

Executive

22 October 2020

Report of the Interim Head of Paid Service
Portfolio of the Leader of the Council

Devolution for York and North Yorkshire and Unitarisation – Update

Summary

1. In July, Executive approved a set of “Asks” for a devolution deal, with the intention that these would be submitted to Government to allow the commencement of negotiation of a potential devolution deal for York and North Yorkshire. The Asks incorporated the devolution of significant powers to the region and around £2.4bn of investment to support inclusive economic growth and social and environmental wellbeing over a 30 year period.
2. Since Executive’s approval of the Asks, there have been some policy developments from Government which impact on both the possibilities for devolution and the future of local government in York and North Yorkshire.
3. At 5.15pm on Friday 9 October, the Secretary of State wrote to York and North Yorkshire Council Leaders to invite submissions of proposals to replace 2-tier (County and District) Local Authority structures with new unitary models. Initial submissions must be made by 9 November. Whilst York, as an existing unitary authority, does not need to change to meet this requirement, it is likely that proposals will be put forward from other authorities which include York in new structures. Given these exceptionally challenging timescales it is, therefore, necessary to update Executive as a matter of urgency.
4. From initial analysis of the options likely to be put forward, there are significant benefits of York remaining as a unitary on its existing footprint, in terms of:
 - a. the speed at which devolution may be achieved,

- b. the continuity of services at a time when it is critical for Covid recovery, and
 - c. the continued identity of the city.
5. An option to merge York with surrounding districts would:
- a. increase the cost of council tax by £117 (8%) per year (based on PricewaterhouseCoopers (PwC) calculations),
 - b. disrupt service delivery across York and districts, and
 - c. end the 800-year connection between the city and the council, impacting on the very identity of the city.

Recommendations

6. Executive is asked to recommend to Full Council:
- a. To note the letter from the Secretary of State and the issues as set out in this report.
 - b. To agree the submission to Government of a case for City of York Council remaining a unitary on its existing footprint.
 - c. To agree to delegate authority to the Interim Head of Paid Service to make a submission, in line with the decision above, within the Government's timescales.
 - d. To agree the submission of a Strategic Partnership Agreement with North Yorkshire, which proposes areas of potential joint working between City of York Council and a new North Yorkshire unitary council to support efficient local government in the region.
 - e. To agree the submission of Devolution "Asks" (as approved at July's Executive) alongside the unitary submission, subject to the permissibility within this process, in order to progress devolution discussions with Government as quickly as possible.

Background

7. As a region, Yorkshire has been discussing devolution for many years. In 2018, leaders across Yorkshire committed to developing a joined-up deal for One Yorkshire Devolution, a single deal across the whole of Yorkshire. York continues to be connected into both North and West Yorkshire through membership of York and North Yorkshire Local

Enterprise Partnership (YNY LEP) and continuing non-constituent membership of West Yorkshire Combined Authority

8. The UK government responded to the One Yorkshire proposal, making clear they would first prefer smaller devolved deals which focused on populations which shared similar economic challenges. Since then, devolution deals have been agreed for South Yorkshire and, in March this year, a deal was agreed for West Yorkshire. A York and North Yorkshire devolution deal is the only possible deal for York on the table at present. Throughout this period of time, all Yorkshire local authorities, through the creation of a Yorkshire Leaders Board, have continued to work together to promote shared interests and lobby for additional investment in the region.
9. Acknowledging this reality, York has worked together with all the other North Yorkshire local authorities to identify the “Asks” which would lead towards a devolution deal for York and North Yorkshire. Also involving key stakeholders in the region, the Asks were developed to make use of powers typically granted through devolution and to identify key areas of investment to achieve the following vision:

For York and North Yorkshire (YNY) to become England’s first carbon negative economy, where people with the skills and aspiration to reach their full potential, earn higher wages and live healthy lives in thriving communities.

