

Les Newby Associates
strategy and solutions in a changing world

York, North Yorkshire and East Riding

Combined Authority Analysis

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York, North Yorkshire and East Riding Combined Authority Analysis

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Note: Local authority views expressed in this report are chiefly based on interviews with senior officers, who may not have always had the opportunity to check the detail of all of the matters under discussion with relevant elected Members. The viewpoints articulated here must be borne in that context and are intended to provide an indicative picture, rather than a formal or definite position.

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Executive Summary

Interest in local devolution and Combined Authorities (CAs) ballooned in 2014 following the Scottish independence referendum and the establishment of four new CAs in England. Legislative changes are likely to relax geographic constraints and to facilitate further CA proposals after the 2015 General Election. This report is an initial analysis of potential for a York, North Yorkshire and East Riding (YNYER) area CA and is based on analysis and interviews with local authorities and central government departments. The key findings are.

1. YNYER has a medium sized population for a Local Enterprise Partnership area (LEP) but covers more land than any other LEP. Its economy excels on skills and employment but can do better on growth and productivity. Over 75% of travel to work journeys start and finish locally. This geographic analysis could be widened to cover economic and housing market issues in more depth, however, based on the self-containment criteria Government used to assess Local Enterprise Partnership proposals, it suggests that YNYER is a **'functional economic area'** and **would be well placed to become a CA if it seeks to**. Additionally the area has clear and strong linkages to neighbouring areas, especially to West Yorkshire.
2. **All YNYER local authorities are in principle either positive about being in a CA or are open minded to that possibility - if the benefits of doing so become clear and persuasive.** A small majority would either like to join a CA or are leaning towards doing so subject to the details of what is involved. However, a significant minority are wary of taking a 'leap of faith' as they see it without better information about the costs and benefits. A CA is widely seen to have better long term devolutionary potential than a Joint Committee, but the latter can have benefits in itself or as an interim structure.
3. **Seven of ten local authorities see YNYER or a variant of it as the best option for a CA.** Three authorities do not rule this option out, but would need various degrees of persuasion (in some cases considerable) to choose it ahead of a Leeds City Region based option.
4. **A number of other CA configurations are possible and preferred by some,** for instance options which include West Yorkshire and/or Hull. However, all options have drawbacks and some would not satisfy local requirements. A CA combining York, North Yorkshire, West Yorkshire and possibly East Riding is the best supported alternative model, although a good number would see this as bigger than they would like, possibly including DCLG.
5. There is **wide support for a CA to adopt transport functions, most aspects of economic development and strategic housing.** There is also good support (but also some opposition) for strategic planning and skills roles, and a desire to explore distinctive local functions. Some are keen to open up a bigger discussion about devolution of services that are not already delivered by local authorities, for instance integrating health and social care in a CA.

6. **Perceived benefits** of a CA are as a route to devolved powers, resources and influence, although most recognise that the 'prize' is hazy. Strategic planning or priority schemes are drivers for some areas. Fears include dilution of local issues and loss of resources, issues about raising levies (or not doing), and the problems that would arise if some but not all county districts are in a CA. It should be possible to construct a CA without crossing most of the 'red lines' suggested by local authorities, but doing so would rule out certain configurations and much depends upon decisions taken by York.
7. There is passionate opposition to the idea of a mayor and consensus that any **CA should be governed by a Board of existing elected leaders**. There are differing views on voting and representation - agreeing mechanisms that all parties can sign up to is likely to be complex but not unachievable. There is strong support for close working between the LEP and any CA, with the CA taking the overall governance role and the LEP a business focused role.
8. **Government departments (DCLG and DfT) stress their neutrality on CAs** and say they will neither push areas to pursue that status or hinder good proposals. Both see YNYER as an option that 'stands up', are aware of other possible configurations, and may be wary of any that leave Hull isolated. Neither department specified any powers, resources or flexibilities that come with the establishment of a CA. DfT intimated that no additional budget exists for CA areas, that decision making is already devolved through Growth Deals, and that a 10 year time settlement on transport was in the gift of HMT – who would need some persuading. DCLG suggested that existing Deals such as in Sheffield give an indication of what to expect.

There is local consensus that the best time to make a decision on taking forward any CA proposal will be after the May 2015 elections. At that point national Government attitudes should be clearer, as will any changes in local government administrations within YNYER. In the interim period, there would be benefits from completing a fuller analysis of the costs, benefits and economic implications of different CA options. This will be especially important in relation to Harrogate and York, where compelling evidence would be required to persuade them of the case for a YNYER CA.

1. Introduction and Context

Interest in local devolution within England has rocketed in recent months. In the wake of the Scottish independence referendum in 2014, and bolstered by the agreement of new devolved powers for Greater Manchester, there is keen interest in how new structures such as Combined Authorities can bring about greater and long lasting local devolution.

Despite the growing interest in local devolution, there is much uncertainty and complexity regarding exactly what is on offer, how it will work, and what the local benefits will be. Policy appears to be emerging in a relatively ad hoc and case by case way, often centred around devolution Deals in major city regions. Additionally, whilst Local Enterprise Partnerships (LEPs) have become stronger and more influential bodies since their establishment, their geography – and particularly the issue of overlapping boundaries – has come into question.

A range of potential structures and mechanisms for devolution exists, however, most of the focus is on Combined Authorities (CAs). These structures allow multiple local authorities to work together to deliver economic development, transport and potentially wider functions.

In light of both the interest in CAs and the uncertainty around them, Les Newby Associates was commissioned to complete initial analysis of potential for a York, North Yorkshire and East Riding (YNYER) area CA. This involved review of the position nationally, local analysis and interviews with local authorities, the YNYER LEP, and central government departments. This report is the product of that exercise.

2. Combined Authorities and Options for Local Devolution

2.1 Combined Authorities – the Basics

A combined authority (CA) is a legal structure set up by two or more local authorities to enable joint working on transport and economic development. CAs can take on further functions passed to them by the Secretary of State under the general power to do so in the *Localism Act 2011*. A number of rules *currently* govern what type of areas can become a CA:

- The CA must include membership from all local authorities in its area: it cannot include, for instance, part of a county council area
- All local authority areas covered must support the proposal
- The area covered must be ‘contiguous’ – i.e. a connected geographic area that is not separated by any local authority areas that are not part of the CA. This prevents there from being ‘exclaves’ - areas detached from the main area of the authority. Neither are ‘Doughnut’ shaped CAs permitted with a non-member authority in the middle.

In procedural terms, CAs are set up by the Secretary of State at the request of local authorities. The process for this is:

- i) A local authority or authorities must carry out a *Review* which recommends the establishment of a CA for/including their area
- ii) With the support of all the authorities involved, a '*Scheme*' is then published for the establishment of a CA, setting out its functions, governance, etc.
- iii) The Government undertakes a *Statutory Consultation* which informs the Secretary of State's consideration of whether the CA would meet the statutory conditions
- iv) A draft *Order* is laid requiring Parliamentary approval to establish the CA

Government agreement is also needed to amend or dissolve a CA, or for a local authority to leave – requiring an amended Scheme and parliamentary approval and so on. In short, once a local authority is in a CA, it is hard for it to leave.

In 2014 the Government consulted on reforms to simplify the process of becoming a CA and relax the rules on the type of areas that can form one. Proposals were published following on from this exercise – for further consultation - in late December 2015. If adopted (which seems more likely than not), these would relax the criteria for becoming a CA and allow non-coterminous areas to be part of the same CA, doughnut shaped CAs, and CAs that cover part not the whole of a county council area. However, CA proposals could only progress under these relaxed criteria with Secretary of State approval, which would include regard for the impact of the CA on surrounding areas and their merits as a functional economic area.

2.2 The National Picture

So far, five CA's have been established, covering Greater Manchester, West Yorkshire, South Yorkshire, Liverpool City Region and the North East. Greater Manchester has also gained wider devolved powers, with the appointment of a mayor agreed as part of this deal.

Following the Scottish referendum, there is heightened interest in English devolution, including through CA structures. Proposals for CAs are at various stages in places including the West Midlands, The Tees Valley, Lancashire, Cambridgeshire, the Solent, Derby/Derbyshire and Bristol. Local authorities can only be in one CA, so CA proposals in nearby areas can impact upon the options that are open.

