

**Decision Session – Executive Member for
Economy and Strategic Planning in
consultation with the Executive Member for
Culture, Leisure and Communities**

15 June 2021

Report of the Chief Financial Officer

UK Community Renewal Fund – York Priority Projects

Summary

1. In the Budget 2021, the Chancellor of the Exchequer announced the creation of the UK Community Renewal Fund, including a list of 100 priority areas for the fund, which did not include York. CYC Executive agreed on April 22 2021 to run a call for applications to the UK Community Renewal Fund, following the process set out in Annex A.
2. To enable a call for proposals, a York prospectus was developed (see Annex B) and published on the Council website and the call was publicised through the local media. The call closed on 16 May 2021 and a total of 15 bids were received.
3. The Head of Economic Growth convened an assessment panel comprising himself, the Head of Corporate Policy and City Partnerships and York & North Yorkshire LEP's Head of Strategy. The panel assessed all applications using the Government's published assessment criteria (see Annex C) and the documents and priorities as set out in the York prospectus. Due diligence on all applicants was undertaken by CYC finance and audit staff to provide assurance CYC would be able to enter into contract should their applications be approved.
4. Following this assessment process, 9 projects with a total value of £1.93m passed through the gateway criteria and were scored sufficiently highly in terms of both strategic fit and deliverability to be suitable for inclusion on York's priority list. 5 are primarily under the "investment for business" priority, 2 under "investment in communities and place", and one each under "investment in skills" and "supporting people into employment".

5. While it is highly unlikely that Government will approve this quantum of bids for York, it has been a very a useful exercise in gathering a range of proposals from partners which provide a pipeline of projects for any future funding calls from government. All applicants are thanked for the time and resources they have applied to making proposals.

Recommendations

6. The Executive Members are asked to:
 - 1) Approve the York priority list of projects and its submission to Government
Reason: To support the York economy and community renewal
 - 2) Note the time and resources that applicants have applied to making proposals and thank them for their commitment to community renewal in York.
Reason: To support the York economy and community renewal

Background

7. Following Executive's 22 April 2021 decision to approve and implement the process set out in Annex A, a call for proposals was launched on 23 April 2021 with a deadline for submissions of 16 May 2021. The York prospectus which gave guidance for proposals and set out our local strategic priorities is provided at Annex B.
8. Government was clear that the fund provided is for revenue projects with only a small amount of capital investment available, up to a maximum of 10%. Projects which are primarily concerned with capital works, such as the adaptation of buildings of creation of public realm are not eligible for funding.
9. In addition to the published criteria, Government has provided an assessment framework for UK CRF bids (see Annex C) which includes four key elements:
 - A Gateway assessment to ensure that the following basic criteria are met:
 - i. Projects must be complete by 31 March 2022

- ii. Projects must respond to the priorities set out in the prospectus and not duplicate local or national provision
 - iii. Applicant/delivery body is legally constituted and able to receive public funds
 - iv. Project complies with to State Aid/subsidy control requirements
 - An assessment of strategic fit against the national and local priorities set out in the prospectus
 - An assessment of deliverability to ensure that
 - i. Completion of the project is on or before 31 March 2022 with realistic milestones identified
 - ii. A full funding package, or realistic plans to secure any match funding, is in place
 - iii. There is a realistic timeline for all internal and external approvals needed to enable the project to proceed
 - iv. CYC is able to enter swiftly into contract with the applicant to deliver the outcomes and outputs that have been identified
 - v. Requirements around branding, evaluation and monitoring can be met
 - Due diligence shows that the applicant is legally constituted, able to receive public funds and of sufficient standing to provide a low risk to CYC, who would ultimately be liable should the project fail.
10. Following selection of York priority projects for submission to Government, MHCLG will undertake its own assessment process, and Ministers will then select a range of projects to support. The selection process is set out on pages 9 and 10 of Annex B, and it is clear that, for non-priority places such as York, only those projects that have a combined strategic fit and deliverability score above 80% will have any chance of being supported. York projects would be in Band B as described in the Annex, and this document also makes it clear that there is no minimum allocation per place, and it is thus entirely possible that no York bids will be selected.
11. Should any York bids be selected, the responsibility for contracting and assuring delivery would fall to City of York Council. We would need to

move swiftly to put formal funding agreements into place and establish a process for monitoring progress and spend. The UKCRF Technical Note for Lead Authorities states that:

“As the accountable bodies for UK Community Renewal Fund expenditure Lead Authorities are responsible for establishing a funding agreement with each local project deliverer. Each project (including projects delivered solely or jointly by the Lead Authority) must be governed by a funding agreement. It is for the Lead Authority to determine the terms of its agreement with project deliverers but Lead Authorities must ensure the agreement allows it to discharge its responsibilities under the funding agreement that will have been agreed between the Lead Authority and the Secretary of State.

