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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 3 September 2020

**Subject:** **Devolution and Single Investment Fund**

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## **1. Purpose of this report**

- 1.1 To update the LEP Board 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 an update on the timeline for implementing the statutory process to enact the deal.
- 1.3 To provide the LEP Board with further information to consider on the principles and design of a Single Investment Fund (SIF) as we transition to an MCA.

## **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, and access to a £400m Brownfield Housing Fund.
  - 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 concluded with over 4,400 responses – the biggest consultation on any English devolution deal
- Scope of the Single Investment Fund principles drafted – set out in more detail below
- Feasibility work to enable transfer of the Office of the Police and Crime Commissioner functions by 2021

### **Adult Education Budget**

2.5 As part of devolution, the Combined Authority will take control of £63m Adult Education Budget (AEB) from August 2021. This will fund training programmes for West Yorkshire residents aged 19+, providing them with the skills needed for entering and sustaining work, an apprenticeship/traineeship, or other further learning. Currently around 90% of the AEB funding is delivered without Local Authorities and the Combined Authority having a formal influence over

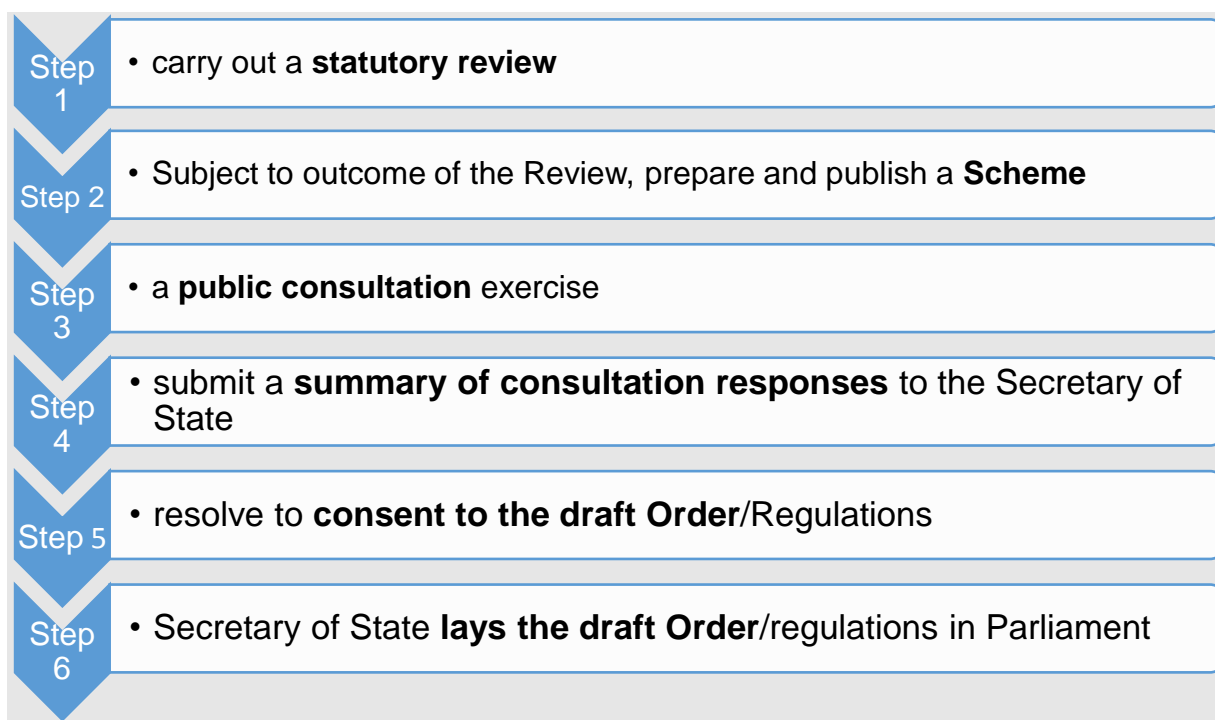
AEB planning or strategic alignment. The AEB does not fund Apprenticeships or higher level skills, but is a critical part of the wider skills system, developing lower level skills and supporting employability.

