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Report to: West Yorkshire Combined Authority

Date: 5 October 2017

Subject: Capital Spending and Project Approvals

1. Purpose

- 1.1. To put forward proposals for the progression of, and funding for, a number of WYCA supported projects, including West Yorkshire Plus Transport Fund (WY+TF) and Growth Deal, for consideration by WYCA at Stages 1, 2 and 3 of WYCA's Assurance Process.
- 1.2. This report seeks approval for the progression of schemes through WYCA's Assurance process in line with WYCA's Assurance Framework. Further detail on the schemes summarised below can be found as part of this report.

A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Decision Point 2 (Case Paper) Total Value - £30.000m Total Value of WYCA Funding - £30.000m Funding sought – £0.570m	Development of a scheme which will deliver highway improvements at Ainley Top Roundabout and also implement strategic interventions across the A629 corridor to improve public transport journeys on this route.
Access Innovation Programme	Decision Point 2 (Case Paper) Total Value – £9.174m Total Value of WYCA Funding - £4.750m Funding sought – £0m	A grant programme to support innovation activity in growth-orientated SMEs.
Strategic Business Growth Programme	Decision Point 2 (Case Paper) Total Value - £7.058m Total Value of WYCA Funding - £3.146m Funding sought – £0m	A business support and grant programme, which will provide an integrated package of support to SMEs from priority sectors to assist them to grow and create employment opportunities.
Beech Hill, Halifax	Decision Point 2 (Case Paper) Total Value – £5.000m Total Value of WYCA Funding - £1.000m Funding sought – £0m	A scheme that will clear and remediate land to the West of Halifax City Centre in order for the land to be attractive for future housing development.
Castleford Rail Station Gateway	Decision Point 3 (Outline Business Case) Total Value of scheme – £4.511m Total Value of WYCA Funding - £4.511m Funding sought - £0.317m	A scheme that will enhance the existing Railway Station facilities and improve surrounding public realm to provide an attractive gateway to Castleford that both connects the town and encourages public transport patronage.
Energy Accelerator Programme	Decision Point 4 (Full Business Case) Total Value – £3.817m Total Value of WYCA Funding - £3.817m Funding sought - £0.180m	A scheme that will offer specialist expertise to organisations in the development of low carbon projects in the City Region
Leeds District Heat Network	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme – £21.276m Total Value of WYCA Funding - £4.000m Funding sought - £4.000m	A scheme that will provide reduced cost household heating by transferring heat created at the Aire Valley Recovery and Recycling Facility to customers in the north of Leeds City Centre through a network of underground super insulated pipework.

Portfolio Information Management System	Decision Point 5 (Full Business Case with Finalised Costs) Total Value of scheme – £0.240m Total Value of WYCA Funding - £0.240m Funding Recommendation sought - £0.240m	Delivery of an ICT system which will enhance and strengthen WYCA's approach to project, programme and portfolio management.
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- 1.3. These schemes have a total combined funding value of £81.076m when fully approved, £51.464m of this amount will be funded by WYCA with the rest coming from other public sector or private sector contributions. The majority of schemes are still in development and are not seeking an expenditure recommendation as part of this report, however approval to a total expenditure to the value of £5.307m is sought as part of this report for the development of the projects above.
- 1.4. This report also presents recommendations for the following schemes that have had an exceptions reports assessed in line with WYCA's Assurance Process. Further details on the schemes summarised below can be found as part of this report.

Leeds New Station Street	Activity 5 (Full Business Case plus finalised costs) Exception Total Value - £1.591m Total Value of WYCA Funding - £1.591m Funding Recommendation sought – £0m	Scheme to significantly improve the environment for pedestrians around the entrance to Leeds Station. Exception is to extend the timescales to completion on site to December 2018 from March 2018.
Wakefield Eastern Relief Road	Activity 6 Delivery) Exception Total Value - £37.593m Total Value of WYCA Funding - £37.593m Funding Recommendation sought – £5.574m	A completed 5.5km single carriageway highway between the A638 Doncaster Road to the south east and the A642 Aberford Road to the north east of the city centre. The scheme has improved transport links and provide strategically significant access to a large housing development site.

- 1.5. WYCA'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
 - WYCA'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

This report provides the information required to enable WYCA to approve each of the above elements.

2. Information

- 2.1. This report puts forward proposals for the progression of, and funding for, a number of schemes for approval by WYCA, following consideration by the Investment Committee. WYCA will recall that a three stage approach has been introduced as part of an enhancement to current project management arrangements, with the

requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass Decision Points 2 (case paper approval) and 5 (final cost approval), highlighted in green below, with the requirement to meet the intervening activities deemed on a project by project basis.



2.2. The Programme Appraisal Team (PAT) appraises all schemes at the Decision Points. The PAT consists of an independent panel of officers representing policy, legal, financial, assurance and delivery supplemented with external experts. The scheme promoters from the District Councils or Partner Delivery organisations attend the meeting to introduce the scheme and answer questions from the panel. The Terms of Reference for the PAT are contained within the recently updated Assurance Framework.

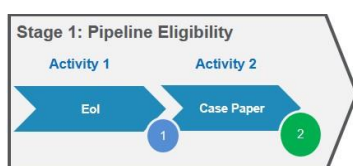
2.3. The nine schemes that are set out in the following report have been considered by West Yorkshire and York's Investment Committee and have been recommended for approval. These are summarised as:

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)
Leeds New Station Street	Activity 5 (Full Business Case with finalised costs)
Wakefield Eastern Relief Road	Activity 6 (Delivery) Exception

2.4. The Portfolio Information Management System (PIMs) project (Activity 5, Full Business Case with Finalised Costs) has proceeded directly to WYCA ahead of consideration by the Investment Committee, as this was considered by Investment Committee at its meeting on 3 August 2017 at Decision Point 3 (Outline Business Case).

