

## **Yorkshire Devolution Agreement Submission**

### **Yorkshire Devolution - An historic opportunity for the whole country**

This document sets out the proposed terms of an agreement between 18 Yorkshire council leaders / representatives and Government.<sup>1</sup>

The delivery of this devolution agreement is central to Yorkshire's collective drive to unleash the full economic potential of a region with an established international brand, an economy twice the size of Wales and a population the same as Scotland.

At its heart is a desire to accelerate the pace of rebalancing prosperity, to play a central role in a confident outward looking UK economy and embrace the opportunities of the digital age and to do so through self-reliance, self-help and self-sufficiency.

The plan to create a single mayoral combined authority for Yorkshire by May 2020 addresses the requirement for these ambitions to be delivered through clear accountable arrangements which avoid duplication and additional costly and burdensome bureaucracy. However, more profoundly, it does so based on the strong, shared, internationally-recognised Yorkshire identity and brand.

Public support for mayoral arrangements to align with an existing identity which complements - rather than competes - with their powerful allegiance to village, town or city, is clear. This proposal will establish a Yorkshire mayor with the capacity to be a powerful symbol of common endeavour within the region and as an ambassador for it nationally and internationally.

This document sets out proposals which reflect and address the diverse needs of a region which spans major cities and national parks, agriculture, coastline and industry, history and innovation by placing powers where they will have maximum impact while retaining the overarching benefits of regional coherence and co-operation.

Covering such a large population and functional economy, this proposed agreement offers the scale to make it a central pillar of the national drive to tackling fundamental weaknesses in the UK economy, notably the productivity challenge and the geographic imbalance in wealth and opportunity.

We seek to address these imbalances in a way which supports the ambitions of other parts of the UK. A Yorkshire enjoying devolved powers and budgets will be a strong partner, offering complementary strengths to those of our partners in the devolved nations, South, Midlands and London while adding fresh momentum towards achieving the ambitions we have set out with our Northern Powerhouse neighbours.

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<sup>1</sup> Deal to be based on the widest possible Yorkshire geography conditional on Government enabling all 20 Yorkshire Councils to join - if they so choose - by May 2020. This submission to Government has been agreed by 18 of the 20 Yorkshire Council Leaders and Representatives (Barnsley, Bradford, Calderdale, Craven, Doncaster, East Riding, Hambleton, Harrogate, Hull, Kirklees, Leeds, North Yorkshire, Richmondshire, Scarborough, Selby, Ryedale, and Wakefield, and York). Should Sheffield and Rotherham choose to not join the deal, it is recognised that arrangements may need to be made to ensure the integration of transport across South Yorkshire.

This agreement represents a major acceleration of our work transforming the Yorkshire economy; building on longstanding strengths in areas including energy, financial services, agriculture and tourism and supporting exciting growth sectors including health innovation, logistics and advanced manufacturing. The digital revolution and embracing the opportunities it brings is the golden thread which connects our vision.

The prolonged absence of a devolution agreement for Yorkshire would not only deprive our communities of opportunities open to other parts of the country but would also be a major obstacle to achieving national growth ambitions at a pivotal moment for the UK economy. The Northern Powerhouse will remain incomplete until a thriving Yorkshire enjoying devolved powers and budgets is at its heart.

The determination from this region to overcome previous obstacles to securing an agreement bringing benefits to our communities, our region and the country is evident. This proposal is the culmination of political and geographic collaboration across Yorkshire at a scale and with a degree of consensus unprecedented in recent times.

It represents a clear, ambitious, deliverable roadmap to faster growth, improved living standards for our communities and a significant contribution to the UK's economic ambitions.

Submitting these proposal to government is an important first step. It is however recognised that realising our collective ambition will require a further number of steps:

- undertaking a statutory review which evidences the strong intuitive case that a new Yorkshire CA would improve the exercise of statutory functions and cover a functional economic area
- local formal consent is forthcoming from councils and Combined Authorities, and
- ensuring that broadly-based local support is demonstrated , including via support from MPs and Peers and other stakeholders and through statutory public consultation and involvement using different methods.

