
Report to: West Yorkshire Combined Authority

Date: 10 May 2018

Subject: **Capital spending and project approvals**

Director: Melanie Corcoran, Director of Delivery

Author(s): Mary Innes / Craig Taylor

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 Combined Authority's assurance process.
- 1.2 This report presents proposals for the progression of 4 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, of which £18.592 million 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.

Scheme	Scheme description	Decision sought
Clean Bus Technology Fund West Yorkshire	<p>To fit emission control technology onto older, more polluting buses across West Yorkshire to significantly improve emissions.</p> <p>The project is funded by the Department for Environment, Food and Rural Affairs (DEFRA).</p> <p>The project has a very high benefit cost ratio of 6:1 at this stage.</p>	<p>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.</p> <p>Total value - £4.756 million</p> <p>Total value of Combined Authority funding - £4.756 million</p>

		Funding recommendation sought - £120,000
CRUVL (New Bolton Woods) - LEP Loan 318 Bradford	<p>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.</p> <p>This project is funded through the Growing Places Fund.</p> <p>The scheme has been assessed as representing good value for money, creating 25 jobs and bringing private sector match funding.</p>	<p>Approval to proceed beyond decision point 2 (case paper) and work commence on activity 5 full business case with costs.</p> <p>Total value - £346,000</p> <p>Total value of Combined Authority funding - £346,000</p> <p>Funding recommendation sought - £0</p>
A629 Halifax Road improvement, phase 5 Kirklees	<p>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.</p> <p>This project is funded by the West Yorkshire plus Transport Fund (WYTF).</p> <p>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.</p>	<p>Approval to proceed beyond decision point 3 (outline business case) and work commence on activity 4 full business case.</p> <p>Total value - £12.090 million</p> <p>Total value of Combined Authority funding - £12.090 million</p> <p>Funding recommendation sought - £4.113 million</p>
Beech Hill Halifax	<p>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.</p> <p>This project is funded by the Combined Authority's Growth Deal Fund.</p> <p>A cost benefit analysis has been undertaken confirming</p>	<p>Approval to proceed beyond decision point 4 (full business case) and work commence on activity 5 full business case with costs</p> <p>Total value - £5.400 million</p> <p>Total Value of Combined Authority funding - £1.400 million</p> <p>Funding recommendation sought - £0</p>

	that the preferred option to include the tower block and depot site together provides improved value for money; this will be reviewed at full business case with finalised costs stage.	
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1.3 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.
- The scheme's approval tolerances.

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

2 Information

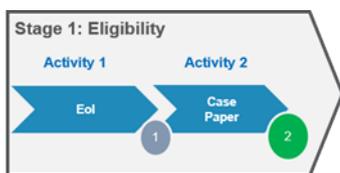
2.1 The background information on the Combined Authority's assurance framework through which each of the schemes outlined in this report are being approved is provided in **Appendix 1**. In addition, this appendix also provides a description of the approach for the future assurance approval pathway and the assurance tolerances for each scheme.

2.2 The first four schemes that have been set out in this report have been considered by the Investment Committee on 18 April and have been recommended for approval. These are summarised as:

Clean Bus Technology Fund West Yorkshire	Decision point 2 (case paper)
LEP Loan 318 New Bolton Woods, Bradford	Decision point 2 (case paper)
A629 Halifax Road improvement, phase 5 Kirklees	Decision point 3 (outline business case)
Beech Hill Halifax	Decision point 4 (full business case)

Programmes and projects for consideration

Projects in stage 1: Eligibility



- 2.3 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 assurance process. At this stage funding may be sought to enable this work to progress.

Project title	Clean Bus Technology Fund (CBTF)
Stage	1 (Eligibility)
Decision point	2 (Case paper)

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

Background

- 2.4 The project will provide £4.756 million to fund clean technology on buses across approximately 25% of the existing bus fleet across West Yorkshire. Funding will be provided from the Department for Environment, Food and Rural Affairs (DEFRA) Clean Bus Technology Fund (CBTF) to bus operators through an open grant competition to fit 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 also 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).

Outputs, benefits and inclusive growth implications

2.5 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:

- Improve the environment and support clean growth
- 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.

2.6 The project has a very high benefit cost ratio of 6:1 at this stage.

Risks

2.7 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

2.8 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.

- 2.9 £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 was been paid by 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

- 2.10 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.

Future assurance pathway and approval route

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

Project tolerances
That the grant project cost remains within the figures outlined within this report.
That the project delivery timescales remains within three months of the timescales identified within this report.

Project responsibilities

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

Appraisal summary

- 2.11 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

2.12 That the Combined Authority approves that:

- (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 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).
- (iii) 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.
- (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.

Project title	CRUVL (New Bolton Woods) - LEP Loan 318
Stage	1 (Eligibility)
Decision point	2 (Case paper)

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

Background

- 2.13 The project seeks to obtain a further Growing Places Fund (GPF) loan of £346,000 to provide access to retail units. In particular the loan will enable the completion of a combined access for the drive through prepared food outlet and 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.
- 2.14 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.
- 2.15 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).
- 2.16 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.
- 2.17 The New Bolton Woods scheme aims to achieve a step change in quality to regenerate Bolton Woods by a 'best practice design' new settlement.

2.18 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.