- 2.5. In accordance with the Assurance Framework, an overview of all scheme business cases was published on the WYCA website as part of the Investment Committee papers for 6th September 2017, under Agenda Item 7 – Capital Spending and Project Approvals. These business case summaries can also be found under the ‘Decisions’ section of the West Yorkshire Combined Authority website, under the relevant entry for each of the WYCA decisions contained within this report. A Business Case summary for the scheme which proceeded directly to WYCA, can be found as an appendix to this report.

Projects in Stage 1: Pipeline Eligibility



- 2.6. Projects at the eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, with further project definition including costs and detailed timescales to be developed as the project progresses through the pipeline. At this stage funding may be sought to enable this work to progress.
- 2.7. **A629 Phase 4 (Activity 2 Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.7.1. The A629 Halifax to Huddersfield Corridor Improvements is a £120.6m transport package comprising multi-modal interventions which will improve journey time reliability, through a combination of road space reallocation and targeted junction improvements to address key congestion hot spots. Delivered in a number of phases over the next five years, it will also bring major transformations to Halifax town centre’s pedestrian environment, public transport network and infrastructure. The scheme is a crucial component in realising the Halifax Town Centre Delivery Plan aspirations, and unlocking key Local Plan growth sites.
- 2.7.2. Delivery of the project is being realised in a number of phases with implementation and works being undertaken on the following phases:
- Phase 1 – Calderdale Southern Section.
 - Phase 2 (incorporating Phase 3) – Halifax Town Centre.
 - Phase 5 – Ainley Top into Huddersfield.

2.7.3. Whilst the scope and interventions of the phases above is now largely understood, there remains two aspects of the corridor strategy yet to be developed:

- Preferred highway improvements for implementation at Ainley Top, as the one remaining pinch point where preferred solutions are yet to be identified; and
- Wider strategic interventions needed across the corridor as a whole in order to improve the appeal and uptake of public transport between Halifax and Huddersfield, and to provide journey time reliability for commercial (goods) vehicles.

2.7.4. Phase 4 approach will look to identify develop and implement solutions to address these residual aspects of the wider corridor strategy.

Costs

2.7.5. The scheme has an existing approval of £0.075m which has funded feasibility works on the scheme. The total scheme cost of the Phase 4 element of the programme is forecast to be £30.000m. The scheme promoters require of £0.570m development funding to cover the cost of undertaking further feasibility to determine scope and costs of the scheme, preliminary design, and outline business case preparation in order to take the scheme to Decision Point 3.

Timescales

2.7.6

- An Outline Business Case submission is programmed for May 2018, with approval in October 2018.
- Full Business Case plus finalised costs for December 2019.
- Start on site January 2020 with completion December 2020.

Tolerances

2.7.7 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded during the next Activity the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The project costs should remain with +10% of the total project cost set out in this report.
- The project's programme should remain within + 3 months of the delivery timescales set out in this report.

Project Responsibilities

2.7.8 Senior Responsible Officer: Mark Thompson, Calderdale Council
Project Manager: Chris Hoesli, Calderdale Council

WYCA Case Officer: Tom Murphy

Recommendations

2.7.9 That WYCA approves 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 (FBC 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 this report including at Decision Point 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 this report.

2.8. Access Innovation Programme (Activity 2 Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

2.8.1. The Access Innovation Programme is designed to support innovation activity by Small and Medium Enterprises (SMEs) in the Leeds City Region.

2.8.2. The Programme is funded from three sources:

- European Region Development Funding (ERDF).
- Local Growth Fund Access to Capital Grants Programme.
- Private Sector Match Funding.

2.8.3. The programme will support growth-orientated SMEs by providing grants (in the form of redeemable vouchers) of between £2,000 and £50,000 to support innovation projects with a total cost of between £10,000 and £100,000. The grants will aim to address an identified 'market gap' in the funding of innovation activity, knowledge transfer and building capacity for innovation in SMEs.

- 2.8.4. Overall, the project will lead to establishing relationships between SMEs and Innovation Support Providers and fostering sustained mechanism for collaboration, innovation capacity building and knowledge transfer, in turn contributing towards inclusive growth.
- 2.8.5. There is a strong strategic fit as the scheme fits to the Leeds City Region Strategic Economic Plan (2016) and Priority Area 1, Key Action Area (B) – “delivery high quality innovation products and services and maximise the role of the universities in innovation”.

2.8.6. The high level outputs include:

- 98 jobs created/safe guarded.
- 444 Businesses created/assisted.

Costs

2.8.7. The total scheme costs are £9.174m. There are 3 funding sources:

- European Region Development Funding (ERDF) - £4.265m secured for this programme.
- LGF Access to Capital Grants Programme - £0.485m – already allocated.
- Private Sector Match Funding - £4.430m – expected from businesses as part of their application.

Timescales

- 2.8.8 Decision Point 2 Approval is requested from Combined Authority on 5th October 2017.
- Full approval with Finalised Costs (Decision Point 5) via the MD Delegation will be requested in late October 2017.
 - Scheme completion is forecast for March 2020 and full evaluation will take place during 2020/21 financial year.

Tolerances

2.8.9 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- The WYCA’s funding contribution to the scheme should not exceed the total of £4.750m.
- The scheme’s programme should remain within 2 months of the timescales set out in this report.
- The outputs are forecast to remain within 10% of amounts forecast in this report (98 jobs created/ safe guarded 444 businesses created/ assisted).