- 2.6 The implementation project for taking on the devolved AEB is well underway. The Department for Education have approved our 'Readiness Assessment' and are drafting a Memorandum of Understanding, which will be shared immediately after the Mayoral Order is laid. Workstreams are established to develop ICT data management and payment systems, conduct procurement and develop an ongoing provider base, develop contracts, funding rules and a performance management framework suitable for West Yorkshire.
- 2.7 Our strategy for improving the use and impact of AEB funding in West Yorkshire has been developed with the Employment and Skills Panel, undergone public consultation and will be taken to the Combined Authority on 4 September for approval. This strategy outlines the way forward in terms of allocating funds, prioritising delivery, and improving the partnership working and accountability of deliverers to increase the impact of the funds spent in West Yorkshire.

#### **Process and timescales for enacting the deal**

- 2.8 To enable the Combined Authority to formally transition to a Mayoral Combined Authority, enact the devolution deal and enable a Mayoral Election to take place, a statutory Order must be laid in Parliament.
- 2.9 The Local Democracy, Economic Development and Construction Act 2009 sets out statutory processes to be followed before any Order is made. Each aspect has a specific statutory procedure to be followed. In addition, the consent of each Constituent Council and the Combined Authority is required to any Regulations giving the Combined Authority powers to borrow for non-transport functions.
- 2.10 It was previously agreed by West Yorkshire local authorities and the Combined Authority that the process set out in the flow chart below be followed. This process addresses all statutory procedural requirements, facilitates an understanding of the overall impact of the changes, and maximises engagement with stakeholders including the public.

## 2.11 Flow chart of process:



2.12 Stages 1-3 are now complete. Timescales for next steps are set out in the table below.

### Devolution Implementation Timetable – Next steps

Step	Action/Decision	Timescales	Who
4	Consider outcome of consultation and resolve to <b>submit a summary of responses to the Secretary of State</b>	1-8 Sept 2020	Each Constituent Council and the Combined Authority
5	Secretary of State approves proposals set out in Scheme and decides to lay draft Order/Regulations	Oct 2020	Secretary of State
5	<b>Consent to draft Order</b>	w/c 9 Nov 2020	Each Constituent Council and the Combined Authority
	Draft order scrutinised by the JCSI legal advisers	Nov 2020	Joint Committee on Statutory Instruments
	<b>Final consent to the order sought</b>	w/c 23 Nov	Constituent Councils and the Combined Authority by delegation
6	<b>Order laid</b>	December 2020	Secretary of State
	Order made and final deal published	Jan/ Feb 2021	Secretary of State
-	Notice of Mayoral Election	March 2021	Mayoral Combined Authority
-	Election of Mayor	6 May 2021	-

- 2.13 In line with the timescales set out above, the next stage of the process is for the Combined Authority and local authorities to consider a paper setting out the devolution consultation responses and to consent to submitting this to the Secretary of State for consideration.

### **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 the MCA's funding, including legacy and new funding streams secured as part of the devolution deal. The aim is to give greater local freedom and flexibility over how to prioritise investments and is outcome focussed guided by the overarching Strategic Economic Framework.
- 2.15 The SIF will be designed to be outcome focussed, with local decision making guided by the Strategic Economic Framework (SEF). The SEF brings all the policies and strategies under a single banner, ensuring greater alignment and identifying priorities based on local knowledge and robust intelligence to drive evidence-based policy making. Further detail on the SEF is set out in item 14.
- 2.16 This approach will ensure investment is led by the MCA's strategic priorities – helping to support the delivery of the region's projects and programmes of activity to deliver inclusive growth, address our climate emergency, deliver transport improvements and increase productivity, to unlock our economic potential and accelerate growth.
- 2.17 The Combined Authority at its July 2020 meeting considered an update on the draft principles and process of the SIF and endorsed progress to date. The details of how the SIF might operate are still very much in development, and a more comprehensive update will be brought to a future LEP Board meeting.

## **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 is required for the MCA Ready Programme for essential costs related to the mayoral election and delivery of the workstreams to get the organisation MCA-Ready by May 2021. This was approved at the Combined Authority meeting on 27 July.

## **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 LEP Board notes the progress made to date.

## **10. Background Documents**

- 10.1 The papers considered at the Combined Authority meeting on 27 July, which are referred to throughout this report, can be accessed [here](#).

## **11. Appendices**

Appendix 1 – MCA Ready Work Areas Summary

Appendix 2 – MCA Ready Programme Governance