accelerate roll-out further to achieve 100% gigabit-capable coverage as soon as possible. Benefits of better digital connectivity include:
- support for home working which reduces travel to work and supports carbon reduction;
 - helping employers to recruit and retain staff and potentially opening up job opportunities to those with limited access to the jobs market (such as residents with caring responsibilities or mobility issues);
 - Improvements in employee productivity; and
 - The ability to design and deliver innovative products and services.
- 2.32 BDUK are delivering and contract managing the Government’s £5bn Project Gigabit workstream to achieve this objective. The Project focuses on those

³ BDUK is an executive agency, sponsored by the Department for Digital, Culture, Media & Sport.

areas which are unlikely to be included in the roll-out by commercial suppliers. There is currently about 82% gigabit-capable broadband coverage in West Yorkshire which is estimated to rise to c.85% based on known public and private sector investments. There is need for the public sector to intervene to address the remaining 15% of premises which are located in hard to reach and/or rural areas. There are areas that are likely to experience market failure.

2.33 Notwithstanding significant levels of Government investment in broadband infrastructure many areas of market failure a likely to persist. Additional local funding e.g. Broadband Gainshare has the potential to accelerate and draw down more investment from the Government. Public sector funding will leverage commercial investment. A digital infrastructure workstream could include the following local programmes:

- a) Digital Opportunity Mapping (evidence base and engagement tool);
- b) Urban Gigabit Voucher Programme;
- c) DCMS Rural Gigabit Voucher (Local Top-up); and
- d) Fibre Infrastructure Delivery Programme

2.34 Local funding for these programmes could be sought from the Broadband Gainshare (subject to local partner agreement). The scale and impact of these programmes will depend on the level of funding made available to support delivery.

Natural Environment (White Rose Forest Green Streets and Safer Parks)

2.35 The natural environment has a critical role to play in underpinning a safe, healthy and resilient population helping to reduce emissions and providing climate ready services and solutions. A high-quality and accessible natural environment is vital for humans, biodiversity and sustainable places. The COVID-19 pandemic clearly demonstrated the value of having green spaces easily accessible to peoples' homes, particularly in terms of both physical and mental health. While some of the region's natural environment is in a good condition, this is by no means true for all West Yorkshire. The region's biodiversity and ecosystem services are coming under increasing threat, and this is impacting on many areas of the economy, resulting in being unable to derive the fullest value from the full range of natural environment assets in West Yorkshire. There are range of potential projects within his area including: White Rose Forest Green Streets; Safer Parks; Green Infrastructure and Access to Health; Regenerative Nature Recovery Schemes and; Farmer and Landowner Information and Support Service.

2.36 The programmes have the potential to deliver a range of positive outcomes including:

- improved health, wellbeing and safety in public spaces;
- enhanced access to green space and air quality; and
- reductions in flooding and carbon emissions.

2.37 Programmes within this theme are scalable with a balance needing to be struck between the size of a programme and its impact. The Safer Parks workstream is an exception to this as it focuses on delivery of a pilot park project. A range of funding sources are being explored alongside Gainshare to support delivery of this programme, including private sector development, parks foundations or public agencies, national and regional.

Proposed Framework for Assessing Schemes Entry to Pipelines

2.38 The West Yorkshire Combined Authority needs to set out a framework for assessing proposals aligned to IP3 prior to them entering the pipeline development process. This will allow resources to be focused on the schemes and programmes that are best aligned to local priorities and ensure our pipelines are robust and fit for purpose.

2.39 The following are a set of initial criteria that could form the basis of how the Authority considers whether a scheme should be included on a pipeline.

- a) There is local political support for the scheme.
- b) There is a significant need to support the scheme (e.g. funding gap, deliverability, market failure or public good).
- c) It is in line with the priorities set out in the Strategic Economic Framework
- d) Clear alignment with the [West Yorkshire Investment Strategy](#). Including the Strategy Investment Priorities, Outcomes to be Achieved and Priority Areas for Investment.
- e) We offer commercial options where there is commercial interest, and the specific approach to how we would approach this would be set out in a new framework.

