

Report to: West Yorkshire Combined Authority

Date: 3 February 2022

Subject: **Funding Priorities**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 To approve indicative revenue funding envelopes to the Investment Priorities within the West Yorkshire Investment Strategy (WYIS) for the financial years 2021/22-2024/25.
- 1.2 To approve in principle funding allocations to each Local Authority and the Combined Authority to support capacity issues and enable pipeline development work to be undertaken against the Investment Priorities.
- 1.3 To note that these allocations will be made in line with the Combined Authority's Assurance Process.

2. Information

Background

- 2.1 At the Combined Authority in June 2021 the approach to the Single Investment Fund (SIF) and the West Yorkshire Investment Strategy (WYIS) were endorsed.

2.2 The WYIS sets out the Investment Priorities for the period 1 April 2021 to 31 March 2024 which are framed across six areas. In each, a number of priority project/programme areas have been identified that are the focus for intervention.

- Investment Priority 1:** Good Jobs and Resilient Businesses (including entrepreneurialism)
- Investment Priority 2:** Skills and training for people
- Investment Priority 3:** Creating Great Places and Accelerated Infrastructure
- Investment Priority 4:** Tackling the Climate Emergency and Environmental Sustainability
- Investment Priority 5:** Future Transport
- Investment Priority 6:** Culture and Creative Industries

2.3 These investment priorities are multi-dimensional and complementary. Programmes that are developed will in many cases contribute to the outcomes of more than one Investment Priority. They are underpinned by three cross cutting themes: tackling inequalities; inclusive growth; and tackling the Climate Emergency. These are embedded in the detail of the priorities. Schemes are expected to take these into account as they form part of the assessment criteria.

2.4 It should be noted that the Police Fund is made up of a ring-fenced grant from government and the policing precept, it is therefore held separately and is not included in the Single Investment Fund. Therefore policing and crime is not an Investment Priority within the WYIS. However, the Mayor’s non-policing pledges are embedded within the investment priorities, and programmes brought forward for the investment priorities might contribute towards the Mayor’s and partners’ objectives for safer communities in West Yorkshire.

2.5 The Investment Strategy will be reviewed at least annually to take account of changing local and national circumstances, integrate new funding and investment opportunities and determine the best use of the resources available to the Combined Authority to maximise potential.

2.6 During the development of the WYIS, in the 2020/21 financial year, the Combined Authority approved gainshare funding, which has subsequently become part of the SIF, to support economic recovery. In addition, at the June and July 2021 Combined Authority meetings funding from the Single Investment Fund was indicatively approved to enable progress to be made in key areas related to the Mayor’s pledges. All indicative approvals made are subject to Assurance Framework approval and are at different stages of the process. The previous approvals are detailed in the table, which is provided at appendix 1.

Proposed revenue funding envelopes for the Investment Priorities

2.7 It is intended that over the medium term, a pipeline of overarching programmes/projects for each investment priority will be developed across the region. In order to enable this it is proposed that initial revenue funding envelopes are agreed, however pipelines will be developed to respond to wider funding streams, including future funding such as UK Shared Prosperity Fund and all funding within the SIF. It is important to note that whilst the West Yorkshire Investment Strategy takes account of Combined Authority assured funding, the wider funding landscape including unknown future funding announcements will also be taken account of when considering the balance of the programme, recognising that these programmes also contribute to regional outcomes.

2.8 The proposed funding envelopes for the current investment period are provided in the table below. These figures have been developed in partnership between the Combined Authority and Local Authorities, with regular partnership meetings being held over a number of weeks to discuss and develop thinking. The total funding required shows the full ambition of the Investment Priorities and the estimated funding required to deliver them in full. The figures provided take into consideration:

- Any pipelines that already exist.
- Previous funding allocations e.g through Growth Deal etc.
- Gainshare allocations already made, as detailed at para 2.6.
- Funding to be allocated at a national level through Spending Review and national funding sources.
- Current expectations regarding how UKSPF will be allocated, though quantum and timescales are still to be determined.
- Ambitious plans for delivery and for the region.
- Proposed allocations offer overprogramming of up to 25% (One of the SIF principles is that funding should be over-programmed).
- Gainshare allocated to the region is £38m per year, of which 75% (£28.5m) is revenue and 25% (£9.5m) is capital. It is not currently proposed that any revenue is used during this period to allow borrowing to take place.
- All of the capital available during the period is currently allocated to TCF high scenario. This does not cover the full amount required. Borrowing is expected to be used from 2025 onwards.

