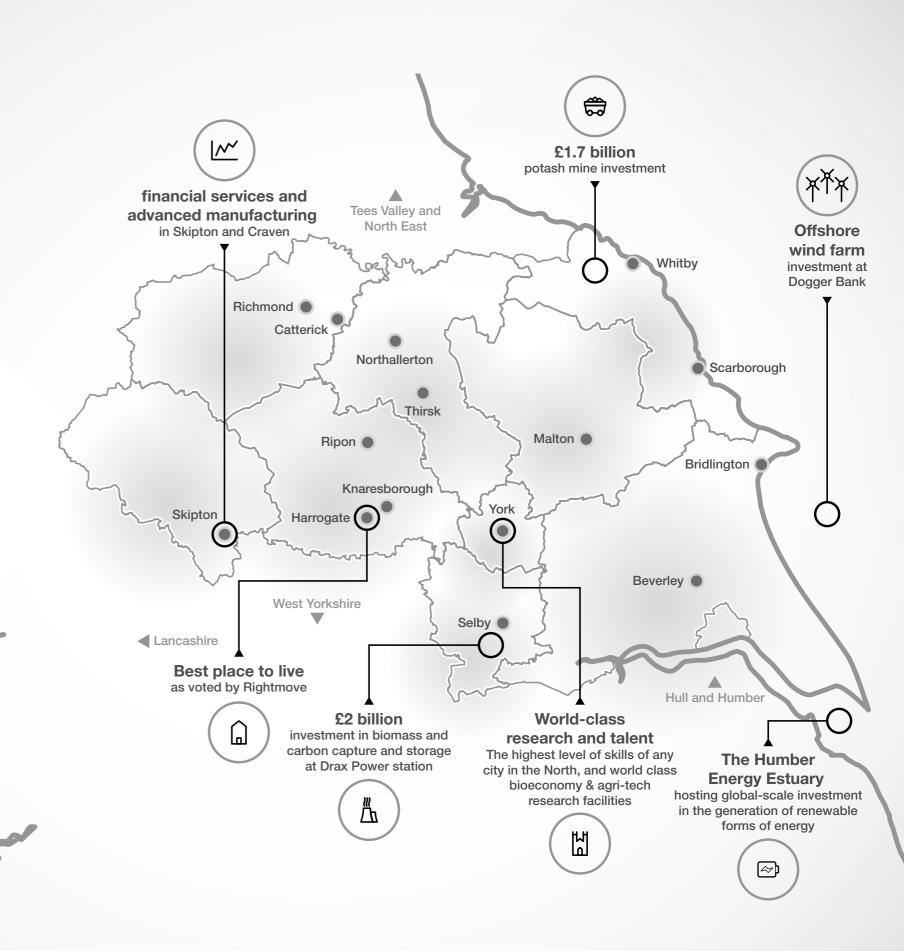


A Devolution Proposition for the City of York, North Yorkshire and East Riding



The geography covered by this proposition; the City of York, together with the distinct communities of North Yorkshire and East Riding are a rich mix of urban, rural and coastal areas and offers much opportunity to help address shared local and national challenges, most notably the north-south productivity gap and the transformation of public services.



The geography covered by this proposition; the City of York, together with the distinct communities of North Yorkshire and East Riding are a rich mix of urban, rural and coastal areas and offers much opportunity to help address shared local and national challenges, most notably the north-south productivity gap and the transformation of public services.

Our leading edge science, innovation and knowledge based capabilities combine well with our strengths and ambitions in the agri-tech, bio-renewables, chemicals, food manufacturing and energy sectors. Our transport links, economic activities and housing markets are already closely intertwined with the growth of neighbouring City Regions.

We also have a strong service sector in our region, with significant financial sector employment in York (such as the insurance sector businesses Aviva and Hiscox). We also have a strong tourist sector across the region with the conference centre at Harrogate, the City of York, two national parks and a vibrant and varied coastline.

