
Report to: West Yorkshire Combined Authority

Date: 16 April 2020

Subject: **Devolution Deal for West Yorkshire – Initial Deal Endorsement and Review of Governance Arrangements**

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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 type="checkbox"/> Yes <input checked="" 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 The West Yorkshire “minded-to” Devolution Deal announced as part of the Budget in March 2020 offers the opportunity for the region to receive functions and funding additional to that received under previous Deals in return for adopting the model of a directly elected Mayor by May 2021. The Deal has the potential to benefit the region by unlocking central government funding and powers to allow more local and accountable decision making.
- 1.2 The “minded-to” Deal is the starting point leading ultimately to the adoption of a mayoral combined authority model with additional functions which will require an Order of the Secretary of State. Each council and the Combined Authority will need to agree specific actions as part of the statutory procedures which must be followed before the Secretary of State may grant such an Order. These are set out in more detail below but include carrying out a statutory Review of constitutional arrangements and functions for the proposed electoral area and preparing and adopting a Scheme which will then go out to public consultation. Councils and the Combined Authority will subsequently have the opportunity to consider the representations received before deciding to submit the Scheme to the Secretary of State setting out proposed arrangements, along with a summary of consultation responses. The consent of each council and the Combined Authority will subsequently be required to the making of the Order.

1.3 This report seeks members' endorsement to the "minded to" Deal. It also seeks agreement that a statutory Review to be undertaken jointly by the Constituent Councils and the Combined Authority, and for a further report to be prepared in due course to include a draft Scheme for consideration (subject to the outcome of the Review).

2. Information

2.1 The Deal will devolve a range of powers and responsibilities to West Yorkshire Combined Authority, supporting the region to drive economic growth and prosperity within its communities and across the North of England. It will build upon the area's history of collaboration to maximise this investment and increase its contribution to the national economy.

2.2 The Local Authorities of the West Yorkshire Combined Authority and Government have agreed an initial devolution deal which will provide powers and funding to enable the region to make progress as a significant step forward towards achieving that ambition.

2.3 The City Region partnership has grown and strengthened over more than a decade, from the Leeds City Region Leaders Board to the West Yorkshire Combined Authority working with the Leeds City Region Enterprise Partnership (LEP).

2.4 The City Region's Councils and the LEP secured the area's City Deal in 2012 and a £1bn Growth Deal in July 2014. This success has enabled the City Region to make a strong start:

- bringing close to £3 billion public and private sector investment into the region to boost growth and jobs
- set to create 20,600 jobs and add £2.1 billion a year to the economy by 2031
- putting in place a £1 billion package of transport investment to upgrade transport links, making it easier for people and businesses to get around
- helping 4,800 businesses to grow since 2011, unlocking close to half a billion pounds of private sector investment
- creating over 4,300 work opportunities for young people aged 16-24, including 3,837 apprenticeships adding an expected £1.4 billion to the economy by 2020 as a result of work over the past four years.

2.5 West Yorkshire's ambition is to go much further to address historic and emerging challenges, including the need to improve air quality and tackle the climate emergency. With a population of over 2.3 million people and a GVA of over £55bn p.a., West Yorkshire offers enormous potential. Sizeable parts of West Yorkshire enjoy a great quality of life, good wages, and lower living and housing costs, and for many the region is a great place to live, work, visit and invest. But substantial long-term investment and greater powers are needed, to tackle the challenges facing the region, and to harness its huge economic opportunity for the benefit of people in the region and for the whole UK.

- 2.6 The West Yorkshire Deal will unlock significant long-term funding and give the region greater freedom to decide how best to meet local needs and create new opportunity for the people who live and work there. This agreement is the first step in a process of further devolution. The Government will continue to work with West Yorkshire on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities and rural areas whilst tackling the climate emergency.
- 2.7 The following section of the report provides: a summary of the key elements of the “minded-to” Deal in terms of devolved powers and funding commitments; a description of the mayoral combined authority model; the process for its establishment; a summary of other associated changes set out in the Deal; the Review geography and scope; and the key elements of any subsequent Scheme. The Deal text is attached as **Appendix 1** to this report for endorsement.

