

WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

19 JULY 2019

REPORT SUMMARY SHEET

INVESTMENT FUND

Purpose

1. To note a four-year prioritised Investment Programme for the period up to March 2023.
2. To seek approval for Investment Fund feasibility, development and delivery funding, and for change requests for schemes within the current approved programme.

Recommendations

The Committee is asked:

1. To endorse the submission of the Western Gateway Major Road Network (MRN) bids in South Gloucestershire;
2. Approve the outline business case for MetroWest Phase 1 subject to the supply of a detailed cost breakdown and an updated programme;
3. To award an additional £1.3m to progress Mass Transit development as set out in the Feasibility and Development Funding Application;
4. To award £212,500 to the Winterbourne/Frampton Cotterell bypass and Coalpit Heath/Westerleigh bypass study as set out in the Feasibility and Development Funding Application;
5. To award £100,000 to develop a Full Business Case for Local Walking and Cycling Infrastructure as set out in the Feasibility and Development Funding Application;
6. To award £300,000 to develop an Outline Business Case for Yate Park and Ride and £500,000 to develop Outline Business Cases for other sites as set out in the Feasibility and Development Funding Applications.
7. To approve the change request for the Cribbs Patchway MetroBus Extension project and the award of an additional £300,000;
8. To approve the Full Business Case for the On Bus Contactless Bank Card Payment project and award of £418,000;
9. To approve the Feasibility and Development Funding Application and the award of £150,000 for Modern Methods of Construction Pilots/Trials;

10. To approve the allocation of £2.275m for Strategic Masterplanning and the award of £275,000 of this funding to WECA to support the development of business cases, and £500,000 for the Yate Urban Living Opportunity Area, as set out in the Feasibility and Development Funding Applications.
11. To reserve £34.3m of the £50m approved Land Acquisition Fund to risk manage financial commitments within the overall funding available up to March 2023;
12. To make an indicative allocation of £23m as match funding in support of the Housing Infrastructure Fund bid subject to successfully obtaining government funding, confirmation of local contributions and submission of business case;
13. To approve the Feasibility and Development Funding Application for Energy Strategy Action Planning / Climate Change Planning and the award of £250,000 to produce an Option Assessment Report;
14. To approve the Full Business Case for the Research and Innovation Challenge Fund and award of £242,000 subject to securing ERDF funding;
15. To approve the Full Business Case for Workforce for the Future and award £4m of Investment Fund subject to securing ESF and finalising the Monitoring and Evaluation Plan;
16. To set aside £20m within the £350m Investment Programme, (up to March 2023), to respond to future opportunities and challenges;
17. To approve the establishment of a WECA Programme Management Office for the delivery, and management, of a regional capital programme with the creation of three core posts to be funded initially through WECA Treasury Management surpluses;
18. WECA to assume responsibility for the promotion and delivery of MetroWest Phase 2 from South Gloucestershire Council, subject to review and appropriate update of the Development Services Agreement with Network Rail.

Contact officer: Malcolm Coe

Position: Director of Investment and Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY

DATE: 19 July 2019

REPORT TITLE: INVESTMENT FUND

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

1. To note a four-year prioritised Investment Programme for the period up to March 2023 and
2. To seek approval for Investment Fund feasibility, development and delivery funding, and for change requests for schemes within the current approved programme.

Recommendations:

The Committee is required to:

1. To endorse the submission of the Western Gateway Major Road Network (MRN) bids in South Gloucestershire;
2. Approve the outline business case for MetroWest Phase 1 subject to the supply of a detailed cost breakdown and an updated programme;
3. To award an additional £1.3m to progress Mass Transit development as set out in the Feasibility and Development Funding Application;
4. To award £212,500 to the Winterbourne/Frampton Cotterell bypass and Coalpit Heath/Westerleigh bypass study as set out in the Feasibility and Development Funding Application;
5. To award £100,000 to develop a Full Business Case for Local Walking and Cycling Infrastructure as set out in the Feasibility and Development Funding Application;
6. To award £300,000 to develop an Outline Business Case for Yate Park and Ride and £500,000 to develop Outline Business Cases for other sites as set out in the Feasibility and Development Funding Applications.
7. To approve the change request for the Cribbs Patchway MetroBus Extension

- project and the award of an additional £300,000;
8. To approve the Full Business Case for the On Bus Contactless Bank Card Payment project and award of £418,000;
 9. To approve the Feasibility and Development Funding Application and the award of £150,000 for Modern Methods of Construction Pilots/Trials;
 10. To approve the allocation of £2.275m for Strategic Masterplanning and the award of £275,000 of this funding to WECA to support the development of business cases, and £500,000 for the Yate Urban Living Opportunity Area, as set out in the Feasibility and Development Funding Applications.
 11. To reserve £34.3m of the £50m approved Land Acquisition Fund to risk manage financial commitments within the overall funding available up to March 2023;
 12. To make an indicative allocation of £23m as match funding in support of the Housing Infrastructure Fund bid subject to successfully obtaining government funding, confirmation of local contributions and submission of business case;
 13. To approve the Feasibility and Development Funding Application for Energy Strategy Action Planning / Climate Change Planning and the award of £250,000 to produce an Option Assessment Report;
 14. To approve the Full Business Case for the Research and Innovation Challenge Fund and award of £242,000 subject to securing ERDF funding;
 15. To approve the Full Business Case for Workforce for the Future and award £4m of Investment Fund subject to securing ESF and finalising the Monitoring and Evaluation Plan;
 16. To set aside £20m within the £350m Investment Programme, (up to March 2023), to respond to future opportunities and challenges;
 17. To approve the establishment of a WECA Programme Management Office for the delivery, and management, of a regional capital programme with the creation of three core posts to be funded initially through WECA Treasury Management surpluses;
 18. WECA to assume responsibility for the promotion and delivery of MetroWest Phase 2 from South Gloucestershire Council, subject to review and appropriate update of the Development Services Agreement with Network Rail.

Background

3. The West of England Devolution Deal secured £900m for the creation of an Investment Fund forming part of a wider investment programme for the region. Aligned to regional strategies, the objective for this investment programme is to boost and strengthen economic growth in the West of England Combined Authority area through delivering:
 - Effective, resilient infrastructure;
 - World class skills for employment; and
 - Businesses that succeed

4. Government has set out how it expects funding arrangements for the Investment Fund to provide due transparency, accountability and ensure value for money. The way that these requirements are met is set out in the West of England Local Growth [Assurance Framework](#).

Investment / Transforming Cities Fund Programme

5. The Committee has previously approved a number of Investment Fund allocations or awards which are set out within this report. The Capital Strategy report, approved in February 2019, set out the planned approach for establishing a thematic 20-year programme aligned with regional priority outcomes and objectives as detailed within the published WECA Operating Framework.
6. Within the indicative 20-year investment programme, it is important to be able to match income cash flow with the requirement to spend to ensure affordability. The Transforming Cities Fund, (of £103m), has to be fully utilised by March 2023 and applying the same time frame to the available funding through the Investment Fund would generate income of £210m. Therefore, total WECA funding available up to March 2023 amounts to £313m
7. Previous experience indicates that, despite best endeavours, major capital programmes invariably have an element of slippage in terms of delivery. With this in mind, the WECA statutory finance officer has approved a level of structured over programming, over the next four years, to provide overall funding for the period of £350m. This represents a 12% excess over known funding available which is comparable with the approach taken in managing the Local Growth Fund programming for the region.
8. A Summary of all of the approved and allocated funding across the Investment Fund and Transforming Cities Fund is shown in **Figure 1** below, which includes the proposed awards and allocations included within this report.

Figure 1: Summary Table of Investment Programme up to March 2023:

	<u>£m</u>
Approved up to and including June 2019	138.23
Tail for all approved schemes up to June 2019	107.64
July Award	4.91
July Award / Allocation Tail to 2023	26.22
HIF Tail	23.00
Global Centres Innovation Excellence / B&S Spend	30.00
Opportunity Value / Challenges	20.00
Total	350.00

9. For each allocation and award, an allowance needs to be accounted for in terms of the subsequent costs for final delivery of the full scheme. For example, early allocations are

primarily for development and feasibility funding – but consideration has to be given for the costs of full business case formation and construction spend based on best estimates at any given point in time. This is referred to as the ‘tail’ to the current, and proposed, financial awards and allocations. We have reviewed and challenged the associated ‘tails’ of all schemes within the programme up to 2023 and formed an opinion on the most likely level of spend that will be incurred over the next four years. This financial position will be kept under constant review with any material updates to be reported back to Committee.

