



<b>Report to:</b>	Finance, Resources, and Corporate Committee (FRCC)
<b>Date:</b>	18 January 2024
<b>Subject:</b>	<b>Level 4 Devolution Framework</b>
<b>Director:</b>	Sarah Eaton, Director Strategy, Communications & Intelligence
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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:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this report

- 1.1 To provide an overview of the recently announced Level 4 Devolution Framework, through which the Combined Authority can apply to access new powers, functions and flexibilities.
- 1.2 To provide an update on work that has taken place since November 2023 to develop the West Yorkshire response and the Combined Authority's submission to Government.
- 1.3 To seek agreement to submit a West Yorkshire letter of application to Government by 31 January 2024, that seeks progression on all the areas of devolution as set out in the Level 4 Devolution Framework.

## 2. Information

### Background

- 2.1 On 22 November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) released a technical paper outlining the new Level 4 Devolution Framework. This is provided as Appendix 1 to this report.

2.2 The Framework marks a move towards greater devolved funding and powers to eligible institutions who choose to participate and provides a stepping stone towards a single settlement through the offer of consolidated funding at the next multi-year Spending Review. The Framework aims to standardise English devolution, moving away from the previous approach of agreeing bespoke region-specific deals. Whilst this approach does not meet the partnership’s full aspirations for devolution in West Yorkshire, the opportunity to pursue deeper devolution is welcomed.

#### Level 4 Framework

2.3 The Level 4 Devolution Framework, attached at Appendix 1 to this report, set outs the powers and functions available to eligible institutions, across a range of policy areas.

2.4 Key highlights on offer through the Framework are as follows:

<b>Policy area</b>	<b>Summary of Offer</b>
Funding	<ul style="list-style-type: none"> <li>• Funding simplification with a consolidated DLUHC pot, available at the next multi-year spending review, as the first stage towards a single settlement.</li> <li>• Removal of Gainshare gateway reviews for eligible institutions which have passed Gateway One and meet criteria relating to local evaluation frameworks.</li> </ul>
Transport	<ul style="list-style-type: none"> <li>• Devolved and consolidated integrated local transport settlement for eligible institutions subject to demonstration of appropriate level of fiscal sustainability and broader capacity/capability from the next multi-year Spending Review for the length of the Spending Review.</li> <li>• A range of other offers linked to the Key Route Network, Pavement Parking and Taxi Licensing.</li> <li>• <i>Access to Transport powers must be taken as a whole and are not available to pick and choose as with other powers on offer.</i></li> </ul>
Employment and skills	<ul style="list-style-type: none"> <li>• Further commitment towards a more devolved adult skills system with increased flexibility on adult skills programmes and the ability of institutions to be central convenors of careers provision in their regions, however availability is dependent on outcome/ implementation of Trailblazer deals.</li> <li>• <i>Employment and Skills powers and flexibilities on offer must be taken as a whole.</i></li> </ul>
Housing and Land	<ul style="list-style-type: none"> <li>• Local leadership of the Affordable Homes Programme from 2026.</li> <li>• Move towards greater collaboration between eligible institutions and DLUHC on housing quality.</li> </ul>

Net Zero, Climate Change and Natural Capital	<ul style="list-style-type: none"> <li>Government will consider devolving net zero funding, including for retrofitting buildings subject to the outcome of the trailblazer pilots and following a review of the effectiveness of the approach.</li> </ul>
Public Health	<ul style="list-style-type: none"> <li>A new concurrent power to take on the public health duty, offers no new funding but aims to create a 'health in all policies' approach to the Combined Authority's work.</li> </ul>

- 2.5 In addition, the Framework provides other significant opportunities, including the move towards a general, rather than the existing, functional power of competence and the ability to make technical adjustments to historic legislation, offering the opportunity for eligible institutions to advise on changes to statutory guidance or legislation that could be disapplied or removed to support areas in meeting their objectives. The partnership is considering how it may utilise this opportunity to pursue technical adjustments that meet strategic objectives e.g. changing the current requirement for the Secretary of State to approve the location of roundabouts in local areas.
- 2.6 The Framework also enables eligible institutions to take on board powers that other areas have previously secured, should areas wish to do so.
- 2.7 Following discussions between the Mayor and Local Authority leaders, the proposal is to access all of the opportunities available through the Framework, subject to further policy development and completion of any relevant statutory processes.

