

Selby District Council



Agenda

Meeting: **Executive**
Date: **Thursday, 27 September 2018**
Time: **6.45 pm or at the rise of the All Member Briefing, whichever is the later**
Venue: **Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT**
To: **Councillors M Crane (Chair), J Mackman (Vice-Chair), C Lunn, C Metcalfe and C Pearson**

- 1. Apologies for Absence**
- 2. Disclosures of Interest**

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

3. Responding to the LEP Review 'Strengthening Local Enterprise Partnerships' (Pages 1 - 24)

Report E/18/21 asks the Executive to agree its response to the government's LEP review 'Strengthening Local Enterprise Partnerships, and to give authority to the Chief Executive, in consultation with the Leader, to negotiate the implementation of the preferred option.

4. 75% Business Rates Retention Pool (Pages 25 - 28)

Report E/18/22 updates the Executive on the arrangements for a 75% business rates retention pilot, and asks the Executive note the position and endorse the action taken.

Janet Waggott

**Janet Waggott
Chief Executive**

Date of next meeting
Thursday, 4 October 2018 at 4.00 pm

For enquiries relating to this agenda please contact Palbinder Mann, on 01757 292207 or pmann@selby.gov.uk

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Report Reference Number: E/18/21

To: Executive
Date: 27 September 2018
Status: Non-Key Decision
Author: Julian Rudd, Head of Economic Development and Regeneration
Lead Executive Member: Councillor Chris Metcalfe, Executive Lead Member for Communities and Economic Development
Lead Officer: Dave Caulfield, Director of Economic Regeneration and Place

Title: Responding to the LEP review 'Strengthening Local Enterprise Partnerships'

Summary:

This paper details the background and key issues for the District Council to agree its response to the government's LEP review 'Strengthening Local Enterprise Partnerships', in line with the recommendation below.

Recommendation:

1. Executive considers the information within this report and selects one of the following as this Council's preferred option in response to the LEP review:
 - Endorse the option to create a "North and West Yorkshire Local Enterprise Partnership", respecting the 'red lines' set out within this report, as the preferred option of Selby District Council
 - Endorse the option of a "York and North Yorkshire Local Enterprise Partnership, to include retained overlapping areas with the Leeds City Region and Humber LEPS' as the preferred option of Selby District Council; and
2. Give authority to the Chief Executive in consultation with the Leader of the Council to negotiate the implementation of this preferred option.

Reasons for recommendation

The Executive's preferred option for future LEP boundaries best reflects:

- the overlapping economic geographies within Selby District, which has strong relationships with both York and North Yorkshire and the Leeds City Region, together strategic links to the East Riding and the Humber;
- the future needs of Selby District to work in close partnership with the LEP to deliver the significant investment and growth that is planned in the area.

1. Introduction and background

- 1.1** There are currently 38 Local Enterprise Partnerships across the country and they are responsible for leading economic growth and job creation within their local areas. Selby District is currently covered by two Local Enterprise Partnerships (LEPs): the York, North Yorkshire and East Riding LEP (YNYER LEP); and the Leeds City Region LEP (LCR LEP). There are currently four local authorities that are members of both: Craven, Harrogate, Selby and York. In addition the East Riding of Yorkshire Council is a member of both YNYER LEP and the Humber LEP.
- 1.2** A review of LEPs was announced in the Industrial Strategy White Paper with its findings published in July 2018. Respondents have until 28 September to submit their views. The review has been led by Jake Berry (MHCLG), Margot James (BEIS) and Andrew Jones (HMT) and included engagement with local authorities, business representation organisation and others through working groups.
- 1.3** The review and changes are a vote of confidence in LEPs but are about ensuring LEPs are fit for purpose to be the lead organisation in implementing the Industrial Strategy and investing the UK Shared Prosperity Fund.
- 1.4** In the paper “Strengthened Local Enterprise Partnerships, July 2018, the Ministry of Housing, Communities and Local Government said that LEPs needed “To be fit for purpose as their roles and responsibilities are expanded once again, we need to ensure that Local Enterprise Partnership geographies provide simplicity, accountability and practicability. Whilst in most areas the existing arrangement has worked in practice, greater clarity and consistency is required if they are to meet Government’s increased ambition. It is therefore the right time to revisit geographic boundaries”.
- 1.5** The Paper goes on to say that “..... (the) Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers”.

2. Report

- 2.1** Extensive information about the LEP review and the options available for the Yorkshire and Humber area are set out in Appendix A, which is the report considered by the York, North Yorkshire and East Riding LEP Board on 14 September 2018. However, in establishing a preferred position for Selby District there a number of additional considerations:

2.2 Latest Issues

- In considering the report at Appendix A, the unanimous decision of the YNYER LEP Board on 14 September was to submit to government a robust case on why it should remain as it is, including the overlap with both Humber and Leeds City Region. A submission will make the case