10. A summary of the Asks is attached at Annex 1. Totalling £2.4bn of investment over 30 years, there are significant financial benefits for York in addition to devolved powers. Under these proposals, York could receive a proportion of £750 million in gainshare over 30 years, to support priorities over that period.
11. Additionally, funding related to York is requested for:
 - a. **Infrastructure and Place:** A £64m York Place Fund to lead regeneration and cultural activity projects across the city, including;
 - i. £14m to support the delivery of the York Station Frontage project
 - ii. £10m of funding to deliver York Riverside Walkway
 - iii. £28m to deliver Phase 1 of York Castle Museum’s Castle Capital Project
 - iv. £8m to support the delivery of Castle Gateway

- v. £3m to support the implementation of York's Cultural Strategy
 - vi. £1m of funding to transform secondary shopping areas
 - vii. Seek to work with Government to develop proposals to relocate a significant Civil Service or parliamentary presence to the York Central site.
 - b. **Innovation:** £175m to develop an innovation ecosystem connecting academia, industry and policy makers (known as Bio-Yorkshire), with a further £3m for bio-tech incubator hubs and £15m for a bio-tech innovation accelerator to bring visibility to Bio-Yorkshire as a global centre of excellence.
 - c. **Tourism:** Co-development of a tourism plan between York and North Yorkshire and Visit Britain with joint investment in future.
 - d. **Housing:** Unlocking and delivering a proportion of 20,000 homes, working with the MOD, and a share of a £96m Strategic Housing Investment Package including affordable homes on council sites (such as York Central).
 - e. **Skills and Adult Learning:** £10m low carbon skills programme to up-skill the existing workforce in low carbon industries together with a devolved Adult Education budget.
12. Whilst these represent the Asks drawn up by local authorities, it is necessary to submit them to Government to allow full engagement and detailed consideration. Only by doing so can authorities get a true understanding of what is actually on offer from the Government, allowing consultation locally and then a decision on whether a deal offered by Government is in the interests of York and North Yorkshire's communities to progress a deal.
13. For some time, it has been clear Government policy that in order to achieve the full benefits of powers and investment, areas that are seeking devolution must:
- a. become part of a joint body (a 'Combined Authority') with other places where decisions about devolved matters would be taken
 - b. have a regional elected mayor who would work with councils through the Combined Authority to use the powers and resources gained through any deal.
14. From discussion with Government and Civil Servants, it became clear towards the end of the summer that a further requirement was being added – that areas seeking devolution also include plans to remove 2-tier local government from the devolution areas. It was

understood that this was a prerequisite for devolution and something which would be included within the delayed White Paper on Devolution.

15. Throughout July and August, 7 of the 9 councils within York and North Yorkshire approved the Asks for submission to Government. Ryedale and Hambleton districts have not yet taken the proposals to their respective Councils for approval. It has, therefore, not yet been possible to submit the Asks to Government collectively by all authorities.
16. In late September, York and North Yorkshire council leaders received a letter from the YNY LEP Chair urging the submission of the devolution asks as quickly as possible. The key concern with delay was the likelihood of missing the opportunity and being at the back of the queue for future devolution, at a time when the investment is needed to support Covid recovery.
17. On 5.15pm on Friday 9 October, Government announced that, despite the delays to the White Paper, three areas would be invited to submit proposals for removing 2-tier local government, a process known as unitarisation. These areas were Cumbria, North Yorkshire (including York) and Somerset. Councils must submit initial proposals by 9 November, with any further detail submitted by 9 December.
18. The letter received by City of York Council is attached as Annex 2. The key criteria are as follows:
19. *“A proposal should seek to achieve for the area concerned the establishment of a single tier of local government, that is the establishment of one or more unitary authorities:*
 - a. *which are likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;*
 - b. *which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and*
 - c. *where the area of each unitary authority is a credible geography consisting of one or more existing local government areas with an aggregate population which is either within the range 300,000 to 600,000, or such other figure that, having regard to the*

circumstances of the authority, including local identity and geography, could be considered substantial.”

20. It is now clear from the Government that if we are to progress a devolution deal for York and North Yorkshire at this point, achieving much needed investment and devolved decision-making, it is necessary to submit proposals which support this simplification of Local Government in the region. Although the timing is far from ideal, given the challenges faced though Covid, the potential prize of devolution and investment necessitates full engagement in the process.

