
Report to: West Yorkshire Combined Authority

Date: 11 October 2018

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

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	Paragraph 3

1. Purpose of this report

- 1.1 That the West Yorkshire Combined Authority (Combined Authority), in its role as the Intermediate Body (IB) for the SUD part of the ESIF programme, approve the advice included in the outline assessment forms at Part 3 of each Appendix (2-9), the decision and any respective conditions outlined in Part 5a, and the prioritisation list for SUD included in **Appendix 1**. The forms will be then submitted to the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

2. Information

Republishing of the Call for Projects

- 2.1 On 6 April 2017, the Combined Authority considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to them in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 The Combined Authority, at the 29 June 2017 meeting, agreed for the SUD Call to be published in July 2017 by the Managing Authority (MA), MHCLG.

- 2.3 The Combined Authority selected the projects to progress to full application stage following final reconciliation to the available budget by the MHCLG as MA for the funds. This resulted in four out of the five selected projects asked to progress to full application in February 2018, with one project placed on a reserve list should funds become available. Given the high attrition rate a new Call was published on Friday 8 June 2018 and closed 27 July 2018 by the MA. The Call was not materially changed from that previously approved. The Call grant value was £12m.
- 2.4 In response to this second Call eight outline applications have been received and which are presented to the Combined Authority. The Investment Committee, at its meeting on 5 September 2018, considered the advice contained in each of the outline assessments and the prioritised list, in order to advise the Combined Authority acting as the Intermediate Body for SUD, to inform its decision(s) with regard to project selection.
- 2.5 The assessment of the outline applications are attached to this report as Exempt **Appendices 2–9** together with a covering note (Exempt **Appendix 1**). The Combined Authority is requested to approve the advice provided (part 3 and 5a) and the prioritised list.

Selection Process and Assessment Form

- 2.6 The selection process for SUD, part of the ESIF programme has been set out in guidance notes issued to the IB by MHCLG, as the MA.
- 2.7 The outline applications have been assessed for local strategic fit based on the Leeds City Region ESIF SUD Strategy. In considering the strategic fit a qualitative approach has been used to assess the following to come to an overall view:
- Does the proposed operation contribute to the needs/opportunities identified in the Call to which it is responding?
 - Does the proposed operation aligns to the local growth needs set out in the local ESIF (SUD) Strategy?
- 2.8 In addition advice has been provided to the MA on:
- 2.8.1 **Value for money** – the operation must represent value for money. In assessing value for money, the MA takes account of:
- efficiency: the rate/unit costs at which the operation converts inputs to the fund outputs;
 - economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality;

- effectiveness: the extent to which the operation contributes to programme output targets, results and/or significant strategic impact at the local level;
- that the investment will deliver activities and impacts that would not otherwise take place;

2.8.2 Deliverability

- The operation is deliverable within the requirements of the fund specific operational programme taking account risks, constraints and dependencies.
- Evidence has shown that this type of operation is effective, the risks have been considered and appropriate mitigations put in place.

2.9 Assessment forms are designed and owned by MHCLG. The Assessment form is split in to 5 sections and each completed by either the Combined Authority or the MA as follows:

- **Part 1**, summary project details – completed by MHCLG
- **Part 2**, the gateway assessment - completed by MHCLG
- **Part 3**, the IB's assessment – completed by the Combined Authority
- **Part 4**, the MA's assessment - completed by MHCLG
- **Part 5**, selection decision — completed by the Combined Authority (5a) and MHCLG (5b).

2.10 Following the approval of the Combined Authority's selection decision and advice, the assessment will be finalised and forwarded to the MA, who will then finalise its assessment (taking account of the advice provided by Combined Authority), and make its selection decision.

Undertaking the Assessment

2.11 In line with the agreed West Yorkshire Combined Authority IB Conflict of Interest Statement and Operating Protocol – all outline applications have been considered by the Appraisal Team, under the responsibility of the Combined Authority's Head of Research and Intelligence, who have undertaken their own assessment in line with the criteria outlined above. Where projects are flood related the Environment Agency has also been consulted with regard to deliverability.

2.12 Only projects that pass both the Combined Authority's and the MA's selection criteria will be invited to submit a full application. A failure to meet either Combined Authority's or the MA's selection criteria will result in rejection of the project.

2.13 If the total value of projects that pass both the Combined Authority's and the MA's selection criteria does not exceed the budget attached to the Call the MA will invite full applications for these projects.

- 2.14 However, if the total value of projects that pass both the Combined Authority's and MA's selection criteria exceeds the indicative budget attached to the Call the MA, taking into consideration the IB's decision in respect of local strategic fit, will reconcile the projects to the budget. If the over bid against the indicative allocation for the Call is modest, and or there appears to be a high risk that a number of projects may fail to progress, the MA, may in consultation with the Combined Authority, choose to invite projects with a total value greater than the indicative allocation to the Call to proceed to full application in expectation that some will fail to proceed and or projects will be prioritised post appraisal.
- 2.15 If these steps do not resolve the overbid the MA will undertake a reconciliation of the IB's and its own prioritised lists.
- 2.16 Having concluded the assessment process, including any reconciliation to budget, the MA will determine which projects may proceed and be invited to submit a full application and which will be rejected. The MA will, in the spirit of joint working, meet with the Combined Authority at the conclusion of this reconciliation to discuss and clarify its decision(s). It is recommended this is delegated to the Director, Resources in consultation with the Chair, as required, to ensure no further delays in progressing applications under the European programme occur.

3. Inclusive Growth Implications

- 3.1 There are no inclusive growth implications directly arising from this report.

4. Financial Implications

- 4.1 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.

5. Legal Implications

- 5.1 The information contained in **Appendices 1 to 9** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.
- 5.2 The risks of non-compliance with regard to the delegated function of the Combined Authority as an Intermediate Body were previously outlined at the meeting in March 2017.

6. Staffing Implications

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

7. External Consultees

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

8. Recommendations

8.1 That the Combined Authority, in its role as the Intermediate Body for the SUD part of the ESIF programme, approve the advice included in the outline assessment forms at Part 3 of each Appendix (2-9), the decision and any respective conditions outlined in Part 5a, and the prioritisation list for SUD included in Appendix 1.

8.2 It is recommended the agreement of the final selection of projects, once the MA has reconciled to the budget, is delegated to the Director, Resources in consultation with the Chair of the Combined Authority, as required, to ensure no further delays in progressing applications under the European programme occur.

9. Background Documents

There are no background documents referenced in this report.

10. Appendices

Exempt Appendices 1 - 9