

ITEM 15

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY

DATE: 4 December 2020

REPORT TITLE: INVESTMENT FUND

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

1. To seek approval for feasibility, development and delivery funding, and for change requests for schemes within the current approved programme.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Paragraph 28 of the report sets out the proposed use of the £9.395m funding allocated to drive Covid-19 economic recovery.
- More generally supporting clean and inclusive economic growth is a key driver for the Investment Fund and all the projects within the programme will make a positive contribution to assisting the economic recovery.
- WECA will continue to review the deliverability, and priority, of its investment programme in response to Covid-19. Further updates will be provided through each committee cycle.

Recommendations:

The Committee is asked:

1. To approve use of the Investment Fund headroom as set out in paragraph 7 and 8, and the Development Infrastructure Fund criteria set out in Appendix 2
2. To allocate £2m to the Housing and Regeneration Enabling Fund and to delegate the approval of the criteria and Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils
3. To allocate a further £2m to strategic masterplanning and to delegate the approval of Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils

4. **To approve the Outline Business Case for Hengrove Park Enabling Works and allocate funding of £12m in the current programme, and earmark a further £7.8m post 22/23 to be confirmed at Full Business Case.**
5. **To approve the Strategic Outline Business Case for Charfield Station and to delegate the approval of the Outline Business Case to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils subject to this remaining within the agreed budget.**
6. **To approve the revision to the Local Growth Assurance Framework set out in paragraph 15 and the approval of the £3.655m Future Transport Zones match funding.**
7. **To allocate £500k to match fund the Housing Enabling Fund bid through OPE8 and should the bid be successful to delegate the approval of the Feasibility and Development Funding application to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
8. **To approve the award of an additional £2.5m for the development of the Spatial Development Strategy/Local Transport Plan Evidence Base.**
9. **To approve the Full Business Case for the Chew Valley Lake Recreational Trail subject to resolution of lands issues and planning conditions, the supply of a detailed programme and the confirmation of the final costs**
10. **To approve the award of £179k to the 5G Logistics project subject to securing the DCMS funding.**
11. **To delegate the detailed use of the AEB Covid-19 Skills Recovery Package to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
12. **Approve the change requests for schemes within the current programme as set out in Appendix 3.**
13. **To amend the approved capital programme for individual project approvals agreed at the October Committee and within this report.**

Background

2. In July the Committee considered a £350m investment programme to March 2023 spanning the Investment Fund/Transforming Cities Fund. This sits within the frame of the Capital Strategy report, approved in February 2019, which 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.
3. The funding available through the Investment Fund and Transforming Cities Fund over the period to 22/23 totals £350m which includes a level of structured over programming. 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, referred to as the 'tail' which is based upon the current opinion of the most likely level of spend that will be incurred over the next four years.
4. A summary of all the approved and allocated funding across the Investment Fund and Transforming Cities Fund (TCF) is shown in Appendix 1 and is summarised in Figure 1. An update on the projects seeking funding is set out by theme in the sections below.

Figure 1: Summary of Investment Programme to 2023 by Priority Theme

	Funding Awards and Allocations £000s	
	Oct 2020	Dec 2020
<i>Transport Infrastructure</i>		
Approved Awards and Allocations	71,198	67,485
Associated 'tail' required to deliver all projects up to March 2023	50,477	47,445
Headroom	20,400	-
Total Investment in Transport Infrastructure	142,075	114,930
<i>Housing, High Streets and Green Infrastructure</i>		
Approved Awards and Allocations	50,820	87,513
Associated 'tail' required to deliver all projects up to March 2023	26,000	26,494
Headroom	11,800	-
Total Investment in Housing Infrastructure	88,620	114,007
<i>Business and Skills</i>		
Approved Awards and Allocations	79,891	80,070
Associated 'tail' required to deliver all projects up to March 2023	18,854	18,854
Total Investment in Business and Skills Infrastructure	98,746	98,924
<i>Opportunities and Challenges / Other</i>		
Funding put aside to respond to opportunities and challenges	12,741	14,321
Approved WECA set up, operating costs and elections up to 2023	7,818	7,818
Total Investment Programme up to March 2023	350,000	350,000

Investment Fund Gateway Process

- The Investment Fund is subject to a 5-year Government Gateway review process against which the Combined Authority have to provide relevant evidence to successfully pass each Gateway in order to 'unlock' the funding for the next five years. The initial Gateway process will conclude by March 2021 to release funding for the period 21/22 -25/26 (£150m). Alongside the independent review of progress for Government, WECA have the opportunity to provide supporting information through a Complementary Report which sets out some of the broader context. This is shown in Appendix 7 and was submitted to Government in November.

Review of Investment Fund Headroom

- When the £350m programme was approved in July 2019 it was recognised that this would need to be kept under review to see if changes within the programme provided headroom for the inclusion of new projects or the upscaling of existing project allocations. As reported in October, following a detailed review of the deliverability of the schemes within the programme **£32.2m** of funding largely within the project 'tails' was identified as available for reallocation. In some cases, this headroom has arisen from spend being carried forward into the 23/24 financial year and latest reports identify the balance for reallocation now stands at **£36.0m**.

These funds identified beyond 22/23 will need to be taken into consideration when prioritising the next medium-term financial planning period. This equates to £23.4m (including the LAF repayment for Bath Riverside) against the current funding allocation of £60m in extending the programme by a further 2 years (to 2024/25).

