

Hambleton District Council

Report To: Cabinet

Date: 28 July 2020

Subject: **Devolution Deal for North Yorkshire and York**

Portfolio Holder: Councillor Mark Robson, Leader of the Council

Wards Affected: All Wards

1.0 Purpose of report

- 1.1 The purpose of this report is for Cabinet to make a decision on the submission of the devolution proposal to Government for North Yorkshire and the City of York and to consider jointly commissioning with other North Yorkshire District Councils work on unitary authority options.

2.0 Background

- 2.1 Local Authorities within North Yorkshire and York are engaged in discussions with Government around a possible Devolution deal for the area. Devolution is the transfer of power and funding from national to local government and potentially the creation of a directly elected Mayor. It is understood that Government's view is that every area within England should be part of a devolution deal to provide more funding in the area and it is expected that the Devolution White Paper which will be published later this year which will endorse this view to unlock regional potential.
- 2.2 The principles behind devolution is to ensure that decisions are made closer to local communities and business they affect so that public funding can have the greatest impact to reflect local needs. Government has stated that devolution will provide greater freedoms and flexibilities at a local level, meaning Councils have the ability to work more effectively to improve public services for their area. The aim is for more funding and powers to be devolved from Westminster to the region and more power and accountability to be given to local politicians.

3.0 Process for establishing a Combined Authority with a Mayor

- 3.1 The Leaders of the Councils of York and North Yorkshire wrote on 13 February 2020 to Government to open up a dialogue to negotiate a devolution deal for the region to increase funding and provide additional flexibilities for the benefit of the region.
- 3.2 The negotiation process is designed so that the Councils develop a series of "asks" from Government concerning greater funding and powers to be devolved to the area. Alongside the "asks" Government will require a robust governance structure for the region which will give them confidence to pass on their powers and funding directly to the region in the knowledge that there is a sound and effective decision-making process for the locality. The Government considers the strongest governance structure to be a combined authority with a Mayor and such a structure would attract the 'greatest level of funding and powers to the region'. Government also sees single

tier local government, comprising of large unitary Councils, as integral to a robust governance structure.

3.3 A summary of the next stages in the negotiation process is described below (and further detailed in Appendix 1 – indicative timetable):

- I. The Local Authorities submit “the asks” to Government for consideration.
- II. Ministers from MHCLG and Treasury will then consider “the asks” and will respond with a formal offer to the Councils for a Devolution deal.
- III. Each Authority will then need to formally consider whether they wish to accept the Government’s Devolution deal offer. If all authorities agree, then the authorities will need to give approval to trigger the statutory process for creating a Combined Authority with an Elected Mayor. This requires the authorities to carry out a Governance Review, draft a Scheme and carry out consultation. If the authorities chose not to carry out a consultation exercise, then the Secretary of State would have to carry out its own consultation exercise before creating a Combined Authority with a Mayor.

3.4 Therefore the next stage of the negotiations is to submit a series of proposals to Government of what should be included in a Devolution deal. The submission of the asks does not bind any authority in proceeding with a Devolution deal; it allows Government to consider the proposals and then respond with their formal offer of what a Devolution Deal would entail for the region. It is only when the Government respond to detail what their proposed deal would be, do the authorities then formally decide whether they wish to proceed with the creation of a Combined Authority with a mayor, through the trigger of commencing a statutory Governance Review and consideration of the appropriate governance structure for Devolution. The decision in this report is not to commence with the Governance Review, but to give approval to continue with the negotiation process to enable Government to consider the proposals and present a formal offer back to the local authorities for a Devolution Deal.

3.5 The ‘asks’ to Government have been worked on with input from all potential constituent authorities, the LEP and with assistance from PWC to ensure that collectively we are asking for an ambitious deal which Government can realistically deliver. A summary of the asks is set out below:



3.6 The proposed 'asks' document and summary for submission to Government are attached at Appendix 2 and 3.

4.0 Governance

4.1 The Devolution proposal contains the proposition that there will be a combined authority for North Yorkshire and York and a directly elected Mayor. It is understood from Government that this governance model would attract the most funding as it is thought to represent the strongest governance model for devolution. Government consider that it is important to have a single point of accountability that is responsible both locally and nationally. It is Government's view that the Mayor will work with the Councils that make up the combined authority to promote the area and work together to ensure that that Devolution deal delivers for the communities in the area.

4.2 An elected Mayor for North Yorkshire and York would mean that the residents for the region would vote to elect a newly created Mayoral post who would then sit as the Chair of a newly formed Combined Authority. The mayor, in partnership with the combined authority, would exercise the powers and functions devolved from Government as set out in the Devolution Deal.