2.3 Alternatives Structures

Other options for devolutionary structures that are not included in this review include:

- An *Economic Prosperity Board* – involves the same process and rules as a CA but is limited to economic development. This is discounted here because it does not include transport.
- Local Authority *Joint Committees* – can be formed to manage functions/services collaboratively. Because they are more straightforward, analysis of them is not required.
- Think-tanks have proposed structures such as '*city-county authorities*' that are similar to a CA. However, these are not fully worked up and lack formal status and are not analysed here.

Local Enterprise Partnerships (LEPs) work in tandem with CAs where they exist, but the pattern and powers of CAs can have implications for the role of LEPs, their operation and geography.

3. The YNYER Area as a Functional Economy – Overview

3.1 Overview of the Area

Based on 2011 census statistics, YNYER has a population of around 1.1 million people, with around 330,000 in the East Riding, 190,000 in York and 585,000 in North Yorkshire. It is the 19th largest of 39 LEPs in England on this basis, well below big city region LEPs but double the size of the smallest LEP areas. Its population is expected to grow by about 6% between 2011 and 2021, and in 2011, 20% of the population were aged 65 and over – higher than the England average.

YNYER stands out more in terms of expanse – it is the largest LEP area in England by land area (10,718 sq km) and accounts for 8% of England on this basis. That makes it a very significant area in terms of scale, and one which includes distinctive localities, including the city of York, an array of distinctive towns, two national parks and four AONBs. Its population density – 106 people per sq km – is lower than most LEP areas and much of the area is rural in character.

Compared to existing Combined Authority areas, YNYER's population is significantly below that of the largest CAs – 2.7m people in Greater Manchester and 2.25m in West Yorkshire, but much closer in scale to Liverpool City Region (1.5m) and Sheffield City Region (1.35m). Of proposals for new CA areas, YNYER is smaller than Greater Birmingham, but slightly larger than or similar to proposed CA areas for Bristol (1.1m), Derby/Derbyshire (1.0m) and the Tees Valley (0.65m).

3.2 Economy

The YNYER economy is worth around £20 billion (the figure was £19.3 billion in 2011) and it accounts for around 1.7% of England's total GVA (Gross Value Added). Table 2 breaks this down locally as far as possible based on ONS data, and also shows £GVA/head figures and change.

Table 1: Economic Output (GVA) within the YNYER Area (ONS, 2011)

	Total GVA (£)	GVA/head (£)	GVA/head rise 2005-2011
North Yorkshire	£10.3 billion	£17,100	18.8%
York	£4.1 billion	£20,100	7.6%
East Riding of Yorkshire	£4.9 billion	£14,300	17.5%

YNYER performs very well on employment measures and 'jobs density' analysis. This is based on the number of jobs per resident aged 16-64 (regardless of whether they are economically active). Job density figures approaching or above 0.80 are desirable, and North Yorkshire, York and East Riding scored 0.85, 0.88 and 0.64 respectively on this measure in 2012. The latter figure is lower partly because of the major commuting flows from the East Riding into Hull. Within North Yorkshire, the lowest figures are in Selby and Scarborough (0.73 and 0.75), with these figures close to the average for the whole of West Yorkshire (0.74). This suggests that YNYER is a strong and well-functioning area in employment terms.

There is a marked contrast between relatively low productivity and GVA/head in the YNYER area and employment and other economic measures which tend to be much healthier. Table 2 shows the LEP area's performance on a number of key indicators and how it is ranked compared to other LEPs. Figures for the overlapping LEP areas of Leeds City Region and the Humber are provided for comparison.

Table 2: YNYER Economic Performance – summary and comparison

Indicator	YNYER	England (or UK*)	YNYER Rank of 39 LEPs	Local Comparators	
				LCR	Humber
Employment rate (Oct 11 – Sept 12)	75.3%	70.7%	10	69.0%	68.8%
Unemployment rate (July 12-June 13)	5.5%	7.8%	9	8.5%	10.2%
% Private sector employment (2012)	80%	81%	25	78%	78%
% Knowledge intensive employment	15%	19%	22	19%	10%
% NVQ level 4+ skills (July 12 - June 13)	36%	34%	10	31%	26%
% of firms with training activity (2013)	45%	49%	36	52%	50%
Median salary (resident/workplace 2013)	£26k/£24k	£27k/£27k	21/23	£25k/£25k	£25k/£25k
Enterprises per 1,000 residents (2012)	40	39	15	36	34
Patents per 100,000 residents ('07-'11)	8.4	9.3	16	6.5	5.3
% of firms actively exporting (2012) ¹	28%	33%*	32	28%	33%
Rateable office values per Sq m (2012)	£92	£155	17	£109	£58

The YNYER economy is marked by some unusual contrasts. At one level, it performs very well in terms of skills and employment indicators, and is in the top quarter of LEP areas nationally on these measures. However, as with GVA/head productivity, its performance is poor on exports and training activity. Innovation and enterprise levels are slightly above median levels for LEPs, while salaries and private sector employment are just below.

This picture illustrates an economy that is significant in scale, benefits from excellent skills and which has good potential to grow more strongly - if it can transform its below average performance in key areas that are linked to productivity such as training and exports. Key opportunities to make this transformation are identified in the area's Strategic Economic Plan which sets out key assets and goals as summarised overleaf.

¹ For firms with 10 or more employees

YNYER Key Assets & Opportunities	YNYER Strategic Economic Plan Goals
<ul style="list-style-type: none"> • A global leader in food manufacturing, agri-tech and biorenewables • National Agri-Food Innovation Campus • £1.7 billion investment in biomass and carbon capture and storage at Drax Power Station, major offshore wind energy opportunities, and wider potential in the power/energy sector • £1 billion will be generated in annual exports from the proposed Potash mine • Excellent quality of life and tourism offer that attracts people, business and investment 	<ul style="list-style-type: none"> • £3 billion growth • 20,000 new jobs • Double house building • Every student connected to business

Travel to Work, Labour Markets and Housing Markets

Travel to work patterns provide a helpful (if not comprehensive) indication of an area's economic geography, and these were used as the basis of the DCLG test of what constituted a Functional Economic Area when LEPs were established between 2010 and 2011. In that exercise a key test of a Functional Economic Area was that at least 75% of the resident economically active population work in the area; and that of all those working in the area, at least 75 per cent also live there².

In the case of YNYER, 77% of the resident economically active population work in the area, while 84% of all those working in the area also live in the area³. Hence it passes both of the DCLG thresholds for a functional economic market area.

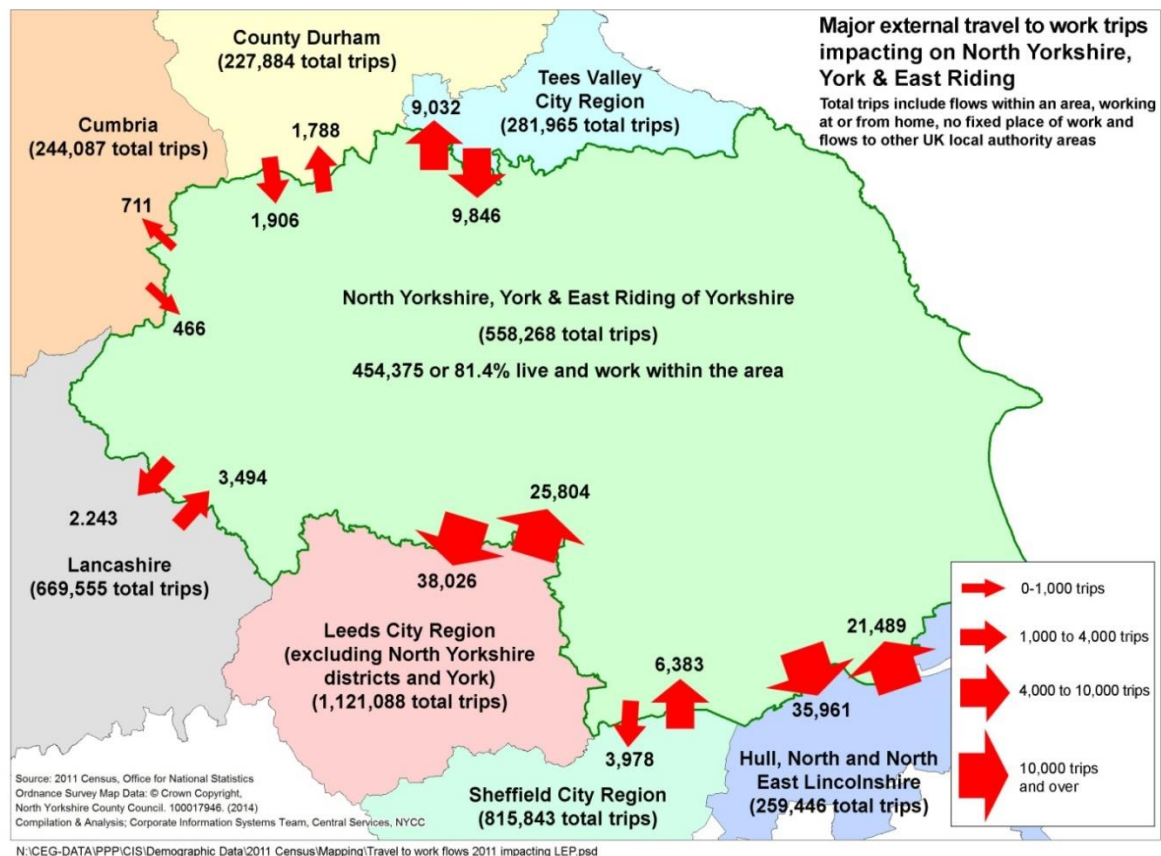
Travel to work patterns are also informative in showing economic connectivity between local authority areas. Whilst they are not the whole story in this respect (fuller economic and housing market analysis that was outside the scope of this work would be informative too), they offer insights into the strength of connections in different parts of the YNYER area. Figure 1 shows two way flows between the whole YNYER area and its neighbouring areas⁴.