Lead Authorities will be liable for any expenditure the Secretary of State determines to be ineligible for UK Community Renewal Fund support. Ineligible expenditure will be recovered from the Local Authority. The Secretary of State will have no contractual relationship with the project deliverer and will not seek to recover funds from them.”

12. There is thus a clear need to ensure that CYC has full confidence that all projects put forward on the Priority List can be delivered as set out, and include only spend which is eligible. There would also be a further call on CYC resources should any projects be selected by Government, firstly to draw up a legally-enforceable funding agreement for each project, and subsequently to manage delivery and financial claims. There is scope to include costs of 2% of each approved project to support such costs.
13. In light of the discussion above of the likelihood or not of York projects being selected, it is not proposed to develop a model funding agreement at this stage. The costs of such an exercise would only be justified should York projects be approved. In priority places, capacity funding of £20k was provided by Government, and this will have been used by many to produce such documents. Should York be successful in obtaining funding, we propose to work closely with our colleagues in North and West Yorkshire to build on documentation produced through their capacity funding.

Assessment of York bids

14. A total of 15 bids were received prior to the published deadline. Three of these bids failed to pass the gateway criteria as they would not be

complete by 31 March 2022 or were primarily capital projects. One bid was incomplete and thus also failed at gateway stage.

15. Assessment of applications was undertaken by a team comprising the Head of Economic Growth, Head of Corporate Policy and City Partnerships and YNY LEP Head of Strategy. The panel scored all projects which passed the gateway assessment using the framework provided by Government.

16. As discussed in the paper considered by Executive (Annex A:

For proposals from non-priority areas such as York, the key gateway issue will be that projects would need to be appraised at a minimum of 80% against strategic fit and deliverability. Government will only consider projects in York that are appraised at 80% or above, and will be monitoring local scoring to ensure that scores are realistic.

There is a clear need to ensure that any projects which are submitted as a result of the call for proposals are sufficiently developed to ensure that they have both strong strategic fit and are also clearly deliverable in the 6 month window towards the end of 2021/22.

17. In assessing projects and selecting which to put forward for the priority list, the panel were mindful of the advice summarised above. While we received 15 bids, all of which had merit and responded to the published priorities, it was important that we undertook a thorough assessment against the criteria and were thorough in our assessment of deliverability. The financial and reputational risks if selected projects fail to deliver would sit with City of York Council.

18. To provide some scope for discrepancy between local and national scoring and to allow for potential improvement of proposals post-selection, a threshold of 70% average score across strategic fit and deliverability was used to select projects for the Priority list.

19. The 9 projects meeting the required threshold were as follows:

Applicant	Project	Value (£)
University of York	City Storylab	134,927
Solv Co-operative	Solv Startup Growth Programs for York	100,000
Your Consortium	Step Change York	182,541

York Archaeological Trust	Archaeology on Prescription	119,728
City of York Council	Local Area Energy Planning in York	130,000
Bosch plc	Bosch Startup Harbour Programme	503,466
University of York	Street Life	460,554
Welcome to Yorkshire	Filmed in Yorkshire	111,952
Biorenewables Development Centre	York Bioeconomy Pilot	200,000
	TOTAL VALUE	1,943,168

Consultation

20. Prior to the launch of the call for proposals, consultations were held with York's business networks, the local Universities, members of the York Skills Board and representatives from the third sector.

Council Plan

21. CRF addresses the following outcomes from the Council Plan:

- Good health and wellbeing;
- Well-paid jobs and an inclusive economy;
- A greener and cleaner city;
- Safe communities and culture for all

Implications

- **Financial** – no new financial commitments as the CRF is entirely funded by Government.
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – as this report relates only to the to submission of a priority list to Government, there are no direct equalities impacts, however each application includes an assessment of the potential impacts, and a full EIA will be completed for any successful bids as part of the contracting process;

- **Legal** – no implications arising from submission of the Priority list, but there will be implications should any projects be selected;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no direct implications.

Risk Management

22. Should any York projects be selected by Government, there will be financial risks at delivery stage as discussed above. These risks will be mitigated through the establishment of detailed funding agreements with grant recipients and by establishing a detailed project and contract management approach funded by the 2% contribution to CYC costs that would be available.

Contact Details

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Report
Approved



Date: 7th June 2021

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Annexes

Annex A: UK Community Renewal Fund note for CYC Executive

Annex B: UK Community Renewal Fund York Prospectus

Annex C: UK CRF Assessment Criteria

List of Abbreviations Used in this Report

CRF – UK Community Renewal Fund