4.3 A 'Combined Authority' is a legal partnership between the agreeing authorities to create a separate legal body that provides a formal way for local authorities to work together across individual boundaries and functions. The creation of a combined authority must be approved by Parliament and would normally follow a governance review that has been triggered by the constituent councils. The Governance arrangements of a Combined Authority will be determined by the Order that creates the new body and its constitution. The relevant document will need to be approved after a Governance Review is undertaken and therefore further details of what this scheme will look like will be covered in a future report if the ultimate devolution deal offered by Government is acceptable to the authorities.

5.0 Local Government Reorganisation

5.1 The Government sees unitary local government reorganisation and establishing a Mayoral Combined Authority as being intrinsically related and integral to delivering its "levelling up agenda" and to facilitating economic recovery from COVID-19.

5.2 The Government has therefore invited submissions for the creation of unitary authorities by September 2020 alongside the submission of the devolution proposal to enable Mayoral and new authority elections to happen at the same time in May 2022. The Government's aim is for these changes to be up and running from April 2022.

5.3 Unitary Councils would have a substantial population, the Minister has indicated that 400,000 seems optimal, but it could be more. The population of York and North Yorkshire is about 810,000.

5.4 It is likely that the White Paper on devolution due to be published in the Autumn will propose to give Government the statutory powers to compel such changes if they cannot be achieved by agreement.

5.5 It has been proposed that North Yorkshire District Councils commission work looking at the options for unitary authorities under a mayor and combined authority.

6.0 Next Stages

6.1 If approval is obtained from all constituent authorities regarding the devolution proposal, it will be sent to Central Government for their consideration. Once they have had an opportunity to consider the proposals they will respond with their proposed devolution deal. At that stage each constituent council will be presented with the Government's offer and each authority will then be formally requested to consider whether it wishes to formally trigger a governance review to start the legal process of establishing a combined authority and a Mayor.

7.0 Equality/Diversity Issues

7.1 At this stage no formal decision is being made to accept a devolution deal, however a proposal is being submitted to Government to consider how additional funding can be delivered to the Region. The proposals do not remove the duties of the Council in regard to the Equalities Act and when a final offer is made to the Councils, the equalities implications of the Deal will be considered further.

8.0 Link to Council Priorities

8.1 The additional funding generated for the region by the creation of a Combined Authority with a mayor will have benefits for districts' economy.

9.0 Risk Assessment

9.1 Risks in approving the recommendations are as shown below

Risk	Implication	Gross Prob	Gross Imp	Gross Total	Preventative action	Net Prob	Net Imp	Net Total
Increase in Council Tax as the Mayoral CA will have tax raising powers.	Increased cost to residents	3	4	12	The Council will be represented in the governance arrangements.	3	4	12
Devolution will lead to a review of local government structures and the demise of the Council.	Could lead to the demise of the Council.	5	5	25	The Council has made it clear that it will not support devolution if this is the outcome.	4	5	20

9.1 The key risks in not approving the recommendations are as shown below:-

Risk	Implication	Gross Prob	Gross Imp	Gross Total	Preventative action	Net Prob	Net Imp	Net Total
Significant funding for the region is not forthcoming.	Economic regeneration activity in the district is impeded. Reputational damage.	5	5	25	No preventative actions available	5	5	25

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

10.0 Financial Implications

- 10.1 There are no direct financial implications for the Council in respect of submitting the devolution proposal. The financial implications attached in Appendix 2 describe how the region is asking Government for additional funding to be allocated directly to the region. At this stage the Government has not stated whether it would be willing to release all the funding and therefore a full financial assessment will be undertaken when the Government respond with an offer.
- 10.2 There will be costs associated with jointly commissioning work on options for unitary authorities which will be funded from the One-Off Fund and agreement of a sum is proposed to be delegated to the Chief Executive.

11.0 Legal Implications

- 11.1 In order to create a combined authority it is necessary to commence a governance review with the appropriate consultation. At this stage the constituent councils do not know the final devolution deal that will be offered to the region and therefore consideration of whether to trigger a governance review will be undertaken once the Government have responded to this proposal.

12.0 Recommendations

- 12.1 It is recommended that:-
- (1) Cabinet makes a decision on the submission to Government of the devolution proposal for North Yorkshire and the City of York; and
 - (2) approval is given to jointly commission with other North Yorkshire District Councils work on unitary authority options and agreement of the sum is delegated to the Chief Executive.

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Background papers: None

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