
Report to: West Yorkshire & York Investment Committee

Date: 4 July 2018

Subject: **European Structural and Investment Funds (ESIF) – Sustainable Urban Development (SUD) Update**

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1. Purpose of this report

- 1.1 To update the Committee on progress made on the implementation of the ESIF SUD Strategy

2. Information

- 2.1 At the previous Investment Committee on 9 November 2017 members considered the outline applications for SUD, part of the ESIF Programme, and provided advice to the Combined Authority, in its role as the Intermediate Body.
- 2.2 The Combined Authority subsequently supported this advice and selected the projects to progress to full application stage following final reconciliation to the available budget by the Ministry of Housing, Communities and Local Government (MHCLG) as Managing Authority (MA) for the funds. This resulted in 4 out of the 5 selected projects asked to progress to full application, February 2018, with one project placed on a reserve list should funds become available.
- 2.3 Unfortunately since February two projects have now been deemed ineligible by the MA under the EU Regulations after submitting their full application. Reasons include one applicant did not fully meet the requirements of the selection criteria as a significant proportion of the project costs were deemed to be ineligible. The other application as presented at full application stage had radically changed, and no longer reflected the activities, level of investment or contribution to the Call and the ERDF Operational Programme as set out in the outline application, including a significant reduction in outputs such that the proposal no longer represented value for money. A third project had to withdraw from the process themselves. This now leaves one project and the application placed on the reserve list now progressing to full application stage.

2.4 Given the high attrition rate a new Call was published on Monday 3 July 2018 with a closing date of Friday 27 July 2018 by the MA. The Committee, in its advisory role, previously provided advice on the original draft SUD Call at its meeting in June 2017, which was subsequently agreed by the Combined Authority at the 29 June 2017 meeting. The Call has not materially changed from that previously approved. The Call grant value is £12m split as follows ;

- Priority Axis 3 (Site development) – £5,000,000
- Priority Axis 5 (Flood mitigation) - £2,000,000
- Priority Axis 6 (Green and blue infrastructure) - £5,000,000

3. Financial Implications

3.1 MHCLG, as MA for the funds, is responsible for the issuing of Funding Agreements, paying projects and general contract management. The funding within the Strategy (€19.95m) is a notional budget and is part of the ESIF ERDF programme. All finances go directly through MHCLG's accounts not the Combined Authority's.

4. Legal Implications

4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6. External Consultees

6.1 MHCLG have been consulted in their role as Managing Authority in the production of this report.

7. Recommendations

7.1 It is recommended that the Investment Committee:

- Notes the progress made in implementing the ESIF SUD Strategy.

8. Background Documents

8.1 None.

9 Appendices

9.1 None.