The Case for York

21. Given the very recent confirmation of the timescales for submission, as well as the criteria against which submissions will be assessed, work is ongoing to develop a full case for York.
22. However, from the work to date, there is a clear emerging picture of the implications for York based on any changes. From announcements from neighbouring councils, it is also clear that there are only two options on the table in terms of the removal of the 2-tier aspects of the sub-regional geography:
- a. The creation of a single unitary authority covering the existing footprint of North Yorkshire County Council, leaving York unchanged as a unitary on its existing footprint. This model is being proposed by North Yorkshire County Council.
 - b. The creation of two unitary authorities covering the York and North Yorkshire area, thereby including York in changed arrangements. Although City of York Council has not been consulted on these proposals, we understand the proposed model to be an East-West split, with York merged with Selby, Ryedale and Scarborough as an “East” authority and Hambleton, Craven, Harrogate and Richmondshire merged as a “West” authority.
23. In the spirit of devolution, it is for each area to determine how best to fulfil the criteria set by Government whilst supporting the interests of residents. However, it is clearly important that York considers any models proposed from elsewhere which change the nature of local government in York.

Key Considerations

24. York has a strong case for continuing as a unitary. It is the median-sized unitary authority, with the 7th lowest level of council tax of any unitary. It is distinct in geography from its surrounding area and has maintained financial stability since its formation in 1996. It supports a successful and sustainable city, recognised as one of the best places to live in the UK, with world renowned universities and an education system amongst the best in the country.

25. The following summaries and comparisons are based on assumptions of the likely proposals put forward by other authorities. Given that City of York has not been consulted on the districts' proposal, it is not possible to accurately understand the specific detail or impacts in full. The options being put forward are considered against the Government's criteria below.

<i>...likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures</i>	
Service Delivery	York as a unitary
	York has good performance across service areas, with notable areas of strengths. Service operating models are based on a predominantly compact urban and sub-urban geography. CYC was 12th out of 314 authorities in the speed of distributing business grants to those who needed it most during COVID-19. The revenues and benefits services have outstanding performance, the Digital City programme has delivered leading infrastructure and the schools system supports the highest skills levels of any northern city.
	East-West Split
	Services would have to be recreated across a new diverse geography. Services would have to reflect both a compact urban geography and a large rural geography simultaneously, which is unlikely to be efficient. Even with economies of scale, service delivery is unlikely to be improved for York residents. High-performing services, notably children and adult

	<p>services supporting the most vulnerable residents, from CYC & NYCC would be ended and would need to be recreated in 2 authorities.</p>
Value for money and savings	<p>York as a unitary</p>
	<p>York currently is a low spending authority with a spending power significantly lower than surrounding rural and coastal areas, and in the bottom quartile for all unitary authorities. The costs of providing services are, on average, £265 per dwelling per year less than surrounding areas.</p> <p>The largest savings and economies of scale across existing 2-tier areas could be made through a single North Yorkshire Unitary, working alongside City of York Council. In addition, further efficiencies could be achieved through the collaboration of these two authorities as outlined in the Strategic Partnership (see Additional Considerations, below).</p>
	<p>East-West Split</p>
	<p>The reduction of duplication in the existing 2-tier areas would create efficiencies, but this does not apply directly to York where these efficiencies have already been achieved when City of York Council was created. These efficiencies and economies of scale would be lower than with a North Yorkshire unitary model and so an East-West split is sub-optimal in terms of potential savings.</p>
Stronger leadership	<p>York as a unitary</p>
	<p>The continuity of leadership arrangements on the existing upper tier footprints would allow stability at local government level. This would provide the platform for the swift development of Combined Authority arrangements and an Elected Mayor (subject to a devolution deal) in support of the Government's model of strengthened regional leadership.</p> <p>Strong city partnership working during Covid response and recovery has been evident, building on previous responses to flooding. The strength of the partnership working is recognised by schools, universities, health commissioners and providers and public services.</p>
	<p>East-West Split</p>
	<p>The creation of 2 new authorities would provide</p>

