
Executive

**21 September 2022
(postponed from 15
September 2022)**

Report of the Chief Operating Officer

Agree the Devolution Deal and Commence Consultation

1.0 Purpose of Report

1.1 This report provides details of the steps needed to be taken following the announcement of “minded to” Devolution Deal for York and North Yorkshire announced on 1 August 2022 and seek permission to approve the governance review, commence the consultation on the Scheme, create a joint committee, agree to cashflow up to £600k of implementation costs and delegate to the S151 Officers to develop the financial arrangements to deliver the Deal.

2.0 Executive Summary

2.1 To seek Executive’s recommendation that Council approves the governance review and commences the consultation process to approve the Devolution Deal and to carry out the relevant next steps to accept the Deal. The report also seeks approval for the creation of a joint committee between North Yorkshire County Council and the City of York to provide a formal mechanism for Members to work together prior to the potential creation of any formal body. In addition, the report seeks agreement for the constituent authorities to cashflow initial implementation costs of £600k ahead of the funding being able to be drawn down and seeks to approve delegation to the S151 Officers of the constituent authorities to develop proposals to manage the financial aspects of the Deal.

2.2 This report is scheduled for discussion at the Full Council meeting on 22nd September.

3.0 Background

- 3.1 On 1 August 2022 the Secretary of State for Levelling Up, Housing and Communities announced that the Government was minded to enter into a Devolution Deal with York and North Yorkshire under which the region would benefit from £540 million of new Government investment to spend on local priorities to produce growth, together with a range of devolved powers. This Devolution Deal is dependent upon the York and North Yorkshire Authorities establishing a Combined Authority for the area with an elected Mayor.
- 3.2 The “minded to” deal states it is “Subject to ratification of the deal by all partners and the statutory requirements including, public consultation, the consents of councils affected, and parliamentary approval of the secondary legislation implementing the provisions of this deal”.
- 3.3 The next steps in developing the proposal in establishing a Mayoral Combined Authority will include the consideration of a governance review and the publication of a Scheme if it is concluded that the exercise of statutory functions are likely to be improved by the creation of a Mayoral Combined Authority.
- 3.4 The Scheme will be subject to an eight week public consultation across York and North Yorkshire which will commence in October 2022.

4.0 Issues

- 4.1 York and North Yorkshire have an ambitious vision for enhancing social and economic prosperity and increasing the wellbeing of our communities. Building upon the existing position, the Authorities wish to increase the region’s contribution to the north and national economies and improve the region’s productivity through enhanced business growth, innovation delivery, skills and infrastructure. The Authorities will work together to ensure that all residents have the opportunity to benefit from and contribute to future growth.
- 4.2 The minded to Devolution Deal represents a significant step forward in improving the environment and delivering more and better jobs to the area. It further delivers new responsibilities and investment that will benefit our communities across York and North Yorkshire and the northern region as a whole. The Deal means that decisions previously taken centrally would now be taken closer to the people affected and the

region is not disadvantaged as other regions acquire their own Devolution Deals.

- 4.3 The Deal can be found on the Government's website, here: <https://www.gov.uk/government/publications/york-and-north-yorkshire-devolution-deal/york-and-north-yorkshire-devolution-deal#summary-of-the-devolution-deal-between-the-government-and-the-local-authorities-of-york-and-north-yorkshire-comprising-city-of-york-council-and-north-yorkshire-council> and is attached at Appendix 7.
- 4.4 The Deal proposes the following benefits for the region:
- £18 million per year in Gainshare funding over 30 years to invest in local priorities;
 - Subject to a full business case, investment of up to £50 million to support and deliver the York Central brownfield regeneration scheme which would generate additional GVA and associated benefits for the whole York and North Yorkshire region;
 - £7 million investment to enable York and North Yorkshire to drive green economic growth towards the ambition to become a carbon negative region;
 - Investment of up to £2.65 million of projects to deliver affordable, low carbon homes;
 - £13 million for the building of new homes on brownfield land across 2023/24 and 2024/25;
 - A commitment to establish a working group to support the development of BioYorkshire;
 - New powers from Government to drive regeneration and build more affordable homes;
 - New transport powers to improve and integrate the regional transport network.
- 4.5 However the Deal requires the York and North Yorkshire Authorities to establish a new Mayoral Combined Authority. This would envisage that the first elections for the Mayor of York and North Yorkshire would be in May 2024. To establish the new Mayoral Combined Authority, the Secretary of State will need to make a Statutory Order under the Local Democracy, Economic Development and Construction Act 2009. This Order will create a new Combined Authority consisting of North Yorkshire Council and the City of York Council and would be Chaired by a Directly elected Mayor who would be given powers directly from government.