Strategic Prioritisation

Transport – what we are aiming to achieve

10. Most of our residents are moving around the region daily, constantly crossing council boundaries. Congestion in the region has a real impact on people’s quality of life and on the ability of our businesses to be productive. Affordable transport options to access employment opportunities present a barrier to many of our residents particularly in some of our more disadvantaged communities.
11. Our vision for the future of transport is that people will be able to move seamlessly around the region between work, home and leisure activities using affordable transport solutions that minimise the impact on the environment. Our new communities will be well integrated into this network. For many there will be no need for a car as a regional mobility service would allow them to move around the region in the most efficient and cost-effective way. This will lead to a significant reduction in vehicle numbers with walking / cycling being popular solutions in urban and semi urban areas as well as a network of public transport and shared mobility services across the region.
12. The consequences of this shift in the way people travel around our region will be reduced congestion, an improvement in air quality and less in carbon emissions.
13. The Western Gateway Sub National Transport Body (SNTB) has prioritised 7 Major Route Network (MRN) schemes with a total funding ask of £158.8 million during the 2020/25 funding window. The schemes prioritised focus on three key themes:
 - Managing urban vehicle movements within city regions to enable future housing and employment growth.
 - Improved access to Bristol Airport and planned growth hub/corridor.
 - Improved north / south connectivity within the sub-region improving linkages to the south coast from M4 / M5 (phase 1).
14. Building on the Wraxall Road Improvement scheme in the Investment Fund programme, South Gloucestershire Council are including two corridor schemes in the submission to improve junctions and increase capacity on the A4174 Ring Road. These schemes will support existing and forecast congestion and resilience issues on the northern section of the ring road between Filton Avenue and Coldharbour Lane and the eastern section between Lyde Green and Kingsfield roundabouts.

Recommendation to endorse the submission of the Western Gateway Major Road Network (MRN) bids in South Gloucestershire.
15. To deliver our transport vision, we have a number of strategic schemes, supported by short term capital projects that match our strategic objectives. These align with the emerging Joint Local Transport Plan and will help to deliver the Joint Spatial Plan. The current funding awards

and allocations are set out in **Figure 2**, with those seeking approval at this Committee highlighted and described in the sections below.

Figure 2: Transport Infrastructure Projects – Awards and Allocations as @ July ‘19

Funded Projects	Funding Awards and Allocations £000s
<i>Feasibility Studies</i>	
Southern Orbital	155
Mass Transit Options	300
East of Bath Strategic Link	250
A420 to Bath Highway Improvements	200
Bristol Temple Meads Masterplan	2,000
Greater Bristol Area Rail Feasibility Study	100
Winterbourne/Frampton Cotterell Bypass and Coalpit Heath/Westerleigh Bypass Study	413

<i>Business Case Development</i>	
WECA JSP Mitigations Outline Business Cases	1,600
A37 to A62 Improvements - Somer Valley EZ	280
Great Stoke Roundabout Improvements	550
Wraxall Road Roundabout Improvements	1,688
Hicks Gate Roundabout	460
MetroWest Phase 2	11,063
Charfield Station	1,200
Strategic Park & Ride	800
Bus Strategy and Deal	200
MetroWest Phase 1	5,860
Mass Transit	1,300
Integrated Smart Ticketing	300
Local Cycling & Walking Infrastructure Plan	100

<i>Schemes in Delivery</i>	
Real Time Information System Upgrade	559
Cribbs Patchway Cycle Links	3,325
Cribbs Patchway MetroBus Extension	21,900
Integrated Transport Authority Functions	1,000
Short term Bus enhancements – 2018/19 only	1,200
Cribbs Patchway MetroBus Extension – Change Request	300

On-Bus Contactless Bank Card Payment	418
--------------------------------------	-----

Transport Infrastructure: Total of all Awards and Allocations:	57,521
Associated 'Tail' for Approved Schemes in Development	87,323
Total	144,844

In total, with the inclusion of recommendations within this report, there are financial awards and allocations of **£57.5m** for Transport Infrastructure projects with an associated 'tail' costed as **£87.3m** – giving a total financial commitment of **£144.8m** up to March 2023.

Business Case Development – Recommendations for July Committee

MetroWest Phase 1

16. With the confirmation of £31.9m of Government funding for the scheme an updated Outline Business Case (OBC) for MetroWest Phase 1 has been submitted by North Somerset Council. The scheme comprises the reopening of the Portishead line with an hourly passenger service and an upgraded half hourly service between Severn Beach and Bath Spa (with an extension to Westbury). The scheme will provide an additional 50,000 people with direct access to the rail network and there will be some 959,000 passenger trips per year on opening. The overall project cost is £116.4m including an allocation of £5.86m through the Investment Fund agreed at the WECA Committee in December 2017. The OBC seeks £11.65m of LGF, from within the overall agreed allocation, to develop the project to Full Business Case (FBC). The project also has a further allocation of £4.62m LGF and £26.079m through the Economic Development Fund. The scheme Assessment Summary Table is shown in Appendix 1. An [OBC](#) was produced in support of the Large Local Majors bid and the Financial Case has been published on the WECA [website](#).

Recommendation to approve the Outline Business Case for MetroWest Phase 1 subject to the supply of a detailed cost breakdown and an updated programme.

Mass Transit

17. A Feasibility and Development Funding Application was previously submitted seeking £1.5m to progress the development of Mass Transit proposals (including the Bath Transport Study). An initial award of £200k was made by the WECA Committee in February whilst the wider investment programme was developed. It is now proposed to award an additional £1.3m to fully fund the application.

Recommendation to award an additional £1.3m to progress Mass Transit development as set out in the Feasibility and Development Funding Application.

Strategic Transport Interventions

18. An award of £200,000 was made in February to initiate work on the Winterbourne/Frampton Cotterell bypass and Coalpit Heath/Westerleigh bypass study. It is proposed that the further £212,500 identified in the Feasibility and Development Funding [Application](#) is awarded towards the development of an Outline Business Case. Further Strategic Transport Interventions which could benefit from feasibility or development funding as a means to unlock other funding streams include East of Bath North South Connectivity, M4 J18A to Ring Road, M5 J14 and the Bath Vaults.

Recommendation to award £212,500 to the Winterbourne/Frampton Cotterell bypass and

Coalpit Heath/Westerleigh bypass study as set out in the Feasibility and Development Funding Application.

Local Cycling and Walking Infrastructure Plan

19. The Local Cycling Walking Infrastructure Plan (LCWIP) is a sub-regional plan which will identify priority walking and cycling routes for investment. In line with government best practice the LCWIP uses a nationally recognised methodology to identify the primary desire lines for walking and cycling, the baseline infrastructure provision, improvements required to bring the routes up to the latest standards and the costs and benefits of the intervention. A Feasibility and Development Funding [Application](#) has been produced seeking £100,000 to develop the priority routes identified in the LCWIP, targeting early delivery.

Recommendation to award £100,000 to develop a Full Business Case for Local Walking and Cycling Infrastructure as set out in the Feasibility and Development Funding Application.

Bus Strategy and Deal

20. An allocation of £200,000 was agreed at the Committee meeting in June for initial funding to further develop regional plans for to enhance bus services throughout the area, and to facilitate a Bus Deal with the bus operator. Planned work will incorporate existing outputs from the Greater Bristol Bus Network schemes and the Bus Priority Improvement Plan for Bath. Further details are provided in agenda item 14.

Strategic Park and Ride

21. An allocation of £500,000 for Strategic park & Ride was agreed at the Committee meeting in June, subject to approval of a Feasibility and Development Funding Application. A Feasibility and Development Funding [Application](#) has now been submitted by South Gloucestershire Council seeking £300,000 within this allocation to bring forward an Outline Business Case for Yate Park. The June Committee earmarked £3.5m for the delivery of Yate Park & Ride subject to future business case. In addition, £500,000 is requested through a Feasibility and Development Funding [Application](#) from WECA to bring forward OBCs for other sites.