	<p>untested leadership arrangements. The transition would take significantly longer and require the creation of two new authorities, with associated administration requirements. It would also delay the formation of a Combined Authority and election of a Mayor, delay access to the associated gain share, and would dilute local priorities as part of a wider geography including rural & coastal communities.</p> <p>The footprint would make York a small part of a large area, with the inevitable consequence of reducing the focus of leadership on the specific issues facing York.</p>
Sustainable Structures	York as a unitary
	<p>City of York Council has existed since 1996 on a sustainable footing. It has not seen the financial challenges seen by other (in many cases, much larger) authorities. York's economy is considered well-placed to bounce back from Covid and support the authority through sustained business rates growth.</p> <p>York has been successful in securing investment in major projects, including £77.1 million recently secured from Government to deliver essential infrastructure on the York Central site. The existing strong partnership arrangements are best placed to continue to progress these critical programmes.</p> <p>A single North Yorkshire Unitary (alongside City of York) would create financial efficiencies which would enhance its existing sustainability.</p>
	East-West Split
	<p>The challenges of Council Tax harmonisation (see below) risk financial instability initially. The longer term ability to attract investment into an unrecognised geography is unknown.</p>

<i>... command a good deal of local support as assessed in the round overall across the whole area of the proposal</i>	
Cost to taxpayers	York as a unitary
	<p>York has the 7th lowest council tax of any unitary authority, and significantly lower than any of the surrounding rural and coastal areas.</p>

	<p>East-West Split</p> <p>Council tax would have to be harmonised across the new area. Assuming this was done to ensure continuity of funding levels to the new authority, based on modelling from PwC, York residents would be paying an additional £117 each year for a Band D property compared to retaining the existing council structure. This increase of over 8% would effectively be subsidising the areas in Selby, Ryedale and Scarborough at the expense of York residents who currently enjoy the 7th lowest unitary council tax levels nationally.</p> <p>It is worth noting that this increase is 4 times the current threshold to trigger a local council tax referendum. It is highly unlikely that an increase of this magnitude would draw broad support from York's council taxpayers.</p> <p>The transition costs of creating an additional new unitary would be significant. Other unitary creation (such as Durham Council) has seen transition costs in excess of £20m – a cost which would be borne by the new authority.</p>
Disruption	<p>York as a unitary</p> <p>The continuity of York as a unitary, and district and county functions being combined on the existing upper tier footprint in North Yorkshire would minimise disruption.</p> <p>With many services delivered by NYCC across the North Yorkshire area, there is both precedent and proven mechanisms of delivering high-performing services, with the minimal disruption required to move service delivery of district functions to a new North Yorkshire Unitary council.</p> <p>East-West Split</p> <p>The creation of two entirely new authorities would cause significant disruption to service delivery across the region. For services currently delivered by Districts, such as Council Tax collection, these services would be merged across Selby, York, Ryedale and Scarborough,</p>

	<p>with changed delivery models impacting residents in all areas. The disruption for services delivered by the County Council would be more severe. These services, such as Children and Adult Social Services, would be split in half from the previous county arrangements, then merged with York's services, with new models required to serve a different and diverse geography. This is likely to have an impact on service performance over the first few years.</p> <p>The impact on staff would be such that half of NYCC and all of CYC and District staff would be merged then all put risk to compete for roles in the new authority.</p> <p>With no successor authority (i.e. an existing one which operates on the emerging footprint), the logistics of this process are made more complicated and the speed of transition likely to reduce.</p> <p>Partner organisations would also have to adapt to new arrangements, just at the point at which stability is needed to support Covid recovery. This has been recognised by the Humber, Coast and Vale Health and Care Partnership which has expressed concern to the Secretary of State that disruption would endanger the joint working of health and social care at a time when the system as a whole is under the most significant pressure.</p>
<p>Our Big Conversation</p>	<p>As part of the ongoing consultation, Our Big Conversation, York residents were asked for views on potential changes to their council. From preliminary analysis of online responses only, with a sample size of around 190:</p> <ul style="list-style-type: none"> • When asked whether they believed services in York would be improved by their council covering a larger geographic area, nearly two-thirds (65%) of respondents either strongly disagreed (42%) or disagreed (23%) that services would be improved.

