

**Report to:** West Yorkshire Combined Authority

**Date:** 27 July 2020

**Subject:** **Devolution Progress**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

## 1. Purpose of this report

- 1.1 To update the Combined Authority on work underway to become a Mayoral Combined Authority (MCA) and to implement the 'minded to' devolution deal agreed between West Yorkshire Leaders and government on 11 March 2020.
- 1.2 To provide the Combined Authority with an update on the proposal to pursue a potential transfer of the Police and Crime Commissioner functions to the Mayoral Combined Authority in May 2021 and to seek endorsement of this ambition, subject to feasibility.
- 1.3 To seek Combined Authority approval to a proposal to join the M9 group of other Mayoral Combined Authorities.

## 2. Information

### Context

- 2.1 On 11 March 2020 West Yorkshire Leaders and Government signed a 'minded to' devolution deal for West Yorkshire. The deal sets out a raft of new powers, funding and responsibilities to be transferred from central

Government to West Yorkshire, along with the adoption of a directly elected Mayor from May 2021. Key elements of the deal include:

- £38 million per year 'gainshare' for 30 years into the West Yorkshire Single Investment Fund with significant freedoms to spend on local priorities.
- Control of the £63 million annual Adult Education Budget for West Yorkshire
- £3.2 million to support the development of a pipeline of housing sites across West Yorkshire
- Government commitment to work with West Yorkshire to develop a modern mass transit system through access to a new five-year integrated transport settlement – a share of a £4.2 billion fund for mayoral combined authorities
- £317 million to invest in public transport, cycling and walking through the Transforming Cities Fund with local flexibility on delivery
- a £25 million fund to support the development of a British Library North in Leeds
- a Government commitment to deliver flooding schemes worth £101 million
- £500,000 to support master planning for Bradford City Centre in order to maximise the benefits of Northern Powerhouse Rail
- £200,000 Government funding for collaboration at a Yorkshire level through the Yorkshire Leaders Board

2.2 In order to progress with preparations for becoming a Mayoral Combined Authority (MCA) and implementing the devolution deal, a programme of work is underway within the Combined Authority. The Mayoral Combined Authority Ready Programme ('MCA Ready Programme') is comprised of 20 workstreams, as set out in Appendix 1. The workstreams are themed around three priority areas:

- Workstreams for preparing the *partnership* of the Combined Authority and West Yorkshire authorities
- Workstreams to prepare the Combined Authority as an *organisation* for becoming a Mayoral Combined Authority and to implement the legal steps
- Workstreams to take forward the *contents* of the 11 March Devolution Deal – the policy workstreams

2.3 The MCA Ready programme runs until May 2021, although the programme to implement the 'deal' workstreams will run well beyond this. The MCA Ready Programme Board has been formed within the Combined Authority to oversee the delivery of the MCA Programme, including external/district representation through the Directors of Development. The governance for the programme is set out in Appendix 2.

2.4 Significant progress has been made to date, some high-level highlights include:

- £463,803 Adult Education Budget implementation funding secured from Department for Education to prepare for AEB devolution in 2021
- £67m allocated through the Government's Brownfield Fund to invest in priority sites – only possible because of the terms of the deal
- £200k Government funding received for collaboration at a Yorkshire-level through the Yorkshire Leaders Board

- Devolution consultation underway with a strong response received so far (3,529 respondents as of 15 July 2020)
- Scope of the Single Investment Fund principles drafted (presented in detail in Item 8 – Single Investment Fund)
- Feasibility work to enable transfer of the Office of the Police and Crime Commissioner functions by 2021 (see para 2.16)

2.5 The remainder of this paper provides a more detailed update of progress made to date within the three themes of the MCA Ready Programme.

### **Partnerships Workstreams**

2.6 This theme is focused on two key areas:

- Strengthening partnerships between the Combined Authority and our local authority partners, being led by a group of Directors from each West Yorkshire Council.
- Building on relationships with other MCAs to ensure we can work collaboratively in future

2.7 Both of these pieces of work will feed into and underpin the other workstreams within the programme.

2.8 To set a foundation for the first part, an independent piece of work will be commissioned to examine the relationship between West Yorkshire local authorities and the Combined Authority, seeking recommendations to ensure devolution is a success in the long term. This reflects the fact that the deal marks a step change in the scale of ambition for regional collaboration, and in the freedoms and resources available to achieve this.

2.9 On MCA-level collaboration, meetings have taken place between the Managing Director, West Yorkshire Council Chief Executives, and Chief Executives from other MCAs to discuss lessons learnt and feed these into the MCA Ready Programme.

