

Report to: West Yorkshire Combined Authority

Date: 2 February 2023

Subject: **Pipeline Development 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To endorse proposals for the next phase of development of programmes to support the delivery of the West Yorkshire Investment Priorities and associated outcomes, building on initial deployment of gainshare and other funds.
- 1.2 To approve in principle £5m additional capacity funding to support pipeline development within the local authorities.

2. Information

Background

- 2.1 The West Yorkshire Devolution Deal, agreed with Government in March 2020, marked a step change in governance for the region. It provided the region with the opportunity to control over £2bn of investment in priorities for the people, communities and businesses of West Yorkshire.
- 2.2 As part of the deal, the Combined Authority was required to create the West Yorkshire Investment Fund (as part of establishing a Single Investment Fund), which would bring together all the funding streams received by the Combined Authority. This would enable the region to join up decision making

across investment areas in order to achieve better outcomes, and plan over a longer term.

- 2.3 At the Combined Authority in June 2021 the approach to the Single Investment Fund (SIF) and the West Yorkshire Investment Strategy (WYIS) were endorsed.
- 2.4 The WYIS sets out the Investment Priorities¹ 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:	Delivering Sustainable, Inclusive and Affordable Transport
Investment Priority 6:	Culture, Creative Industries, Sport and Physical Activity

- 2.5 Subsequently, at the Combined Authority meeting on 3rd February 2022, the Combined Authority indicatively approved the revenue funding envelopes to the Investment Priorities within the WYIS for the financial years 21/22-24/25. The Combined Authority agreed that full approvals to spend will be granted once pipelines of projects have been developed. All schemes and pipeline are to be progressed through the Combined Authority's Assurance Process for approval.
- 2.6 Programmes 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.
- 2.7 The Combined Authority has already launched a series of post-covid revenue programmes, driven by the region's Economic Recovery Plan, particularly focussed on business growth and improved productivity, job creation, and enabling people to develop new skills and return to employment. These include Enterprise West Yorkshire, Employment Hubs, and Skills Connect. At

¹ 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, although the programmes might contribute to Police and Crime Plan outcomes.

the same time, it has developed a medium term pipeline of schemes focussed on improving transport and travel, to be delivered using the five-year City Region Sustainable Transport Settlement.

- 2.8 It has recently complemented these programmes to help tackle the crisis in the cost of living and doing business. This includes programmes to support businesses to invest in measures to help become more energy efficient and resilient, and a Cost-of-Living fund, delivered through the Voluntary and Community Sector, to help support people with food, warmth and mental health. This is a new area of investment for the Combined Authority, recognising the seriousness of the current Cost of Living crisis.
- 2.9 The Combined Authority has also invested gainshare in building capacity within each of the five local authorities, and the Combined Authority, to build a pipeline of schemes. This is to improve the region's readiness for new funding, and will help the region to overcome the 'stop-start' problems of inconsistent and short term government funding. The development of a capital pipeline will also develop the opportunities for the Combined Authority to borrow large capital sums, which is likely to be necessary to deliver major investments in the longer term.
- 2.10 In addition to this, the Combined Authority invested £5m in the five local authorities in 2020-21 to enable cultural activity to support economic recovery from Covid.

Proposals for the next phase

- 2.11 The Combined Authority and partners are now moving to the next phase of decision making, about setting the longer term investment plans.
- 2.12 The Investment Strategy is being reviewed 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. The next review is due to take place in June 2023, and will further refine priorities and look to set out plans over a longer period.
- 2.13 The primary source of funding to deliver programmes at a regional level is the Single Investment Fund (SIF). The SIF contains a range of funding streams, including for example :
- Gainshare
 - UK Shared Prosperity Fund
 - City Region Sustainable Transport Settlement
 - Bus Service Improvement Plan Grant
 - Transforming Cities Fund
 - Brownfield Housing Fund

A full list is available at Appendix 1.