Project Responsibilities

Senior Responsible Officer: Henry Rigg

Project Manager: To be appointed

WYCA Case Officer: James Bennett

Recommendations

2.8.10 That WYCA approves 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 LGF 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 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

2.9. Strategic Business Growth Programme (Activity 2 Case Paper)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.9.1. Closure of the National Business Growth Service (BGS) in March 2016 due to funding cuts, has led to gaps in advisory provision for growth in the LCR. Assistance with strategic business planning is a common issue for many SMEs that contact support services, particularly the need for some expert coaching and mentoring to develop and implement a plan capable of unlocking their growth potential. This project and the availability of supporting funding through the ESIF programme provides the opportunity to address this gap in provision and address the needs of SMEs with growth potential.
- 2.9.2. The project will engage with SMEs across the Leeds City Region (LCR) with ambition and aspirations to grow through providing an integrated package of support. The package will comprise of tailored advice along with financial support (capital grants) to help them grow and create new employment opportunities.

- 2.9.3. The support will be targeted at SMEs operating within the LEPs priority sectors of; manufacturing, low carbon and environmental, financial & business services, digital & creative and health & life sciences.
- 2.9.4. The programme will run until January 2020 funded through a combination of local and EU funding, matched by the enterprises engaged in the project. The project will be managed by WYCA in partnership with a local delivery agency which has been procured through competitive tender. The project is mobilised and ready to commence delivery following approvals.

Costs

- 2.9.5. The total costs of the project are £7.058m. The WYCA funding contribution of £3.146m is made up of £2.156m ESIF Grant and £0.990m WYCA Capital Grants Fund. The remaining £3.914m will be match funding provided by the businesses in receipt of support and capital grants.

Timescales

- 2.9.6.
- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5 October 2017.
 - Approval of the Full Business Case with Finalised Costs (Decision Point 5) will be sought through WYCA's Managing Director Delegated Approval in late October 2017.
 - The project can commence immediately and the project will be completed by January 2020.

Tolerances

- 2.9.7. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- The WYCA funding allocation should remain at £3.146m.
 - The total Private Sector Match funding contribution must not decrease by more than 5%.
 - The programme completion date is fixed at January 2020.
 - Possible impact/disturbance caused by BREXIT negotiations and subsequent changes to UK/EU funding regimes is forecast to effect the availability of the ESIF grant.
 - The number of businesses supported should remain within 15% of the 302 target.
 - The number of businesses in receipt of grant funding should remain within 10% of the 44 target.
 - The number of jobs created should remain within 10% of the 604 target.

Project Responsibilities

Senior Responsible Officer: Sue Cooke, WYCA

Project Manager: Neill Fishman, WYCA

WYCA Case Officer: Fiona Limb

Recommendations

2.9.8. That WYCA approves 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 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

2.10. **Beech Hill, Halifax (Activity 2 Case Paper)**

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 2.10.1. Beech Hill lies on the western edge of Halifax Town Centre. The regeneration of the site is a joint venture partnership with Calderdale Council and Together Housing Group (THG) who own the three derelict tower blocks in the area, as well as 17 social rented units.
- 2.10.2. This project is to assist with the remediation of Stannery Depot and with the demolition of three high-rise tower blocks to assist the delivery of new housing development in its place on the Beech Hill site.
- 2.10.3. As part of the strategic approach Beech Hill has been identified as an area where intervention and support is needed to drive regeneration and improve quality of life for its communities. It is the Council's aim to implement a programme of improvement and redevelopment at Beech Hill. Phase 1 of this scheme will allow

land to become available with an opportunity to develop approximately 140 new dwellings, of which the majority are proposed to become affordable homes.

- 2.10.4. Overall, the funding will principally focus on Phase 1 of the regeneration project; bringing the demolition of the three high-rise tower blocks and the remediation /development of Stannery Depot together as one project. Phase 1 has been selected because it aligns with early stage deliverables and represents the areas where investment will be focused in the short to medium term.
- 2.10.5. Through combining the two ventures of the Council depot and the tower blocks as one delivery phase, it is projected to achieve greater economies of scale. There is the potential to use material from the tower block demolitions to make up levels across the depot site and this will have an impact to any options considered for the overall remediation.
- 2.10.6. The proposed overall scheme has a strong strategic fit to and will contribute to the Leeds City Region Strategic Economic Plan 2016, Priority 4: Infrastructure for Growth (a) Integrated spatial priority areas which includes Urban Growth Centres, Housing Growth Areas and Employment Growth Areas.

Costs

2.10.7. The totals costs for Phase 1 are estimated as £5.000m

2.10.8. This will be funded from:

- WYCA Contributions - £1.000m (Local Growth Fund Growth Deal 3 allocation)
- Joint Venture Contributions - £4.000m

2.10.9. **Timescales**

- Decision Point 2 (Case Paper) Approval will be sought from WYCA on 5th October 2017.
- Full Business Case with Finalised Costs approval (Decision Point 5) via the MD Delegation will be requested in March 2018.
- Scheme completion for Phase 1 is forecast for December 2018.

Tolerances

2.10.10 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- WYCA's contribution should remain within £1.000m with a maximum 10% of capital budget underspend on the project as whole.

- If the project programme should remain within 3 months of the timescales set out in this report.

Project Responsibilities

2.10.11 Senior Responsible Officer: Heidi Wilson, Calderdale Council
 Project Manager: Steph Furness, Calderdale Council
 WYCA Case Officer: Caroline Coy

Recommendations

2.10.12 That WYCA approves 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 (FBC with Finalised Costs).
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 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 this report.

