

Report of: Chief Executive

Report to: Full Council

Date: 12 September 2018

Subject: Devolution, WYCA & Leeds City Region LEP update

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

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).

The main issues described in this report are related to an update on Devolution and from the latest public WYCA meetings in June and August 2018.

Recommendations

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 related to the progress of Devolution and matters regarding the Leeds City Region LEP and the West Yorkshire Combined Authority.

2. Background information

- 2.1 Following cross party agreement, this is the seventeenth report to Full Council to provide an update to Members on the progress related to Devolution and the work of the WYCA and Leeds City Region LEP.

3. Main Issues

Devolution

- 3.1 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.
- 3.2 On 5 March 2018, Leaders and representatives of the 18 local authorities in Yorkshire submitted a letter and the latest Devolution proposal document to the Secretary of State (Ministry of Housing Communities and Local Government), Rt Hon Sajid Javid MP. The latest Yorkshire Devolution Agreement Submission document is available on the West Yorkshire Combined Authority (WYCA) website.
- 3.3 On 9 July 2018, the Secretary of State, Rt Hon James Brokenshire MP, responded to One Yorkshire Leaders' 5 March submission (attached at Appendix 1) stating that: "Until the Sheffield City Region devolution deal is fully implemented, the Government is not prepared to enter into any discussion about wider devolution arrangements [across Yorkshire] that would include some or all of the Sheffield City Region authorities".
- 3.4 One Yorkshire Leaders, including the Mayor of Sheffield City Region, met in York on 12 July 2018 and, noting the contents of the Secretary of State's letter, resolved to continue with agreed preparations which will form the basis of the business case for a Yorkshire deal.
- 3.5 One Yorkshire Leaders also responded to the Secretary of State on 16 July 2018 (attached at Appendix 2) requesting the Secretary of State's support in "...accelerating the delivery of the Sheffield City Region devolution deal whilst assuring those who want to join One Yorkshire that option will be available to them as early as 2020."
- 3.6 Work will continue to further progress the proposals, related to identifying specific place based investment Asks. These include developing and agreeing detailed governance arrangements and the economic case for One Yorkshire devolution. Work is also underway to prepare a version of the devolution submission document which communicates the proposals and benefits in plain English.

- 3.7 Whilst there is not currently an agreed timetable with central government for further devolution to Leeds, it is hoped detailed discussions with relevant Ministers can take place soon, in order to progress the proposal for a One Yorkshire devolution deal.

West Yorkshire Combined Authority (WYCA)

- 3.8 The following items were among those discussed at the Combined Authority meeting on the 28th June 2018 and 2nd August 2018. All WYCA decisions are subject to call-in.

3.9 Capital Spending and Project Approvals

WYCA meeting – 28 June 2018

WYCA approved 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 for these schemes is £29.232 million when fully approved, with £19.362 million funded by WYCA. A total of £3.902 million was sought as part of the report.

Schemes identified below specifically relate to Leeds.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development	Stage 3: Delivery and Evaluation
Land Release Fund (LRF) Leeds Integrated Station Masterplan (LISM)	Real Time Bus Information Harrogate Road New Line – junction improvement Bradford/Leeds corridor	

The table below also includes schemes that have had change request reports assessed in line with the Combined Authority’s assurance process. These schemes have a total combined funding of value of £44.391 million when fully approved, £42.465 million of which will be funded by the Combined Authority. A total expenditure recommendation to the value of £1.560 million was sought as part of this report for the development and delivery of these specific schemes.

Schemes identified below specifically relate to Leeds.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development	Stage 3: Delivery and Evaluation
	A65-A658 airport link road project	

WYCA meeting – 2 August 2018:

WYCA approved the progression of, and funding for relevant schemes that are proceeding directly to the Combined Authority due to the nature of the funding streams or timescales related to delivery, having been assessed in line with the Combined Authority’s assurance process.

This included the Leeds City Region Employment Hub scheme, which will run for 3 years (2018 to 2021) and will deliver against all the key action areas identified in the Leeds City Region Strategic Economic Plan (SEP) under priority 2: Skilled people, better jobs. The programme will also deliver against the priorities set out in the Leeds City Region Employment and Skills Plan (2016-2020).

The Combined Authority approved that the Leeds City Region Employment Hub project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs). The report also stated, an indicative approval to the total project value of £9 million is given. The Combined Authority contribution will be £8.738 million, which will be funded from an anticipated ESF grant of £5.786 million, Business Rates Pool funding of £2.71 million (year 1 and years 2 & 3 allocation) and £242,000 from an existing revenue approval. Full approval to spend will be granted if the scheme has been successful in securing ESF funding and once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

3.10 Further capital spend proposals (following the ‘Call for Projects’)

At the 28 June 2018 meeting, the Combined Authority considered a report, following the call for projects in Autumn 2017, put forward proposals regarding progression of specific WYCA supported projects (listed below), for funding through the West Yorkshire plus Transport Fund and Growth Deal, for consideration by the Investment Committee at stage 1 of the Combined Authority’s assurance process.

