
Report to: West Yorkshire and York Investment Committee

Date: 18 April 2018

Subject: **Capital Spending and Project Approvals**

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1 Purpose of this report

- 1.1 To put forward proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects, including West Yorkshire plus Transport Fund (Transport Fund) and Growth Deal, for consideration by the Investment Committee at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 This report presents proposals for the progression of four schemes through the Combined Authority's assurance process in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £22.592 million when fully approved, £18.592 million of which will be funded by the Combined Authority. A total expenditure recommendation to the value of £4.233 million is sought as part of this report for the development and delivery of these schemes. Further details on the schemes summarised below can be found as part of this report.
- 1.3 This report also presents information on the assurance arrangements for the Energy Accelerator programme, as requested by the Combined Authority.
- 1.4 Following feedback from the Combined Authority members each scheme includes a summary of risks.

Scheme	Decision sought	Scheme description
Department for Environment, Food and Rural Affairs (DEFRA) Clean Bus Technology Fund <i>West Yorkshire</i>	Approval to proceed beyond decision point 2 (case paper) and work commence on activity 5 (full business case with costs) alongside preparation and commencement of the grant allocation process. Total value - £4.756 million Total value of Combined Authority funding - £4.756 million	To retrofit emission control technology onto older, more polluting buses across West Yorkshire to significantly improve emissions. The project has a very high benefit cost ratio of 6 at this stage.

	Funding recommendation sought - £120,000	
Growing Places Fund - LEP Loan 318 <i>New Bolton Woods, Bradford</i>	Approval to proceed beyond decision point 2 (case paper) and work commence on activity 5 full business case with costs. Total value - £346,000 Total value of Combined Authority funding - £346,000 Funding recommendation sought - £0	To complete a combined access for the drive through prepared food outlet and enable the building of the third and final commercial unit within this new sustainable urban village, to be known as 'New Bolton Woods' and which aims to provide new employment opportunities and over 1000 new homes. The scheme has been assessed as representing good value for money.
West Yorkshire plus Transport Fund (WYTF) A629 Halifax Road, phase 5 <i>Kirklees</i>	Approval to proceed beyond decision point 3 (case paper) and work commence on activity 4 full business case. Total value - £12.090 million Total value of Combined Authority funding - £12.090 million Funding recommendation sought - £4.113 million	As part of the overarching A629 Halifax to Huddersfield corridor improvements to relieve congestion, reduce journey times and improve pedestrian and cycling accessibility. This element of the scheme will deliver traffic capacity improvements at several locations. An initial benefit cost ratio for the project has been assessed as very high of 7.41:1 which will be reviewed at full business case stage.
Beech Hill <i>Halifax</i>	Approval to proceed beyond decision point 4 (case paper) and work commence on activity 5 full business case with costs Total value - £5.400 million Total Value of Combined Authority funding - £1.400 million Funding recommendation sought - £0	To assist with the demolition, removal of asbestos and remediation of three high-rise tower blocks with a view to develop the delivery of new housing development in its place. A cost benefit analysis has been undertaken confirming that the preferred option to include the tower block and depot site together provides the best value for money; this will be reviewed at full business case stage.

1.5 There are no change requests to present to Investment Committee in this report.

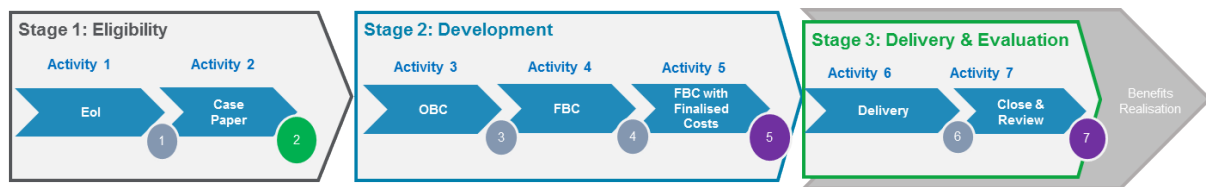
1.6 Since the Investment Committee's meeting on 21 March 2018, the following decision points and change requests have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Managing Director. Under the delegation a total expenditure of £5.826 million has been approved.

Scheme	Decision sought	Scheme description
York outer ring road roundabouts - phase 1 <i>York</i>	Approval to proceed beyond decision point 5 (full business case with finalised costs) and work commence on activity 6 delivery. Total value - £3.6 million Total value of Combined Authority funding - £3.6 million Funding recommendation sought - £3.6 million	To improve and reduce journey times on this heavily congested route. Improvements to the roundabout at the junction of the A1237 and B1224 Wetherby Road will be delivered as phase 1. The project's benefit cost ratio has been assessed as high at 4.377:1.
Leeds City Region flood alleviation – Wyke Beck <i>Leeds</i>	Approval for two Wyke Beck Valley projects, Arthur's Rein re-profiling and de-culverting and Halton Moor local nature reserve proceed	To enhance the environment locally and achieve habitat improvements in addition to managing flood risk.

