



Report of: Chief Executive

Report to: Full Council

Date: 16 January 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 meeting in December 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 nineteenth 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 last 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 A proposed route map agreed by One Yorkshire Leaders was also included as part of the October 2018 submission, which sets out the timings of key steps including statutory processes, which would enable the election of a One Yorkshire Mayor in 2020. Delivery of the route map will be dependent on the Government's response.
- 3.4 A number of One Yorkshire Leaders including West Yorkshire Leaders also met with the Minister for the Northern Powerhouse, Jake Berry MP in November 2018 to discuss devolution, representing a positive step forward with One Yorkshire Leaders remaining committed to continue further engagement.
- 3.5 A response from the Secretary of State to the latest One Yorkshire submission is expected soon and 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 regularly, in order to progress the proposal for a One Yorkshire devolution deal.

West Yorkshire Combined Authority (WYCA)

3.6 The following items were among those discussed at the Combined Authority meeting on the 13th December 2018. All WYCA decisions are subject to call-in.

3.7 Brexit/Autumn Budget Implications

The Combined Authority was updated on the ongoing organisational work to support preparations for the UK's exit from the European Union as well as on the on the latest intelligence relating to the Government's proposed transition deal.

The report highlighted continuing work to further support Brexit planning including:

- Further work with MHCLG (Ministry of Housing, Communities and Local Government) to set out the work undertaken to date to support businesses and communities across the city region.
- Engagement with central government to seek more flexibility on the city region's Growth Deal funding in order to deploy reactively at short notice if required. Report further highlighted the core message of engagement with government has been that stabilising (where Brexit related volatility may be evident) the city region economy should come ahead of rules around funding pots.
- Establishing a cross organisational resource tasked with overseeing, coordinating and planning the Combined Authority and Leeds City Region Local Enterprise Partnership response to the UK's exit from the EU.

Update on Leeds City Council's response to the UK's decision to leave the European Union

Leeds City Council's Executive Board was also provided an update at the Board meeting on 19 December 2018, regarding the steps that the Council, working closely with partners and other agencies, has taken since the EU Referendum, and details of the ongoing preparedness to examine both the opportunities and the risks to the Council as a result of Brexit.

Since the outcome of the 2016 referendum on the UK's membership of the European Union the council has been undertaking a range of work, along with partners, aimed at preparing both itself and the city for the UK's exit. Much of

this work has been led by elected members on a cross-party basis through the council's Informal Brexit Working Group.

In July 2016 Executive Board approved a five-point plan to prepare for Brexit. This included maintaining momentum on development, supporting business, ensuring the city remains united, promoting Leeds as an outward-looking city and securing devolution. Each of these priorities has been embraced in the intervening time with significant progress being realised across each of them, as outlined in the December 2018 Executive Board report.

More recently, the council's preparations for the possibility of 'no deal' have become a high priority, as have exploring the opportunities presented by Brexit with a view to ensuring the council and the city are able to maximise the benefits of the UK leaving the EU. Recent activity has been guided and overseen primarily by a senior officer working group established to examine both the government's 'no deal technical notices' and the existing plans the council itself already has in place in order to identify issues, gaps and any further work required. As mentioned whilst the immediate focus, has been on an emergency planning and resilience focused approach, the officer working group has also begun to consider the wider positive opportunities for the council and the city as a result of Brexit, recognising Leeds's positioning as a 'global city'.

The Executive Board report in December 2018 also included an update regarding supporting Council employees in relation to the EU Settlement Scheme. Recognising the significant contribution that employees who are EU nationals make to the council and the wider city, the council has also agreed to pay the cost of an EU Settlement Scheme application for individual employees. This course of action has also been taken by a number of other large organisations, including local authorities and is in line with the Leeds's values as a caring and compassionate city and organisation.