- 4.6 The first stage in commencing the statutory process is for the North Yorkshire and York Authorities to undertake a Governance Review.
- 4.7 A Governance Review has been undertaken by officers and approval is sought to agree the review and its conclusions. A report setting out the findings of that Governance Review is attached at Appendix 1 and is considered in more detail below.
- 4.8 The Authorities must then decide whether the criteria in the 2009 Act have been met. The criteria is as follows:
- Whether the proposed creation of a Mayoral Combined Authority for York and North Yorkshire would be likely to improve the exercise of statutory functions in that area (Section 109 of the 2009 Act).
- 4.9 The review in Appendix 1 concludes the creation of a Mayoral Combined Authority does meet the statutory test. If the Councils are satisfied that the criteria has been met, the next stage of the process is for the Authorities to draft and publish a Scheme setting out how it is intended to implement these proposals. A draft scheme is attached at Appendix 2. The Authorities must then carry out public consultation on the proposals. At the end of that consultation period, the Authorities must submit the review, the scheme (as revised if appropriate) and a summary of the responses received to the Secretary of State (currently Rt Hon Greg Clark). He will then decide whether he is satisfied that the statutory criteria is met to allow him to make the necessary orders and whether the Authorities have provided their consent to the making of the Order. It is anticipated that at the time of the decision the relevant authorities will be North Yorkshire Council and the City of York Council.
- 4.10 Attached at Appendix 5 is a briefing which describes in more detail the process of accepting the Deal and answers a number of frequently asked questions.

5.0 Governance Review Executive Summary

- 5.1 The purpose of the Governance Review has been to review the exercise of statutory functions in York and North Yorkshire with a view to deciding whether to publish a Scheme which sets out how these changes will be made and then to undertake public consultation.
- 5.2 The Governance Review has found that the available economic evidence, drawn from national and regional sources, provides a rationale to work across the York and North Yorkshire area, recognising

that it operates as a strong and coherent functional geography. It boasts a strong and diverse population with significant growth potential, underpinned by significant economic assets and infrastructure of national strategic importance. The York and North Yorkshire functional economic market area is characterised by an innovation and knowledge economy driven by the three universities, supporting strong financial, rail-tech and digital sectors, and a broad bioeconomy linked to food and materials production. Tourism, food and drink, and hospitality is strong across the whole sub-region, based on its natural and built assets.

- 5.3 Despite its significant assets and opportunities, the area is yet to reach its economic potential and the review identifies opportunities for improving lives for people in the region through stronger governance arrangements and the proposed Devolution Deal. The review also identifies the challenges facing the region which currently inhibit growth and how these can be addressed through increased investments in the area.
- 5.5 The minded to Devolution Deal represents a significant step forward in delivering more and better jobs to the area it delivers significant new responsibilities and investment that will benefit communities. It means that decisions previously taken centrally can in the future be potentially taken closer to the people affected. The proposed Mayoral Combined Authority will promote local democracy through direct democratic accountability. The introduction of a directly elected Mayor will enable a greater focus for change that will seek to enhance economic growth.
- 5.6 The Governance Review notes that the Devolution Deal is dependent on the establishment of a Mayoral Combined Authority and concludes that this is the appropriate mechanism by which the powers and funding proposed can be devolved to York and North Yorkshire.
- 5.7 Furthermore, the Governance Review concludes that the current governance arrangements do not represent the best model for the ambitions of the Authorities in terms of delivering their long term ambitions for economic growth. In summary the Review concludes that the statutory criteria are met in creating a Mayoral Combined Authority for York and North Yorkshire as it will improve the exercise of statutory functions in the area.
- 5.8 It is therefore recommended that North Yorkshire County Council and the City of York Council progress these proposals by publishing the requisite Scheme and undertaking public consultation.