² Functional Economic Market Areas: an economic note, Department of Communities and Local Government, 2010

³ That figure is 81.4% (as in Fig 1) if those who have no fixed place of work are included as well as those who live and work in the LEP area and those who work at/from home

⁴ These are LEP areas with the exception of County Durham

Figure 1: Travel Flows to and from YNYER to Neighbouring Areas



Key points from the figure are:

- The high overall proportion of commuting journeys that are made within YNYER is reiterated – 81% live and work within the area.
- The next highest volume of journeys is between YNYER and the areas of LCR that are not also within YNYER – chiefly Leeds and other parts of West Yorkshire.
- There are also large flows between YNYER and the Humber (mainly between East Riding and Hull), significant flows between YNYER and the Tees Valley, and smaller but locally significant flows between parts of YNYER and Lancashire and South Yorkshire.

The Annex details commuting journey flows from all authorities within YNYER to each other and to the key nearby local authority areas. Table 3 summarises the results in terms of the principal flows for each area within YNYER.

Table 3: Journey Pattern Headlines by Local Area

Area	Travel to Work Headlines
Craven	The greatest flows outward and inward are with Bradford, which are more than double the next biggest flows – those with Lancashire and then Leeds. Within YNYER the strongest link is with Harrogate.
East Riding of Yorkshire	The commuting connection to Hull dominates by a long way (it is six times larger than the next biggest flow), but there are also significant links to York, Selby, Scarborough and Leeds.
Hambleton	The chief two way flow is with the Tees Valley, followed by those with York, Hambleton and Richmondshire.
Harrogate	The dominant connection by some way is with Leeds, which is reasonably balanced both ways and more than three times greater than any flow elsewhere. There are also notable if lower commuting flows with York, Hambleton and Bradford.
Scarborough	Ryedale is the most common commuting destination from Scarborough; while Scarborough most attracts inward journeys from East Riding and Ryedale.
Selby	Selby has pronounced travel to work connections outward into Leeds and York, and to a lesser degree, East Riding. It brings in a fairly evenly balanced mix of journeys from East Riding, Wakefield, Leeds and York.
Richmondshire	The two way travel to work connections with Hambleton and with the Tees Valley dominate, most other flows save that with Harrogate are modest.
Ryedale	The strongest flows are to/from York and Scarborough, with flows to/from the East Riding and Hambleton also significant.
York	The greatest inward flows into York are from East Riding and Selby, followed by those from Leeds, Hambleton, Ryedale and Harrogate. Leeds is the most popular commuting destination from York but there are also sizeable flows (of about half that scale each) out to Hambleton, Harrogate and Selby.

Housing

Housing Markets are clearly connected to labour markets and a number of assessments of them have been completed. In North Yorkshire, the Strategic Housing Market Assessment⁵ focused on five sub-regional market areas within North Yorkshire – those based on:

- The Coast
- Remote Rural
- Vales and Tees links
- York sub-area
- LCR connected sub-area

⁵ North Yorkshire Strategic Housing Market Assessment Appendix 11: Sub-Regional Market Area Analysis, GVA Grimley Ltd, 2011

The analysis concluded that whilst the areas are distinct they also have “implicit connections” to one another, and that there are “important dynamics between as well as within them”. As with the labour market analysis, the housing analysis also points to important relationships with areas outside of North Yorkshire. The work also highlighted connections between economy and housing and noted that:

“Over recent years the area has benefited from the economic growth of its primary urban centres and their proximity to other drivers of employment growth such as Leeds. The workforce across North Yorkshire has also been consistently productive with high levels of economic activity compared to national averages and low levels of unemployment. Importantly in relation to individual incomes and housing aspirations the workforce also includes a high proportion of professional occupations / managers compared to other regional and national benchmarks.”

Whilst this analysis makes clear the impact of employment on housing and the strong skills base in YNYER, it does not pick up on the relatively low median incomes that also impact on many households. In conjunction with high house prices, these conspire to make housing affordability a key issue.

Further analysis, specifically on the ‘York sub-area’, identifies that “The urban area of York’s influence on housing markets extends further than that of its influence on markets for business space and employment land. York’s influence on housing markets overlaps with the influence of other areas, including Leeds, Harrogate, the A1 corridor, Hull and Beverley.” This analysis again makes clear both the impact of economic growth on housing demand and prices, and how the York housing market in particular connects to much of the East Riding and North Yorkshire as well as to Leeds City Region.

4. Key Stakeholder Views within York, North Yorkshire and East Riding

4.1 Introduction and Process

All local authorities within the YNYER area were interviewed between 15 December 2014 and 8 January 2015. All interviews involved the Chief Executive of the relevant authority, usually with other relevant senior management team members also involved, and sometimes the Council Leader. An interview was also conducted with key figures in the YNYER LEP (including the Chair) and the process has been informed by observing the discussion about Joint Committees and Combined Authorities at the YNYER LEP Board meeting on 19 December 2014.

All interviews were based on a set of core questions and carried out face to face. For the LEP, questions were adapted to reflect its position, and at North Yorkshire County Council, discussion about their views on CAs took place in advance of questionnaire development and so was less focused on a specific set of questions than in subsequent meetings.

It is important to note that most interviews were based on conversations with senior officers, who would not have always had the opportunity to check all of the detail of the matters under discussion with relevant elected Members. The viewpoints articulated here must be borne in that context and are intended to provide an indicative picture of the likely stance of their local authority rather than a formal or definite position.

4.2 Attitudes to Joining a Combined Authority in Principle

Interviews first explored how far local authorities were keen to join a CA based on the merits of that model in general terms, rather than tied to any particular geography. In this respect, YNYER local authorities fall on a spectrum between positive about or prepared to join CAs at one end, and neutral or ambivalent about them at the other.

No local authorities are firmly against joining a CA, but a number are open-minded and sometimes questioning about the merits of doing so. They seek better information about the detail, costs and benefits and would decide whether to join or not based on this information and the specifics of a proposal – ‘the devil is in the detail’. Overall however, a modest majority would either like to join a CA or are leaning towards doing so subject to the details of what is involved and the benefits arising.

In terms of local detail, York are already in the West Yorkshire CA (as a voting but not full constituent member), while Selby, Scarborough and Ryedale are largely supportive of joining a CA (subject to due detail). Harrogate is interested in the model and would like to know more about the options and their benefits, while Richmondshire, Hambleton and East Riding are neutral or open minded about the concept. They too would like to know more about what is on offer and the likely benefits before making a decision. The County Council is open minded and is

keen to explore the benefits of the CA concept further in comparison to other models, to test support for it, and to see how it would work practically, before developing any proposals.

Motives for wishing to join a CA vary; some areas are attracted by perceived benefits such as strategic planning, resources or devolved powers, others are unclear about specific advantages but fear they will be marginalised and miss out on opportunities downstream if they are not part of a CA. Those who are more sceptical of the concept point to the lack of specific powers or resources that come with becoming a CA, and that the CA settlements negotiated recently (e.g. by Sheffield) do not offer a great deal over and above what would happen anyway or be possible through other routes. They are aware of the case for joining based on 'not missing out' but are not convinced that this is a good enough reason to join a CA.