Deal proposals

- 2.8 The devolution deal includes the following headline commitments:
- £38m for 30 years into West Yorkshire Investment Fund with a 25%/75% capital/revenue split
 - Government commitment to work with West Yorkshire to develop modern mass transit system through access to a new five-year integrated transport settlement
 - £317m from the Transforming Cities Fund to dramatically improve access to public transport, cycling and walking
 - Access to bus franchising powers
 - Control of the £63m annual Adult Education Budget for West Yorkshire to closer align spending on skills to the opportunities and needs in the local economy
 - A £25m heritage fund to support the development of a British Library North in Leeds
 - £500,000 of Government funding to support masterplanning in Bradford City Centre to maximise regeneration opportunities from Northern Powerhouse Rail
 - £75,000 to support the creation of a Digital Skills Partnership
 - The creation of a West Yorkshire Mayor to be elected in May 2021
 - A commitment to work towards policing and crime powers to be transferred to the Mayor in 2024.
 - Government commitment to engage with the Combined Authority on priorities emerging from the Future Ready Skills Commission
 - Access to the Government’s new Brownfield Regeneration Fund to support housing growth and £3.2m to support the development of a pipeline of housing sites across West Yorkshire.
 - £200,000 funding to support the work of the Yorkshire Leaders Board

2.9 Under the deal, West Yorkshire Combined Authority would retain its current powers in relation to economic development, regeneration and transport functions (with the Mayor taking responsibility for preparing the transport plan and strategies). Working with the Mayor, these functions will be strengthened with additional powers as set out in legislation:

- Finance – power to borrow up to an agreed cap for non-transport functions
- Adult education and skills functions
- Economic development – duty to prepare an assessment of economic conditions
- Housing functions relating to compulsory purchase (subject to the consent of the constituent council affected by the exercise of the function), plus provision of housing and land, land acquisition and disposal, and development and regeneration of land
- Transport powers to set up and coordinate a Key Route Network on behalf of the Mayor (unless otherwise agreed locally, all operational responsibility for Key Route Network roads will remain with the constituent councils)
- Powers to collect contributions from utility companies for diversionary works needed as a result of highways works carried out on the Key Route Network
- Powers to operate a permit scheme designed to control the carrying out of works on the Key Route Network
- The Combined Authority will be able to seek consent to raise a Strategic Infrastructure Tariff

2.10 The Deal also proposes that directly elected Mayor for the West Yorkshire Combined Authority would autonomously exercise their new functions with personal accountability to the electorate, devolved from central Government and set out in legislation. These functions will be:

- The functional power of competence
- Housing and planning
 - i. Statutory spatial planning powers to produce a spatial development strategy; exercisable with the unanimous consent of the constituent authorities
 - ii. Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation (subject to the consent of the council in whose area this would apply)
 - iii. Housing and land acquisition powers (subject to the consent of the council in whose area this would apply) to support housing, regeneration, infrastructure and community development and wellbeing.
- Finance:
 - i. Power for the Mayor to set a precept on council tax to fund Mayoral functions (resulting from the setting of the Mayoral budget as set out below),
 - ii. Power to charge business rate supplement (subject to ballot)
- Transport
 - i. Power to draw up a local transport plan and strategies (The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so)

- ii. Power to request local regulations requiring large fuel retailers to provide Electric Vehicle charging points
 - iii. Bus franchising powers
 - iv. Ability to pay grants to bus service operators
- Police and Crime Commissioner (PCC) functions from the Mayoral election in 2024 (please see para 2.20 below)

Mayoral combined authority model

2.11 To secure the functions and funding set out above, the Government requires a mayoral combined authority to be established and the election of a directly elected Mayor by 2021 for the area of the 5 West Yorkshire authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield (the Constituent Councils).

2.12 As reflected in the Deal, the proposed Mayoral Combined Authority would provide local accountability and exercise decision-making including over newly-devolved functions and funding in relation to transport, skills, economic development and regeneration, and allow for strategic prioritisation across the Combined Authority's area and integrated policy development.

2.13 [Appendix 2](#) outlines the key features of any mayoral combined authority.

2.14 The Governance section of the Deal (Appendix 1) include the proposed constitutional arrangements. Key features of the constitutional arrangements are:

- **Membership:**

Voting members to include:

- i. The elected Mayor
- ii. Five elected members, one appointed by each of the five Constituent Councils
- iii. Three elected members agreed by the Constituent Councils to reflect the balance of political parties across the Combined Authority area

In addition there will be:

- i. An elected member appointed by the city of York Council (which will remain as a non-constituent member of the West Yorkshire Combined Authority)
- ii. The Chair of the Leeds City Region LEP

These members will be non-voting unless the Combined Authority resolves to give them a vote on any issue.

