West of England Combined Authority Investment Strategy

APPENDIX 2

2021 - 2026

December 2021

Investment Strategy (five year)

2021 to 2026

1. Organisational Context

The West of England Combined Authority, (CA), first published an Investment Strategy in November 2019. This revised version restates the authority's investment principles and priorities for a rolling five year period whilst incorporating new funding streams such as the City Region Sustainable Transport Settlement.

Since its inception in 2017, the Combined Authority has evolved and grown rapidly in response to delivering its statutory responsibilities as part of the approved devolution deal with government. This includes prioritisation, programming and governance of additional government funding into the region, in excess of £1.5bn.

The strength of the region has previously been recognised by government as being the biggest net contributor to the national purse outside of London. £500m of Economic Development Funding and £200m of Local Growth Funding has been successfully programmed out across the partnership of Bristol City, South Gloucestershire, Bath and North East Somerset and North Somerset Councils.

"The West of England is one of the UK's most prosperous regions with an economy worth over £33.2 billion a year. A net contributor to the national purse, with a population of over 1 million and over 43,000 businesses"

The Combined Authority, through an established formal committee, is now responsible for delivering clean and sustainable growth through £900m of Investment Funding, (£30m per annum for 30 years), and £103m of Transforming Cities Funding**.**

This Investment Strategy covers the parameters, priorities, uses and constraints of Combined Authority funding for the period up to March 2026.

2. Strategic Context

The Combined Authority Committee has adopted a framework which details the outcomes that we are aiming to deliver in the region through a structured, prioritised, medium to long term investment programme This framework overarches and sets out the long-term direction and aspiration for the region which is well articulated in the core strategic documents including:

- Joint Local Transport Plan, (JLTP);
- Local Industrial Strategy, (LIS);
- Employment and Skills Plan;
- Energy Strategy and Climate Change Action Plan
- Combined Authority Business Plan

The emerging Combined Authority Business Plan for 2022/23 will be focused around a set of key themes and objectives including:

- **Create West of England Transport** - changing how people travel within the region with more journeys by bus, train, tram, cycling and walking. Make these journeys affordable, reliable, enjoyable and safe.

- **Tackle the climate and ecological emergency** - Investing and taking tough decisions to tackle the climate and ecological emergencies so we breathe cleaner air. Make the West of England the bee and pollinator capital of the UK

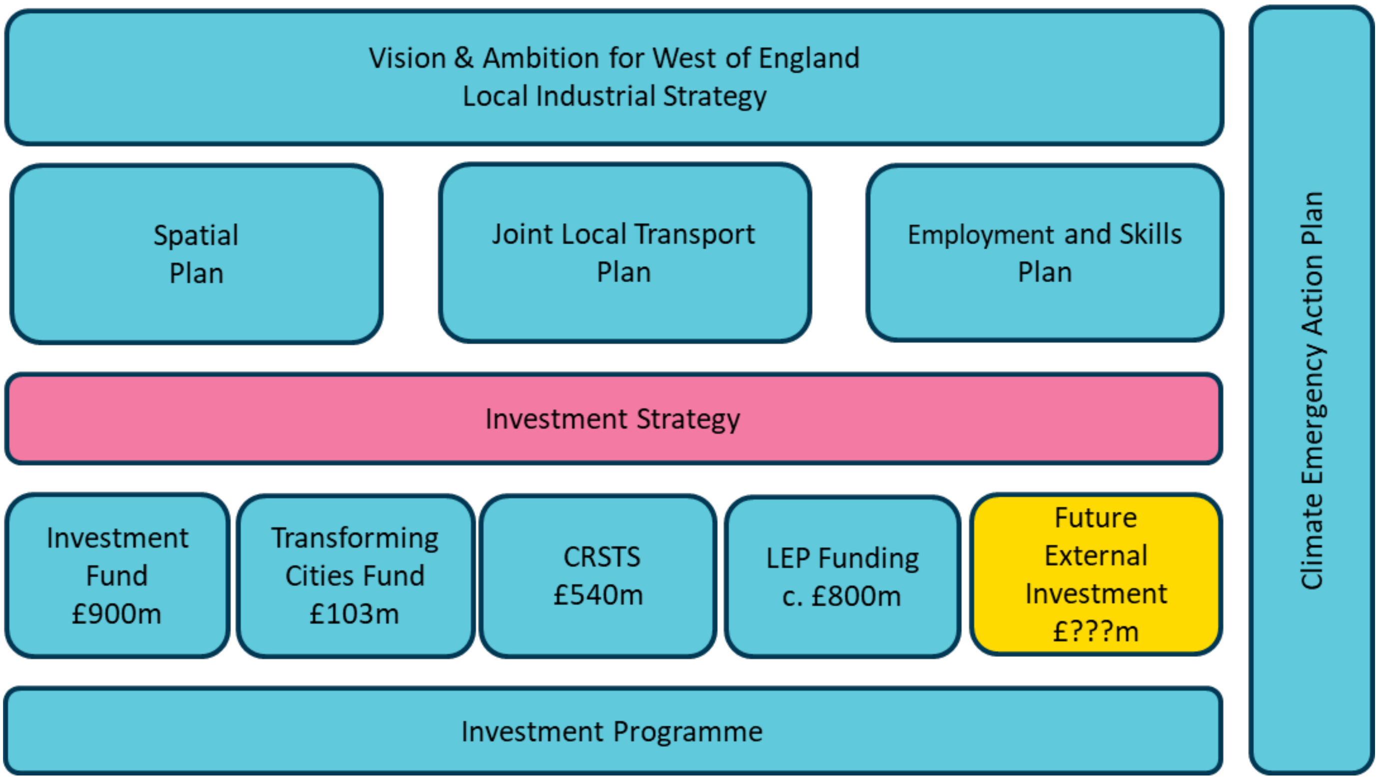
- **Secure decent jobs and training** - Bring secure and fairly-paid jobs to the region including 23,000 green jobs. Work with Trade Unions, local employers, skills providers and others to help residents access opportunities. Support businesses to thrive across the region

- **Affordable places to call home** - Increase the availability of suitable homes that people can afford in communities they are proud to call home.