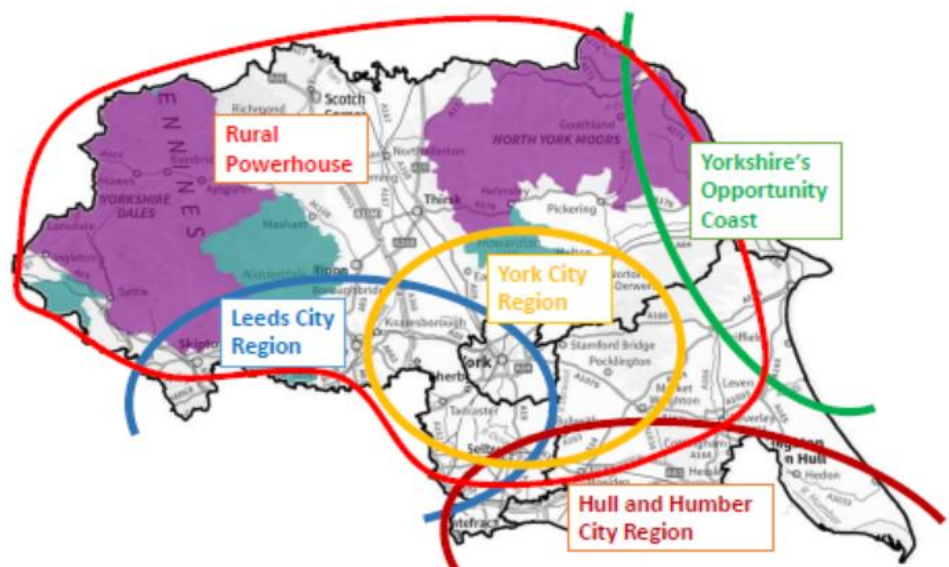
as to why the overlap works and include a strengthened proposition around collaborative working

- The position adopted by the YNYER LEP reflects similar approaches being preferred by LEPs in the West Midlands and Sheffield City Region. At this stage, it is unclear as to whether government will accept such an approach given the clear desire in the consultation to remove overlapping boundaries.
- The District Councils' Network has opposed the blanket removal of overlapping boundaries, pointing out that these may be of benefit where the overlap reflects the reality of overlapping economic geographies on the ground. The LEP review signals that the Government expects LEPs to be based on functional economic areas and acknowledges that economic geographies often cross administrative boundaries.
- At the 5 September 2018 meeting of the York, North Yorkshire & East Riding Chief Executives Group, it was agreed that discussions with Leeds City Region should proceed, with three clear 'red lines';
 - *Rural, Coastal and City of York priorities must be protected as spatial priorities within any strategies and funding levels protected within investment criteria and governance.*
 - *For Capital Investments, the Local Authority where the investment is based must be around the decision making table. This is consistent with the current LEP Infrastructure Board.*
 - *WYCA as Accountable Body must discharge its financial and legal responsibilities as part of the due diligence process. WYCA cannot overturn LEP Board/Sub-Board decisions.*

2.3 Selby District Specific Issues

- The map of economic geographies below from the YNYER LEP is an approximation but clearly indicates the variety of economic influences and relationships within Selby District. These mean that any future arrangement must support joint working across these geographies.

Economic Geographies



- Section 4.3 of the LEP report at Appendix A shows that Selby District has benefitted from over £6m of capital investment via the YNYER LEP as compared to around £700k from LCR LEP. However, Leeds City Region has bid for a £840m capital investment programme from the £850m competitive element of the Government Transforming Cities Fund. If successful this could include significant investment in York, Harrogate, Selby & Craven rail stations. Government will select 10 cities with which to work up bids.
- Selby District also benefits from LCR funding towards a business support post based at this Authority and associated funding for certain local SMEs.
- The arguments detailed in the report at Appendix A regarding the potential pros and cons of a West and North Yorkshire LEP as opposed to a YNY model – in terms of the benefits of scale vs. local representation - are equally relevant to the needs of Selby District.

3. Alternative Options Considered

3.1 The only LEP boundary options that are understood to be widely (but not universally) supported and *potentially* deliverable are:

- A continuation of current boundaries and over-lapping areas for the Leeds City Region, YNYER and Humber LEPs (although this approach is not consistent with the government's desire to remove overlapping boundaries);
- A new LEP based upon West and North Yorkshire, including York. However, such an approach would only be backed by several stakeholders, including the York, North Yorkshire & East Riding Chief Executives Group, on the basis of the 3 'red lines' (see 2.2 above) that must be respected in any new arrangements.

3.2 A York and North Yorkshire LEP that lacks overlaps with the Leeds City Region LEP would not be supported by a number of local authorities in the current overlapping area.

4. Implications

4.1 Legal Implications

The call-in procedure shall not apply where the decision being taken by the Executive is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. In this case, the deadline for responses to the LEP review is 28 September 2018 and so any delay in submitting this Council's response to government would invalidate that response.

4.2 Financial Implications

There are no currently known financial implications as a direct result of this report, although the amount of future grant support attracted towards projects within the District may be affected by the outcome of the LEP review.

4.3 Policy and Risk Implications

There are no known policy and risk implications as a direct result of this report.

4.4 Corporate Plan Implications

The relationship with the LEP/s is crucial in terms of delivering the investment and growth as envisaged by the Selby Corporate Plan, the Economic Development Framework and the emerging Selby Local Plan.

4.5 Resource Implications

The outcome of the LEP review may impact upon staffing and resource needs at the District Council but this detail is not available at this early stage.

4.6 Other Implications

There are no further implications.

4.7 Equalities Impact Assessment

There are no known equalities impacts.

5. Conclusion

- 5.1** Local Enterprise Partnerships are a key element in the future success of Selby District and the local economy. It is vital that any changes to the structure and approach of LEPs covering the District take account of the needs and opportunities of the District, in particular the complexity of local economic geographies.