	through decision point 5 and work commences on activity 6 (delivery) Total value - £4.266 million Total value of Combined Authority funding - £2.6 million Funding recommendation sought - £975,000	The two schemes have high benefit: cost ratios.
Bus hotspots 2017/19 programme <i>West Yorkshire</i>	Change request following a programme review to reflect revised scheme costs and enter into funding agreements with: Bradford Council for expenditure up to £342,360; Calderdale Council for expenditure up to £197,340; Wakefield Council for expenditure up to £154,800. The programme was considered by Transport Committee on 7 July 2017 and 16 March 2018. Total value - £930,793 Total value of Combined Authority funding - £930,793 Funding recommendation sought - £930,793	To improve bus punctuality through on street improvements. The programme has been evaluated as being good value for money.
One Public Estate – phase 6 <i>Leeds City Region</i>	Change request to accept funding award of £320,000 from phase 6 One Public Estate (OPE) programme and enter into grant agreements with Harrogate (£25,000), Calderdale (£75,000), Kirklees (£40,000) and Wakefield (£40,000). Total value - £320,000 Total value of Combined Authority funding - £320,000 Funding recommendation sought - £320,000	To collaborate with other public sector bodies on public property and land issues to unlock major service transformation and / or economic growth. Harrogate - Station gateway development work - £25,000. Calderdale – North Halifax health and social care village – creation of a health and social care village - £75,000. Wakefield - revitalised city centre options appraisal - £40,000. Kirklees – Dewsbury family Support Centre – Feasibility and site investigations £40,000. Combined Authority - unlocking small housing sites across the Leeds City Region; programme management and development work - £140,000. The scheme has been assessed as representing good value for money.

2 Information

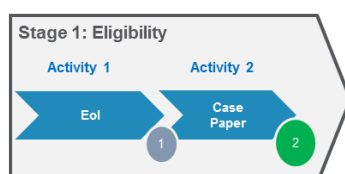
- 2.1 Investment Committee will recall that the Combined Authority has a three stage assurance process as set out below with the requirements that all projects will as a minimum need to formally pass decision point 2 and 5, highlighted in green and purple below, and with the requirement to meet the intervening activities deemed on a project by project basis.



- 2.2 The Programme Appraisal Team (PAT) appraises all schemes at the decision points. The PAT is an internal assurance group and has no formal approval making powers, they make recommendations which are then reported through the current Combined Authority's governance arrangements for a formal decision/approval. The PAT consists of a panel of officers representing policy, legal, financial, assurance and delivery supplemented with external experts. Where conflict of interest issues arise during a meeting e.g. scheme comes forward for discussion which a member of the PAT is the Senior Responsible Officer for, the SRO will not take part in the discussion and agreeing of recommendations and in the case of the chair will leave the meeting and won't be part of any discussions and recommendations in relation to their scheme. The scheme promoters from the district councils or partner delivery organisations attend the meeting to introduce the scheme and answer questions from PAT as required. The terms of reference for the PAT are contained within the assurance framework.
- 2.3 Projects at the eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, meet funding criteria and have available funding identified with further project definition including costs and detailed timescales to be developed as the project progresses through the assurance process. At this stage development funding may be sought to enable work to progress.
- 2.4 Projects at development stage should demonstrate that they have tested the feasibility of a solution through their business case. This business case should then be developed in order to confirm and detail the preferred solution including finalising its costs.
- 2.5 Once in delivery and evaluation the scheme is delivered and the Combined Authority funding is drawn down. When delivery is completed a review is carried out to ensure that the scheme has met all its requirements and outputs in accordance with its funding agreement. Finally, information about a scheme's performance following its completion is collected, in order to evaluate the success of the scheme.

Programmes and projects for consideration

Projects in stage 1: eligibility



2.6 Department for Environment, Food and Rural Affairs (DEFRA) - Clean Bus Technology Fund (CBTF) (decision point 2 - case paper)

Background

The project will provide £4.756 million including capital grant funding from the DEFRA Clean Bus Technology Fund (CBTF) to bus operators through an open grant competition to retrofit accredited emission control technology on to 231 older, more polluting buses across West Yorkshire to significantly improve their tailpipe emissions; match funding from operators will ensure value for money and will cover project development and delivery costs. The Combined Authority will manage the grant process for the whole of the West Yorkshire grant award including Leeds City Council's separate DEFRA grant award of £1.371 million (£2.842 million DEFRA grant award for the Combined Authority and estimated £543,000 match funding from operators taking the total scheme costs to £4.756 million).

A summary of the scheme's business case is included in **Appendix 1**.

Outputs and benefits

The scheme has a clear strategic fit to the Leeds City Region Strategic Economic Plan and West Yorkshire Transport Strategy. The project will deliver against Strategic Priority 3 – Clean Energy and Environmental Resilience through improving the clean energy performance of part of West Yorkshire's bus fleet. It will also deliver against the policies of the Combined Authority adopted West Yorkshire Bus Strategy and West Yorkshire Low Emission Strategy to significantly reduce bus emissions. It is expected the project will deliver the following outputs:

- Approximately a quarter of Euro V (or older) public service buses fitted with accredited emission control technology across West Yorkshire through a grant allocation criteria to allocate across the region.
- Real time emission monitoring equipment fitted on all converted buses.
- Quarterly reporting to DEFRA of deliverables and outcomes.
- The project is forecast to remove 31 tonnes of nitrogen oxides from existing bus fleets per year – equating to 3.12 tonnes of nitrogen dioxide.
- The project is also forecast to deliver £3.9 million in reduced environmental and health damage costs over a five year period.

The project has a very high benefit cost ratio of 6 at this stage.