Investment Priority	Detail	Funding profiles 2021-22 to 2024-25		Outcomes to be achieved (to be specified at WY level)
		Total Funding Required (£m's)	Proposed gainshare contribution (£m's)	
	Mayoral team and elections costs	11.75	11.75	
	Capacity and pipeline development funding – to be set against specific IP outputs.		11.4	As below

IP1 - Good Jobs and Resilient Businesses (including entrepreneurialism)	Strategic Inward Investment Fund (SIIF) Implement Business Productivity & Resilience Plan, Innovation Framework and Health Tech Strategy and trade strategy interventions Deliver enhanced WY Innovation Festival (inc digital skills focus) Design and launch Mayoral Challenge Competition and Implement Community Wealth Building options	107	21.5	Create good work Businesses innovate and export. Increase employer and individual investment in skills. Upskill those out of work. Create resilient supply chains. Increase the size of the WY business base Reduce levels of deprivation. Safeguard jobs and create new job opportunities. Connect vulnerable groups and deprived communities to economic opportunity. Improve skills and boost employment in growth sectors.
IP2 - Skills and training for people	Inclusive Growth programmes incl fair work charter Implement Green Jobs delivery plan and manage Green Jobs Gateway Pipeline of proposals for key priority sectors and groups Develop approach and proposals for a Digital Academy and Digital Skills Plan and support LDSP	115	21	Safeguard jobs and create new job opportunities. Support individuals to access learning through different formats and settings. Support new ways of curriculum delivery. Enable communities to become more resilient and sustainable. Employers manage job design and skills so that organisations can build resilience to change.
IP3 - Creating Great Places and Accelerated Infrastructure	Reducing Flooding and pre-empting /mitigating impacts including small scale projects to businesses Place-based regeneration/ community assets including urban design, places for people etc. Delivering housing including sustainable and affordable	180	12	Create healthier, positive and greener places. Accelerate the transformation of our towns and cities into successful, resilient, sustainable places. Strengthen existing places Increase flood resilience and enhance property level flood resilience for businesses Create new, future-proofed, well-designed developments. Increase access to gigabit-capable broadband in hard to reach and/or rural areas. Reduction in fuel poverty.
IP4 - Tackling the Climate Emergency and Environmental Sustainability	Implementation of proposals in West Yorkshire Climate and Environment Plan (2021 – 2024)	85	40	Reduction in regional emissions across all sectors of the economy. Recovery and enhancement of nature. Support the development of local supply chains, jobs and skills. Affordable and low carbon homes, energy efficient workplaces. Reduction in the proportion of households in fuel poverty. More local, clean, and flexible energy Reduction in energy and fuel costs. The region is resilient to the impacts of a changing climate. Improved health and productivity.
IP5 - Future Transport	Bus reform / BSIP / EP and Tendered bus services TCF High scenario Mass transit Transport Connectivity Strategy pipeline in particular, active travel programme and bus priority Maintenance of assets – CA and LA highways	2059	58	Transform access for our communities of persistent poverty to employment opportunities and skills centres. Improved air quality and reduction in car dominance. Ensure that people are enabled to make sustainable travel choices from housing and employment sites. Enhancements in ticketing and information An affordable, simple, integrated and accessible system for people to travel anywhere by public transport. Passenger growth on bus, rail and future transport networks. Bus is effective and affordable mode. Enhanced customer satisfaction with public transport.
IP6 - Culture and Creative Industries	Programme support for pan-WY activities including developing and implementing a pipeline of potential interventions Bespoke cultural community programmes Bringing buildings into creative use / prep work for film studio of north	26.4	11.5	Culture embedded within all place-based work and place planning. Culture is recognised and developed for its role in supporting the visitor economy. Cultural and creative businesses and their supply chains are developed and supported to maximise their potential. More people are actively engaged in cultural activity. Increase in employment in culture, sport and arts roles. Cultural activity that promotes clean growth and sustainability is developed and promoted.
		2584.15	187.15	

