

REPORT SUMMARY SHEET INVESTMENT FUND

Purpose

To seek to approval for identified Investment Fund feasibility and development and delivery funding, and for change requests for schemes within the current approved programme.

Summary

- 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. Appendix 1 summarises the schemes with approved funding.
- This report recommendations include seeking approval of:
 - A delegation to the WECA Chief Executive (in consultation with the West of England Chief Executives) to approve the revised West of England Assurance Framework.
 - the Outline Business Case for the A4174/Wraxall Road Roundabout Improvement and Signalisation scheme and award a further £1.488m of funding to develop a Full Business Case.
 - a £100,000 increase to the current development funding award to further progress the development of the A420 to Bath Highway Improvements scheme.
 - the allocation of £300,000 for Charfield Station and £200,000 for the Coalpit Heath/Westerleigh Bypass and Frampton Cotterell/ Winterbourne Bypass, with a delegation for the approval of the Feasibility and Development Funding Applications to the WECA Chief Executive in consultation with the West of England Chief Executives.
 - A delegation to enable the Investment Fund to be used to match fund submissions within the previously awarded £10m to support high streets.

Recommendations

That the WECA Committee:

1. **Delegate approval of the revised West of England Assurance Framework to the WECA Chief Executive in consultation with the West of England Chief Executives.**
2. **Approve the scheme changes set out in Appendix 3.**
3. **Approve the Outline Business Case for the A4174/Wraxall Road Roundabout Improvement and Signalisation scheme and award a further £1.488m of funding to develop a Full Business Case.**

- 4. Approve a £100,000 increase to the current development funding award to further progress the development of the A420 to Bath Highway Improvements scheme.**
- 5. Approve the allocation of £300,000 for Charfield Station and £200,000 for the Coalpit Heath/Westerleigh Bypass and Frampton Cotterell/ Winterbourne Bypass, with a delegation for the approval of the Feasibility and Development Funding Applications to the WECA Chief Executive in consultation with the West of England Chief Executives.**
- 6. Delegate the allocation of funding to match fund bids to the Future High Streets Fund within the £10m Investment Fund allocation to the WECA Chief Executive in consultation with the West of England Chief Executives**
- 7. Where there is a case for urgency, to delegate the application of the agreed Land Acquisition Fund criteria to candidate proposals and the award of funding through a business case to the WECA Chief Executive in consultation with the West of England Chief Executives**

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REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY

DATE: 1 February 2019

REPORT TITLE: INVESTMENT FUND

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

1. To seek approval for Investment Fund Feasibility and Development and delivery funding, and for change requests for schemes within the current approved programme.

Background

2. 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
3. Government have set out how they expect funding arrangements for the Investment Fund to provide due transparency, accountability and ensure value for money in the 'Single Pot Assurance Framework – National Guidelines'. The [West of England Investment Fund Assurance Framework](#) sets out the way in which these requirements are met. In January revised assurance framework guidance was published which applies to both LEP funding and the Investment Fund. There is a requirement to update the combined local assurance framework by 31 March 2019 to embrace these new requirements.

Investment Fund Programme Overview

4. The Committee have previously approved a number of Investment Fund funding awards or allocations. A summary of the schemes with approved funding is provided in Appendix 1. The Capital Strategy report on this agenda provides further detail of the planned approach to establishing a 20 year thematic programme aligned and integrated with regional priority outcomes and objectives within the published WECA Operating Framework.
5. A set of delegations were agreed at the WECA Committee in June 2018 to enable lower level scheme changes to be approved by the WECA Chief Executive in consultation with the Directors Board, being the Directors of WECA and the constituent authorities. The changes which have been approved are shown in Appendix 2 for information. The scheme changes outside the tolerances for delegation and which require WECA Committee approval are shown in Appendix 3.

Investment Fund Outline Business Cases

A4174/Wraxall Road Roundabout Improvement and Signalisation Scheme

6. Feasibility funding of £200k to progress the A4174/Wraxall Road Roundabout Early Investment Opportunity to Outline Business Case was awarded at the WECA Committee in November 2017. An Outline Business Case (OBC) for this scheme was submitted in October seeking £1.488m to progress to Full Business Case and a further £5.198m to implement the scheme. As reported to the WECA Committee in November, as the scheme cost exceeds £5m further work was needed to address the additional requirements of appraisal set out in guidance for a transport scheme of this size. The OBC has now been resubmitted in line with these requirements.