## Principles and Impact

This deal is built on the following guiding principles:

- **Ambition** – securing a broad range of powers and funding devolved to a Combined Authority covering the widest possible Yorkshire geography and overseen by a new directly elected Mayor to represent the people of Yorkshire by May 2020, in order to ensure that the benefits of devolution are fully realised across the region.
- **Self-determination** and self-help for the region – ensuring Yorkshire can confidently shape its own Industrial Strategy and economic future post-Brexit.
- **Subsidiarity** – ie the presumption of devolving powers to the lowest practical level, whether district or neighbourhood level, sub regional or regional. This is principally about powers coming down from Whitehall but we will work together where it makes sense, eg current CA powers, and where this does not serve to create a costly new regional tier of bureaucracy.
- **Investment, including devolved funding, delivered across the region**, including our rural, coastal and urban areas, ensuring that everyone in Yorkshire is able to benefit from devolution.

- **Streamlined and robust governance** arrangements which create no additional cost burden on the tax payer and comprise the following key elements:
  - **A directly elected Yorkshire Mayor with a clear economic leadership remit**, including skills, business and trade and investment;
  - **A Yorkshire Combined Authority (CA)** based on consensus and having a shared vision and focus on economic, social and environmental challenges including strategic transport, place making/ regeneration, and public service transformation; and
  - **Flexible sub regional arrangements** ‘lifting and shifting’ into the new CA, and building on, existing collaborative arrangements across Yorkshire’s (overlapping and linked) functional economic area.

Yorkshire’s future lies in a new post-Brexit era of global economic opportunity with an ambition that businesses grow and become more productive, leading to a better quality of life. This agreement will enable the people of Yorkshire to begin to fulfil this ambition and benefit from the following opportunities:

- Becoming a significant player in an outward-looking, competitive and prosperous UK
- Co-producing with government a Yorkshire Industrial Strategy to provide a compelling basis for government and business investment and drive to the Northern Powerhouse
- Rebalancing the economy (north / south and east / west) by increasing local and net national earning power
- This prosperity will be shared across society, with the benefits spreading to all.

Furthermore this deal package, comprising a revenue gainshare Investment Fund, Housing Investment Fund, new initiatives and new devolved fiscal powers, would enable accelerated stimulus investment in infrastructure, regeneration and growth across our urban, rural and coastal areas which in turn delivers the following outcomes for Yorkshire as a key driver of a successful Northern Powerhouse<sup>2</sup>:

- **Raised living standards for everyone**, based on well-targeted interventions delivering balanced and inclusive growth across the region’s urban, rural and coastal areas
- **Closing of the UK jobs gap** - by delivering 200k jobs
- **Boosted productivity** -
  - an extra £12bn of economic growth
  - significantly narrowing the productivity gap, and
- Step towards becoming a **net contributor to the public purse**

The proposals to devolve the significant powers to Yorkshire contained in this deal are driven by the priorities set out in Yorkshire’s 4 Local Enterprise Partnership (LEP) led Strategic Economic Plans

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<sup>2</sup> Source: West Yorkshire Combined Authority Regional Economic intelligence Unit

(SEPs), and going forward will be embodied in a shared Yorkshire Industrial Strategy which will build on the SEPs as the local road map to transform the Region from an overall recipient of government funding to one that delivers extraordinary growth and makes its full contribution to national wealth, creating jobs and prosperity for all local residents and businesses.

Yorkshire is unique, with an innovative, thriving and diverse economy built on a rich industrial, cultural and sporting heritage. The Yorkshire brand is globally recognised; it has a thriving and growing economy worth over £112 billion per year, home to over 5 million residents (half the Northern Powerhouse population), 419,000 businesses and over 2.5 million jobs.

