
Report of: Chief Executive

Report to: Full Council

Date: 27 March 2019

Subject: Devolution, WYCA & Leeds City Region LEP update

Are specific electoral Wards affected? Yes No

If relevant, name(s) of Ward(s):

Are there implications for equality and diversity and cohesion and integration? Yes No

Is the decision eligible for Call-In? Yes No

Does the report contain confidential or exempt information? Yes 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 (Budget) meeting in February 2019.

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 twentieth 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 At the Full Council meeting on 14 November 2018, Members were provided with an update of developments regarding One Yorkshire devolution. This included an update related to the 10th October 2018 submission from Leaders and representatives of the 18 local authorities and the Sheffield City Region Mayor, Dan Jarvis to the Secretary of State (Ministry of Housing Communities and Local Government) with the findings of an independent study on the economic rationale for devolving to Yorkshire and further developments in relation to the governance proposals – based on a single One Yorkshire Combined Authority which would be overseen by a directly elected Mayor from May 2020.
- 3.3 North Yorkshire, West Yorkshire and Humber Leaders met with the Northern Powerhouse Minister, Jake Berry MP towards the end of 2018 to discuss devolution in Yorkshire. The Minister confirmed that the Secretary of State would formally respond to the One Yorkshire submission and propose a way forward.
- 3.4 On 12th February 2019, the Secretary of State wrote to One Yorkshire Leaders and Mayor in response to the One Yorkshire proposals (letter attached at Appendix 1). The Secretary of state offered to “begin discussions about a different, localist approach to devolution in Yorkshire” whilst also stating the completion of the Sheffield City Region deal “is essential for talks to progress”. Following the letter from the Secretary of State, Hambleton District Council withdrew its support for a One Yorkshire deal.
- 3.5 The remaining 18 One Yorkshire Leaders and Mayors were subsequently invited to a meeting with the Secretary of State on 1st March 2019 in order to discuss the following agenda items: devolution criteria; why One Yorkshire still has local support; interim arrangements; and next steps.

- 3.6 As a result of the discussion, One Yorkshire Leaders and Mayor issued a statement on 1st March 2019 which highlighted they remained committed to the One Yorkshire approach to devolution, while recognising that further work is required to make progress, including on interim arrangements. There was also an agreement with the Secretary of State that Chief Executives from One Yorkshire authorities will begin work immediately with senior officials from the Ministry of Housing Communities and Local Government and Treasury on interim arrangements and the points raised in the One Yorkshire submission; and an agreement to meet with the Secretary of State again later in the year.
- 3.7 On Friday 8 March 2019, the One Yorkshire Conference was held in Leeds bringing together leading national and regional figures including the Northern Powerhouse Minister, Jake Berry MP, which explored Yorkshire's place in a post-Brexit economy and how devolution to the region can ensure it plays its full part in driving future prosperity for the North and the UK.

West Yorkshire Combined Authority (WYCA)

- 3.6 The following items were among those discussed at the Combined Authority (Budget) meeting on the 14th February 2019. All WYCA decisions are subject to call-in.
- 3.7 Rail Update

The Combined Authority was updated on the performance of the local rail service and on the industry reviews seeking to address the structural issues in the industry which are affecting passengers on a daily basis.

The Managing Directors of Northern and TransPennine Express together with the Regional Director of Network Rail were invited to the meeting to explain their plans to restore confidence in the City Region's rail service.

The WYCA report highlighted punctuality and reliability over the Autumn period has been significantly worse in 2018 than for comparable periods in 2017. The ongoing effects of the May 2018 timetable were the major factor affecting performance together with the seasonal difficulties that the autumn period brings on some lines within the region.

The railway timetables changed on 9 December 2018; many of these changes sought to address some of the structural problems arising from the May 18 timetable. Report highlighted performance has improved on some lines, however passengers are experiencing poorer punctuality and reliability than they experienced in the same period in the preceding year which would suggest there remain issues to address.

Rail North Partnership and Williams Reviews

The Rail North Partnership Review undertaken by Councillor Judith Blake and the Minister for Rail Andrew Jones was considered by the Transport for the North Board on 7 February 2018 and is expected to be published in early April 2019. The report seeks to strengthen the devolved arrangements for managing the Northern and TransPennine rail franchises and to ensure that customers are placed at the heart of decision making. In particular the review will seek to enable a more meaningful role for Northern political leaders in shaping and directing the North's rail service.

The Secretary of State has also initiated a major review of the UK rail industry, led by Keith Williams. Roger Marsh has been appointed to the expert challenge panel.

The Rail North Partnership Review will also make recommendations into the Williams Review identifying the benefits of devolving key decisions about the Region's railways to the North.

3.8 Transport for the North Strategic Transport Plan

WYCA was updated on the Transport for the North's Strategic Transport Plan (STP) including the implications for the region.