	<ul style="list-style-type: none"> • There was also strong opposition to paying more council tax to support a council with a larger geographic area with nearly three quarters (74%) opposed to such a scenario.
Talk York Consultation	From the Talk York Consultation in 2019, which heard from over 5,000 people, a clear message was that one of York's key strengths is its size. The consultation identified that York has all the benefits of city living - access to culture, transport connections, educational and business opportunities and vibrant communities - whilst remaining very much on a human scale.
Stakeholder Discussions and Support	From discussions with key stakeholder groups to date, there has been broad support for York remaining as a unitary authority. Representation has already been made to the Minister of State from stakeholders in health, education and business sectors to this effect. Letters have been sent in support of York's unitary status from a broad range of organisations including the Chamber of Commerce, Humber Coast and Vale Health and Care Partnership, York City Knights, the York Schools and Academies Board, and the Company of Cordwainers of the City of York.

<i>... the area of each unitary authority is a credible geography consisting of one or more existing local government areas with an aggregate population which is either within the range 300,000 to 600,000, or such other figure that, having regard to the circumstances of the authority, including local identity and geography, could be considered substantial.</i>	
Scale	York as a unitary
	York is the median average size of existing unitary councils in England. It is an optimum size for the city it serves, to understand and work with its various communities and businesses and deliver effective and responsive services.
	East-West Split
	The creation of an "East" authority stretching 65 miles North to South and 45 miles East to West is an entirely different scale to that of the City of York. Inevitably, the method of service delivery would have to change in

	<p>many cases, and the focus of the council on the issues that are specific to York would be reduced.</p>
Geography	<p>Whilst compact, covering an area of approximately 105 square miles, York is the most densely populated (7.7 people per hectare) area in North Yorkshire, with the city home to around 210,000 residents. This marks York out in comparison to neighbouring local authorities areas which are either mainly rural (Hambleton, Ryedale and Selby), or significantly rural but with urban areas (Harrogate and Scarborough). York is characterised as “urban with city and town”, the same classification shared by Wakefield, Hull and Middlesbrough, amongst others.</p> <p>The economic geography of York relates to West Yorkshire, represented through York’s non-constituent membership of West Yorkshire Combined Authority. Travel to work patterns and economic links are clear between York and West Yorkshire conurbations, as well as surrounding towns. There are fewer clearly defined connections to the more rural and coastal areas of North Yorkshire’s eastern districts.</p> <p>In no sense would York/Selby/Ryedale/Scarborough be considered a logical or functional economic geography, nor does it have any historical basis.</p>
Identity	<p>York as a unitary</p>
	<p>York has been an independent and self-governing city since 1212. During that time, the Mayors, Lord Mayors and Council have been elected to take decisions with the interests of York’s residents at their heart.</p> <p>The identity of our historic city is important for the residents, businesses and communities of York. York is the identifiable unit of place beneath Yorkshire, and benefits from being nationally and internationally recognised.</p>
	<p>East-West Split</p>
	<p>In a revised model covering a wider area, a new council would no longer specifically represent York. Instead, York would be one place amongst many. The history of Right Honourable Lord Mayors, recognised as the</p>

	<p>second most senior Lord Mayors behind the Lord Mayor of London, would end, as the council they chaired would no longer specifically reflect York as a city. A chain of Mayors and Lord Mayors stretching to at least 1217, representing York and chairing its council, would be broken or changed significantly.</p> <p>A new corporate branding could be formed in the new area, but given the disparate geography proposed, it is unlikely that this new administrative area would support any sense of belonging for residents and businesses as the City of York currently does. The net impact, therefore, of any change to a wider geography would be a significant loss of identity for York's residents.</p>
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Conclusion

26. Based on the initial assessment above, there are significant benefits to York remaining as a unitary in its own right, alongside the development of a North Yorkshire unitary on the footprint of North Yorkshire County Council. There are also risks of detrimental impacts for York in relation to an East-West model, in terms of:
 - a. Cost to York Residents
 - b. Disruption to services and partnership working
 - c. Loss of recognised identity
27. For this reason, it is recommended that Executive refer to Full Council the agreement of the submission to Government of a case for City of York Council remaining a unitary on its existing footprint.
28. To allow the completion of this, it is also recommended that Executive refer to Full Council a proposal to delegate authority to the Interim Head of Paid Service to make the submission, in line with the decision above, within the Government's timescales

Additional Considerations

29. A specific advantage of York remaining as a unitary would be the timeline on which devolution was possible. Without the distraction and significant administrative burden of reorganisation, City of York Council could lead on the development of arrangements for the Combined Authority. This could cut a significant amount of time from the process to achieve devolution.