Risks

The key risks, and mitigating actions, for this project are:

- Delivery capacity and timeframes which will be managed through project and resource planning and prioritisation.
- Accredited technology suppliers may be overwhelmed with Clean Bus Technology Fund orders nationally which could have an impact on delivery timescales; this will be managed by aiming to ensure the grant allocation process is in good time to allow the market to respond.

Costs

The Combined Authority and Leeds City Council (LCC) have been awarded £4.21 million from the government's Clean Bus Technology Fund to deliver the scheme. With operator match funding the total scheme investment is £4.756 million. These project costs are made up of £2.842 million DEFRA grant to the Combined Authority; £1.371 million DEFRA grant to LCC and estimated £543,000 match funding from operators to be finally determined following the grant allocation process.

£120,000 of costs on project development, legal advice and delivery is required from the Combined Authority which will be reimbursed by the operator match funding. An initial tranche of funding will be received from DEFRA in March 2018 and may be used for the development costs with the match funding received from operators then being allocated to this account when in place.

Timescales

Timescales are challenging with full project delivery, including grant delivery and spend commitment, required by March 2019. The aim is for decision point 5 (full business case with finalised costs) to take place by July 2018 and decision point 6 (delivery) to take place by March 2019.

Assurance pathway and approval route

The table below outlines the proposed assurance process and corresponding approval route for this scheme. The assurance pathway sets out the decision points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each decision point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

Assurance pathway	Approval route
Decision Point 5 (full business case with finalised costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director delegated decision

Tolerances

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 the Combined Authority for further consideration:

- That the grant project cost does not exceed the grant funding awarded.
- That the project delivery timescale remains within three months of the timescales identified within this report.

Project responsibilities

The project responsibilities are:

- Senior Responsible Officer: Neale Wallace, Combined Authority officer
- Project Manager: Michael Ramsey, Combined Authority officer
- Combined Authority case officer: Mary Innes

Appraisal summary

There is a clear case for the need to accelerate investment in newer buses and emission abatement technology to reduce emissions which are key priorities for Leeds City Region. However, the timeframes to spend the grant from DEFRA and the resources/inputs required for expedient delivery mean there are current concerns in relation to deliverability at this stage for which appropriate mitigations are in place.

Recommendations

That Investment Committee recommends to the Combined Authority that:

- The Clean Bus Technology Fund (CBTF) project proceeds through decision point 2 and work commences on activity 5 full business case with costs alongside preparation and commencement of the grant allocation process.
- An indicative approval to the total project value of £4.756 million (this includes the Combined Authority, LCC grant awards and operator match funding) is given from the DEFRA Clean Bus Technology Fund awarded to the Combined Authority and Leeds City Council (LCC) 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).
- Combined Authority project development and delivery costs of £120,000 of the DEFRA grant are approved in order to progress the scheme to

decision point 5 full business case, before being reimbursed from the scheme's private sector match funding.

- The Combined Authority enters into an agreement with Leeds City Council (LCC) for the Combined Authority to receive and manage on LCC's behalf their CBTF funding award (£1.371 million) from the CBTF fund for the whole of West Yorkshire.
- 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 the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.7 Growing Places Fund LEP Loan 318 (decision point 2 - case paper)

Background

The project seeks to obtain a further Growing Places Fund (GPF) loan of £346,000 to complete a combined access for the drive through prepared food outlet and enable the building of the third and final commercial unit that will be constructed on the first commercial plot to be developed at Canal Road Urban Village.

The existing GPF loan enabled junction improvements at Stanley Road and access points for this current project. At the time of the original loan the ultimate occupiers of this commercial plot were unknown. Now the occupiers are known and their land design for the plot is finalised this complementary project will achieve completion of access to the drive through food outlet site and the creation of a final third unit for let that creates additional jobs on the site.

The project is part of a wider mixed-use regeneration scheme in the Canal Road corridor making the most of this underutilised but well-connected site in close proximity to Frizinghall Station on the Bradford to Leeds train line. This new sustainable urban village, to be known as 'New Bolton Woods', will provide new employment opportunities and over 1000 new homes. The primary aim of the Canal Road Urban Village Ltd (CRUVL) joint venture for New Bolton Woods is delivery of housing evidenced by previous supply and demand figures (50,000 new houses needed by 2026).

The project is structured to ensure certainty of delivery. The delivery partners, CRUVL, a joint venture owned by Bradford Council and Urbo, a property development and investment company with expertise in urban regeneration projects, will deliver the development over a period of years.

The New Bolton Woods scheme aims to achieve a step change in quality to regenerate Bolton Woods by a 'best practice design' new settlement.

Economic sustainability is central to this and the local centre is therefore absolutely vital to the success of the wider project with all the jobs and community benefits this will bring. As part of the wider project Arnold Laver timber merchants will be re-located to modern premises, securing and growing local jobs through one of Bradford's largest employers.

A summary of the scheme's business case is included in **Appendix 2**.

Outputs and benefits

It is expected that project will deliver the following outputs:

- Create a combined access for a drive through prepared food outlet
- Enable the construction of a third commercial unit
- Create 25 new retail jobs (economic appraisal assesses 9 net jobs) across this additional loan
- The scheme is likely to act as a catalyst for further development of the wider project area i.e. Canal Road / New Bolton Woods.

There is clear need and market demand for the project and initial indications are that the project will deliver good value for money. This will be confirmed at decision point 5.

