

# York and North Yorkshire Devolution Deal

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including, public consultation, the consent of councils affected, and parliamentary approval of the secondary legislation implementing the provisions of this deal.



Department for Levelling Up,  
Housing & Communities



The new council for  
**NORTH  
YORKSHIRE**

## Signature Page

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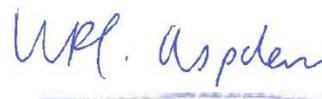
**The Rt Hon Greg Clark MP**

Secretary of State for Levelling Up, Housing and Communities

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**Cllr Carl Les**

Leader, North Yorkshire Council

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**Cllr Keith Aspden**

Leader, City of York Council

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## Introduction

1. The Government has set itself a mission that, by 2030, every part of England that wants a devolution deal will have a devolution deal with powers at, or approaching, the highest level of devolution, with a simplified, long-term funding settlement. The 2022 Levelling Up White Paper makes clear the case for devolution as the engine room of improved productivity and reduced regional disparities. Devolution will be critical to delivering our twelve headline Levelling Up missions, strengthening local leadership to act more flexibly and innovatively to respond to local need, whether on transport, skills or regeneration.
2. In the White Paper, the Government published for the first time a devolution framework, which set out a clear menu of options for places in England that wish to unlock the benefits of devolution. This framework places a strong emphasis on the importance of high profile, directly elected local leadership, strong local governance, and joint working across sensible and coherent economic geographies. The most comprehensive package is a Level 3 deal, for areas with a single institution over a sensible geography, with the strongest and most accountable leadership, such as a mayoral combined authority (MCA), or a single unitary authority or a county council covering a functional economic area or the whole county geography with a directly elected mayor. The Level 2 offer is for devolution to single local government institutions without a directly elected mayor, such as combined authorities, or a single upper tier local authority covering a functional economic area or the whole county geography with the leader and cabinet governance model. The Level 1 offer is for local authorities with looser joint working arrangements, such as a joint committee model.
3. This document sets out the terms of an agreement for a Level 3 devolution deal between the Government and the local authorities of City of York Council and North Yorkshire Council (“York and North Yorkshire”), subject to ratification by the Councils and the statutory requirements for making the secondary legislation implementing the deal. This document describes both the offer of powers and budgets from the Government and the reforms and measures that York and North Yorkshire will need to deliver. Central to this is the election of a directly elected leader across the deal area, to champion the area’s interests, deliver on local priorities, and be accountable to local people. The statutory requirements for implementing the deal include public consultation, the Councils consenting to the legislation and Parliament approving it. Once this legislation is approved and made, the devolution deal will be confirmed.
4. With a population of around 818,000 and a nominal GVA of £20.5 billion York and North Yorkshire offers enormous potential. It is home to over 46,000 businesses and has an employment rate of 79.2%. Together, York and North Yorkshire form a coherent economic area with a number of significant strengths, including growth in the bioeconomy and agri-tech sectors, a tourism industry which harnesses both its natural assets and its urban appeal, and major investment in clean energy, such as the Drax power station.

5. Sizeable parts of York and North Yorkshire enjoy these strengths, but the region also faces challenges which constrain productivity levels and the ability to grow. These include poor rural digital connectivity; poor transport connectivity; high house prices, coupled with low wages; and coastal deprivation, which puts the area in the bottom ten percent for social mobility. Greater local powers are needed to tackle these challenges, to level up, and to harness the huge economic opportunity for the benefit of people in York and North Yorkshire and for the whole UK.
6. Government investment in the area is already helping to tackle these challenges, with £145.9 million of the Local Growth Fund and £15.4 million of the Getting Building Fund invested in York and North Yorkshire. Northallerton has received £6.1 million from the Future High Streets Fund and York Central Enterprise Zone has been awarded over £77 million in Housing Investment Grant funding and £6 million from the Local Growth Fund. York has also benefitted from the Leeds City Region Growth Deal settlement for West Yorkshire and York, which secured £30 million annual funding over 20 years to support the West Yorkshire Plus Transport Fund. £47.5 million improvements to York, Selby, Harrogate and Skipton Railway Stations will continue to be funded from the Transforming Cities Fund through established arrangements with West Yorkshire Combined Authority. Currently, the Government is investing £25.4 million of UK Shared Prosperity Fund (UKSPF) and Multiply funding in York and North Yorkshire, in addition to the £20.2 million and the £17.1 million Town Deals currently being delivered in Scarborough and Whitby respectively.
7. The local authorities of York and North Yorkshire and the Government are now minded to agree a historic mayoral devolution deal which will provide powers and funding to enable York and North Yorkshire to unleash its full economic potential and in doing so level up, raise living standards for its communities and make a full contribution to the UK economy. It will build upon the area's history of collaboration to maximise this investment. The York and North Yorkshire devolution deal shows how levelling up can be done in practice – with clear alignment to the twelve headline Levelling Up missions and long-term, devolved funding underpinning it.
8. The York and North Yorkshire deal will unlock significant long-term funding and give local leaders greater freedom to decide how best to meet local needs and create new opportunities for the people who live and work there. The Government recognises that devolution is a journey, not a one-off event. This agreement is the first step in a process of further devolution. As institutions mature, they can gain greater responsibility, and York and North Yorkshire will be able to deepen their devolution arrangements over time, subject to Government agreement. The Government will continue to work with York and North Yorkshire on important areas of public service reform and infrastructure investment, to

support inclusive economic growth in towns, cities and rural areas whilst tackling the climate emergency, on our journey to 2030.

9. As a mayoral combined authority, York and North Yorkshire will have an important role and voice across the Northern Powerhouse and will be a key partner of central government to drive regional growth and productivity, joining the existing mayoral combined authorities and engaging with the Government as a mayoral combined authority from the date of this deal – 1 August 2022.