Recommendation to approve the Outline Business Case for the A4174/Wraxall Road Roundabout Improvement and Signalisation scheme and award a further £1.488m of funding to develop a Full Business Case.

A420 to Bath Highway Improvements

7. An Outline Business Case has been submitted for the A420 to Bath Highway Improvements scheme. This scope of this scheme has increased from the initial feasibility application to now include improvements at Freezinghill Lane and the Bath Road junctions on the A420 and some other improvements on the routes leading to these. Owing to the cost of this scheme further work is required to refine the transport economic appraisal work already undertaken. It is recommended that the currently awarded development funding is extended by a further £100,000 to enable both this work to be finalised, and the scheme to retain momentum with scheme development more generally. A decision on the Outline Business Case could then be taken at the May WECA Committee.

Recommendation to increase the current development funding award by £100,000 to further develop the A420 to Bath Highway Improvements scheme.

Feasibility and Development Funding Applications

Charfield Station and Coalpit Heath/Westerleigh Bypass and Frampton Cotterell/Winterbourne Bypass.

8. A Feasibility and Development Funding Application is being prepared for Charfield Station requesting £300,000 of funding to continue to progress this scheme to a DfT compliant Outline Business Case, including funding to progress work with Network Rail. Similarly, an Application is being produced seeking £200,000 to progress feasibility work on the Coalpit Heath/Westerleigh Bypass and Frampton Cotterell/Winterbourne Bypass.

Recommendation to approve the allocation of £300,000 for Charfield Station and £200,000 for the Coalpit Heath/Westerleigh Bypass and Frampton Cotterell/Winterbourne Bypass, with a delegation for the approval of the Feasibility and Development Funding Applications to the WECA Chief Executive in consultation with the West of England Chief Executives.

Mass Transit

9. In November 2017 the WECA Committee approved up to £350k of funding to produce a Mass Transit Early Phase Options Report, which is nearing completion. The Mass Transit Study report on this agenda presents Feasibility and Development Funding Applications seeking a further £200k of funding for Mass Transit/Bath Transport Study from the Investment Fund to establish early project support, develop the governance and manage the initial phase of the project.

Housing Infrastructure Fund (HIF)

10. Funding of £1m was awarded at the WECA Committee in July 2018 to develop the HIF Outline Business Case for submission to Government by March 2019. As set out in the HIF item on this agenda, a Feasibility and Development Funding Application has been produced seeking approval for up to £500,000 to continue the development work required to stay on programme whilst the Outline Business Case is considered by Government.

High Streets Funding

11. At the WECA Committee in November 2018 an allocation from the Investment Fund of up to £10m was approved to support projects focussed on town centre and high street improvement – Love Our High Streets. Through the delegation agreed at the meeting the following pilot and feasibility studies have been agreed and are progressing. The Feasibility and Development Funding Application Forms have been published on the WECA [website](#).

Council	Funding	Funding to support	Timescales	Project Area(s)
B&NES	£280,000	Production of Feasibility Reports	March 2020	Bath City Centre Midsomer Norton Twerton High Street
BCC	£25,000	Production of Full Business Case	March 2019	Bedminster High Street
SGC	£248,000	Production of Feasibility Report	Summer 2019	Kingswood High Street

12. On 27 December, Government released details on a £675m funding pot – Future High Streets Fund – to support the regeneration of high streets. An overview of the Future High Streets Fund is provided in Appendix 4. The deadline for the submission of Expressions of Interest which should include the challenges and the strategic approach to regenerating the high street, is 22 March 2019.
13. Meetings are taking place with the Councils to discuss potential submissions to the Future High Streets Fund including links with the local Love Our High Streets programme, and opportunities for match funding. Given the deadline for the submission of expressions of interest is 22 March 2019, it is proposed that a delegation is made by the Committee to allocate Investment Fund to match fund submissions within the previously awarded £10m allocation. An update will be provided to the Committee meeting in May.

Land Acquisition Fund

14. The allocation of £50m for the creation of a Land Acquisition Fund to accelerate housing delivery was approved at the WECA Committee in November, Working with Council planning and finance officers, work has progressed to establish the criteria which may inform the identification of priorities through the Fund and to identify candidate schemes. The emerging criteria for consideration and assessment of proposals are shown below.