- **Put the West of England on the map for national and global success** - The West of England is an amazing region of innovation and creativity. We will make it the best it can be with investment in people and places. We know how great we are but we want more and more people to know about our unique offer nationally and internationally

With strategic direction and objectives established, the successful conclusion of the Investment Fund Gateway process unlocking resources to 25/26, the next stage for the Combined Authority is refresh the longer-term Investment Strategy as demonstrated in *Figure 1*. These priorities will also serve as a framework to support the development of future investment cases.

Figure 1: Link Between Combined Authority Strategic Direction and Funding Decisions



The Investment Strategy will be guided by the vision and ambition for the future of our region and the suite of delivery plans that support this vision. . These plans (both existing and in development) set out our approach to addressing regional priorities and will drive our investment decisions. All of these strategies and plans should be seen in the context of the climate change emergency action plan which will touch on all the actions the Combined Authority takes, alongside measures to support Covid-19 economic recovery.

3. Combined Authority Funding Context and Allocations

Investment Fund - £900m

The West of England Combined Authority Order has determined this fund as being 50% Revenue and 50% capital at £30m per year over 30 years (£900M). This allows the Combined Authority to have a reasonable amount of flexibility in using revenue to develop relevant feasibility studies required to effectively prioritise capital investment.

Government will allocate investment funding based on the Combined Authority successfully completing 5 yearly 'Gateway' Reviews which requires tangible evidence of progress against the strategic direction set and delivery and outcomes achieved on the ground. The government announced the successful completion of the first of these Gateway Reviews in early 2021 with the next due in 2024/25 where the expectation will be that significant capital investment and project outcomes can be evidenced.

The ability to set long term strategic direction compared with delivering short to medium term capital projects is a tension faced by all Combined Authorities. The £30m per annum Investment Fund is year on year cash limited and not uplifted in any way to reflect increases in costs / prices through the Retail Price Index, Construction Inflation or any other pertinent index. The net present value of the £30m fund, in ten year blocks, is demonstrated in *Figure 2*

Figure 2: Net Present Value of the Investment Fund over 30-year period:

Year	Grant	Equivalent Purchasing Power
0	£30m	£30m
10	£30m	£22.3m
20	£30m	£16.6m
30	£30m	£12.7m

Transforming Cities Fund - £103m

In terms of the Transforming Cities Fund, the allocation is time limited, having to be fully spent by March 2023, on major projects that will improve productivity and spread prosperity in public and sustainable transport in English City Regions.

City Region Sustainable Transport Settlement

The Combined Authority has been awarded £540m of capital funding for the City Region Sustainable Transport Settlement (CRSTS) over the five year period to 2026/27. These funds will follow the processes set out within the Local Growth Assurance Framework which has been revised and updated accordingly to reflect refreshed government guidance. There will be an interface between CRSTS and the current Investment Fund programme with some schemes moving into the CRSTS programme, whilst the Investment Fund is used to provide revenue funding to support early scheme development.

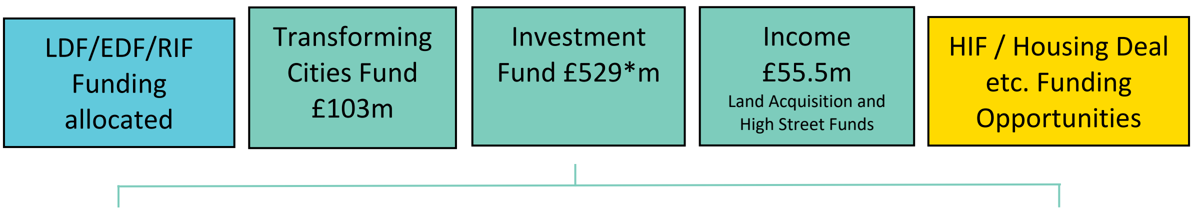
£125m of the £540m Settlement has been earmarked for highways capital maintenance spend which will be managed, in compliance with the required grant conditions, through the Constituent Unitary Authorities.

Investment Programme

To balance strategic direction with tangible delivery, the Combined Authority has gone through a series of stages to ‘chunk’ up the overall funding available into manageable blocks and time periods.

In February 2019, the Combined Authority Committee approved a notional 20-year financial allocation, (Investment Fund and Transforming Cities Fund), to ensure that adequate resources are deployed to each strategic priority area of the approved Operating Model. This indicative allocation is detailed in *Figure 3*.

Figure 3: Indicative 20 Year Funding allocation (February 2019 CA Committee)



	Transport	Housing	Business	Skills	Totals
Approved/ Committed	£10m	£51m	£10m	£5.5m	£76.5m
Initial Allocations:	£31m				£31m
Proposed:	£350m	£100m	£80m	£50m	£580m
Totals	**£391.0m**	**£151.0m**	**£90.0m**	**£55.5m**	**£687.5m**

*Net of running costs

Alongside the constituent Unitary Councils, the Combined Authority prioritised a medium term capital investment programme of £350m for the period up to March 2023, as approved by Committee in July 2019. In October 2021, we proposed to extend this programme to £450m covering a rolling five year investment period up to March 2026.

The £450m is made up from:

- £30m of Investment Fund per annum x 10 years (16/17 to 25/26) £300.0m
- Transforming Cities Funding (to be spent by March 2023) £103.0m
- One year succession to Local Growth Funding for 21/22 £ 7.4m
- Structured over-programming of delivery against spend £ 39.6m

A structured 10% level of over-programming has been incorporated, (as agreed with the region's Section 151 Officers), reflecting historical trends of delivery slippage on major capital projects. The October 2021 Committee was not quorate and, as such, this extended investment programme has yet to be formally ratified.