## **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.**

The Government and York and North Yorkshire are minded to agree a devolution deal which will provide the area with new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements.

A devolution agreement is contingent upon York and North Yorkshire proceeding through the steps necessary to establish a mayoral combined authority and meeting the governance criteria required for a Level 3 devolution deal.

This devolution agreement includes:

- York and North Yorkshire establishing a combined authority and electing a directly elected mayor to provide overall vision and leadership, seek the best value for taxpayer's money, be directly accountable to the city region's electorate and to receive new powers on transport, housing and skills.
- Control of a £18 million per year allocation of investment funding over 30 years 35% capital, 65% revenue, to be invested by York and North Yorkshire to drive growth and take forward its priorities over the longer term.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising, control of appropriate local transport functions e.g., local transport plans, and control of a Key Route Network.
- An integrated transport settlement starting in 2024/25 and an additional £1 million to support the development of local transport plans.
- New powers to better shape local skills provision to meet the needs of the local economy, including devolution of the core Adult Education Budget, as well as input into the new Local Skills Improvement Plans.
- New powers to drive the regeneration of the area and to build more affordable homes including compulsory purchase powers and the ability to establish Mayoral Development Corporations.
- Over £13 million for the building of new homes on brownfield land across 2023/24 and 2024/25, subject to sufficient eligible projects for funding being identified.
- 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.
- Subject to a full business case, demonstrating the value of the scheme in delivering housing, jobs and GVA to the area, the government is minded to provide additional support to the York Central brownfield regeneration scheme.
- £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.

- York and North Yorkshire Combined Authority will plan and deliver the UK Shared Prosperity Fund (UKSPF) from 2025/26 if there is a continuation of the Fund and the delivery geographies remain the same.
- Integration of the York and North Yorkshire Local Enterprise Partnership (YNY LEP) into York and North Yorkshire Combined Authority. This will ensure there continues to be a strong and independent local business voice which informs local decision making.
- A commitment to explore a local partnership with Great British Railways so that the mayor can help shape and improve local rail.
- Support to develop a Natural Capital Investment plan for York and North Yorkshire.
- Commitments to work in partnership with the area on the development and delivery of strategies to realise the region's cultural potential.
- Engagement on broadband and mobile infrastructure rollout and on the development of the Scarborough Cyber Cluster.
- A commitment to establish a programme working group in support of the BioYorkshire programme.
- A key leadership role for the mayor in public safety, taking on the role and functions of the Police Fire & Crime Commissioner and having a clear role in local resilience and civil contingency planning, preparation, and delivery.

More detail on these commitments is given in the main body of the document below.

Further powers may be agreed over time and included in future legislation.

## **Governance**

10. York and North Yorkshire have already taken bold steps in securing effective and accountable governance. The local government reorganisation process resulted in a model of two unitary authorities, supporting clear local democratic accountability and efficient delivery of local authority functions. The York and North Yorkshire Local Enterprise Partnership (LEP) operates on the same geography as the proposed devolution arrangements, demonstrating effective partnership working at a sub-regional level.

### Mayoral Combined Authority

11. A key advantage of the mayoral combined authority model is its joint governance arrangements for key growth levers such as transport, skills, economic development, and regeneration, which allow for strategic prioritisation across its area and integrated policy development. In addition, a directly elected mayor provides greater local accountability and decision-making power, working in partnership with the combined authority and constituent councils.

12. As part of this agreement, York and North Yorkshire will, through the current process set out in the Local Democracy, Economic Development and Construction Act 2009, adopt the model of a directly elected mayor over a combined authority across the area of York and North Yorkshire, with the first mayoral election in May 2024. The new mayor will be elected by the local government electors for the areas of the constituent councils of the new combined authority – North Yorkshire Council and the City of York Council. Mayoral terms will last four years.

13. The York and North Yorkshire Combined Authority will comprise the following members:

Voting members:

- The elected mayor.
- Four elected members, consisting of a Lead Member for each constituent council and one further member appointed by each of the two constituent councils. Constituent councils may nominate two named substitutes for each of their combined authority members.

In addition, there will be:

- One member appointed by the York and North Yorkshire LEP. The LEP Board will become the Business Committee of the combined authority subject to the LEP integration process.

This member will be non-voting unless the combined authority resolves to give them a vote on any issues.

14. The York and North Yorkshire Combined Authority will explore opportunities for further collaboration with its neighbouring local authorities including West

Yorkshire Combined Authority, Tees Valley Combined Authority, South Yorkshire Mayoral Combined Authority, Hull and East Yorkshire, Lancashire, and Cumbria and across the whole of Yorkshire through the Yorkshire Leaders Board. York will remain as a non-constituent member of the West Yorkshire Combined Authority. The mayoral combined authority may invite representatives from other partner councils to attend (and speak) at any mayoral combined authority meeting.

15. The mayor and the other combined authority members will be required to work together. Specifically:

- The mayor will provide overall leadership and chair combined authority meetings.
- The mayor may choose to delegate function(s) to members of the combined authority. Where this is the case the member to which a specific mayoral function has been delegated will exercise that function on behalf of the mayor.
- More generally, members of the combined authority may also act to support and advise the mayor in the exercise of mayoral functions.
- The mayor may appoint one person as the mayor's political adviser.
- The combined authority may establish an independent remuneration panel to recommend allowances payable to the mayor and others as appropriate.

16. Functions contained in this deal document will be devolved to the York and North Yorkshire Combined Authority by the Government subject to parliamentary approval. Some of these functions will be exercisable by the mayor and some by the combined authority. Where these functions are local authority functions, they will be held concurrently with the local authorities in the area to ensure joined up decision making. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the combined authority and its constituent councils.