Significantly, there is also a demonstrable commitment to this region from the private sector. £5 billion private sector investment provides a once in a generation opportunity to realise the potential of our area. This includes a range of key projects such as innovative carbon capture and storage initiatives, the cutting edge National Agri-Food Innovation Centre, the recently approved £1.7 billion investment into the potash mine near Whitby, the Humber 'Energy Estuary' brand which has seen £1.3 billion of recent investment in offshore wind developments.

The York, North Yorkshire and East Riding partners, including our Local Enterprise Partnerships have the vision and commitment to deliver on a number of shared Government and local objectives including:

- Playing a key part in redressing the current imbalance between the north and south in terms of productivity and economic growth. Our proposals, granted in full, will deliver an increase in productivity for the region and an uplift on forecast economic growth through the creation of 80,000 jobs over 20 years, targeting high value sectors.
- Making the most of a diverse economic geography, including York the city with the highest level of skills in the north, equidistant between London and Edinburgh and with advantages in rail, bio tech and the financial services industries.
- Whilst our urban areas will be the key driver of our efforts to rebalance economic growth, our rural and coastal areas are vital to the region's future prospects. We fully agree with the recently published Government 10 point plan for rural productivity and our plan is aligned to this.
- ▶ We will also ensure that we **invest strategically to**address housing issues in our region, specifically
 delivering at least 108,000 new homes over 20 years
 across all our geographies, in keeping with Local
 Plan processes, whilst protecting areas of natural
 beauty and the greenbelts of our urban areas and the
 character and variety of our towns, villages and coast.
- ▶ We fully support the Government's intention to address our national financial position, which is why our vision and approach is grounded on the need to deliver better quality outcomes, whilst being fiscally neutral. As an area, we are committed to maximise the opportunity to work in close conjunction with Government Departments and statutory providers to secure efficiency gains. Our long term aim is to go further than this and play a key part in helping redress the fact that only London and a few places in the south currently 'pay their way' and deliver more tax revenue to the Exchequer than spending. This document is built on these principles.

Devolution on the geography of the YNYER LEP allows an unique opportunity to create a Cambridge of the North by using the innovation assets that emanate from the region and to use them to drive productivity, economic growth and well-being of this area. By maximising the regions assets and building on £5 billion private sector investment in food, agri-tech and energy, we will create the perfect environment for innovation, delivering good quality jobs across the region.

Greater devolution allows us to shape the needs of the locality to deliver on this vision. We will do this by connecting businesses through high speed broadband and improving the physical infrastructure through housing, roads and transport links. We will link businesses with the institutions that drive innovation.

The York and North Yorkshire with East Riding LEP is committed to supporting the Northern Powerhouse and believes the way forward is to organise ourselves into business sectors across the North. Businesses can then more easily support each other with innovation, University links, best practice, supply chain development and targeted inward investment. Sector working also has the advantage of removing both political and boundary constraints.

Barry Dodd CBE - LEP Chairman









TO DELIVER HIGH VALUE **ECONOMIC GROWTH, BETTER PAID JOBS & IMPROVED BUSINESS PERFORMANCE**

TO ADDRESS REGIONAL HOUSING NEEDS

TO CONNECT RESIDENTS & BUSINESSES BETWEEN KEY HUBS IN THE REGION AND BEYOND

TO DELIVER BETTER **PUBLIC SERVICES & UTILITIES**

Higher wages and productivity per head through key initiatives leading to higher tax yields

80,000 jobs

Unlocking York Central and Flaxby Business Park alone will deliver 10,000 high value jobs and 750m GVA uplift

100% coverage of ultra-high speed broadband and latest generation mobile connectivity

108,000 homes

An additional 48,000 homes (80% increase) above current housebuilding rates

Accelerated delivery

Targeted initiatives will ensure the right homes in the right places for the right people, so both supply and need are addressed

Over 200,000 properties with reduced flood risk and £6.7bn damages avoided

An uplift to our local GVA delivered through integrated transport investment fund

Reduced journey times from homes to key economic hubs and onward to London, Manchester and Edinburgh

Greater agglomeration benefits to realise Northern Powerhouse

Over 70,000 current commuters (+ more in the future) benefiting from smart ticketing across transport authorities and with other combined authorities

Ambitious public service efficiencies able to be realised

More joined up services

Constraints of the electricity grid tackled locally and a cost effective and sustainable energy to the National Grid

Improved outcomes for young people, with greater career prospects

Reductions in state dependency

...THROUGH GAME-CHANGING PROJECTS...

