

**Report of: Chief Executive**

**Report to: Full Council**

**Date: 29<sup>th</sup> March 2017**

**Subject: Devolution**

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

### Summary of main issues

1. This report is intended to update Members on matters in the Leeds City Region Local Enterprise Partnership (LEP) and through the West Yorkshire Combined Authority (WYCA).
2. The main issues described in this report are from the latest public WYCA meeting in February.

### Recommendations

1. Members are asked to consider the content of this paper and action that might be needed from Leeds City Council as a result.

### Purpose of this report

- 1.1 This report is intended to update Members on matters in the Leeds City Region LEP and the West Yorkshire Combined Authority.

- 1.2 Specifically, this report provides details of the latest public combined authority meeting in February.

## **2. Background information**

- 2.1 Following cross party agreement, this is the tenth report to Full Council to provide an update to Members on the work of the WYCA and Leeds City Region LEP.
- 2.2 Devolution remains an issue of significant importance to the city region; both in terms of using the powers and flexibilities already devolved, and in making progress towards further devolution. The WYCA continue to be in negotiations with Whitehall officials regarding the freedoms and flexibilities of a possible devolution deal that would build on those deals previously concluded, most recently in March 2015.

## **Main Issues**

- 3.1 The following items were among those discussed at the Combined Authority meeting on the 2<sup>nd</sup> February 2017

- 3.2 Devolution

An update paper was provided on progress in relation to securing a second stage devolution deal for Leeds City Region, building on the first stage deal agreed with Government in spring 2015. The meeting discussed the ongoing challenges of agreeing a second 'mayoral Leeds City Region devolution deal with Government, exploring policy options for a further devolution deal and seeking the views of Authority members on matters including possible geographic footprints based on a larger area, and related governance arrangements; including for a model based on a single Mayor with multiple Combined Authorities representing the distinct functional economic market areas of any larger geography.

On the 13th February, Cllr Peter Box, Chair of West Yorkshire Combined Authority sent a letter to Sajid Javid MP, Secretary of State for Communities and Local Government. The letter sought clarity on the proposal for a Leeds City Region devolution deal submitted to HM Treasury on 4th September 2015. A copy of this letter is attached as an annex to this report. A response from Sajid Javid has been received; suggesting work should continue to find a solution to the geography of a devolution deal.

- 3.3 East Coast Main Line Priorities

The WYCA were updated on the following proposed priorities for services and infrastructure on the East Coast Main Line (ECML):

- The development of Northern Powerhouse Rail and HS2: Specifically, WYCA discussed the opportunities to connect HS2 and Northern Powerhouse Rail with the East Coast Main Line to form a HS2 Eastern leg, stimulate growth, integrate lines, and deliver faster and more frequent services and improved local services. Discussions around ensuring adequate capacity to provide these services also took place.
- The East Coast Main Line Authorities Consortium (ECMA): WYCA discussed the case for ongoing investment in the East Coast Main Line to support local economies and to take best advantage of the completion of HS2, based on the evidence led work by the Consortium. WYCA also discussed recent research by ECMA in updating the evidence base.
- The regulated, rail industry led long term planning process: The East Coast Route Study will be published for consultation in spring 2017. It is thought that the strategy likely to be proposed can be summarised as follows: Remove bottlenecks and the constraints of mixed traffic; Adopt digital signalling and traffic management; Enable higher more uniform speeds; Build resilient infrastructure; Deliver enhancements in steps; and Broaden funding opportunities.
- The Hendy Review of Control Period 5 (2014 – 19) railway investment, and short term service plans and priorities of train operating companies: the Transport Committee endorsed the short, medium and long term ECML priorities, for agreement by the West Yorkshire Combined Authority.