17. The York and North Yorkshire Combined Authority will be given powers in relation to:

- Economic development and regeneration functions.
- Adult education and skills functions.
- Transport functions including to set up and coordinate a Key Route Network (KRN) on behalf of the mayor.
- Housing functions relating to compulsory purchase (subject to the consent of the constituent council affected by the exercise of the function), plus provision of housing and land, land acquisition and disposal, and development and regeneration of land.
- Power to borrow up to an agreed cap for non-transport functions.

18. The directly elected mayor for the York and North Yorkshire Combined Authority will autonomously exercise their new functions with personal accountability to the electorate, devolved from central government and set out in legislation. These functions will be:

- Functional power of competence.
- Housing and planning:
  - Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation (see consent requirements below).
  - Housing and land acquisition powers (see consent requirements below) to support housing, regeneration, infrastructure and community development and wellbeing.
- Finance:
  - Power for the mayor to set a precept on council tax to fund mayoral functions (resulting from the setting of the mayoral budget as set out below).
  - Power to charge business rate supplement (subject to ballot).
- Transport:
  - Power to draw up a local transport plan and strategies (the combined authority will be able to amend the mayor's transport strategy if 3 out of 4 constituent council members agree to do so).
  - Bus franchising powers.
- Police, Fire and Crime Commissioner functions.

19. Where existing functions or resources currently held by the constituent authorities are to be shared with the mayor and the combined authority, this must be agreed by the constituent councils. Additionally, the Government intends to legislate so that mayors will have a power of direction allowing them to direct highway authorities on exercising their highway powers with regard to the KRN. The combined authority may exercise functions in relation to its area and may exercise functions outside its area, subject to and in accordance with statutory provisions.

20. Proposals for decision by the combined authority may be put forward by the mayor or any combined authority member. The mayor will have one vote as will other voting members of the combined authority. Any questions that are to be decided by the combined authority are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation, and that majority must include the vote of the mayor.

21. In addition, for the following decisions the majority of members must include the lead member from each constituent council:

- Approving the combined authority's budget (excluding decisions which relate to the mayor's budget).
- Setting a levy.

22. The mayor will be required to consult the combined authority on his/her/their strategies, and this will be subject to the following conditions:

- The combined authority will be able to amend the mayor's budget if 3 out of 4 of the members agree to do so.

- The combined authority will be able to amend the mayor's transport strategy if 3 out of 4 of the members agree to do so.

23. The following decisions by the mayor will require the consent of the lead member of the combined authority, or substitute members acting in their place, appointed by the constituent council in whose area the decision will apply:

- Designation of any area of land as a Mayoral Development Area leading to the establishment (by Order) of a Corporation (the consent of the relevant national park authority is also required if the land falls within the national park area).
- Compulsory purchase of land or buildings by the mayor.
- Any decision that could lead to a financial liability falling directly upon that constituent council.
- Such other matters as may be contained in the combined authority constitution and agreed with the mayor.

24. The mayor and the combined authority will be scrutinised and held to account by the combined authority's Overview and Scrutiny Committee(s). Six members will be nominated from each constituent council for each committee, reflecting the political balance of the constituent authorities. The chair and vice-chair of the Overview and Scrutiny Committee will be appointed by the combined authority from amongst the members of the committee, following a proposal put to them by the Overview and Scrutiny Committee. The chair and vice-chair shall not be a member of a registered political party of which the mayor is also a member. The mayor and the combined authority may also seek to enhance scrutiny and develop wider conference with all elected members in the combined authority's area to engage on key issues.

25. The Levelling Up White Paper committed to the Government to produce a reformed accountability framework for all devolved institutions in England. The Government, York and North Yorkshire and other areas with devolution deals will work together to determine how this can best work in practice, so that we can improve the consistency of data and reporting, streamline our approach to focus on clear and transparent outcomes and ensure the right mechanisms are in place to promote good practice, as well as address serious concerns. This is to ensure that local people have confidence that devolution is leading to improvements in their area. This framework will apply to York and North Yorkshire as well as all existing areas that have agreed devolution deals and all future areas. The framework will be published later in 2022.

26. The York and North Yorkshire Combined Authority will commit to working with partners across Yorkshire and the North of England, to promote opportunities for pan-Northern collaboration, including through the Yorkshire Leaders Board, Transport for the North and the NP11, to drive productivity and support Levelling Up across the North.

27. The proposals in this devolution deal are subject to ratification by each constituent council through their normal executive decision-making processes. This will include a governance review, the development and consultation of a scheme, and the submission the outcomes of the consultation to the Government. The implementation of the deal will require consultation with local communities and business on the proposals. Implementation is also subject to the Secretary of State for the Department for Levelling Up, Housing and Communities being satisfied that the required statutory requirements have been met, the consent of each constituent council and parliamentary approval of the required secondary legislation.

### LEP Integration

28. The Levelling Up White Paper announced the Government's intention to support the integration of LEP functions and roles into local democratic institutions to ensure a strong business voice at the heart of local decision making. Further guidance on how integration should happen was published on 31 March 2022. This deal confirms the integration of LEP functions in York and North Yorkshire, subject to Government approval of an integration plan and agreement from York and North Yorkshire LEP.

29. The York and North Yorkshire Combined Authority will be supported to take on all the functions and roles set out in section 10 of the guidance on LEP integration published in March 2022.

30. Any long-term future funding for the integration of LEP functions and roles will be subject to future funding decisions and business planning. The Government reserves the right to modify the functions and roles set out in section 10 of the guidance on LEP integration.