Risks

The main risks facing the scheme are as follows:

- Failure to secure the potential anchor store and retailer for the third commercial unit resulting in loss of land sale receipts leads to failure to repay the loan. This risk is low given the advanced stages of dialogue with the potential anchor site and third commercial unit tenant while timescales for current and new negotiations could be extended and the loan is secured through a parent company guarantee.
- The existing and new loans are interlinked and the success of each dependent on the other. This will be managed through the mitigation strategies outlined in the first risk above.

Costs

£346,000 is being sought from the Combined Authority through this application to the Growing Places Fund as a loan.

Timescales

The anticipated timescales of the project:

- It is expected that the full business case with finalised costs (decision point 5) will be completed by May 2018;
- Construction will commence June 2018 and be completed with the building let or sold by June 2021 (decision point 6) ; and
- The loan will be repaid by 31 March 2023.

Assurance pathway and approval route

The table below outlines the proposed assurance process and corresponding approval route for this scheme. The assurance pathway sets out the decision points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each decision point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

Assurance pathway	Approval route
Decision point 2 (case paper)	Recommendation – Investment Committee Approval – the Combined Authority
Decision point 5 (full business case with finalised costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director Delegated Decision

Tolerances

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 the Combined Authority for further consideration:

- That the total project cost remains within the costs identified within this report.
- That the project delivery timescale remains within 3 months of the timescales identified within this report.
- If the risk of failure to conclude deals with the potential anchor retail food store occurs.

- That the number of jobs enabled is forecast to remain within 20% of the number set out in this report.

Project responsibilities

The project responsibilities are:

- Senior Responsible Officer: Andrew Dainty, CRUVL (Urbo)
- Project Manager: Andrew Dainty, CRUVL (Urbo)
- Combined Authority case officer: Dominic Liddell-Crewe

Appraisal summary

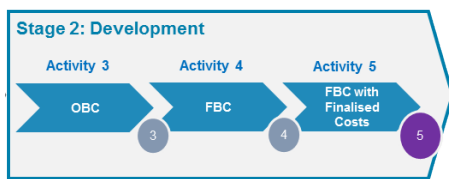
The project has a clear fit to the Leeds City Region Strategic Economic Plan and will deliver against the objectives of increasing access to employment and delivering good growth. The project will help act as a catalyst to attract further investment to the area. There is clear need and market demand for the project and initial indications are that the project will deliver good value for money. The project will be managed by an experienced regeneration and management team.

Recommendations

That Investment Committee recommends to the Combined Authority:

- That the LEP Loan 318 project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
- An indicative approval to the total loan value of £346,000 is given from the Growing Places 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).
- 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 the Combined Authority's Managing Director following a recommendation by the Combined Authority's programme appraisal team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in stage 2: development



2.8 **West Yorkshire plus Transport Fund (WYTF) A629 Halifax Road, phase 5 (decision point 3 - outline business case)**

Background

This project forms part of the overarching A629 Halifax to Huddersfield corridor improvements, comprising multi modal improvements forecast to create 1,740 jobs by 2026, congestion relief, reduction in journey times for general traffic, and improvements in pedestrian and cycling accessibility.

The A629 scheme has been split into five separate phases, with phases 1, 2 and 5 being prioritised for early delivery. Kirklees council has responsibility for delivering phase 5 as a separate project. Phase 5 seeks to improve accessibility between Huddersfield and Halifax, and to the M62. It relates to the section of the A629 between the Ainley Top roundabout and Huddersfield. The scheme includes accessibility improvements for all road users, aims to reduce congestion and delay, and supports job creation and housing growth in the local area.

The preferred option, identified in the outline business case, includes capacity improvements from the Cavalry Arms junction to Ainley Top, with improvements at the Blacker Road junction, as outlined below. The outline business case requests funding for land acquisition to be released to allow land assembly to commence at full business case stage.

A summary of the scheme's business case is included in **Appendix 3**.

Outputs and benefits

The scheme will deliver traffic capacity improvements at several locations as described below:

- Blacker road / Edgerton Grove road / New North road / Edgerton road Junction (Blacker road Junction) – road widening northbound and westbound.
- East Street / Birkby Road / Halifax Road Junction (Cavalry Arms Junction) - Re-align east-west approach lanes.
- Cavalry Arms to Birchencliffe Hill road – Endeavour to remove parking from both sides of road to enable free-flow of traffic and enable footways to be used safely. Cars currently park on both sides of the road, blocking footways and preventing the free-flow of traffic.
- Yew Tree road to Ainley Top - Extend southern approach lanes and create a new left slip onto the roundabout.

More broadly the scheme will:

- Improve accessibility between Huddersfield and Halifax and to the M62 by reducing congestion and improving journey times and reliability between the ring road and Ainley Top roundabout, for all road users in

both directions by 2022, and to support the delivery of the Lindley Moor West and East Enterprise Zones.

- Support job retention and growth in the wider area with the creation of 189 indirect jobs by 2030. (The West Yorkshire Urban Dynamic Model model shows up to 465 indirect jobs created).
- Support housing growth in the Lindley area and west Huddersfield generally (1,230 homes) and enable the delivery of up to 780 dwellings within the vicinity of the corridor by 2030.
- Improve air quality for local residents by contributing to a reduction of nitrogen oxide levels
- Contribute to an improved Gross Value Added across West Yorkshire. Urban Dynamic Model runs show a Gross Value Added increase of £29 million by 2030.