6. Background Documents

- 6.1** Strengthened Local Enterprise Partnerships, July 2018, Ministry of Housing, Communities and Local Government –
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf

7. Appendices

Appendix A – ‘LEP Review’ - Report to 14 September 2018 YNYER LEP Board

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LEP BOARD**MEETING DATE:** 14 September 2018**REPORT PRESENTED BY:** James Farrar**TITLE OF PAPER:** LEP Review**1.0 Introduction**

This paper provides recommendations for responding to the LEP review 'Strengthening Local Enterprise Partnerships' published by government in July 2018

2.0 Background

- 2.1 The A review of LEPs was announced in the Industrial Strategy White Paper with its findings published in July 2018. LEPs have until 28 September for LEPs to submit their response.
- 2.2 It has been led by Ministerial group Jake Berry (MHCLG), Margot James BEIS) and Andrew Jones (HMT) and included engagement with local authorities, business representation organisation and others through working groups
- 2.3 The review is a vote of confidence in LEPs. The Prime Minister recently met with LEP Chairs and has scheduled bi-annual meetings, which given the government agenda is significant.
- 2.4 The review and changes are about ensuring LEPs are fit for purpose to be the lead organisation in implementing the Industrial Strategy and investing the UK Shared Prosperity Fund.
- 2.5 There are three clear areas to the review
- LEP Governance - LEPs will be expected to have
- A legal personality i.e. be incorporated
 - An Annual Business Plan inc. governance and assurance
 - Clear qualitative and quantitative measures for performance
 - Full compliance with Mary Ney review findings
 - An open AGM and better transparency
 - Independence of the secretariat from any host organisation
- LEP Boards
- A clear succession plan and standard time limits for Chair.
 - Max size 20
 - Board Diversity – targets around gender - Ideally 50% female, but min 33%- also need to consider ethnicity.
 - Clear private sector leadership – 66% private sector 33% public sector

Geography

- a. No overlapping geographies – this is a red line for Treasury. This is presented as necessary to remove an obstacle to the aim of UK Shared Prosperity Fund for delivering a flexible single pot for each LEP to replace ESIF and Growth Deal.
- b. An optimal size of 1m+ population
- c. Ideally don't want a single county geography
- d. Geography to be sorted locally, but] quickly – by Autumn budget. If solutions are not forthcoming
- e.
 - i. Government will impose a solution; and
 - ii. LEPs not engaging in this process will be back of the queue for Local Industrial Strategy & UK Shared Prosperity Fund engagement

2.6 The key implication for our LEP and focus of this paper is LEP geography with governance and LEP Board membership following geography.

3.0 LEP Geography Options Analysis

3.1 Annex A provides a detailed analysis of the LEP Geography Options. This is summarised below

LEP Geographies covering YNYER	Summary
Humber Disbanded and Hull join YNYER	Politically difficult locally and government keen on Humber therefore likely to challenge. Not a realistic option
Yorkshire without Sheffield City Region	Provides scale and coherence however based on devolution discussions unlikely to be acceptable to West Yorkshire Authorities. Would also likely end possibility of One Yorkshire. Not a realistic option
One Yorkshire	Current devolution discussions would indicate government unlikely to allow this model. Not a realistic option
Yorkshire split into North, East, South & West.	Builds on current strong partnership model which reflects the scale and capacity of district authorities alongside unitary of York. A strong coherent economic fit, however concerns economic links to Leeds and some urban agenda's lost.
i.e. York & North Yorkshire	Does not exclude potential for future One Yorkshire Devolution deal.

	<p>Viable, however not preferred option for York, Harrogate, Craven and Selby. Whilst below 1 million population threshold, remains a viable size and strong fit with functional economic geography and travel to work areas.</p> <p>A potential option, however governance and formal collaboration would need to address links between Y&NY and West Yorkshire and also with East Riding and enable York to remain part of West Yorkshire+ Transport Deal.</p>
<p>York & North Yorkshire merge with Leeds City Region, East Riding remain in Humber</p>	<p>Provides scale and links between NY & WY, particularly for business support agenda's. Also provides economies of scale for policy/research activity. Risk of marginalising rural/coastal agenda's and districts influence. Strong support from Local Authorities in overlapping areas</p> <p>Governance difficult, with balance between two tier government in North Yorkshire and Unitary Metropolitan Authorities in West Yorkshire.</p> <p>Any future devolution likely to be at North & West Yorkshire level, not One Yorkshire with a move towards a North & West Combined Authority</p> <p>A potential option, and politically the easiest to deliver however governance would need to formally address the issue of rurality and protect the interests of rural and coastal North Yorkshire and district authorities including formal collaboration with East Riding.</p>

3.2 The conclusion from the above options analysis is that government commitment and support for Humber is likely to result in East Riding remaining as part of the Humber LEP. YNYER therefore becomes York and North Yorkshire and has two viable options.

- **York City Region LEP** - York & North Yorkshire together, however agree formal collaborations with neighbouring areas. Particularly West Yorkshire and East Riding with City of York retaining membership of West Yorkshire+ Transport Scheme
- **North & West Yorkshire LEP** - Merge with Leeds City Region creating a larger LEP, however agreeing a formal collaboration with Humber around Coastal, Rural and Links to York.

