

Report of: Chief Executive

Report to: Full Council

Date: 8th November 2017

Subject: Devolution

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input 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? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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 October.

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.

1. 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 October.

2. Background information

- 2.1 Following cross party agreement, this is the thirteenth 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. Leeds City Council continues to be in dialogue with other local authorities across Yorkshire regarding the geography, freedoms and flexibilities of a possible devolution deal that would build on those deals previously concluded.

3. Main Issues

- 3.1 The following items were among those discussed at the Combined Authority meeting on the 4th October 2017

3.2 Capital Spending and Project Approvals

WYCA was asked to approve the progression of, and funding for, a number of projects, including the West Yorkshire Plus Transport Fund and Growth Deal. Projects progress through a three stage process, from Pipeline Eligibility to Pipeline Development to Delivery and Evaluation.

The total combined funding value is £81.076m, with £51.464m from WYCA and the remainder from other public/private contributions.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development	Stage 3: Delivery and Evaluation
A629 Phase 4 Halifax to Huddersfield Corridor Improvements	Castleford Rail Station Gateway	Wakefield Eastern Relief Road
Access Innovation Programme	Energy Accelerator Programme	
Strategic Business Growth Programme	Leeds District Heat Network	
Beech Hill, Halifax	Leeds New Station Street	

3.3 HS2 and HS2 Growth Strategy

WYCA were updated on HS2 development and endorsed the principles of the Leeds City Region (LCR) and HS2 Growth Strategy, approving its submission

to Government. They also endorsed the principles of the joint WYCA and LCC response to the HS2 rolling stock depot consultation.

LCR and HS2 Growth Strategy

The strategy seeks to unlock the benefits of HS2 across the city region. Its desired outcomes are to:

- Create significant additional new jobs across LCR
- Double the GVA of Leeds City Centre
- Triple residential completions in Leeds City Centre
- Deliver 20% of the total workforce on HS2 (within LCR) to live in the LCR, of which 5% will be previously unemployed.
- Ensure HS2 delivers enhanced regional connectivity.

Rolling Stock Depot Consultation

After concerns were raised about proposals for the Rolling Stock depot (RSD) in Wakefield, Government and HS2 Ltd identified an alternative site within the Aire Valley and in particular on the Gateway 45 site which sits within the Leeds Enterprise Zone.

A joint LCC and WYCA consultation response was submitted to HS2 on 12th October which:

- Supports the location of the RSD within the city region and specifically Aire Valley Leeds.
- Outlines the impacts of locating the RSD within the Leeds Enterprise Zone, taking land designated for employment and available for immediate development, reducing the scope for the city and city region to secure inward investment, and reducing the future income stream for WYCA as a result of a reduced business rate income.
- Suggests alternative configuration/location options which would be more acceptable with reduced impact.
- Seeks dialogue with Government around approaches to compensate the city and city region for the impact caused by locating the RSD within the Aire Valley. Including:
 - Designation of additional land within the EZ or new EZ opportunities in the city region.
 - Extension of Enterprise Zone incentives for the Leeds EZ (Business Rate Relief and Enhance Capital Allowances).
 - Early acquisition of land for the RSD.
 - Establishment of an inward investment fund to help support inward investment into the EZ.
- Seeks political and financial support for the University of Leeds plans to create an Institute for High Speed Rail Engineering. The launch event for this took place on 18th October.

3.4 Vision for Northern Powerhouse Rail (NPR)

The combined authority discussed the positive progress being made through Transport for the North's (TfN) NPR programme. An immediate priority for the

TfN Partnership Board is ensuring that NPR is fully integrated into the planning of Phase 2B of HS2, to ensure value for money and that the project can be developed without delay.

TFN's vision for the Leeds section of the NPR network is:

- A new Trans Pennine rail line that connects Manchester and Leeds via Bradford.
- Leeds to Sheffield delivered through HS2 Phase 2b.
- Leeds to Newcastle via HS2 junction at Garforth and upgrades to the East Coast Mainline.
- Significant upgrades to existing line for Leeds to Hull (via Selby).

