

York and North Yorkshire Joint Devolution Committee Meeting

15 December 2023

Finance Update

Report of the City of York Council Chief Finance Officer

1. Purpose of the Report

1.1. To provide an update on the financial elements of the Combined Authority

2. Background

2.1. The Combined Authority (CA) will be funded through a range of new funding streams. To provide confidence in the financial sustainability and investment potential of the CA, work continues on the financial model.

3. Analysis

- 3.1. The key financial issues for consideration include:
- Allocation of up to £1m from the £9m Mayoral Investment Funding received on creation of the Combined Authority, to work up a pipeline of investible schemes.
 - A request for approval for North Yorkshire Council to be confirmed as the accountable body for the receipt of £347k capacity funding from Government for Housing Investment.
 - An update on the implementation costs incurred to date along with an estimate of total costs through to creation of the CA.
 - Update from the Autumn Statement.

Economic Framework

- 3.2. As detailed in the Economic Framework paper, significant work has been completed to develop a shared set of economic priorities. To accompany this and to enable first year progress we also require a pipeline of investible schemes worked up to full business case. This will enable an incoming Mayor the option to consider the opportunities should they align with their manifesto.
- 3.3. It is proposed that up to £1m is allocated from the £9m Mayoral funding received on creation of the Combined Authority to support North Yorkshire Council and City of York Council to develop full business cases for priority projects which align with the Economic Framework. Both City of York and North Yorkshire are identifying their priority projects, and it is proposed that the funding is shared equally between the two authorities. Agreement to the projects funded and the delivery of the specific outcomes from the funding will be delegated to the Interim Director of Transition and Interim S73 Officer.

Housing Investment

- 3.4. The York and North Yorkshire Devolution Deal set out the following commitment around the housing agenda: ‘To support the York and North Yorkshire Combined Authority to identify and bring forward a pipeline of housing projects, the Government will also provide £347,000 in capacity funding across 2023/2024 and 2024/2025.’ This is revenue funding and separate to the £12.7m capital funding that has been awarded as part of the Brownfield Housing Fund and is considered elsewhere on this agenda.
- 3.5. The £347k enables the CA to ensure capabilities are in place to develop a strong pipeline of housing projects and work closer with strategic partners (such as Homes England, City of York and North Yorkshire Councils and Registered Providers). This will strengthen the CA’s position to attract further investment in the future.
- 3.6. Officers are currently exploring the potential options to fulfil these needs. Critical to this process is drawing down the funds as soon as possible. The Department for Levelling-Up, Housing and Communities (DLUHC) have confirmed that they are now able to release the investment. However, as the York and North Yorkshire Combined Authority has not yet been established, an alternative accountable body is required, in the interim, to accept the funding. It is proposed that North Yorkshire Council accept the funding, on behalf of the CA. DLUHC have been notified and are accepting of this approach.

Implementation Costs

- 3.7. The table below sets out the latest forecast on implementation costs.

	2022/23 Actuals £'000	2023/24 Forecast £'000	Total Estimated Cost £'000
Consultation	222	0	222
Communications	71	113	184
Finance	17	84	100
HR	5	85	90
Legal	5	77	82
Programme Management	264	364	628
ICT	0	163	163
Total Implementation	584	886	1,470
Programme Costs (AEB, Brownfield, Net Zero)	0	381	381
Total, including Programme Costs	584	1,267	1,851

- 3.8. On 24th July 2023 Joint Committee gave approval for overall implementation costs of £1.6m. However, this was based on the CA being created from November 2023. As this date has now been delayed to late January / early February, there are an additional 3 months of costs now included.

- 3.9. There has also been significant progress made on programmes of work, including Adult Education, Brownfield and Net Zero, resulting in an increase in programme costs above those originally forecast.
- 3.10. These costs will be recovered in full once funding is released on creation of the CA.

Autumn Statement

- 3.11. The Chancellor presented the Autumn Statement on 22nd November. Generally, the Statement was disappointing for public services with no new funding announced. There was, however, some more positive news on extending deeper devolution powers.
- 3.12. The Government has published a new framework for extending deeper devolution to existing Level 3 Mayoral Combined Authorities (MCAs). The Level 4 framework provides new powers for MCAs to draw down on, based on the trailblazer deals negotiated with the Greater Manchester and West Midlands Combined Authorities.
- 3.13. The framework provides a phased approach to deeper devolution ranging from a consolidated settlement from DLUHC across local growth, place, housing and regeneration, through to expanded devolved control of key drivers of economic productivity, including the affordable housing programme, housing retrofit programme and new powers over business support, careers and skills services.
- 3.14. Manchester and West Midlands have been allocated a full level four deal which includes a single financial settlement across transport, housing, skills and retrofit.
- 3.15. The government has promised to conclude new 'level 4' devolution deals with existing mayoral authorities that meet readiness tests of their capacity, governance, and culture. Those subject to investigation by the government due to concerns over their use of public money will also be excluded. Further work is required in York and North Yorkshire to explore the potential for deepening devolution in line with the Level 4 framework and to ensure the design of the Combined Authority supports the required investment readiness criteria.
- 3.16. The Level 4 Devolution Framework Technical Paper is included as an annex.

4. Financial Implications

- 4.1. As this report is for information, there are no direct financial implications. However, it will be important for the Combined Authority to be self-financing, sustainable, and financially resilient.

5. Other Implications

- 5.1. There are no legal, climate change or equalities implications to this report.

6. Recommendations

- 6.1. The Committee is asked to:

- Note the contents of the report.
- Confirm approval for the use of £1m from £9m Mayoral Investment Funding received on creation of the Combined Authority to begin the work on developing a pipeline of schemes as outlined in paragraphs 3.2 to 3.3. Delegated approval will be given to the Interim Director of Transition and Interim S73 Officer to approve allocations to specific projects and to monitor outcomes.
- Confirm that NYC are the accountable body for receipt of £347k of capacity funding as outlined in paragraphs 3.4 to 3.6.
- Note the implementation and programme costs and confirm approval to increase the budget by £250k.

6.2. Reason for recommendation – to ensure the Committee is made aware of current progress on financial matters.

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Annexes

Annex 1 - Level 4 Devolution Framework Technical Paper