Key Message: Subject to the detail, All YNYER local authorities are in principle either positive about being in a CA or are open to that possibility - if they become persuaded of the benefits.

4.3 Combined Authority Geography

YNYER's wide expanse and significant overlaps between LEP areas complicate the geography of any CA proposal. Interviews were primarily focused on whether local authorities would be prepared to join a CA based on the YNYER geography that the LEP currently works on. Additionally, given the complexities, options and interdependencies at play, discussion also explored attitudes towards other geographic possibilities.

A Combined Authority on a YNYER Geography

At a headline level, the YNYER geography is the first choice preference for a CA for a half of the ten local authorities covered by it – Scarborough, Ryedale, Hambleton, Selby and the North Yorkshire County Council (NYCC). Two more see it as an attractive/acceptable option that is only slightly different to their ideal configuration – East Riding would prefer that Hull be added to the area; Richmondshire would prefer a smaller area based on York and North Yorkshire alone. None of the three other areas – Craven, Harrogate and York - entirely rule out membership of a YNYER CA. But to varying degrees, they see advantages in other options, and there are issues to overcome.

Support for a YNYER CA is based on its boundaries fitting well with the economic geography and connections of local areas and there being a high degree of shared interest and common issues. There is also a wide and strongly held view that York and North Yorkshire are intimately connected economically and must stay together for any CA structure to make sense.

Clearly, what makes matters more complex is the fact that five of the local authority areas within YNYER are in two LEP areas, with East Riding connected to Hull through the Humber LEP, and Selby, York, Harrogate and Craven all part of Leeds City Region (LCR). Selby's preference is

for a YNYER CA, but it does not rule out being part of a larger LCR LEP as it has advantages from being in two LEP area and commuting ties with both. The latter three areas all articulated a complicated position whereby they wish retain ties to YNYER, but also see advantages from being part of LCR/the West Yorkshire CA. For slightly differing reasons, all three areas would weigh up their options before making any decision to commit to a YNYER CA:

- Craven sees much commuting into Bradford and Leeds and has connections westwards into Lancashire - which it feels are better appreciated in LCR than in YNYER. However, it would rather be part of a YNYER CA than not in any CA. A better relationship with NYCC and greater responsiveness to Craven's connectivity concerns would help to enhance the attractiveness of the YNYER option to Craven.
- Harrogate has strong labour market connections to Leeds and sees advantages in retaining its connection with LCR. It also sees transport and the ability to align this with economic development as a priority – so it is important for it to be within a CA which holds transport powers for Harrogate.⁶
- York is already a (non-constituted) member of the West Yorkshire CA and has a stated desire to become a constituent when/if change in legislation allows that. The agglomeration advantages of being part of a large, city based CA are attractive to it economically and in terms of the CA's profile in Government and the opportunity it may offer to access resources and devolved power. However, it also acknowledges and values its connections to North Yorkshire, East Riding and Hull and does not wholly rule out membership of a YNYER CA.

Evidence is especially important to both Harrogate and York. Harrogate would like to see a thorough analysis of economic geography, costs and benefits so that it can make an informed decision about YNYER against other options. Meanwhile, given York's existing preferences for, and connections to, the West Yorkshire CA, it would need to see robust and compelling evidence as to the benefits of a YNYER CA in order for it to be swayed in favour of this option.

Key Message: Seven of ten local authorities see YNYER or a modest variant of it as the best option for a CA. The remaining three authorities do not rule this option out, but to varying degrees would need to be persuaded to choose it ahead of a Leeds City Region based option.

Other Permutations and Preferences for Combined Authority Geographies

Given the large area covered by YNYER, it is unsurprising that localities within it point to differing economic connections, usually with their direct neighbours. These are with Tees Valley, Hull, West Yorkshire and Lancashire to the north, south east, south and west of the area respectively. While these links exist, forming a CA based on some of them can effectively be ruled out. Tees Valley is well on the way to establishing its own CA. There is insufficient

⁶ This would be the case if Harrogate and NYCC were within the same CA, or if NYCC agreed to delegate its transport powers for Harrogate to a different CA that Harrogate became part of (subject to legislation)

appetite and partnership in place to drive connection with a CA in Lancashire, and there seems to be no desire for an extensive East Coast CA stretching from Scarborough (or further north) southwards through Lincolnshire. Nevertheless, this leaves scope for various configurations involving the YNYER area, West Yorkshire and Hull. Local authorities raised a number of these options in interviews, and these together with comments on them are now set out.

i) A smaller scale CA within YNYER

This would be based on the current geography but exclude any areas that do not wish to join a CA within it. This option may arise if an area such as York or East Riding chose not to join, and variations within it such as York & North Yorkshire were mooted by Richmondshire and Hambleton. However, it would have the drawback of cutting back the YNYER area, would be unlikely to appeal to LCR based authorities such as York who seek a larger area, and therefore be likely to fail in keeping York and North Yorkshire together - which most see as vital to a CA. Additionally any split that means some North Yorkshire districts are within a CA whilst others are not would make two tier working difficult and service delivery more complex and inefficient.

ii) YNYER + Hull

East Riding of Yorkshire proposed this option as the most favourable from their perspective as it reflects their economic links to Hull and those into York and North Yorkshire. York too sees potential advantages in a wider area that includes Hull. However, six local authority areas are wary of or opposed to a CA area which includes Hull, for instance because its economy does not connect to their own and may be likely to draw in a disproportionate share of resources.

iii) YNY(ER) + West Yorkshire

This option would bring together the West Yorkshire CA and York and North Yorkshire, either with or without East Riding of Yorkshire. This combination is most attractive to Harrogate, York and Craven as it covers their economic linkages to North Yorkshire and West Yorkshire (and East Riding where relevant) and means that they would only need to operate within one area. Authority areas outside of Leeds City Region would prefer not to have such a large area, with sharp urban/rural contrasts, but if this option were needed to keep York and North Yorkshire together, some would see that as a price that may be worth paying. A further implication of this option is that it may leave Hull isolated, which could be a concern to central government and raise question marks about it gaining Secretary of State approval as a functional economic area.

iv) YNYER + West Yorkshire + Hull

This area is similar to iii) above but its advantages or disadvantages in terms of scale and connections are amplified according to perspective. A majority of authorities would see it as simply too big and diverse. Some central government departments (DCLG) may also dislike its scale and see it as too close to the previous Yorkshire and Humber region.

Key Message: A number of theoretical options exist if a YNYER CA were not feasible, and these are already alive in the thinking of local authorities. However, whilst all the models have advantages from some perspectives, most of them also have major drawbacks that may make them unfeasible, and less preferable than a YNYER model for most areas within it.

4.4 Combined Authority Functions

Combined Authorities usually take on transport and economic development as core functions, but subject to local support and Secretary of State approval, they can take on additional functions too. The appetite for adopting a range of functions was explored in interviews and Table 4 summarises the results based on all ten local authorities and the YNYER LEP.

Table 4: Attitudes Towards Potential Combined Authority Functions

Function	No. of Organisations		Notes
	Support	Oppose	
Transport	11		Seen as essential by all
Economic Development (ED)	10*	2*	*Some authorities support taking on certain aspects of ED but not others (see text)
Housing (strategic/policy)	8	1	Covers issues such as affordable housing and housing numbers (linked to strategic planning)
Strategic Planning	6	2	One authority also advocated taking on the strategic planning <i>process</i>
Skills	6	1	To devolve adult skills (not education)
National Parks/AONBs	3		Reflects National Park Authority planning roles
Flood Management	3		Gain from or work with Environment Agency
Rural Policy	2		For example, EU 'EAFRD' funding
Infrastructure	3		Probably wider support, some see it as ED
Regeneration	1		Most open minded on this or did not specify
Health/Care	2		Some doubt Government would allow this
Waste	1		Proposed as an example of a distinctive option
(other) devolved functions	1		e.g. police/fire/ambulance services, Jobcentre Plus
Tourism		4	Seen as better done at Yorkshire and local level
Local Housing		6	Strong opposition
Local Planning/DC		9	Strong opposition

There is a good degree of consensus about the roles of a CA and unanimous support for taking on transport. For some areas, such as Harrogate, this is the prime reason for establishing a CA. Few, if any, would see any point in establishing a CA that did not cover transport. Some argued that practically all of the transport priorities for the local authorities covered could become priorities for a YNYER CA, but that they might not be in a larger CA or different configuration.