Recommendation to award £300,000 to develop an Outline Business Case for Yate Park and Ride and £500,000 to develop Outline Business cases for other sites as set out in the Feasibility and Development Funding Applications.

Schemes in Delivery – Recommendations for July Committee

Cribbs Patchway MetroBus Extension (CPME) - Bristol Parkway Station Bus/Rail Interchange Enhancements

22. South Gloucestershire Council have submitted a change request seeking an additional £300,000 for the CPME project, for which a Full Business Case was presented to the June Committee, to co-fund the £670,000 package of works led by Great Western Railway to improve interchange facilities at Parkway Station. Improvements will include new bus shelters for local bus services and new branded stops for metrobus including Real Time Information, an electronic information point and off bus ticket dispenser, changes to taxi and drop off provision and the remodeling of the station forecourt to allow the new bus stops and bus movements to be implemented. Investment Fund spend in 2019/20 to be £14.147m.

Recommendation to approve the change request for the Cribbs Patchway MetroBus Extension project and the award of an additional £300,000.

Integrated Smart Ticketing

23. As an initial building block towards the West of England's vision for smart ticketing and the emerging Bus Strategy, a Full Business Case has been submitted by WECA for the On-Bus Contactless Bank Card Payment project. This will support smaller bus operators, with a fleet size of less than 30 vehicles, to replace ageing equipment and introduce contactless bank card payment technology. The project will meet the capital cost of the equipment for 70 buses and enable these operators to lease the equipment which will cover ongoing revenue costs. The project will be rolled out over 19/20-20/21 and aims to reduce bus boarding times and deliver a common customer offer for payment. The overall project cost is £456,000 with £418,000 sought from the Investment Fund and the balance provided by North Somerset Council. The Scheme Assessment Summary Table is shown in Appendix 2 and the FBC has been published on the WECA [website](#).
24. The award of a further £300,000 is requested to continue engagement with all stakeholders (bus/ rail/ ferry/ public sector) to define and develop the future payments and ticketing offer and the approach to deliver this, as set out in item 13 on this agenda.

Recommendation to approve the Full Business Case for the On Bus Contactless Bank Card Payment project and award of £418,000

25. Further funding proposals for this four-year period are expected to be submitted for consideration at future Committee meetings related to **Strategic Rail Investment**, a **Regional Operations Centre** and **MetroBus consolidation**.

Housing (and High Streets) Infrastructure – what we are aiming to achieve

26. The West of England is the first region in the UK to develop a joined-up planning approach to set out how the region will meet its housing and transport needs over the next 20 years. Our Joint Spatial Plan sets out a vision for the region where by 2036 West of England will be one of Europe's fastest growing and most prosperous regions with the gap between disadvantaged and other communities closed and a rising quality of life for all. The rich and diverse environmental character will be integral to health and economic prosperity. Patterns of development and transport will facilitate healthy and sustainable lifestyles.
27. Provision of a range of housing types, will be high quality and more affordable. Existing and new communities will be well integrated, attractive and desirable places and supported by the necessary infrastructure. New development will be designed to be resilient to, and reduce the impacts of climate change.
28. Our principal focus over the next four years evolves around our £258m bid to government for the Housing Infrastructure Fund (HIF). With significant local contributions and commitment, this is an ambitious programme of circa £512m that will enable the building of 17,100 new homes along the Bristol Temple Meads to North Keynsham Strategic Growth Corridor. The HIF bid is supported by the allocation of £27m from the Investment Fund made at the WECA Committee in June to develop and deliver a new eastern entrance to Temple Meads station and into Temple Quarter.
29. In addition, £50m from the Investment Fund is being used to create a Land Acquisition Fund to enable WECA, or the Councils, to purchase land where this could accelerate or extend housing delivery in the area.
30. To support the repurposing and re-vitalisation of high streets and town centres we have allocated £10m to the Love Our High Streets programme which has initially been used to fund

a number of feasibility studies and pilots. It is envisaged that the appropriate targeting of this fund will unlock further government investment into the area.

31. **Figure 3** details the commitments that we have made from the Investment Fund to date to support the delivery of our housing vision between now and 2023. Details of the projects seeking funding at this meeting are described below.

Figure 3: Housing Infrastructure Projects – Awards and Allocations as @ July ‘19

Funded Projects	Funding Awards and Allocations £000s
<i>Feasibility Studies</i>	
B&NES Pilot High Streets Programme	280
Bedminster High Street Improvement	275
Kingswood High Street Improvements	248
Modern Methods of Construction Pilots/Trials	150
<i>Business Case Development</i>	
HIF Outline Business Case – Bristol Temple Meads to Keynsham	1,500
Bristol Temple Meads Eastern Entrance	2,500
Hengrove - Housing Enabling Infrastructure	800
Unlocking Lockleaze Development	505
Strategic Master-planning and associated delivery	2,275
<i>Allocations</i>	
Love Our High Streets	9,197
Land Acquisition Fund	15,990
Indicative allocation in support of the £258m HIF bid	23,000
Housing Infrastructure: Total of all Awards and Allocations:	56,720
Associated ‘Tail’ for Approved Schemes in Development	28,100
Total	84,820

In total, with the inclusion of recommendations within this report, there are financial awards and allocations of **£56.5m** for Housing Infrastructure projects with an associated ‘tail’ costed as **£28.1m** – giving a total financial commitment of **£84.6m** up to March 2023

Feasibility Studies – Recommendations for July Committee

Modern Methods of Construction Pilots/Trials

32. Following the allocation made at the WECA Committee in June, a Feasibility and Development Funding [Application](#) has been submitted by Bristol City Council seeking £150,000 to test and pilot activities to inform how modern methods of construction and innovation in housing can be scaled up across the West of England to make an impact on housing delivery, economic and inclusive growth. Building on the Housing Festival, this project will assist in developing scalable and longer term solutions which foster innovation in

construction, technology, social structures and governance. The funding will support the production of a number reports to capture lessons learnt so far through the Housing Festival mechanism including identifying blockers, gaps, effectiveness of tested innovation/solutions, land identification and commercial viability to support upscaling and wider deployment.

Recommendation to approve the Feasibility and Development Funding Application and the award of £150,000 for Modern Methods of Construction Pilots/Trials.

Business Case Development – Recommendations for July Committee

Strategic Masterplanning

33. The Joint Spatial Plan identifies 12 Strategic Development Locations (SDL's) each with the potential of between 1,000 to 2,500 homes. To maximise the social, economic and employment benefits of these sites, and any others identified, it is planned to produce Strategic Masterplans where the co-ordination of development, transport and social infrastructure would demonstrably increase the likely outputs. An allocation of £2.275m is sought to progress business cases for specific sites, with £275,000 sought by WECA through a Feasibility and Development Funding [Application](#) to recruit a Strategic Masterplanning Lead for the period to 2022/23 who will support WECA and the authorities and ensure efficient and effective co-ordination of Strategic Masterpanning across the area and the development of business cases. In addition, a Feasibility and Development Funding [Application](#) has been submitted by South Gloucestershire Council seeking £500,000 to master plan the Yate Urban Living Opportunity Area.

Recommendation to approve the allocation of £2.275m for Strategic Masterplanning and the award of £275,000 of this funding to WECA to support the development of business cases, and £500,000 for the Yate Urban Living Opportunity Area, as set out in the Feasibility and Development Funding Applications.

Allocations – for noting at the July Committee

Land Acquisition Fund

34. A £50m Land Acquisition Fund, (LAF), was approved by the WECA Committee in November 2018. The primary purpose of this fund is to accelerate, and influence, housing development with an added intention of attracting further external funding and investment into the region. Due to the overall financial awards and allocations against the Investment Fund and Transforming Cities Fund, (up to 2023), exceeding the funding available, the WECA Committee agreed, in June 2019, to with-hold an element of LAF as a way of controlling the overall affordability of a four-year investment programme. Having considered all financial commitments, and associated 'tails' for construction costs, there remains £15.7m of LAF available within the short term. There is a firm commitment for this fund to remain at £50m, with the residue £34.3m being a priority drawdown from the Investment Fund post March 2023 (or sooner should funding become available). The WECA committee also agreed in June that priority drawdown of any immediately available LAF should be reserved for strategic projects within Bath and North East Somerset.