WHAT WE WILL DELIVER...*

Ultrafast broadband rollout

Targeted initiatives for SME builders, starter homes, rural sites, and older persons housing

Energy Services public-

...MADE POSSIBLE BY OUR ASKS

Locally driven sustainable revenue

100% retention of growth in business rates

30% retention of Residential Stamp Duty Land Tax on new homes built in the region

10 Freedoms and Flexibilities for the Housing Revenue Account

6

The ability to exercise a business rates supplement to fund major cross-authority infrastructure projects where public support can be demonstrated.

11

12

Unlocking a route to market for an Energy Services Company public-private initiative

14

Powers to take an integrated approach to infrastructure, housing development and spatial planning in the region, with multi-year consolidated budgets

A long term investment approach

Stronger co-commissioning for **European funding (ESIF)**

Devolved powers and funding to deliver rural growth

A Combined Transport Authority with a comprehensive strategic investment plan across the devolved geography

Explore joint working/commissioning with the DWP around employability and troubled families

To work with Gov to develop a sustainable model for health, social care and blue light services in our region

Land Commission for the region with control over key public sector capital assets for regional economic growth

Power to create a Development Corporation, with compulsory purchase powers

Responsibility for franchised bus services to enable integrated smart ticketing across all local modes of transport

Focussed tools to unlock the key barriers and opportunities

inspired growth Enablers for business & education

Control of budgets & powers for integrated skills provision to reflect local employers / sector needs

All Gov business support delivered through an integrated regional service with a single front door (Growth Hub) 17

Responsibility of resources and powers of the regional schools commissioner

'ASKS' OF GOVERNMENT TO DELIVER OUR AMBITION

With agreed Economic, Housing and Spatial Plans covering our area, we have a well-developed understanding of our challenges and priorities – and, importantly, clarity about what specifically is needed to unlock the opportunities to address these. As a region, we are committed to working together to deliver these ambitions within the freedoms already afforded by Government. We believe we will make significant progress towards our aspirations working in this way, and we intend to do so. However, there are also notable limitations which could and should be unlocked through the deal proposed below.

TO DELIVER HIGH VALUE ECONOMIC GROWTH, BETTER PAID JOBS & IMPROVED BUSINESS PERFORMANCE

We need to harness our key strengths and realise the full potential of the area to deliver productivity growth, particularly in high value sectors. Specifically, this means:

- Delivering York Central as a new CBD 1h45 from London: a 'Kings Cross of the North' delivering 5000 professional services and high value rail jobs for the region.
- Unlocking university and innovation-led growth in agri-food and the bioeconomy (including high value chemicals), building on the worldrecognised research at the University of York, Fera Science Ltd, Saltend Chemicals Park and others to enable local businesses to realise new products and services, attract FDI into the region and drive international collaboration and export.
- Realising the opportunities stemming from offshore energy, the Humber Energy Estuary, and the proposed Carbon Capture facility centred on Drax near Selby and York Potash mine development near Whitby.
- ▶ Enabling viable high value rural growth through the roll out of next generation digital infrastructure.
- ▶ Removing the viability challenges for high value sites presented by flood and coastal risks.
- ▶ Enabling our enterprising coast to benefit from new opportunities in existing sectors such as fishing and tourism and the huge operations and maintenance function to support off-shore wind development, including development of the Yorkshire harbour and Marina, Bridlington.

Therefore to enable this, our 'asks' are:

- 1) 100% retention of growth in business rates to be allocated directly towards unlocking key sites and infrastructure enhancements for high value economic growth in the region, and to deliver self-funded tailored enterprise zones focussed on key high value sectors. Alongside this:
- Support for EZ status for key sites as part of latest competitive round
- ▶ To explore with Government the possibility of alternative approaches to retention of local business rates to replace receipt of Revenue Support Grant.