There is also very strong support for taking on economic development, but the picture is more complex. Some are clear that they want to retain economic development teams and certain roles locally; others probably hold this view without having expressed it. Distinction is sometimes also made between the different roles that are bundled together as 'economic

development'. For instance, some see business development and engagement as a role for local authorities and the LEP, but that functions such as inward investment and strategic sites are better suited to a wider geography and a CA role. There is also blurring between what is seen as economic development as opposed to 'infrastructure' or 'regeneration'. For example, development of major employment sites potentially fits within all of these categories and is widely supported, despite the modest numbers explicitly citing 'infrastructure' as a CA role.

Strategic housing is the third most supported function and would cover issues such as policy on affordability and housing growth aspirations. The East Riding of Yorkshire takes a different view and points to the lack of connection between housing markets across YNYER (e.g. Withernsea compared to Settle). More widely there is clear consensus that any housing role should be strategic and not about local housing issues such as waiting lists, stock management or vulnerable people. Likewise there is zero support for taking on development control functions.

Support for 'strategic planning' is not quite as widespread as that for transport and economic development, but those who do wish to adopt this function often see it as at the heart of what a CA should be about. There is widespread appreciation of the benefits of planning economic development, transport, housing and other infrastructure in a joined up way. There is, however, a split on this issue - most districts are keen to see strategic planning in the CA, but the unitary authorities of York and East Riding are opposed. National Parks and AONBs cover large areas of YNYER and three areas suggest that their roles (e.g. on Strategic Planning) should come into any CA, with the Park Authorities as potential members. This is, however, not catered for in CA legislation, so the practicalities of doing so would need to be considered.

Around a half of authorities support a skills role for a CA, although support for this was less passionate than on issues like transport and strategic planning. Scarborough is the most notably opposed to this function moving to the CA as it is keen to build on recent local skills activity and successes. Others, such as York, are open minded but would need to see a good case made as to why covering skills through a CA would have benefits over and above current partnership working, for instance across LEP areas.

A range of local authorities suggest that a CA could take on issues that are important to them but currently outside of their control. Flood management and rural policy are examples, with the latter potentially bringing aspects of rural policy covered by DEFRA under local control. Authorities such as Selby and Ryedale stress the importance of making a CA distinctive so that it reflects local issues and stands out to Government as pioneering new models and approaches.

The East Riding of Yorkshire is keen to consider moving functions that are not currently under local government control to some form of CA or Board. That could mean devolving Jobcentre Plus for example, or more radically, integrating police, fire and ambulance services at local level. This reflects a desire to open up a bigger debate about what devolution could mean rather than to focus on a re-organisation of existing local government functions.

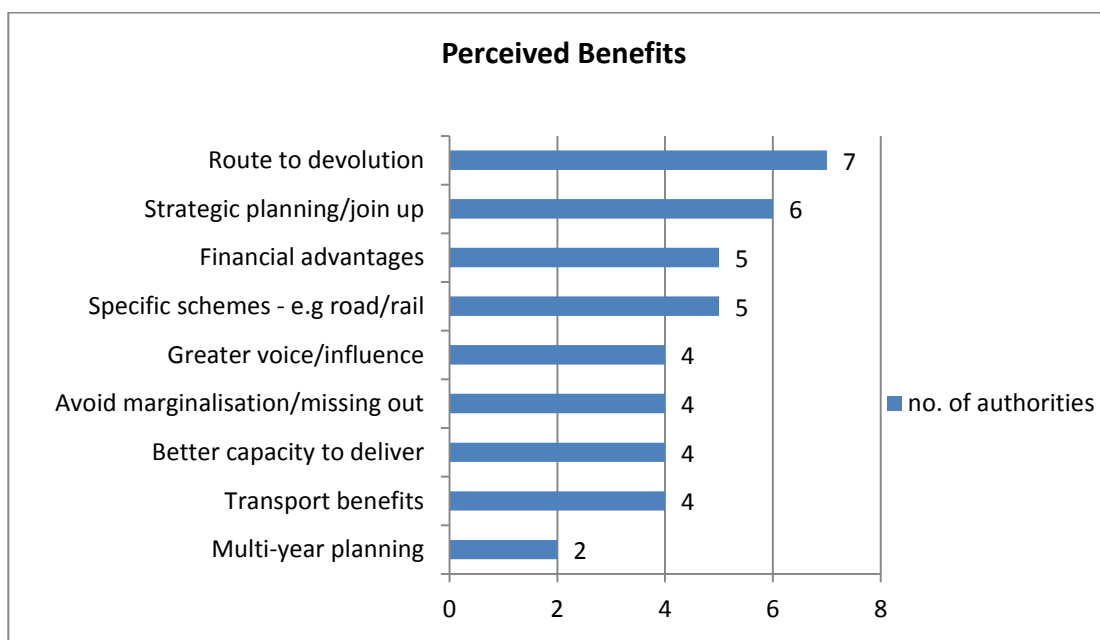
Finally, NYCC, the City of York Council and East Riding of Yorkshire all discussed the possibility of a wider CA role on health and social care. There is consensus that this is a big issue that areas across YNYER face, and possibilities raised include integrating clinical commission groups into local authority structures. Openness to discussion about health/care is evident, but there is no clear conclusion at this point about the best solution and whether it would be feasible.

Key Message: There is wide support for a CA taking on transport, most aspects of economic development, and strategic housing. There is also good support (but also some opposition) to strategic planning and skills roles, and a desire to explore distinctive functions that are genuinely devolved and important locally such as floods, national parks and rural policy.

4.5 Benefits, problems, finance and showstoppers

There is a mixture of hope, confidence and scepticism about the benefits of a CA. To some, the key question is what is the prize? This is underpinned by what are seen as underwhelming Deals offered to CAs, such as in Sheffield, and by the reluctance of Government to make clear any specific benefits that they will offer to CA areas, other than the ability to negotiate a Deal once a CA has been established. However, others are more expectant that a range of benefits will transpire, at least over time. The main perceived benefits are outlined in the chart.

Figure 2: Perceived Benefits from a Combined Authority



The main perceived benefits over and above those that can be gained through Joint Committee and shared service models concern resources, devolved powers and finances that may emerge

downstream. Some areas, such as York, see a CA as a route to greater fiscal devolution and the power to raise and spend more of their own money. Others think that CAs will prove to be a route to Government resources or investment, or other as of yet uncertain opportunities. This idea of being 'the master of one's own destiny' appealed quite widely, although some stakeholders pointed out that CA Deals so far fall well short of that description.

In essence, the core rationale for most authorities interested in joining a CA is about positioning. They want to avoid marginalisation and be well placed to take advantage of any emerging opportunities or resources that open up for CA areas. There is by and large an acceptance that joining a CA is a 'leap of faith' – prospective members do not know what they will get when they sign up – but also a view that CAs are the 'only game in town'.

Positioning through becoming a CA is also seen as important in terms of voice, influence and economic clout. Some believe that largely rural local authority areas in North Yorkshire and East Riding are but small bleeps on the Whitehall radar, and that joining a CA will make them more visible and more likely to be taken note of. Some areas – notably York, Harrogate and Craven – see that it is not just being in a CA that matters, but also the scale and nature of the area covered, with larger CAs that include agglomerations of big cities the ones that Government are most interested in. This thinking underlies their interest in connection with the West Yorkshire CA. Others acknowledge that larger, more urban CAs will command greater resources but fear that they would be a 'small fish in a big pool' and see few of those resources locally themselves.

Aside from any benefits in terms of powers and resources, a further strand of thinking is that there will be internally generated benefits from working together. Strategic planning and integration of transport, economy, housing and other issues is the main example in this respect. This would overcome current problems, such as complexities or delays that can arise where a district council (as the planning authority) and the county council (as the highways authority) need to work together to deliver major sites which require highway infrastructure to unlock them. Bringing these functions together in one CA would simplify matters, and having long term security over funding would make it easier to gain local resource commitments. Others noted that pooling of resources would allow development of better capacity to deliver in some areas, for instance through the ability to recruit staff with the specialist expertise needed in areas such as physical regeneration and infrastructure.

Financial Expectations

A few areas anticipate that a CA area will gain more money from Government from the point of CA establishment or a Deal being signed. But most have more subdued and sceptical expectations in this respect and have different financial interests and motivations. In some cases, such as York, that is about access to 'cheap money' to invest in economic development schemes on favourable terms. They see access to large sums of money as essential to delivering their ambitions for major schemes such as York Central, and currently see the West Yorkshire CA

as the most likely route to securing these resources. For others, the main point is to maintain a fair share of whatever resources are available within a CA area.