### 3.3 Industrial Strategy

WYCA discussed the Modern Industrial Strategy green paper, launched on 23<sup>rd</sup> January 2017. It was recommended that the LCR position is to welcome that which is currently known. Further work will be undertaken with local authorities to establish an agreed position on the consultation questions, to be submitted before the 17<sup>th</sup> April. Leeds City Region specific issues were highlighted as:

- Regional inequality: Regional inequality in the UK is now the most unequal of the major European economies. It was highlighted that this growing imbalance needs to be addressed for Prime Minister May to succeed in delivering a “country that works for all”.
- UK productivity: Leeds City Region productivity is 12% lower than the UK as a whole. In addition the top 10% of firms in each industry in the UK are estimated to be over five times as productive as the bottom 10% of firms. The green paper highlighted that better skills and transport connectivity are two of several drivers of increased productivity.
- Innovation and investment: WYCA discussed Research and Development investment in Yorkshire and the Humber, which is approximately half of that in

the North West and five times lower than the East of England, virtually all of which is private investment.

- Fragmented Governance: WYCA considered that the devolution of powers and stronger, more accountable decision-making with genuine local powers can improve levels of productivity and improve outcomes, offering the best means of ensuring businesses, community groups and other partners are able to play appropriate roles in public decisions.

### 3.4 WYCA Corporate Plan and Budget

WYCA discussed and sought to endorse the approach to the corporate plan for 2017/18 and revenue budget 2017/18. The final full version of the 2017/18 corporate plan will be brought to the next meeting of WYCA for approval following further work to develop the details of how delivery of objectives and targets will be measured. Whilst there have been some small changes in the projected budget figures for both this year and next year, the overall position remains largely unchanged from that previously reported. The challenges as previously reported in the December meeting remain.

### 3.5 LCR Assurance Framework

Updated guidance to the 2014 “Local Enterprise Partnership National Assurance Framework” was published by DCLG in October 2016. WYCA thus discussed updates on progress relating to changes proposed to the Leeds City Region Assurance Framework. The scope of the Assurance Framework has been changed in accordance to the updated guidance:

1. Detail on the LEP’s governance and decision-making arrangements and processes for accountable and transparent decision-making to ensure the proper use and administration of funding, including:
  - A clear description of the roles and responsibilities of the LEP Board and its panels and WYCA and associated committee structures;
  - Detail of the relationship between the LEP Board and the WYCA in terms of the decision-making process;
  - The processes that are in place to allow decisions to be taken to deal with any problems that may arise with projects or programmes that have been allocated funding following an assessment by the Single Appraisal Framework (SAF); and
  - Scrutiny arrangements.
2. Information on how the LEP will prioritise and appraise schemes, facilitate business case development and undertake risk management; and

3. A description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

### 3.6 Capital spending and project approvals

Proposals for the progression of, and funding for, a number of West Yorkshire Plus Transport Fund and Growth Deal projects were discussed for approval by WYCA. These included:

- Car Park Extensions Phase 2 (Parking Extensions at Rail Stations - PEARS), (Stage 1).
- Project Beta (Stage 1).
- Wakefield Kirgate (Stage 2).
- Grant funding of £286k for the Leeds A6110 outer ring road improvements, (Activity 3, to be progressed through the delegation to the Managing Director).
- Funding of £140k for the A629 Halifax to Huddersfield Corridor Improvements, (Phase 1a to be progressed through the delegation to the Managing Director).
- Funding of £670k for the South Elmsall Rail Station Car Park Extension, (Decision point 5 to be progressed through the delegation to the Managing Director).
- Rail car park extensions at Hebden Bridge, Mytholmroyd, Shipley, Steeton and Silsden, Fitzwilliam, Mirfield and Normanton, (Decision point 5 to be progressed through the delegation to the Managing Director).

### 3.7 Leeds City Region Housing Policy Position Statement

WYCA considered the draft Leeds City Region Housing Policy Position Statement. It is proposed that a further paper will be brought to the WYCA outlining the proposed national policies and refining the LEP/WYCA policy position in the light of the Government's Housing White Paper in February. Headlines and challenges to the Leeds City Region include:

- Building rates are below what's needed to meet demand.
- Affordable housing needs are increasing.
- There are a significant number of poor quality and energy inefficient homes.
- The complexity of major development sites is delaying delivery.
- There are a falling number of SME developers contributing to housing delivery.

- Public sector capacity to enable and support housing development is reducing.

