

Transport Governance review for York

Executive Summary

1. The transport governance review set out in this report is the next stage of the city's work to create the best possible environment for its workforce, residents and business base, and builds on the city's involvement in the development of the Leeds City Region Local Enterprise Partnership (LEP). It is a critical step in the city's involvement in the City Deal for the City Region, as set out in the previous report.
2. Through the City Deal, the city of York faces an unprecedented opportunity to take greater control over a critical component of its own economic development destiny – with the transport funding and powers on offer through the City Deal. A report on the West Yorkshire plus York Transport Fund is included as a previous item on this Cabinet agenda; the governance review set out here identifies the need for the city of York to adopt governance arrangements to secure decision-making powers in the creation and investment of this Fund.
3. The overall aim of this governance review is to respond to the need for York to ensure its governance for transport is fit for purpose in light of the creation of a West Yorkshire plus York Transport Fund and the proposal for Government to devolve major scheme funding to a sub-set of Leeds City Region authorities.
4. Although some of the options entailed in the review entail a loss of some direct control over specific powers and decisions locally, the giving up of these powers will fundamentally enable the city to access a greater level of devolved responsibilities and greater ability for the city to have a say in its future strategic transport destiny.

5. What this means in practical terms is that the city will gain greater opportunity to access funding for major strategic projects like infrastructure for access to York Central, influence over rail franchising arrangements and other critical infrastructure projects that will unlock economic growth in the city.
6. Based on the opportunities presented by the City Deal and the economic case for greater connectivity with the West Yorkshire economy, the governance options are explored in this report:
- **OPTION 1:** Status Quo
 - **OPTION 2:** Creation of an Economic Prosperity Board
 - **OPTION 3:** Establishment of a Combined Authority
7. Below is a summary table setting out the analysis and cost/benefit of each according to currently available information:

Option	Benefits	Costs	Analysis
OPTION 1: Status Quo	<ul style="list-style-type: none"> • Minimal loss of control over individual powers maintained by the authority 	<ul style="list-style-type: none"> • Opportunity cost of influence over transport strategic decision-making • Continued need for providing full transport team resource • Potential loss of control over £1bn WYYTF 	Unsustainable option
OPTION 2: Creation of an Economic Prosperity Board	<ul style="list-style-type: none"> • Some degree of greater collaboration achieved 	<ul style="list-style-type: none"> • Opportunity cost of influence over transport strategic decision-making • Potential loss of control over £1bn WYYTF 	Although a change, not sufficient in terms of benefit to justify the change
OPTION 3: Establishment of a Combined Authority	<ul style="list-style-type: none"> • Greatest opportunity to have a say in control over £1bn WYYTF • Enables the greatest level of joint collaboration between York and West Yorkshire authorities in strategic transport 	<ul style="list-style-type: none"> • Loss of some local strategic decision-making power • Power to set a transport precept in York is given to the Combined Authority 	PREFERRED OPTION: This option allows the authority the greatest opportunity to take advantage of City Deal powers

	planning and bidding for local transport funding <ul style="list-style-type: none"> • Greatest ability to leverage York's co-investment in the WYYTF 		
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- Based on the options appraisal, the preferred option identified is **Option 3**, with the understanding that a special arrangement may be required for how York is involved in the CA given the need to overcome critical primary legislation restrictions which prohibit the creation of a Combined Authority between non-contiguous local authority areas and as to how the transport functions/powers (see paragraph 69) that will be transferred to the CA are managed and applied locally to York.

The aim of the governance review

- The previous report on emerging opportunities for York from the Leeds City Region City Deal identified the rationale for supporting greater connectivity and market integration between York and Leeds City Region economies as part of a natural functioning economic market area (FEMA).
- However, delivery of the City Deal is through a sub regional 'coalition of the willing' model, based on the principles of self-help such as active resource pooling and investment in those assets and infrastructure which will do the most to correct market failures. For example, road congestion and rail over-crowding leading to poor connectivity and access to jobs within and between local authorities and to markets, has been holding back our economic prosperity.
- This is being addressed via the proposed commitment to establish a £1bn Transport Fund between WY and York, outlined in the previous report, which includes as part of the City Deal a devolved 10 year allocation of £182m from DfT's major transport scheme budget. It is anticipated that prioritising £1bn of investment against a Single Appraisal Framework and in line with the LCR Plan will create uplift in GVA of 2% (£1bn p.a.) and increasing permanent jobs by some 20,000 in the medium term.