An initial benefit cost ratio for the project on monetarised journey times has been assessed as very high of 7.41; this will be reviewed at full business case stage.

Risks

The key risks for the scheme are:

- Land acquisitions – The need for compulsory purchase orders (CPOs) is identified as a key risk in delivery. Engagement with land owners has already commenced and the Council is taking a twin track approach to land acquisitions and will seek a resolution to use CPO powers.
- Planning permission/consents – Securing Listed Building Consent for the taking down and rebuilding of a listed curtilage wall in the conservation area has been identified as a key risk. Early engagement with the council's planning and conservation team and the landowner has taken place.
- Tree felling – Felling mature trees, some of which are covered by TPOs (Tree Preservation Orders) in the conservation area is also identified as a key risk. Whilst the removal of these trees will fall under permitted development, and therefore do not require planning consent for their removal, it is acknowledged that removal of the trees will be a sensitive issue. To mitigate the impact the Council is proposing to replace trees, where possible, within affected land boundaries, together with tree planting in other areas of the locality to offset the loss. The public will be asked for ideas about where the Council could undertake offset tree planting during the public engagement stage (proposed for June 2018). A topographical survey has been undertaken to identify tree locations and sizes for a key area of land required for the scheme and further tree surveys are to be undertaken to cover all trees affected.

Costs

The total cost to deliver phase 5 is £12.09 million, to be funded through the West Yorkshire plus Transport Fund.

It is noted that at decision point 2 the total scheme cost to deliver phase five was identified as £10 million, meaning that a further £2.09 million is requested as original estimated costs have since been refined largely to account for additional land assembly work.

Phase five currently has £305,000 approved. A further £4.113 million is now sought to develop the project to full business case (to include: development funding and land assembly funding of £2.171 million). This will take the total development costs approval to £4.418 million.

The total cost to deliver the A629 Phases 1-5 is £120.6 million.

Timescales

The timescales for the scheme are as follows:

- Full business case (decision point 4) approved by July 2019.
- Full business case with final costs (decision point 5) approved by January 2020.
- Construction commences February 2020.
- Construction complete August 2021 (decision point 6).

Assurance pathway and approval route

The table below outlines the proposed assurance process and corresponding approval route for this scheme. The assurance pathway sets out the Decision Points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each Decision Point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

Assurance pathway	Approval route
Decision point 3 (outline business case)	Recommendation – Investment Committee Approval – Combined Authority
Decision point 4 (full business case)	Recommendation – Investment Committee Approval – Combined Authority
Decision Point 5 (full business case with finalised costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director Delegated Decision

Tolerances

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 the Combined Authority for further consideration:

- That the total project cost remains within 10% of costs identified within this report.
- That the project delivery timescale remains within three months of timescales identified within this report.

Project responsibilities

The project responsibilities are:

- Senior Responsible Officer: Simon Taylor, Kirklees Council
- Project Manager: Steven Hanley, Kirklees Council
- Combined Authority's case officer: Clare Zara Davies

Appraisal summary

The scheme has a strong strategic fit and overall the outline business case presented provides sufficient evidence and justification that the WYTF A629 Halifax Road phase 5 scheme should proceed to full business case.

Recommendations

That Investment Committee recommends to the Combined Authority:

- The WYTF (Transport Fund) A629 Halifax Road Phase 5 project proceeds through decision point 3 and work commences on activity 4 (full business case).
- That an indicative approval to the total project value of £12.09 million is given from the Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 4 (full business case).
- That development costs of £4.113 million are approved in order to progress the scheme to decision point 4 (full business case), taking the total project approval to £4.418 million and that an addendum to the funding agreement with Kirklees council for the additional £4.113 million is entered into.
- Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 4 (full business case) through Investment Committee and Combined Authority and at decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal

Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.9 **Beech Hill, Halifax (decision point 4 - full business case)**

Background

The Beech Hill site lies on the western edge of Halifax Town Centre. The regeneration of the site is a joint venture partnership between Calderdale Council and Together Housing.

This project is for the asbestos strip out and demolition of three high-rise tower blocks and Stannary Depot to enable the delivery of the Phase 1 housing development.

A summary of the scheme's business case is included in **Appendix 4**.

Outputs and benefits

The scheme's outputs are:

- 113 construction jobs created
- Enabling 100 new homes of which 50 affordable homes* will be created to meet local housing needs
- 2.52 ha of brownfield land assembled for residential development

*The Ministry of Housing, Communities & Local Government define affordable housing as social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. The Beech Hill housing scheme will provide a mixture of social rented and shared equity homes through Together Housing Association.

The scheme's associated benefits are:

- Improved living environment
- Improved access to green infrastructure and local amenities
- Improved access to employment
- Increased availability of mixed tenure housing

A cost benefit analysis has been undertaken confirming that the preferred option to include the tower block and depot site together provides the best value, at a cost of £178,379/unit compared to £210,422/unit for 54 homes if the depot was excluded from the development site. It will deliver the greatest number of housing units (100) of which 50 would be affordable units. Figures used were based on the most recent viability assessment and development costs for the site; these will be refreshed during detailed costing as part of activity 5 (full business case and finalised costs).