A summary of the awards and feasibility funding as at October 2021 is detailed in Figure 4

Figure 4: £450m Combined Authority Investment Programme (up to March 2026)

	Funding Awards and Allocations £000s	
	Jun 2021	Oct 2021
Transport Infrastructure		
Approved Awards and Allocations	79,122	83,299
Associated 'tail' required to deliver all projects up to March 2026	49,742	39,582
Total Investment in Transport Infrastructure	**128,846**	**122,881**
Housing, High Streets and Green Infrastructure		
Approved Awards and Allocations	105,690	128,718
Associated 'tail' required to deliver all projects up to March 2026	22,143	995
Total Investment in Housing Infrastructure	**127,833**	**129,713**
Business and Skills		
Approved Awards and Allocations	87,540	98,324
Associated 'tail' required to deliver all projects up to March 2026	19,508	19,024
Total Investment in Business and Skills Infrastructure	**107,048**	**117,348**
Leverage Match Fund / Other		
Funding put aside to respond to external funding opportunities	**9,061**	**9,061**
Approved CA set up, operating costs and elections up to 2026	**7,818**	**9,768**
Headroom	**30,130**	**61,230**

Total Investment Programme up to March 2026	410,736	450,000

* *Presented to October 2021 Committee – yet to be formally approved*

The Investment Programme will deliver significant regional outcomes including improving local rail availability, enhancing bus services, reducing congestion pressure points, developing viable walking and cycling options, unlocking and accelerating housing delivery and supporting and developing businesses in line with the West of England Local Industrial Strategy.

However, despite the creation of a several revolving funding programmes, the vast majority of the current Investment Programme is in the form of grant related spend with very little requirement for repayment to the fund over time. Moving forward, it will be essential to further develop our investment criteria – which will include incorporating the need for a balanced share of the investment portfolio being repayable into a sustainable, long term investment resource programme.

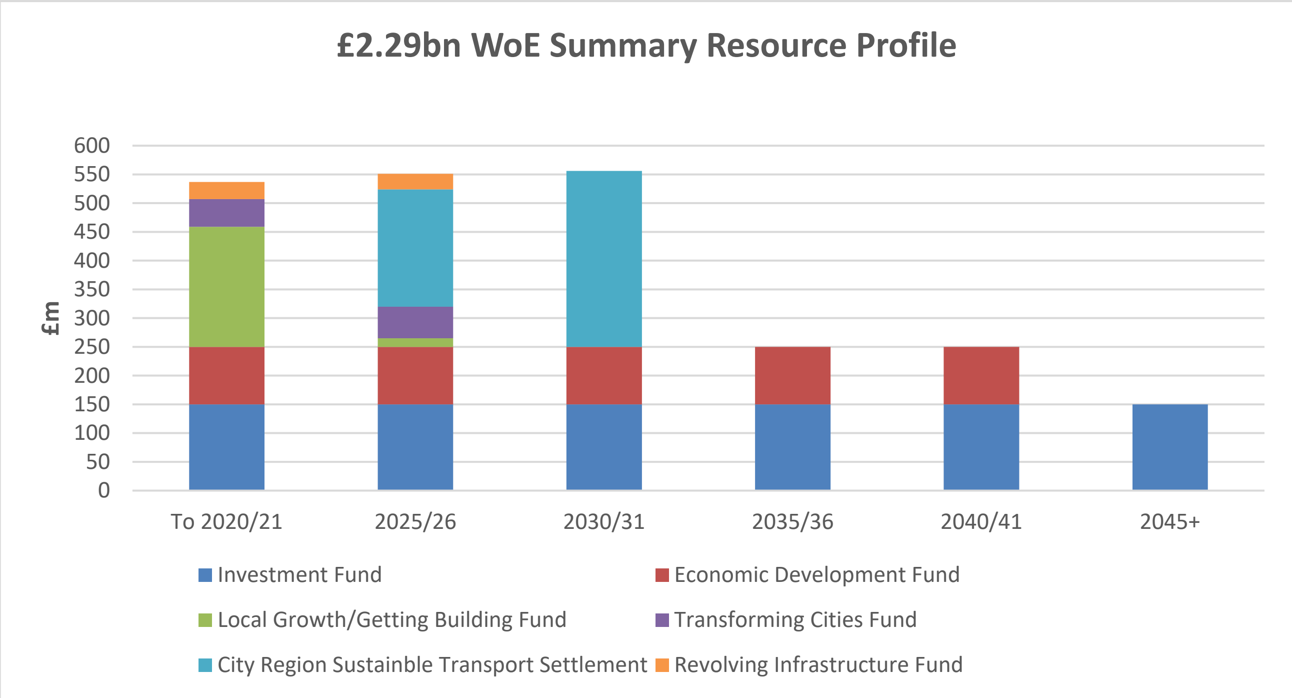
4. Combined Authority Investment Strategy – Core Principles and Constraints

There are a number of capital investment funding streams available to the region. Where feasible and relevant we 'mix and match' spend from individual projects across different funds in order to maximise and retain maximum investment into the area. However, each element of funding does carry certain constraints and reporting requirements alongside specific time periods for spend to incur.

