
Report to: Place, Regeneration and Housing Committee

Date: 2 March 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 The purpose of this report is to:

- update the Committee on the programme development for Investment Priority 3 (IP3) Creating Great Places and Accelerated Infrastructure.
- consult the Committee on the proposed Employment Accelerator Programme Methodology.

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)
- **Investment Priority 2:** Skills and training for people

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

- **Investment Priority 3:** Creating Great Places and Accelerated Infrastructure
- **Investment Priority 4:** Tackling the Climate Emergency and Environmental Sustainability
- **Investment Priority 5:** Future Transport
- **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 We have the opportunity to use Gainshare to develop projects that could then either be for the Combined Authority to fund directly and/or leverage in other funding to progress and complete the projects. There are also a number of other funding sources that could be used to develop the projects under this investment priority.

Investment Priority 3 (IP3) Creating Great Places and Accelerated Infrastructure) Portfolio

Previous Committee Engagement and Approvals

2.4 The development of the IP3 Portfolio and prioritisation process was considered at the following Committee meetings:

- Place, Regeneration and Housing Committee (7 July 2022): Agreement on initial themes for Authority work under IP3. The themes were: Housing; Digital Infrastructure; Capital Infrastructure Flood Programme; Design Quality; Safer and Stronger Communities; Employment Opportunities and Green Infrastructure.
- Place, Regeneration and Housing Committee (5 January 2023): Engagement on the ongoing work to prioritisation and development of workstreams.
- Combined Authority (2 February 2023):
 - Endorsement of proposals for the next phase of development of programmes to support delivery of IP3, building on initial deployment of Gainshare and other funds.
 - Project Approvals report: Capital Flood Risk Management Programme; The principal that £10,000,000 of Combined Authority funding is utilised as 'match' to leverage other funding sources; that development work commences on the development of the next business case stage; Programme Development Funding Approved £113,735.

2.5 Further engagement will be undertaken with Committees and local authority partners as the business cases for specific themes and programmes are developed.

IP3 Portfolio Business Case (Strategic Assessment)

- 2.6 Following previous engagement with this Committee and the Combined Authority an IP3 Portfolio Strategic Assessment (Decision Point 1) was submitted for internal assurance (10 February 2023) and will be considered by the Combined Authority (16 March 2023).
- 2.7 The overarching aims of the portfolio align with the West Yorkshire Investment Strategy (WYIS) and are outlined below:
- 1) **Increase the resilience of communities** with a focus on ensuring that interventions support our most excluded and deprived groups and communities.
 - 2) **Accelerate and improve the quality of infrastructure** delivered driving investment to locations and communities most in need.
 - 3) **Drive inclusive and sustainable growth** through investment aligned to development land and property (with a focus on providing good jobs and affordable homes in our region and reducing national economic disparities). Enabling good quality housing and employment growth through providing resource and capacity at a local level to accelerate delivery in strategic locations.
- 2.8 The Strategic Assessment outlines the following high level themes which comprise a range of programmes/projects to deliver the objectives for Investment Priority 3:
- Housing and Regeneration
 - Employment Land
 - Spatial Priority Areas
 - Flood Infrastructure
 - Digital Infrastructure
 - Natural Environment and Green Infrastructure
 - Safer and Stronger Communities (Safer Parks)

Overview of Proposed Portfolio Themes and Programmes

- 2.9 The table at Appendix 1 provides an overview of the hierarchy within the proposed IP3 Portfolio (subject to assurance and Combined Authority approval). This is structured with high level themes and the proposed programme(s) within each theme area. Appendix 1 also provides an overview of the challenge for each theme and the proposed programme(s) that will be considered.
- 2.10 In order to support development of the next stage in business case development and/or accelerate the programme the IP3 Portfolio business case outlines proposals for development funding (to be considered, and subject to the approval of, the Combined Authority on 16 March). These relate to the Housing Accelerator Fund; Spatial Priority Areas Delivery Model Programme and Portfolio level evaluation and monitoring.

