

Hambleton District Council

Report To: Cabinet

Date: 5 April 2022

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

Portfolio Holder: Councillor Mark Robson, Leader of the Council

Wards Affected: All Wards

1.0 Purpose and Background

1.1 The purpose of this report is for Cabinet to make a decision on the submission of a devolution proposal to Government for North Yorkshire and the City of York. Cabinet considered a similar report in July 2020 but decided to defer a decision on the submission of a devolution proposal to await further information and the expected publication of a devolution White Paper (Minute CA.69).

2.0 Background

2.1 Since Cabinet's consideration of the matter in July 2020 there have been significant changes in the circumstances related to devolution. The North Yorkshire (Structural Changes) Order 2022 was approved on 18 March 2022 which will create a single tier of local government in North Yorkshire. In relation to devolution the Order includes a provision enabling the new Council to make preparatory steps for a devolution deal.

2.2 On 2 February 2022 the Government published its policy paper Levelling Up the United Kingdom which includes details of a new devolution framework for England. This sets out pathways to a devolution deal for every area of England that wants one. One of the twelve "missions" set out by the Levelling Up White Paper is to ensure that "by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement". The White Paper sets the following rationale for devolution within England:

"Mayors have already shown how strong local leadership can enhance economic and other opportunities in urban areas, and we will ensure that the model is strengthened, extended and adopted more widely. With a direct mandate, fixed term, convening power, a clear incentive to demonstrate economic improvement and accountability for extending opportunity, mayors work for their communities. And meaningful devolution of power and responsibility for economic growth to an accountable local leader has been proven to help once declining areas to recover."

- 2.3 The White Paper makes a number of commitments to negotiate specific devolution deals; for York and North Yorkshire the deal would include agreeing a Mayoral Combined Authority (MCA).
- 2.4 The White Paper sets out a ‘devolution framework’, with three ‘levels’. Level 1 constitutes informal joint working between authorities; Level 2 is a single institution without an elected mayor; and Level 3 is a single institution with a directly-elected mayor. Level 3 bodies will be able to access the broadest range of powers. The framework states that:
- Powers available only in Level 3 deals include a consolidated transport budget; key route network of roads; brownfield funding; an investment fund; employment support programmes, Mayoral Development Corporations; Police and Crime Commissioner responsibilities; a public health duty; and the power to set a precept on council tax and a supplement on business rates.
 - Bus franchising, the Adult Education Budget, compulsory purchase powers, a role in resilience, and planning of the UK Shared Prosperity Fund will also be available in Level 3 deals.
- 2.5 The White Paper also says that the Government will encourage the integration of LEPs and their business boards into MCAs.
- 2.6 There is currently an LGR workstream tasked with Devolution, it is being led by Mike Greene (Scarborough Borough Council - Chief Executive) and Richard Flinton (North Yorkshire County Council - Chief Executive). The work has a number of interdependencies with other workstreams particularly Economic Development and Housing. These officers together with the Chief Executive of York City Council and the Chief Executive of the LEP will form the team to discuss the ‘asks’ with civil servants.

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. In the context of the developments described in Section 2 above the intention now is to restart negotiations.
- 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 has already stated its preference for a Mayoral Combined Authority.
- 3.3 A summary of the next stages in the negotiation process is described below. It is possible that there could be Mayoral elections in 2024.

1. The Local Authorities submit “the asks” to Government for consideration.

2. Ministers from the MHCLG and Treasury will then consider “the asks” and will respond with a formal offer to the Councils for a devolution deal.
3. 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 in detail on 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” for the deal that will be under negotiation are the same ones that were drawn up in collaboration with all local authorities and the York and North Yorkshire Local Enterprise Partnership in 2020. 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 1 and 2.

4.0 Governance

4.1 An elected Mayor for North Yorkshire and York would mean that the residents in 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.

4.2 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 Next Stages

5.1 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.

6.0 Equality/Diversity Issues

6.1 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.

7.0 Link to Council Priorities

7.1 The additional funding generated for York and North Yorkshire by the creation of a Combined Authority with a Mayor will have benefits for the economy.

8.0 Risk Assessment

8.1 Risk in approving the recommendation is 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

8.2 The key risk in not approving the recommendations is 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

9.0 Financial Implications

9.1 There are no direct financial implications for the Council in respect of submitting the devolution proposal. The financial implications attached in Appendix 1 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.

10.0 Legal Implications

10.1 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.

11.0 Recommendation

11.1 It is recommended that Cabinet approves and recommends to Council the submission to Government of the devolution proposal for North Yorkshire and the City of York.

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Background papers: None.
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