6.0 The Scheme

- 6.1 As it has been concluded that the statutory criteria have been met, the next stage is to publish a Scheme in respect of the proposals. A draft of the Scheme is attached at Appendix 2. The Scheme explains the following:
- (a) How the new Mayoral Combined Authority for York and North Yorkshire will be created with the newly created North Yorkshire Council and York as the two local authority Members. The newly created Combined Authority will have the Mayor as the Chair.
 - (b) How the Mayoral Combined Authority will make decisions and the powers it will have.
 - (c) How transport will be dealt with on an integrated basis.
- 6.2 As set out in the Scheme the York and North Yorkshire Combined Authority will be a Mayoral Combined Authority and it is expected that the first elections for the Mayor will take place in May 2024. This election will replace the scheduled Police, Fire and Crime Commissioner Elections and the Combined Authority Mayor will take over the Commissioner's responsibilities as well.
- 6.3 It is expected that the Combined Authority will be established as a legal body by the end of 2023.
- 6.4 As a Mayoral Combined Authority, the Mayor will make certain decisions on certain functions. The Combined Authority's Executive will make decisions on all other matters.

7.0 Consultation

- 7.1 If the Executive agrees, the details and timeline of a mayoral-led combined authority for York and North Yorkshire will go forward for public views. The consultation will begin in mid-October and close in mid-December, covering a period of 8 weeks. It is important that the consultation reaches a broad and representative range of responses from across the region and includes the views of people from different backgrounds, groups and organisations, including businesses here. This exercise will therefore be supported by a detailed engagement programme and with input from the Consultation Institute. A consultation partner is also being procured to support the data gathering and analysis (see below).

- 7.2 While this will be a digital-first approach with the primary consultation channel an online survey asking people their views on the draft scheme following a governance review, significant additional engagement will include face-to-face where that is the most effective approach. The survey will be developed in-house, coordinated centrally and hosted on a Devolution branded online survey platform, linked to the City of York and North Yorkshire County Council websites. Questions and Answers from the consultation platform will be captured, with social media polls initiated on the Devolution branded social platforms and those of the two councils. Any written responses and letters will also be captured.
- 7.3 It is essential that everyone is able to participate via their preferred route, so additional non-digital routes such as hard copies of information will also publicly available and well publicised. All information will be available in accessible formats on request.
- 7.4 In addition to this, there will also be a targeted mailshot of postal surveys identified.
- 7.5 The communications for the consultation will include significant proactive communications throughout the consultation period to ensure as many people as possible are reached including under-represented areas. Frequently asked questions will be kept up to date and every effort will be made to answer queries as the consultation progresses.
- 7.6 The consultation partner will then evaluate the responses and ensure we have a representative sample of replies from across the region. At the end of the consultation period, based on this information, the North Yorkshire and York Councils will prepare a summary of the responses received. A further report will be brought to the Executive to provide the outcome of the consultation and will consider whether to submit the scheme as drafted or amended or at all to the Secretary of State.

8.0 Programme Arrangements

- 8.1 The activities required to progress the devolution process, subject to approval from Councils, are broad and significant in scale. It requires a response to each area of the deal, each funding stream identified and each function, whilst creating a new organisation, the MCA, over the next two years. Working across multiple organisations, there is a clear need for a programme structure which provides the necessary governance, transparency and accountability during the transitional period towards a Combined Authority.

- 8.2 Officers are currently liaising with Government to understand the required format for businesses cases, for assurance processes and the terms under which grant funding will be released. This will help to shape the required approach, including the level of resourcing required and the mechanisms by which individuals will be engaged. Proposals will be submitted to the Chief Executive of NYCC and the COO of CYC for agreement.
- 8.3 It is anticipated that a small central team of officers, drawn from councils and the LEP, will form the programme office, supported by officers located within each organisation. The funding for these arrangements will come from the capacity funding agreed as part of the deal, potentially alongside the early gainshare. As detailed in the finance section of this paper, these funds will not be available until November 2023 and so any early expenditure will need to be cash flowed by the two constituent authorities and reimbursed. Proposals will be submitted to the Chief Executive of NYCC and the COO of CYC for agreement, operating within the agreed resources available within the deal, and where relevant such arrangements will be reported to the Joint Committee.
- 8.4 The need for an agreed programme structure is acute for the early funding which will be received prior to the formation of any potential Combined Authority. £2.65m of funding for piloting approaches to affordable low carbon homes is included in the deal, for the current financial year (2022/23). The Government has determined that the money will be split in the following way:
- £2m York Shared Ownership.
 - £0.250m Scarborough enabling works.
 - £0.4m Craven Empty Homes Pilot.
- 8.5 This funding is subject to business case approval by Government, as well as a mechanism for reporting back on progress. As such, it is necessary to implement an interim assurance process which satisfies Government requirements prior to the funding being drawn down. Business cases will be submitted by each local authority, once approved by the S.151 officer, directly to the Department of Levelling Up, Housing and Communities for approval. Once approval has been given, it is understood that the funding will be directly granted to the relevant local authorities.