- 2.11 The current estimated timescales for the next business cases under IP3 are summarised below, subject to the Assurance Framework:

Theme / Programme	Proposed Timescale & Committee
Capital Flooding Infrastructure Programme Strategic Outline Case	June 2023 Combined Authority/Climate Committee
Housing Accelerator Fund Strategic Outline Case	June 2023 Combined Authority/Place Committee
Digital Infrastructure Programme Strategic Outline Case	Late 2023 Combined Authority/Place Committee (subject to funding)
Employment Land Business Justification Case	June 2023 Combined Authority
Spatial Priority Area Delivery Models Business Justification Case / Strategic Outline Case	Release of funding in June to progress development work and then early 2024 Combined Authority/Place Committee for next stage

- 2.12 Subject to approval of this report, Combined Authority officers will coordinate the development of the IP3 Programme/Project business cases for the Authority's assurance process and continue to seek other funding sources where required.

IP3 Programme Specific Updates

Housing Accelerator Fund

- 2.13 Housing delivery, particularly affordable and sustainable housing, is a key priority of the Combined Authority and one of the ten pledges of the Mayor. In West Yorkshire, there are many sites that need support to bring them forward for development. The proposed Housing Accelerator Fund would build on the established Housing Pipeline Revenue Fund (HPRF) that was secured through the devolution deal providing £3.2million in revenue funding to support the development of the strategic housing pipeline. The current Housing Pipeline Revenue Fund programme is due to end in March 2023.
- 2.14 This is strongly aligned to the housing theme and the outcomes of IP3 and Investment Priority 4² which includes proposals for a Better Homes Hub. The Hub has been established to enable the vision of ensuring everyone in West Yorkshire can live in a warm, comfortable and low carbon home. It aims to tackle the numerous and complex barriers that exist in retrofitting the region's homes with energy efficiency measures and renewable energy technologies. It will do this by developing support, advice, mechanisms and finance that enables everyone in West Yorkshire to upgrade their properties if they so wish.

² Investment Priority 4: Tackling the Climate Emergency and Environmental Sustainability

This also sits alongside the work to develop the Strategic Place Partnership that is subject to another paper on this agenda.

Lessons Learned from the HPRF Programme

- 2.15 The Housing Pipeline Revenue Fund programme has provided direct support to Local Authorities to add much needed resource and capacity to develop pipeline sites. In summary HPRF has:
- Supported 64 projects helping to progress sites that could enable the delivery of 20,000 new homes (subject to planning approvals)
 - Part funded additional capacity and resource in Local Authority teams either via Local Authority direct recruitment or consultancy (for example x3 posts directly in Calderdale Council's housing growth team, x1 highways expert and x1 drainage consultancy support in Kirklees Council).
 - Tested the deliverability of schemes by providing technical and feasibility work to identify barriers to delivery and identify indicative costs followed by initial viability analysis (e.g. Gomersal Primary School in Kirklees, x6 council owned sites in Bradford, Pontefract Dispensary in Wakefield).
 - Funded direct marketing of sites which have resulted in attracting high levels of interest from local and national developers (e.g. Cock Hill Lane in Calderdale)
 - Engagement and procurement of developer partners at key projects (linked to the spatial priority areas) such as Bradford City Village and North Halifax.
 - Demonstrated the Combined Authority and the constituent Local Authorities' ability to provide confidence to key stakeholders in commitment to housing delivery across the pipeline. Crucially this has directly led to the development of West Yorkshire Combined Authority as Strategic Place Partner with Homes England
- 2.16 Some of the key lessons learned that the project team have noted to date through the programme include;
- The programme has demonstrated a need to apply revenue funding to support the development of projects in the housing pipeline. The funding has accelerated projects towards delivery where Local Authority and Combined Authority budget constraints would otherwise have led to projects becoming stalled or progressing at a much slower pace.
 - The time sensitive nature of the viability and feasibility studies mean that information and feasibility testing can quickly become out of date particularly in uncertain economic conditions and a fluctuating market, therefore programme flexibility is essential.
 - The programme is limited in providing direct revenue fund support to land that is owned or in partial control by the public sector due to UK subsidy control issues in providing the funding directly to the private sector. This is due to public sector funding to de-risk sites may increase the value of land for the sole benefit of the private sector developer and/or landowner and thereby creating a competitive or commercial advantage in the marketplace.
 - The programme needs to be flexible to adapt to new opportunities coming forward (for example as local plans are revised, new capital funding

streams become available, sites move closer to the market). Therefore, priority sites may change across the life of the programme.