This will provide us with sustainable, locally driven funding to unlock key sites and infrastructure enhancements.

- 2) Powers to take an integrated approach to infrastructure including transport, housing development and spatial planning in the region:
- Devolved powers for the Combined Authority to undertake strategic planning for growth through the formal recognition of a combined Spatial Plan which would require a unanimous vote from all local authorities and an associated strategic infrastructure investment plan.
- ▶ Responsibility for a devolved and consolidated transport budget, with a multi-year settlement
- Control of a single multi-year housing and regeneration investment fund (including HCA budgets, and with an agreed recovery rate for Government)
- Explore the scope to take responsibility for budgets (including DCMS/ BDUK) and a share of 5G licensing receipts to deliver ultra-fast broadband provision and next generation mobile connectivity.
- Explore the scope for additional flood and coastal risk management powers, assurance accountability and capital and revenue budgets (currently undertaken by the Environment Agency on behalf of Defra), developed through a Single Conversation approach

This will enable a more joined up and proactive approach to identifying opportunities to unlock growth potential and decision making while still facilitating input from communities at the local level. This will also mean the region is best placed to contribute to the higher level issues and relationships within the Northern Powerhouse and a more integrated approach between the major urban areas of West and South Yorkshire, the Humber and the North.

- 3) A stronger co-commissioning role for the Combined Authority in the management of European Structural and Investment Funds (ESIF), including prioritisation of funds.
- 4) Devolved powers and funding from DEFRA to coordinate support for rural areas including the work of the Environment Agency, Natural England, MMO, RDPE and Coastal Communities Fund to support rural jobs growth.
- 5) Management of public sector assets to support the region's economic growth:
- ▶ To work with Government to establish a Land Commission for the region, building on the work begun through the One Public Estate initiative, including the recent successful bid around York Central.
- ▶ Through this body, management of strategically important regional Network Rail, HCA and MoD capital assets which are unused or to be disposed of (i.e surplus assets); or small strips of publically owned land which are blocking strategically important development.
- ► To take ownership and/or powers of other public/ quasi-public operations, including Trust Ports, where necessary to facilitate strategic development.

This will ensure that our currently underused public sector sites (including York Central) realise their full potential and unlock maximum economic growth for the region.



6) The ability for the Combined Authority to create Development Corporations, and have compulsory purchase powers, both subject to the agreement of the leader(s) of the local authorities in the relevant area.

This will unlock the maximum growth potential for the region whilst enabling to address site-specific challenges.. Integrating the resources and capacity of the HCA and local authorities will increase efficiency, enabling focused action and more effective use of powers to speed up development (including around the development of our constrained town centres). It will foster a strong, strategic dialogue with key developers and landowners.

7) Control of budgets and related powers for integrated local skills provision which reflects the needs of employers and local sectors, including:

- Devolved Further Education (FE) capital budgets. We will focus on excellent providers linked to key economic sectors.
- ▶ Devolution of a proportion of 16-18 participation funding (linked to existing rates of NEET) to target gaps in provision, reduce NEET and improve employability in key sectors.
- Devolved budgets and responsibilities for careers education, information, advice and guidance in schools leading to a careers inspiration service.
- Devolved employer-led skills development funding
- Devolved Apprentice Grant for Employers in order to increase apprenticeship numbers in key economic sectors
- ▶ Local control of the Small Business Unit of the National Apprenticeship Service
- Explore with government how the Ofsted regime might be flexed in order that local future employability needs can be better reflected

8) Government business support delivered through an integrated regional business support service with a single front door (Growth Hub) including;

- ▶ Devolved budgets for Business Growth Service (MAS, Growth Accelerator & UKTI Export Support)
- Devolved budgets from UK Agri-tech strategy to accelerate innovation in food, agri-tech & bioeconomy, supported by world leading assets such as FERA Science Ltd, Saltend Chemicals Park, and Bio-Renewables Development Centre
- Strategic influence and co-ordination over nationally delivered grants including Innovate UK Grants for Research & Development.