31. The York and North Yorkshire LEP will become a non-constituent member of the combined authority. The Levelling Up and Regeneration Bill currently in parliament will, following the LEP integration process, enable the LEP's replacement board or its equivalent body to become a non-constituent member of the combined authority to consult independently on business issues. Integration planning will be undertaken with the Government by autumn 2023.

## Finance and Investment

32. York and North Yorkshire will create a fully devolved funding programme covering all budgets for devolved functions (“York and North Yorkshire Investment Fund”), accountable to the York and North Yorkshire Combined Authority.
33. York and North Yorkshire will use the York and North Yorkshire Investment Fund to deliver a programme of transformational long-term investment. The Government agrees to allocate £18 million per annum for 30 years, 35% capital and 65% revenue, which will form part of the York and North Yorkshire Investment Fund. This will be subject to five-yearly gateway review assessments to confirm that the investment has contributed to economic growth and levelling up. Once the Order is made establishing a new mayoral institution and York and North Yorkshire has its Assurance Framework signed off, York and North Yorkshire may have access to the Investment Fund prior to mayoral elections, subject to the agreement with the Government of suitable caps.
34. The York and North Yorkshire Combined Authority will have the flexibility to secure private and public sector leverage. As per local government guidance, York and North Yorkshire Combined Authority will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives.
35. York and North Yorkshire Combined Authority will be given powers to borrow for its new functions, which will allow it to invest in economically productive infrastructure, subject to an agreed cap with HM Treasury. York and North Yorkshire Combined Authority will agree overall debt limits with HM Treasury, and update HM Treasury about any deviation from its underlying borrowing plans in order to support HM Treasury in its duty to monitor and forecast changes in the fiscal aggregates. York and North Yorkshire Combined Authority will also provide information, explanation and assistance to support the Office for Budget Responsibility in its duty to produce economic and fiscal forecasts for the UK economy.
36. The costs of the combined authority will be met from the overall resources of the combined authority. To support York and North Yorkshire Combined Authority in its early stages, the Government will provide £500,000 Mayoral Capacity Funding in 2023/24 - once the establishing legislation is made and the Assurance Framework confirmed with the Government - and £1 million in 2024/25. Any future capacity funding will be subject to Spending Review, in line with arrangements for other devolution deals. Additional activities or capital allocations will be supported by revenue allocated to the combined authority in line with practice for all M10 authorities.
37. The mayor will have the power to issue a precept on local council tax bills to help pay for the mayor’s work. This precept can only be raised for mayoral functions.

38. The mayor will have the power to introduce a supplement on business rates for expenditure on a project or projects that will promote economic development in the area, subject to a ballot of affected businesses.
39. The York and North Yorkshire Combined Authority will be the lead local authority for the planning and delivery of the UK Shared Prosperity Fund (UKSPF) from 2025/26 if there is a continuation of the Fund and the delivery geographies remains the same. The York and North Yorkshire UKSPF allocation - which rises to £13.96 million in 2024/25 - will be subject to a future Spending Review and reconfirmation of overall UKSPF policy and delivery arrangements from 2025/26. If the delivery model remains the same as the previous Spending Review period, it is anticipated that the combined authority will have overall accountability for the funding and how the Fund operates in the area, with wide flexibility to invest and deliver according to local needs. In carrying out this role, it will need to engage constituent authorities and other local partners to ensure that the needs of residents can be effectively addressed.

## Skills and Education

### Adult Education

40. York and North Yorkshire faces a significant and widening gap in its productivity performance (ONS statistics from 2019 demonstrate output per hour worked in the area is 86.5% of the UK average). There is a strong correlation between the relative performance of local areas on skills and their productivity performance. Similarly, pay levels lag behind the national average, reflecting this weak productivity, with 20% of jobs in North Yorkshire and 12% of jobs in York still paying below the National Living Wage. Across a region which includes a city, two national parks and Yorkshire Coast, this presents complex and varied challenges.
41. The Government will fully devolve the Adult Education Budget (AEB) to York and North Yorkshire Combined Authority from academic year 2025/26 subject to readiness conditions and parliamentary approval of the required secondary legislation conferring the appropriate functions. These arrangements do not cover apprenticeships or traineeships, even though the latter is funded through the AEB.
42. Prior to full devolution taking place the Government will work with York and North Yorkshire to support their preparations for taking on the relevant functions, including offering implementation funding on a 'matched-funded' basis and awarded through a business case process.
43. Upon devolution York and North Yorkshire Combined Authority will be responsible for making allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. The Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices.
44. The Government will consult with York and North Yorkshire on a funding formula for calculating the size of the grant to be paid to the York and North Yorkshire Combined Authority for the purpose of exercising the devolved functions.
45. In order to proceed with devolution, the Government needs to be assured of the following readiness conditions:
  - a. The Secretary of State for Education and appropriate accounting officer are assured that York and North Yorkshire is operationally ready to administer the adult education budget and is satisfied the required statutory tests have been met.
  - b. Parliament has legislated to enable transfer to York and North Yorkshire Combined Authority of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.

- c. Agreement to a memorandum of understanding between the Department for Education and York and North Yorkshire that provides appropriate assurance that the named parties will work together to ensure the future financial stability of the provider base, including for sharing financial risk and managing provider failure.
- d. Learner protection arrangements are agreed between parties.

