

**Name of meeting:** Overview & Scrutiny Management Committee

**Date:** 20<sup>th</sup> December 2022

**Title of report:** Update on Regional Funding

**Purpose of report:** To provide Overview & Scrutiny Management Committee with an update on regional funding activity including a focus on the funds administered by the West Yorkshire Mayoral Combined Authority

<b>Key Decision – Is likely to result in Council spending or saving £250k or more per annum, or to have a significant positive or negative effect on communities living or working in an area compromising two or more electoral wards?</b>	<b>Yes/ no or Not Applicable</b> N/A
<b>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></b>	<b>Key Decision – Yes/No</b> N/A
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	The report is for information.
<b>Date signed off by <u>Strategic Director</u> &amp; name</b>  <b>Is it also signed off by the Service Director for Finance?</b>  <b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	<b>David Shepherd 12/12/2022</b>  N/A  N/A
<b>Cabinet member</b> <a href="http://www.kirklees.gov.uk/you-kmc/kmc-howcouncilworks/cabinet/cabinet.asp">http://www.kirklees.gov.uk/you-kmc/kmc-howcouncilworks/cabinet/cabinet.asp</a>	Cllr Shabir Pandor

**Electoral wards affected:** All wards

**Ward councillors consulted:** N/A

**Public or private:** Public

**Has GDPR been considered?** There are no GDPR implications.

## 1. Summary

This report provides an update on regional funding with a focus on understanding the key funding streams administered through the West Yorkshire Mayoral Combined Authority (WYMCA).

It provides details on the main strategic funds such as Gainshare and UK Shared Prosperity Fund (UKSPF) as well as an overview on the approach currently taken by both WYMCA and Kirklees including investment prioritisation, horizon scanning for future opportunities and overview/monitoring of all funding coming into Kirklees.

## 2. Information required to take a decision

### Overview of the Funding Landscape

- 2.1 Over the last few years there has been a high degree of uncertainty with regards to Government and other external funding. Funding is often specific in nature, competitive and announced at short notice leaving little time to respond. This creates a risk that we become reactive and not proactive with a focus on responding with immediate tactics instead of a long-term, intelligence-backed strategic approach. This paper sets out how we try to remain strategic, and priority led.
- 2.2 The strengthening of regional and sub-regional collaboration over the last decade is positive; West Yorkshire is strongest when it works together to deliver for all its communities. The partnership has grown and strengthened over more than a decade, from the Leeds City Region Leaders Board to the West Yorkshire Combined Authority working with the Leeds City Region Enterprise Partnership.
- 2.3 In March 2020, the partnership was strengthened even further when the five councils of West Yorkshire agreed a devolution deal with the Government committing to a £1.8 billion deal to fund our investment priorities and raise living standards for our communities. The deal included powers for a new Mayor for West Yorkshire; Tracy Brabin was elected in May 2021 which allowed for the further transfer of powers such as policing and crime.
- 2.4 The deal also included:
  - £38m (Gainshare) for 30 years into West Yorkshire Investment Fund
  - £317m from the Transforming Cities Fund to improve access to public transport, cycling and walking
  - Control of the £65m annual Adult Education Budget for West Yorkshire to closer align spending on skills to the opportunities and needs in the local economy
  - The transfer of policing and crime powers from the Office of the Police and Crime Commissioner
  - Government commitment to engage with the Combined Authority on priorities emerging from the Future Ready Skills Commission
  - Access to the Government's Brownfield Regeneration Fund to support housing growth and £3.2m to support the development of housing sites across West Yorkshire.
- 2.5 West Yorkshire Investment Strategy  
The purpose of the West Yorkshire Investment Strategy (WYIS) is to direct investment of WYMCA funding streams and then align activity in the short to medium term. The investment period is April 2021 to March 2024 but the Strategy will be reviewed annually to take account of changing local and national conditions.

- 2.6 It is designed to provide a sound basis for taking investment decisions and ensure that investments are most effectively targeted at interventions and opportunities that deliver the transformational change required and address the wider strategic aims of the Combined Authority.
- 2.7 One of the long-term objectives is to tackle market failures present in the local economy, and to do so in ways that drive inclusive growth, tackle the region's Climate Emergency, and create greater opportunities for our communities and people.
- 2.8 The range of socio-economic challenges facing West Yorkshire mean that a comprehensive set of investment priorities are required. The investment priorities are framed across six investment areas and in each a number of priority project /programme areas are identified that are the focus for intervention over the next three years.

**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

- 2.9 In terms of governance, the priorities have a direct correlation and read across to the formal committee structures which exists within the Combined Authority. Kirklees has strong representation on each of these committees that enable us to input and influence discussions and decisions that are made.