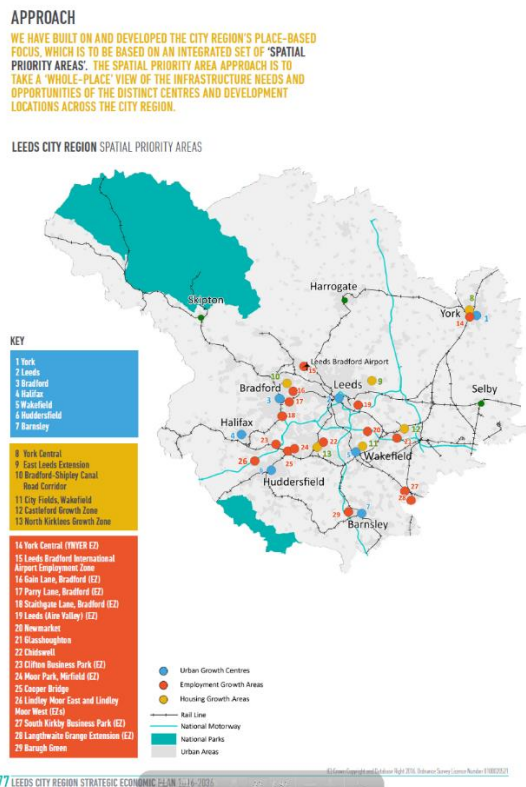
4.0 Economies of Scale Vs Risk of being marginalised.

4.1 There are obvious benefits to a larger geography, with access to greater resources and intelligence, a higher profile and influence within government and significant rural

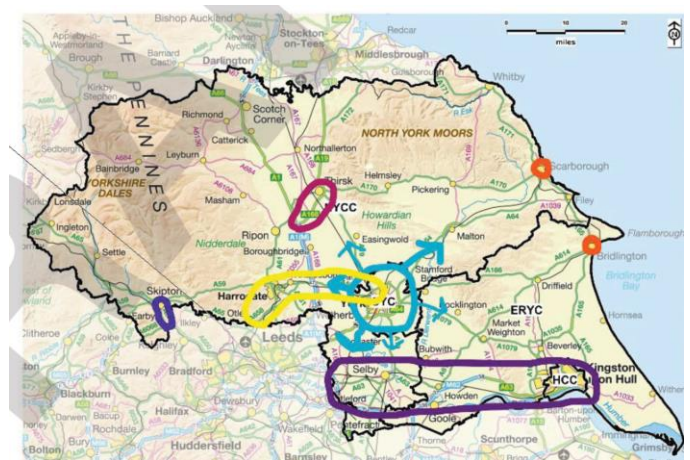
areas in West Yorkshire adding to the breadth and scale of our rural offer, however it is also important to understand the distinctive characteristics of York and North Yorkshire and to ensure the opportunities and challenges will be addressed in any solution. This should be considered both in the preferred geography of any solution, but also the governance and decision making, including through formal collaborations.

- 4.2 A starting point when considering the pros and cons is to look at the existing strategic economic priorities and investments for those areas in both Leeds City Region and YNYER.
- 4.3 The graphics below outline the spatial priorities for both LEPs, whilst the table provides a comparison on capital infrastructure investments to date.

Spatial Priorities for Leeds City Region



Spatial Priorities for YNYER



LEP Capital Infrastructure Investments in overlapping LEP Geographies

Project	YNYER	LCR
Harrogate		
Harrogate College	3,000,000	-
J47 A1/A59	2,470,000	-
York-Hgte Rail	9,600,000	-
Harrogate Centre	1,000,000	-
Potter Group, Melmerby	900,000	-
LEADER - rural grants	594,793	-
Total	17,564,793	-
Selby		
Selby College	158,149	693,000

Drax, Selby	1,500,000	
Tadcaster Bridge	1,400,000	
Sherburn	3,100,000	
Total	6,158,149	693,000
Craven		
Craven College	835,520	
Skipton Flood Alleviation	1,200,000	1,500,000
South Skipton Housing	4,780,000	
LEADER - rural grants	692,293	
Total	7,507,813	1,500,000
York		
York BioHub	1,000,000	
York Central	5,000,000	2,550,000
York Guildhall	-	1,000,000
Askham Bryan College	1,600,000	
York College	16,955	
Total	7,616,955	3,550,000
York Additional Investment		
York Enterprise Zone retained Business Rates. Based on City of York Council Model	60,000,000- 100,000,000	
West Yorkshire + Transport Scheme		75,300,000

- 4.4 It is important to note that there are currently benefits for Harrogate, Craven & Selby from inclusion in bids which are restricted to cities.
- 4.5 For example; Leeds City Region have bid for a £840m capital investment programme from the £850m competitive element of the Government Transforming Cities Fund. If successful this could include significant investment in York, Harrogate, Selby & Craven rail stations. Government will select 10 cities with which to work up bids.
- 4.6 Whilst future bids could be made under a York City Region model, with York as the fulcrum, areas such as Craven without direct links to York could be disadvantaged.
- 4.7 This reflects the complicated geography for our area and the importance of formal collaborations and flexible governance arrangements in whatever solution is agreed upon.