In principle support for the 11 projects had been approved in February 2018 by the Combined Authority and the promoters had been invited to resubmit their expressions of interest and provide updated information.

A summary of the call for project submissions was attached at Appendix 1 of the WYCA report and the background information on the Combined Authority’s assurance framework through which each of the schemes are being approved was attached at Appendix 2. The Investment Committee had considered the

benefits of the schemes at a workshop held on 5 June 2018 and the location maps for the projects were attached at Appendices 3-8 of the report.

The Combined Authority approved the recommendations outlined in the report.

- Institute for High Speed Railways and System Integration – Phase 1
- Leeds City Region Enterprise Zones Programme
- Leeds Inland Port
- Gateway to Huddersfield – Phase 1
- CityConnect Cycle City Ambition Programme (CCAG) Phase 1 & 2 extension
- Bradford City Centre Heritage Properties
- Halifax Living, Halifax
- Wakefield City Centre – South East Gateway
- Rail Park & Ride Programme – Phase 2
- York Central Kickstarter – Phase 1
- Leeds City Centre Package – change request

3.11 Corporate planning and performance

At the 28 June 2018 meeting, The Combined Authority considered a report which provided an update on corporate performance including progress against corporate priorities, risk management and budget position and an overview of work currently underway to review and revise internal governance procedures at the Authority.

In respect of performance, the report set out some of the key highlights for the last municipal year and a final year end position for the 2017/18. Report further states that over the last year there have been significant successes in delivering against Corporate Plan priorities such as 1,902 businesses supported to offer apprenticeships during the year, nearly doubling the target figure of 1,000.

The Combined Authority noted the update in respect of the internal governance review and the current senior management structures and also endorsed the proposals for changes to the internal governance arrangements of the authority including the recommendation that the senior leadership team meet with both the chair of the authority and the chair of the LEP Board on a quarterly basis to drive the strategic agenda of the organisation.

3.12 Corporate priorities

At the 28 June 2018 meeting, the Combined Authority noted and approved relevant report recommendations associated with the following:

- An update on the work underway on the Corporate Technology Programme.
- Approval for the progression of the intranet project through decision point 2.

- Put forward proposals for the progression of, and funding for, the head office accommodation project, in accordance with the recommendations of the Combined Authority's assurance process.

3.13 Superfast Broadband West Yorkshire and York

At the 28 June 2018 meeting, WYCA considered a report which provided an update on progress of the funding bids and governance review on Superfast Broadband West Yorkshire and York.

It was noted that the Combined Authority had previously considered a report on future funding bids for a third phase of broadband infrastructure delivery across West Yorkshire and York including the use of Gainshare.

Contracts One and Two with Openreach have a claw-back mechanism which relates to superfast broadband take-up above a given threshold across the full programme. Above this threshold, Openreach pay a contractual amount into an Investment Fund known as Gainshare. The intention is that the Investment Fund is re-invested into further broadband delivery during the lifetime of the programme, as per contractual obligations.

In respect of governance, it was noted that the Broadband Programme Board, together with Directors of Development have recommended that the Combined Authority remains the accountable body for the third phase of the broadband delivery programme and Leeds City Council remain the primary delivery partner. The existing partnership agreement for phase two is being reviewed and may require some changes to bring the work of the Programme Board in line with the Combined Authority's Contract Standing Orders and scheme of delegations.

It was also noted that the Programme Board and Directors of Development have recommended that up to £1.7m Gainshare from Contract 1 is reinvested into a third contract, across the West Yorkshire and York geography.

3.14 Rail Legacy Projects – Final Accounts

At the 28 June 2018 meeting, The Combined Authority considered a report of the Director of Delivery on Rail Legacy Projects – Final Accounts which:

- Provided an update on the outcome of discussions with Network Rail on final accounts for the Kirkstall Forge, Apperley Bridge, Leeds Station Southern Entrance (LSSE) and Low Moor projects.
- Sought approvals of relevant budget allocations and virements regarding the proposed final accounts and payment(s) to Network Rail for Kirkstall Forge, Apperley Bridge and LSSE and to delegate authority to the Managing Director, in conjunction with the Chair of the Combined Authority, to conclude final account discussions and payments on Low Moor.

It was noted that cost overruns on all four projects were experienced and the quantum of costs payable by the Combined Authority have now been established and agreed in principle with Network Rail for Kirkstall Forge, Apperley Bridge and LSSE. In relation to Low Moor, it was proposed that the finalisation of this account and payment to Network Rail within the maximum funding envelope be delegated to the Combined Authority's Managing Director.