A headline summary of the core capital investment funding streams and their intended purpose and constraints are detailed in *Figure 5*

Figure 5: Capital Investment Funding Sources

Fund	Amount	Time Period	Narrative overview
Economic Development Fund	£500m	25 years 2015 to 2040	LEP funding reliant on retaining business rates growth within defined Enterprise Zones/Areas
Local Growth Fund	£202m	Up to March 2021	LEP time limited Grant Funding with set criteria to deliver local growth. Expired in March 2021
Local Growth Fund 2021/22	£7.4m	Up to March 2022	Awarded in 2021 as a single year extension of LGF
Getting Building Fund	£13.7m	Up to March 2022	Awarded in 2021. Fully programmed with a requirement to spend by March 22
Revolving Infrastructure Fund	£57m	Revolving	Growth Deal LEP funding targeted at schemes that will repay into the fund
UK Community Renewal Fund	£2.4m	2022/23	Combined Authority is the Accountable Body for 2022/23 3rd party bids.
Department for Transport Grants	Bid	various	Bid into Government for areas such as exceptional structural maintenance / delivery of local major capital schemes
Various Business and Skills Funding	Bid	various	Various funding pots open to competitive bidding to support local business and skills development
Combined Authority Investment Fund	£900m	30 years to 2047	£30m p.a. to deliver sustainable long term growth. Must demonstrate 'additionality' and outcomes. Drawdown subject to passing 5-year Government Gateway reviews.
Combined Authority Transforming Cities Fund	£103m	Up to March 2023	Major public and sustainable transport projects. Schemes need to be fully delivered by March 2023.
City Region Sustainable Transport Settlement	£540m	2022/23 to 2026/27	5 year transport capital settlement with the indication that further 5 year Settlements will follow.



** Combined Authority funding incorporates Bristol, Bath and North East Somerset and South Glos Councils*
** LEP Funding sources cover the three Combined Authority Councils and, in addition, North Somerset Council*

It is important to understand how these different funding streams inter-relate with a sustained focus on utilising the funding at our disposal to lever in additional public or private sector investment into the region. There are various examples of where we have utilised West of England funding as 'match' to attract inward investment such as:

- Land Acquisition: examples where Combined Authority funding has been used to accelerate / influence housing development on difficult sites which bring a future financial contribution back into the Investment Fund through an uplift in land value and/or developer contributions;
- £10m High Streets fund, created from the Investment Fund, to support Unitary Authorities to bid for government match funding (e.g. Kingswood, Keynsham);
- £6m from the Investment Fund, alongside EDF and LGF contributions, attracting £32m of Department of Transport Funding for MetroWest Rail;
- £4.1m from the Investment Fund for 'Workforce for the Future' attracting £4m of European match funding;
- Housing and Regeneration Enabling fund, (earmarked form the Investment Fund), to support Unitary Authorities in developing business cases / funding bids for significant capital projects.

Investment Fund Criteria – Project inception and management

To warrant consideration for programme entry, all proposals **must** :

- Deliver 'additionality'/outcomes over and above current service and/or infrastructure levels;
- Demonstrate how it contributes to the strategic direction for the region and how it fits within a programme of like projects delivering wider benefit; and
- Demonstrate delivery of the required Value for Money level in compliance with the approved criteria relevant to the project in question

In addition, to ensure that the Investment Fund continues to deliver against its required purpose of sustainable long term growth, whilst maintaining future value and flexibility in the fund, the core criteria as detailed in *Figure 6* will be applied to all emerging projects / investments moving forward.

Figure 6: Investment Fund Core Criteria for any proposed drawdown

	Required Criteria for Accessing the Investment Fund	Yes/No
1	Each proposal must demonstrate how the requested funding could lever in further public or private sector contributions / match funding in it's implementation or operation	✓
2	Each capital investment must demonstrate how it could repay, (either part or full), into the Investment Fund at a future point in time	✓
3	Investments involving land transactions must consider, within the business case, associated income from either capital receipt, uplift in value and/or developer contributions on the site and the surrounding area	✓
4	Proposals must be fully compliant with the approved West of England Local Growth Assurance Framework in order to drawdown funding for feasibility / outline business case / full business / construction	✓
5	Up to 10% of the total estimated capital scheme cost will be allocated for feasibility / development with the option to extend to 20% by exception upon providing relevant evidence of estimated costs and outcomes.	✓
6	The Investment Fund can't be used to solely address viability issues on specific development sites	✗
7	Investment Fund can't be used for the repair or maintenance to existing assets (but modest revenue can be deployed to develop funding bids)	✗
8	Investment Fund can't be used to fund on-going revenue costs (the future source of such costs must be detailed within business case development)	✗
9	The Investment Fund can be used to 'pump prime' revenue costs for a defined period of time until a scheme becomes operationally viable. This is limited to no more than 3 years and must be supported by a robust business case	✓
10	Any proposed investment must consider how it contributes towards the region's vision for becoming carbon neutral / addressing climate change	✓

All proposed projects need to evidence a detailed build-up of costs, (internal and external), to trigger initial draw down against development funding. Capital Cost estimates should be evidenced by an appropriate submission which provides estimates using industry accepted methodology.

The Combined Authority, as overall accountable body for the fund, will require formal sign-off of the strategic fit, estimated outcomes, costs and draw down of funding in compliance with the respective stages of the approved Assurance Framework. Development Funding, Outline Business Case, (OBC), and Full Business Case, (FBC) will need approval of the Combined Authority Statutory (Section 73) Finance Officer in conjunction with the Director of Infrastructure, Director of Business and Skills and Head of Capital Delivery as relevant. Where projects are promoted by one of the constituent Councils or another organisation, the OBC or FBC must be signed off by the S151/Chief Finance Officer of that organisation including the value for money assessment.

For more straightforward and lower value schemes formal committee approval may not be required at OBC stage providing the costs and scope have not changed significantly since the Development Funding Application stage.

To ensure value for money, and pace in scheme progression, any new commissions for professional services required for development work must be procured through the West of England Professional Services Framework. Any exception to using this Framework needs to be agreed with the Combined Authority Head of Capital Delivery. This will allow CA and UA lead officers to set appropriate and consistent scopes and briefs for development work, and get best value from public sector investment through maximising the benefits of the framework.

