

**MINUTES OF THE MEETING OF THE
WEST YORKSHIRE AND YORK INVESTMENT COMMITTEE
HELD ON WEDNESDAY, 6 SEPTEMBER 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON HOUSE, LEEDS**

Present:

Councillor Peter Box CBE (Chair)
Roger Marsh OBE (Vice-Chair)
Councillor Barry Collins
Councillor Ian Gillies
Councillor Denise Jeffery
Councillor Richard Lewis
Councillor Peter McBride
Councillor Alex Ross-Shaw

Wakefield Council
Leeds City Region Enterprise Partnership
Calderdale Council
City of York Council
Wakefield Council
Leeds City Council
Kirklees Council
Bradford Council

In attendance:

Councillor Eric Firth
Melanie Corcoran
Elizabeth Courtney
Vicky Dumbrell
Chris Dunderdale
Dave Haskins
Tom Murphy
Chris Maunder
Henry Rigg
Angela Taylor
Dathan Tedesco
Jacqui Warren

WYCA Transport Committee
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9. Apologies for Absence

There were no apologies for absence.

10. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

11. Exempt Information - Possible Exclusion of the Press and Public

Resolved: That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during

consideration of Appendix 2 to Agenda Item 8 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12. Minutes of the Meeting of the West Yorkshire and York Investment Committee held on 12 July 2017

Resolved: That the minutes of the West Yorkshire and York Investment Committee held on 12 July 2017 be approved and signed by the Chair.

13. Investment Panel - Governance Issues

The Committee considered a report of the Director of Resources which asked members to consider:

- a change of name for the Investment Panel; and
- an interim appointment to the Investment Panel.

It was proposed that in order to better distinguish the Panel from Investment Committee that the name of the Panel be changed to the Business Investment Panel.

It was reported that there were two vacancies for private sector representatives on the Panel. A recruitment exercise was to be undertaken in the autumn seeking private sector representatives for all WYCA's Panels but, in order to ensure that the Investment Panel had the appropriate expertise in place until that time, it was proposed that an interim private sector member be appointed.

Resolved:

- (i) That the name of the Investment Panel be changed to Business Investment Panel.
- (ii) That authority be delegated to WYCA's Managing Director to appoint one private sector representative to the Business Investment Panel on an interim basis (pending completion of the review of Panels' membership) subject to consultation with the Chair of the Panel and the WYCA LEP member.

14. Leeds City Region Growth Deal Delivery

The Committee considered a report of the Director of Delivery which provided:

- An update on progress made towards the achievement of Key Performance Indicators (KPIs) and on the implementation of the Growth Deal programme.
- An overview of the Call for Projects and the current situation in defining the Growth Deal Impact Sites.

Members noted the progress of the seven KPIs, details of which were attached at Appendix 1 to the submitted report together with information in respect of programme expenditure for the first two quarters to the end of September 2017/18.

The Growth Deal Dashboard and Pipeline were attached at Appendices 2 and 3 of the submitted report. Members were advised that the forecast spend was currently £104.76m against the annual target of £100.15m and members also noted the projects currently rated as Red which represented a risk to the delivery of the programme.

The Committee discussed and noted the cost of managing the portfolio and the capitalisation proposals which were set out in the submitted report.

It was reported that WYCA and the LEP have issued an open call for proposals that can make a strategic impact across the city region and meet a number of different requirements. It was noted that whilst there was no available/allocated funding at present there were several potential opportunities and these were outlined in the submitted report. The outcomes of the call would be presented to the Investment Committee's Autumn workshop.

Members were updated on the ongoing work in respect of identifying Growth Deal impact sites. This had included mapping all of the Growth Deal projects in preparation for agreeing the proposed impact sites and discussions in respect of how overlapping areas of impact would be agreed were ongoing with SQW, the consultants appointed to undertake the Growth Deal progress reviews.

Resolved:

- (i) That the progress towards achievement of the KPIs and the implementation of the Growth Deal be noted.
- (ii) That the Investment Committee recommends to WYCA for approval the capitalisation proposals set out in paragraphs 4.1 and 4.2 of the submitted report.

