
Report to: West Yorkshire Combined Authority

Date: 16 April 2020

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: | |

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 full assessment form at Part 2 of Appendix 2. The assessment form will be then submitted to the Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

2. Information

Section Heading

- 2.1 On 8 March 2017, the Investment Committee considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to West Yorkshire Combined Authority in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 The Committee, in its advisory role, provided advice on the first draft SUD Call at its meeting in June 2017, which was subsequently agreed by the Combined Authority, at the 29 June 2017 meeting, for it to be published July 2017 by the

Managing Authority (MA), Ministry of Housing, Communities and Local Government (MHCLG).

- 2.3 The Combined Authority has since selected a number of projects to progress over a number of Call rounds – Rounds 1 to 5.
- 2.4 Under Round 3 one outline application was received which was considered by the Combined Authority, as Intermediate Body, in April 2019 and was selected to progress to full application. This full application is now presented to the Combined Authority for support and to progress to a Funding Agreement.
- 2.5 Funding pipeline is as outlined below;

| SUD Call Round | PA3 (SME Competitiveness) | PA5 (Climate Change - Flooding) | PA6 (Green / Blue Infrastructure) | Total ERDF sought |
|-------------------------------------|---------------------------|---------------------------------|-----------------------------------|--------------------|
| 2017 - Round 1 | £636,065 | | | £636,065 |
| 2018 - Round 2 | £1,954,380 | £3,884,801 | £1,555,060 | £7,394,241 |
| 2019 - Round 3 | | | £698,195 | £698,195 |
| 2019 - Round 4 | £1,867,776 | | £0 | £1,867,776 |
| 2019 - Round 5 | £1,011,583 | £1,472,633 | | £2,484,216 |
| Value of Pipeline | £5,469,804 | £5,357,434 | £2,253,255 | £13,080,493 |
| Total Allocation | £6,360,135 | £5,300,564 | £6,360,135 | £18,020,835 |
| Remaining allocation – Round 6 Call | £890,331 | -£56,870 | £4,106,880 | £4,940,342 |

- 2.6 The assessment of the full application is attached to this report as **Exempt Appendix 2** together with a covering note (**Exempt Appendix 1**).
- 2.7 Given funding still remains a further Round 6 Call was published on 24 January 2020 as planned and will now close 30 June 2020. If any funding remains uncommitted once the call closes at the end of June 2020, then this money will be moved into the new national Reserve Fund, set up by MHCLG to manage the remaining ERDF funding across the England programme as well as manage exchange rate fluctuations.

Selection process and the outline assessment form

- 2.8 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.

- 2.9 The full application has 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 align to the local growth needs set out in the local ESIF (SUD) Strategy?
- 2.10 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.
- 2.11 Deliverability
- The operation is deliverable within the requirements of the fund specific operational programme taking into 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.
- 2.12 As outlined above the assessment forms are designed and owned by MHCLG. The full assessment form is split in to 4 sections and each completed by either the IB, as described at 2.11, or the MA as follows:
- Part 1, summary project details - completed by MHCLG
 - Part 2, the IB's assessment - completed by the Combined Authority
 - Part 3, the MA's assessment - completed by MHCLG
 - Part 4, selection decision - completed by the Combined Authority (4a) and MHCLG (4b and 4c).

Undertaking the assessment

- 2.13 In line with the agreed IB Conflict of Interest Statement and Operating Protocol the application has been considered by the appraisal team, under the responsibility of the Head of Research and Intelligence from the Combined Authority, who have undertaken their own assessment in line with the criteria outlined above. Their findings are usually first presented to the Investment Committee for advice to support the Combined Authority in its selection of projects. Unfortunately, on this occasion, due to the impact of COVID-19 this

has not happened due to it not being workable to hold a virtual meeting and given the urgency to contract as many projects as possible given the nature of European funding.

- 2.14 In addition to officers from the appraisal team the MA will also be in attendance and can respond to questions raised by members regarding the assessment as required.
- 2.15 With regard to the viable deliverability of the scheme due to COVID-19, the MA, should the Combined Authority approve the project to allow the MA to issue a funding agreement will, as they are doing with all ESI Funded projects, discuss with the applicant any changes required and are expected to work closely with the applicant to build in additional flexibilities to ensure the project can still be delivered as outlined.

3. Clean Growth Implications

- 3.1 The Leeds City Region SUD Strategy gives priority to sustainable urban development which will focus on ecologically sound and resilient site development, particularly in key strategic economic growth sites/locations. The aim will be to create highly attractive and innovative sites providing an unrivalled setting for investment and attracting high value enterprise. Projects have therefore been assessed with regard to their contribution to meeting these aims and objectives of which the detail can be seen in the assessments Appendix 2-6.

4. Inclusive Growth Implications

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

5. Financial Implications

- 5.1 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 (€19.95 million) 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.

6. Legal Implications

- 6.1 The information contained in **Appendices 1 to 2** are 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.
- 6.2 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.

7. Staffing Implications

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

8. External Consultees

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

9. Recommendations

9.1 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 full assessment form at Part 2 of Appendix 2 to allow the MA to now issue a funding agreement subject to the proposed conditions set out in the full assessments being fully met.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1 – Summary FINAL (PRIVATE)

Appendix 2 – Green Blue Gateway Full Assessment (PRIVATE)