2.14 It is intended that over the medium term, a pipeline of overarching programmes/projects contributing to the investment priorities will be developed across the region. These programmes would be ambitious and scalable, and would not be designed to be constrained within a particular funding envelope. This will enable the region to:

- Take advantage of the funding that is already available, to fund immediate priorities;
- Respond quickly to future funding that becomes available, for instance due to successful partnering with the private sector, or additional allocations from central Government; and
- Borrow for a pipeline of capital programmes, thereby taking advantage of the significant revenue proportion of the gainshare (75%) which was achieved during the devolution negotiations in 2020.

2.15 In summary, the Combined Authority has already approved the following programmes, largely to be funded from gainshare between 2020 and 2025:

- **Business and Innovation** – includes Business West Yorkshire, Enterprise West Yorkshire, Business Productivity Programme (matched with UKSPF), and Innovation West Yorkshire. c £20m. These programmes are aimed at supporting businesses to grow, encouraging entrepreneurs, increasing productivity, and supporting innovation, all with the aim of delivering better paid, higher quality jobs and delivering inclusive growth. These all fill a gap in provision, address market failure and add value to the wider business support landscape.
- **Employment and Skills** – Employment support, VCS, Inclusivity (including Fair Work Charter) £12m
This includes the Mayor's Cost of Living fund, which is supporting people with food, warmth and mental health, working with the Voluntary and Community Sector. The Mayor's Inclusivity Champion is due to be appointed in early 2023, and the Fair Work Charter will also be launched in 2023. Employment West Yorkshire is funding 65 posts across local authorities. It will deliver an innovative West Yorkshire-wide inclusive employment support service model for people of all ages that has local flexibility to respond to labour market needs, and to provide workforce employment support for local employers, linking vacancies to possible candidates
- **Climate, Energy and Environment** – business sustainability package (Dec CA) £11.7m, social housing decarbonisation plus development funding c£7.8m
The West Yorkshire Climate and Environment Plan was approved in 2021 and sets out the steps that need to be taken over the next few years to make progress towards achieving the 2038 net zero carbon

target. Examples of progress include: 1000 Green Jobs have been pledged as part of the Green Jobs Taskforce; over 600 properties had retrofit measures; the CA has approved £1m emergency grants to help businesses become more energy efficient, with a further £10m business sustainability programme beginning in April 2023.

- **Creative New Deal** – Leeds 2023, Bradford Lit Fest, Kirklees Year of Music c.£2.6m
The Combined Authority is supporting the region’s cultural festivals from 2023-25, when all parts of the region will benefit from the economic and social impact of a focus on culture and the creative industries, culminating in Bradford being the UK City of Culture 2025.
- **Transport** – bus reform development £1m, and £4m match funding (capital) to support the successful Levelling Up Fund bid for bus enhancement.
In addition to the schemes being delivered through the West Yorkshire + Transport Fund, the Transforming Cities Fund, and the City Region Sustainable Transport Settlement, the Combined Authority has also approved for gainshare to be used to develop elements of bus reform.
- Capacity funding to LAs and CA c.£11m
- Mayoral function and election costs etc. c£11m

2.16 This totals approximately £70m over the period 2022-25. Revenue gainshare over this period totals £114m, although further funding is also available from future years, and there are also unknown funding opportunities that are likely to be revealed by Government in due course. Other programmes such as the Housing Revenue Fund, Brownfield Housing Fund and funding for the British Library North have also been used to progress the development of sites outside the need for gainshare funding to this point.

2.17 Decisions will need to be taken about the additional programmes to be developed and how they will receive funding. The following principles are proposed:

- The Combined Authority should aim to maximise use of revenue for capital borrowing from 2024/25 onwards, which is dependent on the development of a capital pipeline;
- The Combined Authority should continue to safeguard capacity / LA support funding;
- The Combined Authority should continue with the current plan to deliver revenue programmes to support economic recovery and tackle the crisis in the cost of living and doing business, with a view to reviewing plans later in 2023 for future years;