2.40 Notwithstanding the work on the IP3 Portfolio and associated programmes/pipelines of schemes, there is a need to consider potential schemes or opportunities that could emerge outside of the current portfolio development process. This could be opportunities or funding requests that are aligned to IP3 but do not fall within current programme development activity or could be opportunities/funding requests that need to be considered before the portfolio and pipeline development activity has concluded.

2.41 To consider this type of request for funding a set of clear policy principles should apply. This is being drafted now building on the principles above and drawing on best practice alongside lessons learned.

2.42 A key point for discussion relates to the Eligibility Criteria and if this should be tied to scale and / or the strategic importance of schemes. Committee Members views on this are welcomed.

2.43 The criteria will be finalised taking into account any views from the Committee and form part of the Authority's approach to assessing requests for capital investment.

Next Steps

- 2.44 Subject to approval of this report, Combined Authority officers will coordinate the development of the IP3 Portfolio and progress the business case for the Authority's assurance process.
- 2.45 It is currently proposed that the IP3 Portfolio level business case will be considered by the Authority's assurance process prior to seeking Combined Authority approval in Spring 2023.

3. Tackling the Climate Emergency Implications

- 3.1 The IP3 portfolio aims to support the ambitions of the Carbon Emissions Reduction Pathways for West and North Yorkshire and the West Yorkshire Climate and Environment Plan.
- 3.2 There are opportunities for IP3 programmes to deliver low carbon and climate resilient infrastructure, homes and businesses. The programmes can also unlock opportunities to improve the natural environment to enable wider decarbonisation of the economy and our communities. Opportunities to support local climate resilience will be drawn out in individual programme business cases.

4. Inclusive Growth Implications

- 4.1 The emerging IP3 portfolio aims to target the following outcomes all of which support inclusive growth objectives:
- Create healthier, positive and greener places.
 - Accelerate the transformation of our towns and cities into successful, resilient, sustainable places.
 - Increase access to gigabit-capable broadband in hard to reach and/or rural areas.
 - Enhanced flood resilience.
 - Reduction in fuel poverty.
- 4.2 Inclusive growth impacts will be drawn out in the business case for IP3 Portfolio and further developed for each programme, for example the potential to deliver local employment, improved housing quality and social value.

5. Equality and Diversity Implications

- 5.1 There are EDI implications across all the themes, including a focus on healthy and affordable homes, providing enhanced digital connectivity to hard to reach/rural areas, improving the flood resilience of vulnerable communities and addressing the issue of gender equality in access to/safety in parks.

6. Financial Implications

- 6.1 The report provides an update on the portfolio prioritisation work which will shape programme development. Any funding decisions will be made by the Committee as appropriate.

7. Legal Implications

- 7.1 There are no immediate legal implications arising from this report however some of the prioritised programmes are likely to need legal advice/agreements as they develop.

8. Staffing Implications

- 8.1 The IP3 portfolio prioritisation and early-stage assurance work will be led by existing staff in the Policy and Development Directorate. As programmes development additional programme management resource will be outlined as required.
- 8.2 At the West Yorkshire Combined Authority meeting on the 3rd February 2022 the Combined Authority approved in principle funding allocations to each Local Authority and the Combined Authority to support capacity issues and enable pipeline development work to be undertaken against the Investment Priorities.

9. External Consultees

- 9.1 The proposals aligned to the IP3 portfolio are being developed in partnership with local authorities and the appropriate Committees.

10. Recommendations

- 10.1 That the Committee considers the ongoing work to prioritise and develop a portfolio of workstreams and programmes under Investment Priority 3 (IP3) Creating Great Places and Accelerated Infrastructure.
- 10.2 The Committee considers the requirement for a framework for assessing proposals aligned to IP3 as they enter the pipeline development process.

11. Background Documents

[West Yorkshire Investment Strategy](#)

12. Appendices

Appendix 1 - Potential Programme Development Themes (July 2022)