7. As reported in October it is proposed that £21m of this funding is used to create a Development Infrastructure Fund (DIF). This would build upon the model for the Land Acquisition Fund and could support both housing and economic development infrastructure with the aim that funds are repaid in whole or part depending upon the specifics of the application. The proposed criteria for the DIF are shown in Appendix 2. It is also planned to increase the allocation for the Land Acquisition Fund by £8m given this appears a valuable funding model.
8. It is further proposed that £3m of funding is earmarked to support Green Infrastructure proposals as discussed in paragraphs 20-21. It should be noted that at least £103m of the funding to 22/23 will need to be on transport projects in line with the TCF award for this period and the programme will need to be kept under review and managed to ensure this.

Recommendation to approve use of the Investment Fund headroom as set out in paragraph 7 and 8, and the Development Infrastructure Fund criteria set out in Appendix 2

9. To enable schemes to be developed to a point where they could be considered for DIF funding, or other funding opportunities, it is planned to establish a Housing and Regeneration Enabling Fund. This could benefit a number of emerging proposals across WECA which could have good fit with the DIF. This would align with the OPE8 application set out later in this report and the locations within the emerging Housing Delivery Plan. It is therefore proposed that £2m from the headroom is allocated to this Housing and Regeneration Enabling Fund with the approval of the criteria and specific applications to be delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to allocate £2m to the Housing and Regeneration Enabling Fund and to delegate the approval of the criteria and Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils

10. In addition to these proposals, it is planned to use up to £2m of the headroom to support strategic masterplanning, with expected locations including Bath City Centre and Milsom Quarter, the East Fringe, Severnside, Somer Valley Enterprise Zone/Midsomer Norton and Parkway Station. To ensure these can progress at pace, it is proposed the approval of the specific applications be delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to allocate a further £2m to strategic masterplanning and to delegate the approval of Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils

Hengrove Park Enabling Works

11. An Outline Business Case has been submitted by Bristol City Council for Hengrove Park Enabling Works seeking to draw on the DIF. This would fund enabling infrastructure to support the delivery of the 1,435 new homes, 12,000m² of new employment, commercial/ retail, education and community space, and public park. The cost of the works is £19.8m of which it is intended that £5m is repaid to the DIF. Of these funds some £12m will be required by 22/23 and would draw on the available headroom, whilst the balance of £7.8m would be drawn down in 23/24-24/25. This proposal has been tested against the proposed DIF criteria and has

scored well (67% of the maximum score). A Full Business Case is expected next year once the delivery partner has been selected. The Scheme Assessment Summary Table is shown in Appendix 5 and the Outline Business case is published on the WECA [website](#)

Recommendation to approve the Outline Business Case for Hengrove Park Enabling Works and allocate funding of £12m in the current programme, and earmark a further £7.8m post 22/23 to be confirmed at Full Business Case.

Thematic Update

Transport

Schemes in Development

Charfield Station

12. Following the award of £1.2m for scheme development in February 2019, a Strategic Outline Business Case has been submitted by South Gloucestershire Council for Charfield Station. This would involve the delivery of a new station on the Bristol to Gloucester rail line which it is anticipated would be served by one train per hour in each direction as part of the planned MetroWest Phase 2 extension to Gloucester service, and/or the existing hourly service connecting Weymouth to Great Malvern. The station would provide access to the rail network for a catchment of up to 14,500 residents within a 5km radius, and for those travelling from further afield, a 120-space car park will be provided, as well as disabled parking and drop-off facilities. The scheme will now progress to Outline Business Case and to enable this to continue to progress it is recommended that the approval of this Business Case is delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to approve the Strategic Outline Business Case for Charfield Station and to delegate the approval of the Outline Business Case to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils subject to this remaining within the agreed budget.

West of England Station Enhancements Project

13. As reported to the Committee in March, WECA submitted a successful bid to the Department for Transport's (DfT's) Access for All Mid-Tier Programme for the West of England Station Enhancements project. This was for a package of measures for local stations across the West of England rail network focusing on improvements to wayfinding to and from and within the stations, seating, branding and shelters. The stations included were Freshford, Lawrence Hill, Nailsea & Backwell, Parson Street, Patchway, Severn Beach, Stapleton Road and Yate. The total project cost is £1.1m with the Access for All bid for £548,000 and a call of up to £552,000 of match funding through the Investment Fund subject to business case.
14. As included in item 11 on this agenda, owing to urgency, the approval of the Full Business is delegated to the Combined Authority Chief Executive in consultation with the Chief Executives of the Constituent Councils.

Schemes in Delivery

Future Transport Zones

15. At the WECA Committee in October 2019 an allocation of up to £3.9m, subject to business case, was approved to provide match funding for a Future Transport Zones bid to DfT. The

bid was successful and £24.366m was awarded by DfT requiring match of £3.655m from the Investment Fund. To avoid any duplication of approval process, the following amendment to the Local Growth Assurance Framework is proposed:

'Where 50% or more of the funding for a project has been awarded by a Government department or Homes England through a specific funding application which gives final funding approval for delivery (equivalent to a Full Business Case), a separate business case may not necessarily be required to access match funding through the funds in scope of this framework. In such cases it may be assumed that the business case and value money will already have been suitably established by the external funder as part of the funding award.'

'Where this applies, funding applications will be published and suitable Monitoring and Evaluation arrangements will be put in place to ensure the needs of both the external funder and WECA are met (see section 4 on Monitoring and Evaluation). Match funding awards for streams in the scope of this framework will be approved by the WECA or Joint Committee.'