Risks

The key risks for the scheme are:

- Combined Authority funding not fully secured to allow comprehensive demolition/asbestos removal of the tower blocks and Stannary depot. The impact would be a delay in delivery. This will be mitigated by identifying and applying for other funding opportunities to bring the project forward.
- Not obtaining planning permission for phase 1 of the residential development which is linked to the success of this project. This is being managed through pre-application meetings with council's planning team and engaging the community and key stakeholders in the development of the project to ensure that community aspirations are reflected in the plans.
- Ground conditions are worse than expected leading to increased costs. This is being managed through early Intrusive investigations to assess ground conditions, the results of which will be integrated into the residential development viability assessment.

Costs

The total project value is £5.4 million with £1.4 million grant being sought from the Combined Authority's Growth Deal 3 for unlocking housing sites. Together Housing Association is contributing £4 million to the scheme.

Since decision point 2 the funding bid has increased from £1 million to £1.4 million to include the costs for demolition/asbestos removal of the Stannary Depot. The Expression of Interest originally focused only on securing the gap funding for the Together Housing owned tower block site. However a separate £400,000 bid for Housing Infrastructure Funding (HIF) for the demolition/asbestos removal of the council depot was unsuccessful. This created the opportunity to bring together two parcels of land to create a phase 1 residential development site at Beech Hill. The comprehensive development approach will bring accelerated delivery and cost efficiencies for the wider investment partnership of around £200,000 across the phase 1 residential development scheme.

Timescales

Timescales for the scheme are:

- Asbestos/ demolition contract starts May 2018
- Residential development outline planning approval June 2018
- Demolition complete May 2019

Timeframes for the enabling outputs for this scheme are:

- Residential development planning approved Nov 2019
- Phase 1 housing start on site Jan 2020
- Completion of housing Feb 2022

Assurance pathway and approval route

The table below outlines the proposed assurance process and corresponding approval route for this scheme. The assurance pathway sets out the Decision Points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each Decision Point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

Assurance pathway	Approval route
Decision Point 2 (case paper)	Recommendation – Investment Committee Approval – the Combined Authority
Decision Point 4 (full business case)	Recommendation – Investment Committee Approval – the Combined Authority
Decision Point 5 (FBC+costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director Delegated Decision

Tolerances

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 the Combined Authority for further consideration:

- That cost increase above 10% will require a recommendation from Investment Committee before being approved by the Managing Director.
- If the programme is forecast to slip by more than 3 months then this will require a recommendation from Investment Committee before being approved by the Managing Director.

Project responsibilities

The project responsibilities are:

- Senior Responsible Officer: Heidi Wilson, Calderdale Council officer
- Project Manager: Julie Bullen, Calderdale Council officer
- Combined Authority case officer: Caroline Farnham-Crossland
- Combined Authority Project Manager: Polly Hutton

Appraisal summary

The full business case clearly articulates the need for the scheme to take place. The strategic and economic case are both strong and the benefits of regenerating this particular area of Halifax are clear. Furthermore, consultation has taken place with the public and independent reports have been undertaken which support the preferred option. Further work is needed on the cost confidence element and controls to ensure control over cost increases and programme slippage; this needs to be detailed at full business case with finalised costs stage.

Recommendations

That Investment Committee recommends to the Combined Authority:

- The Beech Hill project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs)
- That conditional approval to the total project value of £5.4 million is given (which includes a £1.4 million contribution from the Growth Deal 3 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))
- Future approvals are made in accordance with the approval pathway and approval route outlined in this report to include at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in stage 3 – Programme committed



2.10 There are no schemes in stage 3 to present in this report.

Decisions progressed directly to West Yorkshire Combined Authority on 5 April 2018

- 2.11 There are no decisions which were progressed directly to the Combined Authority on 5 April to present in this report.

Decisions made through delegation to the Managing Director

- 2.12 Since Investment Committee's meeting on 21 March 2018, decisions regarding the following schemes have been exercised. These decisions were made through the delegation to the Combined Authority's Managing Director following a recommendation from the Combined Authority's Programme Appraisal Team.

- 2.13 **York outer ring road roundabouts – Phase 1 Wetherby Road – decision point 5 (full business case with finalised costs)**

The A1237 York Outer Ring Road (YORR) has been the subject of a comprehensive and long-term strategy to review and develop junction improvements at identified roundabouts along the route to improve and reduce journey times on this heavily congested route.

Recommendations from the scheme's full business case (decision point 4) appraisal were presented to the Combined Authority on 1 February 2018 who gave indicative approval to the total project cost of £3.6 million (to be funded from the West Yorkshire plus Transport Fund) with full approval to spend being once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The Combined Authority also approved the recommendation that the Combined Authority's Managing Director would give final approval at decision point 5.

The project's benefit cost ratio has been assessed as high at 4.377.

The following recommendations were approved by the Combined Authority's Managing Director on 21 March 2018:

- That the York Outer Ring Road phase 1 project proceeds through decision point 5 and work commences on activity 6 (delivery).
- That approval to the total project value of £3.6 million is given from the West Yorkshire Plus Transport Fund
- That the Combined Authority enters into a funding agreement with City of York Council for a total of up to £3.6 million
- That future approvals are made in accordance with the approval pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.14 Leeds City Region flood alleviation – Wyke Beck – decision point 5 (full business case with finalised costs)

The Wyke Beck Valley scheme aims to enhance the environment locally and achieve habitat improvements in addition to managing flood risk.

The recommendation for approval of full business case (decision point 4) appraisal was presented to Investment Committee on 3 January 2018 and approved by the Combined Authority on 1 February 2018. As part of this approval it was agreed that decision point 5 approval would be made through a delegation to the Combined Authority's Managing Director subject to the scheme remaining within its approved tolerances. It is confirmed that the scheme presented for decision point 5 approval remained within these tolerances.