Requirement for a Statutory Review

12. As a result of the substantial package of devolved funding and powers on offer, in particular in relation to Transport, the City Deal also commits the participating authorities to formally reviewing the governance arrangements for their area of the City Region¹. Going forward, this is to ensure that these arrangements are fit for the purpose in delivering the ambition of the City Deal.
13. This Review is to test the proposition that a Combined Authority (CA) is the best governance option against the Statutory test under Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 (LDEDC) being likely to improve:
 - the exercise of statutory functions relating to transport, economic development and regeneration;
 - the effectiveness and efficiency of transport; and
 - the economic conditions of the area.
14. However, there is a fundamental legislative barrier currently preventing city of York from formally joining the Combined Authority as a full constituent member, which is being reviewed by Government Departments, but which will need to be taken into account in this review. The LDEDC Act 2009 currently prevents authorities with non-contiguous boundaries forming a Combined Authority.
15. Nonetheless, given the strength of the case for greater market integration between City of York and Leeds City Region, the option of full membership and other forms of membership of the CA are considered fully in this review. Should it be determined that full membership of the CA is the preferred option, the city of York will work with West Yorkshire authorities and Government officials to identify options for resolving these legislative barriers to this option.

¹ West Yorkshire covers the local authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield and also the West Yorkshire Integrated Transport Authority, which is the Local Transport Authority for the area. Subject to the legislation and agreement by each local authority, others would also have the opportunity to join the Combined Authority, so in the future this could expand to cover the whole LCR LEP area including York and potentially the North Yorkshire Districts of Selby, Craven and Harrogate. There are separate proposals for Barnsley, which is also part of LCR, to be part of an adjoining Sheffield City Region CA.

Key steps

16. Subject to the outcome of the governance review, the City Deal commits partner authorities to preparing a draft Scheme for the Combined Authority for consideration by the Secretary of State by July 2013. The Secretary of State would consult, including with the Authorities concerned, and if he concludes a CA will reflect the interests of local communities and secure effective and convenient local government, a draft Order would then need to be approved by both Houses of Parliament to bring the new body into being by April 2014, in line with the City Deal Implementation Plan.
17. By November 2012 the five WY local authorities, the West Yorkshire ITA and City of York Council had therefore individually agreed to
 - undertake a review of governance arrangements relating to transport, economic development and regeneration pursuant to Section 108 of the LDEDC Act 2009. ;
 - authorise Chief Executives in consultation with Leaders to prepare the Review including a consultation draft Scheme for a CA, subject to the findings of the Review;
 - note the provisional timetable for delivering the City Deal commitment to establishing a CA by April 2014, in order to be in a position to receive significant devolved powers and funding via the City Deal (this would require a final Scheme of governance to be submitted to the Secretary of State by July 2013); and
 - also, have agreed to a WY and York geography for the devolution of post 2014 major transport Scheme funding.
18. WY and York Chief Executives have progressed with the preparation of this Review in line with the Government's consultation on draft statutory guidance through an officer task group chaired by the Hon Secretary of the Association of West Yorkshire Authorities (AWYA) and drawn from the local authorities of West Yorkshire and York and the ITA².

A note on the CA Model

² The draft Review has drawn upon the views of key external stakeholders, including the LCR LEP, and also an independent panel of experts chaired by John Jarvis, former Director of Transport for the Northern Way, and including Jim Steer, founding Director of Steer Davies Gleave, Professor Peter Mackie, University of Leeds Institute of Transport Studies, and Professor Mike Campbell, former Director of Research and Policy of the UK Commission for Employment and Skills.

19. As the areas covered by functional economic market areas (illustrated by, for example, travel to work areas) are typically significantly larger than the areas of individual local authorities, there is considered to be scope for improvements to be made to economic outcomes through joint decision making and close coordination of delivery activity across these economic areas.
20. A CA is statutory body which takes on the combined role of Local Transport Authority and Economic Prosperity Board (EPB) for an area by agreement with the constituent authorities and Government. In an area which already has an ITA as the Local Transport Authority, the ITA would need to resolve to be dissolved so that its functions could be transferred to the CA. The constituent local authorities need not cede any functions to the CA, such as highways or economic development functions, although they may choose to do so or to share appropriate functions with the CA, where this would demonstrably improve economic conditions. The CA provides an opportunity to take on powers and funding which would otherwise be managed from Whitehall.
21. The CA model therefore allows groups of relevant Authorities to work closely together on a voluntary basis to provide a framework to deliver improvements in transport across their sub-regions and appropriate economic investment activity. They are intended to support improved strategic decision making on these issues.
22. By establishing a CA, a group of relevant Authorities is able to create a sub-regional 'body corporate' with legal personality that can act across their combined area in conjunction with the constituent authorities. This body would be able to take on agreed transport and economic investment functions providing a mechanism for governing and managing these activities at a strategic and integrated level across the sub-region.
23. As a Combined Authority has a separate legal identity from the constituent authorities it is able to hold budgets, employ staff and enter into contracts (e.g. to act as accountable body for funding distributed by Government) and to collaborate with local authorities within the wider LCR functional economy. The activities of the CA are governed by its members, a majority of whom must be elected members of the constituent local authorities, ensuring its local democratic mandate. A CA makes the delivery of strategic

decisions more streamlined and efficient, e.g. by removing the requirement for each local authority to ratify the same decision separately.

