

Chief Executives' Group - North Yorkshire and York

12 February 2021

A report on the York and North Yorkshire LEPs Project Pipeline

1.0 Purpose of the Report

This report focuses on:

- 1.1 progress by YNY LEP to develop a Capital Investment Plan and pipeline of capital projects. Included are:
 - Appendix 1: Draft Investment Plan
 - Appendix 2: Local Authority Breakdown
 - Appendix 3: Projects by theme
- 1.2 LEP Core Funding
- 1.3 Devolution progress

2.0 Background

- 2.1 In early 2020 YNY LEP started work to create a pipeline of future investment propositions to support the Y&NY LEP's ambitions set out in the emerging Local Industrial Strategy for York and North Yorkshire. A strong and viable pipeline of capital projects will serve as the basis to better inform priorities for future funding opportunities.
- 2.2 During 2020, utilising Local Growth Funding, the LEP also invested £800k in c.20 feasibility studies.
- 2.3 Activity has been undertaken with partners and stakeholders to further develop and publish the Local Industrial Strategy for York and North Yorkshire; and identify priorities that will help to (i) reshape our economy after Covid-19, and (ii) support the Mayoral Devolution Deal for York and North Yorkshire.
- 2.3 This has all been valuable work, and a review of the project pipeline undertaken with partners and stakeholders in late 2020 highlighted the need to develop a programme framework to help prioritise investment in the right areas. This work has led to the development of the emerging Capital Investment Plan, which sets out the priority interventions and key investment themes.
- 2.4 It had been hoped that the Levelling Up Fund and Shared Prosperity Fund prospectuses would have been published to provide an investment fund to consider the proposals against, however details are still awaited.

3.0 Current Position

- 3.1 The proposed YNY LEP Capital Investment Plan is focussed on delivering the York and North Yorkshire ambition to be a carbon negative region by reshaping our economy to be Greener Fairer and Stronger. By doing this it will set out the priority interventions that will help to deliver our Covid 19 reshaping plan pledges, our Local Industrial Strategy aims and develop our aspirations set out in the York and North Yorkshire Devolution Deal.
- 3.2 The priority interventions and key investment themes of the Capital Investment Plan are explained in more detail in Appendix 1, however in summary they are:



- 3.3 Alongside delivering for the people, businesses and places of our region this Investment Plan will also make a significant contribution to national priorities, including:
- Levelling up** – driving inclusive growth across all parts of York and North Yorkshire and realising the economic potential of the region.
- Climate change** – York and North Yorkshire can not only contribute to the national carbon neutral ambitions, we can go further and become England’s first carbon-negative region.
- Becoming a science superpower** – Our bioeconomy ambitions bring together academia and industry and can enhance the UK position as a leading global superpower in the fast growing bioeconomy.
- 3.4 The development of a project pipeline for capital projects will form the backbone of the YNY LEP Capital Investment Plan, and will be developed in collaboration with partners and stakeholders. Over 230 project proposals submitted by partners and stakeholders. A breakdown analysis of the number of project proposals submitted by partners and stakeholders under the headings of the Capital Investment Plan is included at Appendix 2.
- 3.5 The project proposals have been categorised against the priority interventions and key investment themes of the Capital Investment Plan. These proposals will be subject to an internal assessment and prioritisation by YNY LEP, and will be subject to further discussions and clarification between the YNY LEP and individual partners/stakeholders. A list of the individual projects and their fit with the priority interventions of the Capital Investment Plan is included at Appendix 3.
- 3.6 YNY LEP will continue to work with individual partners/stakeholders to develop the Capital Investment Plan and project pipeline. The process to prioritise projects for LEP advocacy and inclusion on the Capital Investment Plan and capital project pipeline may lead to projects being invited to develop further detail (i.e. Outline/Full Business Case) as a priority project.
- 3.7 The project pipeline will be reviewed, refreshed and updated regularly (approximately every 4-6 months) to take account of emerging economic investment priorities, resource needs and potential funding opportunities.
- 3.8 Overall, the activity to develop a Capital Investment Plan and pipeline of capital projects will help YNY LEP to:
- get a clear picture and better understanding of partner and stakeholder priorities,
 - be in a better position to attract future Government funding,
 - better respond to funding opportunities as they arise,
 - inform priorities for the development of implementation plans to deliver key strategies for economic growth for example, the Local Industrial Strategy for York and North Yorkshire, and Plan to Reshape the Economy for York and North Yorkshire.

4.0 LEP Funding

- 4.1 The LEPs have received confirmation of their core funding for 2021/22. This remains static at £500k and is subject to continued contributions from Local Authorities.
- 4.2 In addition the Growth Hubs have had confirmation their budget for 2021/22 includes the uplift funding provided during 2020/21. Whilst the exact amount is to be confirmed we anticipate this will be similar to 2020/21 (C.£540k). LA Contributions will be confirmed when the final figures are received.
- 4.3 Further LEP income will be reduced for 2021/22 as a consequence of the Local Growth Fund ending and a reduced capital switch, however we anticipate ending the year with c.£750k reserves.
- 4.4 We are currently finalising the delivery plan for 2021/22, however in order to maintain current activity levels, anticipate the need to utilise c.£500k of LEP reserves should additional funding not be received (e.g. Get Building Fund2, Local Growth Fund 3 or Levelling Up/Shared Prosperity Funding).
- 4.5 With devolution projected to be implemented in May 23 at the earliest, there is a potential funding gap from 2022/23. Assuming a devolution deal has been agreed, discussions will be required during 2021/22 around which activity needs to be maintained or resourced to support implementation the development of activity and programmes and to ensure we are prepared for year one delivery.
- 4.6 For example, whilst the exact content of the deal is to be negotiated, core elements of existing deals include Strategic Transport, Gain Share and Adult Education Budget. There is a significant amount of work to be investment ready for these funding streams - Experience in other MCAs indicates it takes 2-3 years to be ready to draw down the Adult Education Budget.
- 4.7 Options will be brought to Chief Executives in Apr-Sept 2021 when the devolution and LGR processes become clearer.

5.0 Devolution Update

- 5.1 The devolution proposals were submitted to government as agreed, in the week prior to Christmas.
- 5.2 Whilst no formal response has been received, informal discussions indicate the initial meeting with MHCLG and Treasury will not take place before March.
- 5.3 Key constraints for government are;
- 5.3.1 Capacity – Both South of Tyne and Hull & East Riding are ahead in the process.
 - 5.3.2 Local Government Reorganisation.

6.0 Recommendation

- 6.1 Chief Executives are asked to;
- provide feedback on the priority interventions and key investment themes of the Capital Investment Plan; and,
 - note the LEP Funding situation; and
 - note the informal devolution feedback.

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