- **Voting arrangements in relation to non-mayoral functions:**

The Mayor will have one vote as will all other voting members of the Combined Authority. Any questions that are to be decided by the combined Authority are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Where the decision relates to a new function which the Combined Authority acquires pursuant

to the Deal, or where required by the Authority's constitution, that majority must include the vote of the Mayor.

In addition, for the following decisions the majority of members must include the consent of three of the five members for the Constituent Councils (but not that of the three additional Constituent Council members appointed for political balance):

- i. Approving the Combined Authority's budget (excluding decisions which relate to the Mayor's budget)
- ii. Setting a levy

- **Constraints on the Mayor's decision-making**

The Mayor will be required to consult the Combined Authority on their strategies, and this will be subject to the following specific conditions:

- i. The spatial development strategy will require the unanimous consent of all five members for the Constituent Councils (but not that of the three additional Constituent Council members appointed for political balance)
- ii. The Combined Authority will be able to amend the Mayor's budget if five eighths of the members agree to do so;
- iii. The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so

Process for enacting the deal

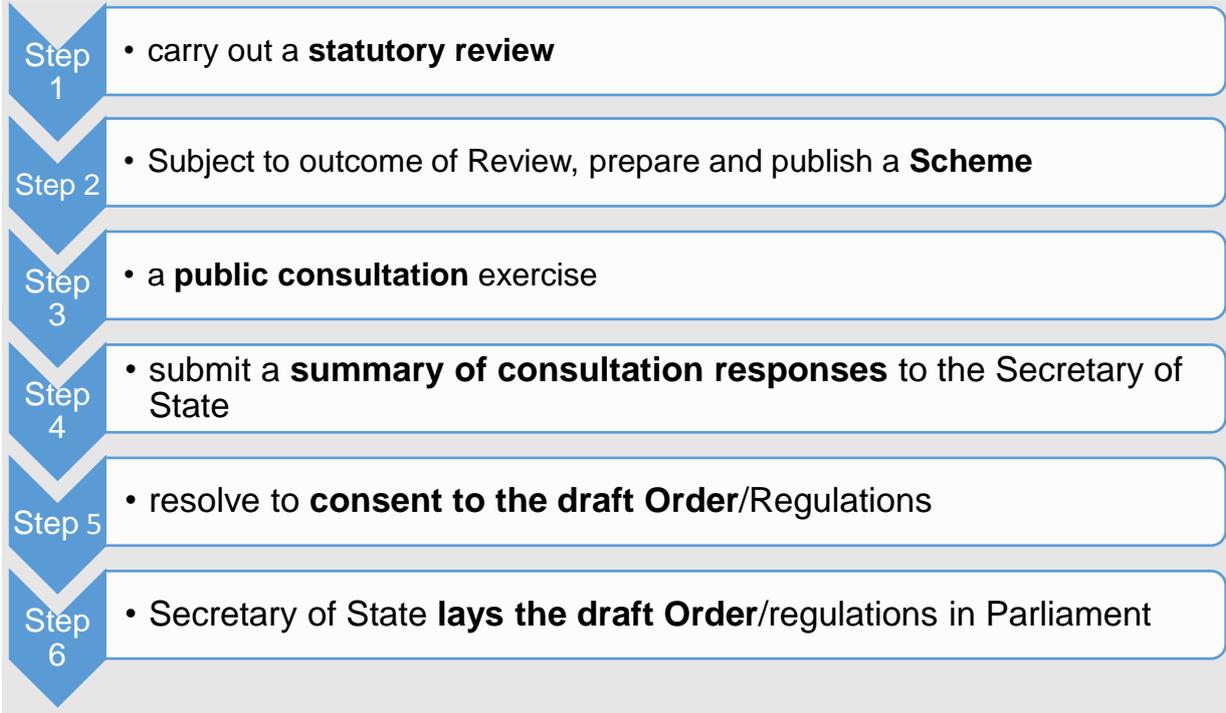
2.15 The Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) sets out statutory processes to be followed before any Order is made to:

- a) adopt a mayoral combined authority model
- b) provide for the Mayor to carry out and delegate mayoral general functions
- c) provide for the joint exercise of general functions by the Mayor
- d) change the constitutional arrangements of a Combined Authority (voting, membership)
- e) delegate Secretary of State functions to the Combined Authority, and
- f) delegate local authority functions concurrently to the Combined Authority.

2.16 Each aspect listed in 2.15 above 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.

2.17 It is proposed that the process set out in the flow chart below is 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. Further details about each step are set out in [Appendix 3](#).