The report also outlines WYCA's support for a series of HS2/NPR touchpoints – locations where the two rail networks meet – to enable NPR to use HS2 infrastructure.

The TfN Board is calling on the Secretary of State for Transport to ensure that vital touchpoints are included in the HS2 Phase 2B Hybrid Bill. The following are those specifically involving Leeds:

- Provision for a junction between HS2/NPR east of Leeds at Garforth, creating capacity for NPR services from Leeds to York and beyond.
- A connection south of Leeds at Stourton between the HS2 Eastern Leg and existing line into Leeds, enabling NPR trains to run from Sheffield to Leeds and on to York and the North East, thus connecting Leeds from north and south.
- A connection north of Sheffield at Clayton, enabling trains to run through Sheffield and re-join the HS2 line to Leeds.

The decision on whether these will be included will be made as HS2 Phase 2B design work develops over the coming months.

3.5 Consent to Regulations establishing TfN as a statutory body

WYCA discussed and confirmed the consent previously given in principle to regulations establishing TfN as a statutory body, which will grant them the ability to exercise the following functions:

- Making capital grants
- Specified ticketing functions
- Rail franchising functions

It is understood TfN will be established as a statutory body on the following timetable:

Activity	Date
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TfN constituent authorities and WY districts consent to the regulations	By 20 October 2017
Regulations made by Secretary of State	By December 2017
Shadow STB Board created	When regulations have been made
TfN established as a statutory body	1 April 2018 (provisional)

3.6 Business planning and budget 2018/19

This item advised WYCA of the work underway to progress business and budget planning for 2018/19 and successive years, identifying key strategic objectives and ensuring budgets and funding are available. It was recognised that the combined authority faces considerable financial pressures, and a robust, three year, medium term strategy would need to be developed.

The funding gap for 2018/19 is estimated at £4m. Further use of reserves to close the gap is not possible as WYCA would be unable to fulfil its requirement of maintaining a prudent level of reserves, as it is expected that £3m will be utilised this year. Options to achieve efficiencies or make cuts to services, as well as opportunities to increase income, will progress over the autumn.

The formation of a Members Working Group was recommended to enable more detailed scrutiny of the options available.

It was proposed that the outline 2018/19 corporate plan and detailed budget figures be brought to the 10 December meeting, to enable the full budget 2018/19 to be approved at the meeting of 1 February.

3.7 Inclusive Industrial Strategy and Autumn Budget submission

This item focused on updating WYCA on various strands of work to support the development of an inclusive industrial strategy for the city region, tailored to the 'real life' concerns of all West Yorkshire residents. The report identified the short-term priority and longer-term ambitions that WYCA consider necessary to achieve this, reaffirming the view that sub-regional solutions are more effective in responding to different economic and social needs than approaches set in Whitehall.

Short-term priority:

- Sustaining levels of funding by focusing the city region's submission to Government, ahead of the 22 November Autumn Budget, on costed and tested plans for development. Priorities include the continuation of the Business Growth service and the LCR and HS2 Growth Strategy.

Longer-term ambitions include:

- Refocusing current programmes to drive inclusive growth. For example, making public grants conditional on firms taking practical steps to be more inclusive organisations.
- Having Government and city region partners co-produce innovative new ideas to address local needs, eventually laying the foundations for a flexible devolutionary arrangement and additional locally-controlled funding via a significant 'single pot'.

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

Point 3.7 discusses the development of an Inclusive Industrial Strategy. The objectives and actions referred to in the report, such as refocusing projects to drive inclusive growth, are specifically intended to positively impact upon those who are not benefiting from current industry strategy and behaviour.

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 as a result of this report.

However, once TfN is established Point 3.5 addresses Regulation 18 – that TfN constituent authorities including WYCA must make a contribution in respect of reasonably incurred costs of TfN, if they **all** agree on the need for a contribution and the amount required. In this event, the amount would be apportioned between the constituent authorities on the basis of population, or on another agreed basis. Regulation 18 also provides that each constituent authority may contribute to the costs of TfN, if it chooses to do so.

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 is currently a risk identified regarding Devolution on the Corporate Risk Register. This is to ensure that any deal to be considered is in the best interests of the people of Leeds.

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