16. In line with requirements for substantive changes this to the Assurance Framework this proposal has been agreed by MHCLG. Subject to the agreement of this change the Future Transport Zones match funding can therefore be confirmed. A Monitoring and Evaluation Plan was produced as part of the [bid submission](#) which is to be updated and refined. The DfT funding of £24.366m has been included in the capital programme as shown in Appendix 4.

Recommendation to approve the revision to the Local Growth Assurance Framework set out in paragraph 15 and the approval of the £3.655m Future Transport Zones match funding

Emergency Active Travel Fund

17. As part of the £2 billion package announced to support walking, cycling and public transport, the Government allocated £250m to an Emergency Active Travel Fund focused on measures which could be implemented swiftly and would help ease the pressure on public transport. To enable work on these walking and cycling schemes to progress at pace, at the WECA Committee in June £3m was underwritten by the Investment Fund Opportunities and Challenges allocation to be repaid by the DfT grant when this is received.
18. An initial award of £741k from DfT was confirmed in June. Following this a bid was submitted by WECA to DfT for Tranche 2 of the Fund and in November we were advised that we have been awarded £2.964m. This removes the need for any cashflowing from the Investment Fund returning these funds to the Opportunities and Challenges allocation.

Housing, High Streets and Green Infrastructure

Feasibility Studies

Housing Enabling Fund

19. Through the One Public Estate round 8 (OPE8) £10m of revenue funding is available nationally to deliver capital receipts, reduced running costs, increased jobs and homes (of which £2m is on a recyclable basis). The deadline for bid submissions was 12 November 2020.
20. On this basis, a bid to OPE8 has been submitted by WECA for £1.171m (including £250k sustainable "repayable" grant) to establish a Housing Enabling Fund to bring sites forward for delivery over the next 5-10 years, on the basis of £500k match funding being provided from the Investment Fund. The fund will be recyclable, and an element of the OPE8 funding will be repayable.

21. If successful, the Councils (and potentially other partners) will be able to draw on the funding for enabling work such as site referencing, surveys and other activities to take the site to planning approval. It could also be used to understand viability and infrastructure requirements and to identify the capital shortfall on a project, but not for capital costs themselves. This would complement arrangements in place for the Land Acquisition Fund and Development Infrastructure Fund (see paragraph 7). The funding can be accommodated within the allocation for Opportunities and Challenges given it seeks to attract further investment into the region.

Recommendation to allocate £500k to match fund the Housing Enabling Fund bid through OPE8 and should the bid be successful to delegate the approval of the Feasibility and Development Funding application to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Spatial Development Strategy/Local Transport Plan Evidence Base

22. In June this year the Committee approved £2m, above an initial award of £250k, to progress the preliminary work required on the evidence base to inform the Spatial Development Strategy (SDS), including procurement of a new transport model for the sub-region. It was recognised that this would be an initial funding ask, and the costs for the full scope of the work have now been established. A further £2.5m is therefore sought, £1.5m of which is needed in order to progress the next key phases of work including plan preparation, consultation and examination stages together with anticipated examination inspector and venue costs. These funds would also enable the development of the new West of England Regional Transport Model and the Transport Assessment Framework for the SDS (£1m). These funds can be accommodated within existing 'tails' of funding.
23. As was previously reported to the Joint Committee, the timetable for the SDS has been under review. The revised timetable, endorsed by the Planning and Housing Board, makes provision for more time to plan preparation, delaying consultation to Autumn 2021, but retaining submission to the Secretary of State in Spring 2022, enabling an Inspectors' report to be expected early 2023 and publication (adoption) as soon as possible thereafter. This is in line with the end date of the original programme, enabling Local Plans to be submitted and subject to examination (and potentially adoption) in 2023 as previously.

Recommendation to approve the award of an additional £2.5m for the development of the Spatial Development Strategy/Local Transport Plan Evidence Base.

Scheme in Delivery

Chew Valley Lake Recreational Trail

24. Following the endorsement of the [Joint Green Infrastructure Strategy](#) (JGIS), at the WECA Committee in June £300,000 has been awarded to support the development of Full Business Cases for Strategic Green Infrastructure (GI) projects. The West of England Green Infrastructure Working Group (including officers from WECA, the 4 Unitary Authorities, Natural England, Environment Agency, West of England Nature Partnership and Bristol Avon Catchment Partnership), have been working to develop a pipeline of GI programmes within the West of England. This work currently includes 7 programmes of regional significance, that align with delivering the objectives of the JGIS and support a regional approach to protecting and enhancing the natural environment in line with the principles set within the Environment Bill.

25. As reported to the Committee in October three programme areas have been identified upon which the funding will be utilised to develop discrete project business cases. These are:
- **WaterSpace/Avon Corridor:** A programme of work to the green spaces and rights of way along the River Avon and Bristol Harbour corridor between Bitton and Avon Gorge. Works include the Summerdale footbridge at Hanham Lock, upgrading paths and improving access links.
 - **AONB Link:** This landscape programme is to deliver on the benefits and options of achieving links between the Cotswolds and Mendip Hills AONBs (Areas of Outstanding Natural Beauty) for wildlife and people. As the approach is developed it will deliver increased public access, wildlife connectivity, community engagement, sustainable water management and support land-use planning and land management decisions.
 - **Common Connections:** This will deliver a rich GI landscape that protects key natural heritage in the east fringe in South Gloucestershire and provide better quality, better connected and better accessed GI for people and wildlife.
26. The first of these Full Business Cases, for the Chew Valley Lake Recreational Trail, has been submitted by B&NES seeking £1.006m from the Investment Fund towards the £1.607m project cost. The project would deliver the northern section of the trail which will enable a full circular route around the lake for walkers with significant all-purpose surface sections suitable for wheel bound users and cyclists. The project will enable greater access to natural green space, benefitting residents and tourists, and will protect the landscape character, habitat and wildlife that has national and international designation status. This project would draw upon the allocation for Strategic Green Infrastructure projects as set out in paragraph 8. The Scheme Assessment Summary Table is shown in Appendix 6 and the Full Business case is published on the WECA [website](#).