The Review document

24. The previous report identifies the evidence as to why the city of York and wider Leeds City Region are not performing to their full potential and could benefit from greater market integration that a Combined Authority would enable. It also identified the opportunities and commitments related to securing devolved powers and funding through the City Deal which could address these issues.
25. The remaining sections of this document cover:
 - an overview of the current city of York and wider City Region governance arrangements;
 - an appraisal of the options for improving city of York governance against the relevant statutory test and their comparative ability to deliver the City Deal; and
 - conclusions.

Current governance arrangements

26. The below section provides an overview of the current governance arrangements for the city of York and the wider Leeds City Region regarding transport decision-making and investment.

City of York Council (CYC) Transport Governance

27. As a unitary authority, the City of York Council retains statutory responsibility for delivery of transport planning, public transport and highways. The Council has a statutory duty to produce and keep under review a Local Transport Plan (LTP), for which York is on its third LTP currently, which covers the period 2015 to 2031.
28. CYC receives specific grant funding from the Department of Transport (DfT) for transport improvements and maintenance. Under the Local Transport Capital Block Funding for 2013/14 CYC is to receive £3.4m (£1.6m for Integrated Transport and £1.8m for Highway Capital Maintenance). This provides the means to fund “Local Transport” schemes (via the Integrated Block) and highway

maintenance. Under the current proposals for the West Yorkshire Plus Transport Fund there would be a 40% top slicing of the Integrated Block as a contribution to the Fund from all participating local authorities.

West Yorkshire Metro – Integrated Transport Authority

29. Currently in West Yorkshire, a range of duties, powers and functions for transport and highways is split between the West Yorkshire Integrated Transport Authority (WYITA), the West Yorkshire Passenger Transport Executive (WYPTE), and the five West Yorkshire local authorities. The WYITA and WYPTE (collectively known as “Metro” in WY) are both statutory bodies created under the Transport Act 1968 to secure public transport services and facilities required for WY. Under the Transport Act 1985 Metro is also responsible for procuring public passenger transport services following the de-regulation of the bus market. Metro has a duty as the Local Transport Authority to ‘secure or promote the provision of a system of public transport which meets the needs of the area’.
30. The role of ITAs was further strengthened with the Local Transport Act 2008 which introduced their sole role for developing integrated transport strategies for their areas. In West Yorkshire, this includes producing key transport strategy documents:
 - The Statutory Local Transport Plan and management of the transport allocation from DfT
 - WY Freight Plan
 - Network Management Plan
 - Rail Plan; and
 - Cycle Plan
 - Transport Asset Management Plan (TAMP)
31. The local authorities retain control of highways functions including highways maintenance and traffic management. The WYITA is also:
 - empowered to create bus franchising schemes and bus services strategy

- responsible for administering the English National Concessionary Travel Scheme for subsidising public transport;
 - party to rail franchise agreements;
 - responsible for reviewing rail passenger services and advising DfT under the Railways Acts.
 - Responsible for delivering passenger transport information and facilities
32. The WYITA funds the WYPTE which, as its statutory executive body, has the responsibility of implementing WYITA policies. WYITA is funded by
- the levy on the local authorities.
 - DfT rail and other grants
 - DfT major scheme grant funds

The Association of West Yorkshire Authorities (AWYA)

33. Although transport functions are formally undertaken by CYC and WYITA separately, there has been some work undertaken to establish structures to achieve a modicum of integration and alignment.
34. In recognition of the strong economic links to West Yorkshire, the City of York Council has recently become an associate member of the Association of West Yorkshire Authorities (AWYA) which has been in existence for almost 20 years. Its Council group, which consists of the Leaders of the five member Authorities, meet every six weeks.
35. The role of the AWYA is to:
- Consider matters which are of West Yorkshire-wide significance. Recent issues have included: transport funding; shared services, including highways and transportation; capacity building; City Regional issues; community cohesion; community safety and policing, and waste management.
 - Monitor the budgets of all joint West Yorkshire Authorities and offices, including, the WYITA, the WY Police and Crime Commissioner (WY PCC), the Fire Authority (WYFA) and

Joint Services (WYJS), and make nominations to the Boards of the Authorities.