2.18 **Flow chart of proposed process:**



2.19 Appendix 4 to this report is a timeline which outlines the main decisions and estimated timescales involved in obtaining the necessary secondary legislation to implement the 2020 Deal. Significant parts of the process are outside of the control of the Constituent Councils and the Combined Authority (the Secretary of State drafting the Order and placing it before Parliament).

2.20 The Deal does not include proposals to transfer public functions relating to fire and rescue to the Mayoral Combined Authority. It does, however, anticipate that responsibility for West Yorkshire PCC functions will be taken by the Mayor from 2024, which was the earliest practicable lead time based on the then imminent PCC elections scheduled in May 2020. However, the current pandemic has also led to the PCC elections being delayed to May 2021. This provides an opportunity to align the Combined Authority and PCC functions earlier than originally considered as part of the Deal negotiations, ie into the 2021 election. This opportunity has arisen subsequent to partner councils considering the implications of the Deal and is currently being examined. If it is decided that alignment in 2021 is desirable then this would be addressed through the review and scheme preparation and subsequent consultation.

Review area

2.21 The proposed area of the Review is the Combined Authority’s area, namely the area which comprises the Constituent Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield. It is proposed that the Combined Authority jointly carries out the review with the Constituent Councils.

2.22 Options to enable wider collaboration will be explored as part of the Review, including the wider City Region, Yorkshire and the North.

Carrying out the review and preparing a draft Scheme

2.23 It is proposed that the Combined Authority's Managing Director, in consultation with the Chief Executive of each Constituent Council carries out the Review on behalf of the Constituent Councils and the Combined Authority.

2.24 It is also proposed that the Combined Authority's Managing Director be asked to prepare a draft Scheme for consideration by the Constituent Councils and the Combined Authority, subject to the outcome of the Review. It is proposed that a project group of officers drawn from the Constituent Councils and the Combined Authority contribute to the Review and to drafting the Scheme. The project group will be multi-disciplinary and provide expertise including on transport, economic development, and other relevant functions.

Review scope

2.25 The Review will be required to test the proposition, including by drawing on evidence from stakeholders, that any Order relating to the proposed constitutional arrangements or conferral of functions to the Combined Authority would be likely to improve the exercise of statutory functions.

2.26 Specifically, the Review would need to consider the relevant systems, structures and procedures that are in place across the area to make decisions, set strategy, manage delivery, assess performance and report on progress. Analysis of options (such as leaving existing governance unchanged, strengthening or restructuring existing governance arrangements, or adopting a mayoral combined authority model) would be undertaken.

2.27 Any final report of the Review process which concludes that the proposed revised constitutional arrangements and the additional functions proposed to be exercised by the Combined Authority would be the most beneficial option in terms of improved outcomes would in effect provide the business case for the mayoral combined authority arrangements. It would inform the preparation of a Scheme of governance.

Scheme

2.28 The Scheme would form the basis for a revised Order establishing the mayoral combined authority. It would contain information on:

- proposed membership, voting and any other constitutional arrangements;
- functions to be conferred on the mayoral combined authority and how they are exercised, that is, by the Combined Authority, concurrently with Constituent Councils or by the Mayor (including any constraints or limitations to the Mayor's powers);
- any changes to the way in which the Combined Authority will be funded, including power for the Mayor to issue a precept, or prudential borrowing

powers for functions other than transport;

- practical arrangements, including any property transfers and ensuring transparency via enhanced scrutiny arrangements.

2.29 It will be important to ensure that any revised sub-regional arrangements secure and enhance effective working arrangements between the Mayoral Combined Authority and the Constituent Councils and their democratic arrangements, to facilitate a joined-up and collaborative approach to policy, delivery and decision-making.

Next Steps

2.30 With regard to next steps, it is proposed that (subject to the outcome of the statutory Review) a draft Scheme is prepared for consideration by Constituent Councils and the Combined Authority before the wider public consultation and with business and other stakeholders. It is proposed that there is one consultation exercise co-ordinated by the Combined Authority, but that this is led by each council in relation to their district. Following this, a summary of consultation responses will be brought back to the Constituent Councils and the Combined Authority to approve before the Scheme is submitted to the Secretary of State. The impacts of the Coronavirus pandemic may impact on these future next steps and the timeline to May 2021.

2.31 Details of the Scheme would then be embodied in the draft statutory Order to establish a mayoral combined authority, and consents sought in due course from each of the Constituent Councils and the Combined Authority in respect of the draft Order and any related Regulations.