Fund Specific Criteria and Arrangements

Within the Investment Fund, a number of programmes have been created with their own specific assessment criteria which have been approved by the Combined Authority Committee. These include:

- Land Acquisition Fund – wholly repayable funding to enable the purchase of land to accelerate or extend housing delivery (criteria in Appendix 4);
- Development Infrastructure Fund – wholly, or at least partially, repayable funding to provide infrastructure to support the delivery of housing or commercial sites (criteria in Appendix 1);
- Love Our High Streets Programme – funding to support the revitalisation and diversification of High Streets and Town Centres (criteria in Appendix 5);
- The Revolving Infrastructure Fund – a wholly repayable fund to support the delivery of infrastructure to enable development (principles for operation of the Fund in Appendix 2);
- The Green Recovery Fund (GRF) – as approved by the CA Committee in December 2021, a £30m GRF, (with the intention of increasing total investment to at least £50m), has been created for priority projects that focus on addressing climate and ecological emergencies. Assessment criteria to be developed in early 2022 – with the fund's high level purpose and focus detailed in Appendix 3.

Investment Fund Criteria – Programme-wide management

In addition to criteria that must be applied for every proposed scheme, there are a few criteria that must be applied to the Combined Authority Investment Fund programme as a whole in order to:

- maintain a balanced portfolio of projects;
- ensure sustainability of future resource levels of the fund;
- promote consistency in the allocation and drawdown of funding.

Figure 7: Investment Fund Overall Programme Criteria / Principles

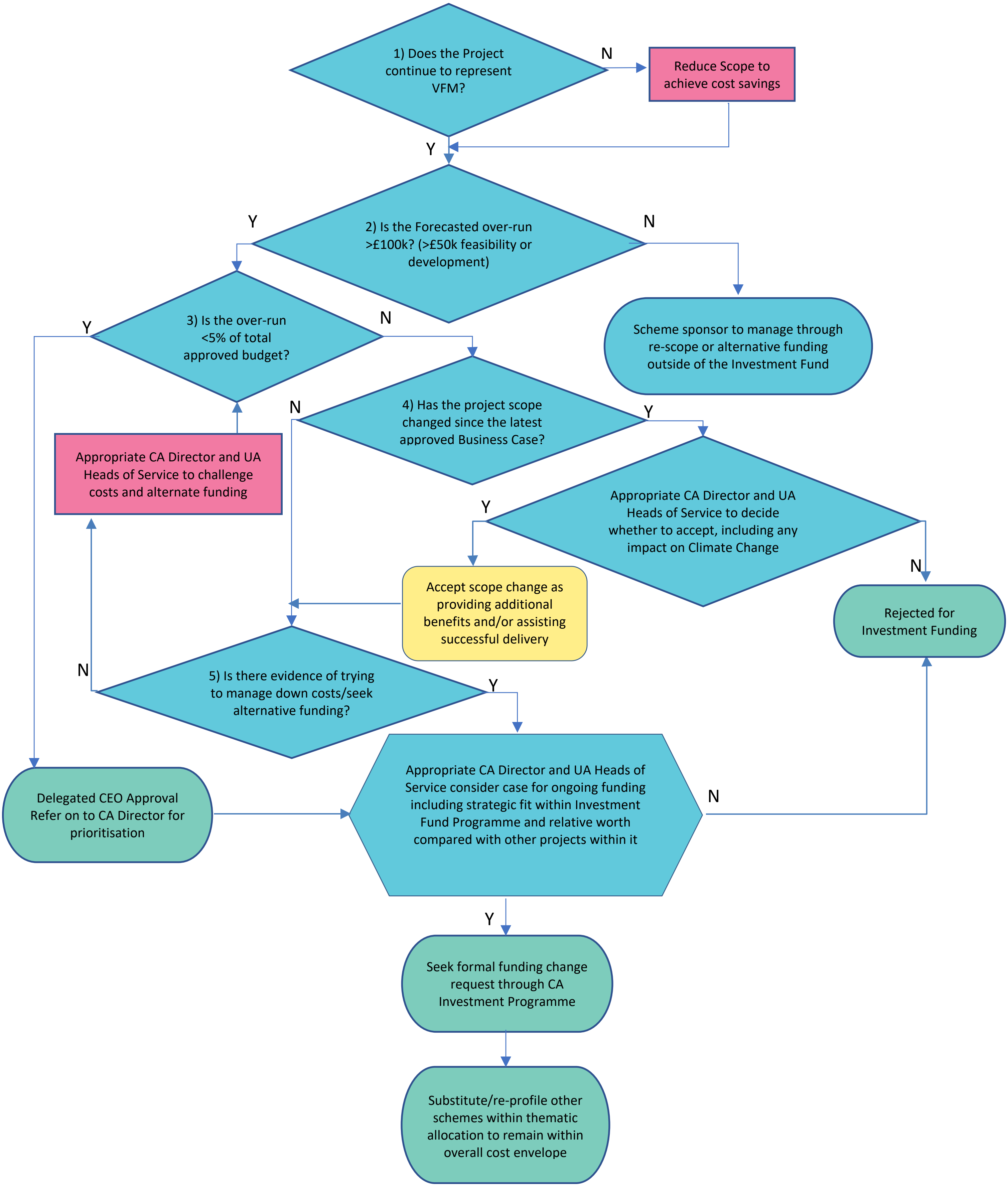
	Required Criteria / Principles for Delivering the Investment Fund	Yes/No
1	Funding allocations across the strategic themes of Transport Infrastructure, Housing, Business and Skills should give regard to the overall 20-year funding control totals as approved by Combined Authority Committee in February 2019	✓
2	The programme must be regional in nature and supported by evidence in compliance with Government Gateway review criteria	✓
3	The overall Investment Programme, and projects within it, should give due consideration as to how climate issues are being addressed in compliance with the regional commitment to be carbon neutral by 2030	✓
4	There must not be an automatically assumed financial allocation from the main fund, or any sub fund, to each individual Authority. However, consideration must be given to a reasonable geographical spread.	✗
5	The Combined Authority will retain management and reporting responsibility across the whole Investment Programme. Projects managed by individual authorities will need to report on progress and outcomes using approved processes and templates	✓
6	Where approval has been given for feasibility funding /outline business case, an appropriate capital delivery 'tail' may be accounted for in the Investment Programme, but not disclosed in the public domain until costs have been verified.	✓
7	If any project / scheme should not progress for any reason, or actual costs be significantly less than programmed – funding must be returned to the overall regional investment programme. Individual authorities are not able to substitute in an alternative project of their choice.	✓
8	The aspiration is to maximise the number of approved schemes that provide some form of repayment back into the Investment Programme in order for the fund to become more sustainable in the long term.	✓

Funding allocations to projects will be subject to successful compliance with the approved Assurance gate stage process. All costs must be clearly evidenced, and verified by the Combined Authority Section 73, (Statutory Finance Officer), prior to receiving formal allocation.