Leeds City Region Partnership: LEP and Leaders Board

36. At the wider functional economic market area level of the City Region³, the eleven participating local authorities, including the 5 WY local authorities and the ITA have been collaborating on the economic growth agenda for almost a decade. This has been on the basis of the City Region being one of the most economically self-contained functional economic areas in the country (having some 95% of people working in LCR residing in its boundaries).
37. In April 2011, the LCR Local Enterprise Partnership (LEP)⁴ was established as one of the first in the country. And later that year the LEP Board and Leaders Board launched their jointly agreed Plan. Work is currently being undertaken to develop an overarching Strategic Appraisal Framework to provide the basis for transparent assessment of transport and economic investment. Further back, the LCR partnership became formalised as legally constituted Joint Committee of Leaders in 2007 (the LCR Leaders' Board). Under Section 2 of the Local Government Act 2000, the Leaders Board is empowered to discharge, on behalf of the member Councils, the promotion and improvement of the economic wellbeing and competitiveness of the City Region.
38. In addition to working with the Leaders Board, the LCR LEP's additional key areas of focus and interest include delivery of the Growing Places Fund, Inward Investment, Skills, and Low Carbon. These agendas are supported through the LCR Employment and Skills Board, the Business Innovation and Growth Panel, and the Green Economy Panel respectively.
39. Further, DfT has stated that LEPs are expected to play a key role in transport:
 - via membership of the Local Transport Body (LTB) which is required by DfT to prioritise and allocate devolved post 2014

³ Leeds City Region's geography comprises the local authority areas of West Yorkshire, plus Barnsley, York, and the North Yorkshire District areas of Selby, Craven and Harrogate.

⁴ LCR has three LEPs covering all or part of its area: LCR, Sheffield City Region (which includes Barnsley) and the York and North Yorkshire LEP (which includes York and the North Yorkshire Districts of Selby, Craven and Harrogate)

major scheme funding (under the LCR City Deal, DfT has confirmed a ten year allocation of £182.8m to the non-contiguous geography of WY and York);

- to inform national decision making e.g. on the Highways Agency and DfT Pinch Point Fund programmes; and
- with Leaders, to support the case for national infrastructure investment, e.g. HS2.

40. Sitting alongside the LEP, the LCR Leaders' Board has a number of specific roles:

- To work with the LCR (LEP) on the delivery of the LCR Plan objectives.
- To prepare, review and oversee delivery of other key City Region policy and strategies, including:
 - LCR Transport Strategy (LCR Transport Panel, 2009);
 - LCR Employment and Skills Strategy (LCR Employment and Skills Board, 2010);
 - LCR Housing and Regeneration Strategy (LCR HCA Board, 2010);
 - LCR Innovation Capital Programme (LCR Business Innovation and Growth Panel, 2010); and
 - Green Infrastructure Strategy (LCR Green Economy Panel, 2010)
- To work with other key partners:
 - to seek to promote housing growth and aligning investment via the advisory HCA LCR Board and
 - to advise Leaders on issues, such as HS2 and the evidence base, such as the Yorkshire Rail Network Study, via an Advisory Transport Panel which includes relevant membership including the ITA, Businesses, Network Rail and the Highways Agency.
- Alongside the LCR LEP, to make the case for significant devolved powers and funding from Government, including the City Deal.

York, North Yorkshire and East Riding LEP

41. The City of York Council is also a constituent member of the York, North Yorkshire and East Riding LEP, which itself was established in 2011.

42. In response to the Government's announcement in the 2013 budget that LEPs will be taking responsibility for a single funding pot, the YNYER LEP is currently developing a Growth Plan for the area that it covers, although there is a clear desire from those areas that sit within two LEPs (including York, Harrogate, Selby, Craven and East Riding of Yorkshire Councils) that this Growth Plan complements and adds value in these overlapping areas to the Growth Plans and structures being developed in the overlapping LEPs – for York, Harrogate, Selby and Craven, it means the LCR LEP Growth Plan and for East Riding of Yorkshire Council, it is Hull and Humber Ports LEP.
43. The City of York Council has made clear the priority it places on the Leeds City Region City Deal, and that any Growth Plan, funding or structures developed with the YNYER LEP will need to complement this activity.

Option assessment criteria

44. The remainder of this Review considers the appropriateness of current governance arrangements for the York area going forward against other possible options, including a Combined Authority, in terms of delivering the ambition of City Deal and the LCR LEP Plan.
45. To ensure compliance with the relevant LDEDC and Local Transport Act legislation, a formal governance Review is needed to establish if a CA or other model of governance would likely bring about an improvement in the area in the following:
 - the exercise of statutory functions relating to “economic development, regeneration and transport” in the area;
 - the effectiveness and efficiency of transport; and
 - the economic conditions in the area.
46. DfT has also confirmed they are looking for partners to address the following headline issues in formulating governance arrangements:
 - effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration.