3. Projects in Stage 2: Pipeline Development



3.1. Castleford Rail Station Gateway (Activity 3 Outline Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.1.1. The Castleford Rail Station Gateway scheme which will see the enhancement of the existing rail station facility to provide a new, high quality, modern waiting facility and pedestrian linkages with Castleford town centre and the bus station, providing an attractive and welcoming gateway to the town. This, together with the £6m

Castleford Bus Station refurbishment, will create a public transport 'Hub' for Castleford.

- 3.1.2. The proposed scheme will see significantly improved facilities provided at the rail station with the replacement of the existing life expired poor waiting shelter with a new modern building design which seeks to complement the architectural style of the bus station. The new waiting facility will incorporate a fully enclosed waiting room and partially enclosed waiting areas; kiosk/retail space including a ticket vending machine; staffed ticket office; disabled toilet and seating. Sheltered cycle parking will also be provided.
- 3.1.3. The scheme will also deliver significant public realm improvements both to the forecourt area and on the key walking routes between the rail station, town centre and the bus station through footway treatments, landscaping and signage. In the forecourt area, provision will be made for taxis, private hire vehicles and buses. The car park layout will be improved to allow for easier pedestrian and non-motorised access, with the existing on-site parking provision retained and complemented by the creation of 10 new on-street parking bays adjacent to the station. Significant refurbishment of the underpass will be delivered, including waterproofing, lighting and CCTV, to create a more attractive link between the rail station and large residential areas in the south of Castleford town centre, which will be available for rail and non-rail users, boosting connectivity.

Costs

- 3.1.4. The total scheme cost is forecast as £4.511m. The scheme requires development funding of £0.317m to cover the cost of progressing the scheme to Decision Point 5 (Full Business with Finalised Costs). The scheme has an existing approval of £0.021m, which has funded its development to Outline Business Case.

Timescales

- 3.1.5. Full Business Case with Finalised Costs submission in January 2019, with scheme completion by February 2020.

Tolerances

- 3.1.6. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- That the forecast project costs remain within +/- 10% from the total scheme cost set out in this report.
 - That the project's programme remains within +/- 3 months from the timescales set out in this report.

Project Responsibilities

- 3.1.7 Senior Responsible Officer: Kate Thompson, WYCA
Project Manager: Chris Dunderdale, WYCA
WYCA Case Officer: Adam Kendall Ward

Recommendations

- 3.1.8 That WYCA approves 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 (FBC with Finalised Costs).
 - Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC 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 Point 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 this report.

3.2 Energy Accelerator (Activity 4 Full Business Case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.2.1 The Energy Accelerator (Accelerator) is an innovative project development programme that offers specialist expertise to local low carbon projects. The Accelerator will act as an 'enabler' to low carbon and energy efficiency projects, moving them from concept to the point of investment.
- 3.2.2 The potential for commercially viable, revenue-generating low carbon / zero carbon projects is still largely untapped within Leeds City Region. To date the initial risk associated with project development has prevented good schemes from leveraging the finance available to them. The lack of schemes that are investment ready is underpinned by a lack of availability of project development finance combined with a

lack of specialist knowledge in the development of low carbon projects. This is therefore currently a market failure that the Accelerator aims to address.

3.2.3 The Accelerator will only focus on technical support for the following:

- Commercial and Domestic Retrofit including Integration of Renewable Energy sources into the built environment e.g. Solar PV, biomass.
- District Heating.
- Street Lighting.

3.2.4 The main outcomes will be to:

- Secure just under £3 million of commercial and technical support for a range of regional low carbon projects.
- Enable £100m of capital investment in low carbon projects across the region.
- Result in a substantial decrease in regional carbon emissions.
- Create temporary and some permanent jobs.

3.2.5 Once established, the Accelerator will be the first of its kind in the UK.

3.2.6 WYCA have been developing the Accelerator over a number of years. In November 2015 Investment Committee (IC) approved £0.640m of Local Growth Funding to support the development and delivery of the Accelerator, subject to a successful European Investment Bank's (EIB) funding bid. In the summer of 2016 WYCA submitted a bid for approximately £5.700m (exact amount dependent on Euro exchange rate) from the EIB European Local ENergy Assistance (ELENA) facility. ELENA provides grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy projects and programmes. In line with recommendations received from the ELENA Team, WYCA in May 2017 revised the bid to approximately £2.997m (exact amount dependent on Euro exchange rate at the date of approval). To date WYCA is awaiting a decision from EIB, which is expected September 2017.

3.2.7 The Accelerator has a Governance and Appraisal Framework which has been aligned with the Leeds City Region Assurance Framework. Under the Accelerator's Governance and Appraisal Framework a Programme Advisory Group will be established to support the delivery of the Accelerator. The Accelerator's Programme Team (commercial and technical experts) will assess potential projects against an established Project Assessment Framework and make recommendation on the conditions of the support to be offered (the value of the technical support given is likely to range from £10K – £500,000). Individual Support Agreements followed by quality review with WYCA's legal team will also be undertaken by the Accelerator Programme Team. Monitoring and evaluation of individual projects will be undertaken by the Accelerator's Programme Team.

3.2.8 It will be the responsibility of the Project Sponsors (who receive support through the Accelerator) to deliver any capital schemes that are deemed technically viable by the

Accelerator. Actual delivery of these capital schemes is not part of the Accelerator programme.