Recommendation to approve the Full Business Case for the Chew Valley Lake Recreational Trail subject to resolution of lands issues and planning conditions, the supply of a detailed programme and the confirmation of the final costs.

27. The GIWG will continue to develop the JGIS Pipeline, working closely with partners to consider future funding opportunities for a range of GI programmes and projects.

Schemes in Delivery

Business and Skills

Regional Recovery Taskforce Recovery fund

28. At the WECA Committee in October it was agreed to allocate £9.395m to support West of England businesses during the early phase of economic recovery advised by the Covid-19 Economic Recovery Taskforce and 8 programme elements which would fall within this funding were identified. The approval of business cases for these interventions was delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. A number of business cases are in development for these programmes and an update on the approvals made through the granted delegation will be provided to the Committee in January.

5G Logistics

29. WECA has submitted a bid for funding from the Department of Culture Media and Sport (DCMS) for the 5G logistics project which will demonstrate how 5G can support the delivery of improved transport management in and around Bristol Port. It will also establish how 5G capabilities can help the development of smart Freeports in the future as well as make existing

port operations more efficient. The DCMS award would meet 50% of WECA's own costs in managing and delivering the project, with the other 50% (£179k) required as match funding. The bulk of the £5m project expenditure will be made by the 12 other consortium partners, including SMEs and large companies, with DCMS providing the full £3m of grant.

30. In line with the revision to the Local Growth Assurance Framework set out in paragraph 15, it is recommended subject to this bid being successful this match funding is approved which would be drawn from the Opportunities and Challenges allocation. A Monitoring and Evaluation Plan would be required.

Recommendation to approve the award of £179k to the 5G Logistics project subject to securing the DCMS funding

Adult Education Budget (AEB) - Covid-19 Skills Recovery Package

31. In addition to the £102,600 to fund activity which supports the National Retraining Scheme reported to Committee in October, WECA has been granted an additional £622,573 of funding in relation to AEB for use within the 2020/21 academic year. This funding forms part of the Covid-19 Skills Recovery Package and wider government plans to protect, support and create jobs and in turn boost the economy. WECA will utilise this funding for the purpose for which it was intended.

Recommendation to delegate the detailed use of the AEB Covid-19 Skills Recovery Package and grant giving to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Changes to Schemes within the Current Programme

32. The WECA Committee agreed to delegate approval of changes within stated tolerances for schemes within the approved Investment Fund programme to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. The changes which fall outside of these tolerances and require a Committee decision are set out in Appendix 3.

Recommendation to approve the change requests for schemes within the current programme set out in Appendix 3.

Capital Monitor

33. The budget forecast for the WECA and Mayoral capital programme is summarised in Appendix 4 which shows the budget profile and outturn expenditure incurred this year.

Recommendation to amend the approved capital programme for individual project approvals agreed at the October Committee and within this report.

Consultation

34. 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.

Other Options Considered

35. All Business Case and Change Requests are required to set out in detail the full range of options considered and the reason the preferred option has been identified.

Risk Management/Assessment

36. 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.
37. Financial risks are managed through the process for considering cost increases set out in the WECA Investment Strategy and the overall Investment Fund and Transforming Cities Fund programme will be regularly reviewed.

Public Sector Equality Duties

38. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
39. The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
40. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
41. 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.

Finance Implications, including economic impact assessment where appropriate

42. 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.
43. 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.
44. 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.

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

Legal Implications

45. 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

Climate Change Implications

46. On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/ consideration as necessary as part of their detailed project-specific management arrangements.

47. Each business case coming forward for decision on inclusion in the Investment Fund programme includes consideration of environmental sustainability which sets out how sustainability is being considered in the development of the project as well as during its operational stage.

Land /Property Implications

48. All land and property implications are set out within the specific business cases and dealt with by scheme promoters.