The ability to plan strategically together is also seen as a key benefit which will aid economic effectiveness, housing and transport goals. Most see this, and a move to a CA generally, as something that should be cost neutral. Authorities expect to see savings from discharging duties together, but also some CA set up and running costs. Views on the actual level of resourcing vary - some stress that costs should be minimal and be based on use of existing staff and offices; others note the importance of strong and resourced support for decision making

There is no great enthusiasm for CAs as a mechanism for delivering shared services. Some note mixed experience of shared service provision to date (e.g. in Richmondshire and Hambleton) or point to the fact that there is not much scope for savings to be made. Others see that shared services can be delivered through a Joint Committee mechanism already (e.g. as they are in the Humber) without the complexities or long term ties of becoming a CA.

There are differing views about raising levies for a CA from its constituent local authorities. At one end of the spectrum the City of York sees levies as important in giving a CA financial muscle, and that these are already raised within the West Yorkshire CA. Contrastingly, others such as NYCC, Craven and Hambleton are strongly opposed to the raising of levies.

Priority Projects

Most local areas are not looking to a CA as a way of advancing specific schemes or projects, and expect benefits more in terms of positioning, strategic planning and a 'fair share' of any resources that arise. Some of these authorities argue that having a shopping list of schemes at the outset undermines the point of having a CA. The main exceptions regarding motivation around specific projects are York and Harrogate, especially in relation to transport priorities.

For Harrogate, facilitating key transport improvements is the number one priority and the key anticipated benefit of CA membership. Full upgrade of the Leeds-Harrogate-York rail line with dual track running and electrification throughout is the goal, building on but significantly extending enhancements that are already in the pipeline. Securing a bypass to relieve congestion is a further high priority.

In York, key transport priorities include York Outer Ring Road, as well as upgrade of the York-Harrogate-Leeds rail line, the station gateway and other public transport improvements. The City also has a number of priority sites (e.g. York Central, Biovale) and sectors it wishes to progress. Housing too is a big issue for the City, and scope to meet local housing need through large scale house building, including outside of the city boundary, would be seen as a major benefit if it could be unlocked through a CA mechanism.

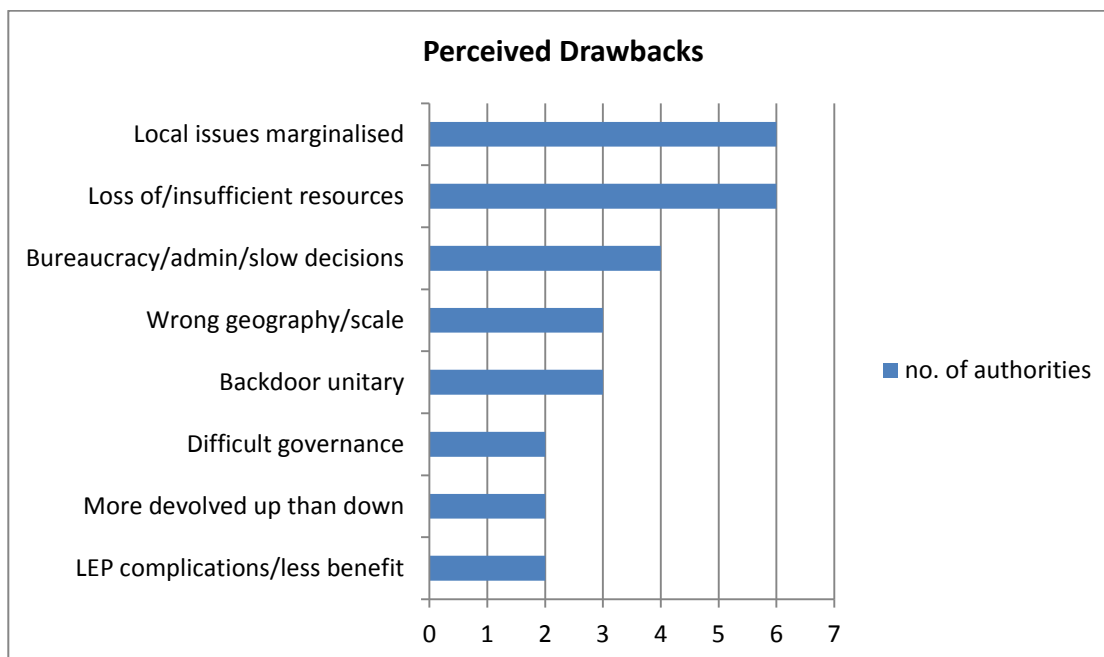
A number of other authorities such as Ryedale and Selby see that some schemes outside of their own areas – especially improvements to the York Outer Ring Road – would benefit their areas too. Craven meanwhile seeks investment for schemes to deal with transport issues on its western boundary with Lancashire and which could worsen as M65 improvements go ahead and create a bottleneck where traffic from the road enters into Craven. Finally, the importance of connectivity to Scarborough was identified. In this respect, maintaining direct rail services to the town and improving their frequency was noted as often as A64 improvements.

Key Messages: While the ‘prize’ is hazy, areas are interested in joining a CA because they believe it may be a route to greater influence, devolved powers and resources – either generally or for specific transport schemes. A Joint Committee is not seen as able to deliver the same outcomes. Short term financial expectations from Government are modest, and benefits such as strategic planning are a driver for some areas.

Disadvantages and ‘Showstoppers’

Problems or issues that may arise with a CA were mostly couched in general terms, but sometimes made specific to a YNYER CA or to a particular eventuality. For example, NYCC are clear that any scenario in which some districts are in a CA but not others would lead to major service delivery and policy disjoints with the rest of the county and create serious difficulties.

Figure 3: Perceived Combined Authority Disadvantages/Problems



The most prominent general concerns about a CA are that local issues will be diluted, and that resources will be sucked away from the local area to support greater needs, opportunities or large scale projects elsewhere (e.g. major transport or infrastructure schemes). Many district

councils expect that these risks would be magnified if they became part of a larger CA that includes big city areas such as West Yorkshire or Hull. Conversely, Leeds and Harrogate see downsizing from a LCR geography into a smaller YNYER one as a disadvantage – because the latter is less well positioned to gain devolved powers and resources and does not represent their economic geography as well (e.g. locally important sectors such as financial services).

Issues about structures and bureaucracy were raised by nearly a half of local authorities, who fear that working through a CA could be slow and costly. Meanwhile, areas that fall into two LEP areas anticipate that the demands of working through more than one structure could be amplified if they are also part of a CA – being part of one area with one boundary would be easier to manage and more efficient. There was also quite widespread comment about the impact of a CA on two tier local government. Sometimes this was just speculation and not specifically framed as a problem, however, some do have concerns that a CA covering wide functions would threaten two tier working. Others, such as Hambleton, are wary that a CA would become dominated by the County Council, and this issue of balance between districts and the County was raised by others too.

Interviewees were also asked if there are ‘showstoppers’ to their joining a CA - either red line problems that would rule out membership if crossed, or key factors/projects that would entice them to join. Responses were mostly about things that authorities wanted to avoid, with an elected mayor at the top of the list. Other ‘must avoid’ factors cited included loss of development control functions. Some place levying of resources and the inclusion of Hull in the same red line category, although other authorities see these factors as desirable. The main pull or ‘must be in place’ factors (each cited by 2-3 authorities) were the inclusion of York, sufficient resources or powers gained, County Council recognition of district issues, a seat at the Board table, and coverage of the right functions – with transport, economic development and strategic planning all noted. Again differences exist, with strategic planning a must have for one authority (Ryedale) but a ‘prefer to avoid’ (although not a showstopper) for a minority of others.

Key Messages: There is concern that a CA may dilute local issues, influence or resources. There are also fears about bureaucracy, governance, geography and the problems arising if some but not all districts are in a CA. Factors like a mayor would deter membership, whilst the presence of York and the right powers, resources and voting rights would draw areas in.

4.6 Governance

There are some simple messages on governance, but also complexities, especially about voting and representation. In overall terms, there is a clear and unanimous preference for a governance model based on a Board of existing elected leaders, with a Chair elected from within. No authorities favour a directly elected cabinet for a Combined Authority, and there is strong and passionate opposition to the idea of an elected mayor.