2.10 In addition, to further strengthen MCA-level collaboration, West Yorkshire Combined Authority has been invited to join the 'M9' network which supports joint engagement between the nine existing MCAs and government. There is a cost to this of £20k per annum, which would be applied pro-rata to 20/21. Membership would enable the Combined Authority to have a strengthened voice in national level conversations. Key benefits include:

- Greater engagement with government, through coordinated engagement with one MCA voice
- Support with policy development, drawing together a single MCA-level response to developing agendas
- Ability to learn from others through information sharing and collaboration across the network.

- 2.11 Noting that collaboration with other MCAs will be an important element with the future way of working, the Combined Authority is asked to approve the proposal for the Combined Authority to join the M9 group.

### **Organisation-ready Workstreams**

- 2.12 There is a significant amount of work to be done to ensure the Combined Authority's governance, assurance process and internal systems and processes are ready for becoming an MCA. These workstreams must be complete before the Mayor is elected on 6 May 2021. Work is progressing at pace to ensure the necessary preparations are complete before May 2021. Some of the key areas of progress to date are set out below.

### **Organisational Systems**

- 2.13 The key objective of this workstream is to replace legacy Combined Authority finance and human resources systems with a new integrated system which is fit for purpose and able to support the MCA. This will enable efficiencies to be made, improve management information to aid decision making and deliver future-proofed flexible systems which will be able to adapt to any future organisational changes. Good progress is being made, with a capital approval sought for the first phase of funding in Item 9 – Capital Spending and Project Approvals.

### **Single Investment Fund (SIF) Principles**

- 2.14 As part of the devolution deal, the Combined Authority is required to create a '*fully devolved funding programme covering all budgets for devolved functions*' – a Single Investment Fund (SIF). The draft principles of the SIF have been designed to ensure it supports delivery of the Combined Authority's strategic objectives and provides an opportunity to create a 'single pot' which brings together all of the MCA's funding, that gives greater local freedom and flexibility over how to prioritise investments and is outcome focussed guided by the overarching Strategic Economic Framework.
- 2.15 West Yorkshire authorities have been fully engaged in shaping the draft principles of the SIF to date. Item 8 sets out the background and draft principles in more detail for consideration by the Combined Authority.

### **Police and Crime Commissioner Transfer**

- 2.16 The agreed devolution deal committed to the functions of the Police and Crime Commissioner (PCC) transferring to a Mayoral model in 2024. The 2024 date was due to an already scheduled PCC election in May 2020 which would have started a new four-year term for the PCC. However, the May 2020 election was delayed to 2021 due to the Covid19 pandemic, and therefore there is now an opportunity for the PCC functions to be potentially transferred as early as May 2021 at the time of the first Mayoral election for West Yorkshire. The Policing Minister has made clear that this is his initial preference and has sought assurances on whether this is achievable.

- 2.17 There is a significant amount of work to do if a transfer in May 2021 is to be achieved, and a transition working group between the Combined Authority, the Office of the PCC, West Yorkshire Police, the Association of Police & Crime Commissioners, and the Home Office has been set up to collaboratively determine a workplan which would enable a transfer to take place, and to develop an understanding of the work required to help facilitate this with the aim of no disruption to provision of services.
- 2.18 The West Yorkshire PCC is currently uniquely responsible for the governance and legal asset ownership of some functions which support policing nationally, particularly including the National Police Air Service. The transfer of these functions is being considered as part of the wider feasibility assessment.
- 2.19 To support this transition working group in understanding the work required to meet a potential transfer date of May 2021, an external due diligence exercise has been commissioned. The scope of this critical exercise includes an understanding of the scale of the transfer, the mechanisms necessary to transfer PCC functions, as well as the instruments and resourcing required to enable this. The final report will comprise a comprehensive risk assessment of the transfer and a critical path if a May 2021 transfer is to be achieved. The financial arrangements for this due diligence exercise are set out in more detail in Item 12 – Budgets and Funding
- 2.20 A 2021 transfer would see a single election take place on 6 May 2021 for a Mayor who would hold PCC functions from the start of their term. Similar arrangements exist in Greater Manchester.
- 2.21 Further work is now being undertaken to assess the most appropriate and effective model for policing governance within a Mayoral model for West Yorkshire, learning from experiences elsewhere.
- 2.22 The Combined Authority is asked to note the work now underway and endorse the current plan to pursue a potential transfer of the PCC's functions to the Mayoral Combined Authority in May 2021 subject to feasibility work and due diligence being undertaken.

### **Deal Workstreams**

- 2.23 This theme sets out an implementation plan for taking forward the commitments within the devolution deal itself, many of which are longer-term projects. Significant progress has been made to date in these initial stages and some key highlights are set out below.

### **Adult Education Budget**

- 2.24 As part of the devolution deal, the £63m per year Adult Education Budget (AEB) will be devolved to West Yorkshire. This means the Combined Authority will be responsible for commissioning training for individuals aged 19+ across

the region and will give us greater opportunity to ensure that AEB better addresses the needs of employees and individuals across West Yorkshire. A full update on this was brought to the Combined Authority meeting on 25 June.