#### Application Process, Timeline and Readiness Conditions

- 2.8 The Framework sets out the application process, eligibility and access criteria that areas wishing to make an application for Level 4 Devolution will need to follow. A summary of the key criteria are as follows:
- Level 4 of the Devolution Framework will be available to combined authorities, combined county authorities and local authorities who have implemented a Level 3 deal.
  - Level 4 will be offered once areas can provide confidence in the capacity, governance and culture of the institution to manage its activities effectively and take up further powers.
  - Ministerial decisions will be taken in the round and the Government will engage further with individual areas before making a decision.
  - Areas must confirm that they will report on how they are implementing the Scrutiny Protocol, as set out in the English Devolution Accountability Framework, within one year of confirmation from the Secretary of State that the Government is content to proceed with a Level 4 agreement.

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- The Scrutiny Protocol sets out proposals for improved future working including the potential for areas to consider moving towards a single scrutiny committee model.
  - MP sessions to further enhance scrutiny in the future, similar to those arrangements being established in GMCA and WMCA, will need to be adopted by areas.
  - The final transfer of each policy area will be subject to areas demonstrating compliance with specific readiness conditions for each policy area within the framework.
  - Subject to eligibility tests, an area can apply at any time to access further powers from the Devolution Framework.
  - Any subset or a combination of powers unless otherwise specified may be applied for and there is no obligation to take all the powers on offer.

2.9 Eligible institutions will decide which parts of the Framework they would like to apply for and a final decision on this must be made by the mayor or directly elected leader with the agreement of all constituent members in the case of an eligible devolved institution. A formal letter of application by 31 January 2024, will be required. A later submission is possible, but the January 2024 deadline will need to be met should agreement on a West Yorkshire Level 4 Deal be desired before the next General Election.

#### West Yorkshire Level 4 Submission

- 2.10 Since the Government's publication of the Level 4 Devolution Framework in November 2023, the Combined Authority and five local authorities have been working closely, and at pace, to understand and consider the opportunities that a Level 4 Deal presents for West Yorkshire.
- 2.11 In discussions that have taken place, the partnership has been clear that deeper devolution must align with our collective objectives and priorities for the region. It must offer greater opportunity and levers to achieve the objectives and outcomes the partnership is seeking to deliver for our communities, businesses and places, as set out in the West Yorkshire Plan.
- 2.12 Following discussions across the partnership, the Mayor and all five West Yorkshire Leaders are minded to progress Level 4 negotiations and to submit a letter of application to access the powers and flexibilities on offer in the Level 4 Devolution Framework.
- 2.13 FRCC are asked to consider the Level 4 Framework and policy information included at Appendix 2, and to endorse the preparation and submission of a letter of application which will enable us to enter into further discussions with Government regarding a Level 4 Deal for West Yorkshire. It should be noted that the initial submission of a letter of application to the Secretary of State does not constitute an irrevocable step and does not form part of the statutory process. However, it signals an intent to engage with Government and proceed with the Level 4 Framework, subject to further development work between the West Yorkshire partnership and Government. The legislative processes for the different aspects of the application would need to be worked through in

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progressing this as part of which all statutory requirements including the need for individual consents on whether to accept new powers would take place.

### West Yorkshire Partnership Principles

- 2.14 The first West Yorkshire Devolution Deal, agreed in 2020, was underpinned by a set of partnership principles which has supported the successful development of the partnership over the last three years. Since that time, the West Yorkshire partnership has grown and strengthened, demonstrated by our successful delivery of a range of ambitious programmes and initiatives which have resulted in better outcomes for local people, business, and place.
- 2.15 The strength of the West Yorkshire partnership of the five local authorities and the Combined Authority will underpin our ability to successfully deliver deeper devolution across the region.
- 2.16 Work to develop the West Yorkshire response to the Government's Level 4 Devolution Framework has provided a useful catalyst to review and refresh these principles, to support the next stage of the Combined Authority's devolution journey.
- 2.17 Revised partnership working principles are now set out below for consideration:
- Collaboration and Co-production
  - Sovereignty
  - Subsidiarity and Devolution
  - Transparency and Accountability
  - Fairness and Equity
  - Flexibility and Funding Simplification
- 2.18 In seeking any further deepening of devolution in West Yorkshire, our approach recognises and acknowledges the parity of partnership, our strength as a collective of six and the lack of appetite for any proposal which diminishes the role or sovereignty of our constituent parts. We will work to these collectively agreed principles to ensure that moves towards deeper devolution across West Yorkshire support the achievement of our ambitions and deliver better outcomes for local people, businesses and communities across all areas of the region.