8.6 Subsequent funding streams, which would be received after the Order establishing the Combined Authority has passed into law, would be subject to a full assurance process, with full business case approval being undertaken locally, by the joint committee (see below) or the Combined Authority once established. The detailed arrangements for this will be considered and approved by the Joint Committee.

9.0 Proposal to create a Joint Devolution Committee

9.1 The Councils in North Yorkshire and York have been working together with Government to obtain a Devolution Deal that can be consulted upon. The recommendation on whether to actually create a Mayoral Combined Authority or not will be considered after the consultation with the public has taken place.

9.2 However in the meantime, to ensure proper governance and transparency, it is recommended that a Joint Committee is created at this stage between North Yorkshire County Council and the City of York to have joint political oversight of the arrangements in working together. This will assist in making accountability clearer and decision making more transparent.

9.3 It is proposed that the Joint Committee have limited powers initially and that the sovereignty of the constituent Councils remains unchanged. However the Committee will provide an open forum for Members from, ultimately, North Yorkshire Council and the City of York to work together in reviewing the actions identified in this report and in considering what is strategically appropriate for the region.

9.4 It is proposed that the Membership of the Committee mirrors the proposed scheme as far as possible at this stage, which means:

- 2 Executive Members for each constituent Council
- Co-opted membership offered to the Police, Fire and Crime Commissioner and the Chair of the LEP

9.5 As this committee would not be chaired by a Mayor (as opposed to a MCA), it is proposed that the Chair is appointed by the Committee itself.

9.6 It is proposed that the Joint Committee is established under Section 101(5) of the Local Government Act 1972 by the Executives of the constituent Councils.

9.7 It is proposed that the terms of reference of the joint Committee include:

- Reviewing collectively the provisions of implementing the Deal if accepted across the region
- Collaborating on projects and plans that benefit the region (subject to each individual authority's approval)

9.8 Attached at Appendix 6, it is further recommended that the final terms of reference are delegated to the Monitoring Officer in consultation with the Leader to approve so arrangements can be mutually agreed by both Councils.

9.9 The Councillors for North Yorkshire Council have been appointed following the elections in May 2022

10.0 Financial Implications

10.1 The following section sets out the funding that would come to the Mayoral Combined Authority as part of the 'Deal' and the anticipated initial implementation costs. This funding is able to fund the MCA set up costs, governance costs and costs associated with delivering the commitments within the deal. It should be noted that the majority of this funding will not be received until November 2023, when the order passes through Parliament and there will be a requirement to cash flow the activity which is required to take place in advance of this date. The recommendations to the Executive include delegation to the S.151 officers of the constituent authorities to work up these costs prior to receipt of the funding and to agree how the risk will be shared. Approval is also sought to cashflow initial implementation costs of up to £600k and for Executive to receive a further report once full implementation costs are known.

10.2 The Table below sets out the key new funding available through the deal and which elements will be received when the Order passes through Parliament and which when the Mayor is elected. In total £52.3m new funding will be received in the CSR period (up to March 2025). This includes:

	2022/23	Passing of the Order (Nov 23)	Election of the Mayor (May 24)
Mayoral Investment Fund		£9m	£18m
Mayoral Capacity Funding		£0.5m	£1m

Transport Capacity Funding		£0.5m	£0.5m
Brownfield Funding		£13.178m	
Net Zero Funding		£7m	
Net zero affordable housing	£2.65m		
Totals	£2.65m	£30.178m	£19.5m