Entry Criteria

Market failure and/or better likelihood of delivery with public sector intervention	Agreed market valuation in place	Strategic Fit
State Aid Compliance	Ability to repay	Minimum threshold 50 units
Scheme cost cap £10m	Repayment within 10 years	

Assessment Criteria

Value Capture	Number of homes delivered/accelerated	Delivery of affordable housing
Delivery timescales	Value for money	Wider quantitative and qualitative benefits
Repayment timescales	Certainty of repayment	

15. It is intended that sign off of these criteria and the assessment of candidate schemes will be reported back to a future WECA Committee meeting. However, owing to its nature, the fund needs to be able to respond to opportunities which may rapidly arise. On this basis, should there be urgency, a delegation within the approved funding allocation is sought for the application of the agreed criteria to candidate proposals and award of funding, subject to business case.

Transport Functions

16. As set out in the 2019/20 Combined Authority Budget report it is proposed to allocate £1m from the Investment Fund over 2019/20 - 20/21 to create strategic capacity for public transport policy and delivery.

Consultation:

17. Engagement has taken place with officers in the West of England Combined Authority Constituent Unitary Authorities.

Risk Management/Assessment:

18. Specific risk assessments will be carried out as part of any feasibility studies for projects in development. All projects underway will maintain a specific risk register as part of the project management and monitoring arrangements.

Public Sector Equality Duties:

19. 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:

20. Supporting economic growth is central to this funding stream, and promoters are required to include an economic case within the FBCs 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:

21. The financial implications for each proposal are set out in the body of the report and the Investment Fund allocations can be accommodated within the available funding.

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

Legal Implications:

22. The WECA Order 2017 included appropriate legal powers for WECA to undertake and deliver the functions set out in the Devolution Agreement. Adoption of the assurance framework will ensure good governance and that appropriate assurance processes are followed.

Advice given by: Shahzia Daya, Monitoring Officer, WECA

Recommendations:

That the WECA Committee:

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- 2. Approve the scheme changes set out in Appendix 3.**
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Appendices

- Appendix 1 Approved Investment Fund Programme
- Appendix 2 Scheme Change Requests Approved by the Directors Board
- Appendix 3 Scheme Change Requests Recommended for Approval
- Appendix 4 High Street Funding Overview

Report Author: Malcolm Coe, Director of Investments and Corporate Services

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 / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk

