

Chief Executives' Group – North Yorkshire and York

28 August 2019

York and North Yorkshire devolution

1 Purpose of the report

This paper provides an outline of what York and North Yorkshire devolution would look like and the key processes/activity to achieve devolution.

2 Introduction

2.1 This paper covers:

- Context
- Vision, ambition and asks
- Legal considerations
- Governance and links to neighbouring areas
- Political support
- Next steps

3 Context

3.1 All York and North Yorkshire local authorities, with the exception of Hambleton, have a current position of supporting One Yorkshire devolution.

3.2 At a meeting between HMCLG/BEIS officials and local authority chief executives, Government's stated position was:

- The current Government is committed to greater devolution to local areas with those areas with Mayors receiving greatest powers
- Government does not currently support devolution at a One Yorkshire level
- Government's focus is on growth deals, and as such is focused on ensuring the Sheffield deal is fully implemented
- Whilst ministers have not formally stated a position, Government officials are supporting of 4 deals in Yorkshire (Sheffield City Region – exclusively South Yorkshire, Leeds City Region – exclusively West Yorkshire, York and North Yorkshire and Humber). These would be considered 'deals' in themselves and may or may not be considered stepping stones to whole-scale Yorkshire devolution in the future.
- Whilst the current Government position is not supportive of One Yorkshire, the ambition would be to transition the sub-regional deals to One Yorkshire at a later date.
- The sub-regional geographies are Government's clear preference and any deviation from these geographies will likely receive significant resistance in Government.
- In summary, there is the potential for WY deal to be agreed by December 2019, provided it is West Yorkshire only and Government would be keen to look at a deal for York and North Yorkshire which had vision and ambition.
- There is therefore a need to progress a York and North Yorkshire deal to allow authorities to make a value judgement on the merits of devolution at this level. The exact nature of a York and North Yorkshire deal is to be explored through the

process, considering the value of a Mayor and full devolution vs a deal with Government targeting specific issues but without the powers a Mayor attracts.

- 3.3 LEP merge – It is essential that any future arrangements realise the potential of the scale and links with the wider geography. Whilst a pragmatic approach would be to retain LEPs which mirror Combined Authority geographies, formal collaborations will be developed to retain the benefit of scale. The LEP merge discussions have therefore been temporarily put on hold pending the devolution discussion.

4 Vision, ambition and asks

- 4.1 Government ministers have made it clear that a York and North Yorkshire deal, whilst welcomed, would need to demonstrate vision and ambition for York and North Yorkshire and deliver real improvements in productivity. The primary productivity measures for Government are measuring output per hour, per worker and per job.
- 4.2 Core to this will be developing a compelling economic case and robust business case to support the ‘asks’ of Government.
- 4.3 External expertise would be commissioned to build the financial business case for the region.
- 4.4 The York, North Yorkshire and East Riding LEP have been actively building an evidence base and engaging local areas to deliver a Local Industrial Strategy for the region which is focused and ambitious. This provides a useful starting point for development of the vision and ambition. In addition, through this work, the following has been commissioned to strengthen the evidence base.

Evidence Base	Status
Natural Capital Audit	Out for procurement – stage 1 report November 2019
Audit of Heritage & Cultural Assets	Historic England commissioned – reporting Oct 19
Skills Advisory Panel	Reporting September 2019
Energy Strategy	Complete and published
Future Market Towns	Baseline data reporting Sept 2019, Future focused report out to procurement
Innovation Audit	Complete and reported
Productivity Audit	Complete and reported
Clean Growth Audit	Due to report September 2019
Inclusive Growth Framework	Framework published

- 4.5 Equally, through the Directors of Development several other initiatives have been developed and are in place, including:

Evidence Base	Status
A non-statutory spatial framework across York & North Yorkshire	Completed and securing formal sign off
Development of Spatial Development Zones within the framework,	In process – progress varies across zones

Masterplanning across key sites.	In process – funding through Planning Delivery Grant
Housing proposition for Homes England	Completed and submitted

- 4.6 These provide a strong foundation to enable us to quickly develop the proposition with which we can engage Government.
- 4.7 When considering the existing deals and both Mayoral and Non-Mayoral deals, asks could be considered around:

Ask	Combined Authority with a Mayor	Combined Authority without a Mayor	Without a Combined Authority
Investment Fund			
Gain Share Investment Fund	Est c.£16m pa	N	N
Ability to levy	Y	N	N
Revenue Raising Powers (Borrowing etc)	Y	Y	N
Transport			
Multi-Year devolved transport fund	Y	Y	N
Bus Franchising	Y	N	N
Transport Funding allocated (e.g Transforming Cities Fund)	Y	N	N
Housing & Developments			
Non-statutory Spatial Framework	Y	Y	Y
Control over Homes England Funding	Y	N	N
Land Acquisition & Disposal	Y	N	N
Compulsory Purchase Powers	Y	N	N
Development Corporation Powers	Y	N	N
Homes England Joint Asset Board	Y	Y	Y
Business Support & Skills			
Devolved Adult Education Budget	Y	N	N
DWP programme co-Design	Y	Y	Y
Utilisation of unspent Apprenticeship levy (Not part of any current deals)	Y	Y	Y
DiT Collaboration and local partnership	Y	Y	Y

Innovation – Project Specific investment e.g Bio-economy Centre or food & drink assets etc.	Y	Y	Y
Joint working with Visit Britain to support Tourism	Y	Y	Y
Energy & Low Carbon			
Energy – Project Specific investments	Y	Y	Y
Joint working with Environment Agency	Y	Y	Y
Natural Capital - Rural test-bed with DEFRA utilising retained CAP payments <i>(not part of any current deals)</i>	Y	Y	Y
Smart Region			
Joint work with DCMS to achieve 100% connectivity & 5G pilots	Y	Y	Y
Rural exemptions on Mobile Roaming <i>(not part of any current deals)</i>	Y	Y	Y
Smart City York Investments	Y	Y	Y

5 Legal

5.1 There are two key legal considerations:

- Should we create a Combined Authority (CA); and
- If yes, should it be a Mayoral Combined Authority?

Should we create a CA?

5.2 When considering whether to create a CA there are three criteria the CA must meet:

- Will the CA improve the delivery of the functions in the area it covers?
- Will the CA help secure effective and convenient local government?
- Does the proposed CA reflect local identity and the interests of local communities?

5.3 In answering these questions, guidance from the LGA asks the following:

- Is it a functional economic area?
- Does it reflect the local health economy, housing market and transport patterns and corridors?
- Does it provide critical mass and does it have the capacity for collaboration and public service reform?

5.4 When local partners are satisfied they can answer the above questions, the process for setting up a Combined Authority is:

Stage 1: Review	The constituent councils conduct a governance review including consultation in order to decide whether to proceed. These follow a standard pattern and consider the different governance models to
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	<p>improve delivery of the proposed functions of the CA. The considerations will include:</p> <ol style="list-style-type: none"> 1. Maintaining the current model, 2. Restructuring the current model, 3. Establishing an Economic Prosperity Board or a Joint Committee; or, 4. Creating a Combined Authority. <p>Lessons from previous CA consultations indicate a key factor of success in this process is</p> <ul style="list-style-type: none"> • Senior commitment to the process with regular CEO & Leader Boards • Strong Programme Management • Dedicated resources with clear roles and responsibilities, recognising the need to secure wide buy in • A clear communications plan. <p>The consultation should:</p> <ul style="list-style-type: none"> • Confirm the area and consent of councils in the proposal • Confirm the functions of the CA and the outcome of the review detailing why a CA will improve delivery • Confirm governments including membership, voting and executive arrangements.
<p>Stage 2: Scheme preparation</p>	<p>The constituent councils prepare and publish a formal scheme for the Combined Authority; This should include</p> <ul style="list-style-type: none"> • Area • Name • Membership • Voting • Executive arrangements • Transport • Scrutiny • Functions • Powers and Duties • Incidental provisions • Funding • Sub-structures
<p>Stage 3: Order making process</p>	<p>The Secretary of State introduces in Parliament a statutory instrument establishing the Combined Authority. A report will be submitted to parliament including ;</p> <ul style="list-style-type: none"> • The results of the consultation • Information on any representations taken into account • Other evidence or contextual information the Secretary of State deems appropriate <p>The Secretary of State can transfer additional powers to the CA once it has been established or change the</p>

	boundaries of the CA. In either case it will require a further parliamentary order and consent of the relevant councils.
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5.5 The process for changing the boundary of a CA and agreeing the required consent of all local authorities is important given the commitment in some, but not all, local authorities to pursuing a One Yorkshire model in the longer term.

Should it be a Mayoral CA?

5.6 In short, a Mayoral CA will likely receive:

- Greater and more flexible funding
- Additional devolved powers
- A stronger voice in Government

5.7 Funding without a Mayor tends to be more project specific and centrally controlled.

5.8 In short, a key consideration for Leaders will be considering the ‘size of the prize’ with or without a Mayor.

5.9 The table below summarises the Gain Share allocations for Mayoral CAs and likely value for York and North Yorkshire – Members will need to consider whether a deal can be negotiated without a Mayor which provides sufficient benefit to York and North Yorkshire or whether a Mayor will be required in order to attract the investment and flexibilities needed to deliver the vision.

