

Devolution Update

Date: 12th December 2022

Report of: Director of Resources

Report to: Strategy and Resources Scrutiny 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 is the first to this Scrutiny Board since the delivery of the Devolution Deal and the first mayoral elections in May 2021. While other Scrutiny Boards have received updates on specific areas of Devolution and the relationship with the Combined Authority since then, this report is designed to give an overview of the organisation and relationship as a whole.

The report highlights key achievements delivered through devolved structures and partnership activities and their impact on Leeds, as well as key challenges and how the Devolution Deal may evolve going forward.

Recommendations

- a) Members are asked to note the updates contained in the report and agree any appropriate Scrutiny Board actions that may arise from these.

What is this report about?

- 1 The West Yorkshire 'minded-to' Devolution Deal was announced as part of the Budget on 11th March 2020. Statutory processes, including all five constituent councils and the West Yorkshire Combined Authority (WYCA) granting their final consent to the order, were completed in January 2021 and the mayoral combined authority model was adopted along with additional functions.
- 2 The Devolution Deal, the biggest ever of its kind, unlocked more than £1.8 billion in funding over the next 30 years, including £38 million per year (not inflation linked) gainshare funding over the next 30 years (25% capital, 75% revenue).
- 3 The inaugural West Yorkshire mayoral election was held on 6th May 2021 and resulted in the election of Tracy Brabin as Mayor of West Yorkshire. Part of the Deal provided for the Mayor to exercise the functions of a Police and Crime Commissioner.
- 4 On 21st May 2021 the Mayor nominated the Leader of Leeds City Council, Cllr James Lewis, to serve as Deputy Mayor.

- 5 On 18th June 2021 the West Yorkshire Police and Crime Panel gave their unanimous approval to the Mayor of West Yorkshire's nomination of Alison Lowe to the position of Deputy Mayor for Policing and Crime (DMPC).
- 6 As part of the "minded-to" Deal the provision for additional non-transport borrowing required separate legislation. In December 2021 the Government informed the Combined Authority of its intention to lay a draft Order in Parliament on this matter in January 2022. The consent of each constituent council and the Combined Authority would be required to any Regulations giving the Combined Authority powers to borrow for non-transport functions. On 15th December 2021 a late item report was taken to the Council's Executive Board where in principle consent to the regulations to provide the Combined Authority with the power to borrow for non-transport related functions, as set out in the 'minded to' Devolution Deal, was confirmed.

Changes to West Yorkshire Combined Authority structures

- 7 The West Yorkshire Combined Authority is a democratically led authority and is governed by a cross-party, politically balanced group of elected councillors nominated by each of the constituent councils and chaired by the Mayor of West Yorkshire.
- 8 Details of how the Mayor and Combined Authority are scrutinised has recently been covered in a written response to an unanswered question at the 16th November meeting of Council, details of which can be found [here \(Q24\)](#).
- 9 Prior to the election of the Mayor, the Combined Authority reviewed and updated their arrangements for decision making to reflect the changed roles and responsibilities following the election of the Mayor of West Yorkshire. The Leaders of each constituent council also each hold portfolios to drive progress in improving living standards for communities across West Yorkshire and chair the relevant decision-making committee. The decision-making committees currently are as follows:
 - [Business, Economy and Innovation Committee](#)
 - [Climate, Energy and Environment Committee](#)
 - [Culture, Heritage, and Sport Committee](#)
 - [Employment and Skills Committee](#)
 - [Finance, Resources and Corporate Committee](#)
 - [Place, Regeneration and Housing Committee](#)
 - [Transport Committee](#)
- 10 In order to increase scrutiny and involve more Elected Members to broaden engagement, the Combined Authority have replaced previous scrutiny arrangements with four overview and scrutiny committees:
 - [Governance and Audit Committee](#)
 - [Corporate Scrutiny Committee](#)
 - [Economy Scrutiny Committee](#)
 - [Transport/Infrastructure Scrutiny Committee](#)
- 11 The securing of the 2021 West Yorkshire Devolution Deal and the election of the West Yorkshire Mayor has led to a large number of new workstreams for the Combined Authority. Following recommendations from a working group of Combined Authority and Local Authority officers, and independent advice, the Combined Authority has adopted a new structure to

increase capacity and moved to an “outcome/mission-based” operating model to improve delivery for the people of West Yorkshire.