Yorkshire can be characterised in terms of its unique identity, international reach, industrial sectors, and nationally significant economic assets:

The Power Brand and Identity	<ul style="list-style-type: none"> <li>• Coastal, rural, towns, and cities</li> <li>• 5m+ people central to an international region – connected to London, Edinburgh, Dublin &amp; Rotterdam</li> <li>• Industrial Strategy/Northern Powerhouse and UK economic policy/productivity contributor</li> </ul>
Economic assets and International Reach	<ul style="list-style-type: none"> <li>• Producer economy; Traded knowledge; HE - R&amp;D and Innovation; Traded services; Visitor Economy; Creative and cultural excellence; International food and drink</li> <li>• Connected by: air (via two international airports); sea (via Humber Ports); rail via ECML and in the future HS2 and Northern Powerhouse Rail; and Road, at the heart of the Strategic Road Network</li> </ul>
Competitive Advantage – Our key sectors & Enablers	<ul style="list-style-type: none"> <li>• Advanced Manufacturing; Digital; Energy; Health Innovation/Life Sciences; Agri-tech; Food and drink</li> <li>• Higher Education; Logistics; Professional Services</li> </ul>
Rebalancing the Economy	Building on our sector strengths; Economic weight of a £112bn economy; Innovation & R&D; Human Capital; Clean Growth; and Connecting all our working age people to good jobs (inclusive growth)

This agreement will deliver transformational outcomes by enabling the region to tackle its economic, environmental and social challenges. The agreement includes powers to support adult skills provision and co-design employment support, and the ability to create a joined up approach with a focus on

connecting the people of Yorkshire to job opportunities, including through a single Yorkshire smart travel ticket<sup>3</sup>.

The deal would enable Yorkshire Combined Authority to create an Investment Fund of more than £3.75bn through a 30 year gainshare revenue stream and locally raised finance. An incoming Yorkshire Mayor would have the option, subject to primary legislation, and on the basis of support from local business, to raise a business rates supplement.

This deal would deliver for Yorkshire game changing levels of capital investment in infrastructure, including in regeneration and transport, from devolved funding and fiscal powers, along with supporting additional borrowing powers for non-transport investment, and revenue support for skills and business support interventions, and greater control over the transport system to enable the region to maximise the potential of HS2 and Northern Powerhouse Rail. We believe that a deal of this kind offers the potential to transform productivity in the region, narrowing the growing gap with the UK minus London average, and thereby boosting the earnings power of the people and businesses of Yorkshire.

This agreement is the first step in a process of further devolution. The government will continue to work with Yorkshire on important areas of public service and fiscal reform to enable the people of Yorkshire to reach their full potential.

The agreement is based on the establishment of a Yorkshire Mayor by May 2020 working as part of a Yorkshire CA with a cabinet of council leaders. Given the importance of existing collaboration across the 4 LEP geographies<sup>4</sup>, which are important economic geographies in their own right, the agreement recognises the wider partnership with business through the LEPs and with neighbouring councils (eg South Bank councils).

The devolution proposals and all levels of funding contained in this agreement are subject to local political leaders consulting their local communities and businesses on the proposals and local and combined authority ratification. This agreement is also subject to parliamentary approval of the secondary legislation needed to implement the provisions of this agreement, including establishing the Yorkshire CA and devolving powers and funding to a Combined Authority and directly elected Mayor for Yorkshire.