- 2.25 A significant programme of work is underway to ensure the organisation is ready to take on AEB functions from the academic year 2021/2022. Following submission of a funding bid and business case, the Combined Authority has secured £463,803 of implementation funding from the Department for Education for the period 1 April 2020 – 31 July 2021 to support essential implementation costs. This is a clear sign of government commitment to progress with AEB devolution for West Yorkshire and will enable the team to continue to progress at pace.

### Mass Transit

- 2.26 As part of the West Yorkshire Connectivity Strategy work, exploratory work for a West Yorkshire Mass Transit system has been underway for some time. Within the devolution deal, Government committed to “*explore the case for funding a modern, low carbon West Yorkshire Mass Transit System*”. The Government has proposed a £4.2 billion fund for MCAs to bid into, to fund schemes (such as mass transit) between 2022 and 2027.
- 2.27 This commitment from government has given additional impetus to the work and business case development for West Yorkshire Mass Transit, which is now being carefully considered in the context of the Covid19 pandemic. A decision is sought today within Item 9 – Capital Spending and Project Approvals to secure development funding to further progress with this work, having been recommended by Investment Committee on 8 July.

### Bus Reform

- 2.28 Exploring the options to utilise provisions in the Bus Service Act 2017 is part of the West Yorkshire Devolution Deal and Mayoral Combined Authority preparations. The bus has a crucial role in West Yorkshire’s transport network and is key to providing access to jobs and training and fulfilling wider objectives around inclusive growth and tackling the climate emergency. However, there were already challenges around patronage which have been further exacerbated by the Covid19 situation, and work is underway to explore how the bus system can be reformed to better meet the needs of passengers and operators.
- 2.29 There is a need to prepare a business case which considers the options for how bus should be delivered in West Yorkshire. In order to progress with this, Item 10 – Future Bus Options sets out a full update and seeks approval for development funding to complete a number of essential technical pieces of work ahead of a more detailed business case to understand the options available.

## Housing Pipeline and Brownfield Fund

- 2.30 £3.2m of revenue funding was allocated within the devolution deal to support the development of a pipeline of housing sites across West Yorkshire. The purpose of the revenue funding is to do complete technical baseline studies to explore what is needed to bring each site across the housing pipeline into an investible position, as well as to prepare business cases for capital investment, and this work is underway as part of the MCA Ready Programme.
- 2.31 In addition to this, on 30 June the Prime Minister announced a £67m allocation for West Yorkshire from the Brownfield Fund. This funding was allocated on a per capita basis to Mayoral Combined Authorities and the £67m, which is to be spent by 2024/25, will provide the capital funding to move key sites within the pipeline forward. The Combined Authority is working collaboratively at pace with West Yorkshire authorities to set out a programme of work for the Brownfield Fund monies.

### **3. Clean Growth Implications**

- 3.1 The clean growth implications are being considered at an individual workstream level. The overall programme seeks to contribute to the successful delivery of the Combined Authority's objectives around delivering clean growth and tackling the climate emergency.

### **4. Inclusive Growth Implications**

- 4.1 The inclusive growth implications are being considered at an individual workstream level. The overall programme seeks to contribute to the successful delivery of the Combined Authority's objectives around delivering inclusive growth.

### **5. Financial Implications**

- 5.1 A budget will be required for the MCA Ready Programme for essential costs related to the Mayoral Election, PCC transfer and delivery of the workstreams to get the organisation MCA-Ready by May 2021. The specifics of this are set out in Item 12 – Budgets and Funding.
- 5.2 If approved, the £20k funding required for the M9 subscription would be sourced from existing internal budgets.

### **6. Legal Implications**

- 6.1 The legal implications are being considered in detail at individual workstream level.

### **7. Staffing Implications**

- 7.1 The staffing implications are being considered in detail at individual workstream level.

## **8. External Consultees**

- 8.1 As part of the statutory process for transitioning to an MCA, a significant public consultation on the devolution proposals and draft scheme has taken place.
- 8.2 As part of the Adult Education Budget workstream, a public consultation on the AEB Strategy has taken place.

## **9. Recommendations**

- 9.1 That the Combined Authority notes the progress made to date.
- 9.2 That the Combined Authority approves the proposal to join the M9 group of other Mayoral Combined Authorities.
- 9.3 That the Combined Authority notes and endorses the proposal to pursue a potential transfer of the PCC's office by May 2021 subject to feasibility and due diligence.

## **10. Background Documents**

There are no background documents referenced in this report.

## **11. Appendices**

Appendix 1 – MCA Ready Work Areas Summary

Appendix 2 – MCA Ready Programme Governance