Continuing to monitor economic activity, maintain engagement with business and with communities on the ground will be increasingly important over the coming months. The report outlines a number of further commitments for the council which will ensure that the organisation and the city are as well-placed as possible to prosper in a post-Brexit landscape.

3.8 Capital Spending and Project Approvals (considered at Investment Committee on 7 November 2018)

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 £88.885 million when fully approved, of which £67.085 million will be funded by WYCA. A total of £3.518 million was sought as part of this report for the development and delivery of these schemes.

Schemes identified below specifically relate to Leeds.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development
<p>Project Lapwing: To bring forward an investment in the Leeds City Region, safeguarding 450 jobs and creating forecasted additional 400 new, skilled jobs at city region level.</p>	<p>A61S Bus Priority Corridor: To deliver a series of improvements along the A61 and A639 in South Leeds which will include extensive bus lane provision, bus priority, measures and junction improvements whilst also delivering improvements for those cycling and walking.</p> <p>Stourton Park and Ride: Up to 1,200 car parking places are planned at this stage.</p> <p>Elland Road Park and Ride Phase 3: Up to 550 additional car parking places are planned at this stage.</p> <p>Leeds Enterprise Zone Power Solution: Part of the wider Leeds City Region Enterprise Zone Programme, this scheme enables Northern Powergrid to carry out upgrading and expansion of the existing infrastructure to provide an improved energy supply to the Leeds Enterprise Zone to allow the Zone to fully expand without the constraint of limited power supply.</p>

3.9 Capital Spending and Project Approvals (considered at Investment Committee on 5 December 2018)

This WYCA report presented proposals for the progression of schemes through the Combined Authority's assurance process in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £61.823 million when fully approved, of which £47.474 million will be funded by WYCA. A of £2.898 million was sought as part of this report.

Schemes identified below specifically relate to Leeds.

Stage 1: Pipeline Eligibility	Stage 2: Pipeline Development
<p>Investor Readiness Support Programme: will support small and medium sized enterprises across the Leeds City Region to grow, become productive and provide better quality jobs by supporting them to attract the right amount and type of external investment by the provision of advice.</p> <p>Transformational – A1620 Leeds Northern Outer Ring Road Improvements: to undertake an initial feasibility study to identify what could be delivered from an expansion or upgrade of the Leeds Northern Outer Ring Road (A6120) between Dawsons Corner (A647) and Horsforth Roundabout (A65).</p>	<p>Corridor Improvement Programme Phase 1 – A647 Dawsons Corner: To fully remodel and enlarge the four-arm signal controlled roundabout, which is the junction of A6120 Outer Ring Road \ B6157 Bradford Road \ A647 Stanningley Bypass \ A647 Bradford Road in Pudsey.</p> <p>Corridor Improvement Programme Phase 1 - Dyneley Arms: To provide ‘quick win’ additional capacity required in the short and medium term to mitigate existing congestion, accommodate continued traffic growth and enable development in the Dyneley Arms junction area of Pool Bank New Road, Pool In Wharfedale.</p> <p>Corridor Improvement Programme Phase 1 – Fink Hill scheme: To deliver junction improvements which will assist with accessibility to key growth sites in north Leeds by enhancing outer ring road capacity whilst providing safer infrastructure for both pedestrians and cyclists.</p> <p>Institute of High Speed Railways and System Integration – Phase 1: A scheme to create two initial world-leading test facilities (infrastructure and vehicle) for the new institute in Leeds.</p>

3.10 Planning for Growth: The Leeds City Region Connectivity Strategy

The Combined Authority was asked to note the continuing development of the Inclusive Growth Corridor Programme which will help to shape the future connectivity pipeline across all modes of transport serving the Leeds City Region.

WYCA was also asked to endorse the commencement of a conversation with the public and stakeholders around the new 21st century connectivity and services technologies required to address the economic and transport

challenges facing West Yorkshire, to complement future strategic infrastructure including HS2 and Northern Powerhouse Rail (NPR).