Whilst the above information clearly indicates the priorities for larger metropolitan areas are unlikely to benefit North Yorkshire and its districts, it does not necessarily imply that a merger with Leeds City Region would be a wrong move. Moreover, the implications are that for a merger to be considered there needs to be recognition and agreement that spatial priorities, investment appraisals and decision making must be adapted and re-configured to reflect both rural and urban scale, density and geographies. A single urban model will disadvantage both York and North Yorkshire districts.

This must be a red line for any discussions

The Importance of City of York – York is a small city with a big role. Its importance in driving not just the York economy, but the economy of a wider **York city region** incorporating large parts of North Yorkshire, cannot be under-estimated. The city is constrained by tight boundaries and therefore the relationship with its neighbouring districts is critical. As a city whose future is driven by innovation, access to grow on space, so that innovative growing businesses can remain in the area is critical to the ambition of attracting and retaining high level jobs. York travel to work patterns and housing markets are fundamentally linked to North Yorkshire markets as identified in the York Local Plan, York, North Yorkshire & East Riding Spatial Plan and the Office of National Statistics Travel to Work Areas as detailed below.



1. York has clearly benefitted from the early West Yorkshire devolution deal, joining the West Yorkshire+ transport deal to access over £75m transport funding. Significant work has also been undertaken at a city region level around smart cities and other urban agenda's
2. York has suffered in Leeds City Region when bidding opportunities have arisen (e.g. HS2 College, Channel 4, Enterprise Zones, Careers Hub) have all selected West Yorkshire priorities over York.
3. York has equally benefitted from membership of YNYER LEP being the preferred Enterprise Zone. The EZ provides £60-100m in retained business rates to the city. York and its links to North Yorkshire is also the driving force to the business cases for securing a £150m+ major investment to address congestion at Hopgrove Roundabout and dual A64 upto Barton.
4. Working together York, North Yorkshire and East Riding have developed a YNYER Spatial Framework and proposed housing deal. This potentially allows for scale at a programme level, provided governance arrangements support sub-regional working.

Whilst York is smaller than Leeds, Bradford, Kirklees and Wakefield, any potential alliance with West Yorkshire must recognise the importance of York both as a brand, as a city in its own right, and reflecting its inter-dependency and importance in driving the North Yorkshire economy which is second only in size to Leeds.

Yorkshire Coast – Our coast benefits from major private sector investment in both industrial and leisure opportunities. York Potash is the largest private sector investment in Northern Powerhouse, McCain are investing £100m in a new facility, whilst GCHQ grows and is developing the GCHQ North concept. Alongside this new leisure and sports facilities continue to appear, whilst the Coventry University and University Technical College demonstrate confidence in the area.

Scarborough however, continues to suffer from long standing deprivation with some of the most deprived wards in the country. These private sector investments provide the opportunity to address some of these deep rooted issues with continued focused investment in infrastructure and programmes which have a deep understanding of the issues.

This will require strong partnership and collaboration between public and private sector with long term co-investment to ensure the growth on Yorkshire Coast is inclusive and benefits all parts of communities.

There are limited benefits to Yorkshire Coast of any partnership or collaboration with West Yorkshire and any arrangements will need to ensure coastal investment and issues remain a priority and the unique economic characteristics are understood and reflected.

Rural Powerhouse – as a region which benefits from two national parks, two areas of natural beauty and small and large market towns, there are significant challenges given changes both in retail behaviour, but also agriculture post brexit. Importantly, the average scale of individual schemes and investments is significantly smaller than in a city region, presenting the risk that in a rural-city collaboration more rural schemes could lose out.

This is reflected in the LCR Strategic Economic Plan spatial priorities whereby there are no urban, housing or employment growth areas identified in Harrogate, Selby or Craven.

With changes to the Common Agriculture Policy likely to provide opportunities around new supply chains, natural capital and bio-economy there is a need to ensure the distinctive characteristics and opportunities of rural areas are recognised.

There are potential benefits from merging with West Yorkshire, who have significant rural areas which is not currently a focus for their strategy and also to better integrate flood investment, investing upstream to protect urban areas downstream.

The greater scale could also improve negotiations with government to secure additional funding, however there is also the risk our position as a leading rural LEP is undermined through merger with a large metropolitan area.

Whatever geography we operate at, ensuring a place based approach will be critical to reflect the distinctive nature of our geography and ensure our opportunities and challenges are fully addressed.

5.0 Prioritisation of Investment

- 5.1 There could be some benefit from scale in bidding for investment from government at a programme level, however there is significant risk that a standard economic appraisal model will significantly disadvantage Y&NY. The scale and density of a large conurbation such as West Yorkshire would result in the majority of projects significantly outscoring any York & North Yorkshire projects in basic value for money and economic impact. This would apply across most agenda's including transport, housing, social inclusion, business and digital connectivity.
- 5.2 Any strategies must reflect the place based priorities for York and North Yorkshire, including coastal, rural and city of York and any solution must include metrics which address rural, urban and coastal and allows for the identification of local outcomes and solutions which are bespoke to local places.
- 5.3 Evidence from EU Business Support programmes and recent work on One Yorkshire devolution demonstrate the benefit of scale in developing business support programmes, particularly around innovation, growth businesses, export and low carbon/circular economy, however guaranteeing delivery in rural and coastal areas must be considered to ensure providers do not simply take the low hanging fruit in cities where the business density is greater.
- 5.4 Consideration must also be given to ensuring Y&NY are treated fairly if a LEP has to select a project/area in any particular process or bid. The Enterprise Zone is a good example whereby what is a major priority for YNYER, generating up to £100m for City of York was not top priority for LCR.

