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Dear Ms Razak,

City of York Council response to proposal to amend legislation relating to combined authorities and economic prosperity boards

I am writing in response to Paul Rowsell's invitation to submit comments on the above proposal. City of York Council is currently a non-constituent member of the West Yorkshire Combined Authority, as well as a member of the Leeds City Region and York, North Yorkshire & East Riding Local Enterprise Partnerships (LEPs).

I set out below our comments on each of the questions highlighted in the consultation document.

Question 1: Do you agree with the proposal to enable councils with non-contiguous boundaries to form or join a combined authority or economic prosperity board?

As set out above, City of York Council is a non-constituent member of the West Yorkshire Combined Authority and a member of two LEPs – Leeds City Region and York, North Yorkshire & East Riding LEPs. These links are important for the growth of businesses, access to labour and supply chain links between businesses. The city genuinely faces two ways in economic and transport terms.

Membership of the Leeds City Region is crucially important for York. Leeds is the largest of all the core city regions and larger in terms of economic output than 9 EU countries. The city region generates around £55 billion of economic output a year, around 4.4% of the UK total. The

city region's output is set to increase to £62 billion by 2021. Around 3 million people live, work and shop in the region and the area supports 106,100 businesses. Leeds and York host a significant cluster in the financial and business services industry, with the overall city region being the predominant centre outside London. The city region's financial and business services sector generates over £13 billion every year. York is an integral part and founding member of the Leeds City Region, a member of the West Yorkshire and York Local Transport Body, contributes to the Business Rate pool and benefits from and contributes to the Leeds City Deal.

York's catchment for labour includes North Yorkshire and the East Riding of Yorkshire economic areas with volumes of commuters travelling into the city each day to work, as well as consumers visiting the city to shop. In addition, there are strong supply chain relationships that exist to the north of the city, particularly agri-food. York's economic output is around 25% of the £19 billion total for the York North Yorkshire & East Riding LEP. It is forecast to increase to just over £21 billion by 2021.

Following clarification of the Government's policy in respect of overlaps in Local Enterprise Partnership geography, the current City of York council administration has pledged its long term support to both economic geographies in recognition of this inter-dependence. It has been recognised and addressed in the approach taken by Leeds City Region and York North Yorkshire & East Riding LEPs, where the Strategic Economic Plans submitted to Government show the importance of York for both functional economic geographies and present a coherent and complementary approach to investment in strategic priorities in York for the benefit of both geographies. Full membership of the West Yorkshire Combined Authority is essential to allow the benefits identified in both Strategic Economic Plans to be fully realised; neither York North Yorkshire & East Riding, nor Leeds City Region can achieve the aims set out in their Strategic Economic Plans without this strong governance.

We therefore strongly agree with the proposal to reform the legislation to allow areas to join a Combined Authority where there is no contiguous boundary, provided that the area covered by the Combined Authority represents a functional economic area (and OECD research¹ provides evidence that non-contiguous functional economic areas are common), and the other tests set out in the legislation relating to improving the

¹ Redefining Urban: a new way to measure metropolitan areas (2013)

efficiency and effectiveness of the delivery of the functions devolved to the Authority are met, and that any potential adverse impacts on areas not covered by the Combined Authority are identified and mitigated. It will be important that the legislation also allows local authorities in overlapping functional economic areas joining one Combined Authority to play a full part in governance arrangements for any other functional economic area of which it is part, should it wish to do so.

Question 2: Do you agree with the proposal to enable a county council to become a member of a combined authority or economic prosperity board with respect to a defined part of its area?

Any reform which allows a Combined Authority to be formed on a geography that matches the real functional economic geography is to be welcomed. This will enable the full benefits of improved governance and decision-making at the right level to be realised, as set out in the Government Response to Lord Heseltine’s Report “No Stone Unturned; in pursuit of Growth” [Cmd 8587: 18 March 2013] and in Growth Deals: Initial Guidance for Local Enterprise Partnerships [25 July 2013].

Question 3: Do you agree with the proposal to enable a combined authority or economic prosperity board to deliver services on a patchwork basis?

The Government’s response to Lord Heseltine (see above) set out that “the Government has therefore committed to support local authorities that wish to create a combined authority or implement other forms of collaboration (for example, shared management)”. This commitment must result in a more flexible approach to the delivery of services across functional economic areas, rather than a “one size fits all” approach. The tests set out in the current legislation relating to the improved efficiency and effectiveness of devolved functions should still apply.

Question 4: Do you agree with the proposal to simplify the administrative processes involved in making changes to an existing combined authority or economic prosperity board?

We strongly agree with the proposal to simplify current legislative procedures to amend an existing Combined authority. As set out above, the Government's support for Combined Authorities is based upon the evidence that improved governance at the level of the functional economic area can have a significant positive impact on growth. Streamlining the process will enable these benefits to be realised more quickly than is currently possible, and should enable efficiencies to be realised, whilst maintaining appropriate checks and balances. The current requirement to consult twice on the same proposals (once locally, and once nationally) is particularly ripe for reform.

Question 5. Do you agree with the proposal to change legislation with regard to formalising good practice requirements for overview and scrutiny governance arrangements?

We strongly support measures that improve governance. We would however question whether legislating on this issue is required, given that all current Combined Authorities apply the good practice guidance and in line with the principles of localism, it should be for local areas to develop and apply approaches to governance that work for them.

Question 6: Do you have any further changes that you would like to see made to combined authority and economic prosperity board legislation, in particular to ensure that current policy as described in this document can be given full effect? If yes, please explain what these are and why you think they are necessary.

If Combined Authorities are to deliver the boost to growth that Government policy desires, they need to be able to develop local funding mechanisms to deliver transformative strategic investments, such as those proposed for the West Yorkshire Transport Fund. To enable this to happen, Combined Authorities proposing local levies to boost investment in strategic infrastructure should be exempt from the provisions of the Local Audit & Accountability Act [2014] relating to the requirement to carry out annual referenda for "excessive" council tax increases. This requirement is inefficient and ineffective in promoting growth. An exemption could be granted with the approval of the Secretary of State following the results of a first and "once and for all" referendum on a levy at local level.

Whilst not strictly a legislative matter, I should also like to take this opportunity to press for the implementation of the commitments in the

Leeds City Deal relating to enabling the city region to agree a methodology with Government for a larger proportion of the fiscal benefits arising from economic growth to be retained locally in the Leeds City Region. This is an important element of the approach to unlocking the city region's growth potential through strategic infrastructure investments as set out in the preceding paragraph.

Yours sincerely,

A handwritten signature in blue ink that reads "Kersten England."

Kersten England
Chief Executive