30. In the Government's letter, it is suggested that submissions include "*Any wider context for any proposed unitary authorities around promoting economic recovery and growth, including possible future devolution deals and Mayoral Combined Authorities*". Given the relevance of devolution to these proposals, and the request of the York & North Yorkshire LEP, it is recommended that Executive refer to Full Council the suggestion to include the devolution Asks with the submission, if confirmation is received that this is permissible within the process.
31. In order to achieve maximum efficiency within a new local government structure, it is recognised that authorities must work closely together to take any opportunities for joint or shared working where there is a benefit of doing so. Attached at Annex 4 is a York and North Yorkshire Strategic Partnership Agreement which outlines how City of York Council could build on the existing joint working with North Yorkshire County Council, working effectively with a new North Yorkshire Unitary authority to achieve maximum efficiencies. Existing collaboration includes a shared Health & Safety Service, shared use of some HR support & HR advisory support for schools, joint founding shareholders in Veritau (internal audit & fraud management), joint shareholders in Yorwaste (waste management company) and partners in the public private partnership of the Allerton Park Waste Recovery Plant. This would lead to the consideration of options to share resources or lead service delivery across aspects where each authority was best placed to do so for mutual benefit, respecting the sovereignty of places and communities.
32. Executive are asked to confirm agreement and refer to Full Council the suggestion to include this Strategic Partnership Agreement with the submission.

Consultation

33. Despite the very recent notification from Government as to the process for submission of proposals, City of York Council has been engaging widely with residents, businesses and other organisations.
34. Every household in the city received a copy of the September edition of *Our City*. This included background information to the process known at that time and questions which fed into Our Big Conversation.

The outcomes of Our Big Conversation to date are included in the tables above.

35. Two Facebook Live Q&Q sessions were held over the summer, with a panel made up of Executive Members and City Leaders. Specific topics related to the devolution process and the possibility of unitarisation.
36. Information has been made available on the Council's website and promoted through the "Back York" campaign as part of multiple press releases.
37. In addition to Our Big Conversation, the summary information included as Annex 3 has been sent to around 100 stakeholders and 10 briefing sessions have been held with businesses, the voluntary sector, Guilds, Cultural Leaders, Education providers and City Partners.
38. Further consultation is being planned to provide further insight into the views of residents to support the submission.

Council Plan

39. The issues covered in this paper relate to the future structure of local government in York. This materially impacts on the way in which the council plan outcomes could be achieved, but it is not possible to fully analysis the impacts until the full detail of models proposed is known.

Implications

- **Financial** – included in the body of the report
- **Human Resources** – none identified based on the recommendations. If a changed model of local government was implemented across York and North Yorkshire, there would be significant implications for all staff in the council, during a transition to a new authority.
- **One Planet Council / Equalities** – no direct impacts identified.
- **Legal** – included in the body of the report
- **Crime and Disorder** – no impacts identified.
- **Information Technology** – no impacts identified.

Risk Management

40. There are no specific identified risks at this point in respect of the recommendations. Depending on the decision by the Secretary of State

as to the model taken forward, there could be a range of risks for York which would be fully articulated to Executive once they could be quantified.

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Report Approved Date

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers

Consideration of a Devolution Deal for York and North Yorkshire, Executive,
23 July 2020

<https://democracy.york.gov.uk/ielssueDetails.aspx?Id=59883&PlanId=0&Opt=3#AI55646>

Annexes

Annex 1 – Devolution Asks

Annex 2 – Letter from the Secretary of State

Annex 3 – Summary of York’s position

Annex 4 – York and North Yorkshire Strategic Partnership Agreement

List of Abbreviations Used in this Report