Costs

- 3.2.9 The total revised project value of the Accelerator is approximately £3.817m with £2.997m (€3,513,847) of funding being secured through the EIB's ELENA fund (application pending) and £0.820m from the Local Growth Fund (£0.640m was approved in 2015, subject to a successful ELENA bid). Exact costs will be dependent on the Euro exchange rate at the date of approval.
- 3.2.10 As an innovative programme a robust evidence base was needed including preliminary commercial and viability appraisal work to identify a shortlist of potentially deliverable low carbon projects. This work identified over 70 potential projects to explore, with just over 20 projects shortlisted for Accelerator assistance. Staff and technical bespoke support were also needed to develop the operational model and to compile the ELENA bid. £0.165m of project cost have been incurred to date and a further £0.015m is required to progress the scheme to Decision Point 5.

Timescales

- 3.2.11
- EIB Decision on ELENA funding – August / Sept 2017.
 - WYCA Decision Point 4 (Full Business Case) Approval - 5 October 2017.
 - WYCA Decision Point 5 (Full Business Case with Finalised Costs) via Managing Director (MD) delegation - November 2017.
 - Launch Energy Accelerator –January 2018.
 - Project Completed – January 2021.

Tolerances

- 3.2.12 In order for the whole Accelerator Programme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- That Scheme cost remains within the allocation of £3.817m.
 - That the scheme remains within the timescales set out in this report.
 - That less than £2.5 million pounds (€3 million euro) be offered by the EIB.
 - If at the mid-way point (18 months into the contract with the EIB) less than 85% of the total programme spend is expected to result in projects that reach the 'point of implementation' (defined as procurement stage with ELENA) within the ELENA contract period.
 - In addition to meeting the above programme tolerance, if at the mid-way point (18 months into the contract with the EIB) the Programme Leverage Factor is less than 15.

Project Responsibilities

3.2.13 Senior Responsible Officer: David Walmsley, WYCA
Project Manager: Jacqui Warren, WYCA
WYCA Case Officer: Peter Coello

Recommendations

3.2.14 That WYCA approves, subject to a successful 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 LGF allocation as match to support the development of the Accelerator is confirmed.
- An indicative Approval to the £2.997m ELENA funding (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 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £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 (FBC with finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this 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.

3.3 Leeds District Heat Network - Phase 1 (Activity 5 Full Business Case with Finalised Costs)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

3.3.1 The Leeds District Heat Network (LDHN) involves the construction of a new 4.5 kilometre District Heating Network of super insulated underground pipework

connecting the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to customers across the City.

- 3.3.2 Phase 1 of the LDHN will initially bring heat to Council-owned flats to the north of the city centre. The project will tackle fuel poverty through reducing fuel bills for vulnerable residents and in addition make a significant contribution to Leeds City Council's (LCC) ambition to achieve a 40% reduction in carbon dioxide between 2005 and 2020. Once the LDHN is operating at full capacity it holds the potential to heat the equivalent of 25,000 flats.
- 3.3.3 Leeds City Council has a 15 year vision to grow the LDHN to cover the city centre with Phase 2 extensions to Leeds City Region Spatial Priority Areas of the Southbank and Aire Valley regeneration areas. Investing in Phase 1 of a LDHN will create the confidence for future low carbon developments, underpinned by district heating.
- 3.3.4 WYCA approved £7 million towards the LDHN on 31 March 2016. A revised business case was submitted in February 2017 requiring an additional £3 million funding from WYCA as a result of an increase in total project cost from £21 million to £25 million. WYCA conditionally approved a grant of £10 million for the LDHN on 6 April 2017, subject to the full funding package being secured from other sources and robust evidence regarding anticipated levels of demand.
- 3.3.5 The project's scope has been amended and the Full Business Case has been re-submitted. The key change is that the Energy Centre will no longer be located on the Enterprise Zone which means that Leeds City Council will no longer need to pay business rates to WYCA. The previous £10m request was predicated on the need to pay these rates, the funding request has now been reduced. The £4 million grant would instead be repayable to WYCA under the state aid clawback mechanism. If an operating profit is made by the network, up to £4 million of the profit would be recoverable to WYCA. This will be specified as part of the detailed grant conditions, the approval of which is requested to be delegated to WYCA's Managing Director.
- 3.3.6 The final business case focuses on Phase 1 of the LDHN and reflects cost efficiencies achieved through the now concluded design, build and operate contract procurement. Match funding has been confirmed and the demand required to support the business model has been evidenced. 60% of demand has been secured through Housing Leeds and detailed discussions and technical surveys have been undertaken with the other lead anchor customers.
- 3.3.7 The Leeds District Heat Network was approved by Leeds City Council Executive Board on 17 July 2017.

Costs

- 3.3.8 The final scheme is seeking a £4.00m grant from the Local Growth Fund towards total project costs of £21.276m

Timescales

3.3.9

Full planning approval for the energy centre	January 2018
Construction of the energy centre complete	August 2018
The underground District Heat Network installed	December 2018
The LDHN to be fully operational	April 2019
Key clients connected	June 2019

Tolerances

3.3.10 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That the project cost (and WYCA's contribution) should remain within 10% of the costs stated in this report.
- That the programme should remain within 3 months of the timescales stated in this report.

Project Responsibilities

3.3.11 Senior Responsible Officer: Neil Evans, LCC
Project Manager: Polly Cook, LCC
WYCA Case Officer: Chris Maunder

Recommendations

3.3.12 That WYCA conditionally approves 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 million 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 this 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 this report.

