

# Level 4 Devolution for West Yorkshire

Date: 13 March 2024

Report of: Director of Strategy and Resources

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

This report provides Executive Board with an update on the opportunity to apply under the Government's recently published Devolution Framework for a Level 4 devolution deal for West Yorkshire. It summarises the offer from Government and asks Executive Board to endorse the decision to submit a letter of application expressing interest in negotiating a deal.

Alongside the application process, the report also outlines a range of supporting activity which is helping to make devolution in West Yorkshire a success. This includes refreshing the West Yorkshire partnership principles which guide the joint work of the combined authority and five constituent councils.

This report is not part of the statutory devolution process but is submitted to the Board to ensure transparency in the early stages of discussions.

## Recommendations

Executive Board is asked to:

- a) Note the recent publication of the Government's Level 4 Devolution Framework which sets out guidance and the powers and flexibilities on offer through a Level 4 Devolution Deal and the associated readiness conditions.
- b) Note the partnership work in West Yorkshire to consider the opportunities presented through further devolution and the activity undertaken to develop the West Yorkshire response, including the refreshed partnership principles.
- c) Formally ratify the council's support for the combined authority's application for Level 4 devolution.

## What is this report about?

- 1 This report provides an overview of the recently announced Level 4 Devolution Framework, through which the council, alongside the West Yorkshire Combined Authority and four other West Yorkshire districts can apply to access new powers, functions and flexibilities.
- 2 The report provides an overview of the work that has taken place since November 2023 to develop the West Yorkshire response to the Level 4 offer, including the recent decision of the combined authority's Finance, Resources and Corporate Committee to submit an expression of interest letter to Government following discussions between the Mayor and local authority leaders. Executive Board is asked to endorse this intention to negotiate a Level 4 deal.
- 3 Finally, the report also summaries a range of more practical arrangements around the implementation of devolution, including new scrutiny requirements at a regional level and the refresh of the West Yorkshire partnership principles which guide ways of working between the six organisations party to the devolution deal.

## What impact will this proposal have?

### Level 4 Framework

- 4 On 22 November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) released a technical paper outlining the new Level 4 Devolution Framework. The Framework marks a move towards greater devolved funding and powers to eligible institutions who choose to participate and provides a stepping stone towards a single settlement through the offer of consolidated funding at the next multi-year Spending Review. The Framework aims to standardise English devolution, moving away from the previous approach of agreeing bespoke region-specific deals. Whilst this approach does not meet the partnership's full aspirations for devolution in West Yorkshire, the opportunity to pursue deeper devolution is welcomed.
- 5 The Level 4 Framework is [available here](#) and sets out the powers and functions available to eligible institutions, across a range of policy areas.
- 6 Key highlights on offer through the framework are as follows:

Policy area	Summary of offer
Funding	<ul style="list-style-type: none"><li>• Funding simplification with a consolidated DLUHC pot, available at the next multi-year spending review, as the first stage towards a single settlement.</li><li>• Removal of Gainshare gateway reviews for eligible institutions which have passed Gateway One and meet criteria relating to local evaluation frameworks.</li></ul>
Transport	<ul style="list-style-type: none"><li>• Devolved and consolidated integrated local transport settlement for eligible institutions subject to demonstration of appropriate level of fiscal sustainability and broader capacity/capability from the next multi-year Spending Review for the length of the Spending Review.</li><li>• A range of other offers linked to the Key Route Network, Pavement Parking and Taxi Licensing.</li></ul> <p><i>Access to Transport powers must be taken as a whole and are not available to pick and choose as with other powers on offer.</i></p>
Employment and skills	<ul style="list-style-type: none"><li>• Further commitment towards a more devolved adult skills system with increased flexibility on adult skills programmes and the ability of</li></ul>

	<p>institutions to be central convenors of careers provision in their regions, however availability is dependent on outcome/ implementation of Trailblazer deals.</p> <p><i>Employment and Skills powers and flexibilities on offer must be taken as a whole.</i></p>
Housing and Land	<ul style="list-style-type: none"> <li>• Local leadership of the Affordable Homes Programme from 2026.</li> <li>• Move towards greater collaboration between eligible institutions and DLUHC on housing quality.</li> </ul>
Net Zero, Climate Change and Natural Capital	<ul style="list-style-type: none"> <li>• Government will consider devolving net zero funding, including for retrofitting buildings subject to the outcome of the trailblazer pilots and following a review of the effectiveness of the approach.</li> </ul>
Public Health	<ul style="list-style-type: none"> <li>• A new concurrent power to take on the public health duty, offers no new funding but aims to create a 'health in all policies' approach to the Combined Authority's work.</li> </ul>