- 2.9 Investments with the highest potential contribution to the region's targeted objectives and outcomes will be supported, with places and priorities expected to benefit in different ways and at different times over the investment period. In addition, there is collective agreement that we need to 'level up' West Yorkshire. It is expected that as programmes and projects are developed, they will be targeted at areas of need. Work is underway to explore how data and evidence, combined with local knowledge, can be used to target programmes towards areas of untapped potential effectively.
- 2.10 Once pipelines have been developed and the future capital funding requirements is understood, further work will be undertaken regarding how future gainshare allocations could be used to enable borrowing. This will enable the region to reap the benefits of having negotiated a large proportion of the gainshare as revenue.
- 2.11 During partnership discussions, it has been identified that there are significant capacity restraints across the region. Additional capacity is required within both the Combined Authority and the Local Authorities in order to develop a comprehensive pipeline of schemes and interventions to meet the ambitious collective priorities and objectives and ensure key outcomes are met. Robust pipelines are not just important to maximise future gainshare and to identify future borrowing needs, but are also key to ensure the region is in a strong position for future external funding, further devolution and government spending rounds.
- 2.12 To progress work to deliver this, indicative funding of up to £11.4m over the financial years 2022/23-2024/25 is requested to boost capacity and enable scheme and pipeline development to be undertaken. It is proposed that this funding would be split equally between the five Local Authorities and the Combined Authority with flexibility to spend across the three years in the most appropriate way for the organisation.
- 2.13 Capacity funding is expected to help facilitate and support the creation of new jobs across the partners, which will support delivery of the six Investment Priorities of the WYIS by increasing resources to:
- develop and accelerate a pipeline of activity at a local and sub regional level including development of intelligence led business cases for programme development where necessary, particularly in advance of 2023 funding end dates.
 - develop, plan, model and design wider area interventions to unlock development sites eg, for affordable housing and/or commercial use including the promotion of active travel, modal shift and public transport integration helping to address the climate emergency and reduce inequalities.
 - strengthen strategic relationships with key stakeholders – including partnership work between the local authority partners and the Combined Authority to enhance strategy and policy development.
 - fund additional technical consultancy, for example, to support design, planning applications and procurement of key infrastructure, as required.

- undertake primary and secondary research, providing a robust baseline of evidence and intelligence, to better understand the opportunities, gaps and impact of collective and individual interventions (annual assessments).
- provide resources to improve the interpretation of data and intelligence locally and at a regional WY level, to monitor, evaluate and challenge project delivery or to use this intelligence to update and strengthen new strategy and policy frameworks alongside pipeline project development.
- develop activity to build an inclusive economy, taking forward initiatives based on initial pilot work, including spatially focused activity.
- develop new approaches that embed fair work, inclusive economy and community wealth building and which lever in social value.
- improve local and regional propositions to attract external funding.

2.14 If the Combined Authority approves the recommended allocations, officers will further develop the propositions, with more detail on the delivery model and costings, to allow the projects to be assessed in line with the Combined Authority's Assurance Framework. This is with a view to additional capacity being in place as soon as is practically possible.

3. Tackling the Climate Emergency Implications

3.1 Tackling the Climate Emergency is at the heart of the SIF and WYIS as a key investment priority. All programmes will consider the carbon impacts as they are developed and taken through the Assurance Process.

4. Inclusive Growth Implications

4.1 Inclusive growth is core within the Investment Priorities of the West Yorkshire Investment Strategy to ensure everyone benefits from the investments made across the region. As such the schemes which are brought forward will be assessed to ensure they have considered the inclusive growth implications.

5. Equality and Diversity Implications

5.1 Reducing inequality is a cross cutting theme within the Investment Priorities of the WYIS to ensure that investments made across the region support equality and diversity. Equality Impact Assessments will be undertaken as part of scheme development to ensure that at schemes progress through Assurance Framework equality, diversity and inclusion is given due regard.

6. Financial Implications

6.1 Capacity funding sought is intended, at this stage, to be drawn from the Single Investment Fund. This will be confirmed when the projects' full proposal comes forward or the projects would not progress.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 The additional funding would allow for increased capacity within the Combined Authority and Local Authorities. Further details will be provided and approved, as the project passes through the Assurance Framework.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Combined Authority indicatively approves the revenue funding envelopes (detailed at para 2.8) to the Investment Priorities within the WYIS for the financial years 21/22-24/25. Full approvals to spend will be granted once pipelines of projects have been developed. All schemes and pipeline will be progressed through the assurance process in line with the Combined Authority's Assurance Process.

10.2 That the Combined Authority indicatively approves £11.4m funding from the Single Investment Fund to the Combined Authority and Local Authorities to support capacity issues and enable pipeline development work to be undertaken against the Investment Priorities. Full approval to spend will be granted once the project has progressed through the assurance process in line with the Combined Authority's Assurance Process.

10.3 That the Combined Authority delegates to the Finance, Resources and Corporate Committee, the approval for programme to pass through Decision Point 2, totalling no more than £11.4m of funding from the Single Investment Fund.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Gainshare approvals to date