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Report to: West Yorkshire Combined Authority

Date: 14 December 2017

Subject: ESIF SUD Update (For Information)

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<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

- 1.1 That WYCA, 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 (2-6), 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), Department for Communities and Local Government (DCLG).

2 Information

- 2.1 On 6 April 2017, WYCA considered and noted the roles and responsibilities relating to Intermediate Body (IB) status delegated to West Yorkshire Combined Authority (WYCA) in order to deliver the SUD Strategy, part of the ESIF Programme.
- 2.2 WYCA, at the 29 June 2017 meeting, agreed for the SUD Call to be published in July 2017 by the Managing Authority (MA), Department for Communities and Local Government (DCLG).
- 2.3 The Call was published on Monday 3rd July 2017, earlier than expected. The Call closed on Friday 29th September 2017 for outline applications. In response to this Call five outline applications have been received and which are presented to the CA. Advice. The Investment Committee, at its meeting on 9 November 2017, considered the advice contained in each of the outline assessments and the prioritised list, in order to advise WYCA acting as the Intermediate Body for SUD, to inform its decision(s) with regard to project selection.

- 2.4 The assessment of the outline applications are attached to this report as Exempt Appendices 2–6 together with a covering note (Exempt Appendix 1). WYCA is requested to approve the advice provided (part 3 and 5a) and the prioritised list.
- 2.5 It is important to note following the EU referendum in June 2016, one of the priorities was securing the £5.3 billion investment in local growth that was to be received by England from the EU until 2020. After much lobbying, the Chancellor of the Exchequer, the Rt. Hon. Philip Hammond MP, announced in October 2016 that local areas with existing EU funding agreements signed off by the time we exit the EU will receive replacement funding once we leave and the programme should continue to be delivered up to that point – this includes the SUD applications which would be honoured for the full contracting period, maximum of 3 years, under this guarantee.

3 Selection Process and Assessment Form

- 3.1 The selection process for SUD, part of the ESIF programme has been set out in guidance notes issued to the IB by DCLG, as the MA.
- 3.2 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?
- 3.3 In addition advice has been provided to the MA on;
- 3.3.1 **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
- 3.3.2 **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.

- 3.4 Assessment forms are designed and owned by DCLG. The Assessment form is split in to 5 sections and each completed by either WYCA or the MA as follows;
- Part 1, summary project details – completed by DCLG
 - Part 2, the gateway assessment - completed by DCLG
 - Part 3, the IB's assessment – completed by WYCA
 - Part 4, the MA's assessment - completed by DCLG
 - Part 5, selection decision — completed by WYCA (5a) and DCLG (5b).
- 3.5 Following the approval of WYCA'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 WYCA), and make its selection decision.

4 Undertaking the Assessment

- 4.1 In line with the agreed WYCA IB Conflict of Interest Statement and Operating Protocol – all outline applications have been considered by the Appraisal Team, under the responsibility of the Head of Research and Intelligence, WYCA, 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.
- 4.2 Only projects that pass both WYCA's and the MA's selection criteria will be invited to submit a full application. A failure to meet either WYCA's or the MA's selection criteria will result in rejection of the project.
- 4.3 If the total value of projects that pass both WYCA'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.
- 4.4 However if the total value of projects that pass both WYCA'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 WYCA, 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.
- 4.5 If these steps do not resolve the overbid the MA will undertake a reconciliation of the IB's and its own prioritised lists.
- 4.6 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 WYCA at the conclusion of this reconciliation to clarify its decision(s).

5 Financial Implications

- 5.1 DCLG, 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 DCLG's accounts not WYCA's.

6 Legal Implications

- 6.1 The risks of non-compliance with regard to the delegated function of WYCA as an Intermediate Body were previously outlined at the meeting in March 2017.

7 Staffing Implications

- 7.1 None.

8 External Consultees

- 8.1 DCLG have been consulted in their role as Managing Authority in the production of this report.

9 Recommendations

- 9.1 That WYCA, 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 (2-6), the decision and any respective conditions outlined in Part 5a, and the prioritisation list for SUD included in Appendix 1.

10 Background Documents

- 10.1 None