- 7 In addition, the Framework provides other significant opportunities, including the move towards a general, rather than the existing, functional powers of competence for the combined authority (bringing it into line with local authorities) and the ability to make technical adjustments to historic legislation, offering the opportunity for eligible institutions to advise on changes to statutory guidance or legislation that could be disapplied or removed to support areas in meeting their objectives. As part of ongoing devolution discussions, the council alongside West Yorkshire partners is considering how it may utilise this opportunity to pursue technical adjustments that meet strategic objectives.
- 8 The Framework also enables eligible institutions to take on board powers that other areas have previously secured, should areas wish to do so.

#### Application Process, Timeline and Readiness Conditions

- 9 The Framework sets out the application process, eligibility and access criteria that areas wishing to make an application for Level 4 Devolution will need to follow. A summary of the key criteria are as follows:
- a) Level 4 will be available to combined authorities, combined county authorities and local authorities who have implemented a Level 3 deal.
  - b) Level 4 will be offered once areas can provide confidence in the capacity, governance and culture of the institution to manage its activities effectively and take up further powers.
  - c) Ministerial decisions will be taken in the round and the Government will engage further with individual areas before making a decision.
  - d) Areas must confirm that they will report on how they are implementing the Scrutiny Protocol, as set out in the English Devolution Accountability Framework, within one year of confirmation from the Secretary of State that the Government is content to proceed with a Level 4 agreement – the protocol applies to West Yorkshire Combined Authority.
  - e) MP sessions to further enhance scrutiny in the future, similar to those arrangements being established in Greater Manchester and West Midlands as part of their trailblazer deals, will need to be adopted by areas.

- f) The final transfer of each policy area will be subject to areas demonstrating compliance with specific readiness conditions for each policy area within the Framework.
  - g) Subject to eligibility tests, an area can apply at any time to access further powers from the Devolution Framework.
  - h) Any subset or combination of powers, unless otherwise specified, may be applied for and there is no obligation to take all the powers on offer. In the current Level 4 Framework there are two areas where conditions are applied as detailed in the table above.
- 10 Eligible institutions must decide which parts of the Framework they would like to apply for and a final decision on this must be made by the mayor with the agreement of all constituent members. In West Yorkshire's case, a formal letter of application was required to be sent to Government by 31 January 2024.

#### West Yorkshire Level 4 Submission

- 11 Since the Government's publication of the Level 4 Devolution Framework in November 2023, the combined authority and five local authorities have been working closely, and at pace, to understand and consider the opportunities that a Level 4 deal presents for West Yorkshire.
- 12 In discussions that have taken place, the partnership has been clear that deeper devolution must align with our collective objectives and priorities for the region. It must offer greater opportunity and levers to achieve the objectives and outcomes the partnership is seeking to deliver for communities, businesses and places, as set out in the West Yorkshire Plan. As a reminder, the West Yorkshire Plan outlines five shared missions:
- a) A prosperous West Yorkshire – an inclusive economy with well paid jobs.
  - b) A happy West Yorkshire – great places and health communities.
  - c) A well-connected West Yorkshire – a strong transport system.
  - d) A sustainable West Yorkshire – making lives greener.
  - e) A safe West Yorkshire – a region where everyone can flourish.
- 13 Following discussions between the Mayor and local authority leaders, and approval from the combined authority's Finance, Resources and Corporate Committee on 18 January to proceed, an initial application seeking access to all of the opportunities available through the Level 4 Framework was submitted to Government on 30 January 2024. A copy of the letter is attached as Appendix 1.
- 14 It should be noted that the initial submission of a letter of application to the Secretary of State does not constitute an irrevocable step and does not form part of the statutory process. However, it signals an intent to engage with Government and proceed with the Level 4 Framework, subject to further development work between the West Yorkshire partnership and Government. The legislative processes for the different aspects of the application would need to be worked through in progressing this, as part of which all statutory requirements including the need for individual consents on whether to accept new powers would take place. The council will continue to consider the right mix and balance of powers, engaging with other councils and the combined authority to inform any future proposals which might then form part of the statutory process.
- 15 Following submission of the West Yorkshire application letter, the decision lies with the Secretary of State as to whether to progress the West Yorkshire Level 4 application. The Secretary of State must now consider whether the application in the round, including the elements of the Level 4 Framework applied for, considerations on the combined authority's previous delivery record and whether the readiness conditions (as referenced in paragraph 9) have been met.