- 10.3 On satisfaction of the conditions within the deal additional funds will also be invested through the MCA route which are currently routed through the two councils. This includes the Consolidated Transport Budget and Adult Education Budget. The current annual value of North Yorkshire's Local Transport Plan is £40m and City of York's £4.4m. It is envisaged that the LTP for North Yorkshire and York will be received directly from government to the MCA as the Strategic Transport Authority rather than directly to the constituent authorities. It is then envisaged that the combined LTP will be distributed to the Constituent Authorities who will retain the delivery responsibility as the statutory Highways Authorities.
- 10.4 As per the scheme, provision should also be made for the Constituent Councils to meet the costs of the Combined Authority and how the costs are to be apportioned between the Constituent Councils. The Mayoral Combined Authority will be funded entirely from the capacity funding set out above plus the Mayoral Investment Fund. It is also expected that future projects and funding pots will include with them an element of capacity funding to support the running of individual schemes.
- 10.5 The Table in Paragraph 10.2 highlights the content within the deal which have funding attached to them at this point. There are wider commitments from government as part of the deal where there is no funding attached or potential funding is not defined at this stage. These include the Digital and Natural Capital. There are potential resource requirements attached to all of the commitments.
- 10.5.1 The Devolution project team are currently holding a series of meetings with the leads of the various work streams to establish the resources that will be required to meet both statutory responsibilities (such as the creation of the Strategic Transport Plan) or the requirements to take full advantage of future funding or the timing of the Deal. The development of this is subject to cash flowing arrangements in advance of the deal being approved and then subsequent funding allocations to the MCA from government.

10.6 Capacity funding available for the implementation includes:

Mayoral Capacity Fund	£1.5m (1.5 years)
Transport Capacity Fund	£1.0m
Brownfield Land Funding	£378k
Total	£2.878m
Mayoral Investment Fund (can also be used to support implementation costs)	£9.0m
Total available to fund implementation costs	£11.878m

10.6.1 Funding of £2.878m is available to fund implementation costs. Additionally the Mayoral Investment Funding can also be used. As detailed in 10.2, £9m Mayoral Investment Funding will be received in November 2023. This makes available funding to support implementation of £11.878m.

10.7 Whilst the funding is set and known, the funding will not be available to draw down until (and if) the Order is approved in November 2023. The work that this capacity fund is intended to cover must start now in order that:

- York and North Yorkshire are prepared and able to invest in Brownfield, Net Zero and Low Carbon Affordable Housing investment which must be defrayed by March 2025 – total £22.45m.
- The MCA is formally created and operational for when the Mayor takes office in May 2024
- Fully compliant governance procedures are followed, both for the consultation phase of approving the deal and also ensuring shadow arrangements are delivered in an open and transparent manner
- Correct legal procedures are followed with regard to TUPE or employees in scope and procurement of MCA support services

10.7.1 Therefore the Constituent Authorities will need to cash flow the funding until November 2023 when the capacity funds become available, subject to an agreement to create a MCA.

10.8 Implementation and set up costs will need to be incurred to cover areas including consultation, additional legal costs and the shadow

governance arrangements and delivery costs in progressing the delivery commitments within the deal. As the detail of these costs is still being worked up, it is proposed that an initial amount of £600k is approved as part of this report to cover the costs of the initial consultation exercise and other early implementation costs and a further report brought back to Executive for approval for the full implementation costs once these are known. These costs, by necessity to meet the timescales, will be incurred before the capacity funding and Mayoral Investment Funding can be drawn down in November 2023. It is proposed that these costs are recovered in full through a first call on the capacity funding / Mayoral Investment Funding once available.

- 10.9 Only the implementation and set up costs will be cash flowed by both Councils in the interim period. The low carbon affordable housing funding will not be spent until a final business case has been approved and any grant conditions are confirmed. This will minimise the risk to both Councils.
- 10.10 There is a risk that if the Deal is ultimately not signed, any costs incurred will be non-recoverable and provision would need to be made for write off in the host authority's financial statements and so it is proposed that this risk is shared between the 2 constituent authorities. Delegation is requested to the S151 Officers of North Yorkshire Council and City of York Council to work up the details of and implement the financial arrangements including agreeing appropriate set up costs, risk share and the funding source.
- 10.11 The Government has determined that of the £2.65m low carbon affordable housing funding included in the deal, £2m will come to City of York Council in support of a programme of shared ownership properties. This is subject to approval of a detailed business case, which is currently being prepared. It is recommended that this funding is added to the Capital Programme, subject to the agreement of the S151 Officer upon business case approval and confirmation of grant conditions.