- robust and streamlined decision making arrangements which allow necessary decisions to be taken on complex and difficult issues in a timely and transparent manner.
 - a real enhancement of delivery capability and capacity by taking a coherent and integrated approach to managing currently fragmented transport planning and delivery skills and capacity.
47. The Review will also consider the above statutory test against the options, noting that whilst the Government's guidance on governance reviews under the Local Transport Act has been available for some time, guidance under the LDEDC Act was only published in consultation draft form and no clear definition has been provided of 'economic development and regeneration'.
48. This Review also respects there are limits to comparisons between the options, in particular between potential options and the status quo. The existing governance arrangements are context specific and a known quantity, and the alternative potential options are considered at a high level in the abstract and would inevitably require further development in due course in order to quantify, for example, their potential impact on efficiency savings.
49. It is recognised also that creating appropriate governance structures alone is unlikely to achieve in full the ambitious vision for the City Region. The importance of issues of policy design, culture and values is also key. The optimal governance model needs also to:
- confront the need for evidence and vision;
 - create the capacity for experts to talk to politicians and business and vice versa and for clear agreement to be reached on the most challenging strategic issues; and
 - create the space for debates that national politicians find difficult to manage and thereby demonstrate the capacity for greater devolution of responsibility in future.

Option Assessment

50. This Section examines the effectiveness of existing governance structures at the City of York Council and at city region level and considers their appropriateness against that of other possible governance models. Analysis of the following options is provided:

- **Option 1: Status Quo:** Leaving existing CYC governance unchanged (status quo);
- **Option 2:** Establishing an Economic Prosperity Board (EPB);
- **Option 3:** Establishing a CA with WY authorities;

OPTION 1: Status quo

51. The governance status quo at is described at section starting para 70; at WY level the arrangements have proved durable for the following reasons⁵:

- the local authorities and the ITA have generally developed sound transport strategies and programmes under LTP;
- the current range of powers at local authority level is generally understood and able to ensure that local interests are served in a flexible and broadly accountable way, with a direct political mandate and legitimacy from the electorate;
- the local authorities have progressively modernised their constitutions and have proved increasingly able to balance their own local needs with the wider economic and social interests of the City Region;
- likewise, there are instances where the local authorities already accept the political, practical or efficiency arguments for cross-boundary co-operation and pooling of resources, such as between WY Authorities on procurement and, via the City Deal, in developing the WY Plus Transport Fund; and
- comparative experience from elsewhere in the UK and overseas does not generally support the case for radical structural reform and major re-distribution of powers, and tends more towards “evolution” rather than “revolution.”

52. The existing strategic bodies for which consider arrangements for the local authorities are the AWYA and the LEP. AWYA has no strategic transport remit, as this rests with the ITA. Neither AWYA nor the LEP are statutory bodies, and they have no legal personality; they can therefore hold no functions or funding in their own right. They are not able to take on the devolved powers and funding on offer via the City Deal.

⁵ See also the Review of Transport Governance in Leeds City Region, Atkins, 2008

53. Economic development functions remain within the local authorities, and transport functions sit with the ITA and the PTE. There is currently no single streamlined and accountable body in place across WY to make decisions, manage risk, set strategy, manage delivery, assess performance and report on progress in relation to the City Deal.

Benefits

54. The primary benefit to **Option 1** is that CYC retains full control over its existing statutory functions, leaving the local authority in control of transport planning, public transport and highways.
55. Further, this option requires no change and thus minimises the resource required to develop new governance structures.
56. CYC has already agreed to form a Local Transport Body (LTB) with the West Yorkshire local authorities. This has been agreed with the Department of Transport and future major transport scheme funding will be allocated to this body. Interim arrangements are being established until a WY Combined Authority is set up. A Memorandum of Understanding is being established between the Integrated Transport Authority for West Yorkshire and CYC. Such an agreement could be drawn up with a West Yorkshire Combined Authority.

Costs

57. There are potentially significant costs to the city should the status quo be sought. The obvious cost is the lack of decision-making control it offers the city over the WY plus York Transport Fund – which currently is controlled by a LTB which includes York, but which if a CA is created with the West Yorkshire authorities only, will place York **outside the main** decision-making structures controlling this funding. At least, some kind of Joint Committee would need to be formed between the CA and CYC to ensure the city has a say in the decisions made regarding the Transport Fund.
58. In addition, the city stands to lose out on further devolution in transport funding and decision-making, as the Government progresses the agenda for decentralisation and devolution.