- The Combined Authority should scale back work on programmes that are the least developed and / or lower priority, and focus efforts on priority programmes.
- 2.18 Furthermore, we are expecting further decisions from national Government about funding for Combined Authorities, which we are seeking to influence through direct engagement with the Dept for Levelling Up, Housing and Communities. Currently, the funding available is inadequate to meet total need.
- 2.19 Therefore, **it is proposed to develop additional programmes in the following areas, to contribute towards the achievement of the outcomes set out in the West Yorkshire Investment Strategy**, and to complement those programmes already approved.
- 2.20 The programmes are shown by lead investment priority, but it is also indicated below where they clearly contribute to more than one e.g. climate. A decision is not being requested on funding allocations in this paper, although potential funding ranges up to 2025 are shown only as a guide. These are highly indicative, and subject to further work. The Combined Authority could choose in future to allocate more to programmes that those figures indicated, depending on the overall funding position, particularly given that further funding is coming through the gainshare in future years. (some relevant project approvals appear later in the agenda). These programmes are where there is a need for revenue, the approach to schemes that require capital is under paragraph 2.26. Some major programmes that are being developed are not listed, for instance Mass Transit:

Investment Priority 1: Good Jobs and Resilient Businesses (including Entrepreneurialism)

Since April 2020, Combined Authority programmes have created around 4,500 jobs, and nearly 2,500 businesses have received financial support.

The £6m Enterprise West Yorkshire programme provides a package of enterprise support. This includes activity to promote enterprise as a viable and achievable career option to all (including young people), ‘hands on’ advice and guidance to anybody in West Yorkshire who wants to set up a new enterprise (regardless of location, sector, or growth potential), and an intensive package of bespoke support to accelerate the growth plans of a smaller number of innovation-led entrepreneurs. To date, 1,584 individuals have been supported across the programme and over 500 start-up firms have been supported. The programme has equality diversity and inclusion targets which are being reached as follows (where data is provided)

- Female participation: Target (50%), Actual (57%)
- Ethnic minority participants: Target (20%), Actual (31%)
- Participants self-certified with a disability: Target (3%), Actual (11%)

The gainshare funded Mayoral Innovation Prize pilot was launched in late 2022 and provides an opportunity for young entrepreneurs to develop their ideas and potential with a focus on netzero (alignment to IP4). Applications close in early 2023, and participants have the opportunity to secure funding and support to innovate. The pilot will be scaled up as part of the Innovation West Yorkshire programme and will seek to support a diverse range of businesses and entrepreneurs with their innovation journey.

The West Yorkshire Innovation Festival 2022 delivered a week long celebration of innovation across the region, including the flagship Innovate UK Local event in Bradford, launch of the Mayors Innovation Prize in Leeds, and the University of Huddersfield campus innovation festival. The theme for the festival was inclusive innovation: innovation for all. WYIF 2023 will be scaled up as part of the Innovation West Yorkshire programme.

The Business Productivity Programme has supported several SMEs to develop and improve products and processes through its innovation strand (circa £150k of grant investment in 11 SMEs), and has recently appointed Exemplas and Leeds Beckett University to deliver specialist productivity advice and guidance to over 150 SMEs in the first instance. The programme will also support the SMEs to implement capital productivity improvements via investment grants of up to £50k.

In addition to the programmes funded from gainshare (Enterprise West Yorkshire, Business Productivity Programme, Innovation West Yorkshire, Business West Yorkshire), the UK Shared Prosperity Fund will also contribute towards supporting businesses including with export / trade support and alternative business models. There is a gap in current provision for a High Growth Start Up programme, and this is proposed as the priority (and an approval is sought later on the agenda for this meeting).

Key outcomes to be achieved: Increase in Start-Ups; Creation of Good Jobs
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Proposal: High Growth Start Up Programme

<p>Summary: An evolved version of support as part of Enterprise West Yorkshire including 6 additional start up advisors – total 11 LA advisors. The aim is to increase the number of business start-ups. The scheme also sets targets for and monitors start up survival one year on. The scheme will provide information, diagnostic and brokerage support to businesses, and provide financial assistance to stimulate investment and create jobs. This will include access to a loan fund of £5m, managed by the Business Enterprise Fund, and a grant fund of circa £1.4m managed by the Programme Team. The new programme will fill a gap in the Enterprise WY programme by focussing only on those enterprises with clear high growth potential i.e. 20% annualised growth over three years.</p>
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<p>The proposed programme will deploy well-established and robust financial management procedures to ensure that expenditure remains on profile</p>

throughout the three-year delivery period. These procedures were used and continually improved throughout the previous three years of ERDF funding, which included several internal and external audits and externally commissioned impact evaluations.