3.4 Leeds New Station Street (Activity 5 Full Business Case with Finalised Costs) Exception

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

Background

- 3.4.1 The aim of the New Station Street project is to significantly improve the environment for pedestrians on New Station Street and around the entrance to the main concourse of Leeds Station. Current plans involve rationalising the bus stops on New Station Street and a doubling of the area of footway available for pedestrian circulation. This will involve widening the footway along most of the distance from the concourse doors down to City Square and also to the east past City House. The complete length of New Station Street will be repaved, from the junction with Wellington Street/Bishopgate Street to the junction with Boar Lane. The New Station Street project is recognised as the next phase of delivery for the wider Leeds Station masterplan work, delivering much needed improvements prior to the implementation of the longer term masterplan works that are currently in development.
- 3.4.2 Following the Gateway 1 submission in August 2016, the project was approved subject to not exceeding cost estimates of £1.591m, and achieving delivery by winter 2017/18. The start on site date was anticipated to be January / February 2018. The approval route for the project was for all future approvals to be made by the WYCA MD subject to remaining within the tolerances above. The project development is taking longer than anticipated following delays between Network Rail and their sub-contractor. As a result Network Rail were asked to produce a revised programme which set out the project tasks from development through to construction end. This programme now shows a site start date of 29/06/18 and a construction end date of 14/12/18.
- 3.4.3 In light of these delays the project is being brought back to WYCA to highlight the changes to the delivery programme, and confirm that the agreed approval process, which grants Managing Director delegation at DP5, is accepted in order to prevent further delay to the project. This delegation would be on the basis that the project remains within the previously approved budget of £1.591m, and starts on site by July 2018 with completion by December 2018.

Costs

- 3.4.4 The scheme is forecast to cost £1.591m.

Timescales

3.4.5

- The scheme is forecast to receive Full Business Case Approval with Finalised costs (Decision Point 5) in May 2017.
- Construction on the scheme is forecast to commence in July 2018 with completion by December 2018.

Tolerances

3.4.6 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:

- That total project costs remain within +/- 10%.
- That project timescales remain within 3 months of forecast date for completion.

Project Responsibilities

3.4.7 Senior Responsible Officer: Liz Hunter, WYCA
Project Manager: Thomas Murphy, WYCA
WYCA Case Officer: Sara Brook

Recommendations

3.4.8 That WYCA approves:

- The exception to extend the Leeds New Station Street project timescale to completion on site by December 2018 is approved.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

4. Projects in Stage 3 – Delivery & Evaluation



4.1. **Wakefield Eastern Relief Road (Activity 6 Delivery) Exception.**

4.2.

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

- 4.2.1. The Wakefield Eastern Relief Road (WERR) is a 5.5km single carriageway highway between the A638 Doncaster Road to the south east and the A642 Aberford Road to the north east of the city centre. The Road crosses the River Calder and the Wakefield–Normanton–Castleford railway line.
- 4.2.2. Gateway 3 Approval (equivalent to Full Business Case/Decision Point 5 in the current Assurance Process) was granted by WYCA in December 2014 with a total pre-tender project cost estimate of £33.954m. Following a tender process, a Funding Agreement was signed between Wakefield Council and WYCA in October 2015 for a total ceiling cost of £32.019m which included the provision for any cost over-runs beyond this ceiling figure to be met by Wakefield Council.
- 4.2.3. The funding agreement, dated 12 October 2015, states that “The recipient (Wakefield Council) are to pay any costs of the project which are not payable from the grant”. WYCA are therefore under no obligation to make payments over and above the contracted amount.
- 4.2.4. The scheme is now complete and opened to the public on 27 April 2017, and is viewed as a significant success in terms of the strategic benefits that it will deliver. These benefits are already materialising with the first phase of housing development adjacent to the road at City Fields well under way, with 329 new homes either completed or under construction. Planning applications for further stages of development are well advanced, with projections of over 2,000 houses coming forward. This is a strategically significant scheme in the Leeds City Region providing access to a large strategic site providing housing development, reducing congestion and improving journey times.
- 4.2.5. The total project cost is currently estimated at as a maximum figure of £37.593m, some £5.574m (or approximately 15%) over the designated budget approval. Notwithstanding the cost increase, the project still represents ‘very high’ Value for Money with a Benefit:Cost ratio of 8.89 (reduced from 10.4). The causes leading to the cost over-run and the measures taken to mitigate them are summarised below:
- 4.2.6. A review of the project risk register by WYCA post-completion has shown that a number of key risks materialised which had been allocated insufficient risk cost in the risk register. These included unforeseen ground conditions, design changes, construction risks, land access costs paid to Network Rail and traffic signals costs. Had these risks been more fully understood and costed, it is arguable that a higher

risk cost allocation would have been included with the Funding Agreement, and that the project over-spend would have been lower – albeit with a potentially higher budget ceiling figure agreed. The budget allocation to Wakefield Council set at the time of the funding agreement was partly a function of the calculated risk figure.

- 4.2.7. Prior to the signing of the funding agreement, Wakefield Council were advised by WYCA to remove all Optimism Bias allowance from the submitted business case on the understanding that provision would be made centrally within the WY+TF programme and managed outside the project. However, as WY+TF projects have progressed through our revised Assurance Process, the position has been clarified and these costs are included within approved project costs.
- 4.2.8. The project was identified as an “early win” for the overall Transport Fund. In order to achieve delivery within Programme timescales, the timing of the construction was such that an accelerated start on site was required.
- 4.2.9. A number of site issues occurred during construction which contributed to the project cost increases
- Further River Bridge Design
 - Ground Conditions requiring additional works
 - Unexpected level of Network Rail Shared Value Charge

Wakefield Council are in on-going discussions to reach an agreed settlement figure in respect of the above.