- 12 The Government’s Levelling Up White Paper (LUWP), along with a letter from Government with [guidance on integrating Local Enterprise Partnerships into local democratic institutions](#), concluded the Local Enterprise Partnership (LEP) review and set out guidance on the future role of LEPs and timescales to integrate LEPs into local democratic institutions.
- 13 As West Yorkshire is a Mayoral Combined Authority the plan to integrate the LEP into WYCA was submitted to government before the deadline of 29th July 2022. It is expected that the integration plan (which must be agreed with Government) will be completed by end of March 2023. At the time of writing, the LEP are still awaiting the approval of The Leeds City Regional Enterprise Partnership Integration Plan which was submitted to the Government on 27th July 2022.

Partnership working

- 14 The Combined Authority and Leeds City Council have worked together closely since the Combined Authority was formed in 2014 and a range of partnership arrangements have been set up since that time. These include the formal governance and scrutiny committees as listed above as well as a range of officer working groups and partnerships. While there are working groups and partnerships across the council, Leeds City Council’s Director of City Development leads on the partnership with WYCA.
- 15 The Leaders of the constituent Local Authorities and the Mayor meet on a fortnightly basis to discuss key issues.
- 16 Chief Executives of the constituent Local Authorities and the Combined Authority also meet on a monthly basis and this group is chaired by the Chief Executive of Leeds City Council.
- 17 The Combined Authority are developing a West Yorkshire Vision to provide a new framework to reflect major changes for the region, including the Devolution Deal and election of the first Mayor of West Yorkshire; the ongoing impact of cost of living and doing business crisis; and the new Government’s priorities for growth. The primary audience for the plan is central Government and regional partners. Local Authority officers are involved in the working group to develop this.
- 18 Although the responsibilities of the Police and Crime Commissioner (PCC) have transferred to the Mayor and there are new priorities for the community safety partnership to support (e.g. Violence against Women and Girls) these are embedded in the Police and Crime Plan and existing partnership arrangements transitioned from the PCC to the Mayoral set up.

Single Investment Fund

- 19 As part of the Devolution Deal the Combined Authority was required to create a Single Investment Fund (SIF) which brings together all of the Combined Authority’s funding (some of which is ringfenced to a degree), including legacy and new funding streams secured as part of the devolution agreement into an overall single pot. While much of the funding streams that make up the SIF are ringfenced in purpose and/or specific projects, the £38 million per year gainshare settlement has greater flexibility in where it can be spent.

- 20 This approach provides the Combined Authority the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding its statutory duties.
- 21 The [West Yorkshire Investment Strategy](#) sets out the Combined Authority's six Investment Priorities for the SIF, used to direct resources over an agreed investment period, building on policies and strategies agreed as part of the Combined Authority's Strategic Economic Framework. The Investment Priorities are underpinned by our ambitions to reduce inequalities and promote inclusion, and to tackle the Climate Emergency.