### **Funding Streams**

- 2.10 As mentioned above, there are several strategic funding streams from Government which are administered by the Combined Authority (CA). Below is a summary of the key ones.
- 2.11 Gainshare  
Gainshare funding equates to £38m per year split 25% capital, 75% revenue, with £152m available for the next 4 years (2021/22 – 2024/25). Gainshare also allows the CA to access loan finance and as the most flexible fund, Gainshare will likely to be the fund of 'last resort' with monies returned to the pot should other sources be identified.
- 2.12 The Combined Authority is accountable to Government for how gainshare is deployed. Future tranches of gainshare will be subject to successfully passing the government gateway review that will assess how effectively it has been used to deliver the priorities of the region. As a result, the following principles need to apply to expenditure funded by Gainshare:
- All funding approvals should use the assurance framework
  - All expenditure is publicly accountable to the CA
  - Projects and programmes must deliver the agreed measurable and specific outputs and outcomes within the approved funding envelope and against the West Yorkshire Investment Strategy (WYIS)
  - Sponsors must provide regular monitoring and reporting on progress
  - Projects and programmes must be net additional to core business.

- 2.13 To date, Kirklees Council have been successful in securing modest levels of Gainshare funding across all six priorities including local economic recovery, employment and skills, resources to unlock housing in the Strategic Priority Area (Dewsbury Riverside), increased resource capabilities to develop Environmental & Sustainability objectives both locally and complementary of the WY regional Net Zero Target of 2038 and increased capacity to achieve objectives from submitting successful bids to UNESCO, City of Culture 2029 that have levered other funding from a regional and national level.
- 2.14 UK Shared Prosperity Fund (UKSPF)  
The UKSPF is the successor to the European Union Structural and Investment Funds (ESIF) that was promised by Government following the UK's departure from the EU. The fund is linked to the Government's Levelling Up agenda and aims to support delivery of the levelling up missions set out in the White Paper. £2.6bn has been allocated to the fund over the three years from 2022/23, including £460m for the Multiply adult numeracy programme. The value is much lower than previous European funding allocations
- 2.15 The primary goal of the UKSPF is to "build pride in place and increase life chances across the UK" which is translated into three investment priorities or pillars:
- Communities and place (Pillar 1)
  - Supporting local business (Pillar 2)
  - People and skills (Pillar 3).
- 2.16 Although business and employment and skills programmes were a focus of previous ESIF programmes, the UKSPF's focus on community and place creates a significant new opportunity to support related activity including community infrastructure/capacity building and engagement, cultural initiatives, green infrastructure, and safer communities' initiatives.
- 2.17 £68m of UKSPF has been allocated to West Yorkshire plus a further £12m of ringfenced Multiply funding and £2.6m from the Rural England Prosperity Fund which is also aligned to UKSPF objectives but focused on rural areas. Kirklees has secured £5.8m of UKSPF funding to support local delivery of Pillar 1/Communities and Place activity and £790,000 for local Multiply delivery, approved by Cabinet on 11 October 2022.
- 2.18 As announced in the Government's Autumn Statement, the commencement of the UKSPF has now been formally agreed, WYMCA have advised that they now expect to receive their grant agreement from Government in the next couple of weeks.
- 2.19 West Yorkshire City Region Sustainable Transport Settlement (CRSTS)  
In 2022, £830 million of CRSTS funding was secured from Government to make it easier for people to walk, cycle and use public transport over the next five years. This investment has been made possible as part of the Mayoral devolution deal. CRSTS will build on other transport infrastructure programmes such as the Transforming Cities Fund, West Yorkshire Plus Transport Fund and the Leeds Public Transport Investment Programme.
- 2.20 For Kirklees directly this means a new bus station facility in Heckmondwike, a series of bus, cycle and footway improvements along routes between Dewsbury, Batley and Chidswell, more attractive and safer walking/cycling routes on key approaches to Huddersfield town centre and to its key rail and bus sites and the transformation of Huddersfield Bus Station. More information on CRSTS and the specific schemes is available [here](#) on the WYMCA website.

## 2.20 Mayoral Pledges

As part of the Mayor Tracy Brabin's manifesto back in April 2021, she committed to creating a series of Mayoral Pledges to support communities across West Yorkshire. Below are the current 10 pledges to West Yorkshire:

- Create 1,000 well paid, skilled jobs for young people.
- Prioritise skills and training to ensure everyone in West Yorkshire has the skills they need to secure work.
- Support local businesses and be a champion for our regional economy.
- Lead a Creative New Deal to ensure our creative industries are part of the broader recovery strategy.
- Appoint an Inclusivity Champion to work to ensure that the region's recovery benefits us all.
- Recruit 750 more frontline police officers and staff to fight crime.
- Put keeping women and girls safe at the heart of my policing plan.
- Bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses.
- Build 5000 sustainable homes including council houses and affordable homes
- Tackle the climate emergency and protect our environment.

2.21 In order to deliver the above, Gainshare funding has been allocated to each pledge providing additional funding streams for Kirklees to try and access. Successes include funding to support our Environment & Climate Change work, funding of local community organisations to prevent, educate and divert young people from violence, Safer Streets Funding to tackle issues raised by communities, support for over 80 businesses through local and Council delivery of programmes including Start Up West Yorkshire and support for the Kirklees Year of Music 2023.

2.22 More recently to help communities in Kirklees with the cost-of-living crisis, additional funds are being distributed through One Community, a community foundation which uses its local connections to identify local need. This is partly funded through the Mayor's Cost of Living Emergency Fund.