### Next Steps

- 2.18.1 Following FRCC agreement to proceed with the West Yorkshire Level 4 Devolution application, further refinement would take place to enable the Mayor and Constituent Council Leaders to finalise the submission before the 31 January deadline. Subject to FRCC agreement, further next steps will be:
- Further detailed work on the Scrutiny Protocol and its application to West Yorkshire. Initially a paper is being considered by Corporate Scrutiny Committee on

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19 January 2024, and this will be followed by formation of a Working Group consisting of volunteers from all three of the Combined Authority's Scrutiny Committees who will consider this in more detail and report their findings.

- A broader paper on Level 4 Devolution to be considered by the Combined Authority on 1 February 2024 which will set out the opportunity and proposed next steps.
- Consideration and ratification of the initial application will be carried out by each Constituent Council.
- Consideration by the Secretary of State on whether to accept West Yorkshire's application will take place upon receipt. If accepted, further discussions will commence with Department of Levelling Up Housing and Communities and individual government departments to develop detailed proposals for each policy area. In particular, this will include consideration of whether consultation or statutory changes are required to implement individual elements of the Framework.

2.19 Finance, Resources and Corporate Committee will receive regular updates as the work progresses.

### **3. Tackling the Climate Emergency Implications**

3.1 There are no climate emergency implications directly arising from this report, however further flexibilities made available through accessing Level 4 Devolution will support the Combine Authorities 20238 Net-Zero goal and other climate and environment priorities.

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

4.1 There are no inclusive growth implications directly arising from this report, however accessing the opportunities afforded through the Level 4 of the devolution framework will enable the Combined Authority to achieve its priorities around inclusive growth.

### **5. Equality and Diversity Implications**

5.1 There are no direct equality and diversity implications directly arising from this report, however if the Combined Authority gains the powers and functions in the Level 4, it will give us more freedom to deliver on our equality and diversity priorities.

### **6. Financial Implications**

6.1 There are no financial implications directly arising from this report. If the decision is taken to proceed with Level 4 Devolution, this will result in financial implications for the Combined Authority, including the move towards a DLUHC single settlement.

### **7. Legal Implications**

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7.1 Although there are no direct legal implications at this stage, statutory processes will need to be followed as appropriate to progressing different elements of the framework. This will become clearer upon advice from government as the process progresses.

7.2 Officers of the Combined Authority and partner councils are working collaboratively in assessing and taking forward any legal and statutory elements of this process.

## **8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

## **9. External Consultees**

9.1 No external consultations have been undertaken.

## **10. Recommendations**

10.1 Finance, Resources and Corporate Committee are asked to:

10.1.1 Note the recent publication of the Government's Level 4 Devolution Framework which sets out guidance and the powers and flexibilities on offer through a Level 4 Devolution Deal.

10.1.2 Note work that has taken place across the partnership to consider the opportunities presented through the Level 4 Devolution Framework and activity undertaken to develop the West Yorkshire response.

10.1.3 Agree to submit a letter of application to Government by the deadline of 31 January 2024.

10.1.4 Note that the initial submission of a letter of application to the Secretary of State does not constitute an irrevocable step and does not form part of the statutory process, as outlined at paragraph 2.13.

## **11. Background Documents**

[Scrutiny Protocol for English institutions with devolved powers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115444/Scrutiny-Protocol-for-English-institutions-with-devolved-powers-2017.pdf)

## **12. Appendices**

Appendix 1 – Technical Guidance Level 4 Devolution Framework

Appendix 2 – Level 4 Devolution Framework Policy Areas and Opportunities