Appendix 1 – Investment Fund Programme

Investment Fund Programme £000s	Promoter & SRO		Funding	Project Output	17/18	18/19		19/20		Total		Match Funding	Project End Date		
					Grant Claim	Last Reported	Current Profile	Last Reported	Current Profile	Last Reported	Current Profile		Last Reported	Current	
Feasibility Studies															
Southern Orbital	BCC	Adam Crowther	Revenue	OBC	-	155	155	-	-	155	155	-	Closed	Closed	
Mass Transit Options	BCC	Adam Crowther	Revenue	FSR	-	300	300	-	-	300	300	-	Dec 18	Dec-18	
East of Bath Strategic Link	B&NES	Martin Shields	Revenue	Prospectus	20	120	120	110	110	250	250	-	Apr 20	Apr-20	
A420 to Bath Highway Improvements	B&NES	Gary Peacock	Revenue	FBC	10	90	90	-	-	100	100	-	Mar-19	Nov-20	
Bristol Temple Meads Masterplan	BCC	Colin Molton	Revenue	FSR	-	889	889	1,111	1,111	2,000	2,000	1,600	Dec-19	Dec-19	
Wraxall Road Roundabout Improvements and Signalisation	SGC	Richard Gillingham	Revenue	FSR	25	175	175	-	-	200	200	-	Sep-18	Jan-19	
Greater Bristol Area Rail Services Feasibility Study	WECA	David Carter	Revenue	FSR	-	100	100	-	-	100	100	100	Dec-18	Apr 19	
Talent Institutes	WECA	Jon Hunt	Revenue	FBC	-	40	40	60	60	100	100	18	Jun 19	Aug 19	
B&NES Pilot High Streets Programme	B&NES	John Wilkinson	Revenue	FSR	-	-	15	-	265	-	280	-	-	Mar 20	
Bedminster High Street Improvements	BCC	Colin Molton	Revenue	FBC	-	-	25	-	-	-	25	-	-	Mar 19	
Business Case Development Schemes															
WECA JSP Mitigations Outline Business Cases	B&NES	Claire Cornelius	Revenue	OBCs	708	892	892	-	-	1,600	1,600	-	Dec 18	Jan 19	
A37 to A362 Improvements – Somer Valley Enterprise Zone	B&NES	Gary Peacock	Capital	FBC	12	268	130	-	138	280	280	-	Mar 19	Jun-19	
Cribbs Patchway Cycle Links	SGC	Richard Gillingham	Capital	FBC	19	181	181	-	-	200	200	-	Mar 19	Mar-19	
Unlocking Lockleaze Development	BCC	Duncan Venison	Capital	FBC	-	505	505	-	-	505	505	-	May 19	May 19	
Great Stoke Roundabout Capacity Improvements	SGC	Richard Gillingham	Capital	FBC	5	297	295	248	250	550	550	-	Feb 20	Feb-20	
Hicks Gate Roundabout	B&NES	Gary Peacock	Capital	FBC	1	229	229	230	230	460	460	-	Dec 19	Dec 19	
Hengrove - Housing Enabling Infrastructure	BCC	Jon Feltham	Capital	FBC	-	800	800	-	-	800	800	1,000	Feb 19	Apr 19	
Hospitality & Catering Education Centre	Bath Coll	Jayne Davis	Revenue	FBC	-	195	170	-	25	195	195	111	Dec 18	Dec 18	
Digital and Creative Innovation Centre	Bath Coll	Jayne Davis	Revenue	FBC	-	140	140	261	261	401	401	72	Jun 19	Jun 19	
STEAM Centre SGS WISE	SGS Coll	Kevin Hamblin	Revenue	FBC	-	590	590	-	-	590	590	10	Feb 19	May 19	
HIF Outline Business Case Temple Meads to Keynsham	WECA	David Carter	Revenue	OBC	-	1,000	1,000	-	-	1,000	1,000	-	Mat 19	Mar 19	
Delivery Schemes															
Real Time Information System Upgrade	WECA	Ed Plowden	Capital	Scheme	-	504	504	55	55	559	559	51	Dec 18	Jan 19	
Total					800	7,470	7,345	2,075	2,505	10,345	10,650	2,962			

FSR = Feasibility Study Report, OBC = Outline Business Case, FBC = Full Business Case/2nd Stage Skills Application

Subject to approval of change request

Approved/conditionally approved OBC

Appendix 2

Scheme Change Requests Approved by the Directors Board

- **JSP Mitigation Outline Business Cases** – delays of 1-2 months to Options Assessment Report (to Nov 18), analysis complete and Preferred Options Statement prepared (to Dec 18) and completion of Outline Business Case and public consultation on transport options (to Jan 19).
- **Hengrove Housing Enabling Infrastructure** – delays of one month for planning consent for Hengrove Park (to Jan 19), two months to highways infrastructure detailed scheme design (to Apr 19), and two months for the final milestone of Full Business Case submission (to Apr 19).
- **RTI System Upgrade** – development work and technical issues have resulted in delays of one month to both SAT for displays and SAT of traffic signal priority (to Nov 18) and to the final milestone of complete system take over to business as usual (to Jan 19).
- **Digital and Creative Innovation Centre** – one month delay to milestone to develop design to planning stage (to Jan 19).