Recommendation to reserve £34.3m of the £50m approved Land Acquisition Fund to risk manage overall financial commitments within the overall funding available up to March 2023.

Housing Infrastructure Fund

35. In March 2019, WECA submitted a £258m bid to government for Housing Infrastructure Funding as part of an ambitious £512m development along the Bristol Temple Meads to North

Keynsham Strategic Growth Corridor. We are awaiting the outcome of this bid which is expected later this calendar year.

Recommendation: to make an indicative allocation of £23m as match funding in support of the Housing Infrastructure Fund bid subject to successfully obtaining government funding, confirmation of local contributions and submission of business case.

Business and Skills – what we are aiming to achieve

36. The region's economy is driven by a wide range of industries from aerospace to advanced manufacturing, creative to robotics, finance to food. We want to ensure that business of all types and sizes have access to the space, networks and skills they need to thrive.
37. We want to ensure the West of England remains an attractive place for big business to locate and we want those businesses to be and feel part of the 'place', investing time and resources in ensuring our residents can see their way into the job opportunities on offer wherever in the region they live.
38. Innovation is a common theme across business of all sizes and in a range of sectors across the region. Our diverse economic base, coupled with the four world class universities and the geographical size of the region which facilitates interaction between sectors, has resulted in world leading innovation. It is at the interface between our creative, digital and tech industries and more traditional sectors of activity where much of this activity takes place.
39. To ensure West of England residents are able to both participate in, and benefit from, the economic growth in the region we are working to ensure that there are jobs for residents at all skills levels and that residents can be clear about their pathways into those jobs and their routes to progress when they are in employment. We are also working to ensure that our businesses have access to the skills they need both now and in the future. We have developed an Employment and Skills Plan with the objective of ensuring that by 2036, the West of England will be internationally recognised for its sustainable, inclusive and creative economy, providing a high quality of life, prosperity and opportunities for all its residents. Our people will be skilled, healthy and able to access a 'pathway of opportunity' to achieve their potential and our businesses will be able to find the skills and talent they need to thrive.
40. Over the last six month, a range of projects have been developed drawing on WECA Investment Fund and in some cases matching with EU funding and other sources e.g. £8m Workforce for the Future Project, £1.3m Creative Scale-up Programme, £1.7m Low Carbon Challenge Fund and £2.4m Research and Innovation Fund, alongside ongoing support for our Enterprise and Inward Investment work (via Growth hub and Invest Bristol and Bath). In addition, we continue to deliver on existing skills related commitments like Future Bright (£4m), Careers Hub (£200k per annum) and the £14m Adult Education Budget.
41. The Local Industrial Strategy and Employment and Skills Plan will provide the backdrop for future calls on the Investment Fund with £30m retained in the programme to be awarded to emerging business and skills priorities. These may include for example:
 - Delivering the business and skills plan.
 - Development of proposals that cement the region as a centre of innovation, building on investment proposals uncovered through the Talent Institutes feasibility work;
 - Development of the 'West of England Productivity Challenge' with interventions to support scale-ups, address the long-tail of low productivity firms, and promote entrepreneurship in disadvantaged places and communities.
 - Extension of the Future Bright pilot, drawing on the evidence of the Employment and Skills Plan to refocus delivery as appropriate.

- Progressing the concept of the Smart City Region and any associated investment in 5G and other technologies.

42. The projects and initiatives that have been approved to date are detailed in **Figure 4**, and those seeking approval at this Committee are described in the sections below.

Figure 4: Business and Skills Projects – Awards and Allocations as @ July ‘19

Funded Projects	Funding Awards and Allocations £000s
<i>Feasibility Studies</i>	
Talent Institutes	100
Visitor Economy/Regional Tourism	100
<i>Business Case Development</i>	
Hospitality & Catering Education Centre	195
Digital & Creative Innovation Centre	401
STEAM Centre SGS WISE	590
Somer Valley Enterprise Zone	746
Bath Riverline	150
South Bristol Workspace	30
Quantum Technologies Innovation Centre+	34,974
WE Work for Everyone	1,300
Energy Strategy Action Planning / Climate Change Planning	250
<i>Schemes in Delivery</i>	
Realising Our Talent	500
South West Institute of Future Technology	500
Research & Innovation Challenge Fund	242
Workforce for the Future	4,000
<i>Allocations</i>	
Business and Skills allocation to be programmed up to 2023	30,000
Business & Skills: Total of all Awards and Allocations:	74,078
Associated Tail for Schemes in Development	18,440
Total	92,518

In total, with the inclusion of recommendations within this report, there are financial awards and allocations of **£74.10m** for Business and Skills projects with an associated ‘tail’ costed as **£18.4m** – giving a total financial commitment of **£92.5m** up to March 2023

Business Case Development – Recommendations for July Committee

Energy Strategy Action Planning / Climate Change Planning

43. Supporting a diverse, resilient and affordable energy system that enables economic growth and reduces greenhouse gas emissions is the key objective set out in the basis for a West of England Energy Strategy. Addressing climate change effectively across the region is linked to our whole investment programme and Local Industrial Strategy. We need to ensure that our strategic approach and our investment programme supports our move to a low carbon future, is resilient to climate change including the predicted increase in extreme weather events and enables a diverse, resilient and affordable energy system. This relates to infrastructure, business and our regional economy and the provision of the skills necessary for the economy of the future.
44. Building on the basis of the West of England Energy Strategy, a Feasibility and Development Funding [Application](#) has been submitted by WECA seeking £250,000 to produce an Option Assessment Report and work towards developing an Outline Business Case for investable propositions in WECA area that will have area wide impact and / or will be pilots for regional roll out. This work will include a Review of the Energy Strategy Framework, Local Industrial Strategy and other regional objectives to ensure there is a clear basis to support the next stage of regional activity

Recommendation to approve the Feasibility and Development Funding Application for Energy Strategy Action Planning / Climate Change Planning and the award of £250,000 to produce an Option Assessment Report.

Schemes in Delivery – Recommendations for July Committee

Research and Innovation Challenge Fund

45. An outline proposal seeking £1.95m of ERDF funding for a Research and Innovation Challenge Fund (RICF) was submitted by WECA in December 2018. However, in April 2019, WECA was advised that there are insufficient funds in the programme to support the RICE project in full and WECA was asked to explore whether the project could be delivered with an ERDF allocation of £944k. This scaled-down version of the RICE could fund approximately 34 grants, which will be awarded to SMEs in the advanced engineering and digital innovation sector. Delivery of the RICE would be through the West of England Growth Hub, being best placed to maximise uptake through its longstanding business relationships and to develop synergies with existing funded programmes and support providers. Following an allocation of funding at the June Committee meeting, a Full Business Case has now been submitted for the project with an overall value is £2.46m of which £242,000 is sought from the Investment Fund and £943,000 sought from the European Regional Development Fund (ERDF). The focus, and benefits, of the project will be reflective of the match funding provided with a proportionate adjustment applied in relation to the North Somerset area The Scheme Assessment Summary Table is shown in Appendix 3 and the FBC has been published on the WECA [website](#).

Recommendation to approve the Full Business Case for the Research and Innovation Challenge Fund and award of £242,000 subject to securing ERDF funding.

Workforce for the Future

46. A Full Business Case has been submitted for Workforce for the Future (previously the Skills Innovation Fund) which was awarded an allocation of £4.5m at the WECA Committee meeting in September 2018. The project seeks to enable businesses with existing and known future skills gaps and needs to address these through the provision of an extensive advice, support, and management network. It is planned to support at least 300 SME led projects which will increase employer engagement in the skills system and/or the number of people progressing into or within skills provision. The number of learner participants will be around 900. The £8m

project seeks £4m from the European Social Fund (ESF) matched with £4m from the Investment Fund. The other £0.5m of the original allocation was conditionally awarded to the Realising Talent project at the June Committee meeting. The focus, and benefits, of the project will be reflective of the match funding provided with a proportionate adjustment applied in relation to the North Somerset area. The Scheme Assessment Summary Table is shown in Appendix 4 and the FBC has been published on the WECA [website](#).

Recommendation to approve the Full Business Case for Workforce for the Future and award £4m of Investment Fund subject to securing ESF and finalising the Monitoring and Evaluation Plan.