16 A letter received by the Mayor of West Yorkshire Combined Authority from the Secretary of State on 1 March 2024 outlines the acceptance of the Level 4 Framework application. The letter confirms that West Yorkshire meets the eligibility criteria and sets out the conditions of the offer moving forward. A copy of the letter is attached as Appendix 2.

17 Discussions will now commence with Department of Levelling Up, Housing and Communities and individual government departments to develop detailed proposals for each policy area. In particular, this will include consideration of whether consultation or statutory changes are required to implement individual elements of the Framework.

### 18 West Yorkshire Partnership Principles

19 The first West Yorkshire Devolution Deal, agreed in 2020, was underpinned by a set of partnership principles which has supported the successful development of the partnership over the last three years. Since that time, the West Yorkshire partnership has grown and strengthened, demonstrated by the successful delivery of a range of ambitious programmes and initiatives which have resulted in better outcomes for local people, businesses and places. The strength of the West Yorkshire partnership of the five local authorities and the combined authority will underpin our ability to successfully deliver deeper devolution across the region.

20 Work to develop the West Yorkshire response to the Government's Level 4 Devolution Framework has provided a useful catalyst to review and refresh our partnership principles, ensuring they remain well-focused on key and emerging issues. The principles will be important in helping to navigate the questions that will naturally arise as negotiations progress, and as arrangements need to be defined for complex issues such as management of concurrent powers. Following this review, six principles have been agreed: collaboration and co-production; sovereignty; subsidiarity and devolution; transparency and accountability; fairness and equity; flexibility and funding simplification.

21 In seeking any further deepening of devolution in West Yorkshire, the approach agreed between partners recognises and acknowledged the parity of partnership, our strength as a collective six and the lack of appetite for any proposal which diminishes the role or sovereignty of our constituent parts. We will work to these collectively agreed principles to ensure that moves towards deeper devolution across West Yorkshire support the achievement of shared ambitions to deliver better outcomes for the region.

22 No decisions are being made as a result of this report, but any future decisions resulting from agreement with Government on further devolution will be assessed appropriately to ensure due regard is given to equality, diversity, cohesion and integration.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

23 There are no direct impacts arising from this report, however, there is significant potential for a Level 4 devolution deal to support further progress towards the goals set out in the Best City Ambition. The potential for additional funding flexibilities and local control could enable better targeting of resources to suit local needs, and some aspects of the Framework such as the powers around net zero and skills policy and programmes align clearly with the priorities set out in the Ambition.

### **What consultation and engagement has taken place?**

Wards affected: All

Have ward members been consulted?

Yes

No

24 As detailed in this report, individual elements of the Framework would require their own statutory process, including consultation. At this stage, consultation has been focused primarily on committees and members of the combined authority. This report to Executive Board is intended to ensure transparency in the early stages of this process, recognising more detailed consultation and engagement will follow as work progresses.

### **What are the resource implications?**

25 There are no finance, staffing or other resource implications arising directly from this report.

### **What are the key risks and how are they being managed?**

26 There are no risk implications for the council arising from this report. Detailed considerations about risks will be embedded within future consideration of the Framework, before entering and as part of progressing any proposals through the statutory process.

### **What are the legal implications?**

27 Although there are no direct legal implications at this stage, statutory processes will need to be followed as appropriate to progressing different elements of the Framework. This will become clearer upon advice from Government as the process progresses.

28 Council officers are working collaboratively with the combined authority and other local authorities in assessing and taking forward any legal and statutory elements of this process.

29 At this stage, a report similar to this one is being progressed through each of the five West Yorkshire councils to formally ratify the initial application to Government, as set out in the recommendations.

## **Options, timescales and measuring success**

### **What other options were considered?**

30 N/A.

### **How will success be measured?**

31 N/A.

### **What is the timetable and who will be responsible for implementation?**

32 N/A.

## **Appendices**

Appendix 1 – Letter of application for Level 4 deal for West Yorkshire

Appendix 2 – Letter of acceptance for Level 4 deal for West Yorkshire

## **Background papers**

None.