While there is consensus about the form of governance for a CA, there are contrasting views about the detail of how that should be set up – especially about who sits on the Board and how voting is weighted. District councils favour one seat for each council and one vote per seat, but some unitary or larger authorities (e.g. East Riding) see that their larger scale should be reflected – for instance through a system of weighted voting, perhaps with not all districts on the Board and some acting as representatives for others. This issue could become more or less pronounced depending on the area covered by the CA.

Despite the different positions of local authorities, there is a sense that there is room for a negotiated solution. The mix of views on this issue is widely appreciated and some of the language used points to solutions based on ‘equitable’ voting, ensuring that all areas retain influence and are not marginalised, and building in guarantees or assurances about particular concerns. Equally, areas such as York see the benefits of all the local government leaders being around the same table in the West Yorkshire CA and anticipate that this system could also have merits on a larger geographic scale. The importance of good communication and trust was also noted – good structures can be let down by poor communication and vice versa.

Other points advanced include the idea of co-opting ‘skilled individuals’ onto a CA Board – such as the LEP Chair, as is the case in West Yorkshire. This may widen the CA’s perspective and add geographically neutral voice(s). The benefits of establishing sub-committee/board structures to cover main areas of CA activity was also noted; as was the importance of a scrutiny/challenge function and of maintaining openness and transparency. Finally, proportionality is important in terms of the balance of political representation, and this is another factor that would need to be factored into the composition of a Leaders Board and sub-committees.

Key Message: There is consensus that any CA should be governed by a Board of existing elected leaders. There are differing views on voting and representation - agreeing mechanisms that all parties can sign up to is likely to be complex but not unachievable.

4.7 Combined Authorities and Local Enterprise Partnerships

Establishment of a YNYER CA would have implications for the YNYER LEP, as would the establishment of a CA on a different geography. Local authorities who commented on the LEP did so positively. Praise included that for its Chair, its independence and its role in delivering local priorities - even though some thought that the resources of previous structures had allowed them to deliver more. There is consensus that the role and operation of the LEP would need to be refined if a CA is established, and four key points repeatedly emerged.

- i) LEP and CA structures should share common boundaries.

- ii) The CA should have the lead role on overall direction, resources and infrastructure focused issues, in line with its democratic mandate and local government capacities around functions such as transport, housing and physical development.
- iii) The LEP role should become focused on the business agenda – including business engagement, support and development. The LEP would also be a key strategic advisor to the CA and feed a business perspective into its decision making and prioritisation.
- iv) There should be strong and seamless connections between the LEP and the CA, for instance with a shared office and shared team supporting both the LEP and CA Boards, and joint work on strategy development. Some also noted the West Yorkshire CA model whereby the LEP Chair also sits on the CA Board as a good model to follow.

Some do see a risk that a more tightly focused LEP with diminished power over finances would eventually lose business interest and fizzle out. However, the more common view is that this model may relieve the LEP of administrative burdens that private sector Board members can find stifling, and free up the private sector LEP members to focus on more dynamic and business focused parts of the role.

Key Message: The LEP and any CA should ideally share common boundaries and work closely together, with the CA taking the overall governance role and the LEP a business focused role.

5. Government Views on Combined Authorities and YNYER

Two telephone interviews were held with officials in Government departments -the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT). Both took place in December 2015 and helped to provide context for this analysis by exploring the position around devolved powers and resources and whether any views exist around potential for a CA within the YNYER area.

Department for Communities and Local Government

DCLG emphasised that the Secretary of State is in essence neutral about CAs – he will not push CAs upon local authorities, but equally, will back those who bring forward well supported proposals. Nevertheless, without stating so explicitly, the interview gave the impression that CAs are seen as a much better option than Joint Committees within the Department.

It is also clear that the Chancellor of the Exchequer is a strong advocate of CAs and sees them as having a role in relation to ‘Northern Powerhouse’ proposals. This is important given the role of the HM Treasury (HMT) in sanctioning any financial settlements for CAs, proposals for fiscal devolution, and other matters such as multi-year funding arrangements.

DCLG did not present any specific views about the merits of CAs in more rural and two tier areas, nor gave a view on think tank proposals such as around ‘city-county authorities’. Likewise, the Department were keen to reiterate that it is not for them to have a view on what areas should become CAs – that is for local politicians to decide. However, they did confirm that YNYER ‘stands up as an area’, and intimated that a significantly larger CA area, such as one spanning YNYER, West Yorkshire and Hull, could be seen as too big – ‘Combined Authorities are not regions’ as it was put. Likewise, it was suggested that local areas may want to question whether any configuration that leaves Hull isolated would be sensible given the City’s links to the East Riding of Yorkshire and new concentrations of industry.

The Department would not be pinned on any specific powers, flexibilities or resources that may come with CA status, instead re-iterating that Deals are negotiated on a case by case basis and that looking around at other CA settlements is probably the best indicator of what to expect. It was made clear that there should be local benefits that arise from the ability to join up transport and economic development, and that to get maximum devolution a CA must make a good case for why extra powers and flexibilities will contribute to economic growth and prosperity. The need for strong governance was also spelled out – it is clear that this needs to go beyond Joint Committees – but a mayor was not stipulated as essential.

Department for Transport

DfT is signed up to the devolution agenda, and in areas such as Greater Manchester, has seen benefits from this in terms of stronger governance, strategic planning and clear prioritisation. Like DCLG, it is keen to stress its neutrality about the specifics of CA proposals, with these being seen as something that should be led locally.

The Department acknowledges that as a relatively newly established area and a more rural one, YNYER is not prominent on the DfT radar. They can, however, see some validity in the basis of the area (e.g. because of shared issues that relate to its rurality) and recognise that it is one of a number of possible geographies in this area of Yorkshire. It also sees that most configurations for any new CA would create complexities of one sort or another. For example, if YNYER goes ahead, that would impact upon proposals for West Yorkshire and York, but conversely if York were separated from North Yorkshire that would create challenges for transport co-ordination in areas like bus services. More widely, the impact on Hull was noted if the pattern of CA proposals were to make it isolated from others.

DfT is clear that there isn't a particular 'pot of money set aside for CAs' and that transport money for areas is the same regardless of CA status. Nevertheless, it observes that there may be efficiencies, such as through joint procurement, which mean resources are freed up locally, and that 'success breeds success' – areas that have demonstrated good governance, prioritisation and the ability to deliver will build the confidence of government to invest in them.

In terms of transport powers and devolution, the Department sees that its funding for major schemes is already devolved via Local Growth Deals rather than a central bidding process (although in other interviews in this study, some local authorities noted that appraisal of schemes and sign off was still done nationally). It notes that it has also sought to ensure that settlements are over a reasonable time span - local areas have six year integrated funding blocks with three years confirmed and three years indicative. They did not confer any DfT opposition to a move to extend that to become a ten year settlement (which would be beneficial for YNYER) as part of any future CA Deal, but made clear that this would be far from definite and in the gift of HMT – who 'don't always like commitments that far ahead'. A powerful case would need to be made to persuade HMT in favour of ten year settlements, based on an area's geography, priorities and issues, the barriers that would be overcome by longer term funding and the efficiencies that it would bring about. It was suggested that framing such a proposal as a pilot for rural areas may be helpful.

The Department stressed the importance of east-west transport to Northern Powerhouse proposals and noted that although more rural areas are not as central to this as the big cities, they still need to be involved. Establishing a CA with a single voice would probably make it easier for YNYER to secure a place around the table in this respect, for practical reasons as much as anything. Overall, DfT did not point to any specific changes that would come with CA status and gave the impression that areas should carefully assess what they are seeking from becoming a CA, and how (and if) that can be achieved, rather than rush through proposals without full consideration.