- 4.2.10. Three options have been considered in dealing with the Change Request. These are:
- Accepting the extenuating circumstances around WERR, that WYCA fully meet the cost of the change through the WY+TF budget. Alongside this, Wakefield Council seek to reduce the £1m Network Rail ‘Shared Value’ charge and negotiate with contractors around liability in areas such as bridge design (these are common to all options);
 - Accepting that there was a lack of clarity from WYCA around the treatment of Optimism Bias/risk within the approved project costs, agree to meet half of the cost over-run from the WY+TF budget, with the other half potentially coming from Wakefield Council; and
 - All elements of the cost over-run falling to Wakefield Council, as per the Funding Agreement.
- 4.2.11. In the course of discussions with Wakefield Council in respect of the means by which the overspend would be funded, they have indicated that if it were to fall on Wakefield Council, then there is a high likelihood that front-line services would be affected.

- 4.2.12. WYCA has a reasonable degree of confidence that the Change Request as presented can be accommodated within the overall programme and that the initial option set out in 1.6 (above) be brought forward.
- 4.2.13. WYCA are clear that the means of dealing with this Change Request will not become the norm and are mindful that the precedent of approving the change may have ramifications in terms of other Districts perceptions of the Assurance Process. The rationale here is clear, in that due to the issues around the Assurance Process at the point in time at which WERR was approved, allowances have had to be made in resolving the Change Request at this stage.
- 4.2.14. A lessons learnt exercise has been undertaken to ensure that future projects can benefit from the knowledge relating to the issues that arose from the initial WY=TF scheme.
- 4.2.15. Going forward Funding Agreements will be adhered to, which WYCA believe is a defensible position due to the robustness of the Assurance Process that has been implemented after WERR was approved.

Costs

- 4.2.16. The maximum scheme cost is forecast to be £37.593m. However this may reduce as a result of on-going discussions with the contractor on an agreed settlement figure and negotiation with Network Rail on the on the final shared value charge.
- 4.2.17. The current funding approval in place for the scheme is £32.019m

Timescales

- 4.2.18. Construction of the scheme is complete and the scheme was open to the public in April 2017.

Tolerances

- 4.2.19. In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- 4.2.20. The final project cost should not exceed £37.593m

Project Responsibilities

- 4.1.21 Senior Responsible Officer: Neil Rodgers, Wakefield Council
 Project Manager: Brian Thomas, Wakefield Council
 WYCA Case Officer: Dave Haskins

Recommendations

4.1.22 That WYCA:

- Conditionally approves the up to a £5.574m increase to the estimated final project cost of Wakefield Eastern Relief Road, and the increased total project up to a maximum of £37.593m.
- Delegates the final approval of the exception and the signing of the addendum of the Funding Agreement to WYCA's Managing Director subject to settlement of the final account by Wakefield Council following endeavours to resolve outstanding contractor issues and seeking to reduce the cost figure payable to Network Rail.

5. Schemes proceeding directly to WYCA

5.1. The following scheme has proceeded directly to WYCA ahead of consideration by the Investment Committee due to the nature of its funding stream.

5.2. Portfolio Information Management System (PIMs) (Activity 5 Full Business Case with Finalised Costs)

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	N/A

5.2.1. The project includes the implementation of a new IT Portfolio Information Management System (PIMS) using Microsoft's Project Online/SharePoint Online software. The PIMS is a key system for the Portfolio Management Office (PMO) and will support and strengthen the Leeds City Region Assurance Framework, as well as underpinning the enhanced project, programme and portfolio approach.

5.2.2. PIMS will provide functions such as folders to store and view documentation, a central repository for project information, a centralised way to view project summaries, standardised templates and dashboard reports, all accessible by Districts and partners.

5.2.3. The chosen solution is Microsoft Project Online with SharePoint and Power BI. Together, these provide an out of the box solution that can be easily configured and will provide the organisation and its partners with the required functionality, negating the need for a bespoke system with its associated development and support costs. The solution will integrate with WYCA's existing Microsoft Office 365 installation.

5.2.4. A summary of the scheme's Expression of Interest/ Case Paper is included in **Appendix 1.**

Costs

- 5.2.5. The total capital expenditure sought for the recommended option, including contingency and licences is £240,000. This is an increase of £90k on the previous approval at Decision Point 3, and as such falls outside the tolerances agreed at that time. The new costs are based on the accurate costs as outlined in the successful tenderer's bid rather than a forecast implementation cost obtained during the market testing phase.
- 5.2.6. There will be an on-going annual cost for licensing charges. Based on Microsoft's current licencing arrangements, this is likely be in the region of £50,000 per annum (this cost has been based on Project Online and Power BI licences for 100 users per annum). It is recommended that the licence costs be capitalised and funded as an overhead cost from the Portfolio Management Office costs (in turn funded from various capital funding streams and projects that WYCA are responsible for) from 2018/19 onwards.

Timescales

- 5.2.7. The tender and evaluation process has now been completed and a preferred Microsoft partner selected. Subject to final funding approval, development and implementation is expected to be complete by December 2017. Following a period of soft launch it is expected that PIMS will be live during the first quarter of 2018.

Tolerances

- 5.2.8 In order for the scheme to follow the Assurance Pathway and Approval Route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or WYCA for further consideration:
- Cost increases up to 10% can be approved by the Managing Director and will not require further approvals from WYCA. Cost increase over 10% will require further approvals from WYCA.
 - If the programme is forecast to slip more than 3 months then this can be approved by the Managing Director and will not require further approvals from WYCA. If the programme is forecast to slip by more than 3 months then this will require further approvals by WYCA.

