

Report to: West Yorkshire Combined Authority

Date: 27 July 2023

Subject: **West Yorkshire Investment Strategy Review**

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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 For the Combined Authority to endorse the revisions made to the West Yorkshire Investment Strategy through the annual review process, attached at **Appendix 1**.
- 1.2 This paper is concerned only with the Investment Strategy. It is not seeking funding approvals for any individual projects.

2. Information

- 2.1 In March 2020 West Yorkshire Leaders and Government signed a 'minded to' devolution deal for West Yorkshire, which set out a raft of new powers and funding, including the requirement for the Combined Authority to create a Single Investment Fund (SIF).
- 2.2 At the Combined Authority in July 2020, the high-level operating principles of the SIF were agreed. It was also agreed that the SIF should be outcome focussed, with local decision making clearly guided by the overarching Strategic Economic Framework.
- 2.3 Further development was then undertaken and at the Combined Authority in March 2021, the Combined Authority approved the approach to the SIF and the outline design of the West Yorkshire Investment Strategy (WYIS).

- 2.4 In June 2021, following the election of the Mayor, the Combined Authority approved the West Yorkshire Investment Strategy. The Investment Strategy sets out the Combined Authority's Investment Priorities. It builds on policies and strategies agreed as part of the newly adopted West Yorkshire Plan. The strategy and investment priorities are set out over an initial investment period covering the period 1 April 2021 to 31 March 2024.
- 2.5 At the time it was agreed that the strategy would focus on economic recovery and resilience, including good jobs and skills, tackling the climate emergency, accelerating infrastructure, improving connectivity and supporting the cultural and creative sector – all with the overarching aim of developing an inclusive economy which benefits everyone, taking in to account the Mayor's pledges. Within the strategy is a commitment to undertake an annual review to ensure the Strategy reflects the current needs and opportunities. This is the second review since the Strategy was approved.

The WYIS Investment Priorities

- 2.6 The WYIS Investment Priorities are framed across six areas. In each, a number of priority project/programme areas are identified that are the focus for intervention over the next three years. Approved at the June 2021 Combined Authority meeting, the Investment Priorities have been developed with a focus on supporting inclusive growth, tackling the climate emergency and reducing inequalities and take account of the Mayor's pledges.
- 2.7 The investment priorities are multi-dimensional and may be applied in combination. There is an expectation that any investment will need to substantially reduce carbon or are able to be offset by carbon mitigation at programme level, in line with the target of achieving a net zero carbon economy by 2038.

West Yorkshire Investment Strategy Annual Review

- 2.8 The WYIS sets out a commitment to undertake an annual review, which aims to take into account changing local and national circumstances, integrate new funding and investment opportunities and determine the best use of resources available to the region to maximise potential.
- 2.9 The economic situation in West Yorkshire has continued to change since the first WYIS was approved in June 2021. The revisions undertaken in 2022 took in to account the impact from the COVID-19 with the overall economic recovery in the UK being strong and growing above pre-pandemic size and updates to evolving strategies and plan since the appointment of the Mayor.

Summary of 2023 changes

- 2.10 The 2023 annual review further refreshes the priorities against the current economic climate and ensures alignment to emerging or amended strategies and plans, including the West Yorkshire Plan. Revisions have been made

through a collaborative process between the Combined Authority, and West Yorkshire council partners. Key changes are:

- Amendments to the detail of the Investment Priorities to reflect changes to plans, policies and strategies, and to the prevailing economic conditions;
- Alignment with the Combined Authority's Equity, Diversity and Inclusion Plan, including the requirement for an Equality Impact Assessment to be produced for all proposals at the first stage of the Assurance Framework;
- To enable investments to be made in cases where market failure is not present, but the proposal generates a return on investment to benefit the region.

Further details of the changes are set out below.