The STP is TfN's flagship policy document setting out its plans for investment in strategic transport in the north in the 30 year period up to 2050. The STP sets out TfN's proposals to help drive economic growth, explaining the need for investment in transport and identifying priority areas for improved connectivity.

Alongside the STP, TfN published a detailed investment programme including the outputs of schemes identified through work on Strategic Development Corridors (SDC).

The WYCA report states the Combined Authority responded to the consultation on behalf of all the West Yorkshire District Councils. The Transport Committee meeting of 16 March 2018 and the Combined Authority of the 5 April 2018 endorsed a set of key principles that it considered should form the core of a Combined Authority response.

Following the Combined Authority's response and engagement at both Officer level and through representatives on TfN's Board, TfN have adapted the STP to address the points above. There remains an issue about the map TfN are using to portray the possible Northern Powerhouse Rail options. It was proposed that the Combined Authority continues to press for the map to reflect the economic geography of places and to reflect the position in the STP for NPR to connect Manchester to Leeds via Bradford via a new line. WYCA report states that it is also critical that the STP sets out how options will be prioritised and taken forward.

The paper further notes the whole of the STP is an important statement of the economic needs of the region and the pan-northern connectivity that is needed to unlock growth. The list in the WYCA report highlights the important schemes to the region and emphasises the importance of TfN setting out their next steps for this investment including how they intend to prioritise and sequence the schemes.

3.9 Brexit update

The Combined Authority was provided with an update on the organisational preparation being undertaken by WYCA and Leeds City Region Local Enterprise Partnership as the UK prepares to leave the European Union.

The WYCA paper highlights that the Combined Authority continues to monitor the impact of Brexit on the economy and specifically highlights areas of work related to Brexit preparedness. These include:

- Support to business: The Combined Authority and LEP continue to develop and adapt a range of products and services to support the growth and sustainability of the city region's businesses. In addition to this, the Growth Service is providing intelligence into the BEIS Growth Hub Network for local insight and Brexit preparation.
- Skills: The main gateway to skills support is via Growth Managers. Two new programmes, Employment Hub and Re:Boot, have recently been approved for delivery and can support businesses who may need to address skills/training challenges as a result of Brexit.
- Trade and Investment: Business insight is being captured from companies that are engaged as part of the Investor Development programme (funded directly by the Department for International Trade) and shared across the Combined Authority, as well with the Department for International Trade and other Government bodies. The LEP website has also published Brexit guidance particularly aimed at businesses with an international focus, using .gov sources.
- European Funding and UK Shared Prosperity Fund: Report states the CA and LEP are concerned both with ensuring continued delivery of European Structural and Investment Funds (ESIF) and with leading on the region's input to the shaping of the UK Shared Prosperity Fund.

3.10 Capital Spending and Project Approvals

The following relates to schemes, which have been recommended for approval by the West Yorkshire and York Investment Committee, and considered in line with the Leeds City Region Assurance Framework.

These schemes have a total combined funding value of £41.080 million when fully approved, of which £40.950 million will be funded by WYCA. A total of £2.734 million was sought as part of this report for the development and delivery of these schemes.

The following relates to Leeds specific schemes identified in the relevant WYCA report.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development
<p>Raising Aspirations: (Leeds City Region) This scheme will conduct a pilot which will investigate the best activities to undertake to support disadvantaged pupils to raise their aspirations. The scheme will be funded through Business Rates Pool funding. The scheme will deliver an enhanced model of enterprise education to 3,500 most disadvantaged learners in the Leeds City Region and will engage an additional 20 employers to deliver 6,000 employer encounters. With the outcome of improving participants' destinations and making them less likely to become NEET (not in education, employment and training).</p>	<p>Headrow City Centre Gateway: The scheme comprises a set of significant on-street enhancements to bus, pedestrian and cycling infrastructure and public realm in Leeds City Centre to the north of the city centre's main pedestrian area. Improvements will be made to the Headrow, Westgate, Vicar Lane, New Briggate, Cookridge Street, Harrison Street, Eastgate and parts of some adjacent streets. The scheme is to be funded through the devolved Department for Transport funding forming the Leeds Public Transport Investment Programme. The scheme's wider social benefits include improved public health and quality of life through delivering better connectivity, reducing journey times, encouraging active travel, and reducing carbon emissions.</p> <p>A647 Bus Priority Corridor: The scheme consists of a series of improvements along the Leeds A647 corridor to improve bus journey times and reliability and increase bus patronage. It involves extending sections of existing bus lanes, introducing bus priority measures at traffic signals, the relocation and reorganisation of bus stops and changes to the Ledgard Way/Armley Road junction.</p>

3.11 Budget and business plan 2019/20

The CA was asked to consider and approve the proposed revenue budget and transport levy for 2019/20, the indicative capital programme, capital strategy and treasury management statement. WYCA was also asked to approve the detailed business plan for 2019/20 that sets out the services, activities and priorities for the organisation in the coming year.