The two schemes have high benefit to cost ratios.

The Combined Authority's Managing Director approved the following recommendations on 27 March 2018:

- That the two Wyke Beck Valley projects, Arthur's Rein re-profiling and de- culverting Arthur's Rein and Halton Moor Local Nature Reserve proceed through decision point 5 and work commences on activity 6 (delivery).
- That the Combined Authority's contribution of £975,000 (which will be funded through the Local Growth Fund) is given.
- That the Combined Authority enter into a funding agreement with Leeds City Council for expenditure of up to £975,000 from the Local Growth Fund.
- That future approvals to be made in accordance with the Approval Pathway and Approval Route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

2.15 Bus hotspots 2017/19 programme - change request

The Bus Hotspot 'Punctuality & Reliability' programme is a programme of works to key congestion hotspots to improve bus punctuality.

Following a programme review a change request was submitted to reflect the revised scheme. The below table summarises the changes to the programme, developed with officers of each partner Council, and subsequently endorsed by Transport Committee on 16 March 2018.

	Transport Committee July 2017		Programme Review	
District	Schemes	Cost	Schemes	Cost
Bradford	14	£571,500	10	£285,300
Wakefield	8	£147,000	8	£129,000
Kirklees	5	£143,000	5	£143,000
Calderdale	1	£20,000	1	£164,450
	28	£881,500	24	£721,750
	Contingency / project management	£155,100	Contingency / project management	£209,043
Total		£1,036,600		£930,793

Some schemes in Bradford were subsequently found not to be deliverable within the scope of the Bus Hotspot programme, reducing the Bradford Council cost allocation.

The Hebden Bridge scheme initially proposed by Calderdale Council for the Bus Hotspot programme will be incorporated into a wider project seeking support under the West Yorkshire plus Transport Fund Corridor Improvement Programme. An alternative scheme in Mytholmroyd has now been developed for funding under the Bus Hotspot programme.

The Combined Authority's project team is awaiting revised cost figures from Kirklees Council, following which a further request for decision will be submitted if required.

The programme has been evaluated as being value for money. The following recommendations were approved by the Combined Authority's Managing Director on 27 March 2018:

- The change request for the Bus Hotspots 2017/19 Programme be accepted.
- Enter into funding agreements as follows:
 - With Bradford Council for expenditure up to £342,360.
 - With Calderdale Council for expenditure up to £197,340.
 - With Wakefield Council for expenditure up to £154,800.
- Future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances.

The programme total cost of £1.037 million was approved by Transport Committee on 7 July 2017. The programme is funded by the National Productivity Investment Fund (NPIF) - £600,000 and the Local Transport Plan - £437,000.

The original programme was considered by Transport Committee on 7 July 2017. The changes to the programme which have been approved as part of

this change request were considered and endorsed by Transport Committee on 16 March 2018.

2.16 One Public Estate – phase 6 – change request (decision point 6 – delivery)

The Cabinet Office confirmed funding allocations of £320,000 to the Combined Authority for the One Public Estate Phase 6 Programme, broken down as follows:

- Harrogate - Station Gateway – Feasibility work to inform development scheme including town centre homes - £25,000.
- Calderdale – North Halifax health and social care village – creation of a health and social care village on a site owned by the council - £75,000.
- Combined Authority – programme management – Phase 6 programme management along with development work to expand scale and scope of One Public Estate (Harrogate Selby and Craven) and deliver the Land Release Fund programme - £60,000.
- Wakefield - Revitalised City Centre - options appraisal - £40,000.
- Kirklees – Dewsbury Family Support Centre – Feasibility and site investigations £40,000.
- Combined Authority - Phase 2 – unlocking small housing sites across the Leeds City Region - £60,000.
- Combined Authority – further programme management costs - £20,000.

In addition to the One Public Estate funding, confirmation was also received on 16 February 2018 that the Combined Authority has been allocated the sum of £662,000 capital funding from the Land Release Fund.

The scheme has been assessed as representing good value for money.

The following Change Request was approved by the Combined Authority's Managing Director on the 27 March 2018:

- To accept the award of £320,000 from the Phase 6, One Public Estate (revenue) programme be accepted.
- To enter into Grant Agreements as part of the One Public Estate (revenue) programme (Phase 6) with Harrogate (£25,000) Calderdale (£75,000), Kirklees (£40,000) and Wakefield (£40,000).
- That future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team.

The Combined Authority signed a Memorandum of Understanding with the Cabinet Office for the One Public Estate Phase 6 award on 15 March 2018 to ensure allocations were locked in before the end of the financial year.

2.17 Energy Accelerator Programme – further information

The Energy Accelerator (the Accelerator) is a new innovative programme which aims to support the development of low carbon energy projects across the City Region. It will provide expert advice and project development support. This lack of support has been preventing investment in such projects across the City Region.

The total value of the project is estimated at £3.817 million funded by:

- £820,000 Local Growth Fund (of which some is allocated as match funding towards the ELENA grant); and
- EUR 3.513 million (£2.997 million) EIB ELENA funding.

On 5 April 2018 the Combined Authority approved signing a contract for €3.513 million of funding from the European Investment Bank's ELENA fund (a fund that supports the development of low carbon projects). This funding will enable the Accelerator to be established. A new delivery team will be created to work with a range of partners to develop over 20 low carbon projects.

