

North Yorkshire Council

Executive

20 August 2024

Joint Delivery of Government Funding with the York and North Yorkshire Combined Authority

Report of the Corporate Director Community Development

1.0 PURPOSE OF REPORT

- 1.1 To outline joint working arrangements between North Yorkshire Council and York and North Yorkshire Combined Authority in respect of the delivery of UK Shared Prosperity Fund and Rural England Prosperity Fund in North Yorkshire.
- 1.2 To seek approval from the Director of Community Development to enter into a Service Agreement between the Council and the YNY Combined Authority in respect of the delivery of the funds.
- 1.3 To seek approval for delegated authority to be given to the Corporate Director Resources, to enter into any contracts or grant agreements which may be required as a result of former functions of the Council transferring to YNYCA.

2.0 BACKGROUND

- 2.1 North Yorkshire Council became a Unitary Authority on 1 April 2023. The expectation was this would be followed by the creation of a new Combined Authority for York and North Yorkshire which subsequently came into being in February 2024. A new Mayor for York and North Yorkshire Combined Authority (YNYCA) was elected at the beginning of May 2024.
- 2.2 As part of the Government's Devolution Deal for York and North Yorkshire it was agreed that the existing Local Enterprise Partnership for York and North Yorkshire, hosted by North Yorkshire Council as accountable body, would become the administrative and operational resource of the Combined Authority and would be subsumed into that body on its inception, including the transfer of staff and appropriate budgets to the new Combined Authority.
- 2.3 In 2022, as part of the Government's 'Levelling Up' programme, North Yorkshire was awarded approximately £16m of UK Shared Prosperity Funds and £5m of Rural England Prosperity Funds with North Yorkshire County Council identified as the Lead Authority or accountable body for this funding. The devolution deal for York and North Yorkshire indicated that any subsequent iteration the UK Shared Prosperity Fund, beyond March 2025 would become the responsibility of the Combined Authority to distribute and manage as designated 'lead authority'. In expectation of future funding arrangements, it was agreed by the Executive of North Yorkshire County Council in October 2022 that the UK Shared Prosperity Fund and Rural England Prosperity Fund would be delivered through a joint team made up of officers from the Council and the Local Enterprise Partnership.

2.4 This joint team was subsequently created along with four new posts to administer the fund which were employed within the Local Enterprise Partnership and which have subsequently been transferred to the Combined Authority. Since the YNYCA has been vested and is now its own legal entity there is a requirement to seek authorisation to transfer some of the UKSPF and REPF funding to YNYCA to support that organisation's delivery of the programme. The total anticipated amount of funding for the 2024/25 financial year is £2.4m.

2.5 As a consequence of the creation of YNYCA, a number of powers and functions have transferred across to the YNYCA. As part of this transfer, it may be necessary to novate some contracts from NYC to YNYCA to reflect that the service has transferred to YNYCA. This could also result in a requirement to transfer funding along with the agreements. Therefore this report seeks approval for appropriate delegation to officers to enable seamless and flexible working arrangements between these organisations where appropriate.

3.0 CURRENT POSITION

3.1 The concept of a combined authority is a relatively new one and therefore appropriate arrangements need to be put in place to facilitate the working of the Combined Authority in partnership with its constituent authorities. The relationship between these tiers of local government differs from previous two-tier local government in that Councils are constituent components of the Combined Authority, with governance arrangements that require specific members of the constituent authorities to sit on the executive of the Combined Authority. When it comes to issues of procurement, contracting, award of funding and joint working it should be clear that the constitutional relationship between these bodies reflects the fact that although they are separate legal entities, they have some interlocking constitutional arrangements.

3.2 The UK Shared Prosperity Fund and Rural England Prosperity Fund are delivered by a joint team of Combined Authority and North Yorkshire Council Officers. The programme is delivered in accordance with the Investment Plan approved by North Yorkshire County Council Executive in November 2022. The Investment Plan follows 5 themes each with their own funding allocation and led and delivered by different themes leads in the Council and the Combined Authority. In the 2024/25 financial year this is as follows:

Priority Theme	Delivery Service	£ funding 24/25
i. Addressing rurality and tackling inequality	NYCC Stronger Communities	2,313,295 730,141
ii. Building pride in our places	NYCC Growth and Heritage	2,075,715 1,341,458
iii. Decarbonising our communities and economy	YNY LEP carbon reduction and NYC Climate Change	1,110,577 394,420
iv. Boosting productivity	YNY Growth Hub	2,197,396 1,606,547
v. Challenging labour market	YNY LEP Skills	3,059,712
4% administration costs	YNY LEP delivery team	363,001
Total UKSPF / REPF North Yorkshire		15,192,262

- 3.3 This funding is being delivered through a range of mechanisms which are grant giving, procurement of services, and direct delivery through both the Council and the Combined Authority. Of this total the following amounts are being delivered through the Combined Authority primarily through the provision of business support services in the form of the Growth Hub.