### Skills and Employment

- 46. Local Skills Improvement Plans (LSIPs) will set out the current and future skills needs of the area and how local provision needs to change to help people develop the skills they need to get good jobs and increase their prospects. They will build a stronger and more dynamic partnership between employers and further education providers and allow provision to be more responsive to the skills needs of employers in local labour markets.
- 47. Working with the designated Employer Representative Body and utilising the intelligence developed by the LEP Skills Advisory Panel, York and North Yorkshire Combined Authority will support and provide input into the LSIP for the area.
- 48. York and North Yorkshire Combined Authority will be considered alongside other MCAs at future Spending Reviews with regard to the devolution of skills funding.
- 49. The Government recognises the challenges facing York and North Yorkshire, with coastal and rural communities experiencing a complex range of issues, such as poor connectivity. There is a need to develop and deliver targeted programmes to address the unique and very different challenges across such a large and diverse region. York and North Yorkshire will work in partnership to develop proactive support for these groups through ongoing engagement with local Department for Work and Pensions Jobcentre Plus.
- 50. The Government and the region will also work together to better target support for these groups by understanding and utilising publicly available local labour market intelligence and analysis (this includes analysis through the Skills Advisory Panel in the 2022-2023 financial year, funded by a Department for Education grant). As part of the development of the economic framework, the Government is committed to working together on the region's strategic priorities and supporting the development of the region's economic framework.
- 51. The Department for Work and Pensions and the York and North Yorkshire Combined Authority will work together on its strategic priorities for employment through enhanced engagement by way of:
  - a. Membership of the joint Department for Work and Pensions and Department for Education Mayoral Combined Authority Advisory Group.
  - b. Regular engagement with the regional Employer and Partnership team in Jobcentre Plus, and strategic labour market partnership teams.

## **Housing and Land**

52. York and North Yorkshire Combined Authority will have broad powers to acquire and dispose of land to build houses, commercial space and infrastructure, for growth and regeneration. They will be able to invest to deliver housing for the area.
53. York and North Yorkshire Combined Authority will have land assembly and compulsory purchase powers, subject to the agreement of the York and North Yorkshire local authority constituent member where the relevant land is located, and to the consent of the Secretary of State for Levelling Up, Housing and Communities.
54. The mayor will have the power to designate a Mayoral Development Area and to create Mayoral Development Corporations, which will support delivery on strategic sites in York and North Yorkshire. This power may be exercised only with the consent of the combined authority member(s) who represent the area in which the Development Corporation is to be established, and the consent of the national park authority, if relevant.
55. As a mayoral combined authority, the York and North Yorkshire Combined Authority will be awarded £12.7 million of devolved capital funding across 2023/24 and 2024/25 to support the building of new homes on brownfield land, subject to sufficient eligible projects for funding being identified.
56. To support the York and North Yorkshire Combined Authority to identify and bring forward a pipeline of housing projects, the Government will also provide £347,000 in capacity funding across 2023/2024 and 2024/2025.
57. The Government recognises the region's priority to deliver affordable, low carbon homes across the area. The government will make a one-off investment in York and North Yorkshire of up to £2.65 million in this Spending Review period to support this ambition, specifically to pilot new energy efficiency or shared ownership schemes.

## Working with Homes England

58. York and North Yorkshire and Homes England are committed, with the support of DLUHC, to working collaboratively – combining their skills and capacity – to unlock the barriers to rural affordable housing delivery, the regeneration of market towns and wider housing growth through the development of a pipeline for the region. This will be underpinned by a clear Action Plan setting out workstreams, timescales and milestones, as well as respective roles and responsibilities.

59. Homes England and DLUHC will explore the potential for investing in the delivery of this pipeline – alongside York and North Yorkshire’s wider strategic ambitions around low carbon and modern methods of construction – through current and future funding streams, including the Affordable Housing Programme.
60. Homes England, DLUHC, and the combined authority will also collectively explore how wider measures – including viability assessments and the planning system – could better support York and North Yorkshire’s plans to increase much needed rural affordable housing supply, and in partnership test how the developing Homes England rural strategy could assist in this.

### York Central

61. York Central is a large and ambitious city centre brownfield regeneration project that aims to transform underused land adjacent to York railway station and create new city centre and business neighbourhoods. Subject to a full business case, demonstrating the additionality of support and the value of the scheme in delivering housing, jobs and GVA to the area, the Government is minded to provide additional support to the York Central brownfield regeneration scheme.
62. The Government is committed to continuing to develop options on establishing a new hub for government officials in York, that would include a significant expansion of job opportunities for people who live in York and the surrounding areas. The Government welcomes the ongoing support from City of York Council in developing these proposals and will continue in parallel the positive engagement with the York Central Partnership as part of the Places for Growth programme.

## **Transport**

63. A new, directly elected mayor and the York and North Yorkshire Combined Authority will exercise the following powers and functions devolved from central government.

### Transport plans

64. Responsibility for an area-wide local transport plan will be conferred to the York and North Yorkshire Combined Authority and exercised by the mayor.

65. In line with best practice as set out in new local transport plan guidance planned for early 2023, York and North Yorkshire will develop a provisional area-wide local transport plan by March 2024 to be finalised by the mayor and the York and North Yorkshire Combined Authority once these are established. The Government recognises the significant changes to governance brought about by this deal and the restructuring of local government across North Yorkshire will require some additional capacity. York and North Yorkshire will be provided with an additional £500,000 of revenue funding in 2023/24 and 2024/25, on establishment of the combined authority, to accelerate this work and implement quantifiable carbon reductions to the higher standard recommended in related guidance. The investment in local transport planning and the consolidated transport budget will provide the new combined authority with the opportunity to design a pipeline of transport schemes.

### Consolidated transport budget

66. The mayor will be responsible for a devolved and consolidated integrated local transport budget for the area of York and North Yorkshire, consisting initially of the local highways maintenance funding (pothole and highways maintenance block funding) and integrated transport block. The integrated transport settlement will be available to York and North Yorkshire Combined Authority following the first mayoral election in May 2024, for the final year (2024/25) of the current Spending Review period. The Government acknowledges that York and North Yorkshire desire longer-term certainty that the integrated transport settlement will continue beyond 2025 and will therefore work with the combined authority to agree an integrated multi-year transport settlement at the next Spending Review. At this point, opportunities for expanding the integrated transport settlement offer will also be explored.