Invest Bristol and Bath

47. A Full Business Case has been submitted by WECA for the Invest Bristol and Bath (IBB) service seeking funding for a five year period from April 2020. The business case seeks £5m to refocus the IBB inward investment service and seeks to realise a triple dividend from inward investment that: delivers a financial return to investors; adds to the region's competitiveness, productivity and exports and provides inclusive opportunities for jobs, skill development and career progression for the area's residents. It is forecast that some 200 businesses could be successfully landed in the area and overall 5,900 jobs enabled by IBB over the five year period. The funding options for this scheme are to be considered further including potential use of the Investment Fund and the Economic Development Fund. The scheme Assessment Summary Table is shown in Appendix 5 and the FBC has been published on the WECA [website](#).

To note the submission of the Full Business Case for Invest Bristol and Bath with sustainable funding options to be considered further by the West of England s151 officers and delegate the funding award to the WECA Chief Executive in consultation with the West of England Chief Executives.

Allocations – for noting at the July Committee

48. We have earmarked £30m for further investments in Business and Skills over the next four years and will be presenting relevant projects for approval over the coming months. This is in recognition of the emerging findings of the Local Industrial Strategy and delivery of the business and skills plan, where we are currently working through the best combination of projects that will positively impact on the business and skills environment for the region.

Investment Programme Summary by Priority Theme

Opportunities and Challenges

49. Within the £350m programme it is recommended that an unallocated sum is set aside to respond to 'opportunities and challenges'. We have had success to date through using our funding streams as either match funding, or pump priming, to attract significant further investments into the region. It is important to leave an element of flexibility in the programme to be able to respond to any future initiatives or government funding opportunities.
50. The £20m is also in recognition that there are a number of emerging priority areas against which current funding approvals are limited. Such areas include:
- Energy related projects;
 - Carbon zero / Smart homes;
 - Further investment in city centres / high streets;
 - Investment in broadband / 5G / extending BNET to attract private sector funding;

- Commercial land investment;
- Green infrastructure;
- Culture strategy and tourism.

Recommendation to set aside £20m within the £350m Investment Programme, (up to March 2023), to respond to future opportunities and challenges.

Other approved costs

51. Since its inception in 2017, there have been a number of other costs, as approved by committee, in relation to setting up and operating the Combined Authority. Such costs include initial outlay in creating the organisation alongside cyclical election costs. The on-going commitment against the Investment Fund is limited as the vast majority of WECA running costs are funded through the Mayoral Capacity Fund, (£1m per annum) and Business Rates Retention Pilot (£1.2m per annum). However, both of these funding streams have no certainty beyond the 2019/20 financial year which poses a significant risk to on-going capacity.

Summary of the Investment Programme from 2017 to March 2023

52. The total four-year investment programme, (up to March 2023), broken down by strategic theme is summarised in **Figure 5** below:

Figure 5: Summary of Investment Programme, (up to 2023), by Priority Theme

	Funding Awards and Allocations £000s
Transport Infrastructure	
Approved Awards and Allocations	57,521
Associated 'tail' required to deliver all projects up to March 2023	87,323
Total Investment in Transport Infrastructure	144,844
Housing Infrastructure	
Approved Awards and Allocations	56,720
Associated 'tail' required to deliver all projects up to March 2023	28,100
Total Investment in Housing Infrastructure	84,820
Business and Skills	
Approved Awards and Allocations	74,078
Associated 'tail' required to deliver all projects up to March 2023	18,440
Total Investment in Business and Skills Infrastructure	92,518
Opportunities and Challenges / Other	
Funding put aside to respond to opportunities and challenges	20,000
Approved WECA set up, operating costs and elections up to 2023	7,818
Total Investment Programme up to March 2023	350,000

53. Effective delivery of this £350m programme is critical to our success as a region. Building capacity and capability will ensure we collectively:
- deliver identified outcomes,
 - maximise the value of the funds we have available,
 - evidence delivery capability within future funding bids to central government,
 - provide confidence to future private investors,
 - foster effective partnership working with delivery partners such as Network Rail, Highways England or the Environment Agency, and finally
 - demonstrate to the people of the West of England that we are spending our devolution deal in a way that will deliver change, providing affordable housing, employment opportunities, business growth and enhanced quality of life into the future.
54. **Unlocking Funds** – all indicative funding will be unlocked in line with our Assurance Framework, and facilitated through the Assurance Gateways as illustrated in Appendix 6. Gateway Reviews ensure we meet the requirements set out in the Assurance Framework, the requirements of other funding bodies (such as DfT), and provide an objective and robust approach to all decision making. Funding recommendations will be made to WECA Committee / West of England Joint Committee as appropriate, and advice and support will be provided via the Advisory Boards, Overview & Scrutiny Committee and the LEP Board
55. **Portfolio Management** – Indicative funding allocations have been made for portfolios of activity that have been identified as strategically important. Mass Transit, Strategic Rail Investment and Strategic Masterplanning are examples. To unlock the funding via the appropriate Feasibility and Development Application Form, a Strategic Outline Business Case, Outline Business Case or Full Business Case, a regional approach will be established. This approach will be developed by the appropriate teams; Heads of Transport, Heads of Planning, Strategic Rail Programme Board etc as recommendations for funding via the Assurance Gateways. In this way, we will:
- ensure we are establishing a prioritised package of measures that will have a regional impact and deliver additionality
 - enhance efficiency by developing collaborative business cases for coherent packages, as appropriate, rather than individual projects
 - procure solutions collaboratively in order to deliver value for money solutions
 - manage projects as a regional programme to:
 - minimise anticipated disruption and manage regional resilience
 - manage regional resource and supply chain engagement, and
 - take advantage of opportunities to combine activities to reduce cost
56. **Programme Reporting** – *What gets measured, gets managed* – Paul Drucker, 1954. Effective project reporting, and dashboard analysis of performance against plan and key risks is critical to effective project management. All funded projects currently provide Highlight Reports on a quarterly basis. The purpose of this reporting has been to monitor spend, and progress towards Outline or Full Business Case. We will be using this reporting process to undertake a more detailed assessment of performance against cost and programme. Dashboard Reports will be provided to highlight risks, opportunities and issues for escalation. The Dashboard will be accompanied by a spend analysis to monitor actual against predicted cash flow. In this way, funds released through programme or project change can be efficiently reallocated.
57. **Project Reporting** – Some projects and programmes will be required to report on a more regular basis due to their financial materiality, complexity in delivery or assessed level of risk. For example, the HIF programme and regional rail programme.

58. **Risk Management** – All project and programme risks will be escalated via the Formal CEO's Meeting. All risks that remain Red for more than an eight-week period will be highlighted to the LEP Board and Mayors and Leaders Formal Meeting. Cost overruns must be managed at a local level unless previously agreed at WECA Committee / West of England Joint Committee and as detailed in a specific project related agreement.
59. **Delivery Models** - We are working through the investment programme and associated delivery routes, identifying where we have existing delivery partners (such as Network Rail) and where we will be procuring directly, and establishing the appropriate programme and project management structure to ensure delivery. The Investment Fund will provide support in a range of different ways, and that the delivery mechanism may change between project development and project delivery;
- Support for strategic development to be managed by WECA and delivered collaboratively
 - Support for existing project to be delivered by UA
 - Support for projects to be delivered by a third party
 - Support or projects to be delivered by WECA
60. Significant resource will be required to deliver. As agreed at WECA Committee in June, we are about to issue a tender to establish a Professional Services Framework to enable WECA, and our partner UAs to efficiently access engineering and project management support.
61. The resource requirements for individual projects, whether led by WECA or the authorities, will be identified as part of the funding requirement for these schemes. Such examples as Integrated Ticketing, the Bus Deal and Strategy and Strategic Masterplanning seek approval at this Committee. Notwithstanding these resources there is a need to provide a client function, monitoring project delivery across the programme and to establish the appropriate programme management and delivery support. As the investment programme matures it will be possible to fund programme management by capitalising costs to the constituent schemes. However, to initiate this activity, it is proposed that WECA establish three core Programme Management Office, (PMO), staff to be funded through surpluses achieved through proactive management of our investments (Treasury Management).

