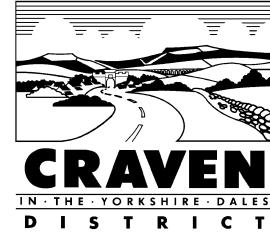


## Policy Committee – 1<sup>st</sup> March 2016

### Devolution



Report of the Chief Executive  
Lead Member – Councillor Richard Foster

Ward(s) affected - All

1. **Purpose of Report** – To update members on the current negotiations on devolution proposals that affect Craven.
2. **Recommendations** – Members are recommended to:
  - (1) Note the report and the progress on the Leeds City Region (LCR) and the York, North Yorkshire and East Riding (YNYER) proposals.
  - (2) To consider if the Council wishes to join the LCR Combined Authority (CA) as a non-constituent (associate) member and
  - (3) To consider whether to seek constituent (full) membership of any proposed LCR CA, if such an option is available to the Council.
  - (4) In the event that Members determine to proceed with non-constituent membership and or full membership of any proposed Leeds City Region Combined Authority, then Council delegates to the Chief Executive in consultation with the Leader to continue negotiating with Government and to enter into an 'in principle' agreement for associate membership and full membership as appropriate.

**(Please note any decision on 2 and 3 are in principle at this stage and not binding on the Council. Only when the final detail of the completed negotiations with Government is complete will the Council be asked for a formal, binding decision)**

3. **Background**
  - 3.1 Policy Committee, at their meeting on September 2<sup>nd</sup> received copies of all the bids in which Craven was involved, totalling four in number. The Leader has also regularly updated all councillors on developments and is committed to involve and inform in order to reach a consensus view on any decisions that have to be made by the Council. Further reports will follow when the detail is clear as to the asks and offers of the YNYER proposals, or other developments which could significantly affect Craven.

- 3.2 The Government set September 4<sup>th</sup> 2015 as the deadline date for submissions and it was widely expected that a devolution deal for this part of Yorkshire would be announced in the autumn statement. None have been announced that affect this part of the country to date although several other deals have been agreed including one for Sheffield City Region. This deal is particularly interesting as it includes district councils that are in county areas, where the transport authority (the counties) have vetoed any transfer of transport functions.
- 3.3 The Treasury are leading negotiations with LCR whilst negotiations with YNYER are being led by the Department of Communities and Local Government (DCLG). The deals are progressing at different paces and it is difficult at this stage to say which deal offers the best outcomes for Craven. However, it is worth noting that the West Yorkshire councils remain firmly committed of an LCR devolution deal including the 'hinge' authorities (Craven, Harrogate, Selby and York) and have continued their negotiation with Treasury based on the LCR footprint. Whilst recognising the legislative challenges of an LCR deal that includes full membership for the three North Yorkshire district councils, they consider that the economic outcomes for the Leeds City Region would be strengthened if a full range of functions including transport were exercised across the whole of the LCR geography. It also appears that the LCR deal is nearer to completion
- 3.4 The position of Hull is still unclear as no deals have been progressed around the Humber and the councils on the south bank of the Humber are supporting a Lincolnshire deal. Hull may still wish to have an alignment with the LCR.

#### 4 **Summary of the two deals**

- 4.1 The essence of the two deals has not changed a great deal to the summary position included in the September report. Some refinement has taken place and some of the elements were overtaken by the Chancellor's autumn statement. Clearly, some of the proposals are of less direct relevance to Craven. The similarities include the following and both bids are seeking:
- Transport powers similar to Transport for London.
  - Funding settlements over a longer time frame.
  - Greater use of and control over surplus public assets.
  - Devolved responsibility for management of European Structural Funds.
  - Establishment of a Strategic Housing and Regeneration Fund.
  - Powers akin to those enjoyed by a Land Commission or Development Corporation.
  - Control over Further Education Capital Budgets
- 4.2 There are also some differences in the two bids, notably in relation to public service reform proposals regarding the functions of the Police and Crime Commissioner (LCR) and health and care integration (YNYER). Either could have longer term implications for Craven depending upon which deal (if any) the council pursued and whether Craven were full or associate members of a Combined Authority.