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

Human Resources Implications

49. There are no direct human resource implications arising from this report.

Appendices

Appendix 1: Investment Fund Programme

Appendix 2: Proposed Development Infrastructure Fund Criteria

Appendix 3: Change Requests for Schemes within the Current Programme

Appendix 4: Capital budget Forecast for 2020/21

Appendix 5: Hengrove Park Enabling Infrastructure Assessment Summary Table

Appendix 6: Chew Valley Lake Recreational Trail Assessment Summary Table

Appendix 7: Investment Fund Complementary Report

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

Appendix 1**Transport Infrastructure Projects – Awards and Allocations (£000s)**

	To 22/23		23/24+
	Oct 2020	Dec 2020	
Feasibility Studies			
A420 to Bath Highway Improvements	200	200	-
Bristol Temple Meads Masterplan	2,000	2,000	-
Winterbourne/Frampton Cotterell Bypass and Coalpit Heath/Westerleigh Bypass Study	413	413	-
Regional Operations Capability – Phase 1	75	75	-
Strategic Rail Investment	250	250	-
Improving Access to Bath from the East	200	200	-
Access for All – Step Free Access Study	100	100	-
Business Case Development			
WECA Housing Growth Mitigation Outline Business Cases	1,600	1,600	-
Hicks Gate Roundabout	460	460	-
MetroWest Phase 2	7,415	7,415	3,648
Charfield Station	1,200	1,200	-
Yate A432 Park and Ride	300	300	-
Strategic Park & Ride	500	500	-
MetroWest Phase 1	5,860	5,860	-
Mass Transit	1,500	1,500	-
Integrated Smart Ticketing	300	300	-
Local Cycling & Walking Infrastructure	1,100	1,100	-
Metrobus Consolidation	300	300	-
Manvers Street Regeneration	250	250	-
Bus Strategy Infrastructure Programme	1,700	1,700	-
West of England Station Enhancements Project	552	552	-
Schemes in Delivery			
Real Time Information System Upgrade	559	559	-
Cribbs Patchway Cycle Links	3,306	3,306	-
Cribbs Patchway MetroBus Extension	22,151	22,151	-
Integrated Transport Authority Functions	1,000	1,000	-
On-Bus Contactless Bank Card Payment	416	416	-
Great Stoke Roundabout Improvements	2,909	2,909	-
Wraxall Road Roundabout Improvements	6,887	6,887	-
Emergency Active Travel Fund	2,259	-	-
Future Transport Zone*	3,655	2,201	1,454

Completed Projects	1,781	1,781	-
Total of all Awards and Allocations:	71,198	67,485	5,102
Associated 'Tail' for Approved Schemes in Development	50,477	47,445	10,000
Headroom	20,400	-	-
Total	142,075	114,930	15,102

Note: * Excludes DfT funding of £24.366m

**Housing, High Streets and Green Infrastructure Projects – Awards and Allocations
(£000s)**

	To 22/23		23/24+
	Oct 20	Dec 20	
Feasibility Studies			
B&NES Pilot High Streets Programme	280	280	-
Bedminster High Street Improvement	275	275	-
Kingswood High Street Improvements	268	268	-
Modern Methods of Construction Pilots/Trials	150	150	-
Strategic Planning Shared Evidence Base	2,250	4,437	313
OPE8 Housing Enabling Fund	-	500	-
Business Case Development			
HIF OBC – Bristol Temple Meads to Keynsham	2,700	2,700	-
Bristol Temple Meads Eastern Entrance	2,500	2,500	-
Masterplanning: Yate Urban Living Opportunity Area	500	500	-
Masterplanning: business case development	275	275	-
Masterplanning: North Fringe of Bristol	500	500	-
Masterplanning: South West Bristol	500	500	-
Masterplanning: Brislington and North Keynsham	250	250	-
Green Infrastructure	300	300	-
Schemes in Delivery			
Lockleaze Sustainable Transport Improvements	3,915	3,915	-
Whitfield Tabernacle Stabilisation Works	682	682	-
Keynsham Town Centre Improvement	425	425	-
Chew Valley Lake Recreational Trail	-	1,006	-
Allocations			
Love Our High Streets	8,070	8,070	-
Land Acquisition Fund	7,883	15,883	- 8,297
Bristol to Bath A4 Strategic Corridor	10,000	10,000	11,800
Hengrove Park Enabling Works	-	12,000	-
Development Infrastructure Fund	-	9,000	-
Housing and Regeneration Enabling Fund	-	2,000	-
Strategic Masterplanning	-	2,000	-
Completed Projects	9,097	9,097	-

Total of all Awards and Allocations:	50,820	87,513	3,816
Associated 'Tail' for Approved Schemes in Development	26,000	26,494	-
Headroom	11,800	-	-
Total	88,620	114,007	3,816

Business and Skills Projects – Awards and Allocations (£000s)

	To 22/23		23/24+
	Oct 20	Dec 20	
Feasibility Studies			
Talent Institutes	100	100	-
Visitor Economy/Regional Tourism	100	100	-
Cultural Strategy	50	50	-
CEIAG Research and Improvement Project	50	50	-
Building Employment and Enterprise Skills	20	20	-
Local CEIAG Action Research Activities	20	20	-
Apprenticeship Levy Maximisation	100	-	-
5G Logistics	-	179	-
Business Case Development			
Hospitality & Catering Education Centre	195	195	-
STEAM Centre SGS WISE	590	590	-
Somer Valley Enterprise Zone and Infrastructure	1,026	1,026	-
Bath Riverline	150	150	-
Quantum Technologies Innovation Centre+	33,974	33,974	1,000
Energy Strategy Action Planning / Climate Change Planning	250	250	-
I-START	350	350	-
Driving the Covid-19 Economic Recovery	9,395	9,395	-
Schemes in Delivery			
Realising Talent	499	499	-
South West Institute of Future Technology	500	500	-
Research & Innovation Challenge Fund	226	226	16
Workforce for the Future	3,600	3,700	400
WE Work for Everyone	1,300	1,300	-
Future Bright Plus	2,700	2,700	900
South Bristol Enterprise Support	483	483	-
Centre for Digital Engineering Technology & Innovation	5,000	5,000	-
LIS Productivity Challenge Delivery Programme	2,737	2,737	-
Careers Hub and Enterprise Adviser Network	174	174	-
South Bristol Workspace	2,064	2,064	636
Reboot West	451	451	269

