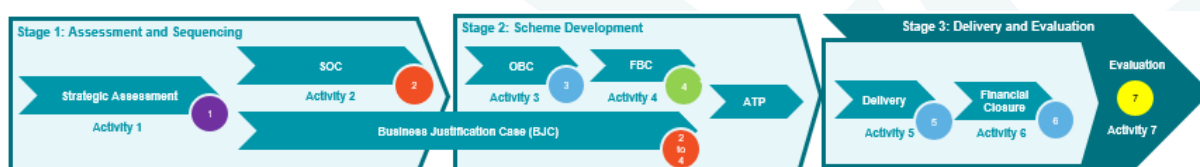


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|-------------------|--|
| Report to: | Combined Authority |
| Date: | 01 February 2024 |
| Subject: | Project Approvals - Cross Cutting Approvals – Delivering Benefits to the People of West Yorkshire |
| Director: | Sarah Eaton, Director of Strategy, Communications, and Intelligence |
| Author: | Craig Taylor, Head of Strategic Portfolio Office |

1 Purpose of this report

- 1.1 To report on proposals for the progression of, and funding for projects which impact all Investment Priorities – Delivering Benefits to the People of West Yorkshire, within the West Yorkshire Investment Strategy (WYIS), that have been considered at stages 1, 2 and 3 of the Combined Authority’s assurance process.



- 1.2 The recommendations can be found in Section 12 of this report.

2 Report

- 2.1 This report presents proposals for the progression of schemes through the Combined Authority’s assurance process in line with the Combined Authority’s Assurance Framework. Further details on the schemes summarised below can be found as part of this report.

3 Cross Cutting Approvals - Delivering Benefits to the People of West Yorkshire

- 3.1 The West Yorkshire Investment Strategy (WYIS) sets out the Investment Priorities for the period 1 April 2021 to 31 March 2024 across six areas. In each, a number of priority project / programme areas have been identified that are the focus for intervention.

- 3.2 The Investment Priorities outlined in the WYIS are:

- Investment Priority 1: Good Jobs and Resilient Businesses (including entrepreneurialism)
- Investment Priority 2: Skills and training for people

- Investment Priority 3: Creating Great Places and Accelerated Infrastructure
- Investment Priority 4: Tackling the Climate Emergency and Environmental Sustainability
- Investment Priority 5: Delivering Sustainable, Integrated, Inclusive and Affordable Transport
- Investment Priority 6: Creative Industries, Culture, Heritage and Sport

Scheme summaries

| | |
|--|--|
| <p>Gainshare Capacity Funding</p> <p>West Yorkshire</p> | <p><u>Scheme description</u></p> <p>Additional Capacity funding for partner councils to provide continued support to new and existing teams to progress economic development work and continue pipeline development against the West Yorkshire Investment Strategy (WYIS) Investment Priorities.</p> <p>This scheme will be funded from the Single Investment Fund (SIF).</p> <p><u>Impact</u></p> <p>Over the medium term, a pipeline of overarching programmes and projects for each investment priority will continue to be developed across the region. By increasing funding, this will further support the ambition to maintain and increase capacity and allow the partner councils to realise their economic/regeneration plans as well as allow for robust evidence to be developed, which in turn should lead to growth and economic stability.</p> <p><u>Decision sought</u></p> <p>Approval to the change request to increase funding by £15,000,000 to £26,400,000, allocated by partner councils as shown below, extend the programme by one year to 31 March 2026, and for work to continue on activity 5 (delivery)</p> <p>Total value of the scheme - £26,400,000</p> <p>Total value of Combined Authority funding - £26,400,000</p> <p>Funding recommendation sought - £15,000,000</p> <p>A decision by the Combined Authority is sought as part of this report</p> |
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4 Information

4.1 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.

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

Projects in Stage 1: Assessment and Sequencing

4.3 There are no schemes to review at this stage.

Projects in Stage 2: Scheme development

There are no schemes to review at this stage.

Projects in Stage 3: Delivery and Evaluation

| | |
|-----------------------|--------------------------------|
| Project Title | Gainshare Capacity Fund |
| Stage | 3 (delivery and evaluation) |
| Decision Point | Change request (activity 5) |

| | | |
|---|---|--|
| 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 |

Background

4.4 This scheme will be funded from the Single Investment Fund (SIF).

4.5 At the Combined Authority meeting in June 2021 the approach to the Single Investment Fund (SIF) and the West Yorkshire Investment Strategy (WYIS) were endorsed. The WYIS sets out the Investment Priorities for an investment period, currently April 2021 to 31 March 2024, framed across six areas. These investment priorities are multi-dimensional and complementary. They are underpinned by three cross cutting themes: tackling inequalities; inclusive growth; and tackling the Climate Emergency.