Recommendation to approve the establishment of a Programme Management Office for the delivery, and management, of a regional capital programme with the creation of three core posts to be funded initially through WECA Treasury Management surpluses.

62. **MetroWest Phase 2** - £11m of Investment Funding was approved by committee in June 2019 for MetroWest Phase 2. The scheme includes delivery of infrastructure and passenger train operations to provide:
- A half hourly service for Yate local station on the Bristol Parkway to Gloucester line, through the provision of an additional service between Bristol Parkway and Yate.
 - An hourly service for a reopened Henbury Line with new stations at Henbury and North Filton. A new station will also be constructed at Ashley Down, on the existing Filton Bank (between Filton Abbey Wood and Stapleton Road).

It is proposed that WECA takes over as the promoter for this scheme and, along with MetroWest Phases 1a and 1b, forms the capacity and skills required to deliver a multi-million pound long term regional rail programme.

Recommendation: WECA to assume responsibility for the promotion and delivery of MetroWest Phase 2 from South Gloucestershire Council, subject to review and appropriate update of the Development Services Agreement with Network Rail.

Consultation:

63. Engagement has taken place with officers in the West of England Combined Authority Constituent Unitary Authorities. Section 151 Officers across the region have been fully engaged as have the Chief Executive Officers in helping to inform the prioritised projects for investment.

Risk Management/Assessment:

64. Specific risk assessments will be carried out as part of any feasibility studies for projects in development and business cases are required to set out the way that risks will be managed and a risk register. All projects underway will maintain a specific risk register as part of the project management and monitoring arrangements.
65. Financial risks for regional projects delivered through WECA will be managed through the overall programming of the Investment Fund and Transforming Cities Fund. Whereas respective authorities will carry the financial risk for any specific schemes that they lead on, and deliver, within their specific area.
66. Allocations and awards within this report have resulted in the overall funding committed, (up to 2023), being in excess of the £350m available. As approved by Committee in June 2019, an element of the previously approved £50m for the Land Acquisition Fund will be 'held back' until greater certainty on delivery and spend against the overall investment programme is known.

Public Sector Equality Duties:

67. For projects seeking funding through the Investment Fund scheme promoters are required to include as part of their Full Business Case, an equality and diversity assessment and plan. These assessments are published as part of the Business Case on the WECA website.

Economic Impact Assessment:

68. Supporting economic growth is central to this funding stream, and promoters are required to include an economic case within the FBC for each scheme which sets out how the project will create jobs and GVA growth as well as delivering wider benefits. In line with agreed processes these FBCs are published on the WECA website at the point of decision making.

Finance Implications:

69. The financial implications for each proposal are set out in the body of the report. The Investment Fund allocations and awards are accommodated within the overall spending limit of £350m available up to March 2023 (with the requirement to withhold part of the Land Acquisition Fund).
70. The WECA statutory finance officer will determine the appropriate use and apportionment of funding between the Transforming Cities Fund and Investment Fund within the overall funding available.
71. As recommended in this report, establishing a robust Programme Management Office, (PMO), with strong governance, commercial and clienting skills will be essential to ensure that

we maintain momentum on delivery and achieve value for money, alongside the desired outcomes, from our investments.

Advice given by: Malcolm Coe, Director of Investment and Corporate Resources

Legal Implications:

72. There are no additional legal implications arising from this report. Legality will be verified for individual projects through relevant due diligence prior to approving formal allocations.

Advice given by: Shahzia Daya, Monitoring Officer, WECA

Appendices

- Appendix 1: MetroWest Phase 1 – Assessment Summary Table
- Appendix 2: On Bus Contactless Bank Card Payment – Assessment Summary Table
- Appendix 3: Research and Innovation Challenge Fund – Assessment Summary Table
- Appendix 4: Workforce for the Future – Assessment Summary Table
- Appendix 5: Invest Bristol and Bath – Assessment Summary Table
- Appendix 6: Funding Gateway Process

Appendix 1 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	MetroWest Phase 1	Strategic Case	<p>The project has strong strategic fit with the Joint Local Transport Plan, Council Core Strategies/Corporate Plans and the Strategic Economic Plan.</p> <p>The noted benefits of the scheme are:</p> <ul style="list-style-type: none"> • An increased local economy • Enhanced rail capacity • A reliable and more frequent public transport service • Reduced highway congestion on arterial corridors • Competitive journey times • Improved accessibility to sites for new homes/employment development • Reduced overall environmental impact, resulting in improved air quality • An attractive mode choice and capacity for journeys to work • Wide ranging social/health benefits 	Funding Source(s)	£16,724,430 Local Growth Fund (excluding costs claimed to March 2019), £26.079m Economic Development Fund and £5.86m Investment Fund
Scheme Promoter	North Somerset Council/WECA	State Aid	The scheme will provide open access public infrastructure.	Approval Requested	Outline Business Case
Date of Submission	7/6/19	Economic Case and	The scheme presents a core BCR of 2.21 representing 'high' value for money. The Adjusted BCR is 3.10 when wider impacts are included.	Grant Award	£11,650,149 LGF

Funding Requested	£11,650,149 LGF to progress to Full Business Case	Value for Money	<p>It appears there are a number of factors which may result in a lower Initial BCR than reported, and it is expected that these will be taken into account in the FBC. However, in the absence of the updated assessments, the possibility that the Initial BCR for the Core Scenario will fall below 2.0 cannot be discounted.</p> <p>If this were the case, then the scheme would be relying on wider economic impacts and option values to provide an Adjusted BCR over 2.0. It is noted that the benefits currently resulting from these are significant (including £68.4m of agglomeration benefits and £25.5m of option values). It appears appropriate to include both of these benefits, but the methodologies used to derive these values have not been reviewed at this time.</p> <p>The Value for Money Statement is shown below.</p> <p>A letter has been provided by North Somerset Council's s151 officer confirming approval of the business case including the value for money statement.</p>		
Total Scheme Cost	£100.265m (excluding £16.16m pre OBC)	Risk	<p>A Quantified Cost Risk Assessment (QCRA) has been undertaken yielding a risk allowance of £20.22m (20%) which is allowed for in the project costs.</p> <p>An additional £15m is to be identified by NSC for which it is assumed the backstop position would be through EDF substitution.</p>	Grant Recipient	North Somerset Council
Match Funding %	45-58%	Delivery	<p>The scheme is jointly promoted by North Somerset Council and WECA.</p> <p>A detailed programme is required which should be provided on submission of the DCO application.</p>	Payment Basis	LGF Quarterly in arrears on defrayed expenditure

ITEM 15

<i>Scheme Description</i>	<i>Recommendation to Joint Committee</i>	Conditional approval of the OBC
<p>MetroWest Phase 1 will deliver a strategic enhancement to the West of England local rail network. The scheme will increase the UK passenger rail network by 14 kilometres, deliver two new stations and enhance the service frequency for 16 existing stations, across three local lines. The scope of MetroWest Phase 1 includes the delivery of infrastructure and passenger train operations to provide:</p> <ul style="list-style-type: none"> • A half hourly service for the Severn Beach Line (hourly for St. Andrews Road station and Severn Beach station). • A half hourly service for Keynsham and Oldfield Park stations on the Bath Spa to Bristol Line. • An hourly service for a reopened Portishead Line with new stations at Portishead and Pill. 	<i>Conditions of Approval</i>	The supply of a detailed cost breakdown and an updated programme

Record of Approval

<i>WECA S151 Officer</i>		<i>Joint Committee</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	19 July 2019
<i>Date</i>	9 July 2019	<i>Decision</i>	
<i>Signature</i>			

MetroWest Phase 1 - Value for Money Statement

Criteria	Description
Value for Money/Value for Money when Wider impacts are included	High/High
NPV	£141.40 million
Initial BCR	2.21
Adjusted BCR (With Wider Impacts)	3.10
Summary of the benefits and costs	<ul style="list-style-type: none"> • Rail transport user benefits (around 82% of the total benefits excluding wider impacts) • Highway transport user benefits (21% of total excluding benefits excluding wider impacts) • Wider Economic Impacts £78.96 million <ul style="list-style-type: none"> • Option Values £25.5m <p>Operating costs are more significant than capital costs in the economic case, though not by much (56% operating cost versus 44% capital cost).</p>
Significant non-monetised impacts	No significant non-monetised impacts. The most significant non-monetised impact is a moderate beneficial impact on journey quality. Other impacts are either slight beneficial (physical activity, access to services), slight adverse (historic environment, biodiversity, severance) or neutral.
Key risks, sensitivities and uncertainties underlying the appraisal	<ul style="list-style-type: none"> • Operating cost assumptions - potential scope for greater synergies with existing services to reduce staffing and maintenance costs • Rail demand forecasts, in particular future year growth in demand at new and existing stations • Future year fare assumptions
Significant social distributional impacts	Analysis indicates that scheme impacts are relatively evenly distributed across income, social and user groups. User benefit distributional impact is moderate beneficial, noise and air quality are minor adverse, other impacts are all neutral.