Whilst there are clear benefits from scale in bidding for investment from government and delivering agenda's around business support, sectors and circular economy, any discussions with LCR must protect delivery in rural areas and ensure strategies, metrics, appraisal criteria and governance arrangements reflect and protect rural and coastal characteristics.

6.0 Organisational Culture & Capacity

- 6.1 There are potentially significant benefits from working with a larger organisation to benefit from their capacity and resource, particularly around strategy and policy development alongside the importance government place on cities, however there are also risks when considering the size and capacity within larger metropolitan authorities against smaller rural authorities.
- 6.2 Additional expertise and capacity around communications, stakeholder engagement and government relations could add significant value as we seek to engage and influence government post brexit.
- 6.3 A real strength of the YNYER region and led to the mutual trust between the public and private sectors, both in strategy development and decision making. This has enabled a much more integrated approach between the LEP and LA's which has allowed capacity issues to be addressed in a flexible manner based on shared skills.
- 6.4 There is significant cost and resource in bringing forward projects for investment and austerity measures make this increasingly challenging for Local Authorities. This integrated partnership working must be retained in any future arrangements ensuring smaller authorities are not disadvantaged through having less capacity and fewer specialist resources.

- 6.5 This strong partnership working has resulted in the York, North Yorkshire, East Riding & Hull Spatial Framework being agreed, joint working on unimplemented planning permissions and a York, North Yorkshire & East Riding Housing Deal proposal due to be submitted in September.

There are clear benefits from the additional capacity from merging with a larger Leeds City Region, however any arrangements must be flexible to ensure the current integrated model with Local Authorities is retained, building on and not undermining the strong partnerships developed. Implementation of strategy can only be effectively achieved if relationships and partnerships are developed at a local level, reflecting local characteristics and based on trust locally.

7.0 Private Sector Leadership

- 7.1 The government review is clear about the need for strong private sector leadership and independence of decision making. This is an area where YNYER has excelled, based on the mutual respect of the public and private sector and NYCC, as accountable body, taking an approach which ensures legality whilst fully devolving decision to the LEP Boards. This approach is applied across all LEP Boards, reflecting who is most appropriate to make decisions.
- 7.2 If we are to remain as a York City Region LEP, the LEP Secretariat would become a legal entity, whilst North Yorkshire County Council would remain Accountable Body.
- 7.3 In order to discharge their responsibilities as Accountable Body, NYCC sign off the LEP Assurance Framework annually, which sets out the decision making of the LEP Board and Sub-Boards. NYCC officers also undertake legal and financial checks as part of the due diligence, so that decisions coming to LEP Board/Sub-Boards do not place NYCC at undue financial or legal risk. The result is the LEP Board/Sub-Boards are then able to make the final decision.
- 7.4 Leeds City Region have developed a model whereby the LEP is integrated within the West Yorkshire Combined Authority (WYCA) and all decisions are signed off by the West Yorkshire Combined Authority.
- 7.5 WYCA would be the Accountable Body for a North & West Yorkshire LEP, however they are not co-terminous with a North & West Yorkshire LEP geography. It would be unacceptable for any governance arrangements which provided West Yorkshire Combined Authority (Leeds, Bradford, Wakefield, Kirklees & Calderdale Local Authorities) with the ability to over-turn decisions made by LEP Boards/Sub-Boards to invest in York and North Yorkshire.

Retaining genuine independence and leadership for the LEP Board will be a fundamental principle for future arrangements and must be core to any agreement. Clearly distinguishing the Accountable Body role as being to ensure legal and financial compliance and not a political decision making role is crucial.

8.0 Devolution & Combined Authorities

- 8.1 Currently all Local Authorities across Y&NY and Leeds City Region are publicly committed to a One Yorkshire Devolution deal, with work continuing on the business case. Whilst government support has not yet been achieved, guidance on the LEP review is clear proposals should be aimed at aligning with future devolution proposals.

- 8.2 A devolution deal is secured through a Mayoral Combined Authority and the LEP must respond to the LEP Review recommendation “We will **encourage Local Enterprise Partnerships and mayoral combined authorities to move towards coterminous boundaries where appropriate** in line with the wider discussions on Local Enterprise Partnership geographies”
- 8.3 West Yorkshire Combined Authority are not a Mayoral Combined Authority and the assumption is that there is not currently support for a North & West Yorkshire Mayoral Combined Authority.
- 8.4 Government policy and opportunities clearly favour Mayoral Combined Authority (MCA) areas, with MCA’s regularly being allocated funding from otherwise competitive funds.
- 8.5 Given the lack of a coterminous boundary between a possible North & West Yorkshire LEP and West Yorkshire Combined Authority - whilst West Yorkshire Combined Authority would be the Accountable Body, decision making should rest with the LEP with WYCA retaining the legal and financial checks akin to NYCC at present.
- 8.6 Should York and North Yorkshire Authorities wish to move towards a North & West Yorkshire Mayoral Combined Authority, there is a significant chance that a North & West Yorkshire Devolution Deal would follow, impacting on One Yorkshire proposals.

Both LEP geography and governance within a chosen geography should consider how it aligns with future devolution proposals, and in particular its impact on One Yorkshire.