4.6 In each Investment Priority area, a number of priority project/programme areas have been identified that are the focus for intervention. It is intended that over

the medium term, a pipeline of overarching programmes/projects for each area will be developed across the region.

- 4.7 During partnership discussions, it was identified that there are significant capacity restraints across the region. Additional capacity is required within both the Combined Authority and the partner councils in order to develop a comprehensive pipeline of schemes and interventions to meet the ambitious collective priorities and objectives and ensure key outcomes are met. Robust pipelines are not just important to maximise future gainshare and to identify future borrowing needs but are also key to ensure the region is in a strong position to bid for future external funding, further devolution, and government spending rounds.
- 4.8 To progress work to deliver this, on 17 March 2022 the Combined Authority approved funding of £11,400,000 over the financial years 2022/23-2024/25 to boost capacity and enable scheme and pipeline development to be undertaken. Capacity funding is helping to facilitate and support the creation of new jobs across the partners, which will support delivery of the Investment Priorities of the WYIS by increasing resources.
- 4.9 The capacity funding was split equally between each of the five partner councils and the Combined Authority, with each receiving £1,890,000, plus £60,000 for the Combined Authority programme/project management support, with flexibility to spend across the three years (2022/23 - 2024/25) in the most appropriate way for the organisation.
- 4.10 Additional capacity funding is now being requested to be approved to complement and provide further support to maintain and increase capacity and allow the partner councils to progress their economic/regeneration plans and to continue the support into a further financial year.
- 4.11 A further £15,000,000, was provisionally agreed by Leaders in February 2023, to be allocated for the next three financial years (2023/24 – 2025/26). This is now requested to complement and add value to the aims of the original tranche of capacity funding and to build additional capacity in each of the five partner councils.
- 4.12 By providing additional capacity funding for the partner councils, it will further support the ambition to increase capacity and allow the partner councils to realise their economic/regeneration plans as well as allow for robust evidence to be developed, which in turn should lead to growth and economic stability in their areas. This work will then be used to further support work in line with the Investment Priorities of the WYIS and local economic investment plans.
 - 4.12.1 The additional £15,000,000 of capacity funding will increase the financial support for the partner councils in financial years 2023/24 and 2024/25 and extend the support a further year into financial year 2025/26. The additional capacity funding will be fully allocated to the partner councils and will be split between the five partner councils based on population share.
 - 4.12.2 The additional capacity support in this change request does not include the Combined Authority. It has been deemed that local authorities are in greatest need of additional capacity and are best placed to address these issues. The

£1,890,000 already allocated to the Combined Authority through this scheme is deemed sufficient to achieve its original aims.

4.12.3 Across the region, each Investment Priority will receive some level of funding within at least one local authority district. However, each individual local authority is not required to allocate funding to all investment priorities. Their applications for funding were submitted based on their own assessment of need, and funding will be channelled to the areas deemed to require additional capacity.

Outputs and Outcomes

4.13 The proposed outputs and outcomes of the scheme are unchanged; however, these were not previously quantified. For the additional £15,000,000 some deliverables and resulting outputs and outcomes have been better described, however it is requested that there is flexibility to change these based on need.

4.14 The scheme outputs and outcomes are:

- To develop and accelerate a pipeline of activity at a local and sub regional level including development of intelligence led business cases.
- To develop, plan, model and design wider area interventions to unlock development sites. For example, for affordable housing and/or commercial use including the promotion of active travel, modal shift and public transport integration helping address the climate emergency and reduce inequalities.
- To strengthen strategic relationships with key stakeholders, including partnership work between the partner councils and the Combined Authority to enhance strategy and policy development.
- To fund additional technical consultancy, for example, to support design, planning applications and procurement of key infrastructure, as required.
- To undertake primary and secondary research, providing a robust baseline of evidence and intelligence, to better understand the opportunities, gaps, and impact of collective and individual interventions (annual assessments).
- To provide resources to improve the interpretation of data and intelligence locally and at a regional West Yorkshire level, to monitor, evaluate and challenge project delivery or to use this intelligence to update and strengthen new strategy and policy frameworks alongside pipeline project development.
- To develop activity to build an inclusive economy, taking forward initiatives based on initial pilot work, including spatially focused activity.
- To develop new approaches that embed fair work, inclusive economy and community wealth building and which lever in social value.
- To improve local and regional propositions to attract external funding.

4.15 More detailed deliverables and outcomes have been set out by each of the five partner councils, and these are aligned to the Investment Priorities.