59. By opting out of City Deal governance opportunities, it becomes more difficult for the city to work jointly with West Yorkshire to then leverage further the West Yorkshire plus York Transport Fund – against which the city and WY authorities could seek to attract further external investment, whether in the form of private sector or sovereign wealth funds to further enhance investment in the sub-region’s infrastructure.
60. The following are some illustrative examples of the strategic fragmentation which currently exists and why the status quo is sub optimal in terms improving economic outcomes in line with the LCR Plan and the statutory test:
- As part of the City Deal, DfT has announced a working ten year post 2014 devolved major transport scheme funding allocation of £182m for WY and York. Unless governance is reformed this funding will only go to WY&Y LTB for four years as per other areas across the country, and will have no opportunity for leveraging this funding further through earn-back models or co-investment. This funding will however form a key part of the proposed £1bn WY Plus Transport Fund, which is being driven by the economic agenda led by AWYA and the local authorities.
 - It is anticipated that some similar barriers will be encountered in establishing the proposed £400m Economic Investment Fund. Moreover, there will be a specific challenge of taking on accountable body status in respect of Government’s proposals to devolve a single pot from Whitehall and also EU funding in the absence of a single statutory Economic Development body either at the WY or City Region level.
 - As a final example, at the moment, York has less direct involvement and influence on issues such as the Northern and Transpennine franchises as this work is currently being led by the Integrated Transport Authority and would be led in the future by the Combined Authority .

OPTION 2: Establishing an Economic Prosperity Board

61. A second option is to put in place an Economic Prosperity Board (EPB) under the 2009 LDEDC Act for the area of West Yorkshire and York.
62. As a statutory body it would share many of the features of a Combined Authority in that it would have legal personality and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, e.g. accountable body status for an economic development single pot or EU funding. However, the EPB would not take on transport powers.

Benefits

63. The benefit of Option 2 is that whilst it strengthens governance arrangements for collaboration in economic development-related activity, whilst minimising the change required to the governance of transport-related activity.

Costs

64. Because the EPB could not raise a levy, nor have borrowing powers to fund investment, it would not provide an appropriate governance arrangement for the creation and management of the proposed WY Transport Fund, which is a key driver for governance reform. Further, fragmented strategic transport and economic development governance at WY and York level would not provide a convincing proposition to Government for taking on with others, including Sheffield and Manchester, the devolved northern Rail franchises.
65. The consultation on draft statutory guidance for establishing EPBs and CAs similarly concludes:

“ITAs and EPBs can coexist without forming a combined authority, but, as there are obvious benefits to be gained from a coordinated approach to economic development, regeneration and transport, and to avoid the proliferation of different structures at the sub-regional level, it is likely that a combined authority will be more appropriate than separate ITAs and EPBs in the same area. This means that where

there is already an ITA in an area, relevant authorities that have concluded that similar arrangements would be appropriate for economic development and regeneration functions (which may include the ITA itself) should expect to establish a combined authority that incorporates the ITA, rather than establishing an EPB in the same area.”

OPTION 3: Establishing a Combined Authority with West Yorkshire

66. The above options of: status quo and creating an EPB have considerable strategic weaknesses, in particular their fitness for the purpose going forward of supporting the ambition of the City Deal and the LCR Plan. The third option considered is for the establishment of a Combined Authority for the area of West Yorkshire and York. As described above, a CA model brings together the functions of an EPB and strategic transport, and in WY this would therefore necessitate the abolition of the ITA.
67. However, presently, legislation requires that authorities establishing a CA must have contiguous boundaries, such that York and West Yorkshire are unable to legally pursue a full CA model under current legislation.
68. Nonetheless, as a condition of the City Deal arrangements for transport, the city of York is considering full membership of the CA a governance option, and should it be deemed the optimal solution, engagement will be undertaken with the appropriate Government Minister and departments to seek a way forward to legislative change to pave the way for this option to be realised.
69. A West Yorkshire and York Combined Authority would take on all of the responsibilities and functions of the West Yorkshire Integrated Transport Authority and the equivalent responsibilities and functions currently carried out by CYC. For York there would therefore be a transfer of powers to the Combined Authority for:
 - The planning and funding of socially necessary (subsidised) bus services
 - The provision of public transport information services
 - The management and maintenance of bus interchanges, bus stops and shelters
 - The running of concessionary travel schemes (currently done with North Yorkshire County Council)

- Bidding for new transport funding opportunities, recent examples would have been the Local Sustainable Transport Fund and the Better Bus Area Fund
- The receipt and allocation of DfT's capital allocations for Integrated Transport (LTP Schemes) and for Highways Capital Maintenance
- Potentially the running of and revenue streams from Park and Ride
- Partnership working with private bus operators to improve bus services
- The development and delivery of a Local Transport Plan and thereby the transport strategy, policies and investment priorities for the area