2.23 Other funding streams, such as the Levelling up Fund are not administered through WYMCA. The council submitted bids for the Levelling Up Fund direct to Government, however WYMCA still play a loose coordinating role and are asked to endorse the bids to check for strategic fit.

## **3 Implications for the Council**

**3.1** As WYMCA's role is rapidly growing beyond 'just' economic development an increasing number of Government other funding streams (Police & Crime, diversity & inclusion activity for example) are likely to go straight to the Combined Authority. Therefore, WYMCA will continue to have a greater involvement in the development of policy and priorities within these work areas, not just administering monies.

**3.2** There are many examples when greater devolution down to the regional level is desirable, however with regards to allocation and distribution of funding, there are potential disadvantages and challenges with significant Government funding going directly to the Combined Authority as the accountable body and not the local authorities themselves.

- Creates an applicant and funder relationship for local authorities with WYMCA rather than as partners working together
- WYMCA are both applicant and accountable body when it comes to some of their own delivery
- Creates national 'beauty contests' for high-level funding regionally and nationally e.g., Levelling up Fund, Towns Fund
- At a local level, funding allocation becomes highly tactical and political making it difficult to plan strategically (Penistone Line example)
- Challenging for LAs to develop bids at risk (revenue) to seek to unlock external funding (capital)
- The Assurance Framework is far too cumbersome, bureaucratic, and not proportionate for smaller amounts of funding
- WYMCA approach compounds a lack of capacity/revenue to support local delivery. Scarce technical resources aren't shared widely enough
- Covid relief / recovery focussed e.g., Year 1 of 'Gainshare' – delayed more strategic commissioning but moving to that now

**3.3** It is also important to stress that although WYMCA play a significant role in supporting us delivering our shared priorities and securing additional funding, is not the totality of our regional working. We are actively involved in numerous groups and forums across a wide range of sectors including health and the environment, working collaboratively to achieve better outcomes for our communities.

**3.4** To ensure WYMCA continues to effectively distribute funding to where it's needed and work in a consistent, intelligent manner, there are numerous steps we can and continue to take in Kirklees.

- Ensuring we are clear and understand our own priorities and how they are affected by the regional dynamic
- Ensuring appropriate, proportionate alignment and allocation through influence and leadership
- Influencing and shaping WYMCA priorities through representation on formal committees and senior officer meetings
- Continue to push for increased flexibility across all funding programmes to address rising inflationary and financial costs
- Continue to support tackling the Cost-of-Living crisis and getting money to grass roots level quickly
- Providing constructive criticism and challenge when required
- Political weight to secure proper funding to support local public services including local authorities, local police, and victim support services

**3.5** On a more practical level, fortnightly 'Team West Yorkshire' meetings between officers from WYMCA and the 5 Local Authorities help give a forward look and a forum for early officer collaboration.

**3.6** Internally, we have an officer Regional Funding group in place with representatives from across the Council's directorates who meet every 6 weeks. The group has several remits and focus including:

- Ensure we have the right internal arrangements in place to react to opportunities that come our way and provide a more joined-up and strategic response
- Continued horizon scanning to identify and share future funding opportunities
- Ability to react with pace; the aim of the group is to be pro-active, not wait for WYMCA or other partners to direct

- Ensure greater numbers of officer are involved across more of the council's activity, not just regeneration & growth focussed. Improves collaboration and understanding
- Provide internal support to each other in terms of completing complicated funding bids, monitoring forms and understanding WYMCA processes
- Continue to push for a priority and programme not funding led approach internally and with WYMCA
- Provide insight and intelligence for our politicians when representing Kirklees
- Being clear on our priorities then match-funding to priorities – national, regional and internally.

### **3.7 Working with People**

Not applicable

### **3.8 Working with Partners**

A key theme of regional working is collaborating with other partners, regionally and on the national stage. This report sets out how we are successfully working with WYMCA in terms of funding activity.

### **3.9 Place Based Working**

Not applicable.

### **3.10 Climate Change and Air Quality**

Some of the funding, particularly through Gainshare and CRSTS is directly focused on tackling the climate emergency.

### **3.11 Improving outcomes for children**

Not applicable.

### **3.12 Financial Implications for the people living or working in Kirklees Council**

The theme of this paper and the activity described is about bringing more funding into Kirklees to deliver better outcomes for our communities.

### **3.13 Other (eg Integrated Impact Assessment/Legal/Financial or Human Resources)**

Not applicable.

## **4 Officer recommendations and reasons**

For members of Overview & Scrutiny Management Committee to note the contents of the report.

## **5 Contact officer**

Edward Highfield, Service Director for Skills and Regeneration

Chris Duffill, Head of Business, Economy & Growth

Nick Howe, Strategy & Policy Manager, Policy, Partnership & Corporate Planning

## **6 Background Papers and History of Decisions**

*UK Shared Prosperity Fund*, Cabinet 11<sup>th</sup> October 2022

<https://democracy.kirklees.gov.uk/documents/s48490/USKPF%2011%20October%20Cabinet%20v4%20final.pdf>

## **7 Service Director responsible**

Edward Highfield, Service Director for Skills and Regeneration