Investment Priority Review

- 2.11 **Investment Priority 1** has been revised to take into account the current economic situation better reflecting the cost-of-doing business crisis and updating some of the language around Covid restrictions. It also now includes a reference to the policy thinking currently being developed on equity investment.
- 2.12 **Investment Priority 2** has been revised to take into account emerging priorities based on current labour market.
- 2.13 **Investment Priority 3** has been revised to ensure further reference to the Policing strategies and outcomes. Changes relate to the need to commission high quality accessible victims, survivors and witnesses support services in line with the Policing and Crime Commissioning Strategy 2022-2024 and better reference to key strategies. Revisions have also been made respectively to the outcomes, outputs and results as required.
- 2.14 **Investment Priority 4** minimal amendments – overall relate to updating the language post pandemic. Small revisions have also been made respectively to the outcomes, outputs and results as required in line with the West Yorkshire Plan.
- 2.15 **Investment Priority 5** has been revised to ensure it better reflects the connectivity and investment priorities identified in the draft Connectivity Infrastructure Plan published in 2021 and the policies of the West Yorkshire Transport Strategy - recognising the focus on an integrated transport system, sustainable modes of transport, that include public transport but not limited to these modes – such as active travel, shared mobility and electric vehicles. Small revisions have also been made respectively to the outcomes, outputs and results as required in line with the Connectivity Infrastructure Plan and the West Yorkshire Plan.

2.16 **Investment Priority 6** has been renamed from ‘Culture, Creative Industries, Sport and Physical Activities’ to ‘*Creative Industries, Culture, Heritage and Sport*’. This is to better reflect the Culture Heritage and Sport Framework. Revisions have also been made respectively to the outcomes, outputs and results as required.

2.17 In summary the Investment Priorities are now:

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, Integrated, Inclusive and Affordable Transport
Investment Priority 6:	Creative Industries, Culture, Heritage and Sport

Cross Cutting Themes

2.18 The cross-cutting theme of *Tackling Inequalities* has been revised in line with the Combined Authority’s Equity, Diversity and Inclusion vision, which now incorporates the emerging priority for addressing and including health outcomes in the region. Overall the section has now been renamed to *Tackling inequalities and determinants of health*.

Assurance Framework

2.19 In Appendix 2 to the WYIS, the Assurance Framework diagram has been updated to align with the updated West Yorkshire Assurance Framework 2023.

Prioritisation Framework and Gateway Assessment

2.20 The Prioritisation Framework criteria for Activity 1 of the Assurance Framework has been revised along with the Gateway Assessment Matrix, with revisions made to the criteria for:

- The pass fail criteria has been updated to ensure the Combined Authority is able to invest in projects where market failure may not be evident but creates an opportunity for a return on investment in a

different way to the region – this is also reflected in the SIF operating principles (section 4).

- Sequencing – updated against the emerging urgent priorities of addressing the cost of living /doing business crisis and tackling climate emergency:
- Tackling Inequalities and supporting Diversity: all projects are, at Stage 1 of developing a project, required to undertake an Equality Impact Assessment to ensure that projects demonstrate that they proactively address the needs of disadvantaged groups.

2.21 The review of the WYIS has resulted in a document which better reflects the current economic landscape and will ensure that the region continues to take advantage of opportunities presented whilst ensuring that we are delivering on our priorities for West Yorkshire.

3. Tackling the Climate Emergency Implications

3.1 Tackling the Climate Emergency is at the heart of the objectives for the WYIS and tackling the climate emergency is a key investment priority. Decision making in respect of climate change has been further strengthened through the development of the carbon impact assessment tool. This will strengthen how clean growth and climate change impacts are considered as part of all schemes that come through the Assurance Framework.

3.2 Tackling the Climate Emergency, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports. This ensures that the business cases now reflect the Climate Emergency priority and evidence that they will reduce carbon emission (both directly and indirectly).

4. Inclusive Growth Implications

4.1 Inclusive growth is core within the Investment Priorities to ensure everyone benefits from the investments made across the region. In addition the Inclusive Growth Framework forms a core part of the Strategic Economic Framework which guides the priorities of the WYIS.

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. The annual review captures the change to make Equality Impact Assessments mandatory for all schemes at stage 1 of the assurance framework as part of scheme development to ensure that at schemes progress through the WYIS and Assurance Framework equality, diversity and inclusion is given due regard.

6. Financial Implications

- 6.1 The Investment Strategy sets out the Combined Authority's prioritisation approach to capital and revenue projects/programmes, led by strategic outcomes rather than by specific funding streams. Financial reporting and monitoring will be re-shaped around this opportunity.
- 6.2 The WYIS sets out the requirement for all project sponsors to have a funding agreement with the Combined Authority.

7. Legal Implications

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

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

- 10.1 That the Combined Authority approves the revisions to the West Yorkshire Investment Strategy.

11. Background Documents

- The previous June 2022 paper can be found [here](#).
- The previously agreed West Yorkshire Investment Strategy can be found [here](#).
- The West Yorkshire Devolution Deal March 2020 can be found [here](#)

12. Appendices

Appendix 1 – Revised West Yorkshire Investment Strategy.