In return for this, our offer is to provide:

- ▶ Local investment to unlock key sites, including £10m funding allocated to unlock the York Central site.
- Greater integration and therefore, efficiency savings around strategic planning, transport, skills and economic development functions.
- With business rate growth retention, a willingness to explore new additional tailored enterprise zones around high value sectors (e.g. bioeconomy), fully funded by the local area.

TO ADDRESS REGIONAL HOUSING NEEDS

Our region is already one of the most desirable places to live in England, including 2 of the top 5 places to live in the UK (Harrogate and York), and a beautiful rural hinterland and coast. This creates pressures on house prices and affordability for local people and limits the ability of working age households to live in this area. Rebalancing the economy only adds to the need for homes in sought-after locations for highly skilled, higher income households. To address this, we must continue to unblock barriers to new development, making the most of brownfield and dormant publiclyowned sites in the region whilst protecting our greenbelt and areas of natural beauty. We will continue our coordinated approach across districts to help to address disparities in supply and demand and affordability challenges across the region.

Therefore to enable this, our 'asks' are: 9) 30% retention of Residential Stamp

Duty Land Tax (SDLT) on new homes built in the region, to be used towards an integrated housing and regeneration investment fund (see below in ask 2). We estimate that, under current tax rates and thresholds, this could deliver around £75million over 20 years to invest in unlocking higher rates of house building in our region. Over the same 20 year period, we estimate that with the local ability to steer through more high quality development that delivers community benefit, Government will receive approximately 25% above what it would receive from our region without this measure. This could also enable a joint financial planning approach with Government to secure regeneration.

10) Freedoms and Flexibilities for the Housing Revenue Account:

- ► Retention of full Right To Buy capital receipts to invest in new stock
- Retention of market rents charged to high earners (equal treatment with Housing Associations)
- When properties become vacant, flexibility to allocate from waiting list rather than sale in areas of greatest need
- To explore the benefits of aligning HRA resource in the future with a view to meeting specific identified needs

See also: 2) Powers to take an integrated approach to infrastructure including transport, housing development and spatial planning in the region:

- ▶ Devolved powers for the new Combined Authority to undertake strategic planning for growth through the formal recognition of a combined Spatial Plan which would require a unanimous vote from all local authorities, and associated strategic infrastructure investment plan.
- Control of a single multi-year housing and regeneration investment fund (including HCA budgets, and with an agreed recovery rate for Government)
- Explore the scope for additional flood and coastal risk management powers, assurance accountability and capital and revenue budgets (currently undertaken by the Environment Agency on behalf of Defra)

In particular, working closely with the HCA around their funding programmes and assets would enable a range of resources to pulled together to increase development capacity.

See also: 5) Management of public sector assets to support the region's economic growth:

- ▶ To work with Government to establish a Land Commission for the region, building on the work begun through the One Public Estate initiative, including the recent successful bid around York Central.
- ▶ Through this body, management of strategically important regional Network Rail, HCA and MoD capital assets which are unused or to be disposed of (i.e surplus); or small strips of publically owned land which are blocking strategically important development
- To take ownership and/or powers of other public/quasi-public operations, including Trust Ports, where necessary to facilitate strategic development.

See also: 6) The ability for the Combined Authority to create Development Corporations, and have compulsory purchase powers, both subject to the agreement of the leader(s) of the local authorities in the relevant area.

In return for this, our offer is to provide:

- ▶ Local investment to unlock key sites
- ▶ Delivery of the full local plan allocations across the region, increasing current housebuilding rates by 80% (48,000 homes over 20 year period) and focusing development in sustainable locations and encouraging brownfield development.
- A reduction in the future burden on public services by delivering the right type of housing in the right location to meet locally identified need.
- Greater integration and therefore, efficiency savings around strategic planning and housing functions.
- Willingness to take on risk of delivery on devolved departmental responsibilities.