On occasions, costs will fluctuate on major projects as schemes are developed and move through to delivery. The formal Boards within the established Combined Authority governance structure will monitor progress of scheme delivery in terms of timescale and cost variations. In the event of estimated cost over-run, the process as detailed in *Figure 8,* must be applied.

Figure 8: Process for responding to forecasted cost over-runs

This process applies to both development and implementation costs.
For changes to implementation costs, schemes must have at least reached Outline Business Case



Guidance on the Application of the Cost Change Process

1	**Does the Project continue to represent VFM?**
	The change request should include a description of the impact on the value for money having regard to both the costs and benefits arising from the change. The VFM statement should be revised and represented. Where a cost increase results in the VFM score dropping below the required threshold, for example a BCR of 2 for a transport scheme, the project will need to be rescoped to reduce costs. Where the VFM metric shows a reduction of over 10% then this should be considered by the Combined Authority Director and relevant UA Heads of Service. For Feasibility and Development applications VFM will be more qualitative. The confirmation of the change request should be signed off by the s151/CFO

2	**Is the Forecasted over-run >£100k (>£50k for feasibility and development)?**
	This should be the increase in funding sought net of any additional match funding identified. Amounts under £100k (or £50k) should be managed within the overall project budget by the sponsoring authority.

3	**Is the over-run <5% of total approved budget?**
	To calculate the cost change this should be compared to the current approved funding award from Combined Authority.

4	**Has the project scope changed since the latest approved Business Case?**
	The business case or Change Request should clearly set out, in detail, the reason(s) for and impact of the change. A revised cost plan or breakdown must be provided. Any changes in scope must be described, or confirmation provided that the scope is unchanged. Consideration should be given as to whether the scope change has modified the project's impact on addressing climate change. The information will be considered by the appropriate Review Panel which, depending on the circumstances, may include independent local authority officers. A report will then be provided to the appropriate Combined Authority Director and UA Heads of Service.

5	**Is there evidence of trying to manage down costs/seek alternative funding?**
	The business case or Change Request should set out the overall funding make-up of the scheme, other potential funding sources and why these have been discounted. The information will be considered by the Review Panel and this will form part of the report to the appropriate CA Director and UA Heads of Service.

Where schemes progress to a position where a formal change request/new business case is to be submitted, including the cost increase, this must be agreed by the appropriate Combined Authority Director and UA Heads of Service having regard to the strategic fit with the Investment Fund programme and the relative worth compared with other projects contained within it.

The need for any necessary substitution/reprofiling should be from within the relevant investment programme thematic allocation. This to be proposed by the relevant CA Director and UA Head of Service and to be approved by the CEOs/CA Committee as appropriate. Where schemes are joint funded through either the Economic Development Fund or Local Growth Fund, it is envisaged that these funds should be revised and reprofiled as a first point of call for any cost over-run.

Project and Programme Delivery

The momentum, and quality, of project completion is fundamental for us to deliver our ambitions for the region. With CA investment funding being time limited, with no inflationary uplift, our ability to deliver at pace, with confidence, is crucial.

However, the delivery of major public sector capital programmes has, historically, been slow with projects often subject to significant delivery slippage and cost overruns. The early years of the CA investment programme, although primarily focussed on the development of strategic direction alongside feasibility and development of major projects, has also encountered delivery issues. In response to this we have made available an extra circa £40m, (10% over-programming), of resources over and above the overall funding available.

All 'Change Requests' to approved Outline and Full Business Cases require ratification from the CA Committee, but we require greater visibility, and constructive challenge, of anticipated changes to major projects at an earlier stage in the process. With this in mind, from January 2022, we will ensure that all projects with a financial value of more than **£5m**, that are encountering an anticipated delivery delay of at least **6 months**, will be reported on a bi-monthly basis to both the West of England Mayors and Leaders and CEO groups for relevant discussion and challenge.

Within this challenge process we need to maintain focus on profiled spend up to and including March 2026. With a fully committed £450m investment programme we need to have greater openness and reality in terms of the timing of spend to ensure that we are not tying up financial resources which are not realistically going to be spent within the lifecyce of the CA Investment Programme.

Feasibility and Development Fund

The CA Investment Programme to date, with a few exceptions, has approved projects which are fully funded up to the final project completion stage. Upon entering the approved programme, either a full capital award is granted, based on the Outline Business Case, or an associated capital 'tail' is accounted for, (based on best spend estimate), within the overall £450m of funding available up to March 2026.

The current government method of allocating capital funding often relies on a reactive competitive bidding process and, as such, we need to ensure that we are in a potiive position, as a region, to respond quickly and efficiently in order to lever further significant resources in to the region.

We therefore propose introducing a structured risk based element of **£20m** within the overall CA Investment Programme, for pure 'feasibility and development' funding. Whereby projects which are identified for such funding will progress with development 'at risk' with no assurance of subsequent full capital delivery funding. Projects that are earmarked against feasibility and development funding will be clearly identified and reported to Committee and, ultimately, will form a structured 'pipeline' of worked up projects awaiting the identification and confirmation of required funding.

Commercial Investments

In compliance with approved evaluation criteria, the Investment Fund can be used for commercial investment as long as there is a clear fit with the organisation's Strategic Vision and approved corporate priorities.