This paper also recommended to the Combined Authority the establishment a member working group to oversee the development of Connectivity Strategy and Mass Transit and proposed that the Transport Committee continue to oversee the development of the Connectivity Strategy, and that further updates be brought to the Combined Authority throughout 2019.

3.11 Transforming Cities Fund

The Combined Authority was provided with an update regarding the Transforming Cities Fund (TCF) following the Transforming Cities stage 1 submission being successfully approved by Government.

The TCF was announced in the Budget of November 2017, a £1.7 billion fund to “support intra-city transport, which will target projects to drive productivity by improving connectivity, reducing congestion and utilising new mobility services and technology”. The government originally made £840 million capital funding available for competitive bidding by non-mayoral combined authorities over the four year period to 2021-22; as of the Budget announcement on 29th October 2018, the total available is £1.28 billion and the period has been extended to 2022-23.

The paper highlights the Department for Transport have set out that the competition to access this money will take a two stage application process. This includes an allocation of £60m available in financial year 18/19. Ten authorities including West Yorkshire have been successful in reaching stage 2, and the 29 October budget announced that a further two areas would be allowed to bid. In both TCF stages 1 and 2, bids are being competitively assessed against each other with funding awarded to the proposals which demonstrate the greatest improvements to productivity and offer the best value for money.

The Combined Authority was also asked to endorse a range of recommendations including the continuation of the Transforming Cities Fund member working group sessions to oversee the development of the Transforming Cities Fund stage 2 submission. Furthermore, the CA was also to agree that the Managing Director to exercise his delegated authority to submit the ‘small bid’ in consultation with the Chair of the Combined Authority and Chair of Transport Committee; that the CA delegates authority for the Transport Committee to oversee and submit the ‘big bid’ and the Future Mobility bid and that approval is granted to spend the £50,000 grant made available by the Department for Transport to support the development of the Stage 2 bid.

3.12 Policy Developments

WYCA was provided with an update on the development of the Leeds City Region policy framework. The paper highlights that establishing a long term framework will enable bold and innovative thinking alongside long-term planning to meet entrenched challenges. It will also provide the framework for investment, including the future UK Shared Prosperity Fund.

The CA was also asked to support the adoption of the following strategies:

- Leeds City Region Digital Framework: This is the City Region's framework for making sure people across the region see maximum economic and social benefit from digital technologies. The framework focuses on five inter-connected outcomes that will enable public, private and community partners across the region to achieve one core aim: lives transformed by digital tech.
- Green & Blue Infrastructure Strategy & Delivery Plan: The Strategy sets out how investment will be targeted across five priority actions areas to meet the ambition of becoming a zero-carbon energy economy.
- Energy Strategy and Delivery Plan: this strategy and delivery plan sets out how the city region will make the most of the region's natural assets to help the economy prosper, enable people to enjoy a great quality of life, and combat the effects of climate change.

3.13 Statement of Common Ground and Strategic Planning Review

The Combined Authority was asked to endorse and signs the Leeds City Region Statement of Common Ground (SoCG) as an additional signatory and to also endorse and approve the updated Leeds City Region Strategic Planning Review.

Introduced through the Localism Act 2011, the Duty to Co-operate (DtC), was designed to reflect that strategic cross-boundary planning matters can be most effectively tackled when local planning authorities work together. This legal test, requiring local authorities to engage constructively, actively and on an ongoing basis with one another to effectively deal with strategic, cross-boundary matters, is now a fundamental part of the plan-making process. The SoCG will play a significant role in plan-making in satisfying the DtC for planning authorities.

The Ministry of Housing, Communities and Local Government (MHCLG) have set out in the updated National Planning Policy Framework (NPPF) that all local planning authorities are required to produce a SoCG.