Benefits

70. A CA model could address the weaknesses of the other options and deliver significant benefits if one could be achieved.
71. A CA would provide a visible, stable and streamlined body corporate to which Government can be confident in devolving powers and funding, such as via the City Deal, which would otherwise be controlled by Whitehall. It would for example be ideally placed to act as the accountable body for:
- a 10 year £182m allocation of post 2014 devolved major transport scheme funding agreed in the City Deal (LTB);
 - the accountable body for a City Region single capital pot of £400m for economic infrastructure which, because they are not statutory bodies, neither the Leaders Board nor the LEP could take on this role; and
 - in the longer term, to be accountable for an agreed share of the fiscal uplift created by locally driven economic growth.
72. It would significantly reduce the negative impact on growth stemming from role ambiguity and fragmentation in relation to strategic transport and economic investment. An effective CA would create the opportunity for various types of collaborative effort:
- as WY represents a significant (and as the evidence shows in Section 2, an economically self-contained) part of the

Leeds City Region, a CA for the area would bring a much more authoritative position on transport and the economy to the table for debate and agreement with the LCR Leaders Board and LEP and drive delivery of the LCR Plan;

- fostering a stronger shared sense of purpose which would bring a clearer focus on key regional issues, such as on improving the flow of freight in conjunction with national agencies City Regions/LEPs; and
 - with other northern Combined Authorities, putting in place a much needed counter-balance to London and to Scotland, to drive forward a long term rail strategy for the north and to take on the devolved administration of northern rail franchises, which would otherwise be managed by DfT.
73. By combining the role of strategic transport planning with an equivalent role for economic investment, a CA for the area would have the power to directly implement decisions to target the £1bn WY plus York Transport Fund at maximising jobs and GVA, without going back to the local authorities to, in effect, ratify those same decisions again.
74. Practically, this would enable the city of York to have greater opportunity for securing investment and policy decisions to invest in enabling infrastructure for sites like York Central, greater influence over rail franchising, and other key strategic priorities.

Costs

75. There are costs associated with this option, not least the challenge of achieving the primary legislation required to actually establish a CA with non-contiguous boundaries. However, this is a cost that could be overcome potentially with a clear case made on the back of this review and appropriate level of engagement with Government Ministers and Departments.
76. There are other costs to be considered, including the transfer of transport planning powers to a CA, and of course, the power that the CA will gain in setting precepts for the raising of transport funding – which will mean a step change in the way that transport finance is raised from the local tax base.
77. Further, responsibilities for transport strategy/LTP and day to day public transport operations would rest with the Combined

Authority. New funding bids (such as LSTF in the recent past) and transport capital allocations from DfT would also rest with the new Combined Authority. Delegated arrangements may be possible to manage this.

Assessment of options

78. It can be concluded that **Option 1 is sub optimal** because relevant transport and economic development functions and roles are currently fragmented and there is no single accountable body to take strategic decisions, therefore opportunities will almost certainly continue to be missed across the whole area and beyond for:
- investment in major improvements to transport and economic infrastructure;
 - securing business investment; and
 - drawing down funding and devolved powers to enhance the economy which would otherwise be controlled by Whitehall.
79. Option 2, whilst offering a strengthening of existing arrangements for collaboration, it does not serve a step change that is required in delivery of transport connectivity.
80. Option 3, involving the creation of a CA with the full ability to take on the devolved transport agenda as set out in the Leeds City Region City Deal is considered to be necessary to achieve the outcomes set out in paras 70 to 74.
81. The above overall assessment strongly suggests that full membership of a CA would present the optimal option for WY and the wider City Region, subject to the key issues of CA representation, scope and support structures being explicitly considered as part its detailed design and constitution.
82. However, the current complexity of the legislative challenges associated with full membership of any proposed CA for CYC is acknowledged. As such, further work with the West Yorkshire authorities and Government officials and Ministers will be required to overcome the primary legislative barriers to city of York becoming a full and constituent member of the CA.

Overcoming the legislative issues

83. As an interim measure toward achieving a full CA or as a middle ground option, CYC could seek to join the CA as an Associate Member or form a Joint Committee with the CA.

