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**Report to:** Governance and Audit Committee

**Date:** 27 November 2020

**Subject:** **Mayoral Combined Authority Preparations**

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

- 1.1 To update the Governance and Audit Committee 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.

## **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.
- 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 completed with a strong response received
  - Scope of the Single Investment Fund principles drafted
  - Feasibility work to enable transfer of the Office of the Police and Crime Commissioner functions by 2021
  - Draft Order approved by government
- 2.5 The remainder of this paper provides a more detailed update of progress made to date in relation to the organisation-ready and deal elements of the MCA Ready Programme.

### **Organisation-ready Workstreams**

- 2.6 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

- 2.7 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 tenders currently being evaluated.

## Single Investment Fund (SIF) Principles

- 2.8 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.

## Police and Crime Commissioner Transfer

- 2.9 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 transferred as early as May 2021 at the time of the first Mayoral election for West Yorkshire.
- 2.10 There is a significant amount of work to ensure a transfer in May 2021 is successfully 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 and drive 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.
- 2.11 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. Work is underway to ensure this can transfer seamlessly.
- 2.12 The 2021 transfer will 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.

- 2.13 The Order sets out the model for policing governance within a Mayoral model for West Yorkshire, learning from experiences elsewhere, and drawing on the arrangements in place in Greater Manchester.

#### Decision Making and Committee Arrangements

- 2.14 As part of the transition to an MCA, proposals are being progressed for changes to the Combined Authority's governance arrangements to ensure they are fit for purpose as an MCA, reflecting the requirements of the Order. In particular, the Combined Authority's formal decision-making arrangements must be updated to provide for:
- The exercise of new **non-mayoral functions** by the Combined Authority; and
  - The role of the Mayor, including their exercise of **mayoral functions** including police and crime functions.
- 2.15 These proposals will be brought forward for approval by the Combined Authority in February 2021 and an update will be provided to the next meeting of this Committee in January.

#### Deal Workstreams

- 2.16 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

- 2.17 As part of the devolution deal, the £63 million 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. Regular updates on this are being brought to Combined Authority meetings.
- 2.18 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

- 2.19 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.

- 2.20 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 Covid-19 pandemic. Following approvals from the Combined Authority further development work is underway and a submission has been made to government for further support.

### Bus Reform

- 2.21 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 Covid-19 situation, and work is underway to explore how the bus system can be reformed to better meet the needs of passengers and operators.
- 2.22 There is a need to prepare a business case which considers the options for how bus should be delivered in West Yorkshire. Development funding has been approved 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

- 2.23 £3.2 million 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.
- 2.24 In addition to this, on 30 June the Prime Minister announced a £67 million allocation for West Yorkshire from the Brownfield Fund. This funding was allocated on a per capita basis to Mayoral Combined Authorities and the £67 million, 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 Funding has been approved for the current year to meet the essential costs related to the Mayoral Election, PCC transfer and delivery of the workstreams to get the organisation MCA-Ready by May 2021. The first full MCA budget for 2021/22 is being drafted.

#### **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 Governance and Audit Committee notes the progress made to date and considers any further work required.

#### **10. Background Documents**

There are no background documents referenced in this report.

#### **11. Appendices**

Appendix 1 – MCA Ready Work Areas Summary