Indicative Potential Funding (scalable): c.£5m

Investment Priority 2: Skills and training for people

Extensions to the Employment Hub and Re:boot have been funded by the Combined Authority using gainshare funding from 2020-21. Since April 2020, CA-funded programmes have assisted over 2,100 new learners towards new qualifications.

The **Employment Hub programme** is delivered by local authorities and delivery partners, supporting people into work, training/retraining, progression support whilst in work and self-employment. The service is accessible remotely or face to face in local communities, job centres, and events across the region. To date the employment hubs have engaged 5,445 participants with support, and the target of 5,500 is projected to be achieved ahead of contract end (March 2023).

The **Skills Connect** programme supports people to re-train and upskill in skills shortage and high growth areas including health and care sector, digital and construction. The delivery period has been extended until 2025 to ensure support remains available amid labour market uncertainty. Over that period, 1,000 people will be supported. There are currently 12 Skills Connect courses live and including Environmental Sustainability and Lean Management, Site Managers Safety Training and Step up to Management in the Health Care sector. To date, the programme has had 332 participants starting courses, 130 individuals completing courses and 75 individuals who have had progressed into new employment opportunities or have increased employment responsibilities following the end of the course.

The next phase of support is proposed to focus on digital and green skills, and employer support.

Key outcomes to be achieved: Reduced levels of digital exclusion; People supported with digital skills; employers supported, and growing; People of all ages developing a greater understanding of future employment opportunities

Proposal: Digital Skills, Green Skills and Employer Support

Summary: Locally delivered support for digital inclusion, targeting the most disadvantaged groups. Support for employers to retrain, retain and attract talent for in-demand skills, ensuring businesses can implement digital solutions and transition to carbon neutral. Ensuring that our workforce has

the skills-base to attract and retain great employers that can flourish and strengthen our economy across the region.

Contributes to IP 4: Tackling the Climate Emergency and Environmental Sustainability

Indicative Potential Funding (scalable): c.£6m

Investment Priority 3: Creating Great Places and Accelerated Infrastructure

Since April 2020, Combined Authority programmes have enabled or completed 3,500 homes, reduced flood risk to 400 homes, and remediated 12 hectares of land.

Three complementary additional programmes are proposed:

Key outcomes to be achieved: Enable and complete new homes, especially within Spatial Priority Areas.

Proposal: Housing Accelerator Fund

Summary: Extension of the existing Housing Revenue Fund (HRF), which has supported 59 projects. An extension would enable a similar number to progress towards delivery. A future capital funding programme would assist with unlocking stalled and unviable sites where public funding is required.

Contributes to IP 4: Tackling the Climate Emergency and Environmental Sustainability

Indicative Potential Funding (scalable): c.£3-3.5m

Key outcomes to be achieved: Creation of good jobs; land remediated and prepared for development

Proposal: Employment Sites Accelerator Fund

Summary: Provision of revenue funding to support project / business case development and feasibility work. Would enable sites to progress towards delivery including feasibility studies, options appraisal, master planning, development appraisal, equality/diversity impact, infrastructure connectivity including renewables and transport. Greater readiness of schemes could also attract further Government funding.

Indicative Potential Funding (scalable): c.£1.5-2.5m

Key outcomes to be achieved: New homes enabled and completed within Spatial Priority Areas; Creation of good jobs; land remediated and prepared for development

Proposal: Delivery Models for Spatial Priority Areas / Future Investment Zones

Summary: Revenue used to support potential delivery routes for Spatial Priority Areas (priority locations for large scale growth and regeneration). Recommended approach for 5 locations: tailored development models utilising a suite of tools such as grants, put options, direct investment, CPO and potential use of Mayoral Development Corporations (MDCs) to suit the requirements of the sites to be developed.

Contributes towards IP1: Good Jobs and Resilient Businesses

Indicative Potential Funding (scalable): c.£1-2m

Investment Priority 4: Tackling the Climate Emergency and Environmental Sustainability

Since April 2020, Combined Authority programmes have delivered nearly 500 retrofits. The Combined Authority has approved the region's Climate and Environment Plan, which sets out the priority areas for work in order to make progress towards the net zero 2038 target.

