



Lord O'Neill of Gatley
Commercial Secretary to the Treasury
Unit 1
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C/o West Yorkshire Combined
Authority
Wellington House
40-50 Wellington Street
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4TH September 2015

Dear Lord O'Neill,

On behalf of the Leaders of West Yorkshire Councils, North Yorkshire District Councils of Craven, Harrogate and Selby, City of York Council and Leeds City Region Enterprise Partnership, we have pleasure in submitting our proposals to the Treasury to secure a transformational devolution deal covering our shared geography of the Leeds City Region.

We recently discussed with you in Leeds that securing devolved powers to the City Region will likely pose some technical and administrative challenges. Therefore we would ask for your continued help and guidance in finding a way through, including how to ensure that, if necessary, an associate membership model is made meaningful and encourages collaboration on specific priorities and impact.

The following case for a Leeds City Region deal which fulfils the objective criteria of helping close the national productivity gap and balancing the books, which is at the heart of the Chancellor's Northern Powerhouse aspiration, is however compelling:

- it is an economic powerhouse in its own right, comprising dynamic urban and rural areas, with a population of 2.8m with a GVA of £57.7bn;
- forms a coherent economic geography, with a 92.7% self-contained labour market, and particular synergies such as between York, Harrogate and Leeds;
- has very strong business support and a LEP that covers the full Leeds City Region functional economic area;
- through the award of the biggest Growth Deal in the country, the Government has recognised the extraordinary level of ambition contained in the Leeds City Region Strategic Economic Plan (SEP);
- our devolution proposals will accelerate and deliver the full extent of the ambition contained within our SEP including: £5.2bn additional economic output; 62,000 jobs, £675m benefits

savings to the Exchequer, and the City Region will become a net contributor to the public purse;

- a deal would also build coherently on our track record of delivering: a “NEET-free” City Region; a Growth Hub to meet the support needs of growing local businesses and sectors; and a £1.4bn West Yorkshire Plus Transport Fund (which alone will create in the medium term an additional 20,000 jobs and 2% uplift to the City Region’s GVA), underpinned by streamlined and robust local decision-making arrangements;
- and finally, the City Region has the economic clout to provide a strong voice in our wider proposals for a ‘Council for the North’ which establishes formal links with Sheffield, Manchester, the North East, Merseyside, the East Riding and Humberside.

Our set of 27 fiscal, transport, housing, business, skills, and public service devolution proposals, which we believe would transform our ability to deliver the SEP’s ambition to deliver extraordinary economic growth to all parts of the City Region, is attached to this letter.

Understanding how effective our devolution deal policies are in achieving economic, social or environmental outcomes is also important. To undertake evaluations as robustly and efficiently as possible, we will seek work in partnership including with the What Works Centre for Local Economic Growth.

We are grateful for your continued support to ensure that our ambition for a transformative devolution deal is realised by the Spending Review and look forward to working with you on this most important agenda over the coming weeks.

Yours sincerely



Cllr Peter Box

Chair, West Yorkshire Combined Authority



Cllr Judith Blake

Leader, Leeds City Council



Roger Marsh

Chair, Leeds City Region Enterprise Partnership

Leeds City Region Devolution Asks

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Fiscal:

- Control of a 10-year infrastructure precept, which is exempt from the Council Tax capping regime, to deliver major new investments such as a world class 'metro-style' public transport network that is HS2 and HS3 ready;
- Power to levy and retain Supplementary Business Rates to invest in major strategic infrastructure in a similar way to the London Crossrail scheme; and
- Retention of 100% of the local growth in business rates.

Transport:

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at Spending Reviews;
- Responsibility for franchised bus services (subject to the Buses Bill) to secure access to 'fare box' revenues, and for integrating simple smart ticketing across all local modes of transport;
- Devolved ownership of local rail stations, with associated budgets;
- Devolved powers, responsibility and maintenance budgets for a locally defined strategic highways network (including the M621 and M606), including new traffic management powers such as moving traffic enforcement; and
- A Memorandum of Understanding with Highways England with regards to traffic management and emergency management on the M62.

Housing, Regeneration and Planning:

- Control of a new £500 million Housing and Regeneration Investment Fund, including a fiscally-neutral transferred £350m revolving loan facility;
- Enterprise Zone / Tax Increment Financing status for major developments at growth areas around principal transport hubs, including Leeds South Bank, York Central, Bradford City Centre, Wakefield, Huddersfield and Halifax, as well as any new wider area based Enterprise Zones that may be established in areas such as in the Colne Valley, Dewsbury and Harrogate;
- To be the Government's delivery agency (potentially via a Land Commission arrangement similar to London) to ensure assets are used and disposed of in a way that supports growth and regeneration, to include local assets, such as those belonging to HCA, Network Rail, Highways England, NHS, MoD - and other Public Assets not currently controlled by the HCA;
- Responsibility for a strategic infrastructure investment plan to direct infrastructure investment priorities which will provide long term confidence to those wishing to invest in the City Region;
- Powers to incentivise developers to bring forward strategic sites and prevent land banking - and to bring empty buildings back into use;
- Responsibility for budgets, including DCMS/BDUK, to deliver ultrafast broadband connectivity and further develop the market;
- Responsibility for local energy generation and efficiency; and
- Responsibility for flood defence capital investment through devolved DEFRA and Environment Agency powers and budgets.

Growth/ Investment:

- Responsibility for managing European Structural and Investment Funds in the same way as London;
- Responsibility for devolved and integrated business support budgets, building on the LEP's growth hub, including the resources for Growth Accelerator, Manufacturing Advice Service (MAS), Innovate UK and UK Trade and Investment (UKTI) Export Advice. Working closely with the City Region Universities and HEFCE, secure greater influence over national investment in HE for innovation and business engagement, so it is better linked to our priority economic sectors, for example via Catalyst and knowledge exchange funds. This will build on the Memorandum of Understanding already in place with the City Region Universities;
- Identify a significant share of national investment for global R&D facilities on a par with the Crick Institute, to accelerate our Northern Powerhouse research and SME commercial strengths in digital health innovation and innovative manufacturing - and work with the City Region to relocate a Research Council to our area; and
- Secure ring fenced UKTI resource on inward investment and sector specialists, and deliver culture, arts and tourism through oversight of devolved funding held by Arts Council England and Heritage Lottery Fund.

Education, Skills and Employment

- Responsibility for regional education advisory services, innovation funds for kinship care, family group conferencing and multi-agency interventions to put children and young people at the heart of the economic growth strategy;
- Powers to drive the improvement of careers advice and schools - and for local authorities to be able to intervene in academy schools deemed by Ofsted to be failing;
- Control of Further Education capital and revenue budgets (including 16-18 provision) - and powers to reshape and re-structure local skills provision that is responsive to the needs of employers and communities, including giving approval for and development of specialist technical & vocational education facilities;
- Devolved budgets for employer-led skills investment to allow our joined-up skills brokerage service to help more employers offer apprenticeships;
- Devolved DWP national programmes and budgets targeted at addressing worklessness (currently the Work Programme).

Public Service Reform

- To adopt Police and Crime Commissioner powers - and explore potential oversight of other 'blue light' and criminal justice services to improve interoperability and protect the front line; and
- Control of a programme that extends the successful Troubled Families model of joined-up public services to a cohort of adults with multiple and complex needs, with financial costs and benefits shared between local and national partners.