### Roads

67. York and North Yorkshire Combined Authority will set up and coordinate a Key Route Network (KRN) on behalf of the mayor. The mayor and the combined authority will take on any necessary highways powers to undertake this, to be exercised concurrently with the highways authorities, as agreed locally and set out in the required scheme and consultation. Additionally, the Government intends to legislate so that the mayor will have a power of direction, allowing them

to direct highway authorities on exercising their highway powers with regard to the KRN.

68. In partnership with constituent authorities, the York and North Yorkshire Mayoral Combined Authority and the Mayor will develop a single strategic asset management plan, and where practical, work towards streamlining contractual and delivery arrangements across the region. Unless otherwise agreed locally, all operational responsibility for highways will remain with the constituent Councils.
69. York and North Yorkshire will also be able to enter into agreements with the Government, other local authorities and National Highways, including to determine shared priorities for its strategic and key road networks.
70. The Government will consider the proposals to enhance the A64 from Hopgrove Roundabout to Barton Hill as part of decisions on Roads Investment Strategy 3, taking into account its economic benefits balanced against wider factors.
71. Subject to the full business case, the Government is providing North Yorkshire County Council with £56.1 million to develop the Kex Gill scheme which will improve connectivity between Harrogate and Skipton. The Department for Transport will continue to work with York and North Yorkshire as this scheme progresses. York has also benefitted from the Leeds City Region Growth Deal settlement for West Yorkshire and York, which secured £30 million annual funding over 20 years to support the West Yorkshire Plus Transport Fund.
72. The Government acknowledges the challenges York and North Yorkshire faces with transport connectivity as a large rural area. The Government also recognises the aspirations of York and North Yorkshire to improve public electric vehicle charging infrastructure across the region, which would increase the uptake of electric vehicles in the region and reduce carbon emissions by supporting all motorists in making the switch. The Government is introducing a new £450 million local electric vehicle infrastructure (LEVI) scheme for local authorities to support local EV infrastructure delivery and will work with the combined authority to ensure the area is best placed to respond once funding arrangements for the full fund are announced.

### Buses

73. York and North Yorkshire Combined Authority will have access to franchising powers in the Transport Act 2000. In any partnership or franchising arrangements, York and North Yorkshire should seek, within available resources, to facilitate the accelerated delivery of smart, integrated ticketing across all local modes of transport in the city region. York and North Yorkshire will continue to work with relevant partners – Transport for the North, bus and rail operators, Great British Railways and the Department for Transport – to realise this ambition.

74. The Government has allocated indicative funding of up to £17.4 million to City of York Council for their Bus Service Improvement Plan (BSIP). The final funding award will be based on submission and implementation of an Enhanced Partnership which delivers a package of prioritised and ambitious improvements to bus services. The Government will continue to work with City of York Council to develop their Enhanced Partnership further.
75. The Government has provided York and North Yorkshire with £16.2 million to allow them to introduce up to 83 zero emission buses, through the ZEBRA scheme.
76. As per the commitment in the National Bus Strategy, the Government is working on the reform of the Bus Service Operators Grant (BSOG). Following the reform of BSOG, should York and North Yorkshire request BSOG be devolved to them the Department for Transport will work with the combined authority to devolve BSOG to them in line with the consultation outcome.

### Rail

77. The Government will support York and North Yorkshire Combined Authority in seeking a new rail partnership with Great British Railways, once established, so that their priorities can be taken into consideration in future decisions regarding their local network. York and North Yorkshire Combined Authority, alongside existing Level 3 authorities, will be considered a priority for these agreements which will provide the ability to influence the local rail offer. Local priorities will need to be coordinated and compatible with surrounding areas and the needs of the national network.
78. £47.5 million improvements to York, Selby, Harrogate and Skipton Railway Stations will continue to be funded from the Transforming Cities Fund through 2022, until completion of delivery in 2023 and delivered through established arrangements with West Yorkshire Combined Authority.

### Active Travel

79. The Government has committed to basing its new executive agency, Active Travel England, in York. Active Travel England will be formally established as an Executive Agency and Active Travel England staff are expected to move into a York office later this year.
80. York and North Yorkshire will work with Active Travel England on any future walking and cycling schemes to ensure schemes are delivered to high standards, including compliance with Local Transport Note 1/20 (LTN 1/20). All cycling and walking schemes must be approved by Active Travel England as complying with LTN 1/20.

## **Net Zero, Climate Change and Natural Capital**

### Net Zero

81. York and North Yorkshire have the ambition to be net zero by 2034 and become England's first carbon negative region by 2040. The scale of York and North Yorkshire's ambition is based on their unique innovation and industrial capabilities; their nationally significant business base in low-carbon energy (such as Drax's large-scale bioenergy with carbon capture and storage plans); and their diverse and extensive landscapes, owing to the area's rural and coastal geography.
82. As part of its Net Zero strategy, the Government recognises that devolved and local government can play an essential role in meeting national net zero ambitions. Local leaders in York and North Yorkshire and elsewhere are well placed to engage with all parts of their communities and to understand local policy, political, social, and economic nuances relevant to climate action. This is why the devolution framework grants places the opportunity to adopt innovative local proposals to deliver action on climate change and the UK's net zero targets.
83. The Government supports the ambition of York and North Yorkshire to become a carbon negative region and recognises the potential contribution it can make to national net zero goals.
84. York and North Yorkshire have been working closely with the Department for Business, Energy and Industrial Strategy's (BEIS) Local Net Zero Hubs and National Energy Systems Catapult to be a trailblazing region, delivering net zero ambitions whilst creating significant new economic opportunities. They have also undertaken trailblazing work with National Energy Systems Catapult, utilising Community Renewal Funding to deliver a Local Area Energy Plan at a York and North Yorkshire scale.
85. Working with the BEIS Local Net Zero Hub and building on York and North Yorkshire's extensive net zero strategic work to date, the Government will engage with the area through regular dialogue with a single point of entry and reflecting emerging funding and policy opportunities.
86. The Government will provide £7 million investment that will enable the area of 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 a business case from the area.
87. The Government will also explore the opportunities and feasibility of investing to pilot an innovative approach to funding smaller scale feasibility studies in a predominantly rural area, creating a recyclable investment model.