Appendix 3

Scheme Change Requests Recommended for Approval

- **A420 to Bath Highway Improvements** – delays at development stage of six months to agreement of preferred option (to Dec 18) and 20 months to final milestone Full Business Case (to Nov 20).
- **Greater Bristol Area Rail Service** – due to the pause in work pending clarity on the parallel tram train study there is a delay of 2 months to Phase 2 commissioning (to Dec 18) and 4 months to the final milestone Phase 2 completion (to Apr 19).
- **Mass Transit** - a previous reporting error reflected a reduction in proposed spend of £50k. A request has been made to reinstate the full approved budget of £350k with a spend profile of £50k in 2017/18 and £300k in 2018/19.
- **Talent Institutes** – procurement has taken longer than anticipated impacting on the appointment of lead consultants by 1 month (to Dec 18). Two subsequent milestones have also changed with a delay of 5 months to OBC completion (to Aug 19) and 2 months to final milestone Green Book compliant OBC (to Aug 19)
- **SGS STEM Centre** – delays of three months to FBC approval (to May 19) reflecting WECA submission and approval timescales and one month in the delivery stage for construction completion (to Feb 21).
- **Bath College Hospitality and Catering Education Centre** – delays of one months for employer engagement and consultation, transport assessment and legal consultation (to Jan 19). At delivery stage a three month delay to tender action as a result of design changes which required re-approval (to Feb 19).
- **Hicks Gate Roundabout** – previously reported delays to receipt of modelling inputs has led to a four month delay of the OBC submission (to Mar 19). A six month delay at delivery stage to construction completion has also been reported (to Dec 21).
- **Great Stoke Roundabout** – minor re-profiling of £2k from 2018/19 to 2019/20 at development stage and a re-profile at delivery stage with funding advanced to reflect the desire to complete works earlier.
- **Unlocking Lockleaze Development** - £156k reprofiled from 2017/18 and 2018/19 to 2019/20 to reflect current programme.
- **Wraxall Road Roundabout Improvement and Signalisation** – a four month delay to the final milestone submission of final OBC (to Jan 19, now achieved) reflecting the additional work required.
- **Cribbs/Patchway Cycle Links** – a four month delay to consultation on schemes requiring third party land (to Feb 19) until negotiations with landowners are further developed.
- **Somer Valley EZ, A37 to A362 Improvements** – a three month delay at development stage to the final milestone of FBC submission (to Jun 19) to allow more time for land negotiation in advance of the submission, with associated re-profiling of £137,981 from 18/19 to 19/20. At delivery stage, delay of three months to construction start (to Apr 20) and four months to construction completion (to Mar 21).

Appendix 4

Government Future High Streets Fund

Overview

Government released a prospectus on 27 December 2018 regarding the £675m Future High Street Fund which outlined the funds objectives, eligibility and timings.

The Prospectus outlines the Fund objectives as being to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.

Bids will need to outline the specific challenge(s) faced by their high street(s), set out their overarching strategic ambition for what the high street / town centre should become and what needs to be done to make this possible.

Government are anticipating requests for funds to fall under the following themes:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspaces and public realm
- Improvements to transport access, traffic flow and circulation in the area
- Supporting change of use including, where appropriate, housing delivery and densification
- Supporting adaptation of the high street in response to changing technology

A summary of key dates related to the operation of the Fund are detailed below:

Date	Milestone
27 Dec 2018	Future High Streets Fund launched Stage 1, Phase 1 opens and Expressions of Interest, EoI, are invited
22 March 2019	Stage 1 Phase 1 Deadline EoIs submitted by local areas – this should set out the challenges and the strategic approach to regenerating the high street
Summer 2019	Stage 1 Phase 2: Announcement from Govt on places moving on to Phase 2
Late 2019	First round of final business cases to be submitted by places selected for Phase 2 – this will relate to projects that are more developed
Spring 2020	All remaining business cases to be submitted
2020 at the earliest	Stage 2 opens – second round application process commences

Given the two Stage process not all the £675m of funds will be allocated in 2019. Furthermore, up to £55m of the fund have been allocated to the Department for Digital, Culture, Media and Sport to support the regeneration of heritage high streets.

Bid Submission

Bids must be submitted by individual local authorities and only one bid per authority area will be accepted. In Combined Authority areas Government expect bids to be accompanied by a letter of support from the Combined Authority.

There is an expectation that projects will be co-funded locally and this will be taken into consideration in the assessment of which projects are taken forward.

Government have stipulated that the fund will contribute up to a maximum of £25 million to each successful area. There is an expectation however that projects will vary in size and

therefore cost, with many expected to come in significantly under the £25 million mark in the region on £5-10 million.

Successful projects, once approved, will be fixed in relation to the funding from Government. Should costs rise therefore, no additional funding will be made available from Government.

Bids will not be considered that cover high streets / town centre areas that are not facing significant challenges, nor bids that cover an entire city region. Government have also confirmed that small parades of shops of solely neighbourhood significance will not be considered.