Key benefits/outcomes

- 22 Since the establishment of the West Yorkshire Combined Authority (WYCA) in 2014, Leeds City Council have worked closely in partnership with them to deliver outcomes across the city. Achievements of this partnership before the Devolution Deal including bringing Channel 4 to the city, the Leeds Public Transport Investment Programme (LPTIP)/Connecting Leeds programme and the delivery of European Structural and Investment Funds (ESIF) and European Social Fund (ESF) funding business support programmes.
- 23 The securing of the 2020 West Yorkshire Devolution Deal has delivered a number of new funding opportunities for the region and the city of Leeds, a number of which and their impact on the city are below. This list is intended to be an illustrative rather than exhaustive list of all projects and funding to give Scrutiny Board Members an overview of the work being delivered.
- 24 The £38 million per year gainshare funding settlement is being used for a variety of projects across West Yorkshire. In addition, the Combined Authority and all five constituent Local Authorities received gainshare for capacity funding in order to support delivery of these projects. Leeds City Council received £1.7 million in 2021 and £633,000 each financial year until 2024/25.
- 25 Gainshare funds a range of programmes through WYCA's Business and Innovation programme pipeline that benefit all of the region, including programmes led by Leeds City Council such as the Enterprise Programme building on the success of AD:Venture and Digital Enterprise. The Business and Innovation programme pipeline has an indicative gainshare allocation of £36.7m over three years, along with funding from other sources such as the UK Shared Prosperity Fund.
- 26 Leeds City Council have received £2.064 million over the two years 2021/22 and 2022/23, and will receive a further £2 million over the next two years, which has been used to fund our Employment Hubs. This funding has been used to both extended ESIF-funded programmes as well as providing for a follow-on programme which will deliver an inclusive employment support service model and pilot new models of engagement to address employment and skills priorities for green and digital skills, as well as integrating a range of specialist provision through a locally accessible offer.
- 27 Leeds City Council will be receiving approximately £950,000 from the Mayoral Fund to support the Cost of Living spread over three tranches. Funding will be initially spent within the third sector on advice agencies and the provision of warm spaces.

- 28 LEEDS2023 has received £1,100,107 for 2021/22 and £633,000 for 2022/23 funding from gainshare and a further £1.5 million grant to fund the Women of the World project. Scrutiny Board received an updated paper on LEEDS2023 in [November 2022](#).
- 29 The Combined Authority has the role of the Local Transport Authority (LTA) for West Yorkshire. All local transport authorities in England have a statutory requirement to have a Local Transport Plan (LTP) which includes local objectives, strategy and an implementation plan highlighting what measures will be taken to achieve local plans. The Combined Authority are responsible for bus ticketing and the administration of bus revenues and subsidies as well as interfacing with the rail sector which is complemented by conversations and relationships between Local Authorities and central Government.
- 30 The Department for Transport devolves decision making for major transport infrastructure spending to the LTA which includes both rail and bus transport infrastructure; where schemes are highways-led these schemes will be ultimately delivered by the Local Authority such as in the recently completed Leeds Public Transport Investment Programme.
- 31 The National Bus Strategy, Bus Back Better, published in March 2021 signalled a strong commitment from Government to bus. It set out that for LTAs to access funding there was a requirement for LTAs to submit a Bus Service Improvement Plan (BSIP) to Government and to be in an Enhanced Partnership or actively pursuing bus franchising by the end of March 2022.
- 32 In April 2022 WYCA was advised by the DfT that it had successfully been awarded an indicative settlement of £69,974,070 revenue funding over three financial years (2022/23, 2023/24, 2024/25) to support delivery of the region's BSIP.
- 33 This funding is to be used for a range of interventions including the reduction of fares which has been implemented through the "Mayor's Fares" scheme where single journeys will be capped at £2 and the MCard DaySaver will be £4.50, reduced from £5.50. Further details, including potential timescales for franchising, can be found in the [BSIP](#).
- 34 The Enhanced Partnership is a statutory partnership between the Combined Authority as the LTA, West Yorkshire local authorities and all operators running bus services in the region and sets clear targets and standards to ensure it furthers the overall bus strategy aims to increase patronage and through that secure the wider goals of inclusivity and carbon reduction. While bus franchising is a longer-term proposition to enact bus reform in the region the EP will, at least until a decision on franchising has been made, deliver benefits to passengers in the short term.
- 35 The region has received £317 million of funding through the Government's Transforming Cities Fund (TCF). In Leeds, building on the award-winning Connecting Leeds programme, the TCF is being used to fund a variety of improvements in the city, including the Leeds Station Gateway Scheme, corridor schemes with an emphasis on bus priority and active travel and a number of high-class cycle schemes.
- 36 Building further on the work delivered through the Connecting Leeds and TCF programmes, in 2022 the region was awarded £830 million through the City Region Sustainable Transport Settlement (CRSTS), which includes £200 million towards the development of a Mass Transit system for West Yorkshire. This £200 million is being used to fund the development of route options and associated business cases, a series of preferred routes within an initial delivery phase and the submission of a Transport and Works Act Order. Leeds City Council continues to fully engage at a high level to progress this work as a matter of urgency and we are making resources available to expedite this important area of work and to support WYCA.