### **Summary of the Devolution Deal to be agreed by the Government and Yorkshire Combined Authority Shadow Board, and supported by the 4 Yorkshire LEPs**

A new directly elected Mayor for Yorkshire will provide highly visible and democratically accountable economic leadership in terms of driving investment and growth through Yorkshire's Industrial Strategy. The Mayor will review existing LEP structures (geographies, membership and appointing LEP chairs) to ensure these important business led partnerships remain fit for purpose. In addition,

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<sup>3</sup> recognizing this is an aspiration consistent with TfN proposals for a wider Northern smart ticket, and is subject to local affordability and addressing any fare harmonization issues

<sup>4</sup> The 4 Yorkshire LEPs cover the following (overlapping) geographies: Leeds City Region; York, North Yorkshire and East Riding; Humber; and Sheffield City Region

the Mayor will Chair Yorkshire Combined Authority and receive the following powers devolved from central Government:

- Devolved 19+ adult skills funding from 2020 to shape local skills provision to respond to local needs
- A Yorkshire Growth Hub to have responsibility for devolved and integrated business support, including DIT export support
- Multi-year consolidated transport budget
- Responsibility for franchised bus services in all (or part) of the region, in line with the Bus Services Act 2017, to secure access to 'fare box' revenues, and for integrating simple smart ticketing across all local modes of transport
- Subject to the necessary primary legislation, power to levy and retain a Supplementary Business Rate in all or part of the region, up to a cap, to provide financing of major strategic infrastructure which will drive growth<sup>5</sup>
- Devolved powers to bring forward strategic sites and assets to promote place making, including the creation of Mayoral Development Corporations, and enhanced Compulsory Purchase powers, supported by the creation of a Yorkshire Land Commission which will be chaired by the Mayor, enabling eg a formal partnering relationship with MOD in relation to surplus assets at Catterick Garrison

The Combined Authority, working with the Mayor, will receive the following devolved funding streams and powers

- Control of a new £125m a year gainshare revenue Investment Fund allocation of up to £3.75 billion over 30 years to be invested in driving growth across the rural, urban and coastal areas of the Region
- Promoting urban, rural and coastal regeneration through control of a new £500m devolved Housing Investment Fund
- 100% Business Rate Retention pilot<sup>6</sup>
- Enterprise Zone / Tax Increment Financing status for major developments at locally determined growth areas and around principal transport hubs
- Powers and devolved funding to drive the improvement of careers & enterprise in education, and inspiration around STEM choices

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<sup>5</sup> Government has proposed a new Mayoral CA power to raise a supplementary business rate to enable investment in infrastructure. It is envisaged that this would be exercisable in Yorkshire in line with the London model which does not seek to deter enterprise, and therefore the Mayor has set a rateable value threshold which in effect excludes micro businesses.

<sup>6</sup> To encourage local growth and on the basis of safeguards to ensure no detriment compared with existing arrangements

- Devolved DWP national programmes and budgets targeted at addressing unemployment, in work poverty and health barriers to work
- Devolved budgets for employer-led skills investment, to allow joined up skills brokerage service to help more employers offer Apprenticeships.
- Borrowing powers to enable investment in economically productive infrastructure to deliver growth, subject to a cap to be agreed with HM Treasury
- Flexibility to establish a Single Pot combining funding streams to provide maximum flexibility to deliver local priorities
- Broad powers to acquire and dispose of land to enable more houses to be built<sup>7</sup>, commercial space and infrastructure, for growth and regeneration
- A non-statutory Yorkshire strategic infrastructure investment framework

## **Governance**

1. This agreement proposes the establishment of a Combined Authority for Yorkshire with the first elections of a Yorkshire Mayor to be held in May 2020. Yorkshire councils and LEPs have already taken the following bold steps, including securing effective and accountable sub regional governance arrangements, in return for receiving from Whitehall new devolved powers and funding:
  - West Yorkshire Combined Authority and Sheffield City Region Combined Authority were established as conditions of the 2012 Leeds and Sheffield City Deals which conferred new devolved powers and funding to those areas;
  - Yorkshire’s four Local Enterprise Partnerships (LEPs) are in receipt of £1.8bn<sup>8</sup> devolved through ground breaking Growth Deals;
  - 18 Yorkshire authorities have agreed to deepen their collaboration by creating a Yorkshire Combined Authority Shadow Board, building on existing collaborative arrangements including the Yorkshire Leaders Board; and
  - 18 Yorkshire Councils have agreed that they should be free to join a new Yorkshire CA in order to enable the people of Yorkshire to elect a Mayor by 2020
2. The proposal contained in this agreement for a new Yorkshire Combined Authority is subject to final formal consent of a Yorkshire Combined Authority Shadow Board, the constituent councils, existing combined authorities, agreement of ministers, and necessary orders.
3. The strength of the governance arrangements of the CA will be commensurate with the powers and funding devolved to that authority and the mayor, recognising that strong, accountable

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<sup>7</sup> Agreement of Housing numbers would remain an expressly local matter.