Risks

- 10.12 The risk to the Authorities funding the activity ahead of the November 2023 date is limited to the risk of a final Deal not being agreed. As detailed in 8.6 above, implementation costs can be drawn from the funding to be received of £11.878m. Therefore the primary risk is the costs expended should the deal not receive formal approval. The risk is expected to diminish as council approvals are achieved by March 2023

but the risk is only eliminated upon the deal finally being approved by government that releases the funding set out in this report.

10.13 The financial model and operating budget of the MCA will be established through a working group of the constituent Authorities and approved as part of the requested Section 151 officer delegation (in consultation with the relevant Executive Members). Consideration will also be given to establishing a Medium Term Financial Plan but this will be subject to further consideration and approvals as the deal progresses.

11.0 Legal Implications

11.1 The legal implications are identified in the report. However for the sake of clarity Section 108 of the 2009 Act provides that two authorities may undertake a review of the exercise of statutory functions in relation to an area. Appendix 1 contains the governance review undertaken for the review area of North Yorkshire and York under Section 108.

11.2 Section 109 of the 2009 Act provides that if a review concludes that the establishment of a combined authority for an area would likely improve the exercise of statutory functions in relation to the area, the authorities may prepare and publish a scheme for the establishment of a combined authority for the area. For “the review area” of North Yorkshire and York, Appendix 1 has concluded that a combined authority would likely improve the exercise of statutory functions in North Yorkshire and York, Appendix 2 provides a draft Scheme for the establishment of a Mayoral Combined Authority.

11.3 Section 103 of the 2009 Act provides that the Scheme area must consist of two or more local government areas in England and the geography of North Yorkshire and York complies with that condition. It is noted that the constituent authorities of a proposed combined authority under the Scheme would be North Yorkshire Council and the City of York Council as the effective date would be after Local Government Reorganisation within North Yorkshire.

11.4 Regulation 7(3)(a) and (b) of the North Yorkshire (Structural Changes) Order 2022 provides that the Executive of North Yorkshire County Council can exercise the functions under Section 108 (review by authorities: new combined authority) and Section 109 (preparation and publication of Scheme: new combined authority) on behalf of North Yorkshire Council.

- 11.5 Section 110 of the 2009 Act provides that the Secretary of State may make an order establishing a combined authority only if:
- (a) He considers that to do so is likely to improve the exercise of statutory functions in the area or areas to which the order relates.
 - (b) The constituent council's consent (which at the time of making the order will be North Yorkshire Council and the City of York).
 - (c) Consultation has been carried out, either by the Secretary of State or the constituent councils.
- 11.6 This section also provides that the Secretary of State in making the order must have regard to the need:
- (a) To reflect the identities and interests of local communities.
 - (b) To secure effective and convenient local government.
- 11.7 It is the intention in this report to seek approval for the constituent councils to carry out a public consultation in connection with the proposals contained in the Scheme and if it is subsequently determined to proceed with the Scheme, a summary of the consultation responses will be submitted to the Secretary of State. It will then be a matter for the Secretary of State to consider whether further consultation was necessary.
- 11.8 Section 107A to 107K of the 2009 Act provides that the Secretary of State may make an order to provide that there will be a directly elected Mayor for the area of the combined authority where the constituent councils submit a request for the creation of a Mayor under the Scheme. Further it provides that the Mayor will be a member of and chair the combined authority.
- 11.9 These provisions and Schedule 5C also provide that the Secretary of State must by order make provision authorising any future Mayor to appoint a Deputy Mayor in respect of policing, fire and crime.
- 11.10 This report seeks approval to agree the governance review under Section 108, approve the draft Scheme under Section 109 and to carry out a public consultation under Section 110. A future report will be taken to the Executive to consider the results of the consultation and whether to proceed with and on what basis a submission to the Secretary of State.
- 11.11 A copy of the draft timetable for the various stages is attached at Appendix 5.