TO CONNECT RESIDENTS & BUSINESSES BETWEEN KEY HUBS IN THE REGION

We need to improve transport connectivity and journey times across and beyond our area for both passengers and freight. As the intersection between Manchester, Leeds, and Newcastle, providing direct access to global markets through the Humber Ports, and with York having the fastest connections to London of any Northern city; the region plays a pivotal role in delivering the Government's Northern Powerhouse ambitions. There is the potential for York Station to be an early exemplar high speed hub on HS2 and HS3 lines, demonstrating the impact of high speed investment and accelerating Eastern line. To deliver the agglomeration benefits of the Northern Powerhouse, we must be intentional and strategic about better connecting our urban centres, market towns and considerable rural population into key economic hubs including York, Leeds, Bradford, Manchester, Sheffield and Hull (and the Humber ports), with coordinated investment and integrated ticketing and pricing across the entire region. This will provide benefits, not just in the movement of people, but in the movement of freight around our region.

Therefore to enable this, our 'asks' are:

11) Combined Authority granted the same business rates supplement powers currently provided to county and unitary authorities to have the potential to exercise a time limited levy to fund major cross-authority infrastructure projects, where public support can be demonstrated

12) The ability and powers for the Combined Authority to deliver strategic transport planning, joint transport investment, smart ticketing, bus regulation and other transport priorities both by itself and together with other transport authorities, principally West Yorkshire, and collaboratively as part of Transport for the North, including:

- Responsibility for a devolved and consolidated strategic transport budget, with a multi-year settlement
- Joint agreement with Highways England on a strategic investment plan and priorities for the strategic network within the devolved geography.
- ▶ Statutory Consultee/Service Specifier Status alongside the former PTE areas for the development with Network Rail of Initial Industry Plans, with DfT for in franchise train service specification changes and with the Office of Road and Rail, for track access for both franchise Train Operator and Open Access Operator requests for paths.

13) Responsibility for franchised bus services in the devolved geography for integrating smart ticketing across all local modes of transport, including integrated smart ticketing extension to the Transport for the North connected cities ticketing initiative.

See also: 2) Powers to take an integrated approach to infrastructure including transport, housing development and spatial planning in the region

In return for this, our offer is to provide:

- Local investment to unlock key transport improvements.
- Greater integration and therefore, efficiency savings around strategic transport functions.

TO DELIVER BETTER PUBLIC SERVICES & UTILITIES

We are clear that this is not just about sustainable economic growth but we will also need to be empowered to take the tough decisions locally to deliver public sector reforms to achieve efficiency gains across our large geographic area. We are committed to look at new delivery models across our area in order to offer achievable opportunities to deliver better public services at lower cost, especially to rural and coastal areas. For us, devolution is part of a model which sees integration and personalisation transferring power from Whitehall to our region, from the region to local places, from local places to practitioners and from practitioners to people who use services. Further integration will be key to this.

Therefore to enable this, our 'asks' are:

- 14) To explore with Government how to address the difficulties, delays and high cost of getting connections to the National Grid, ensuring that Distribution Network Operators target investment at areas zoned for economic development in our spatial plan. This will enable the potential development of a regional public-private partnership, potentially in the form an Energy Services Company (ESCO) to enter the energy generation sector, utilising the region's unique assets to:
- Provide cost effective and sustainable locally produced renewable energy to the National Grid, local customers, and local businesses:
- ► Tackle the constraints on the electricity grid locally;
- Improve ability to attract inward investment from high energy use sectors, especially through delivery of the Carbon Capture facility at Drax
- Integrating a range of other services and initiatives under one body

- 15) To explore with Government the possibility of joint working/ commissioning with the DWP to:
- achieve an integrated approach to troubled family funding
- to address employability (currently Work Programme) and integration of DWP Youth Contract with our skills and employment agenda
- 16) To work with Government to develop a sustainable future model for health, social care and blue light services in our region

Our model of health and social care is focused around place-based commissioning, with high levels of engagement from GPs, practitioners and communities within localities. The current arrangements have engendered much greater local ownership, and a willingness to take difficult decisions. However, we need organisational certainty and planning confidence to enable long-term challenges to be addressed.