<sup>8</sup> The following funds have been awarded to Yorkshire’s four LEPs over three Growth Deal rounds: Leeds City Region (£694.9m plus an additional £420m gainshare); York, NY and ER (£145.8m); Sheffield City Region (£365m); and Hull and Humber (£141m)

governance is an essential prerequisite of any devolution of the new powers and functions contained in this agreement.

- The new Mayor will be elected by - and will be personally accountable to - the local government electors for the areas of the constituent councils of the Combined Authority.
- The Mayor will provide overall economic leadership and chair Combined Authority meetings.
- The Mayor would also hold ultimate responsibility for franchised bus services across all or part of the Combined Authority area<sup>9</sup>, and for integrating smart ticketing across all forms of transport. The Mayor would also be able to levy a supplement on business rates<sup>10</sup> in all or part of the region in order to finance investments in infrastructure. The Mayor would be able to exercise these functions autonomously. The allocation of portfolio responsibilities for the Cabinet would be at the Mayor's discretion.
- The Mayor, supported by a CA Cabinet of leaders, will produce - with LEPs and others - a local industrial strategy for Yorkshire, based upon the existing SEPs, and with a focus on opportunities around Brexit and mitigating risks. The Strategy will set out a programme for accelerated delivery of the aims of the national strategy through maximising the competitive advantages of Yorkshire, bringing together social and economic ambitions to achieve inclusive growth. This agreement is a central to providing Yorkshire with the devolved powers and funding needed to deliver the Industrial Strategy.
- The local authorities covering the widest possible Yorkshire geography, represented by their leaders, will form the constituent membership of the Combined Authority.
- Leaders will form a decision making Cabinet to be overseen by the Mayor, where leaders have a clear portfolio of responsibilities, including fulfilling any deputy Mayor roles.
- In recognition of the importance of the LEP role and the private sector in growth strategies and their delivery, the 4 Yorkshire LEPs will be represented, without voting rights on the Combined Authority by their Chairs. Trade Unions and the two National Parks will also be represented on a non-voting basis.
- The Mayor and Cabinet will be supported by flexible sub regional Area Committees which recognise the functional economic linked and overlapping geographies and will undertake any functions appropriately delegated to these committees consistent with the principle of subsidiarity, including transport functions which will be exercised on behalf of the Mayor and Cabinet for the areas of all or part of South Yorkshire and of West Yorkshire. Transport powers exercisable by the Combined Authority for other parts of Yorkshire will be delegated back from the CA to the existing individual Local Transport Authorities. Overall the strategic integration of transport, and other, infrastructure will be co-ordinated via the Mayor's Industrial Strategy.
- These new arrangements, which will build on existing strong and effective sub regional structures, will help to ensure that the Combined Authority does not create a financially and administratively burdensome additional tier of bureaucracy which it will fall on the people of Yorkshire to pay for. It is therefore intended that the operation of the Yorkshire CA shall not of itself result in any increase in the cost of delivery of the functions ascribed

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<sup>9</sup> by virtue of the Bus Services Act 2017

<sup>10</sup> in line with Government's proposals and subject to primary legislation



to it over and above the current costs associated with the delivery of those functions by the existing constituent councils, Combined Authorities and Whitehall departments.

