

External Funding Scrutiny Review

Potential Funding Sources for York's Key Investment Priorities

Leeds City Region Local Economic Partnership (LCR LEP)

1. Funding channelled through Leeds City Region LEP will be critical to the future economic growth of York.
2. The driving force behind all funding accessed via the Leeds City Region will be the **City Region Strategy and Investment Plan**, through which there is a proposal to create a single front door **Investment Fund** - combining or aligning different monies (e.g. the Regional Growth Fund, Growing Places Funding, European monies, Green Investment Bank etc.) which will be 'matched together at source' by the LEP.
3. Local authorities are being encouraged in the first instance to identify flagship initiatives for inclusion within the **Leeds City Region Investment Plan**. Leeds LEP then intends to support these initiatives through the proposed single **Investment Fund** (In reality piecing together elements of European, Region Growth fund, Growing Places monies in support of an individual scheme 'behind the scenes').
4. Ensuring as many York initiatives as possible feature prominently within the City Region Investment Plan and are eligible to receive support from the **LCR Investment Fund** is a natural priority for CYC.
5. Some funders (particularly Europe) may not be keen for their funding to be merged at source with other grant / loan schemes by the LEP. As a result CYC is also preparing a list of flagship projects which are particularly suited to attracting European funding, which will form part of a Leeds LEP European prospectus.
6. **Leeds LEP - European Funding: 2014-2020**
7. The proposed delivery mechanism for European funding 2014-2020 is the European Regional Development Fund, European Social Fund and European Agricultural Funding for Rural Development. These will be brought together into an EU Growth Programme with a Single Governance Structure.

The Growth Programme's top priorities will be innovation, research and development, support for SMEs, skills, low carbon, employment and social inclusion.

8. The funds available in the EU Growth Programme will be notionally allocated to LEP areas. Each LEP will lead the development of an EU Investment Strategy which will complement the Local Enterprise Partnership's wider economic / strategic plan.
9. Leeds LEP will therefore receive a tranche of European monies in the next round of Structural Funding 2014-2020. The amount of funding Leeds LEP will receive has yet to be determined, although the funding priorities for European monies have already been made clear and further detail will be released in the final week of March 2013.
10. Leeds LEP will then be compelled to produce a high level 'European brochure' by September 2013, giving an outline of the type of flagship schemes that European monies might be spent on in their region. Again, both York Central and the Digital creative centre are expected to feature prominently in these brochures - but due to the nature of European funding regulations, it may be that very specific elements of both schemes are highlighted e.g., greenspace/low carbon elements of the York Central development or specific training schemes/apprenticeships associated with the Digital Media Centre.
11. It remains to be seen whether Leeds LEP will be able to merge their European monies into the planned Single Investment Fund or not. What is certain, however, is that the European monies allocated to Leeds LEP could be used for a broad range of projects and initiatives in York, (not just the York Central and Digital Media Centre schemes).
12. The Task Group may wish to consider looking at the detail of the European funding regulations when they emerge, to see if any other flagship schemes from York could be identified as being eligible for Leeds LEP European monies.

York, North Yorkshire and East Riding Local Economic Partnership (YNYER LEP)

13. YNYER LEP has access to fewer resources than Leeds LEP but it is still important to acknowledge that funding opportunities may still be accessed via this partnership, in particular through the **Growing Places Fund**.
14. £730 million Growing Places funding has been allocated to Local Enterprise Partnerships (LEPs) to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promoting the delivery of jobs and housing.
15. Both Leeds City Region and YNYER LEP have Growing Places Funding still available (despite the deadline having officially passed) which both are predominantly administering on a loan basis. Both LEPs (particularly YNYER LEP) have found it difficult to identify viable projects and would be keen to hear from potential York schemes that could generate employment predominantly through loan funding.
16. There is also the potential that YNYER LEP will decide to back York Central as their main infrastructure priority and ask to Government in their Growth Strategy. This again would take the form of a loan - but a low interest loan, with a 0.5% discount off the PWLB loan rate (our prudential rate) for a proportion of the overall infrastructure funding required for the site.

Central Government - Regional Growth Fund

17. The **Regional Growth Fund** is the government's main financial instrument for investing in private sector and public/private projects that will stimulate growth and create additional employment, and is another key funding avenue that is being actively explored at present.
18. The intention is to give companies the confidence to invest, hire and grow. The fund predominantly supports SMEs to expand, through investment in premises, technology and equipment which will in turn lead to long term job creation, and typically supports 20% of the costs of investment. The threshold for bids is £1 million.

19. Bids for funding from private bodies and public-private partnerships across England on a challenge basis are accepted - the majority of bidding partnerships will include a combination of large private sector players, SMEs and social enterprises working together with public partners. Local Enterprise Partnerships (LEPs) play a role (alongside councils) in coordinating across areas and communities, and in bidding for the Fund.
20. Round 4 of the Regional Growth Fund will close to applications on 20th March 2013, with successful bidders announced within 6 months. Successful bids must demonstrate the potential for creating long-term, private-sector led economic growth and employment, and also evidence a significant private sector matched funding contribution - circa 80%.
21. CYC have already submitted an expression of interest for our flagship development site, York Central, and are also working to support individual York based firms with the calibre to bid to the fund directly.
22. It should also be noted that Leeds City Region LEP successfully secured a tranche of funding through Round 3 of the Regional Growth Fund which it has used to create a sub fund for SMEs in the Leeds City Region area. York firms are eligible to apply. In this case the maximum amount of funding available is £1 million per project (although most grants are likely to be in the region of £100,000 or less). Again CYC is actively supporting a number of York firms in key growth sectors to submit bids to this fund.

Work of the Economic Development Team

23. Having identified major investment priorities and ambitions for the City, and the primary sources of funding through which to bring them to fruition, the Economic Development Team will be actively pursuing the above funding opportunities over forthcoming months.
24. The Economic Development Team also intends to explore ad hoc funding opportunities as and when they arise. This includes new and sometimes radical funding models to unlock key development sites and kick-start other growth initiatives in the City via municipal bonds, crowd funding and social impact bonds.

25. To support this, it is important for the City to harness the energy, ideas and expertise of its residents, businesses and academics, working with the Local Authority to lever in investment, develop new ideas for the future and become more proactive in seizing opportunities as they arise.
26. Other key events to report in recent weeks include a successful Funding and Finance Business Breakfast hosted by the Economic Development Team in the Mansion House and attended by 60 people. The funding pages of the York Means Business website are also in the process of being overhauled.