3.15 Rail Performance and Governance

At the meeting on 2 August 2018, WYCA considered a report which included the following:

- To update members of the Combined Authority on issues emerging from the introduction of the revised rail timetable on 20 May 2018 and their impact on passengers in the City Region.
- To advise members of the Combined Authority of the review of rail governance led by Cllr Blake and Rail Minister Jo Johnson and to recommend key points for the Combined Authority to submit to the review.
- Representatives from Network Rail and Northern attended for this item.

The report states the follow key points are submitted to the Blake/Johnson review team as part of the CA's formal submission:

- Transport for the North must exercise its role in franchise management in the interests of passengers, residents and business in the region and, where necessary, challenge the rail industry to deliver the service it is obliged to deliver.
- The remit of the Transport for the North Rail North Committee should enable political oversight of operational performance of the franchises and the planning of changes to service delivery. It needs to understand the anticipated impact on passengers of any change to services and to direct the Rail North Partnership to safeguard their interest.
- The formal agreement between DfT and TfN must put the Minister and Transport for the North on an equal footing with dual decision making.
- Network Rail must be accountable for the impact of its decisions on passengers in the North. The Transport for the North Rail North Committee should be a formal consultee of Network Rail and be able to nominate onto key decision making boards within the Network Rail governance.
- The rail franchises are supported by public funds, there must be greater transparency in their management.
- The Train Operators should be contractually required to improve communication to help passengers adjust their travel plans when timetables change and services are disrupted.

The Review will proceed with an initial report and recommendations in September.

3.16 Devolution and Review of Local Enterprise Partnerships

On 2 August 2018, the Combined Authority was asked to note and discuss the progress towards securing devolution to Leeds City Region and, separately, the proposals contained in the Review of Local Enterprise Partnerships (LEP), announced by the Government on 24 July 2018.

The report highlight recent developments regarding devolution including the potential for campaigning activity to increase in order to progress the One Yorkshire proposition with Government.

In relation to the LEP Review, the WYCA report states that extensive engagement with stakeholders within the City Region and outside will take place, to determine how best to respond to the Review's recommendations, particularly in relation to the requirement to remove overlaps from LEP geographies. Leeds City Region Enterprise Partnership is one of 21 LEPs affected by this proposal.

Revised proposals to Government regarding geography are required by 28 September 2018 and a plan for implementing before 31 October 2018.

3.17 Channel 4 National HQ

On 2 August 2018, the Combined Authority provided an update on the effort to attract the Channel 4 national HQ to Leeds City Region.

Earlier in 2018 Channel 4 launched its 4 All the UK strategy which involves the establishment of a new National HQ and two new creative hubs in the Nations and Regions. Leeds City Region has submitted a pitch for the Channel 4 National HQ to be in Leeds. This represents a significant opportunity to broaden the creative and digital industries, especially the TV, film and screen industries.

Leeds has been shortlisted as one of the final three locations for the Channel's National HQ along with Birmingham and Greater Manchester. This was made public on 23 July 2018.

Channel 4 will now request further information over the next few weeks and enter into a process of negotiation with prospective locations over the summer.

Channel 4 plans to make a final announcement in October 2018.

3.18 Medium term financial strategy and budget 2019/20

On 2 August 2018, WYCA provided an update on the medium term financial strategy and budget planning for 2019/20.

The Combined Authority approved the 2018/19 budget at its meeting in February. The revenue budget was set in the context of a three year financial strategy that included a commitment to reduce the transport levy each year and

seeks to reduce the use of reserves to provide a balanced position by 2020/21. The challenges of achieving this were set out in the report and a number of supporting actions were agreed.

3.19 Corporate planning and performance

At the 2 August 2018 meeting, the West Yorkshire Combined Authority provided an update on corporate performance including progress against corporate priorities, risk management and budget position.

The Combined Authority was asked to note and provide comment on the information on corporate performance.

3.20 Appointment of Director of Policy, Strategy and Communications

At the 2 August 2018 meeting, WYCA was informed of the recruitment process undertaken to recruit a Director of Policy, Strategy and Communications and was asked to accept the recommendation of the Member Appointing Panel and ratify the appointment of Alan Reiss as Director of Policy, Strategy and Communications, subject to receipt of satisfactory references.

3.21 Legal claim in respect of Combined Authority loans

This paper discussed at the 2 August 2018 meeting, provided information on the legal claim issued against Barclays Bank PLC (Barclays) in respect of loans held by the Combined Authority and the 2006 regulatory findings made against Barclays on the manipulation of LIBOR.

The report recommendation asks the Combined Authority to instruct Hausfeld to provide legal representation to the Combined Authority including detailed advice on the merits of the Combined Authority's claim.

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 as a result of 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 as a result of 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 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