Tackling the Climate Emergency Implications

4.16 Tackling the Climate Emergency is at the heart of the SIF and WYIS as a key investment priority. All five partner councils have committed to contributing to tackling the Climate Emergency and this is briefly summarised below.

- Bradford will focus on delivering sustainable housing and transport solutions, building a low-carbon hydrogen production facility, and developing digital infrastructure.
- Calderdale will develop the Clifton Business Park and Enterprise Zone to create blue/green corridors on undevelopable parts of the site to improve biodiversity and sustainability.
- Kirklees will encourage efficient house building methods supporting the delivery of low carbon homes, particularly through their work with Thirteen Housing Group.
- Leeds will deliver LEEDS 2023 projects focusing on sustainability and carrying out carbon impact assessments on 12 signature projects to ensure they are addressing the Climate Emergency.
- Wakefield will support homes to save energy through Home Energy Efficiency Grants.

Inclusive Growth Implications

4.17 Inclusive growth is core within the Investment Priorities of the West Yorkshire Investment Strategy to ensure everyone benefits from the investments made across the region. All five partner councils have committed to contributing to Inclusive Growth and this is briefly summarised below.

- Bradford will support local businesses, providing affordable housing, attracting investment to deprived areas, and improving access to digital infrastructure.
- Calderdale will enhance routes into business start-up from a diverse range of communities and increasing apprenticeships through social value projects.
- Kirklees will deliver housing projects that are affordable and using local supply chain and maximising apprenticeships throughout the construction process.
- Leeds will employ two economic development officers responsible for developing the Leeds Inclusive Growth Strategy, focused on skills, employment and investment.
- Wakefield will support households to maximise their income and manage their debt through the Money Smart programme and support homes to save energy through Home Energy Efficiency Grants.

Equality and Diversity Implications

4.18 Reducing inequality is a cross cutting theme within the Investment Priorities of the WYIS to ensure that investments made across the region support equality

and diversity. Equality Impact Assessments will be undertaken as part of scheme development to ensure that as schemes are developed, equality, diversity and inclusion is given due regard.

4.19 All five partner councils have committed to contributing to Equality and Diversity, and this is briefly summarised below.

- Bradford will support the regeneration of deprived areas such as through the Odsal Stadium masterplan, increasing digital connectivity, and the UK City of Culture 2025 status which will allow a diverse range of people to participate and engage with cultural activities.
- Calderdale will develop the skills and knowledge of people who experience the most disadvantage and discrimination through social value projects.
- Kirklees will deliver housing projects that have a neutral impact on those with a protected characteristic as defined by the Equality Act 2010.
- Leeds will ensure LEEDS 2023 projects reflect all cultures, providing low-cost and free tickets to ensure people from all socio-economic groups are welcome to attend events, and holding local activities in all 33 wards in Leeds.
- Wakefield will support those with protected characteristics to achieve skills needed to work, through the STEP-UP programme, and by supporting people with financial vulnerability through the Money Smart programme.

Consultation and Engagement

4.20 The programme has been discussed with the key stakeholders in each of the partner councils and has been developed in partnership with them. The outline of the programme and the request for additional funding has been discussed and agreed with leaders from each of the partner councils. If required any public consultation for any of the measures will be managed and carried out by each of the partner councils at a suitable time.

Risks

4.21 The key risk is unchanged and is as follows:

- That the deliverables are not completed and realised within the timeframe (newly extended by one year to March 2026) – This may result in the ambition of the WYIS not being realised. The impact of this is significant as the purpose of the WYIS is to direct investment and development activity in the short to medium term and invest in and effectively target interventions and opportunities that deliver the transformational change required which address the wider strategic aims of the Combined Authority to generate the growth required for the region.
- This risk will be mitigated by:
 - Ensuring the resource is managed effectively by each partner to ensure it is not diverted from the intended purpose and monitored in a timely and robust manner to demonstrate progress is being made.

- Whilst flexibility for the funding use and outputs has been granted, there is an expectation that the work will be progressed at speed and will be achieved in a timely manner.
- As Accountable Body for the Fund, the Combined Authority will mitigate these risks by holding the partner councils to account according to the deliverables and outcomes they have stated.
- Effective communication between partners will enable effective mitigation of any issues as and when they may arise. As a minimum it is expected a report will be shared with the West Yorkshire Political Leadership Group bi-annually and a full progress report provided to the Combined Authority on an annual basis.

4.22 More detailed risks and mitigations have been set out by each of the five partner councils with each undertaking their own risk assessments. In summary these risks include the following.