The Combined Authority approved a medium term financial strategy at its meeting in February 2018. This recognised the funding difficulties facing the public sector and acknowledged the need for the Combined Authority to achieve a balanced position whilst reducing the funding from its local authority partners. The strategy included a commitment to reduce the transport levy by

£1 million each year and to utilise transport fund reserves to balance the budget for 2018/19 and 2019/20. Over that time period actions would be taken to reduce expenditure, particularly on the provision of bus tendered services such that by 2020/21 the budget would balance without the need to use reserves.

The budget position for 2019/20 has recognised the agreement reached in February 2018 and has been developed through the Combined Authority's Member Budget Working Group, and with input from the Overview and Scrutiny Committee and overview from local authority partner Leaders, Chief Executives and Directors of Finance. In reaching the proposed position for 2019/20 and establishing a revised forecast for 2018/19 a number of savings and income targets have been established alongside reductions in expenditure.

The WYCA report states that the original budget for 2018/19 was approved to use £1.4 million of reserves. Actions taken in the current year have delivered the first tranche of the savings required on bus tendered services whilst minimising impacts on customers. Costs and income have been closely monitored throughout the year and the revised forecast outcome demonstrates that it is expected to be in line with the original approved budget in overall terms. There are some variances within budget lines but the closing position is expected to be a use of reserves of £1.0 million. This is set out in Appendix 2 of the WYCA report.

The proposed revenue budget for 2019/20 is set out in Appendix 3 of the WYCA report and, in line with the agreed strategy, balances income and expenditure to the agreed use of reserves figure of £1.2 million. The report includes the key drivers and assumptions for the main budget lines which shape the 2019/20 proposed budget.

Appendix 1 of the CA report sets out the proposed business plan for each directorate, demonstrating how they deliver against the organisation's corporate priorities and objectives and, at a summary level, the resources required to do so.

3.12 Strengthened Local Enterprise Partnerships

The Combined Authority was asked to determine whether to agree, in principle, to act as the accountable body for a new local enterprise partnership (LEP) covering the geographical areas of West and North Yorkshire, and York. WYCA report states, this is subject to, and does not prejudice, upcoming considerations by the existing LEP Boards about whether and how to establish a new LEP, and the work of the Transition Subgroup that is overseeing the development of recommendations to those Boards.

Representatives of the two LEPs are working collaboratively via a joint Transition Subgroup to lead the establishment of the new LEP. It is developing proposals across eight workstreams, which will report to both LEP Boards in late March 2019 in order to enable the Boards to decide to proceed with the creation of the new LEP, and to secure mandates to progress further work.

These include Transition and Leadership – making recommendations on practical solutions to enable a new LEP to be operational by April 2020.

3.13 Local Assurance Framework update

The CA was provided with an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review, and with the recently issued review of the National Local Growth Assurance Framework (January 2019).

WYCA was also asked to provide feedback on the updated assurance requirements, approve the substantive form of the document following the incorporation of further changes requested, and to authorise the Combined Authority's Managing Director to finalise the document in consultation with the Chair of the Combined Authority and the Chair of the LEP Board for submission, and to make further in year changes as may be required.

3.14 Governance arrangements

CA was asked to note changes and make appointments to the Combined Authority's committees and panels. These relate to York City Council, Wakefield Council and Bradford Council.

WYCA was also asked to note that the Executive Head of Economic Services is leaving the Combined Authority at the end of April and that interim arrangements will be put in place as a consequence.

Finally, CA was asked to note that the Resources directorate has been renamed Corporate Services and as a result the post of Director of Resources has been renamed the Director of Corporate Services.

3.15 HS2 Consultation

The CA was provided with an update on the recent consultations from HS2 on their working draft Environmental Statement and working draft Equalities Impact Assessment. Also members were informed about the Combined Authority response to the above consultations.

The full response to the HS2 consultations is provided in Appendix 1 of the WYCA report.

The Working Draft Environmental Statement (WDES) sets out information on the HS2 route including plans, profile maps and mitigation measures during construction for the preferred route. The WYCA paper states measures will be

undertaken by HS2 Ltd to mitigate impacts to communities, including any disruption both along the immediate route and in surrounding areas with the majority of impacts as a result of construction of the railway.

The Combined Authority's response has also called upon HS2 to plan for and mitigate as far as possible the consequences of other impacts highlighted in the paper.

The Working Draft Equality Impact Assessment (WDEIA) considers the potential effects of building and operating the railway on groups protected by the Equality Act (2010). The Combined Authority response to the WDEIA is at the end of the consultation response at Appendix 1 of the WYCA report. The response commented that the needs of all users need to be considered throughout the process in order to ensure there is a more accessible transport system which meets user needs and reduces barriers to travelling.

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 takes account of the need to secure a deal and the opportunities this presents, and ensures 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