15. Capital Spend and Project Approvals

The Committee considered a report of the Director of Delivery on proposals for the progression of, and funding for, a number of West Yorkshire plus Transport Fund (WY+TF) and Growth Deal projects at Stages 1, 2 and 3 of WYCA's Assurance Process.

Members considered the following schemes which were detailed in the submitted report:

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper)
Access Innovation Programme	Decision Point 2 (Case Paper)
Strategic Business Growth Programme	Decision Point 2 (Case Paper)
Beech Hill, Halifax	Decision Point 2 (Case Paper)
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case)
Energy Accelerator Programme	Decision Point 4 (Full Business Case)
Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs)
New Bolton Woods	Decision Point 5 (Full Business Case with Finalised Costs)

The report also provided further details and outlined recommendations for the following schemes which have had exception reports assessed in line with WYCA's Assurance Process:

Leeds New Station Street	Activity 5 (Full Business Case plus Finalised Costs) Exception
Huddersfield Incubation & Innovation Centre	Activity 6 (Delivery) Exception
Tackling Fuel Poverty	Activity 6 (Delivery) Exception

The Committee was provided with details of decisions made through delegation to WYCA's Managing Director since the last meeting. It was noted that the decisions were made following recommendations from WYCA's Programme Appraisal Team for the following schemes:

- Hebden Bridge Rail Park and Ride Decision Point 5 (Full Business Case with Finalised Costs)
- LEP Loan – Fresh Pastures (Full Business Case with Finalised Costs)
- Strategic Inward Investment Fund Decision Point 5 (Full Business Case with Finalised Costs)
- Business Growth Programme Decision Point 5 (Full Business with Finalised Costs)

Summaries of the schemes' Business Cases were attached as Appendices 1-12 of the submitted report.

It was noted that due to the nature of the funding stream, the Pothole Action Fund had been considered by WYCA and a funding allocation of £2.231m had been approved.

Resolved:

- (i) In respect of **A629 Phase 4 Halifax to Huddersfield Corridor Improvements (Decision Point 2)**, the Investment Committee recommends to WYCA that:
- The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
 - An indicative approval to the total project value of £30.000m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Development costs of £0.570m are approved in order to progress the scheme to Decision Point 3 (Outline Business Case), taking the total project approval to £0.645m.
 - WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (ii) In respect of the **Access Innovation Programme (Decision Point 2)**, the Investment Committee recommends to WYCA that:
- The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
 - An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the Local Growth Fund Access to Capital Grants programme fund and £4.265m from the ERDF fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
 - Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- (iii) In respect of the **Strategic Business Growth Programme (Activity 2 Case Paper)**, the Investment Committee recommends to WYCA that:

- The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- An indicative approval to WYCA's contribution of £3.146m (which will be funded through £2.156m from the ESIF Grant and £0.990m from the WYCA Capital Grants fund) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(iv) In respect of **Beech Hill, Halifax (Activity 2 Case Paper)**, the Investment Committee recommends to WYCA that:

- The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- An indicative approval to WYCA's contribution of £1.000m (which will be funded through Growth Deal 3) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(v) That in respect of **Castleford Rail Station Gateway (Activity 3 Outline Business Case)**, the Investment Committee recommends to WYCA that:

- The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
- An indicative approval to the total project value of £4.511m is given from the West Yorkshire plus Transport Fund with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs).
- Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (Full Business Case with Finalised Costs), taking the total project approval to £0.338m.

- WYCA enter into a Section 56 grant agreement with Northern Rail for expenditure of up to £0.200m from the West Yorkshire plus Transport Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Points 4 and 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(vi) That in respect of **Energy Accelerator (Activity 4 Full Business Case)**, the Investment Committee recommends to WYCA, subject to a successful European Local Energy Assistance (ELENA) application, that:

- The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- Approval to spend the £0.640m Local Growth Fund allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (the exact amount dependent on Euro exchange rate at the date of approval – application pending) is given with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5 (Full Business Case with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m Local Growth Fund, £2.997m ELENA).
- Development costs of up to £0.180m are approved in order to pay the incurred development costs and to progress the scheme to Decision Point 5 (Full Business Case with Finalised Costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- Future approvals are made in accordance with the Approved Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.
- WYCA's Managing Director use his existing delegated authority to approve projects within any future phases of the Energy Accelerator Programme, providing that the value of each scheme is less than £1m.