Project Responsibilities

- 5.2.9 Senior Responsible Officer: Melanie Corcoran, WYCA
Project Manager: Richard Capenerhurst, WYCA
WYCA Case Officer: James Bennett

Recommendations

5.2.10 WYCA approves:

- That the Portfolio Information Management System (PIMS) project proceeds through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6 (Delivery).
- Approval to the total project value of £0.240m for the development of the system and £0.050m per annum on-going licence fees (the on-going licence fee will be required from 2018/19 onwards) is given and is funded as an overhead cost from the overall Portfolio Management Office costs.
- Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

6. Financial Implications

6.1. The following schemes will be funded from the WY+TF:

- A629 Phase 4
- Wakefield Eastern Relief Road
- Leeds New Station Street
- Castleford Railway Station

6.2. The following schemes will be funded from the Local Growth Fund

- Beech Hill
- Leeds District Heat

6.3. The following schemes will be funded through a combination of Local Growth Fund and European Funding (ERDF/ESIF/ELENA)

- Access Innovation Programme
- Strategic Business Growth Programme
- Energy Accelerator

6.4. WYCA's Portfolio Information Management System will be funded as an overhead cost from the overall Portfolio Management Office costs.

7. Legal Implications

7.1. The payment of any funding received through the Local Growth Deal or WY+TF to any partner will be subject to a funding agreement being in place between the WYCA and the partner in question.

8. Staffing Implications

8.1. None arising from this report.

9. Recommendations

A629 Phase 4 Halifax to Huddersfield Corridor Improvements

9.1. That following a recommendation from Investment Committee, WYCA approves that:

- i) The A629 phase 4 project proceeds through Decision Point 2 and work commences on Activity 3 (Outline Business Case).
- ii) 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 (FBC with Finalised Costs).
- iii) 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.
- iv) WYCA enter into a Funding Agreement with Calderdale Council for expenditure of up to £0.570m from the West Yorkshire plus Transport Fund.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 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 this report.

Access Innovation Programme

9.2. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Access Innovation Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) An indicative approval to WYCA's contribution of £4.750m (which will be funded through £0.485m from the LGF 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 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

Strategic Business Growth Programme

9.3. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Strategic Business Growth Programme proceeds through Decision Point 2 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) 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 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

Beech Hill, Halifax

9.4. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Beech Hill project proceeds through Decision Point 2 and work commences on Activity 4 (Full Business Case).
- ii) 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 (FBC with Finalised Costs).
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 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 this report.

Castleford Rail Station Gateway

9.5. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Castleford Rail Station Gateway project proceeds through Decision Point 3 and work commences on Activity 4 (Full Business Case).
- ii) 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 (FBC with Finalised Costs).

- iii) Development costs of £0.317m are approved in order to progress the scheme to Decision Point 5 (FBC with Finalised Costs), taking the total project approval to £0.338m.
- iv) 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.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report including at Decision Point 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 this report.

Energy Accelerator Programme

9.6. That following a recommendation from Investment Committee, WYCA approves that:

- i) The Energy Accelerator programme proceeds through Decision Point 4 and work commences on Activity 5 (Full Business Case with Finalised Costs).
- ii) Approval to spend the £0.640m LGF allocation as match to support the development of the Accelerator is confirmed.
- iii) An indicative Approval to the £2.997m ELENA funding (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 (FBC with Finalised Costs). This will bring the total project value to approximately £3.817m (£0.820m LGF, £2.997m ELENA).
- iv) 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 (FBC with finalised costs) from the Local Growth Fund, taking the total project approval to £0.820m.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.
- vi) 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.

Leeds District Heat Network

9.7. That following a recommendation from Investment Committee, WYCA conditionally approves 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:

- i) The Leeds District Heat Network project proceeds through Decision Point 5 and work commences on Activity 6 (Delivery).
- ii) Approval to WYCA's contribution of £4.000m (which will be funded from the Local Growth Fund) is given.
- iii) WYCA enter into a Funding Agreement with Leeds City Council for expenditure of up to £4.000m from the Local Growth Fund.
- iv) The Funding Agreement makes provision for up to £4 million to be clawed back if the Leeds District Heat Network makes an operating profit over the 25 year asset lifetime.
- v) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

Leeds New Station Street

9.8. That following a recommendation from Investment Committee, WYCA approves that:

- i) The exception to extend the Leeds New Station Street project timescale to completion on site by December 2018 is approved.
- ii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this 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 this report.

Wakefield Eastern Relief Road

9.9. That following a recommendation from Investment Committee, WYCA:

- i) Conditionally approves the up to a £5.574m increase to the estimated final project cost of Wakefield Eastern Relief Road, and the increased total project up to a maximum of £37.593m.
- ii) Delegates the final approval of the exception and the signing of the addendum of the Funding Agreement to WYCA's Managing Director subject to settlement of the final account by Wakefield Council following endeavours to resolve outstanding contractor issues and seeking to reduce the cost figure payable to Network Rail.

Portfolio Information Management System (PIMs)

9.10. WYCA approves:

- i) That the Portfolio Information Management System (PIMS) project proceeds through Decision Point 5 (Full Business Case with Finalised Costs) and work commences on Activity 6 (Delivery).
- ii) Approval to the total project value of £0.240m for the development of the system and £0.050m per annum on-going licence fees (the on-going licence fee will be required from 2018/19 onwards) is given and is funded as an overhead cost from the overall Portfolio Management Office costs.
- iii) Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by WYCA's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

10. Appendices

10.1. Appendix 1 – Portfolio Information management System Business Case Summary

11. Background Documents

11.1. None.