Interim option : Associate membership of a CA

84. Associate membership of a CA provides some level of decision making power and responsibilities, although would preclude full powers and responsibilities of being a full member.
85. The focus of joint transport working could be restricted to matters of strategic importance to the whole combined area. The West Yorkshire Transport Fund, rail devolution, planning and investment and other strategic connectivity issues could be made the focus for joint working between West Yorkshire and York, as opposed to the transfer of powers outlined under option 3.
86. The benefit of this option is that it provides the city of York a voting role in the Combined Authority, although it precludes the full transfer of transport authorities to the CA from CYC. The focus of joint working with York would likely focus on strategic transport, funding and connectivity issues but there would be scope to establish what the scope of joint working could be.
87. However, the main cost associated with this option is that it is a halfway house, which could see the city of York in particular coming out of step with the WY CA in terms of raising finance to invest in the WYYTF. Not have a levy but could still contribute funding
88. The city would, as a result, have less scope to achieve economies of scale and efficiencies as less likely to include more operational matters. There would also be less opportunity to explore sharing of capacity and/or shared services in the delivery of priorities.
89. The option of forming a joint committee with the CA is an option that would follow the existing model established in Greater Manchester by which the Transport for Greater Manchester Committee (TfGMC)

90. TfGMC and its sub committees are formed from a nominated pool of 33 councillors to manage the TfGM and create transport policy on behalf of the GMCA, TfGMC also elects its own Chair and Vice-Chair.
91. The committee assumed the roles of the previous Greater Manchester Integrated Transport Agency (GMITA) as well as the newly devolved transport powers and responsibilities from Government and the Councils. These councillors have voting rights on most transport issues despite not being members of the GMCA; however, some decisions still require approval by the GMCA, the functions which are referred (but not delegated) to the TfGMC would include making recommendations in relation to
- The budget and transport levy
 - Borrowing limits
 - Major and strategic transport policies
 - The local transport plan
 - Operation of Greater Manchester Transport Fund and approval of new schemes
 - Appointment of Director General/Chief Executive of TfGM
92. Such arrangement means that the joint committee option offers less of a voice in decision-making for the city of York in the emerging city deal powers and funding for transport.

Conclusions

93. The following can be drawn from the above options assessment:
- There is no single strategic transport and economic development decision making body at the West Yorkshire and York level.
 - There is evidence of fragmentation and lack of integration in decision making which will be an impediment to delivering proposals to establish a £1bn West Yorkshire Plus York Transport Fund.
 - Current governance arrangements not being optimal is one of the reasons why the York economy, as well as West Yorkshire and wider City Region economy is underperforming.
 - The existing governance arrangements for transport decision making and investment for the city of York can be improved upon.

- Various options have been considered, including leaving arrangements unchanged, strengthening or restructuring existing governance arrangements, and establishing a CA.
- A Combined Authority would be able to bring together key decision making powers into a single body.
- A strong Combined Authority, exercising appropriate strategic transport and economic functions, would provide a visible, stable and statutory body and could for example act as the accountable body for the LCR Single Capital Pot proposed in the Heseltine Review, as part of the proposed LCR £400m Economic Investment Fund.
- Such a body will attract greater devolved powers and funding, which would otherwise be controlled by Whitehall.
- A WY plus York Combined Authority would also streamline the relationship between the individual authorities and the LEP and Leaders Board.
- A strong CA would help in engagement with national agencies and create the opportunity for various types of collaborative effort with adjoining and other northern Combined Authorities to put in place a much needed counter-balance to London and to Scotland e.g. for devolving the power to let rail franchises at the pan regional level.
- The economic conditions of WY and the wider City Region would as a result likely be improved by putting in place a CA.

94. It can therefore be concluded that for the City of York, full membership of a CA to be created with West Yorkshire authorities is the best option for the area and because it would be likely to improve:

- the physical connectivity of the York and West Yorkshire economic areas, bringing the benefits outlined in 70 to 74;
- the effectiveness and efficiency of transport;
- the effective exercise of statutory functions relating to economic development, regeneration and transport in the area; and
- by extension, the economic conditions in the area.

95. However, as an interim measure, the option of creating a West Yorkshire CA with CYC taking Associate membership would provide a suitable alternative, which would then enable the city of York to work with West Yorkshire authorities and the necessary

Government departments on overcoming the issues presented by the current primary legislation restricting York's full membership.

Recommendations

96. Members are recommended to:

- Agree Option 3, subject to resolution of primary legislation
- Agree to Associate membership in the interim.

Reason: This provides the best option for delivering the benefits listed in paragraph 94.

Lead officer

Darren Richardson
Director City and Environment Services
(01904) 55 1330
darren.richardson@york.gov.uk

Report author

Katie Stewart
Head of Economic Development
(01904) 554418
katie.stewart@york.gov.uk

Richard Wood
Assistant Director for Transport
(01904) 55 1448
richard.wood@york.gov.uk

Wards affected: All

For further information please contact the author of the report