- 4.3 Appendix A provides an analysis of the two deals, 'The Asks' but it is difficult to fully evaluate the benefits and risks for Craven. As can be seen the LCR economy (c£60bn GVA; 2.8 million population) will provide a larger funding pot compared with the YNER economy (c£20bn GVA and 0.8 million population). Not surprisingly the transport and fiscal asks are the most significant and intrinsically linked in economic terms and these are crucially important for Craven. Members are well aware of the significant transport issues including South Craven, many of those issues are not surprisingly shared with the LCR. Craven is not a transport authority and the finance required to resolve the issues could not be found from within our own coffers but would, in all likelihood, be dependent on the financial scale a combined authority could bring.

## **5 Timescale and options**

- 5.1 The first Mayoral elections are scheduled for May 2017 and the council will not have a choice in terms of becoming a full member of the LCR. Even if the council so desired there are too many legal issues to be overcome and thus the only option for that date would be non-constituent membership. If the Council desired to pursue constituent membership, this in all likelihood could not be achieved until 2021. Non-constituent membership would mean that there would not be a vote in Craven for the LCR Mayor in 2017.

The general view is that in order to undertake the first mayoral elections in May 2017, the last date realistically possible for announcing any further devolution deals would have to be by the end of March 2016. Given progress to date, only the LCR deal seems likely to meet this deadline, although with significant work it is still possible for a YNYER deal to be agreed in principle in parallel. Districts who wish to become Associates may endorse the proposals, but are not legally required to do so.

- 5.2 There is a possibility of the YNYER deal being concluded in parallel to the LCR agreement. When details are available they will be brought to members for any necessary decision. There are a number of key elements missing from the YNYER deal including those around governance. However, full membership of one Combined Authority would exclude full membership of another.
- 5.3 The LCR governance model is clear and the LCR Combined Authority would comprise of Leaders and the elected Mayor, who would also be the Chair of the CA. As already stated, the West Yorkshire Leaders support the hinge authorities becoming full members of the CA. However the benefits are more limited if the transport powers are not also vested with the districts and the CA. Without either NYCC joining the CA or transferring its transport powers to the district then Craven (Harrogate and Selby) could only become associate, non-constituent members.
- 5.4 The proposed LCR Combined Authority governance model enables voting rights to be exercised by associate members, specified by Combined Authority resolution. However, Combined Authority decision-making on transport and other West Yorkshire specific issues, would be limited to the West Yorkshire (and York if that

council becomes a constituent member) geography and voting rights would be similarly constrained.

## 6 Conclusions

- 6.1 The position on CAs is still not crystal clear due to a number of inherent complications and the fact that no deal has as yet been completed which includes Craven. In all likelihood the LCR CA is likely to reach a conclusion by the time of the March budget and the council should indicate if it wishes to pursue the principle of associate membership.
- 6.2 If the desire is there to seek the option of full membership status, then again an in principle decision would be of great benefit to enable the Leader and Officers to continue to work towards a clear goal on behalf of the Council. It is still unclear if this option is open to the Council and a letter was sent asking for clarification from the Leaders of Craven and Harrogate Councils. This has been attached at Appendix B.
- 6.3 The decisions sought in this report are not binding on the Council. Only when the detail has been agreed with one or both deals will the matter be brought formally for full Council to sign up to associate or full membership of either CA. As stated earlier, full membership of one CA excludes the Council from full membership of the other CA.

## 7. Implications

- 7.1 **Financial Implications** – None arising directly from this report. Any financial implications for the Council will need to be considered once the impact of the final negotiations become available.
- 7.2 **Legal Implications** – Powers to establish a combined authority are detailed in the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016 (the Act).
- 7.3 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has not been** followed. Therefore neither an Initial Screening or an Equality Impact Assessment has been undertaken on the proposed policy, strategy, procedure or function to identify whether it has/does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

## 8 Consultations with Others - Leader and CLT

- 9 **Access to Information : Background Documents** - report to Policy Committee on 'Devolution' 15 September 2015

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11. **Appendices -**

Appendix A – Devolution Asks

Appendix B – Harrogate BC letter to Secretary of State