2.32 Each of the Constituent Councils have now formally endorsed the Deal, agreed to be party to the joint Review, and agreed to the further steps outlined above.

3. Clean Growth Implications

3.1 As part of the Deal text, the Government has welcomed West Yorkshire's commitment to becoming a net zero carbon economy by 2038, with significant progress by 2030. Although there are no immediate implications on Clean Growth arising as a direct result of the report, the Review and Scheme to be commissioned and considered and consulted upon will look at the potential for Mayoral Combined Authority governance arrangements to deliver West Yorkshire's clean growth ambitions.

4. Inclusive Growth Implications

4.1 Inclusive Growth is a key priority for West Yorkshire Combined Authority and the LEP. Although there are no immediate implications on Inclusive Growth arising as a direct result of the report, the Review and Scheme to be commissioned and consulted upon will look at the potential for Mayoral Combined Authority governance arrangements to deliver West Yorkshire's Inclusive Growth ambitions.

5. Financial Implications

- 5.1 The Deal includes a number of flagship funding arrangements including £38m for 30 years into the West Yorkshire Investment Fund, £317m from the Transforming Cities Fund and control over the £63m annual Adult Education budget. The implications of these and the other funding provisions contained within the Deal will be considered as part of the Review and subject to future reports.

6. Legal Implications

- 6.1 It is proposed that this decision is exempt from call-in on the grounds of urgency as any delay caused by the call-in process would prejudice the Combined Authority's and Constituent Councils' interests as delaying the start of the statutory Review process, which would have a significant detrimental impact on the proposed timeline set out in Appendix 4.
- 6.2 Statutory processes need to be followed, before any Order or regulations may be made to implement the Deal.
- 6.3 S101(5) Local Government Act 1972 provides that two or more local authorities (defined to include a Combined Authority) may discharge any of their functions jointly and may arrange for the discharge of those functions by an officer of one of the authorities.

7. Staffing Implications

- 7.1 There will be staffing implications arising from the need to move at pace to undertake the necessary statutory process and to move to a mayoral model.
- 7.2 In due course, it is anticipated that the establishment of the Mayoral Combined Authority will have staffing implications in terms of additional resources to deliver the ambition of the Deal and these will be considered at the appropriate point to ensure operational effectiveness and efficiency of the Combined Authority.

8. External Consultees

- 8.1 As part of the statutory process, as set out above, public consultation is required, with the results summarised and submitted to the Secretary of State before an Order creating the West Yorkshire Mayoral Combined Authority can be made (Appendices 3 and 4 set out more detail on the proposed process and timeline). A future authorisation will be sought to undertake a public consultation on an adopted governance Scheme and set out the consultation process and methodology including digital and other appropriate means in order to ensure accessibility. At the current time, the Coronavirus pandemic impacts on consultation methodologies and any decisions on the consultation approach would have to account for this.

9. Recommendations

- 9.1 To note and endorse the Deal agreed and attached as Appendix 1 to this report.
- 9.2 To agree that the Combined Authority should be party, together with the five Constituent Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield – to a Review of the Combined Authority’s constitutional arrangements and of the functions carried out by the Combined Authority over the Combined Authority’s area, as set out in paragraph 2 of this report and pursuant to S111 of the Local Democracy, Economic Development and Construction Act 2009.
- 9.3 To authorise the Combined Authority’s Managing Director, in consultation with the Chief Executive of each Constituent Council, to carry out the Review on behalf of each Constituent Council and the Combined Authority.
- 9.4 To authorise the Combined Authority’s Managing Director, in consultation with the Chief Executive of each Constituent Council, and on behalf of each Constituent Council and the Combined Authority to prepare a draft Scheme for consideration by the Constituent Councils and the Combined Authority, subject to the outcome of the Review.
- 9.5 To note the provisional timetable set out in Appendix 4 to this report and the next steps including, if appropriate, the submission of a summary of the consultation to the Secretary of State by the end of July 2020, so that a mayoral combined authority model and associated changes may be adopted and implemented by May 2021, as set out in the Deal. Noting that this may be impacted by the Coronavirus pandemic.
- 9.6 To resolve that this decision is exempt from call-in on the grounds of urgency, for the reasons set out in paragraph 7.1 of this report.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1 – [Deal](#)

Appendix 2 – Key features of a mayoral combined authority

Appendix 3 – Proposed process

Appendix 4 – Timeline