An example of this is the 'Land Acquisition Fund' which enables the commercial acquiring of land and property where there is an identified need for public sector intervention for accelerating housing delivery (or implementing planning policy objectives).

Similarly, the Investment Fund could be used for acquiring business premises and other assets of value as long as there is a clear purpose for the use of such assets in delivering regional outcomes that are congruent with the Combined Authority Order.

The Investment Fund should not be used for:

- speculative purchases for pure uplift in value;
- land-banking without clear purpose for development;
- acquiring assets purely for revenue return on investment.

5. Review arrangements

This Capital Investment Strategy runs over a period from January 2022 to March 2026. It is a fundamental strategy within the overall suite of Combined Authority governance, assurance and budget setting documents.

Reviews of the strategy will be incorporated within the usual budget setting process with any required amendments or modifications presented to Combined Authority committee for approval each February.

Any exemptions required from the Investment Fund Criteria, as detailed in Figure 6, needs to be formally approved by the Combined Authority Committee.

December 2021

Appendix 1

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.
Subsidy Control	There must be specific sign-off that the proposal is Subsidy Control compliant by the Head of Legal of the applicant UA and CA
Total funding sought must be <£10M (i.e. both sunk grant and repayable elements)	CA 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 CA sign-off. Aligned with a priority location in the CA 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.

Additional criterion for housing projects: Requirement that the Fund delivers at least one additional key benefit	Capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria: • 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

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 – 10,000m2+* *2 – 5,000m2 – 9,999m2* *1 – 500m2 – 4,999m2*	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 200 sqm 2 - £10K - £14.99K per 200 sqm 1 - £15K per 200 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	UA to provide narrative for assessment of whether a compelling case (2,000 word limit). Issues to cover: • 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 2

Principles for the operation of the Revolving Infrastructure Fund

1) The general presumption is that funding awarded through the RIF is:
    a) For capital projects (including any repayable revenue associated with developing or promoting such projects)
    b) Repayable in order to replenish the pot available to support future projects and retain this as a funding mechanism going forward.

2) Business Cases submitted seeking to access the RIF should clearly commit to repayment and set out the profile of this repayment which will be embodied in the grant offer letter. Such repayments should be made within 5 years of the completion of the project to maximise the opportunity for the fund to revolve, or exceptionally within 10 years. Such repayments will be underwritten by the relevant Council.

3) Funding for new projects will be:
    a) Indicatively allocated to the programme at Outline Business Case stage as notional commitments, including expected payments and repayments. These will remain as commitments with funds held in abeyance unless the project is withdrawn, or the project does not progress to Full Business Case within a year of Outline Business Case approval.
    b) Only be confirmed at Full Business Case where funds already held by the Combined Authority can accommodate this, without relying on future repayments, unless the risk is accepted by the Combined Authority and this is acknowledged as part of the decision at the Joint Committee.

4) All RIF applications need to be made by one of the constituent Councils or the Combined Authority, aside from where an application by another party is underwritten by one of the authorities.

5) Projects may exceptionally be considered for funding which is not repayable where there is West of England scale impact. These exceptional projects will be limited to £1m in any financial year. Such proposals will first be considered and agreed by the West of England Section 151 Officer group prior to any Committee decision.

6) Any wholly revenue proposals exceptionally submitted will have regard to the amount of RIF funding held which can be considered as revenue within the overall RIF balance. To date this has been considered that part of the RIF which is repaid from the Economic Development Fund

7) Aside from the circumstances in 8) below, all RIF repayments will be made in line with the profile agreed as part of the business case, and included in the offer letter, and these need to be underwritten by the Councils. Any exceptional request for reprofiling will need to be agreed by the Joint Committee in line with the terms of the grant offer letter.

8) Should the balance of EDF funding and commitments impact on the ability of the EDF to repay the RIF as profiled, the Business Rates Pooling Board may exceptionally request deferral of these repayments. The impact on the RIF and a refreshed summary table will be reported to the next Section 151 Officer meeting to provide transparency on the impact of the decision.

9) The Combined Authority will submit a request for the repayment for the given financial year in April, unless a request has been received to delay this to later in the year.

A six-monthly update on the RIF summary table including recent payments, repayments and balances, progress against milestones and outputs, and any issues or risks will be presented to the S151 Officer group. This will provide a regular forum to discuss headroom, emerging Business Cases and the opportunity for new propositions to be brought forward.

Appendix 3

Green Recovery Fund – High level purpose and focus

COP26 has highlighted the importance and urgent need to mobilise private finance to tackle the climate emergency. Billions of pounds of public funds must be used to leverage the trillions of pounds in private finance needed for a climate resilient, net zero world that keeps the 1.5-degree global temperature rise limit alive.

The Green Recovery Fund approved by the CA Committeee in December 2021 will kick-start a wide range of activity within the region to help us advance our journey to achieve our 2030 ambitions and stimulate the market to encourage private investment.

The objectives of the fund will be to:

- Reduce the region's carbon emissions from buildings and transport, and enhance our natural habitats;
- Raise employment in businesses providing solutions to climate transition;
- Develop viable and sustainable markets for housing and transport transition, by overcoming obstacles or developing innovative solutions;
- Support the region's economy to decarbonize;
- Leverage external funding into the region to tackle climate and ecological emergencies

The fund will operate over a four-year period up to 2025, after which point performance and outputs will be reviewed, and a decision made on further resourcing requirements. Full business cases will be developed for projects taken forward through the Green Recovery Fund. These business cases will be developed in line with the themes of the Climate Emergency Action Plan and in consultation with the unitary authorities. Funding from the Green Recovery Fund will be targeted at the highest causes of emissions and preserving and enhancing our ecological systems