The Accelerator Programme is at decision point 4 of the assurance process. Investment Committee on 6 September 2017 and Combined Authority on the 5 October 2017 agreed that:

- Accelerator proceeds through decision point four of the assurance process and work commences on activity five.
- Indicative approval to the £2.997 million ELENA funding is given with full approval to spend being granted once the scheme has progressed through the decision point five.
- Future approvals are made in accordance with the approval pathway outlined in the submitted report including decision point five through a delegation to the Combined Authority's Managing Director following a recommendation by Combined Authority's Programme Appraisal Team
- That 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 £1 million.

At the Combined Authority meeting of 5 April the approval was given to the scheme moving to decision point 5 with final approvals delegated the Managing Director. Which will enable the programme to be established by autumn 2018.

The report of 5 April highlighted the programme risks and the measures in place to manage these. In the light of these risks the Combined Authority requested confirmation from the Investment Committee regarding the assurance of the programme and the individual projects.

All stages of the Accelerator Programme have been through the assurance framework and considered by the Investment Committee and Combined Authority in accordance with the agreed pathway. Previous reports have set out and approved the governance for each individual project within the programme. Proposals for each project will be developed by the technical delivery team and considered by the Programme Advisory Group which is made up of technical experts and members of the Green Economy Panel. Projects with a value over £1 million that are recommended for progression will be taken forward through the Investment Committee, whilst those with a value lower than £1 million will be taken forward through a delegated approval to the Managing Director.

Regular updates will be provided to the Green Economy Panel. It is proposed that regular updates are provided to the Investment Committee with respect to the overall programme and confirming that the risks highlighted in the 5 April report to the Combined Authority are being monitored and whether any further action is required.

The Investment Committee is requested to confirm its support to the above arrangements and provide this information for the Managing Director to consider in making the delegated decision at decision point 5.

3 Financial implications

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

4 Legal implications

- 4.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

5 Staffing implications

- 5.1 A combination of the Combined Authority and partner Council project, programme and portfolio management resources are identified and costed for within the scheme in this report.

6 External consultees

- 6.1 Where applicable scheme promoters have been consulted on the content of this report.

7 Recommendations

- 7.1 **Department for Environment, Food and Rural Affairs (DEFRA) - Clean Bus Technology Fund (CBTF) (decision point 2 case paper)**

That Investment Committee recommends to the Combined Authority:

- i) The Clean Bus Technology Fund (CBTF) project proceeds through decision point 2 and work commences on activity 5 full business case with costs alongside preparation and commencement of the grant allocation process.
- ii) An indicative approval to the total project value of £4.756 million (this includes Combined Authority, Leeds City Council grant awards and operator match funding) is given from the DEFRA Clean Bus Technology Fund awarded to the Combined Authority and Leeds City Council 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).
- iii) Combined Authority project development and delivery costs of £120,000 are approved up front in order to progress the scheme to decision point 5 full business case, before being reimbursed from the scheme's private sector match funding.
- iv) The Combined Authority enters into an agreement with Leeds City Council (LCC) for the Combined Authority to receive and manage on LCC's behalf their CBTF funding award (£1.371 million) from the CBTF fund for the whole of West Yorkshire.
- 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 the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.2 Growing Places Fund LEP loan 318 (decision point 2 - case paper)

That Investment Committee recommends to the Combined Authority:

- i) That the LEP Loan 318 project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
- ii) An indicative approval to the total loan value of £346,000 is given from the Growing Places 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).
- 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 the Combined Authority's Managing Director following a recommendation by the Combined Authority's programme appraisal team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.3 West Yorkshire plus Transport Fund (WYTF) A629 Halifax Road, phase 5 (decision point 3 outline business case)

That Investment Committee recommends to the Combined Authority:

- i) The WYTF (Transport Fund) A629 Halifax Road Phase 5 project proceeds through decision point 3 and work commences on activity 4 (full business case).
- ii) That an indicative approval to the total project value of £12.09 million is given from the Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 4 (full business case).
- iii) That development costs of £4.113 million are approved in order to progress the scheme to decision point 4 (full business case), taking the total project approval to £4.418 million and that an addendum to the funding agreement Kirklees council for the additional £4.113 million is entered into.
- iv) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 4 (full business case) through Investment Committee and Combined Authority and at decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.4 Beech Hill, Halifax (decision point 4 – full business case)

That Investment Committee recommends to the Combined Authority:

- i) The Beech Hill project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs)
- ii) That conditional approval to the total project value of £5.4 million is given (which includes a £1.4 million contribution from the Growth Deal 3 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)
- iii) Future approvals are made in accordance with the approval pathway and approval route outlined in this report to include at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

7.5 Energy Accelerator Programme

That the assurance arrangements for the Energy Accelerator Programme be noted and forwarded to the Managing Director for consideration.

8 Appendices

8.1 **Appendix 1** – Department for Environment, Food and Rural Affairs (DEFRA) - Clean Bus Technology Fund business case summary

8.2 **Appendix 2** – Growing Places Fund LEP loan 318 business case summary

8.3 **Appendix 3** – West Yorkshire plus Transport Fund A629 Halifax Road, phase 5 business case summary

8.4 **Appendix 4** – Beech Hill, Halifax business case summary

9 Background documents

9.1 None as part of this report.