

Report of Chief Executive

Report to Full Council

Date: 11th November

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 September.

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 September.

2. Background information

- 2.1 Following cross party agreement, this is the eighth 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. Following the European Union referendum and changes to national government leadership, there has been a degree of uncertainty regarding the future approach to devolution nationally and the role of the Industrial Strategy, with further clarity expected following the Autumn Statement. However 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 previously concluded, most recently in March 2015.
- 2.2 Following the EU Referendum result, there have been significant changes in Government and emergent changes to policy, including headline proposals to introduce an Industrial Strategy to promote more spatially balanced regional growth and support for some sectors.

Main Issues

- 3.1 At the September Combined Authority meeting devolution was discussed and it was recommended that, ahead of the Autumn Statement WYCA seek to progress discussions on the terms of any devolution deal including seeking clarity on the following:
- The ambition of WYCA and Leeds City Region Enterprise Partnership is matched by Government's commitment to devolve substantive powers and funding to local areas;
 - Government's position regarding the geographic area for devolution to the City Region;
 - The most appropriate model of Governance required in order to provide local accountability for powers and funding devolved from Whitehall and Westminster.

As well as devolution, the following items were among those discussed at the Combined Authority meeting on the 29th September 2016:

3.2 Project and Spending Approvals

The Combined Authority was updated on the details regarding the progression of and funding for schemes from the West Yorkshire plus Transport Fund and approval for the Local Growth Fund. These included:

- £400k to develop the Leeds Station (Yorkshire Hub) Development - Reference Case Masterplan project.
- £130k to progress Mirfield to Dewsbury to Leeds (A653) corridor.
- £500k for feasibility works on East Leeds Parkway at Thorpe Park.
- In principle support to £33.4m grant and £8.8m loan for Leeds City College.
- £1.0112m grant for Tackling Fuel Poverty Programme Phase 2.

3.3 WYCA Medium Term Financial Strategy

The Combined Authority discussed the budget process for 2017/18. The draft budget is to be completed for the 1st December, with the full budget to be completed for the 2nd February. This budget will align with the priorities identified through the Strategic Economic Plan, which will be translated into specific actions and services through the business planning process. It was reminded that since the 2016/17 budget's approval in February by the Authority, the WYCA:

- Has embarked upon its 'One Organisation' programme.
- Is revising a three year mid-term financial strategy.
- Has identified budget savings from initial discussions with District Councils.
- Has set out the initial expenditure and funding proposals for the next three years for the revenue budgets.

3.4 Implications of the Vote to Leave the European Union

Following the previous meeting, the Combined Authority continued its discussion on the implications to WYCA of the European Union membership referendum. The report presented at the meeting provides the Combined Authority with further information so it can keep a watching brief on the implications of the UK's vote to leave the EU. The information covered:

- The macroeconomic context;
- The effect on European funds;
- Business confidence and opportunities presented through a stronger relationship with global markets.
- Ensuring a cohesive and welcoming city region with a reputation for tolerance and global economic success.
- The WYCA/LEP plan resolved at the last meeting to ensure the city region is prepared to act and provide reassurance to investors.

3.5 One Organisation Programme

In response to the Leaders and Chief Executives call for the organisation to change and evolve, a programme of 17 connected projects are being managed through the 'One Organisation' programme.

- It will ensure transparency and accountability to the WYCA and LEP.
- To minimise costs, the programme is being run and largely delivered using internal resource, but external advice is being used on selected elements, in particular on the recruitment and branding workstreams.
- PWC have been appointed to provide external challenge and assurance.
- The main challenge is capturing success measures.
- Revenue cost will be neutral with no additional funding requests.
- One-off costs will be provided by the existing budget.

3.6 Scrutiny Flood Response

This item aimed to update the Combined Authority on the status of the flood response. The National Flood Resilience Review, to be reported on 1st December, sets out recommendations following consideration of existing flood risk mapping and its appropriateness for assessing future flood resilience, focussing on locally critical infrastructure. Leeds is currently awaiting response from a visit invitation to Rt Hon Andrea Leadson MP. Key conclusions and recommendations from the Overview and scrutiny committee relating to Boxing day floods were also discussed.

The Leeds City Region Enterprise Partnership's grant based Flood Recovery Fund:

- has approved grants worth £1.65m to 39 businesses (mostly from Calderdale and Leeds),
- with £1m worth of applications from another 17 businesses in the pipeline.
- The demand for the funding is now starting to reduce and it is anticipated that it will be closed to new applications at the end of September 2016.

Leeds was also awarded:

- £3m from Government for critical flood mitigation in order to begin feasibility and design work on the £65m flood defences from Kirkstall through to the City Centre, with £35m in this spending review period and a promise of the remaining monies in the next.
- £31.97m from the Department for Transport to support the upgrade and reinstatement of critical infrastructure in Leeds, Calderdale and Bradford, with the majority (£24.97m) going to Calderdale.

Further funding for flood resilience infrastructure was submitted alongside Growth Deal 3 – Leeds is currently waiting for an update via the Autumn Statement.

3.7 Response to consultation on 100% Business Rates Retention

The Combined Authority noted a joint response submitted to the Government consultation on business rate retention. The submission had been developed in close cooperation with finance directors and consulted on with Leaders, Directors of Development and Chief Executives. The main issues raised were:

- 100% business rate retention needs to be accompanied by a fair funding mechanism.
- The impact of the localisation of business rates is likely to be limited
- Real opportunity to build on 100% business rate retention to reach a settlement on genuine fiscal devolution.
- Subject to Government's final decision, there will be implications for WYCA and its constituent authorities - including the national distribution of funding; pressures on councils to fund the levy and statutory concessionary travel; and pressures on councils to fund other WYCA activity.
-

3.8 WYCA Governance update

The Local Democracy Economic Development and Construction Act 2009 has been amended, but a draft Order has yet to be finalised. The intention is for the Order to be made before any new combined authorities are established next year.

- None of the proposals conflict with current WYCA practices and arrangements, with the exception of the requirement to appoint an independent person to an audit committee.
- The Department for Communities and Local Government have been informed about the WYCA's existing arrangements.
- The DCLG have also indicated that there may be an Order requiring a Mayoral combined authority to maintain a forward plan. However, any such requirement would not affect the WYCA as a non-Mayoral combined authority.

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