Allocations			
Business and Skills allocation to be programmed up to 2023	13,575	13,575	-
Completed Projects	212	212	-
Total of all Awards and Allocations:	79,891	80,070	3,221
Associated Tail for Schemes in Development	18,854	18,854	1,250
Total	98,746	98,924	4,471

Appendix 2

Proposed Development Infrastructure Fund Criteria

Gateway stage

First stage entry criteria - must score Y in all categories to pass initial gateway	Explanation
Clear viability gap and improved likelihood of delivery with public sector intervention	The UA must provide a narrative setting out the case for the funding intervention, i.e. explaining why the site is unviable and how it can be delivered with the grant funding bid. The intention is that opportunities to use other forms of public subsidy are exhausted and/or packaged together with DIF funding. Funding is for both viability gaps and acceleration i.e. where the market will not deliver or will not deliver at a satisfactory pace.
State Aid compliant	There must be specific sign-off that the proposal is state-aid compliant by the Head of Legal of the applicant UA and WECA
Total funding sought must be <£10M (i.e. both sunk grant and repayable elements)	WECA contribution would normally be capped to £10M. Any higher bids must be genuinely exceptional and must address strategic, regional priorities. The DIF can be combined with other public funding in a comprehensive package.
Green book-compliant viability assessment provided	Applications encouraged at an early stage when a full viability assessment may not be available. Potential options: 1) sites where it is likely there will be a viability gap - outline assessment to understand the likely gap - in house basic demand and need study proportionate to scale of development 2) High-level assessment acceptable at OBC stage 3) Detailed assessment required at FBC stage.
Commitment to repay the DIF in whole or part	'Sunk' grant element to be capped to £15K per unit and repayable grant available on top or separately, i.e. both types of grant are available, however there must be commitment to repay an element of the grant. The UA is to set out the proposed mechanism for repayment and/or sharing of risk and reward. Specific conditions to be agreed in the Grant Agreement. Match funding taken into account in detailed scoring.
Strategic Fit: SDS, LIS, Investment Strategy, OPE or other strategic programmes, economic recovery	UA to provide written submission for WECA sign-off. Aligned with a priority location in the WECA Housing Delivery Strategy (HDS)
1) Housing schemes - minimum threshold 50 units 2) Employment - minimum 500m2 floorspace	Housing site threshold - the Fund is aimed at larger opportunities in line with the LAF and HDS, and there is an option to accept a lower number Employment – need to allow for smaller schemes e.g. town centre restructuring
Full Local Plan policy compliance including Affordable Housing	This is an absolute requirement on housing schemes aligned to UA planning policy, unless planning consent already in place for a lower % after viability assessment. Funding can be used to meet viability gap where full AH not achievable by increasing to full policy compliance.

<p>Additional criterion for housing projects: Requirement that the Fund delivers at least one additional key benefit</p>	<p>Capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria:</p> <ul style="list-style-type: none"> • Additional affordable housing • Additional adaptable or accessible housing • Improved Private Rented Sector housing • Improved sustainability • Flagship site for new technologies (MMC or other) • Site is suitable for community-led housing and/or low cost/high quality self-build development. • Outstanding design • Carbon reduction
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Detailed assessment stage

Detailed scoring	Score 0-3	Weighting	Explanation
Leverage	1) DIF requirement is 50% plus of total public funding from all sources 2) 25-50% 3) below 25%	1	What is the mix of public sector sources in place to deliver the project? The objective is to line up additional partner funding and use it most effectively - e.g. may be able to use DIF where other funding such as the Homes England SHIF cannot be used. UA land contributed at nil or discounted value is part of the overall public funding.
Delivery timescales - housing	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5-years. 1 - 6 years +	2	
Delivery timescales - housing	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
delivery timescales - employment	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5-years. 1 - 6 years +	2	
delivery timescales - employment	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
Homes delivered	3 - 299+ 2 - 150 - 299 1 - 50 149	2	
employment space	3 - 10,000m ² + 2 - 5,000m ² - 9,999m ² 1 - 500m ² - 4,999m ²	2	Can be multiple units
VFM - housing delivery (based on sunk grant only)	3 - <£9.99K per unit 2 - £10K - £14.99K 1 - £15K	2	This relates to any grant requirement which is unlikely to be repayable, i.e. 'sunk' grant. Repayable grant is available on top and is assessed separately.
VFM - employment space	3 - <£9.99K per 2,000 sqm 2 - £10K - £14.99K per 2,000 sqm 1 - £15K per 2,000 sqm	2	A maximum of £15k will be awarded for every 2,000 sqm of floor space delivered.

Proportion of total funding (sunk and repayable) to be repaid	3) 75% plus 2) 75% - 50% 1) up to 49%	1	What % of the total funding is due to be repaid?
Timing of completion of repayment	3) within 3 years of start on site 2) 3 - 7 years 1) over 7 years	1	How long after funding award will repayment be made?
Is the site an agreed priority location?	3) top 3 sites 2) sites 4-8 1) sites 9-15	2	How does the site fit with the pipeline of sites to be put in place with priorities agreed by WECA, UAs, Homes England and delivery partners?
Wider quantitative and qualitative benefits	Subjective score - 1-3	3	<p>UA to provide narrative for assessment of whether a compelling case (2,000 word limit). Issues to cover:</p> <ul style="list-style-type: none"> • Density • Brownfield site • Economic/job impact • Quality • Innovation or pilot - incl MMC • Opportunity cost/risk • Carbon reduction • Green infrastructure • Diversity and inclusion • Social value i.e. access to opportunity • Other benefits such health, education, inequality, addressing deprivation