Appendix 4

The Land Acquisition Fund Criteria

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First stage entry criteria	Assessment - must score Y in all categories to pass initial gateway	Notes
improved likelihood of delivery with public sector intervention	Y/N	Applicant to provide narrative setting out the case for intervention
Subsidy Control	Y/N	Specific legal sign-off for each opportunity via self-certification by
Scheme cost cap <£10M total development cost	Y/N	CA contribution capped to £10M subject to exceptional circumstances
Existing use valuation and valuer's assessment of potential future value with planning consent for housing	Y/N	Outline valuation acceptable, subject to confirmation at FBC stage
Opportunity to replenish the LAF	Y/N	Applicant to set out the proposed mechanism for
Strategic Fit: SDS, Industrial strategy, Investment Strategy, OPE7 or other strategic programmes	Y/N	Applicant to provide written submission for sign-off
Min threshold 50 units	Y/N	With option to accept a lower number in exceptional circumstances

Detailed scoring	Assessment	Qualitative score 0-3	Weighting
Opportunity for Land Value Capture	Narrative to include an initial assessment of existing use value, EUV+ required in order to acquire, future use value	Subjective score - 1-3	1
Delivery timescales	Start on site (from date of award)	3 - 0-2 years. 2 - 3-5- years. 1 - 6 years +	2
	Completion (from date of award)	3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2
Homes delivered - additional /accelerated	Additional - new housing not currently identified	Y - 3 N - 0	2
	Accelerated - beyond current trajectory	Y - 3 N - 0	1
Value for money	VFM calc £ per home for additional or accelerated (based on HIF)	3 - <£25K 2 - £25K - £35K 1 - £35K<	1
Opportiunity for replenishment	Mechanism identified and dependencies	subjective score - 1-3	2
Delivery of Affordable housing	Should be policy compliant as minimum	3 - 50%> 2 40%-49% 1 - 35%-39%	2
certainty of housing delivery		Subjective score - 1-3	2
Wider quantitative and qualitative	Density; Brownfield site; Economic/job impact; Quality; Innovation or pilot; Opportunity cost/risk; Other benefits such health, education, inequality, addressing deprivation	Applicabnt to provide narrative for assessment of whether a compelling case 2,000 word limit Subjective score - 1-3	1

Appendix 5

The Love Our High Streets Criteria

Deliverability / Timeframe			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Timescales from start to finish 1, 2…years, programme delivery and funding profile	Score of 1 = for 3 year+ completion Score of 2 = for 1 - 2 year completion Score of 3 = for 1 year or less completion		
Stakeholder and partner engagement and support	Score of 0 for no partner involvement Score of 1 for partner engagement but no involvement Score of 2 for partner involvement in scheme delivery		
Complexity of the proposal – one or multiple projects that are being run in conjunction	Score of 1 for complex and risky project Score of 2 for less complex, straight forward projects		
	TOTAL SCORE	**out of 7**	

ii. Sustainability and adaptability (future proof)			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Longevity of the proposal and its impact	Score of 1 = max 2 year longevity Score of 2 = max 3 year longevity Score of 3 = 3+ year longevity		
Financially is the scheme self-sustaining or is there a need for on-going funding	Score of 0 = not self-sustaining financially Score of 1 = financially self-sustaining to end of post year 1 implementation Score of 2 – good evidence of initial sustainability but long-term to be proven Score of 3 = demonstratable model for self-sustaining financially post implementation		
Links to and engagement with the community	Score of 0 for no community involvement Score of 1 for consultation with the community but no project involvement Score of 2 – for community involvement in design of the project Score of 3 for community involvement in design and		

	running of the project		
	TOTAL SCORE	**out of 9**	

iii. Level of match funding			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Minimum level of 10% *Match would be needed for the intervention area, not acceptable to have match funding but for another area*	Score out of 3: Score of 1 = 10-19% match funding Score of 2 = 20-29% Score of 3 = 30%+		
	TOTAL SCORE	**out of 3**	

iv. Scale and impact			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Number of themes supported	Score of 1 for each theme supported		
Quality of the bids and strength of evidence	Score of 1 for basic level information provided but not a compelling case Score of 2 for some evidence and reasonable VfM indicator / case for investment Score of 3 for comprehensive evidence supporting the intervention – strong and evidenced BCR		
Level and spread of intervention *Need to also assess the number of projects that an area is looking at, risk of diluting the impacts if money is spread across too many areas*	Score of 1 for projects which seek to support multiple areas which are diverse and lack coherence Score of 2 Score of 3 for proposals that are focussed and coherently address the issue		
	TOTAL SCORE	**out of 16**	

Themes

Diversified and densified high street mix	High streets with high quality public realm offer
Healthy high streets which encourage healthy lifestyle choices	Strengthened and re-imagined high street cultural and heritage assets which are a focal point for the community
Vibrant and locally distinct destinations with events and attractions that support the unique offer	High streets that support localism and social inclusion
Accessible high streets which are low carbon focussed and offer solutions that address the climate emergency	Growth of existing employment centres
C21st / Future focussed high streets that maximise the use of new technology	Supporting community, independents and small businesses

v. Identity			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Is there a coherent theme/identity/USP for the area, a reason for people to go/a destination	Score out of 3 Score of 0 = No evidence of USP/ no coherent story of an areas USP Score of 1 = Explanation of areas USP but no evidence to support the USP Score of 3 = Coherent USP for an area supported by need/evidence		
	TOTAL SCORE	**out of 3**	

vi. Need & opportunities for development			
Assessment Criteria	**Suggested Scoring Matrix**	**Score**	**Comments**
Is the initiative a new concept, have any interventions been tried & what was the outcome, proximity to other high streets, are there any other/wider development opportunities for re-purposing the high street / How does the initiative link to wider works or strategies	Score out of 4: Score of 4 = Has the idea been tried before in a similar area and/or is the intervention part of a wider development opportunity Score of 1 = have interventions in the area been tried before and not worked and/or is the area in close proximity to another area which may detract		
	TOTAL SCORE	**out of 4**	