9.0 Local Authority Positions

- 9.1 Conversations have taken place with all Local Authorities within York, North Yorkshire & East Riding and there is not a single preferred solution.
- 9.2 East Riding have confirmed, they are likely to remain in Humber, however wish to retain the joint working with Y&NY particularly around coastal and rural issues.
- 9.3 York, Harrogate & Craven prefer a model with brings together North & West Yorkshire, however Craven reiterated the importance of protecting the rural and coastal agenda’s within a large metropolitan area
- 9.4 Selby, Richmondshire, Ryedale, Hambleton & Scarborough & North Yorkshire support keeping York & North Yorkshire together, understanding the need maintain and explore formal working with West Yorkshire, but having significant concern around becoming marginalised within a North & West Yorkshire model.
- 9.5 At a meeting of the York, North Yorkshire & East Riding Chief Executives Group, it was agreed that discussions with Leeds City Region should proceed, with three clear red lines;
 - Rural, Coastal and City of York priorities must be protected as spatial priorities within any strategies and funding levels protected within investment criteria and governance.

- For Capital Investments, the Local Authority where the investment is based must be around the decision making table. This is consistent with the current LEP Infrastructure Board.
- WYCA as Accountable Body must discharge its financial and legal responsibilities as part of the due diligence process. WYCA cannot overturn LEP Board/Sub-Board decisions.

10.0 Summary

- 10.1 Analysis demonstrates that whilst there are benefits from the economies of scale and increased influence from joining with West Yorkshire, however equally crucial is to recognise the distinctiveness and differences of the York & North Yorkshire footprint, in particular in recognising the threat from the different type, demographic and scale of projects and organisations and the importance of maintaining the county/district relationship in the majority of infrastructure projects.
- 10.2 **The integrity and coherence and best interest of York and North Yorkshire must be protected in any solution**
- 10.3 The most deliverable geography, politically, is a North & West Yorkshire LEP, however this presents significant risks and challenges and must not be at any cost. York and North Yorkshire is a viable and functional geography.
- 10.4 The key risks and challenges in developing a North & West Yorkshire LEP are;
1. The willingness of West Yorkshire Combined Authority to change its governance to a model which serves a wider geography.
 2. Protecting the Private Sector leadership and independence in decision making. The LEP must be the final decision taker.
 3. Ensuring North Yorkshire district authorities continue to have genuine influence and place based decisions include the Local Authority where they are based. This is essential particularly where the geographic coverage is so large
 4. Guaranteeing the Local Industrial Strategy will be place based and reflect the opportunities in York & North Yorkshire
 5. Ensuring key agenda's for York are North Yorkshire are not marginalised. Rural and Coastal must be treated as a key integral part of the region
 6. Ensuring an operating model is retained which supports Local Authorities to develop their priorities and considers local capacity and resources
 7. Securing governance and decision making which does not preclude a future One Yorkshire Devolution.

11.0 Recommendations

In order to protect the interests of, and secure the best solution for York and North Yorkshire

1. **To explore with Leeds City Region the potential for a North & West Yorkshire LEP which protect the interests of York and North Yorkshire. The clear red lines for these discussions to progress are;**

- Rural, Coastal and City of York priorities must be protected as spatial priorities within any strategies and funding levels protected within investment criteria and governance.
 - Private Sector Membership of the LEP Board should reflect the equal status of Urban and Rural/Coastal geographies
 - For Capital Investments, the Local Authority where the investment is based must be included in the decision making Board.
 - The government review is clear about the need for strong private sector leadership and independence of decision making. The LEP Board/Sub-Boards must be the final decision maker. WYCA as Accountable Body must discharge its financial and legal responsibilities as part of the due diligence process.
 - There must be clear differentiation between the role of the independent LEP and the role of a Combined Authority as the accountable body. The LEP CEO and Combined Authority MD must be separate roles.
 - A York & North Yorkshire office will be retained leading on key agenda's and continuing to build the relationships, joint working and partnerships across York and North Yorkshire
 - A formal collaboration with East Riding/Humber around coastal issues will be retained.
 - A cross LEP working group, supported by both LEP Boards, is developed to undertake a fundamental review of decision making protocol within both organisation and to create a proposal which satisfies the legal obligations of WYCA in their Accountable Body Role, whilst also supporting innovation, responsiveness and speed of delivery and independence of the LEP Board.
2. **If the red lines cannot be met, we should submit to government a proposal for a York City Region LEP covering York & North Yorkshire with a formal collaboration including allowing CoYC to retain benefits of WY+ transport scheme**
 3. **David Kerfoot, as Chair of the LEP is supported to agree and sign off the submission to government (template included as Annex B)**