The Leeds City Region Local Planning Authorities have agreed to sign the SoCG. The WYCA paper states that it is recommended that the Combined Authority should be an additional signatory to the SoCG as a body who have a role in the matters covered in the SoCG, and with whom a local planning authority needs to cooperate in order to plan for these matters. The SoCG regulations also permit that Local Enterprise Partnership (LEP) can be additional signatories. The WYCA report states that a separate paper will be presented to the LEP board to consider if they should also be an additional signatory.

In relation to the Leeds City Region Strategic Planning Review, the Combined Authority previously requested that options on the potential roles and requirements of both the CA and the LEP in relation to the DtC and strategic planning. The Strategic Planning Review was undertaken in response to this request.

The Planning Review concluded in September 2015, the output of which was a set of agreed recommendations. These recommendations were endorsed by Planning Portfolios Board and approved by the Combined Authority. The recommendations agreed in 2015 have now been updated to reflect changing governance arrangements and to reflect progress made relating to cross-boundary working since 2015.

The Planning Review key changes are detailed in the WYCA report.

3.14 Draft business plan and budget 2019/20

The Combined Authority was provided with an outline of the directorate business plans and the proposed draft revenue and capital budget for 2019/20.

The paper states that the Combined Authority approved a medium term financial strategy including the detailed 2018/19 budget at its meeting in February. Recognising the challenging financial position faced by its local authority partners, the strategy included a commitment to reduce the transport levy by £1 million each year and to reach a balanced position by 2020/21 that does not require the use of reserves. Work has also been progressing to update and refresh the business plan for the Combined Authority, maintaining the focus on the three key objectives agreed for the current year corporate plan: Productivity, inclusive growth and a 21st century transport system.

The report further highlights that the Combined Authority is reviewing its activities and finding ways to deliver its services more efficiently. It also seeks to maximise third party income, such as advertising revenue and sponsorship for inward investment events.

The WYCA paper summarises the latest position for 2018/19, confirming that the previously agreed position of a use of reserves of £1.4 million looks likely to be achieved.

The latest draft budget for 2019/20 shows a required use of reserves of £1.8 million, against the target agreed in February of £1.2 million. This position has been developed through the Member Budget Working Group, and with input from the Overview and Scrutiny Committee and overview from the Chief Executives. There have been a number of changes to the figures since the strategy was agreed in February and some significant budget pressures identified. In order to reach the current position a number of reductions have been included in the draft position and some reprioritisation to enable an allowance for emerging pressures. These are set out in more detail in the WYCA report which consider the key drivers and assumptions for the main budget lines. Further work is underway to reduce the funding gap down to the previously agreed use of reserves of £1.2 million.

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

Appendix 2 sets out the draft proposed revenue budget for 2019/20. The final budget for 2019/20 will be approved at the Combined Authority meeting of 14 February to enable the transport levy to be set in accordance with legislative requirements.

3.15 Corporate Developments

A number of items were discussed by the Combined Authority in relation to this paper, including:

- Investment Committee – proposed changes to terms of reference
To facilitate the delivery of schemes within the funding programme timescales, the Combined Authority authorises the Investment Committee to make decisions on its behalf, in relation to progressing schemes (subject to the limitations set out in paragraph 2.6 of the WYCA report). It is proposed that the revised arrangements would be of immediate effect in order to maximise the benefits that flow to all partners from more expeditious decision making.

- Enterprise Zones – Proposed Governance Changes
The Enterprise Zone Strategic Oversight Board should no longer meet and that it should be replaced with a series of officer-led operational meetings chaired by the Head of Implementation (as Senior Responsible Officer) and reporting directly into the LEP Board at programme level in the future (rather than via the Place Panel) and at regular intervals. The LEP Board endorsed this approach and approval was sought from the Combined Authority to formalise the arrangements.
- Membership Changes
 - Overview & Scrutiny Committee – change in membership and appointment of chair - Members are asked to consider the appointment of Councillor Elizabeth Smaje to the position of Chair.
 - Combined Authority Membership – change in substitute ‘balancing member’ – Members were asked to note the appointment of Councillor Poulsen which became effective on 26 October 2018.
 - Appointments to Committees and Panels – to note – further details included in WYCA report appendices.
- Response to Calderdale Scrutiny Review
In October 2017, the Chairs and Deputy Chairs of Calderdale Council's three scrutiny boards (and Flood Scrutiny Panel) agreed to undertake a detailed scrutiny review of Calderdale Council's engagement and relationship with the Combined Authority. A proposed response on behalf of the Combined Authority to the scrutiny review's recommendations was attached as an Appendix to the WYCA report for Members' consideration.