The new £1m Energy Price Emergency grants scheme has received over 450 expressions of interest to date from business across West Yorkshire. This has resulted in over 60 applications being progressed, 7 of which have been approved with an average grant per business of just under £4k. Retail, leisure and hospitality sectors have collectively seen the highest number of applications, with manufacturing a close second. The scheme will run through to the end of March 2023 at which point the new £10.5m Business Sustainability Programme will commence, providing a more comprehensive package of advice and funding to implement net zero related improvements to businesses.

There are five projects proposed for development, identified as priorities from the Climate and Environment Plan, alongside two other projects captured under IP1 and IP2 (business support and skills):

Key outcomes to be achieved: Reduction in CO2 emissions; Reduction in number of households in fuel poverty; Increase in energy efficiency of homes; Reduction in energy costs for residents.

Ambition to deliver 7,000 – 13,000 retrofits and medium-term improvement plans to 2038

Proposal: Better Homes Hub

Summary: Regional retrofit hub: Projects minimum of 5 locations (aiming to test, learn and scale). Residential advice service (all tenures) providing residents / landlords with information, whole house planning services and signposting to funding options.

Contributes towards IP2: Skills and Training

Indicative Potential Funding (scalable): c.£10-13m with a mix of revenue and capital

Key outcomes to be achieved: Increase in local clean energy generation; Reduction in CO2 emissions; Reduction in number of households in fuel poverty; Increase in energy efficiency of buildings; Reduction in energy costs for residents, schools and councils.

Proposal: Solar

Summary: Solar on school buildings, solar for social homes working with West Yorkshire Housing Partnership, group buying scheme for West Yorkshire residents. Solar on CA and LA assets and land). Could deliver c.50 Solar for Schools installations. Solar & batteries on 1,000 – 2,000 homes. Solar on 8 bus stations.

Contributes towards IP2: Skills and Training

Indicative Potential Funding (scalable): c.£7-10m with a mix of revenue and capital

Key outcomes to be achieved: Reduction in CO2 emissions; Reduction in number of households in fuel poverty; Increase in Green / Blue infrastructure

Proposal: Supporting neighbourhood level initiatives

Summary: Grant programme (Grants of up to £50,000) to support disadvantaged communities to implement low carbon interventions and improve climate readiness (includes tree planting). Targeting at least one community in each of the five West Yorkshire districts through existing local authority networks and connections.

Contributes towards IP3: Creating Great Places and Accelerated Infrastructure

Indicative Potential Funding (scalable): c.£2m revenue plus potential to unlock additional investment when used as match

Key outcomes to be achieved: Reduction in CO2 emissions; Increase in local clean energy generation
Proposal: Local Area Energy Plans
Summary: Data driven plan setting out the most effective route for the local area to plan local energy system and built environment changes. If developed, then has potential to attract funding from the private sector. Could include Hydrogen Use Business Case, which understanding production capabilities/routes, distribution and storage infrastructure required and the potential utilisation or need for hydrogen.
Contributes to IP3: Creating Great Places and Accelerated Infrastructure
Indicative Potential Funding (scalable): c.£0.5 - 2m

Key outcomes to be achieved: Enhanced flood resilience for homes and businesses; Carbon sequestration; Biodiversity and habitat improvement e.g. trees, hedgerows, soil aeration, peat restoration; Improving access to green space
Proposal: Natural Flood Management
Summary: Programme to address funding gaps for 9 strategic Natural Flood Management projects.
Contributes to IP3: Creating Great Places and Accelerated Infrastructure
Indicative Potential Funding (scalable): c.£7m (potential capital)

Investment Priority 5: Delivering Sustainable, Inclusive and Affordable Transport

Our ambition for the transport system is to connect people with opportunities (for work, education and leisure) in a way which is sustainable, affordable, and helps to tackle inequalities. A near term pipeline (2021-2025) was published [as part of the draft Connectivity Infrastructure Plan](#) in January 2021 showing schemes in current delivery programmes. Since publication, other funding has been secured to support delivery of the Plan, including **Zero Emission Bus funding, City Region Sustainable Transport Settlement** and **Active Travel Fund**.