6. Conclusions

Key conclusions that emerge from this work are:

- 1 Growth in Combined Authorities** - interest in devolution and CAs ballooned in 2014, with four new CAs established and discussion on several more starting up. Proposed legislative changes are likely to make it easier to establish a CA, notably, by relaxing geographic constraints that have previously prevented non-contiguous or doughnut shaped CAs. This will most likely help to facilitate further growth in CAs after the May 2015 general election and have notable implications for the YNYER area and Yorkshire.
- 2 Alternative structures** – other options exist, however, an ‘Economic Prosperity Board’ is not of interest to YNYER, and ‘city-county’ options proposed by think tanks do not yet have (or look likely to gain) legal status, at least in the short term. Joint Committee and shared service models have already been used locally, with mixed success. This mechanism can provide a basis for collaboration on specific priorities/functions but is viewed by a number of local authorities and Government as a poor relation to a CA, especially in terms of the strong governance required to (potentially) gain any devolved powers or resources.
- 3 Applicability to YNYER** – CA proposals must be based on a functioning economic area. YNYER would be expected to pass this test as more than 75% of travel to work journeys start and end within the area. It has a medium sized population for a LEP area, but is the biggest LEP in England in terms of land area. Whilst notably smaller than the biggest CAs (e.g. Greater Manchester) YNYER’s population is not far short of that in CA areas in Sheffield and Liverpool, and similar to or larger than proposed CA areas in Bristol and the Tees Valley.
- 4 Travel to work patterns** – there is considerable variation in economic linkages and commuting patterns across the YNYER area. There are strong interlinkages in the heart of the area, for instance between York, Hambleton, Harrogate, Ryedale and the East Riding of Yorkshire. At the edges of the YNYER area, linkages to other LEP areas often stand out – for instance those between the East Riding and Hull, Harrogate and Leeds, Craven and Bradford, and Hambleton/Richmondshire and the Tees Valley. These places, and others such as York, genuinely do look ‘two ways’, a pattern which is also reflected in their housing markets.
- 5 Economy** – YNYER has a significantly sized economy which excels on skills and employment indicators, but underperforms in terms of GVA growth and productivity. It has some major assets and opportunities, especially in the food manufacturing, agri-tech and biorenewables sector, and ambitions to create £3 billion of growth, 20,000 jobs, to double house building and connect every student to business.
- 6 Overall attitudes** - subject to the detail, All YNYER local authorities are in principle either positive about being in a CA or are open minded to that possibility - *if* the benefits of doing so become clear and persuasive. A small majority would either like to join a CA or are

leaning towards doing so subject to the details of what is involved. However a significant minority are wary of taking a 'leap of faith' as they see it without better information about the costs and benefits.

- 7 Views on a YNYER CA** - seven of ten local authorities see YNYER or a variant of it as the best option for a CA. The remaining three authorities do not rule this option out, but to varying degrees would need to be persuaded to choose it ahead of a Leeds City Region based option.
- 8 Other configurations** - a number of other CA options could be considered and are advocated by some local authorities. The main ones are a smaller scale CA within YNYER (e.g. YNY); a YNYER + Hull CA; a YNY(ER) + West Yorkshire CA; or a YNYER + West Yorkshire + Hull CA. Whilst all of these models have advantages from some perspectives, most of them also have major drawbacks that may make them unfeasible, and none of them are as widely supported as the YNYER model. The YNY(ER) + West Yorkshire CA is the best supported alternative model, although many would see it as too big, possibly including DCLG.
- 9 Functions** - there is wide support for a CA to take on transport, most aspects of economic development, and strategic housing. There is also good support (but also some opposition) for strategic planning and skills roles, and a desire to explore distinctive and genuinely devolved functions that are important locally such as floods, national parks and rural policy.
- 10 Benefits and Expectations** - whilst the 'prize' is hazy and joining a CA is in some ways a leap of faith, areas are interested in doing so because they believe it may be a route to greater influence, devolved powers and resources – either generally or for specific transport schemes. A Joint Committee is not seen as able to deliver the same outcomes. Short term financial expectations for Government resources are modest, and benefits such as strategic planning are a driver for some areas. There are contrasting views on the raising of levies and this, together with pooling of resources, could be tricky issues to resolve.
- 11 Drawbacks and doubts** - there is concern that a CA may dilute local issues, influence or resources. There are also fears about bureaucracy, governance, geography and the problems arising if some but not all districts are in a CA. Factors like a mayor would deter membership, whilst the presence of York and the right powers, resources and voting rights would draw areas in. It should be possible to construct a CA without crossing most of the 'red lines' suggested by individual local authorities, but doing so would rule out certain configurations (e.g. relating to Hull) and much depends upon decisions taken by York.
- 12 Governance** - there is consensus that any CA should be governed by a Board of existing elected leaders. There are differing views on voting and representation - agreeing mechanisms that all parties can sign up to is likely to be complex but not unachievable.

- 13 CAs and LEPs** - The LEP and any CA should ideally share common boundaries and work closely together, with the CA taking the overall governance role and the LEP a business focused role.
- 14 Government View on CAs and YNYER** - DCLG and DfT are formally neutral on CAs; they will not push areas to form CAs, but will back well supported and evidenced proposals when they come forward. HM Treasury appear to promote CAs more strongly, in part linked to 'Northern Powerhouse' proposals and links to devolution. Both departments see YNYER as an option that 'stands up'; DfT in particular also noted that this was one of a range of possible configurations, and that whatever CA proposals go ahead, there will be implications to manage. Examples given included managing bus services which are routed through more than one CA area, or leaving a neighbouring area isolated, with Hull noted in this respect.
- 15 A Big Deal?** – Government departments did not identify any specific powers, resources or flexibilities that come with the establishment of a CA. DfT intimated that no additional budget exists for CA areas, that decision making is already devolved through Growth Deals, and that a 10 year time settlement on transport was in the gift of HMT – who would need some persuading. DCLG suggested that existing Deals such as in Sheffield give an indication of what to expect. At one level, this position leaves local areas in a weak position, as they do not know what prize – if any – awaits them and can only negotiate for powers once they are already tied into a CA. However, others would point to internally driven benefits from collaboration, and to CA areas being better positioned than others to gain powers, resources and influence downstream.
- 16 Next Steps** – there is consensus that the best time to make a decision on taking forward a CA proposal will be after the May 2015 elections. At that point national Government attitudes to CAs, LEPs (and local government more widely) should become clearer, as will any changes in local government administrations within YNYER which could have a bearing on preferences and the feasibility of different options. Some authorities stress the need for fuller analysis of the costs, benefits and economic implications of different options in helping them to make a decision. This is especially important in relation to Harrogate and York, where compelling evidence would be required to persuade them of the case for a YNYER CA. There will be advantages in commissioning any analysis quickly, alongside work that is already progressing around the establishment of a Joint Committee in the YNYER area.

Annex: Travel to Work Flows between YNYER areas and to/from neighbouring areas (rounded to nearest 100 per day, 2011 census data)⁷

	Trips TO by Area																
	Scar	Rich	Rye	Ham	Crav	Har	Sel	York	ER	TV	LA/C ⁸	Brad	Leeds	Wake	Hull	Donc	NL
Trips FROM by Area																	
Scarborough (Scar)	38000	100	2000	300	<50	100	100	500	900	600+			200		200		
Richmondshire (Rich)	100	18800	100	2100	<50	600	<50	100	<50	1400+	100	100	200				
Ryedale (Rye)	1300	100	17300	500	<50	200	100	2100	500	100		100	300	100	100		
Hambleton (Ham)	100	800	500	28300	100	2400	200	2200	100	4900		100	800	100			
Craven (Crav)	<50	100	<50	200	16500	400	<50	100	<50		1700+	4000	1100	100			
Harrogate (Har)	100	400	200	1900	300	57900	300	1800	100			1200	8500	500		100	
Selby (Sel)	200	100	300	400	<50	700	19600	5100	1600			300	6200	3000	200	600	200
York	300	100	1700	2900	<50	2200	1800	71600	2000			300	5000	600	300	300	100
East Riding of Yorkshire (ER)	1600	100	1000	400	<50	300	2500	5500	93000			300	1900	1000	33100	1000	1100
Tees Valley (TV)	600	1800	200	5900		500		500	200			100	700	200		100	
Lancashire/Cumbria (LA/C)		100			2300												
Bradford (Brad)		100		100	4000	1500	200	400									
Leeds	100	100	200	400	500	6000	2000	2600	600								
Wakefield (Wake)				100		500	2500	600	400								
Hull	100		300	100			100	300	18500								
Doncaster (Donc)						100	600	500	1600								
North Lincolnshire (NL)							100	100	1100								

Key for YNYER area colour codes	Blue = no. of trips within the authority area	Orange = Main destination (from place in left hand column)	Yellow = main inward flow (to area in the column)	Pink= Other pronounced secondary flows (either way)
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⁷ Data is shown for trips involving at least one YNYER local area, where rounded flows are 100 trips or more, and where data is available. A '+' is used where data is available for the most notable flow(s) of trips into an area that comprises more than one district (e.g. Tees Valley), but where data is not available for all of the districts within it.

⁸ This is a total figure for the local authority areas of Lancaster, Ribble Valley, Pendle, South Lakeland and Eden