In relation to corporate planning and performance, the paper states that to measure the Combined Authority's success in contributing to the regional aims, a set of 14 headline success measures has been developed and published in the Corporate Plan. An update on progress against these success measures is provided as part of the performance snapshot report which is provided at Appendix 7 of the WYCA report. This shows that while the majority of indicators are assessed as 'green' and on track to be met, there are currently three indicators assessed as red (related to the delivery of refurbished floorspace through skills capital projects, the targets for supporting individuals to upskill in skills shortage areas and supporting businesses to offer apprenticeships). In the latter two cases the confirmation of European Social Funding to deliver these activities was received later than expected on 30th October 2018. As a result of this delay, activity in both areas is now planned to commence in January 2019 with 2018/19 outputs therefore being rolled forward to 2019/20.

Risk Appetite Statement

The WYCA paper also highlights that as a result of recent directorate level risk reviews, officer feedback has also been received on the current Risk Appetite Statement resulting in a proposal that the level of financial risk appetite be reduced. This is not related to any specific change in financial circumstances, but instead reflects feedback that the previous assessment of financial risk appetite was on reflection not considered to fully reflect the current position.

It has therefore been proposed to update the Risk Appetite Statement to show the level of financial risk appetite moving from level 3 down to level 2. Further details as to how this would be presented are included in the WYCA report.

3.16 European Structural and Investment Funds (ESIF) – Sustainable Urban Development (SUD)

The Combined Authority was asked, in its role as the Intermediate Body for the SUD part of the ESIF programme, approve the advice included in the full application assessment forms at Part 2 of the exempt Appendix 1 of the WYCA report, and any respective conditions outlined in Part 4a.

3.17 LEP Review outcome

The Government, through its paper on Strengthened Local Enterprise Partnerships, seeks to position LEPs to develop and deliver local industrial strategies that will boost UK productivity and earning power and work in a way that is accountable and transparent. The Combined Authority, as accountable body for the Leeds City Region Enterprise Partnership, has previously considered how the LEP meets requirements on leadership and capacity, and accountability and transparency.

To meet the requirement to remove geographical LEP overlaps, there is now consensus across both the Leeds City Region and York, North Yorkshire and East Riding LEPs to pursue the establishment of a new LEP covering all of West and North Yorkshire:



The proposed new LEP would have a population of 3.1 million people and an annual economic output of £70.3 billion. The new geography means that coastal, rural and urban areas can combine to be stronger together, more effectively delivering inclusive growth, and be more influential with national and international partners. This is also seen as an opportunity to further strengthen the region's ability to attract investment and influence Government policy, such as securing a significant share of the UK Shared Prosperity Fund (UKSPF). The Government has been clear that LEPs that do not resolve overlaps will not have access to the UKSPF.

A response from the Secretary of State, James Brokenshire MP, to Roger Marsh (Chair, Leeds City Region Enterprise Partnership) was received on 4 December 2018, welcoming the LEP positively addressing the recommendations from the LEP review and specifically in resolving the LEP overlaps.

Both LEPs have agreed to form a joint Transition Subgroup that will set the initial, high-level direction towards implementing a new LEP. Comprising Board Members from each LEP, the Transition Subgroup will make recommendations to both LEP Boards in March 2019. This will ensure there is a clear routemap to a new LEP for West and North Yorkshire becoming operational in April 2020.

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