- External factors such as market instability, changes to Government policy, or changes in regulations. These risks will be mitigated by effective governance and programme change control and monitoring of policies and regulations.
- Recruitment delays, which will be mitigated by implementing a realistic recruitment timeline. Another risk identified is procurement delays, which will be mitigated by following established governance and procurement procedures.
- Wider external risks to the housing market, such as construction inflation, mortgage rates, and planning policy changes. These risks will be mitigated through a proactive risk management approach taken on each housing development project.
- Ongoing procurements for facilities and project management do not result in compliant bids, which will be mitigated by prioritising schemes if procurement is delayed.
- A lack of demand for Home Energy Efficiency Grants, which will be mitigated by using funding to promote interest.

Costs

4.23 The total scheme costs are £26,400,000. The scheme is to be fully funded from the Single Investment Fund (Gainshare revenue funding).

4.24 At the Combined Authority meeting on 17th March 2022, £11,400,000 was approved for 2022/23-2024/25. A further approval of £15,000,000 for financial years 2023/24 to 2025/26 is now requested.

4.25 The Combined Authority's contribution is £26,400,000 from the Single Investment Fund, with the additional £15,000,000 to be split between the five partner councils according to the population of each district as shown below.

| Partner Council | % Allocation | Per Annum | Total 3 Years |
|-----------------|--------------|-------------------|--------------------|
| Bradford | 23.24% | £1,162,000 | £3,486,000 |
| Calderdale | 8.79% | £439,500 | £1,318,500 |
| Kirklees | 18.43% | £921,500 | £2,764,500 |
| Leeds* | 34.52% | £1,726,000 | £5,178,000 |
| Wakefield | 15.02% | £751,000 | £2,253,000 |
| Total | 100% | £5,000,000 | £15,000,000 |

**NB. Leeds formal request for 2023/24 only. Further proposal to come forward early 2024 to set out plans for 2024/25 and 2025/26.*

- 4.26 The additional funding will increase the allocations per partner council to the following total amounts out of the increased total cost of the scheme of £26,400,000.

| Partner Council | Original Cost (22/23 to 24/25) | Additional Cost (23/24 to 25/26) | Total Cost (22/23 to 25/26) |
|---|--------------------------------|----------------------------------|-----------------------------|
| Bradford | £1,890,000 | £3,486,000 | £5,376,000 |
| Calderdale | £1,890,000 | £1,318,500 | £3,208,500 |
| Kirklees | £1,890,000 | £2,764,500 | £4,654,500 |
| Leeds | £1,890,000 | £5,178,000 | £7,068,000 |
| Wakefield | £1,890,000 | £2,253,000 | £4,143,000 |
| Combined Authority | £1,890,000 | £0 | £1,890,000 |
| Combined Authority Strategy Team – Management Support | £60,000 | £0 | £60,000 |
| Total | £11,400,000 | £15,000,000 | £26,400,000 |

- 4.27 The Combined Authority will need to enter into a deed of variation to the existing funding agreements with each of the partner councils for additional expenditure from the Single Investment Fund (SIF) Gainshare Revenue.

Assurance Pathway and Approval Route

| Assurance pathway | Approval route | Forecast approval date |
|-----------------------------------|--|------------------------|
| Change request (activity 5) | Recommendation: Combined Authority's Director of Strategy, Communications, and Intelligence Decision: Combined Authority | 01/02/2024 |
| 5 (completion / service delivery) | Recommendation: Combined Authority's Portfolio Investment Panel Decision: Combined Authority's Director of Strategy, Communications, and Intelligence | 31/03/2026 |

Other Key Timescales

4.28 Other timescales are:

- Allocated funding ends in March 2026.

Assurance Tolerances

4.29 The previous approvals and assurance tolerances set are outlined below:

| Control area | Baseline Tolerance approved by the Combined Authority at DP2 – 4 BJC | Baseline Approval by the Combined Authority at DP2 (usually DP2 – 4 BJC) | Requested Change Request Approval | Within tolerance? |
|-----------------------------------|--|--|---|-------------------|
| Date | 17/03/2022 | | 12/10/2023 | |
| Total Cost | £11,400,000 | | £26,400,000 | |
| Combined Authority Funding | 0% | £11,400,000 | £26,400,000 | N |
| Completion Date (DP5) | 0 months | 31/03/2025 | 31/03/2026 | N |
| Outputs & Benefits | - 10% | As per the BJC DPC | Programme outputs/benefits not quantified | Y |

4.30 The revised assurance tolerances for the recommended approval in this report are:

| Assurance tolerances |
|---|
| Combined Authority costs remain within those outlined in this report. Delivery (DP5) timescales remain within 6 months of those outlined in this report. |