Appendix 3

Change Requests for Schemes within the Current Programme

- **Workforce for the Future** - transfer into the programme the £100k of funding which had been awarded for work on maximising the apprenticeship levy which is to be delivered as part of this programme. [Revised profile £133k 19/20, £1.167m 20/21, £1.4m 21/22, £1m 22/23 and £400k 23/24, total £4.1m]
- **Bath River Line** – delays to Pulteney Weir Public realm design and costing (4 months), Green space and path design and consultation (5 months) and Full Business Case submission (3 months).
- **Charfield Rail Station**
Milestones – Delay to milestone approval for Construction Drawings of 9 months.
Cost – Reprofile £492k from 20/21 to 21/22 [Revised profile £142k 19/20, £494k 20/21 and £564k 21/22 total £1.2m]
- **Hicks Gate Roundabout** - reprofiling £73k from 20/21 to 21/22 [Revised profile £1k 17/18, £57k 18/19, £246k 19/20, £83k 20/21 and £73k 21/22, total £460k]
- **Bath Riverside** – delays of 2-9 months to a number of interim milestones and of 12 months for site ready for housing starts.
- **Somer Valley Enterprise Zone** - reprofiling of £341k of public match capital from 20/21 to 21/22
- **Cribbs Patchway New Neighbourhood Cycle Links** - inclusion of the implementation of cycle lane improvements on Southmead Road as an additional package element to utilise projected project underspend of £600k. Additional milestones included for this element including completion in November 2021
- **Regional Tourism** - reprofiling £10k from 19/20 to 20/21 [Revised profile £80k 20/21]

Appendix 4

WECA and Mayoral Capital Programme

	20/21	20/21	21/22	22/23+
	Profile	Spend	Profile	Profile
	£'000	£'000	£'000	£'000
WECA Capital				
Scheme Prioritisation (Monitoring and Evaluation Framework)		0		
Transport Scheme Business Case Development (WECA Oct 17) *	3,860	331	503	0
Real Time Information (WECA Oct 2018)		0		
Housing Land Acquisition Fund (Bath Riverside)		0		
Metrowest phase 1		0		5,860
Cribbs Patchway Metrobus Extension	7,213	1,863		
CPNN Cycle Links (post FBC/ Delivery)	2,321	179	460	
On Bus Contactless Payment	97	64		
Great Stoke Roundabout Improvements	1,956	360	58	30
Wraxall Road	1,131	23	4,038	30
Quantum Technologies Innovation Centre+	12,795	0	12,979	9,200
Centre for Digital Engineering Technology & Innovation (£4.65m revenue, £0.35m capital, their profiles tbc)		0		
Whitfield Tabernacle Kingswood (Love Our High Streets)	345	0	337	
Keynsham Town Centre		0	425	
Research and Challenge Innovation Fund (£242k, Rev/Cap split tbc)				
Unlocking Lockleaze Development Delivery	3,006			
	32,724	2,820	18,800	15,120
WECA Capital – other				
FTZ DfT funding to the capital programme	905	0	8,340	15,120
5G Smart Tourism		0		
IT and Building Alterations		0		
	905	0	8,340	15,120
Mayoral Capital				
Highways and Transport Grants	17,572	8,786	17,572	17,572
Pothole Action Fund Grant	8,519	0		
	26,091	8,786	17,572	17,572
Grand Total	59,720	11,606	44,712	47,812

Appendix 5 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Hengrove Park Enabling Works	Strategic Case	<p>Hengrove Park, a strategically important housing-led development on council-owned land in South Bristol which will deliver up to 1,435 new homes of which 30% will be affordable housing. The redevelopment will also deliver a 26-hectare new public park, plus new community, employment and educational facilities.</p> <p>Bristol City Council have a long-term objective to transform South Bristol by creating defined areas of regeneration as well as wholesale improvements across the wider area. South Bristol has been identified in the Bristol Core Strategy as an area that will be a 'primary focus for development and comprehensive regeneration'.</p> <p>The Site is allocated within the Site Allocations and Development Management Local Plan and aligns with the Councils Corporate Strategy.</p> <p>The funding would deliver a package of enabling infrastructure to support the development and help accelerate its delivery.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	Bristol City Council	State Aid	BCC advise that the funding will not constitute State Aid as the Council are not acting as an economic undertaking but rather in furtherance of a public function. WECA accepts this noting the risk of challenge sits with the City Council	Approval Requested	Outline Business Case

Date of Submission	4/11/20	Economic Case and Value for Money	<p>The estimates of potential economic impacts that could be generated through the proposed development are presented in NPV terms over the 25-year appraisal period, adopting a 3.5% discount rate and factoring optimism bias. This presents £452m of benefits at the West of England level which when compared to the costs of £208m gives a BCR of 2.2:1.</p> <p>For the non-residential uses it is forecast that 511 net jobs will be created at a cost per job of some £27,000, with a public sector cost per dwelling some £10,300.</p> <p>A letter has been provided by the BCC s151 officer confirming approval of the business case and the value for money statement.</p>	Grant Award	To be confirmed at Full Business Case
Funding Requested	£19.8m (profiled £5.43m 21/22, £6.52m 22/23, £4.21m 23/24 and £3.64m 24/25)				
Total Scheme Cost	£19.8 for site wide infrastructure	Risk	<p>A contingency allowance has been included in the costings.</p> <p>A risk register has been provided which includes 12 strategic risks. This should be developed as the project progresses to include the detailed and specific risks related to the delivery of the project and its outputs.</p> <p>The Council have committed to repay £5m of the funding plus a share of any overage, with repayment commencing in 2026.</p>	Grant Recipient	BCC
Match Funding %	0% (of public sector cost)	Delivery	<p>The Council has secured an Outline Planning Consent for the site. The land is in Council ownership and they are seeking vacant possession from a number of existing users who currently hold leases from the Council.</p> <p>The City Council will enter into a Development Agreement with a selected Delivery Partner procured through a tender process which is anticipated to be complete by August 2021.</p>	Payment Basis	Quarterly in arrears on defrayed expenditure