- The programme benefits from a programme manager to work at a regional level to maintain an oversight of projects and forward plan future tranches of funding to allow continuity in delivering complex projects.
- The ability to delegate project level approvals should be reviewed to expediate the release of funding.

- 2.17 An independent evaluation of the programme against the objectives set out in the Strategic Outline Case will take place following the closure of the programme on 31st March 2023. Following the evaluation, the current programme will come to a formal closure.

Development of the Housing Accelerator Fund

- 2.18 Following the closure of the HPRF 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.

- 2.19 Building on the Housing Revenue Fund the purpose of the Housing Accelerator Fund will support projects across the strategic housing pipeline to get to an investment ready position to access 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 is proposed to have 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 programmes.
- 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.

- 2.20 As was the case for the HPRF Programme, the West Yorkshire Strategic Housing Pipeline will form the basis of sites that may be supported using the Housing Accelerator Fund. This pre-development pipeline is a dynamic tool that consists of the most strategic opportunities for housing development in the region that demonstrate a market failure and are likely to require some public sector intervention to move forward. As the pipeline is a live tool, the number of projects is subject to change as new opportunities arise (as was noted in the lessons learned for the HPRF programme), the addition of new sites to the pipeline is driven by expressions of interest for new sites to be added coming forward from Local Authority teams. These are then assessed against their

strategic fit with the Combined Authority's objectives and are predominantly linked to the regions' identified Spatial Priority Areas (SPAs), although not exclusively.

2.21 In order to access revenue funding, the pipeline sites were prioritised using a scorecard methodology for the HPRF programme. A similar approach is proposed to be undertaken for the Housing Accelerator Fund, however, the learnings from HPRF mean that some of the scorecard categories will change or be given a greater weighting for the Housing Accelerator Fund. The scoring categories will broadly include:

- **Strategic fit:** alignment with the Combined Authority's Strategic Economic Framework and Mayoral priorities (e.g. net zero, affordable housing).
- **Location:** Sites identified within SPAs or as part of the Homes England Strategic Place Partnership focus areas will score more highly.
- **Land:** Brownfield sites will rank more highly and sites or projects with a greater level of public sector control or influence will score more highly.

2.22 Consideration will also be given to broader categories such as deliverability and market interest, however as the nature of the Housing Accelerator Fund is to test this and provide local capacity and resource to accelerate delivery, this will be weighted less than the other proposed categories. There is also a need to be flexible across the programme so the scoring approach may be revisited as new opportunities arise across the life of the programme.

Housing Accelerator Fund Next Steps

2.23 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.

2.24 Work is ongoing to develop the Strategic Outline Case for the Housing Accelerator Fund which, subject to the outcome of assurance recommendations, we aim to present to Place Regeneration and Housing Committee in June 2023 for approval to proceed with the programme delivery. The aim of bringing this to Committee ahead of the formal approval is to seek the Committee's input into the shape and approach of the programme so this can be reflected in the business case.

Employment Accelerator Fund - Next Steps

2.25 The development of an Employment Accelerator Fund would provide revenue funding for a West Yorkshire wide pipeline of employment sites. Similar to the housing revenue funding the development of a revenue fund applied to employment sites will allow direct support to Local Authorities to add much needed resource and capacity to develop and unlock their pipeline sites. The

funding could be used to ascertain constraints and testing viability or barriers to investment.

