

LOCAL GOVERNMENT NORTH YORKSHIRE AND YORK

16 APRIL 2010

LEEDS CITY REGION PILOT

Purpose of the Report

1. This report sets out the main components of the Leeds City Region pilot titled "Empowering Local Leadership for Economic Growth" which was formally agreed between the Leeds City Region Partnership and the Government at the Leeds City Region summit meeting on the 27th November 2009. The pilot received national Cabinet clearance on the 25th November.
2. The report looks at the implications for this programme for the York & North Yorkshire sub region. The report was originally to be considered at the January meeting of LGNY Y which was cancelled. The report has been updated.
3. The pre-budget report in November 2008 sought proposals for forerunner city region status which would lead to a more formalised relationship between Government and city region partnerships. The budget in April 2009 announced that both Leeds and Manchester would act as forerunner pilots and the Leeds City Region Partnership developed proposals through a dialogue with Government culminating in the agreement in November 2009.
4. This agreement is now being put into action

Empowering Local Leadership for Economic Growth

5. The Leeds City Region pilot programme sets out the critical importance of cities in driving forward economies and the potential within the City Region to achieve higher rates of economic growth.
6. The pilot programme is built around four priorities:-
 1. Housing and Regeneration
 2. Innovation
 3. Transport
 4. Skills and worklessness

Housing and Regeneration

7. The pilot commitments are:-
 1. Establish a joint housing and regeneration board – constituted as a committee of the Housing and Communities Agency Board which is to establish funding priorities and co-ordinate HCA investments in the City Region, as well as aligning other related funding.
 2. Deliver the Urban Eco-Settlements Programme - ensuring delivery of the programme already agreed focusing upon sites at York Northwest, Leeds Aire Valley, North Kirklees/South Dewsbury, and the Bradford-Shipley Canal Corridor.
 3. Deliver the Domestic Energy Efficiency Programme – to work with Government to explore simplification of delivery and freedoms and flexibilities to delivery the programme.
 4. Pilot funding flexibilities in the Leeds-Bradford corridor – to work with Government on piloting a simplified funding regime around "place". The initial area proposed is around Laisterdyke, and if successful the pilot will be replicated elsewhere in the City Region and beyond.

5. Investment in the Private Rented Sector – working with Government to assess mechanisms to attract institutional investment.
6. Pilot Accelerated Development Zone (ADZs) – if Government decides to proceed with this funding mechanism to develop a scheme in the Aire Valley, Leeds; with a possible later application of the model in areas such as York North West. Under this model Local Authorities may have the freedom and flexibility to borrow funds to finance infrastructure, based on agreement that they could retain a proportion of the resulting increases in business rate income.

Implications for York and North Yorkshire

8. Clearly the delivery of the eco-settlements programme in York and possible additional funding packages (ADZs) to support major developments are the critical aspects of this programme for our sub region. The City Region Investment Programme also includes a priority in relation to supporting rural economic renaissance. This includes the development between the LCR and HCA of new approaches to deliver affordable housing.
9. The HCA Housing and Regeneration Board will hold its inaugural meeting on 19 April. There be four Local Authority representatives upon the Joint Board and the Leeds City Region Leaders have now made those appointments. These include Cllr. Andrew Waller, (who will chair the Board) and Cllr. Jean Butterfield from Harrogate (who is chair of the LGNYH Housing Board as well).
10. An Investment Plan is being prepared to set out a City Region view of priorities and this is now in draft form. The themes are
 - Theme 1: Accelerating Strategic growth
 - Theme 2: Promoting Eco-living
 - Theme 3: Delivering strategic urban renewal
 - Theme 4: Supporting rural economic renaissance
11. Besides being responsible for City Region priority projects the HCA Board will have oversight on all housing investment in the City Region. A key issue is the relationship of the HCA Board, the LCR Housing panel and the York and North Yorkshire housing partnership and individual local authorities. City region priorities have been identified because of the economic impact of housing and regeneration project/schemes. However for City Region strategic priorities, delivery and project management is seen as a local issue, enabling clarity and complementarity between all levels.
12. A balance will need to be struck between funding regional priorities and local issues. In particular greater emphasis is given in this sub region to affordability compared to housing quality issues elsewhere in the City Region. The benefit of the new board is that it facilitates an open dialogue with the HCA around the city region and local priorities. All authorities would be involved in that dialogue prior to the consideration by the new Board
13. Wider work in relation to housing policy should also be noted in respect of the Integrated Regional Strategy (IRS). This work includes the key issues of housing and spatial planning and the need to ensure a consensus approach both within the city region and with the wider York and North Yorkshire sub region as to the levels of new housing growth to be set within the regional strategy or any successor process.

INNOVATION

14. The main commitments are: -
 1. An Innovation Capital Prospectus and Investment Plan - an agreement with the Government to prepare this plan and co-ordinate and

commission investment to create an exemplar innovation eco-system. This involves close working with Yorkshire Forward.

2. Pilot Revenue Schemes for Accelerating Sustainable Recovery – whilst the innovation plan is being prepared, to work with BIS and Yorkshire Forward to identify additional funding to support enterprises affected by the economic downturn. Yorkshire Forward is to review existing provision in the city regions.