Appraisal Summary

- 4.31 The strategic case remains strong and additional capacity funding to the partner councils will be a key mechanism to protecting and enhancing existing capacity, ensuring that the Combined Authority and its partners have a robust pipeline of overarching programmes / projects for each investment priority across the region and to support economic/regeneration plans. Further development is required during delivery to make the outputs and outcomes SMART and for them to be quantified. It is suggested that the proposed partner outputs and outcomes are aggregated to establish programme level targets.
- 4.32 As well as building capacity the proposed programme will result in the five local authorities retaining resource which may be at risk, and which would hinder the councils from contributing to the work of the Combined Authority if it were lost. This will support the development of pipelines of programmes and projects that will be ready for funding opportunities when they arise. It will also allow for better quality business cases which will meet market demand more effectively and this will utilise the Single Investment Fund more efficiently.
- 4.33 A value for money assessment has not been provided for this scheme. The benefits of the scheme are expected to increase in proportion with the increased costs, however it is uncertain if this will result in a better or worse value for money position overall. There is the potential that increased funding allocations for local authorities could improve value for money through economies of scale.
- 4.34 The programme will be governed through bi-annual status reports to the FRCC and the West Yorkshire Political Leadership Group to demonstrate the progress in supporting the delivery of the WYIS. A first report to the West Yorkshire Political Leadership Group was provided in September 2023.
- 4.35 The full details of how quality, change, risk, contract, evaluation and management arrangements etc will be managed have not been provided. However, a project manager has been identified to manage the programme and co-ordinate monitoring and reporting and the local authorities and the Combined Authority have established their own project management arrangements to manage the funding.
- 4.36 It would be beneficial to establish a robust monitoring and reporting process for the delivery phase of the scheme and an evaluation plan for the end of the scheme. This will help to understand the achievements of the scheme against the stated objectives and anticipated outcomes and will provide lessons for future capacity funding support.

Recommendations

4.37 The Combined Authority approves that:

- (i) The change request to the Gainshare Capacity Funding scheme to increase funding by £15,000,000 to 26,400,000, allocated by partner councils as shown below, extend the programme by one year to 31 March 2026, and work continues on activity 5 (delivery) is approved.
- Bradford Council £3,486,000.
 - Calderdale Council £1,318,500.
 - Kirklees Council £2,764,500.
 - Leeds Council £5,178,000.
 - Wakefield Council £2,253,000.
- (ii) Approval to the total scheme value of £26,400,000 is given, allocated as detailed below.
- Bradford Council £5,376,000.
 - Calderdale Council £3,208,500.
 - Kirklees Council £4,654,500.
 - Leeds Council £7,068,000.
 - Wakefield Council £4,143,000.
 - Combined Authority £1,950,000.
- (iii) The Combined Authority enters into a contract variation to the existing Funding Agreements with each of the partner councils for expenditure as detailed in (ii) above.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report and where required, any change requests are delegated to the Finance, Resources and Corporate Committee. This will be subject to the scheme remaining within the tolerances outlined in this report.

5 Tackling the Climate Emergency implications

5.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

6 Inclusive Growth implications

6.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

7 Equality and Diversity implications

7.1 Equality Impact Assessments (EqIA) have been undertaken on all projects included in this report as part of their business case development.

8 Financial implications

8.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

9 Legal 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 (Summary)

Gainshare Capacity Funding

12.1 The Combined Authority approves that:

(i) The change request to the Gainshare Capacity Funding scheme to increase funding by £15,000,000 to 26,400,000, allocated by partner councils as shown below, extend the programme by one year to 31 March 2026, and work continues on activity 5 (delivery) is approved.

- Bradford Council £3,486,000.
- Calderdale Council £1,318,500.
- Kirklees Council £2,764,500.
- Leeds Council £5,178,000.
- Wakefield Council £2,253,000.

(ii) Approval to the total scheme value of £26,400,000 is given, allocated as detailed below.

- Bradford Council £5,376,000.
- Calderdale Council £3,208,500.
- Kirklees Council £4,654,500.
- Leeds Council £7,068,000.
- Wakefield Council £4,143,000.
- Combined Authority £1,950,000.

(iii) The Combined Authority enters into a contract variation to the existing funding agreements with each of the partner councils for expenditure as detailed in (ii) above.

(iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report and where required, any

change requests are delegated to the Finance, Resources and Corporate Committee. This will be subject to the scheme remaining within the tolerances outlined in this report.

13 Background Documents

13.1 None as part of this report.

14 Appendices

None as part of this report.