- The Mayor and the Cabinet will be required to be scrutinised and held to account by the Combined Authority's non directly elected Overview and Scrutiny Committee and will comprise membership of cross-party members drawn from the constituent councils and other co-opted members.
4. There is no intention to take existing powers from local authorities, including transport powers, without agreement and the agreement will protect the integrity of local authorities in Yorkshire. Neighbouring councils may be non-constituent members of the Combined Authority<sup>11</sup>. The Combined Authority may exercise functions in relation to its area and may invest outside the constituent members of the Combined Authority if that investment is to the benefit of the Combined Authority.
  5. The Yorkshire Mayor and Combined Authority will receive additional devolved powers and funding for infrastructure and certain parts of public service transformation, specifically on transport, business support, rural, coastal and urban regeneration, skills, and the co-design and funding of employment support as set out in this agreement.
  6. The Mayor will be required to consult the Cabinet on Mayoral strategies, including the Yorkshire Industrial Strategy, and the Mayor's budget, either of which the Cabinet may reject if two-thirds of its voting members present agree to do so.
  7. On proposals for decision requiring a vote of the Combined Authority, the Cabinet members and the Mayor would each have one vote and policy would be agreed by a majority vote, except agreeing the CA's annual budget which will require a higher threshold of majority of voting members present.
  8. In the transition period, i.e. before the new Yorkshire Combined Authority can be formed and the Mayor is elected in May 2020, as part of the statutory governance review, various options will be explored for establishing the Yorkshire CA (including dissolving one or both existing combined authorities). A Yorkshire Shadow Combined Authority would by May 2019 receive funding and responsibilities including the revenue gainshare Investment Fund revenue and Housing Investment funding payments, subject to readiness conditions eg the making of orders.
  9. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayor, Combined Authority and LEPs will continue to work very closely with the government for the benefit of the public.
  10. Yorkshire Combined Authority and the LEPs commit to working with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive productivity and build the Northern Powerhouse.
  11. This Deal represents a first step in a progressive process of devolution of funding, powers and responsibilities to Yorkshire Combined Authority and a directly elected Mayor for Yorkshire. As well as the funding and powers set out in this deal, Yorkshire Combined Authority working with its constituent authorities and Government will continue to consider further opportunities for devolution, including the following:

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<sup>11</sup> e.g., South Bank authorities

- Devolving responsibility for managing the proposed Shared Prosperity Fund
- A regional approach to rural investment including in relation to the replacement for the CAP following withdrawal from the EU
- Positioning Yorkshire at the forefront of next generation transport. This will include government's ongoing support for HS2 growth strategy delivery, Northern Powerhouse Rail, wider connectivity master planning, zero emission transport, and piloting new approaches, including to: smart cities and towns; smart motorways; and connected communities in rural areas
- An MoU with Highways England with regards to traffic management and emergency management on the M62 and M1 and to include A1m, M18 and A63
- Devolved ownership of identified local rail stations, with associated maintenance and improvement budgets
- A pilot to implement big data sharing agreements across key partners and utilities to support strategic planning
- Responsibility for budgets, including DCMS/BDUK, to deliver ultrafast broadband connectivity and further develop the market
- Exploring devolved energy funding and related powers eg to set planning standards for sustainable design and construction and including clean energy and ULEV
- Exploring responsibility for flood defence capital investment eg to support advanced environmental resilience/sustainability measures (eg Living with Water) for port cities
- Co-design of sector deal pilots for the following sectors:
  - Social Care
  - Rural and Farming
  - Tourism, Heritage, Sport, Arts and Culture, including a formal strategic partnership with Visit Britain around maximising the tourism potential of Yorkshire
- Driving further Public Sector Transformation, including:
  - exploring the opportunities for a devolved and coordinated multi-agency approach to improving the life chances for all our children and young people;
  - Exploring the control of Further Education capital and revenue budgets (including 16-18 funding);
  - early years foundation stage, including the first 1000 days;
  - Integration of Health and Social Care; and
  - collaborating and learning related to blue light services/first responders and the regional role around resilience and mutual aid.