Major programmes in this area that will require large scale investment include West Yorkshire Mass Transit, and bus reform. The scale of investment required means that it is likely that the Combined Authority will need to borrow in order to make the progress necessary to achieve our objectives. Depending

what decisions are made about the future of bus reform, and the future funding model, it is likely to require sums in the hundreds of millions, which will absorb much of the Combined Authority’s capacity for borrowing.

Additional revenue funding is required to support bus reform work, and is shown here:

Key outcomes to be achieved: Mode Share: increased bus patronage; reduction in car trips; simplified fares; Improvement in Accessibility Inequality Ratio (access to good jobs by public transport)
Proposal: Revenue Support for Bus Reform
Summary: Assessment of options to bring buses into public control – from Enhanced Partnership to Franchising. Future costs will be dependent on the option taken forward.
Indicative Potential Funding (scalable): c.£4-6m

Investment Priority 6: Culture and Creative Industries

The Combined Authority has approved a Cultural Framework which sets out the ambitions for culture in the region, and approved funding to support the region’s cultural festivals, including funding for the Kirklees Year of Music and Leeds 2023.

Further packages are proposed for further development, to support the other cultural festivals including Bradford UK City of Culture 2025, and to increase the number and diversity of people engaging with, and working in, culture and the creative industries. This list is not exhaustive but provides examples of the work that is proposed for the CA to develop further.

Key outcomes to be achieved: Increase in number and diversity of people working in our creative industries, heritage and sport sectors;
Proposal: Culture Festivals: Leeds 2023, Wakefield 2024, Culturedale 2024, Bradford UK City of Culture 2025
Summary: Funding cultural activities as part of a Creative Crucible for West Yorkshire comprising festivals in every local authority, culminating in Bradford UK City of Culture 2025. Focus on widening participation.
Contributes to IP1: Good Jobs and Resilient Businesses
Indicative Potential Funding (scalable): c.£2.5m-£5m (plus further investment from future years)

Key outcomes to be achieved: Increase in number and diversity of people working in our creative industries, heritage and sport sectors;
Proposal: Culture Business and Skills Package
Summary: To support the growth, sustainability and knowledge-sharing capacity of businesses (including SMEs and freelancers) within the Creative Industries, Heritage and Sport sectors, and to provide tailored Skills training and development pathways to meet the skills shortage, and increase diversity within these sectors (including Creative Catalyst and Sport Catalyst, and the Mayor's Screen Diversity Programme).
Indicative Potential Funding (scalable): c.£0.5-£1.5m

Key outcomes to be achieved: Increased engagement with culture, heritage and sport improves health and well-being outcomes.
Proposal: Culture People and Place Package
Summary: To support community-led Culture, Heritage and Sport activities that deliver on CHS Framework outcomes, including increasing participation and diversity, building community cohesion, and health and wellbeing outcomes, with a focus on social prescribing activities that will leverage additional funding from the NHS.
Indicative Potential Funding (scalable): c.£0.5m

Key outcomes to be achieved: Increased Visitors to West Yorkshire; Increased employment in tourism and culture sectors
Proposal: West Yorkshire Tourism
Summary: To fund development of West Yorkshire Local Visitor Economy Partnership, including plan development, market research, data insight, campaigns, business grants, with a view to creating a Destination Development Partnership.
Indicative Potential Funding (scalable): c.£0.5m

- 2.21 Detailed outputs and outcomes, including quantification of impact, will be set out in relevant business cases as proposals progress through the assurance framework.
- 2.22 Subject to the Combined Authority's approval, it is proposed to continue development of the programmes set out in order to achieve the outcomes specified. Programmes will be formally brought forward for approval when they are at the appropriate stages of development.