- 37 These funds added to the West Yorkshire Transport Fund which gives Local Authorities, for the first time a level of surety around funding of major schemes (subject to WYCA's assurance processes and statutory processes). This has given us the confidence to allocate resources and develop schemes through public consultations and the statutory processes. Prior to this, major scheme funding came via the Department for Transport where there was no guarantee of funding until much later in the process.
- 38 The CRSTS has also confirmed longer term (five year) funding for "business as usual" areas of work, i.e. Safer Roads, Urban Traffic Management Control and Maintenance. Traditionally, these allocations had been confirmed via Local Transport Plans, normally on an annual basis, sometimes with provisional or indicative only funding levels highlighted for future years. The new approach removes the funding uncertainty and allows Local Highway Authorities to plan work over a longer period enabling enhanced public engagement over programmes of work and better programming of works to avoid clashes.
- 39 The Brownfield Housing Fund is an £89 million fund (£67 million agreed in 2020 and another £22 million following the Levelling Up White Paper) from the Department for Levelling Up, Housing & Communities. The programme will help to build a minimum of 4,500 new homes across West Yorkshire on Brownfield Land over the next four years, delivering much-needed housing and boosting the region's economy. Developments totalling 1,255 homes (of which 361 are affordable) have been approved in Leeds through £5.62 million of grants, with another £36.17 million of schemes currently in the pipeline for the city which could deliver a further 3,346 homes (of which 869 are affordable).
- 40 The Devolution Deal included funding to support the development of a British Library North in Leeds. The British Library announced Temple Works as their preferred location for the British Library North. WYCA and Leeds City Council agreed an initial drawdown of £5m to support feasibility work at Temple Works in July 2021. Work is now ongoing between the British Library, developer CEG, Leeds City Council and WYCA on the proposals, and the British Library has secured initial National Lottery Heritage Funding to help develop their proposition.
- 41 As part of the Devolution Deal, WYCA have taken responsibility for the region's £65 million Adult Education Budget (AEB). Devolution of the AEB enables local skills provision to respond to local needs. In addition to region wide programmes, Leeds City Council has signed an AEB funding agreement to deliver our Adult Learning Programme that engages approximately 6,000 residents to re-engage with learning, acquire new skills and develop confidence for the individual and their wider family network.
- 42 While not directly related to the Devolution Deal, Government have used Combined Authorities as the Lead Authority for a range of funds, primarily the UK Shared Prosperity Fund and the Community Renewal Fund. Scrutiny Board received an update on the UK Shared Prosperity Fund in [November 2022](#).
- 43 Since being elected, the Mayor has published her ten [Mayoral Pledges](#) outlining the key areas that the Mayor wishes to focus on. These pledges have had [funding invested](#) to progress them, and these deliver benefits across the region including Leeds.
- 44 The Mayor provides a more visible presence for the region which has potential benefits for influencing and soft power. A recent example of this is the Mayor leading a trade mission to India, after which an Indian global technology firm announced a [significant expansion of its operations](#) in the region.

45 The Devolution Deal has led to West Yorkshire's being represented in the M10 Mayoral Group, providing a voice for the region when the group meet with Government. In May 2022 the Mayor of West Yorkshire was chosen to chair the M10 group.