- 2.26 The need for this revenue funding has been identified to enable a targeted approach to employment land and development acceleration, building on the success and lessons learnt of the Enterprise Zone programme, to create new opportunities to maximise employment investment and bring jobs growth to the region. It is also important that the sites work with, and for, the communities that they will serve. It is in line with the recommendations of the Employment Land and Property Study undertaken in February 2021 which recommended that the Combined Authority establishes a dedicated fund for site assembly, preparation and infrastructure and that further work be undertaken to establish the need for a commercial loan fund. Establishing an Employment Accelerator revenue fund is a first step towards understanding and overcoming barriers to delivery of employment land. Work has been undertaken to begin to build a pipeline of sites in support of the IP3 portfolio Strategic Assessment. Existing evidence held by Local Authorities and the Combined Authority is being applied to identify strategic employment sites with the potential to deliver key outcomes aligned to IP3.
- 2.27 The aim of bringing this to Committee ahead of the formal approval is to seek the Committee's input into the shape and approach of the programme so this can be reflected in the business case. We are therefore seeking some initial feedback on direction of travel.
- 2.28 Feedback is sought on the methodology outlined at Appendix 2. Specifically, we are seeking views on:
1. The proposed 3 stage methodology for the Employment Accelerator Fund – does the committee support the approach as set out?
 2. The proposed approach and scope for the prioritisation of sites:
 - a. does the committee support the approach to have an agile prioritisation of sites to respond to funding opportunities as they arise?
 - b. does the committee agree with the identified prioritisation factors?

Spatial Priority Area, Delivery Models – Next Steps

- 2.29 Our Spatial Priority Areas (SPA) are the largest and / or the most strategic growth opportunities within West Yorkshire. Identified in partnership with the 5 Authorities and agreed and endorsed by the Place Committee, they provide consensus on the best opportunities in our sub-region where coordinated infrastructure investment will achieve balanced growth across the area.
- 2.30 SPAs are of regional significance, and some are cross-boundary locations. This can help with building funding cases and with prioritisation when funding opportunities arise, but it also helps with building status and investor interest in key locations. Whilst the SPAs have provided a focus for various pipeline / programme activities, there has been no targeted, holistic approach to delivery

across any of the SPAs to date. Again, the aim of this work is to support site development that will create jobs, attract inward investment and build high quality developments in our communities.

- 2.31 Subject to approval of the IP3 business case, the next stage will be the procurement of a partner to provide consultancy support in developing bespoke delivery models for Spatial Priority Areas for the next stage of business case development. Significant support is required in advance of development of a robust business case for targeted intervention. The proposals will allow flexible application of consultancy support working in partnership with each of our 5 local authority partners on one or more of the allocated SPAs.

3. Tackling the Climate Emergency Implications

- 3.1 The IP3 portfolio will support the ambitions of the Carbon Emissions Reduction Pathways for the region 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.

3. Inclusive Growth Implications

- 4.1 The 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.
- 4.2 Inclusive growth impacts are outlined in the IP3 portfolio business case and will be further developed for each programme, for example the potential to deliver local employment, improved housing quality and social value.

4. Equality and Diversity Implications

- 5.1 An Equality Impact Assessment (EqIA) Stage 1 Screening has been undertaken for the IP3 Portfolio business case.
- 5.2 The EqIA notes that there is potential for the programmes to make a moderate to positive impact on the majority of the themes. This will be further developed

by programme level Stage 2 EqlAs as the programmes proceed through assurance and into delivery.

6. Financial Implications

- 6.1 The report provides an outline of the IP3 Portfolio and potential cost implications for Combined Authority Gainshare. Any funding decisions will be made by the Committee at the appropriate business case stage.

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 has been led by existing staff in the West Yorkshire Combined Authority Place and Environment team in consultation with partner councils. Officer time and support is gratefully received. As programmes develop additional programme management resource will be outlined as required. A request for development funding for a programme manager to support the Housing Accelerator fund will be part of the assurance review at Strategic Assessment stage.
- 8.2 The Combined Authority (3 February 2022) 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 IP3 Portfolio has been developed in partnership with local authorities and the appropriate Committees.

10. Recommendations

- 10.1 That the Committee notes the programme development work Investment Priority 3 and considers on the next stages for each programme.
- 10.2 That the Committee comments on the proposed Employment Accelerator Methodology.

11. Background Documents

[West Yorkshire Investment Strategy](#)

12. Appendices

Appendix 1 – Investment Priority 3 Portfolio Themes and Programmes

Appendix 2 – Employment Accelerator Proposed Methodology