(vii) In respect of **Leeds District Heat Network – Phase 1 (Activity 5 Full Business Case with Finalised Costs)**, the Investment Committee recommends to WYCA

conditional approval of the following recommendations, with final approval of these recommendations being subject to WYCA's Managing Director approval of the detailed grant conditions on a clawback mechanism:

- The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- The Funding Agreement makes provision for up to £4.000m to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report through a delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(viii) In respect of **New Bolton Woods (Activity 5 Full Business Case with Finalised**

Costs), the Investment Committee recommends to WYCA's Managing Director that:

- The New Bolton Woods Phase 3 project proceeds through Decision Point 5 and work commences on Activity 6 Delivery.
- Approval to WYCA's contribution of £3.600m (which will be funded from the Local Growth Fund) be given.
- WYCA enter into a Funding Agreement with Bradford Metropolitan District Council for expenditure of up to £3.600m from the Local Growth Fund.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(ix) In respect of **Leeds New Station Street Activity 5 (Full Business Case with Finalised Costs) Exception**, the Investment Committee recommends to WYCA that:

- The exception to extend the project timescale to completion on site by December 2018 be approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report including at Decision Point 5 through the delegation to WYCA's Managing Director following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(x) In respect of **Huddersfield Incubation & Innovation Centre Activity 6 (Delivery) Exception**, the Investment Committee recommends to WYCA's Managing Director that:

- The exceptions outlined in the submitted report be approved.
- It is reconfirmed that the project will receive the WYCA grant fund allocation of £2.922m to be funded from the Local Growth Fund.
- The Funding Agreement between WYCA and Huddersfield University is revisited in light of the above exception and any changes to the Funding Agreement and Overage Agreement be approved through the delegation to WYCA's Managing Director.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

(xi) In respect of **Tackling Fuel Poverty Activity 6 (Delivery) Exception**, the Investment Committee recommends to WYCA's Managing Director that:

- The exceptions outlined in the submitted report be approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the submitted report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the submitted report.

16. ESIF SUD Update

The Committee considered a report of the Director of Resources which provided an update on the development and publication of the SUD Call and outlined the next steps.

It was noted that the Call for outline applications was published on 3 July 2017 and will close on 29 September 2017. It was expected that the outline applications would be considered by the Investment Committee at the next meeting scheduled for 9 November 2017 and further information in respect of the selection criteria would also be provided. WYCA, as the Intermediate Body (IB), would then assess them after the closing date.

Resolved: That the progress and next steps in respect of the Call be noted.

17. Wakefield Eastern Relief Road : Change Request

For consideration of this item the chair, Councillor Peter Box, was deputised by Roger Marsh.

The Committee considered a report of the Director of Delivery which provided information in respect of the submitted Change Request from Wakefield Council for the recently completed Wakefield Eastern Relief Road (WERR).

It was noted that the total cost of the project, which was now complete, was estimated at approximately 15% over the designated budget approval. The strategic importance of the scheme was outlined and it was recognised that the project still represents 'very high' Value for Money. The project is already delivering significant benefits in terms of outcomes relating to housing development, decongestion benefits and journey time savings.

Members discussed the causes leading to the cost over-run and the measures taken to mitigate them were detailed in the submitted report. It was anticipated that the Change Request as presented could be accommodated within the overall programme and that WYCA could fully meet the cost of the change through the West Yorkshire plus Transport Fund budget. Members noted that lessons had been learned on this first scheme within the WY+TF and that the assurance process has been revised since the original approval of this scheme. This will ensure any future schemes with changes to costs are flagged up at an early stage and risks will be clearly managed by the scheme promoter, with risks designed into individual scheme costs from the outset.

Resolved:

- (i) That the Investment Committee notes the Change Request and recommends to WYCA approval of the cost over-run to be met from the West Yorkshire plus Transport Fund and expenditure on the project of up to £37.593m, subject to Final Account on the scheme.
- (ii) That Wakefield Council endeavour to resolve outstanding contractor issues and seek to reduce the cost figure payable to Network Rail.
- (iii) That an addendum to the Funding Agreement be developed and agreed by both parties to approve payment to Wakefield Council up the maximum £37.593m costs, subject to evidence around the areas of additional incurred cost.