Implications for York and North Yorkshire

15. The innovation strand of the city region pilot supports important and longstanding strategic objectives for the economies of York and North Yorkshire within the Leeds city region. The City region has brought together all eight Universities who will develop with partners an integrated approach to innovation. This could broaden the base for further development of Science City York and help bring forward the opportunities in Selby to attract new investments derived from the Universities' research capacity such as demonstrator plants. It will support the continued development of high growth businesses in Harrogate and Skipton/South Craven.
16. Harrogate Borough Councils leader, Mike Gardner, chairs the Economic Drivers and Innovation Panel of the City Region and the Borough Council provides the secretariat. Kersten England, Chief Executive of York, is the lead chief executive on this Panel. Through the City Region, Harrogate Borough Council working with the districts of Selby and Craven had RIEP resources from LGYH to provide both support to that Panel's work and to assist the Districts develop their role in the City Region.

TRANSPORT

17. The main commitments are :-

1. Leeds City Region 20-year transport strategy – an agreement with the Department of Transport and others to deliver a cross-modal twenty year strategy.
2. Developing new protocols for Highways and Rail – to agree protocols for the Department of Transport to promote collaborative working.
3. Flexible, long term consolidated funding streams – to align the various funding streams with City Region priorities through a ten year implementation plan.
4. Pilot devolution of scheme appraisal – to enable the Leeds City Region to internally appraise and approve its own major schemes up to £25 million.

Implications for York and North Yorkshire

18. It is proposed to constitute the existing Transport Panel as a Joint Committee with greater devolution of powers and funding from central Government. There is concern that this type of governance model will disbenefit the sub-region. Whilst North Yorkshire County Council will always work in collaboration to align working practices where possible they will not agree to any handing of powers, functions or funds to another party. However, North Yorkshire and York have indicated they would consider whether resources can be pooled or jointly utilised on an individual scheme by scheme basis.

SKILLS AND WORKLESSNESS

19. The main commitments are:-

1. An Employment and Skills board – to establish a board that will be co-designed by city region partners and BIS / DWP.
2. Employment and Skills plan – to prepare an evidenced based plan and to explore with Government whether funds will be available for the development of a statutory based employment and skills plan.
3. Strategy setting powers – to ensure the above arrangements satisfy the criteria for the granting of a statutory basis to the Employment and Skills Board.
4. Delivering employability and welfare to work programmes – working with DWP towards closer alignment of the commissioning and delivery of these programmes.
5. Integration of employment and skills – working with DWP and BIS to improve integration and multi-agency approaches.
6. Sector Progression and Productivity Pilot – to work with BIS initially examining flexibilities around the accreditation of high level skills in the finance and business services sector.

Implications for York and North Yorkshire

20. Work is progressing on forming the new Employment and Skills Board which will seek statutory recognition in respect of its Adult Skills Strategy. For this to be achieved it needs to have a majority of private sector members and these have now been appointed. It is expected that the first meeting will be by the end of April. A shadow board has been in place to take forward the work in the meantime. Cllr. Chris Metcalfe (who chairs the York and North Yorkshire Work and Skills Partnership and sits on the Regional Work and Skills Board) is a member of the new Board.
21. The statutory functions are limited, formally, to influencing the resources managed by the Skills Funding Agency. This is however a step forward for local influence and the York and North Yorkshire Work and Skills Partnership is working closely with this process. It will also be involved on delivering employability and welfare to work programmes with DWP aiming for closer alignment of commissioning, contracting and delivery management systems across the City Region.
22. An Employment and Skills Plan is being prepared and a draft will soon be available. The aim is to adopt this by June. The Plan will be the primary document for setting out how the Forerunner Proposals for skills and worklessness will be delivered. It will need to demonstrate alignment with a number of related documents including local economic assessments, local worklessness assessments, and local Work & Skills Plans, Regional Work & Skills Plan and Local Area Agreements. It is also envisaged that the Employment & Skills Plan will inform the commissioning of DWP employment programmes and thus use of resources
23. A key issue will be to join up 14-19 and Higher Education objectives and programmes with the statutory role for adult skills within the Employment and Skills plan. This sub region places particular importance on high level skills to capitalise on the opportunities created within the City Region. This sub region will also need to ensure that the adult skill issues in areas outside of the primary economic influence of Leeds but within the City Region's administrative area are recognised. This particularly applies to the rural areas in Harrogate and Craven.

Matters for Consideration

24. The Leeds City Region Pilot Programme offers opportunities to Local Authorities and other partners working within the Leeds City Region governance arrangements to have more influence on spending decisions by Government and to seek a greater delegation of responsibility. The agreement between the Government and the Leeds City Region is a step forward in obtaining an influence over some critical funding streams and policies. It provides a structure for further devolution of responsibilities.
25. It begins to address the strategic need to remove barriers to the economic performance of the Leeds City Region which includes significant parts of the York and North Yorkshire economy. That applies not just to those local authorities who are directly involved in the governance arrangements.
26. For the sub region as a whole, the Leeds City Region is both a market for businesses and also an important source of visitor income. The quality of the environmental and cultural offer throughout the York and North Yorkshire sub region is a key component for the attraction of investment, entrepreneurs and highly skilled and educated people to the Leeds City Region.
27. For those local authorities involved in the governance of the Leeds City Region a key consideration is that they benefit from these positive developments and do not in some way "lose out" as a consequence of them.
28. It is clear that taking advantage of the opportunities presented by the pilot programme requires an active dialogue between all of the Local Authority partners, particularly around the issues of Skills, Transport and Housing. They are all, to some degree, are characterised by having varying priorities between partner authorities. This reinforces the requirement for an effective dialogue to ensure a proper balance between the City region wide priorities and more local ones.

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