### Domestic energy efficiency

88. The Government commits to explore the potential benefits of and design options for a place-based approach to delivering retrofit measures, as part of HMG's commitment in the Net Zero Strategy to explore how we could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change.
89. This work will involve inviting York and North Yorkshire to work with Government through the relevant representative organisations to consider if such an approach could accelerate the meeting of net zero goals and provide better value for money.

#### Net zero infrastructure and innovation

90. The UK Infrastructure Bank ("the Bank") will increase infrastructure investment across the UK by partnering with the private sector and local government to help tackle climate change and support regional and local economic growth. The Bank's advisory service, when launched, could offer advice and support to local actors, including the York and North Yorkshire Combined Authority, to help deliver on their objectives, including driving investment into net zero infrastructure and innovative local projects. It can also act as a convenor, bringing together local actors for collaborative projects, and where appropriate identifying where projects can be aggregated to achieve greater impacts.
91. BEIS will provide opportunities for York and North Yorkshire to work with the Local Net Zero Hub to explore opportunities for relevant sources of funding for projects identified in their plans, noting that for fully commercial projects the Government would expect the private sector to identify project development capital in the first instance.

#### Natural Capital

92. North Yorkshire Council has provisionally agreed to act as the responsible authority for the preparation of the Local Nature Recovery Strategy (LNRS) for the area. Formal appointment of responsible authorities will be made following publication of relevant regulations and guidance and confirmation of funding. For York and North Yorkshire, the LNRS will: map the most valuable existing habitat for nature; map proposals for creating or improving habitat for nature and wider environmental goals; and agree priorities for nature's recovery. DEFRA agrees to consider the role of the York and North Yorkshire Combined Authority in the LNRS in due course.
93. Dovetailing with the LNRS, Government will ensure the new environmental land management schemes are implemented in line with local needs and priorities, including those of York and North Yorkshire.
94. York and North Yorkshire is seeking to become a trailblazer in natural capital investment, which will be core to delivering economically whilst also realising its ambition to become England's first carbon negative region. Government, which is committed to increasing private investment in nature's recovery across England,

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, Forestry Commission). Any funding provided will be subject to further agreement and approvals, and will be conditional on participation in a programme of evaluation and shared learning.

95. Flood defence schemes worth at least £35 million are projected to be taken forward in York and North Yorkshire over the course of the Government's current six-year capital investment programme, which runs from 2021 to 2027.

96. Through this deal, DEFRA has committed to working with York and North Yorkshire on LNRS, new environmental land management schemes, and a Natural Capital Investment Plan, and will consider other opportunities to work in a place-based way.

## **Public Service Reform**

97. The Government supports York and North Yorkshire in its ambition for public service reform. The Government commits to working with the region to explore initiatives to improve the delivery of public services jointly with its constituent authorities, such as how best to support residents with multiple complex needs. Where appropriate, and as part of its Levelling Up agenda, Government will also consider devolving further powers to York and North Yorkshire Combined Authority to support public service reform, in relation to the statutory duties held by its constituent authorities.

## **Resilience and Public Safety**

98. York and North Yorkshire Combined Authority will have a clear role in local resilience, following Government's full consideration of the role and responsibilities of Local Resilience Forums.
99. The Government, York and North Yorkshire, and the Police, Fire & Crime Commissioner for North Yorkshire will work together with the aim of agreeing a governance model and timetable for transferring the exercise of Police, Fire & Crime Commissioner functions to the mayor, with a view to electing the first mayor with these functions in May 2024.

## **Culture and Tourism**

100. The Department for Culture Media and Sport's (DCMS) Arm's Length Bodies will work in partnership with York and North Yorkshire Combined Authority, alongside other local partners, to build on ongoing work to develop and deliver strategies to realise the region's cultural potential, using the new combined authority as an opportunity for a strategic appraisal of the current culture, sport, and leisure provision.
101. Building on the region's cultural strengths and assets, these strategies will support cultural organisations to provide a strong offer to communities to maximise the contribution of culture, heritage, sport and leisure to place-making in the region's towns and cities, and seek to attract national and international partners. As part of this, the York and North Yorkshire Combined Authority will work with Arts Council England and other local partners to identify how it can support an increase in cultural opportunity in the Selby District Area, which is a 'Levelling Up for Culture' place. In addition, partners will build on the work of the York and North Yorkshire Heritage and Culture Strategy Group in taking forward the recommendations of the Celebrating our Distinctive Heritage report. This will include the direction of investment spending towards agreed priorities, such as the roll out of the High Street Heritage Action Zone programme to coastal and market towns where there is a perceived need, as with the successful projects in Selby, Skipton and Northallerton. Partners will also support York's cultural strategy which aims to exploit the city's distinctive creative, heritage and archaeological assets to strengthen its economy and place-making.
102. This will help realise the region's creative and cultural potential in ways that complement its broader ambitions around place-making, attracting and retaining young people and supporting the growth of the visitor economy.
103. Tourism and the Visitor Economy are crucial industries for York and North Yorkshire, with the region attracting large numbers of leisure and business visitors every year, including through its cultural and heritage offer. To help support this crucial industry, DCMS will work with York and North Yorkshire Combined Authority to explore the best structures and geographies for future Destination Management and Marketing interventions. This will be informed by the DCMS response to the De Bois review of Destination Management Organisations in England.
104. The Government understands that York and North Yorkshire places strategic importance on the refurbishment of Harrogate Convention Centre as an economic asset for the region. It is understood that a bid will be submitted for the Levelling Up Fund Round 2 and if received it will be assessed alongside other potential applicants in line with the Levelling Up Fund Round 2 prospectus and associated technical guidance.