Boosting Productivity	1,936,375
Decarbonising our Communities and our Economy	200,000
Challenging Labour Market	105,259
Management and administration	225,198
Total	£2,466,832

- 3.4 In order to enable delivery of these elements of the programme it is necessary to transfer this funding from the Council to YNYCA

4.0 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Alternative options including delivery entirely by the Council has been considered however the initial decision to work jointly with Local Enterprise Partnership was predicated on the creation of a Combined Authority in York and North Yorkshire. This will enable a certain amount of continuity between this and future programmes and closer alignment with the work of City of York Council.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The financial implications are those as set out in the report. The nature of the legal and financial relationship between a combined authority and its constituent authorities being sufficiently different from previous tiers of local government that existing models of procurement, partnership working and grant giving are not fully applicable to the Unitary / Combined Authority model. This report therefore seeks a mechanism by which funding can be transferred from one body to the other in a way that accommodates this relationship.
- 5.2 Some elements of the services provided will be subject to VAT and therefore the Combined Authority will need to invoice the Council for services provided and include VAT as appropriate.
- 5.3 There are no direct financial implications to the Council in that the UKSPF / REPF is given at a rate of 100% from Government and is being delivered in the form of a Memorandum of Understanding already entered into by the Council. Should the Combined Authority fail to deliver elements of the programme, and this results in a requirement for repayment funds to the Government the Service Agreement enables recovery of these funds from the Combined Authority. It has been agreed to transfer funds to the combined authority quarterly in arrears which will significantly reduce the likelihood of any need to recover funding from the CA.

6.0 LEGAL IMPLICATIONS

- 6.1 This report highlights the need for a Service Agreement between YNYCA and the Council requiring YNYCA to deliver services to the Council in the amount of £2,466,832 to enable joint delivery in respect of the UKSPF and REPF. The report also seeks delegated powers to allow the Council to enter into any contracts which may be required as a result of former Council functions transferring to YNYCA.

7.0 EQUALITIES IMPLICATIONS

- 7.1 There are no equalities implications arising directly from this report. The UKSPF and REPF programmes require that all proposals for funding should demonstrate their contribution towards improving equalities and have addressed any potential negative effects on equalities issues. An Equalities Impact Screening Assessment is included at Appendix A

8.0 CLIMATE CHANGE IMPLICATIONS

- 8.1 The UKSPF and REPF programmes in North Yorkshire both include interventions aimed at reducing carbon emissions and increasing environmental diversity. All funding proposals need to demonstrate their contribution to the environment and to climate change as a core element of the project assessment process. All activity undertaken by the Combined Authority under the service agreement will continue to support the delivery of the NYC Climate Change Strategy. A Climate Change Impact Screening Assessment is included at Appendix B.

9.0 REASONS FOR RECOMMENDATIONS

- 9.1 To enable successful delivery of the UKSPF and REPF in North Yorkshire through continued joint working arrangements with the YNY Combined Authority.

10.0 RECOMMENDATIONS

- 10.1 That contractual arrangements in the form of a Service Agreement are entered into between the Council and the Combined Authority to enable delivery of the UKSPF / REPF in the amount of £2,466,832 in North Yorkshire.
- 10.2 That delegated Authority is given to the Director of Community Development to approve the Service Agreement.
- 10.3 That delegated authority is given to the Corporate Director Resources, to enter into any contracts or grant agreements which may be required as a result of former functions of the Council transferring to YNYCA.

APPENDICES:

- Appendix A – Equalities Impact Screening Document
Appendix B – Climate Change Impact Screening Assessment

BACKGROUND DOCUMENTS:

Links to earlier reports – 2022.

North Yorkshire County Council Executive 25 October 2022 The UK Shared Prosperity Fund Delivery Framework

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