Thus, in line with the SEP and its 'Good Growth' ambitions, discussion with Chief Housing Officers, the HCA and Registered Providers and the City Region Land and Assets Board have developed the following three key overarching housing policy themes: Housing Growth, Housing Condition and Housing Construction.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

As this report is providing an update from a WYCA meeting, there hasn't been any specific consultation and engagement.

### **4.2 Equality and Diversity / Cohesion and Integration**

There are no specific implications for this report.

### **4.3 Council policies and Best Council Plan**

The Best Council Plan priorities refer to aspects of the WYCA work and are undertaken in that context.

### **4.4 Resources and value for money**

There are no specific implications for this report.

### **4.5 Legal Implications, Access to Information and Call In**

There are no specific legal implications arising from this report.

### **4.6 Risk Management**

There are no specific implications for this report.

### **4.7 Recommendations**

Members are asked to consider the content of this paper and action that might be needed from Leeds City Council as a result.

### **4.8 Background documents**

None

## Annex



The Rt Hon Sajid Javid MP  
Secretary of State for Communities & Local Government  
Department for Communities & Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

13 February 2017

Dear Secretary of State

Devolution to Leeds City Region

Following resolution at the 2nd February meeting of West Yorkshire Combined Authority (WYCA), I am seeking clarity from you regarding the proposal for a Leeds City Region devolution deal submitted to HM Treasury on 4th September 2015, agreed at that time by the Leaders of West Yorkshire Councils, the North Yorkshire District Councils of Craven, Harrogate, and Selby, City of York Council and Chair, Leeds City Region Enterprise Partnership. Your personal support is also requested in progressing our ambition for a transformational devolution settlement.

Securing a good deal remains of the greatest significance to the City Region because only the devolution of the proposed powers and budgets away from Whitehall will put the levers of economic growth back into the hands of our local people and places. In turn, this will enable the accelerated delivery of our Strategic Economic Plan (SEP), including: £3.7bn additional GVA per annum; a 'NEET'-free City Region; and an extra 37,500 extra jobs by 2036.

Our proposal was progressed with Ministers and Treasury officials to the point of finalising a draft deal in March 2016, and was based on the following key drivers:

- Compelling evidence pointing to the logic of devolving to functional economic market areas (FEMAs), such as Leeds City Region. Our City Region is in fact the country's largest such area outside of Greater London, and the benefits of devolving to this area are clear - our devolved skills, employment and business growth programmes are delivering at twice the impact and three times the speed of equivalent national programmes.

- Strong public and business identification with our 'polycentric' geography which: includes the core city of Leeds; key cities of Bradford, York, Wakefield and Huddersfield and Halifax; has a population of 2.8m; with a 92.7% self-contained labour market; and has particular synergies such as between York, Harrogate and Leeds.
- We are devolution ready. Our track record, including agreeing a first wave City Deal in 2012, establishing West Yorkshire Combined Authority in April 2014, and securing a first stage devolution deal in 2015, have placed this City Region at the vanguard of collaborative working. The independent RSA City Growth Commission (*Unleashing Metro Growth, October 2014*) concluded at that time that only London, Greater Manchester and Leeds City Region were ready to take on the risks and challenges associated with devolved status.

Government's agreement to the principle of a good deal for the people and businesses of our City Region would be entirely in the spirit of those being progressed in other parts of the country which are also based on recognised FEMAs. Please could you therefore confirm, or otherwise, that Government is prepared to progress a deal for our City Region?

In the event that Government is unable to support a City Region deal, WYCA has also resolved to explore with Authorities and stakeholders the options based on a larger geographic footprint, including a Yorkshire deal.

Yours sincerely



Cllr Peter Box CBE  
Chair, West Yorkshire Combined Authority

*cc: The Prime Minister  
Chancellor of the Exchequer  
Leaders of West Yorkshire Councils, North Yorkshire District Councils of Craven, Harrogate, and Selby and City of York Council  
Chair, Leeds City Region Local Enterprise Partnership  
West Yorkshire Chief Executives*



**West Yorkshire Combined Authority**

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