11.12 It is also worth noting that Government are currently considering the Levelling Up and Regeneration Bill which, if enacted, would make some changes to the creation of combined authorities which will be kept under review as the Bill passes through the House of Commons and the House of Lords. The Bill looks at making it easier for areas to invoke the relevant governance arrangements necessary for devolution deals. At the time of drafting the report, the bill suggests a new statutory test to create a combined authority, which is that “the Secretary of State considers that to do so is likely to improve the economic, social and environmental well-being of some or all of the people who live or work in the area”. The current legislation and any new changes will therefore be kept under review and the relevant legislation considered if and when a final submission is made to the Secretary of State next year.

12.0 Consultation Undertaken and Responses

12.1 Consultation to be conducted as identified in the report.

13.0 Equalities Implications

13.1 An Equality Impact Assessment is attached at Appendix 3 which must be considered before a decision can be made. It is not expected that the proposals described in this report will have any adverse impact on people with protected characteristics. The aim of promoting growth within the area is expected to have a positive impact on inclusivity for constituent authorities.

14.0 Environmental Impacts/Benefits

14.1 The recommendations within this report do not, in themselves, create direct environmental impacts and it is not appropriate to carry out a full environmental impact assessment. However, the creation of a Combined Authority with significant investment and powers has the potential to create significant environmental benefits, through the pursuit of a carbon negative region and investment agreed by the Government.

14.2 The Deal contains investment of up to £2.65 million on projects that support York and North Yorkshire’s priority to deliver affordable, low carbon homes across the area, subject to final business cases. This investment would support shared ownership and energy efficiency measures, providing environmental benefits alongside positive quality of life and financial impacts.

- 14.3 The Deal also includes £7 million investment to enable York and North Yorkshire to drive green economic growth towards their ambitions to be a carbon negative region. This investment is subject to agreement of submitted business case. This investment will support projects related to low carbon energy, being denied through current work on Local Area Energy Plans.
- 14.4 Should the deal be progressed, the Government has committed to explore the potential benefits of and design options for a place-based approach to delivering retrofit measures. This would explore how Government could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change.
- 14.5 The Combined Authority would also work with Government to develop a Natural Capital Investment plan for York and North Yorkshire. Government will support York and North Yorkshire in the development of a Natural Capital Investment Plan. This support may include: a proportion of revenue funding; specialist expertise; co-ordination of peer support and networking; and/or local partnership working with DEFRA's Arm's Length Bodies (Environment Agency, Natural England, and Forestry Commission).

15.0 Reasons for Recommendations

- 15.1 On the basis of the report and the beneficial Devolution Deal it is recommended that Executive approve the minded to Devolution Deal, approve the Governance Review and approve and publish the Scheme for consultation.

16.0 Recommendations

- 16.1 Executive is asked to recommend that Full Council approve:
- a. The minded to Devolution Deal;
 - b. The Governance Review as identified in Appendix 1; and
 - c. Publication of the Scheme at Appendix 2 for consultation and to delegate to the Monitoring Officer any changes and actions needed to ensure that a full consultation exercise is conducted for the area.
 - d. Delegation to the S151 Officer, in consultation with the Executive Members for Finance and Major Projects, to approve with the City of York to work up the details of, and implement, the financial arrangements including a risk share mechanism and funding source

- e. To cashflow, with NYCC, initial implementation costs of £600k (ahead of the funding being available to be drawn down) and agree to receive a further report once the full implementation costs are known.
- f. The creation of a Joint Devolution Committee with North Yorkshire County Council and delegating to the Monitoring Officer, in consultation with the Leader, the final terms of reference as agreed with North Yorkshire County Council.
- g. The addition of £2m to the Capital Programme for affordable low carbon homes with any expenditure subject to the agreement of the S151 Officer upon business case approval and confirmation of grant conditions.

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Executive Report – 23/07/2020 -

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

Appendices:

1. Governance Review Report.
2. Draft Scheme.
3. Equality Impact Assessment.
4. Devolution Timetable
5. Devolution Member Briefing
6. Draft Terms of Reference for the Joint Devolution Committee
7. The proposed Devolution Deal

Abbreviations

CA – Combined Authority

GVA – Gross Value Added

IMD – Index of Multiple Deprivation

LEP – Local Enterprise Partnership

LTP – Local Transport Plan

MCA – Mayoral Combined Authority

TUPE - Transfer of Undertakings (Protection of Employment)

YNY – York and North Yorkshire