<i>Scheme Description</i>	<i>Recommendation to WECA Committee</i>	Approval of the Outline Business Case
<p>The project would enable the delivery of Hengrove Park providing:</p> <ul style="list-style-type: none"> • Up to 1,435 new homes, minimum 30% (some 340) affordable • 22.2-hectare new public park, 4.4 hectares other public open space • 12,000 m² new employment, commercial/ retail, education and community space • New sports pitches and sport pavilion building • Provision of an energy centre for communal heat and power 	<i>Conditions of Approval</i>	None

Record of Approval

<i>WECA S73 Officer</i>		<i>Joint Committee</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	4 December 2020
<i>Date</i>	20 November 2020	<i>Decision</i>	
<i>Signature</i>			

Appendix 6 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Chew Valley Lake Recreational Trail	Strategic Case	<p>The Chew Valley Lake Recreational Trail project is part of the West of England Joint Green Infrastructure Strategy (JGIS) AONB Link Programme (Cotswolds to Mendip Hills AONBs).</p> <p>The project would deliver the northern section of the trail which will enable a full circular route around the lake for walkers with significant all-purpose surface sections suitable for wheel bound users and cyclists.</p> <p>The project aims to enable greater access to natural green space, benefitting residents and tourists, and will protect the landscape character, habitat and wildlife that has national and international designation status (Special Protection Area and Site of Special Scientific Interest).</p> <p>The project aims to increase cycling and walking opportunities as part of improved and new green active travel network, and other sustainable leisure activities.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	Bath & North East Somerset Council	State Aid	The scheme will provide open access infrastructure.	Approval Requested	Full Business Case

Date of Submission	25/9/20	Economic Case and Value for Money	It is forecast that the creation of the route around the lake will support local rural businesses and tourism by delivering a more attractive and accessible multifunctional trail for visitors and that this will create 5 full time jobs once the full trail is completed.	Grant Award	£1,007.763
Funding Requested	£1,007,763 (profiled in 21/22)		<p>Based on the current visitor numbers and surveys it is estimated that visitor numbers could increase by 20% (50,000 per annum) once the full trail is complete. Applying this to an average day visitor spend of £40 per head from figures from Visit Britain gives an annual increase in spend in the local economy of £2m, of which 50% is attributed to this first phase. Allowing for build up in visitor growth and considering this over a 5 year appraisal period, provides £4.25m of benefits which when compared to the public sector cost gives a ratio of benefits to costs of 2.7:1</p> <p>There are also a number of additional benefits related to the mitigation of future housing and employment growth, enabling responsible community and visitor access to the protected site, health and well being benefits from access to green space and utility benefits for walkers and cyclists.</p> <p>A letter has been provided by the B&NES s151 officer confirming approval of the business case and the value for money statement.</p>		
Total Scheme Cost	£1,607,448 (Internal staff £50k; Detailed design £78k; Fees £17k; Construction £1.462m)	Risk	<p>A risk register is provided which includes 9 high level risks this should be developed to cover the detailed and more specific risks as the project moves to delivery.</p> <p>An overall allowance of £155k (10%) has been made for risk.</p> <p>The project benefits from match funding of £507k from the Rural Payments Agency (RPA), £60k from B&NES and £35k from Bristol Water. The RPA funding must be spent by September 2021.</p>	Grant Recipient	B&NES

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Match Funding %	43%	Delivery	An agreement will be required with a private landowner to enable the delivery of the scheme. This would need to be finalised to secure release of funding together with confirmation from Bristol Water regarding the ability to deliver on their land. There are pre-commencement planning conditions related to the Construction Management Plan and detailed highway drawings.	Payment Basis	Quarterly in arrears on defrayed expenditure
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Scheme Description	Recommendation to WECA Committee	Conditional approval of the Full Business Case
<p>The project would include:</p> <ul style="list-style-type: none"> • The Construction of new 840m off-road shared use path between Woodford Lodge and Walley Lane. • The realignment of the road over the dam which will widen the existing footway to provide a segregated cycle/pedestrian path and reduce the road width and speed, from current 50 mph speed limit to 30mph, thereby also improving road safety. • The construction of a shared use path between the dam to the north and Hollowbrook Road including replacing an existing narrow footbridge (total length 1.5km). • Habitat management, restoration and creation measures. 	Conditions of Approval	<ul style="list-style-type: none"> a) Resolution of lands issues b) Resolution of planning conditions c) The supply of a detailed programme d) Confirmation of final costs

Record of Approval

WECA S73 Officer		Joint Committee	
Name	Malcolm Coe	Date of Meeting	4 December 2020
Date	20 November 2020	Decision	
Signature			