Appendix 2 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	On Bus Contactless Bank Card Payment/ Barcode	Strategic Case	<p>Rollout of this standardised functionality is identified as a core element of the West of England's outline roadmap and programme for Smarter Payments and Ticketing as well as the emerging WECA bus strategy.</p> <p>The project accords with the draft Joint Local Transport Plan 2019-36 which states:</p> <ul style="list-style-type: none"> • that 'A significant cause of delay to bus services is the time taken to load passengers..' and that the availability of contactless payment will help address this issue • 'we will work to roll-out a universal, multi-operator smart ticketing scheme and explore the possibilities of its use across different transport modes' • through 'modern ticketing, fully integrated with local bus services, will make all journeys seamless' 	Funding Source(s)	£415k Investment Fund/£40k North Somerset Council
Scheme Promoter	WECA	State Aid	<p>It is stated there is 'no-aid' as a result of:</p> <ol style="list-style-type: none"> This being a local initiative, to very small operators only, with no impact on trade between member states No market distortion or appreciable advantage to operator receiving support The support would also be seen as de minimus under State Aid rules 	Approval Requested	Full Business Case
Date of Submission	11/6/19	Economic Case and	The economic case is based upon national research which has demonstrated a link between improving bus journey times and increased levels of employment.	Grant Award	£415,704

Funding Requested	£415,704 (£238k On-Bus Hardware; £34k Software; £94k Project Management)	Value for Money	<p>These estimate that a 10% improvement in bus journey times across England would result in an additional 50,000 people in employment (equating to an increase in employment of 0.2%).</p> <p>Based upon the % of bus journey time boarding at stop, and the observed benefits of smart as opposed to cash-based payment, it is forecast that this project would result in a 4% improvement in overall journey times in the West of England area. Considering the proportion of the bus fleet in scope it is estimated this equates to 66 additional jobs (equivalent to £1.75m of GVA).</p> <p>This GVA impact is compared to the cost of the intervention to give return per £ spent of 3.8.</p> <p>A letter has been provided by the Head of Transport which confirms approval of the business case and the value for money assessment.</p>		
Total Scheme Cost	£456,088 (Investment Fund profile £249k 19/20, £166k 20/21)	Risk	<p>A risk register has been provided which identifies the key risks for the project.</p> <p>A risk allowance of 10% is included in the costings.</p>	Grant Recipient	WECA
Match Funding %	9%	Delivery	<p>The North Somerset Council funding of £40,384 has been confirmed.</p> <p>The equipment will be leased to the operators. It is assumed that the revenues obtained from the operators meet the maintenance costs of the equipment.</p> <p>It is planned that work on operator engagement and the hire agreements/orders will take place between September 19 and May 2020 with installation completed in August 2020. All participating operators would be live by October 2020.</p>	Payment Basis	N/A

ITEM 15

<i>Scheme Description</i>	<i>Recommendation to Joint Committee</i>	Approval
<p>This will support smaller bus operators, with a fleet size of less than 30 vehicles, to replace ageing equipment and introduce contactless bank card payment technology. The project will meet the capital cost of the equipment for 70 buses and enable these operators to lease the equipment which will cover ongoing revenue costs. The project will be rolled out over 19/20-20/21 and aims to reduce bus boarding times and deliver a common customer offer for payment.</p> <p>The benefits of the project include:</p> <ul style="list-style-type: none"> • Supporting smaller bus operators to take advantage of latest ticketing technology. • Reducing stop dwell times and overall journey times. • Delivering a consistent ticketing platform across the network unlocking the potential of integrated multi operator and multi modal ticketing. • Supporting and enabling modern payment methods (smartcard, m-ticketing) across all buses. • Supporting the Diamond Travelcard Scheme, through ensuring robust data reporting. 	<i>Conditions of Approval</i>	None

Record of Approval

<i>WECA S151 Officer</i>		<i>Joint Committee</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	19 July 2019
<i>Date</i>	9 July 2019	<i>Decision</i>	
<i>Signature</i>			

Appendix 3 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Research and Innovation Challenge Fund (RICF)	Strategic Case	<p>Market failure is well addressed, and the strategic fit with the emerging Local Industrial Strategy, European Structural and Investment Fund (ESIF) strategy and the South West England and South East Wales Science and Innovation Audit is clear</p> <p>Suitable SMEs will be identified by utilising networks including the Growth Hub, SETsquared, Local Authorities and Bath's 'Business Acceleration Hubs'. The RICF will target the advanced engineering and digital sectors.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	WECA	State Aid	<p>It is noted that grant funding beneficiaries are deemed 'economic undertakings' but that Article 28 Innovation Aid or 25 Research and Development Projects of GBER could apply, or otherwise owing to the value of the grants the de minimis threshold will be applied.</p>	Approval Requested	Full Business Case

Date of Submission	4/6/19	Economic Case and Value for Money	Work by PWC has calculated that £1 of business investment creates £2.15-£2.25 of benefits within the WoE and £0.60-£0.95 to the rest of the UK. The RICF is enabling £2.075m of research and innovation spend which equates to a some £5.7m of benefits (£4.5m WoE and £1.2m more widely).	Grant Award	£241,698
Funding Requested	£241,698 (£203k Staffing, £39k Technical/ Procurement Support)		As an alternative approach, application of the AMORE model with reference to the advanced engineering and digital engineering sectors has estimated, with caveats, that the RICF could create up to 14 new jobs and up to £1 million additional GVA. The cost per SME supported is £45k based upon the ERDF, Investment Fund and SETsquared match. The project also targets 4 research collaborations, 6 new to the market products and 12 new to the firm products. A letter has been provided by the Head of Business and Skills which confirms the project represents good value for money in the use of public resources.		
Total Scheme Cost	£ 2,460,175 (with grant spend £16k 19/20, £63k 20/21, £93k 21/22 and £70k 22/23)	Risk	A risk register is provided which identifies 9 risks. Whilst adequate at this stage the risk register should be expanded, and detail added around the more specific risks as the project moves to the delivery phase. There is no specific allocation for risk or contingency within the project costs.	Grant Recipient	WECA
Match Funding %	90%	Delivery	The project seeks £943k through the European Social Fund (ERDF) which will lever £1.245m of SME match funding through the grant awards. The deadline for submitting the ESF bid is 15 July and the funding decision is expected to be known in September 2019. The governance arrangements remain to be finalised.	Payment Basis	N/A

ITEM 15

		Confirmation has been provided that the £30k of SETsquared match funding is in place. The project will be delivered over three years, starting in January 2020 and completing December in 2022. A detailed programme has been provided which appears robust and achievable.		
Scheme Description			Recommendation to Joint Committee	Approval subject to conditions
The Research & Innovation Challenge Fund (RICF) will award approximately 34 small, medium and large grants to Small and Medium Sized Enterprises (SMEs) in the West of England LEP area to undertake research and innovation activities, leading to more SMEs carrying out innovative activities resulting in new products and processes being introduced to market, further research collaborations and high value job creation. The RICF will align closely with the emerging Local Industrial Strategy's innovation theme.			Conditions of Approval	a) Securing ERDF funding

Record of Approval

WECA S151 Officer		Joint Committee	
Name	Malcolm Coe	Date of Meeting	19 July 2019
Date	9 July 2019	Decision	
Signature			