Challenges and opportunities for further Devolution

- 46 While this report has detailed the key benefits of the Devolution Deal, Scrutiny Board have also requested an overview of potential challenges that may impact on the city.
- 47 The advantages and opportunities delivered by the Devolution Deal, with additional funding also brings with it challenges through changes to relationships, ways of working and the need to increase capacity. These challenges have begun to be addressed through the changes in the Combined Authority's scrutiny, decision making and officer structure (paragraphs 7 to 9); however, the newness of these arrangements means that these are still bedding in.
- 48 The Combined Authority and the additional funding devolved under the Deal are not immune to the impact of inflation. The gainshare award of £38 million per year is not linked to inflation and the large number of capital projects funded through the devolved funding streams may be impacted by the challenging financial picture the country currently faces. The inflation in the construction industry in particular is causing challenges and placing the Local Authority at financial risk. WYCA have initiated an inflationary review of schemes across West Yorkshire which the Council welcomes. In light of the inflation position, subject to the Combined Authority making a decision on the schemes it can fund, Leeds City Council will be able to make the necessary decision to inject schemes into its Capital Programme and also reflect the funding available.
- 49 The level of transport funding highlighted above is positive but is below the levels received in recent years, largely because of the impact of the £173.5m LPTIP funding. Further funding announcements are expected in the near future which could add significantly to the funding levels, including submissions to the Levelling Up Fund and possible announcements from the Department for Transport on Major Road Network (MRN) funding.
- 50 We have expressed concerns to WYCA about the appropriateness of its assurance process in places that can, on occasion, take too much time and funding to justify schemes that can be detrimental to delivery. The assurance process, which does have an important role, needs to be proportionate to the type of work being assessed; for example for smaller or low cost schemes and where there is an existing strategic case (e.g. bus priority and cycle provision). Likewise, the need for strategic outline business cases for the "business as usual" areas of work in CRSTS has caused problems across West Yorkshire. However, Leeds City Council continues to work closely with WYCA and recognise that the assurance process has improved and become more efficient in dealing with the schemes in the LPTIP programme.
- 51 It is important to remember that our current Devolution Deal is the first deal for West Yorkshire. The Devolution Deal included the statement that "Further powers may be agreed over time and included in future legislation" and other Combined Authorities that have had longer standing devolution deals have seen their devolved powers extended through subsequent deals with Government.
- 52 The Government's Levelling Up White Paper, mentioned in paragraph 10, introduced a new Devolution Framework for England to deepen devolution in a tiered approach that is clear and consistent. Although the Framework did not offer much additionality to the powers currently held, the paper provides scope to negotiate further powers.

What impact will this proposal have?

53 This report provides an update on devolution, highlighting key achievements and challenges rather than providing specific proposals.

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

Health and Wellbeing Inclusive Growth Zero Carbon

54 The work covered in this report contributes to both the city's and the council's ambitions and each programme is aligned to one or more of the three pillars of the Best City Ambition.

55 For example, the work to deliver transport improvements encourages modal shift to bus, cycling and walking and improving transport connections and reducing travel costs. This contributes to all three pillars through reducing emissions, increasing health physical lifestyles and delivering tangible economic benefits contributing to the inclusive growth agenda.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

What are the resource implications?

56 This report has no specific resource implications.

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

57 This report has no specific risk management implications.

What are the legal implications?

58 This report has no specific legal implications.

Options, timescales and measuring success

What other options were considered?

59 Not applicable.

How will success be measured?

60 Individual programmes discussed in the paper have their own success measures and be reported to the relevant Scrutiny Board or through Executive Board

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

61 Individual programmes discussed in the paper have their own timetables and be reported to the relevant Scrutiny Board or through Executive Board.

Appendices

- None

Background papers

- [Report to Scrutiny Board, July 2020](#)
- [WY Devolution Deal](#)