- 2.23 It should be noted that, whilst Gainshare could be used to fund the delivery of the programmes set out above, it is not the only source of funding. One of the principles of the SIF, which the Combined Authority has agreed, is that Gainshare should be the funding of “last resort” i.e. other sources of funding should be used to deliver the programmes where possible. Therefore, this paper is not seeking approval of funding for these programmes at this stage. Instead, the programmes will be developed then funding approvals sought at the appropriate time.
- 2.24 It should also be noted that the programmes set out above are scalable, and can be increased or decreased in scale, scope and impact depending on the level of funding available and the priority given to the programme.
- 2.25 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.
- 2.26 The Combined Authority is also taking forward the delivery of schemes using capital funding available and will continue to explore ways of increasing our capital programme, for instance:
- Exploring capital contributions to our retrofit programmes through the Better Homes Hub and also for investment in Solar
 - Using the CA’s funding to leverage other capital sources for flooding infrastructure
 - Consider Inward Investment and regeneration proposals on a case-by-case basis – the creation of a framework for assessing what to invest in is being developed.
 - Funding future Digital Infrastructure to be funded from “digital gainshare”
- 2.27 The Combined Authority will also continue to explore potential alternative sources for hydrogen use case, the balance required for Local Area Energy Plans, and explore alternatives for delivery of programmes requiring revenue including SME Knowledge Transfer and SME Graduate Pilot.

Evaluation

- 2.28 Activity funded under Devolution is subject to a Gateway Review process every 5 years, upon which future funding is contingent. The purpose of the review is to assess progress and evaluate impact. As well as developing learning and evidence, this is a crucial part of the Combined Authority’s accountability for public funds and provides assurance to Government that we can demonstrate a return on investment under Devolution. Prior to becoming a Mayoral Combined Authority, the Combined Authority undertook this process in 2019 as a requirement of funding under the Cities and Local Growth Fund (or Growth Deal). For the 2024 Gateway Review, both the Growth-Deal and

Devolution-funded activity will be subject to review (and it is likely that two separate reviews will be required to reflect the distinct timelines and scope of each fund and associated delivery).

- 2.29 The Department for Levelling Up, Housing and Communities have contracted consultants, SQW, to support and facilitate the Gateway Review Process. SQW have developed a National Evaluation Framework, and will also work closely with local areas and MCAs to develop Local Frameworks with which this is aligned. In turn, the local frameworks will set out the approach to the evaluation of the Growth Deal (specifically the West Yorkshire+ Transport Fund) and Gainshare, respectively. Resource will be required to commission each of these evaluations, in addition to that required for individual scheme/programme level evaluation activity. The Local Evaluation Frameworks are required to be submitted by the 28th April 2023 (Growth Deal) and 26th May (Devolution), following internal sign off and review by SQW, who will submit them to Government.

Capacity Funding

- 2.30 In January 2022, the Combined Authority approved capacity funding for the five local authorities and the Combined Authority, totalling £11.4m over the financial years 2022/23-2024/25. This was because significant capacity restraints across the region had been identified. This capacity was, and remains, 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.
- 2.31 The £11.4m was 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.
- 2.32 Since then, the financial position of each of the five local authorities of West Yorkshire has worsened, through a combination of increased demand, inflation, and the impact of the Russian invasion of Ukraine on energy prices. In order to ensure that there continues to be sufficient capacity to support the development of pipelines alongside the delivery of core services, it is now proposed to allocate in principle an additional £5m per year in 2023-24 and 2024-25, to be shared across the five local authorities and distributed by head of population. If the Combined Authority approves this in principle, then formal approval of the funding will progress through the Combined Authority's Assurance Framework.

3. Tackling the Climate Emergency Implications

- 3.1 Climate and the Environment is at the heart of the SIF and WYIS as a key investment priority. In addition, 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 An approval in principle for capacity funding is sought. This would be drawn from the Single Investment Fund, and is subject to confirmation through the Combined Authority's Assurance Framework.

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 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 endorses the proposed direction of the programmes for development set out above. Funding allocations and approvals to spend will be considered as programmes become ready. Any proposals to be brought forward will be progressed in line with the Combined Authority's Assurance Process.
- 10.2 That the Combined Authority indicatively approves in principle £5m funding per year from the Single Investment Fund to Local Authorities to support

capacity issues and enable pipeline development work to be undertaken against the Investment Priorities. Full approval 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 £10m of funding from the Single Investment Fund.

11. Background Documents

Combined Authority Paper of 3rd February 2022

12. Appendices

Appendix 1 – Single Investment Fund Resources