Appendix 4 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Workforce for the Future (WTFF)	Strategic Case	<p>The Business & Skills pillar within the WECA Business Plan includes the objectives 'Improving skills and knowledge supply to meet existing and future demands' and 'A joined up education and skills system that meets the region's business needs.'</p> <p>The national European Social fund (ESF) Operating Programme sets out, under its priority of "Improving the labour market relevance of education and training systems" that it focuses on improving employer participation and engagement in learning so that it is responsive to the needs of the local economy and individual's progress into or within learning.</p> <p>WTFF will help address these strategic objectives in a number of ways including through addressing and achieving:</p> <ul style="list-style-type: none"> • The perceived failure of information between what adult learners chose to study and the current and future, most productive, job vacancies that exist or will arise. • SME workforce planning and abilities enabling them to better prepare for and meet future skills needs by making them aware of the full range of options available to develop their workforce. • Increasing SME investment into training particularly at higher levels. • Improved capacity in SMEs to provide placement/internship opportunities and enhance the contribution of advanced skills to SME • More and better opportunities to encourage and increase work experience, traineeships, apprenticeships, and placements 	Funding Source(s)	Investment Fund

Scheme Promoter	WECA	State Aid	A 'no aid' position is presented as WFTF is considered to not be of an economic nature. It is noted that State Aid will be tested through the ESF application process.	Approval Requested	Full Business Case
Date of Submission	28/5/19	Economic Case and Value for Money	<p>The FBC draws on research from London Economics which suggests the average lifetime NPV, financial gain to an individual of progression (subdivided by levels and NVQ/apprenticeships). This £ uplift is applied to the 900 learners to give £67.5m of benefits. When compared to the £8m cost this provides a return to the individual of £7.85 per £1 of public investment.</p> <p>Allowing for not all progressions happening, and for deadweight, and taking a conservative view yields a return per £ of investment of £3.92.</p> <p>In terms of costs per project output, these are £20k per SME engagement and £27k per SME project.</p> <p>A letter has been provided by the Head of Business and Skills which confirms the project represents good value for money in the use of public resources.</p>	Grant Award	£4m
Funding Requested	£4m (Staff including overheads £461k, Costs of Partnership Organisations £3.5m, marketing £39k)				
Total Scheme Cost	£8m (with grant spend £410k 19/20, £1.775m 20/21, £1.435m 21/22 and £380k 22/23)	Risk	<p>A high level risk register has been provided which should be developed further with specific risks as plans for the delivery of the project are better defined.</p> <p>A high level cost breakdown has been provided but no risk or contingency allowance is separately identified.</p>	Grant Recipient	WECA

Match Funding %	50%	Delivery	<p>The outcome of the ESF funding application is expected to be known in July.</p> <p>WECA will lead the project with delivery planned through external intermediaries selected following an open and transparent grant process, together with the Careers Enterprise Company and Growth Hub.</p> <p>The business case sets out a set of milestones for completed engagements/projects although this should be underpinned by a project plan against which progress throughout the duration of the project can be measured and reported through Highlight Reports.</p>	Payment Basis	N/A
Scheme Description				Recommendation to Joint Committee	Approval subject to conditions
<p>WFTF will create a revenue resource (people, capacity, support networks) that is able to engage with SMEs, learners and providers of adult learning. The project deliverers will engage with SMEs, using social media channels, the Growth Hub, brokerage into existing networks and other appropriate methods, to help them engage better, in nearly all respects, with the learning and skills system better enabling them to meet their current and future skills needs.</p> <p>The project will deliver at least 300 measurable “projects” completed by SMEs which increase employer engagement; and/or the number of people progressing into or within skills provision. The number of people progressing into or within skills provision as a result of these projects is forecast to be 900, with 450 progressing from level 1 to level 2 and another 450 moving from level 2 to level 3.</p>				Conditions of Approval	<p>a) Securing ESF funding</p> <p>b) Finalising the Monitoring and Evaluation Plan</p>

Record of Approval

WECA S151 Officer		Joint Committee	
Name	Malcolm Coe	Date of Meeting	19 July 2019
Date	9 July 2019	Decision	
Signature			

Appendix 5 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Invest Bristol and Bath (IBB)	Strategic Case	<p>It is noted that the IBB service has been co-designed by all four UAs, the LEP and subsequently WECA, has continually adapted itself to fit regional strategic focus as it has emerged, including the Strategic Economic Plan, Joint Spatial Plan, Joint Local Transport Plan and emerging Local Industrial Strategy.</p> <p>The service mission is 'To identify, attract and support investments by companies in advanced industrial sectors and financial and professional services which realise the triple dividend of commercial value for investors and economic and community value for the region and the UK.' The identified objectives to deliver the mission are to:</p> <ul style="list-style-type: none"> • Identify compelling, business led investment opportunities for which the region has the greatest chance of securing high value investment projects. • Generate investor leads and focus account management on firms qualified against the high value investment opportunities • Assemble national, regional and local bespoke pre and post landing services to maximise benefits from investment in the region for investors, the regional and UK economy and residents. • Define and measure the value of investment, and the service, on its economic and social impacts. 	Funding Source(s)	Economic Development Fund/ Investment Fund
Scheme Promoter	WECA	State Aid	It is stated that IBB is a public sector service.	Approval Requested	Full Business Case

Date of Submission	14/6/19	Economic Case and Value for Money	<p>The business case forecasts that 790 leads will be generated and 195 successful landings or expansions in the West of England area will be achieved by IBB over the 5 year period. These activities are forecast to enable 5,900 jobs which is in line with levels achieved over the previous years of operation.</p> <p>Comparing these to the cost provides a cost per job enabled of £850. It should however be noted that these are jobs enabled rather than directly created and that other public investment, particularly for those locating in the Enterprise Zone and Areas, will be contributing to this job outcome.</p> <p>A letter has been provided by the Head of Business and Skills which confirms the project represents good value for money in the use of public resources.</p>	Grant Award	To be confirmed
Funding Requested	£5m (Staff including overheads £3.045m, Sector specialists/consultants £850k, Campaigns and promotion £880k, Research and intelligence £225k)				
Total Scheme Cost	£5m (with grant profiled £1m per year over 20/21 – 24/25)	Risk	<p>A risk register has been provided which includes the main risks for the project.</p> <p>This project rolls forward the IBB service, albeit with a refocused approach, and as such risks should be well understood.</p>	Grant Recipient	WECA
Match Funding %	0% (although some in-kind contributions are expected)	Delivery	<p>The funding commences in April 2020, when the current EDF funding arrangement ceases. The majority of the staff in the team are already in place, aside from a new Service Lead for Enterprise, Trade and Investment who is being recruited.</p>	Payment Basis	N/A

ITEM 15

Scheme Description	Recommendation to Joint Committee	Sustainable funding options to be considered further by WoE s151 officers
<p>This project seeks to refocus the Invest in Bristol and Bath inward investment service to realise a triple dividend from inward investment that: delivers a financial return to investors; adds to the region's competitiveness, productivity and exports and provides inclusive opportunities for jobs, skill development and career progression for the regions' residents.</p> <p>The service will provide investors with a seamless service delivered by specialist staff (based in the Invest in Bristol and Bath, skills and education and Growth Hub teams in WECA's Business and Skills Directorate) and the UAs working in partnership with colleagues in the Department for International Trade (DIT), Universities, Colleges and private sector firms.</p> <p>The proposed service activities will comprise:</p> <ul style="list-style-type: none"> • Pre-Sales - engagement of DIT, specialist industrial centres, Universities and leading firms to research and identify compelling commercial investment opportunities, match the opportunities with pre-qualified overseas investors and advise on appropriate marketing campaigns. • Sales - a proactive sales service to raise awareness of the region as a location for investment and promote and present the investment cases for the region • A responsive enquiry handling service to prioritise enquires and provide prompt and appropriate responses. • An account management service for existing Foreign Direct Investment (FDI), significant UK firms and fast-growing firms to provide businesses with access to business and skill support services. 	Conditions of Approval	N/A

Record of Approval

WECA S151 Officer		Joint Committee	
Name	Malcolm Coe	Date of Meeting	19 July 2019
Date	9 July 2019	Decision	
Signature			

Appendix 6: Funding Gateway Process

The flow diagram below sets out the process for funding review and approvals needed to move to the next delivery stage. In this way we can ensure that we:

- comply with our assurance framework
- ensure that projects remain value for money
- ensure projects remain in line with regional priorities