The current funding and regulatory system creates significant challenges for our system, particularly in terms of the transactional and seasonal costs incurred in very rural areas and coastal communities and the impact that these have, for example, on the sustainability of remote, mediumsized hospitals and the care market.

We would welcome a discussion with Government to explore potential scope for devolved powers and funding in areas such as the ability to make long-term financial decisions and maximise the efficiency of contractual arrangements over a longer period, workforce flexibility, the funding formula for rural and coastal communities, the tariff system, organisational stability and sector-led improvement and local prioritisation of access to secondary care.

We would also be interested in exploring potential flexibilities around our Public Health responsibilities, including how we work together across the NHS and local government on issues such as pharmacy services, prison health, military and veteran health, alcohol pricing, the use of planning legislation on food outlets and maximising the use of locally sourced food (linked to other initiatives to promote agriculture and local tourism) and potential measures to promote healthy communities and physical activity through planning, housing and education.

Whilst we recognise that our geography is not co-terminus with police force areas, we also wish to explore the scope to reform and reconfigure 'blue light' services to provide a more effective and value for money service especially in rural areas nitially through the integration of first responder resources, prevention campaigns and multi-agency approaches to the adoption of information technologies. Our aim to achieve alignment of structures and accountability in the longer term.

17) Responsibility and devolution of resources of the regional schools commissioner (including oversight of improvement work required in academies and the ability to determine the academy sponsor where new schools are being locally built) to enable closer involvement of local businesses/colleges and wider education community in the supply and delivery of academies, enhance the sustainability and quality local educational provision.

In return for this, our offer is to provide:

 A full commitment to integrate our services and help deliver better quality, more efficient public services at the regional level.



STRENGTHENING GOVERNANCE TO DELIVER

To successfully deliver the proposed devolution deal, we are committed to building strong and accountable regional governance arrangements to oversee the extra powers and resources gained through the deal and take an integrated approach across policy areas and functions. This would include City of York Council, North Yorkshire County Council, the York, North Yorkshire and East Riding Local Enterprise Partnership, East Riding of Yorkshire Council Selby District Council, Harrogate Borough Council, Craven District Council, Richmondshire District Council, Hambleton District Council, Ryedale District Council and Scarborough District Council.

There is no unanimous agreement at this stage from all the authorities in West, North and East Yorkshire to enable a devolution agreement between all of these authorities, although many of these authorities would support that geography. However, given the aspiration to work towards arrangements across this wider geography, we would ensure that governance proposals would be developed and implemented in a way which can include West Yorkshire and Hull.

The principle behind the proposal is one of equity for constituent members and this would take the form of:

- Introduction of a directly elected mayor to cover the geography as specified in the agreement. A mayor would provide a clear point of accountability, speak with one voice for the Combined Authority ensuring the continuation of strong democracy in the region, act as a uniting voice between the authorities and help enable authorities to work effectively together to deliver services and support growth at this wider spatial level.
- A Combined Authority acting as the overarching governing body for the region to co-ordinate key economic development, regeneration and transport functions, as well as progressing other elements included in the proposal. The Executive Board / Cabinet would include the leaders of the constituent authorities. This will ensure a joined up and consistent approach is taken and will ensure we are functioning as effectively as possible to deliver the best outcomes for the region.
- ▶ Through integrated arrangements, the Combined Authority would seek sufficient powers to enable it to deliver strategic transport planning, joint transport investment, smart ticketing, bus regulation and other transport priorities both by itself and together with other transport authorities, principally West Yorkshire.
- The Combined Authority would look to establish sub-committees, commissions and/ or advisory groups as it sees fit when the specifics of the devolution deal are known.
- Voting arrangements and budgetary contributions will need to be agreed by all constituent authorities, and as such these will be developed by the partner authorities.
- Provisionally, it is proposed to establish the Combined Authority by April 2017(?), with early establishment of shadow arrangements from April 2016.
- ▶ The Combined Authority will also have a key role in fostering strong relationships with neighbouring combined authorities, including Tees Valley, West and South Yorkshire and Lancashire in order to work together on cross border issues or those strategic issues best addressed at a wider geography.