## **Digital**

105. The Government recognises that high quality digital connectivity is crucial for future economic growth and productivity in the region. While rollout of broadband and mobile infrastructure will be delivered nationally through DCMS, the Government will engage with the York and North Yorkshire Combined Authority on a regular basis, on delivery plans in the region, particularly where they involve hard to reach rural areas. The Government is committed to achieving nationwide coverage of gigabit capable broadband by 2030 and to ensuring that rural areas are not left behind including in York and North Yorkshire. Procurements covering York and North Yorkshire are scheduled to launch in 2023, and regular Project Gigabit programme updates will be provided demonstrating progress in delivering for communities across the area.

## **Innovation, Trade and Investment**

106. Through the deeper devolution trailblazer deals announced in the Levelling Up White Paper, Government will bring together a holistic package of powers, roles, functions and strategic relationships to grow the private sector at a local level.
107. The trailblazers are designed as a blueprint for other mayoral combined authorities, and Government will draw lessons from this approach to make a similarly broad and holistic offer to York and North Yorkshire in due course. This offer aims to build the resilience of businesses and households in York and North Yorkshire to cost of living pressures, strengthen York and North Yorkshire's global competitiveness and empower local entrepreneurs.
108. This offer will explore the following, and potentially other, options to:
  - a. Empower York and North Yorkshire to be able to secure greater private investment in local priorities.
  - b. Strengthen York and North Yorkshire's local innovation capacity to help realise the potential of local innovation assets and the innovation potential of small and medium enterprises.
  - c. Help to realise the global export potential of local businesses in York and North Yorkshire and maximise the local benefits of international trade.
  - d. See York and North Yorkshire play a greater role in the delivery of support to local businesses.
  - e. Engage York and North Yorkshire on the delivery of digital infrastructure and potential economic and public service applications of data and data science.

### BioYorkshire

109. Innovate UK (IUK) and broader UK Research and Innovation (UKRI) will work with the York and North Yorkshire Combined Authority to formally recognise and seek opportunities to support "BioYorkshire" – a cluster of excellence for the bioeconomy, delivering innovation, inward investment and high value jobs supporting both the UK levelling up objectives and delivering on national net zero ambitions. BioYorkshire is being led and championed locally by Fera Science Ltd., Askham Bryan College and the University of York.
110. A Programme Working Group with senior IUK and UKRI membership including relevant agencies, York and North Yorkshire Combined Authority, University of York, Fera Science Ltd, and Askham Bryan College will be established to:
  - a. Scope a new "end to end" bioeconomy programme of innovation and science for York and North Yorkshire and advise on further potential business case(s) development, with the aim that any programme will become self-sustaining through commercial revenue and private sector investment.

- b. Explore legal structures to maximise private sector investment and patient capital.
- c. Explore central or regional government investment opportunities.
- d. Explore bioeconomy market opportunities, with support from the Department for International Trade in due course.

### Scarborough Cyber Cluster

- 111. York and North Yorkshire, working with Coventry University and industry partners including GCHQ and Anglo American have identified the opportunity to establish a national cyber cluster specialising in the development and delivery of Operational Technology in support of UK industry growth and security.
- 112. DCMS will engage with York and North Yorkshire Combined Authority and its cyber cluster to bring together relevant parts of government, supporting the alignment of research and development priorities and identification of potential collaboration and future funding, as York and North Yorkshire mobilise their plan to deliver economic and social transformation for the town and the region, and in the process strengthen the UK's international position as a leader in cyber secure Operational Technology.

## **York and North Yorkshire's commitments underpinning the Deal**

113. The York and North Yorkshire Combined Authority will work with the Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan must be approved by the Government prior to delivery. Any issues of concern with the subsequent delivery of this deal will be escalated to ministers and leaders to resolve, in keeping with the letter and spirit of devolution.
114. The York and North Yorkshire Combined Authority will be required to evaluate the impact of the York and North Yorkshire Investment Fund. The York and North Yorkshire Combined Authority and the Government will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the York and North Yorkshire Combined Authority, but will be agreed at the outset with DLUHC and HM Treasury, and will take place every five years. The next five-year tranche of funding will be unlocked if the Government is satisfied that the independent assessment shows the investment to have met the objectives and contributed to economic growth. The gateway assessment should be consistent with the HM Treasury Green Book, which sets out the framework for evaluation of all policies and programmes. The assessment should also take into account the latest developments in economic evaluation methodology. The Government would expect the assessment to show that the activity funded through the scheme represents better value for money than comparable projects, defined in terms of a benefit-to-cost ratio and considered in the strategic context of local ambitions for inclusive growth across the whole geography.
115. As part of the implementation of the deal, the York and North Yorkshire Combined Authority and the Government will agree a process to manage local financial risk relating to the deal provisions.
116. Prior to the first mayoral elections, the Government will work with York and North Yorkshire to give the public and stakeholders – including Parliament – a clear understanding of: the powers and funding that are being devolved to York and North Yorkshire Combined Authority; where accountability sits as a result of this deal; and how decisions are made.
117. The York and North Yorkshire Combined Authority and its constituent members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.