Area	Population	Gain Share (Revenue + Capital)	Term (Years)	Per Annum	Per Capita/annum
York & North Yorkshire	800,000	480,000,000	30	16,000,000	20.00*
Greater Lincolnshire	1,060,000	450,000,000	30	15,000,000	14.15
Cambridgeshire and Peterborough	730,000	600,000,000	30	20,000,000	27.4
West of England	1,100,000	900,000,000	30	30,000,000	27.27
Liverpool City Region	1,500,000	900,000,000	30	30,000,000	20
Sheffield City Region	1,800,000	900,000,000	30	30,000,000	16.67

5.10 The decision on whether to create a Mayoral CA will impact both on the level of devolution available and also the timescale with which this can be implemented.

6 Governance and links to neighbouring areas

6.1 The process for creating a CA includes the critical first stage of a reviews including governance and voting arrangements.

6.2 Some work was done in 2015 around potential governance arrangements. This will be built upon.

6.3 Alongside the standard CA arrangements around membership and voting etc. it is crucial this phase also addresses the relationship with neighbouring areas.

6.4 Functional geographies do not follow local authority boundaries and to secure greatest economic benefit to the area we need to understand and reflect the relationship between York and North Yorkshire and West Yorkshire, East Riding, Lancashire and Tees Valley. This is building on existing relationships developed through the LEPs.

- 6.5 This will be critical to securing support in York, Harrogate, Craven and Selby and the process should explore both formal and informal arrangements between York and North Yorkshire and neighbouring CAs (West Yorkshire, Tees Valley and either East Riding or emerging structures in Humber). These could include:
- A formal board or joint committee for specific issues
 - Associate/Non-constituent membership. A local authority can only be a member of one CA, however can be a non-constituent member of another
 - Project specific collaboration
 - Voluntary collaboration and partnership working
- 6.6 It would be most pragmatic and deliverable to align LEP boundaries with proposed CA boundaries and therefore discussion around partnership and collaboration should include LEP activity, for example:
- Business support
 - Sectors
 - Inward investment
 - MiPiM
 - Energy
- 6.7 We are working on the assumption that the LEP and CA would become integrated into a single entity working across business and local authorities.
- 6.8 A consideration around LEP activity in particular should be whether collaboration at a Yorkshire or Northern Powerhouse level provides the greatest scale, impact and opportunities.

7 Political support

- 7.1 Securing political support will be critical at all stages of the process. In effect there are three key steps which require support:

Phase 1: Support to commission development of a business case and CA model to enable informed decisions

Phase 2: Commitment to the review and consultation phase

Phase 3: Formal sign off of any proposed CA scheme

- 7.2 The political support process will vary according to council, however the final scheme, as a minimum, will require full council approval.
- 7.3 At this stage the critical approval is to support the commissioning of development of a business case and model prior to any consultation process.

8 Timeline and next steps

- 8.1 In an ideal world, and given the support for One Yorkshire, any alternative deals would secure devolution for the Yorkshire sub-regions simultaneously. However, pragmatically:
- Sheffield City Region have a deal secured and ready to implement
 - West Yorkshire CA is already in place with advanced discussion around devolution at a Leeds City Region level – re-modelling these as West Yorkshire would be relatively straightforward and quick. Government have indicated a deal could be complete, subject to political support, by December 2019.
 - Humber remain unsure of their geography without agreement of north bank and south bank authorities

- With support of local authorities, York and North Yorkshire could be in a position to have developed a model and potential deal ready for consultation by December 2019. The formal process of consultation and formal council approval would occur in Q1 2020 with statutory instrument dependent of Parliamentary timetables.

8.2 If a Mayoral model was preferred, it is recommended the West Yorkshire proposal of an appointed Mayor up to 2022 was implemented, allowing alignment of Mayoral elections with other Yorkshire regions in 2022.

8.3 Achieving the above timescales requires a strong commitment from local authorities and allocation of resources to commission capacity and expertise. The local authority business rate retention funding could support this process. The workstreams would be:

Workstream 1	Vision, ambition and economic case	
Workstream 2	Financial modelling inc. Gain Share, investment funds and organisational costs	
Workstream 3	Asks and business cases	Transport
		Low Carbon/Energy
		Skills & Business Support
		Place, Housing & Development
		Smart Region
Workstream 4	Legal, governance and decision making	
Workstream 5	Organisational development	
Workstream 6	Communication & engagement	

9 Recommendations

9.1 Local authorities are asked to:

9.1.1 Support phase 1 of this process

9.1.2 Give support to commission development of a business case and CA model to enable informed decisions with funding from the retained business rate pool

9.1.3 Support development of, and identify leads for, each workstream

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