2.19 An indicative location map of the scheme can be found at **Appendix 2**.

Outputs, benefits and inclusive growth implications

2.20 The project will regenerate a new area and enable quality housing and jobs.

2.21 It is expected that project will deliver the following outputs:

- The scheme will act as a catalyst for further development of the wider project area i.e. Canal Road / New Bolton Woods.
- 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

2.22 There is clear need and market demand for the project and initial indications are that the project will deliver good value for money.

Risks

2.23 The main risks facing the scheme and mitigating actions 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

2.24 £346,000 is being sought from the Combined Authority through this application to the Growing Places Fund as a loan.

Timescales

2.25 The anticipated timescales of the project are:

- 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.

Future assurance pathway and approval route

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

Project tolerances
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

Senior Responsible Officer	Andrew Dainty, company project lead
Project Manager	Andrew Dainty, company project lead
Combined Authority case officer	Dominic Liddell-Crewe

Appraisal summary

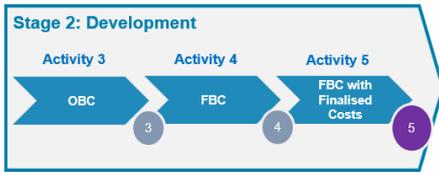
- 2.26 The project has a clear fit to the Leeds City Region Strategic Economic Plan and will deliver against the objectives of increasing access to employment and delivering good growth. The project will help act as a catalyst to attract further investment to the area. There is clear need and market 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

- 2.27 That the Combined Authority approves 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.

Projects in Stage 2: Development



- 2.28 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 cost.

Project title	A629 Halifax Road improvement, phase 5
Stage	2 (Development)
Decision point	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 by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

- 2.29 This project forms part of the overarching A629 Halifax to Huddersfield corridor improvements which is being designed in five phases. Works for phase 5 comprise of 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.
- 2.30 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.
- 2.31 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.

2.32 An indicative location map of the scheme can be found at Appendix 3.

Outputs, benefits and inclusive growth implications

2.33 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.

2.34 More broadly the scheme will:

- Regenerate a brownfield site to create quality housing and jobs.
- 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 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. West Yorkshire's Urban Dynamic Model runs show a Gross Value Added increase of £29 million by 2030.

2.35 An initial benefit cost ratio for the project on monetarised journey times has been assessed as very high of 7.41:1; this will be reviewed at full business case stage.

Risks

2.36 The key risks for the scheme, together with mitigating actions, 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

- 2.37 The total cost to deliver phase 5 is £12.09 million, to be funded through the West Yorkshire plus Transport Fund.
- 2.38 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.
- 2.39 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.
- 2.40 The total cost to deliver the A629 Phases 1-5 is £120.6 million.

Timescales

- 2.41 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).

Future assurance pathway and approval route

Assurance pathway	Approval route
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

Project tolerances
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

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

Appraisal summary

- 2.42 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

- 2.43 That the Combined Authority approves that:
- The WYTF (Transport Fund) A629 Halifax Road Phase 5 project proceeds through decision point 3 and work commences on activity 4 (full business case).
 - 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 5 (full business case with finalised costs).

- (iii) 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.
- (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.

Project title	Beech Hill, Halifax
Stage	2 (Development)
Decision point	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 by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

Background

2.44 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.

2.45 An indicative location map of the scheme can be found at **Appendix 4**.

Outputs, benefits and inclusive growth implications

2.46 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.

2.47 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

2.48 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

2.49 The key risks, and mitigating actions, which have been highlighted by the project promoter 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

2.50 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.

2.51 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

2.52 Timescales for the scheme are:

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

2.53 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

Future assurance pathway and approval route

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

Tolerances

Project tolerances
That costs will remain within 10% of the costs outlined in this report.
That timescales will remain within 3 months of the timescales outlined in this report.

Project responsibilities

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

Appraisal summary

2.54 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

2.55 That the Combined Authority approves that:

- (i) The Beech Hill project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs)
- (ii) Conditional approval to the total project value of £5.4 million is given (which includes a £1.4 million contribution from the Combined Authority's Growth Deal 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.

Projects in Stage 3: Delivery and evaluation



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

3 Inclusive Growth Implications

3.1 The inclusive growth implications are outlined in each scheme, see above.

4 Financial implications

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

5 Legal implications

5.1 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.

6 Staffing implications

6.1 A combination of Combined Authority and local partner Council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

7 External consultees

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

8 Recommendations

8.1 Clean Bus Technology Fund (CBTF)

That the Combined Authority approves that:

- (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 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).

- (iii) 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.
- (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.

8.2 CRUVL (New Bolton Woods) - LEP Loan 318

- (i) 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.

8.3 A629 Halifax Road improvement, phase 5

- (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) 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 5 (full business case with finalised costs).
- (iii) 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.

- (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.

8.4 Beech Hill

- (i) The Beech Hill project proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs)
- (ii) Conditional approval to the total project value of £5.4 million is given (which includes a £1.4 million contribution from the Combined Authority's Growth Deal 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.

9 Background documents

- 9.1 Business case summaries for schemes recommended for approval by the Investment Committee are available here:
<http://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CIId=156&MIId=542&Ver=4>

10 Appendices

- 10.1 Appendix 1 – Background to the Combined Authority's assurance framework
- 10.2 Appendix 2 – LEP Loan 318 map
- 10.3 Appendix 3 – A629 Halifax Road improvement map
- 10.4 Appendix 4 – Beech Hill map