Annex A: Analysis of geographic options

Options	LEP's covering all or part of YNYER geography	No Overlap	£1m + Population	Not single county	County & Districts remain together	Consistent with Travel to Work Areas	Potentially compatible with One Yorkshire Devolution Proposals	All areas covered and viable	Likely to be acceptable to government	Level of local support	Conclusion
Current status	YNYER	N	Y	Y	Y	Y	Y	Y	N	Current model works well, with partnerships across boundary	Not an option, discount
	Leeds City Region	N	Y	Y	Y	Y	Y	Y			
	Humber	N	N	Y	Y	Y	Y	Y			
Option 1 - Humber Disbanded and Hull join YNYER	YNYER & Hull	Y	Y	Y	Y	Y	N	Y	N	Difficult for Craven & Harrogate LA's and Humber businesses unlikely to support.	Politically difficult locally and government keen on Humber therefore likely to challenge. Not a realistic option
	West Yorkshire	Y	Y	Y	Y	Y	Y	Y			
Option 2 - Yorkshire without Sheffield City Region	Greater Yorkshire	Y	Y	Y	Y	Y	N	Y	N	Difficult for West Yorkshire LA's	Provides scale and coherence however based on devolution discussions unlikely to be acceptable to West Yorkshire Authorities. Would also likely end possibility of One Yorkshire. Not a realistic option

Option 3 - Whole of Yorkshire	Yorkshire	Y	Y	Y	Y	Y	Y	Y	N	Difficult for Sheffield & Rotherham LA's	Current devolution discussions would indicate government unlikely to allow this model Not a realistic option
Option 4 - Yorkshire split into North, South, East, West	York & North Yorkshire	Y	N	Y	Y	Y	Y	Y	Y	Difficult for York, Harrogate, Craven & Selby who have strong links to Leeds.	<p>Viable, however not preferred option for York, Harrogate, Craven and Selby. Whilst below 1 million population, remains a viable size and strong fit with travel to work areas.</p> <p>Builds on current strong partnership model which reflects the scale and capacity of district authorities alongside unitary of York. A strong coherent economic fit, however concerns economic links to Leeds and some urban agenda's lost.</p> <p>Does not exclude potential for future One Yorkshire Devolution deal.</p> <p>A potential option, however governance and formal collaboration would need to address links between Y&NY and West Yorkshire and also with East Riding and enable York to remain part of West Yorkshire+ Transport Deal.</p> <p>Formal collaboration will be essential to provide scale in some areas.</p>
	West Yorkshire	Y	Y	Y	Y	Y	Y	Y			
	Humber	Y	N	Y	Y	Y	Y	Y			

<p>Option 5 - York & North Yorkshire merge with Leeds City Region, East Riding remain in Humber</p>	<p>West & North</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>	<p>N</p>	<p>Y</p>	<p>Y</p>	<p>Significant concerns in Richmondshire, Ryedale, Hambleton & Scarborough</p>	<p>Strong support from Local Authorities in overlapping areas. Provides scale and links between NY & WY, particularly for business support agenda's. Supports urban areas benefitting from city region scale and agenda's. Risk of marginalising rural/coastal agenda's and North Yorkshire districts. Governance difficult, with balance between two tier government in North Yorkshire and Unitary Metropolitan Authorities in West Yorkshire Any future devolution likely to be at North & West Yorkshire level, not One Yorkshire</p> <p>A potential option, and politically the easiest to deliver however governance would need to formally address the issue of rurality and protect the interests of rural and coastal North Yorkshire and district authorities including formal collaboration with East Riding.</p> <p>Future devolution likely to be at this level rather than One Yorkshire with a move towards a North & West Combined Authority</p>
<p>Humber</p>	<p>Y</p>	<p>N</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>	<p>Y</p>				

Annex B: Geography proposal response template

LEP Name: [Please complete]

Please outline the LEP's plans to address the geography recommendations below, noting the guidance provided by the Unit. In your response, you should outline any key milestones, risks and issues.

Proposals should be submitted to LEPpolicy@communities.gsi.gov.uk no later than **28 September 2018**, copying in your Area Lead.

Geography

Recommendation:

As Local Enterprise Partnerships are central to future economic growth, Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with considered **proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers**. ... These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

Information required in geography proposal:

All LEPs should outline their response to the Government's recommendations on geography no later than **28 September 2018**.

Those LEPs proposing geography changes should provide detail of the proposed changes. In your response you should outline why these changes would be suitable for your local area. These proposals should include timescales for the transition to different geographies. LEPs should work with the LEP Network and neighbouring LEPs to ensure a shared understanding of the geography changes being proposed exists.

For LEPs who are proposing no changes you should respond briefly outlining why no change is required. For LEPs in MCA areas, these proposals should consider the current relationship between the MCA and LEP geographies. All LEPs should aim to have revised geographies (if required), by **spring 2020**.

LEP response

Please outline the LEP's response to the recommendation. The response should consider the information required, outlined above:

Key milestones

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

Key risks and/or issues

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

Recommendation:

We will **encourage Local Enterprise Partnerships and mayoral combined authorities to move towards coterminous boundaries where appropriate** in line with the wider discussions on Local Enterprise Partnership geographies. These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

Information required in geography proposal:

For LEPs in MCA areas, these proposals should consider the current relationship between MCA and LEP geographies.

LEP response

Please outline the LEP's response to the recommendation. The response should consider the information required, outlined above:

Key milestones

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

Key risks and/or issues

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

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Report Reference Number: E/18/22

To: Executive
Date: 27 September 2018
Author: Karen Iveson –Chief Finance Officer
Executive Member: Councillor Cliff Lunn – Lead Member for Finance & Resources
Lead Officer: Karen Iveson – Chief Finance Officer

Title: 75% Business Rates Retention Pool

Summary:

This report presents an update on the arrangements for a 75% business rates retention pilot noting the deadline for submission of applications was 25th September 2108.

Recommendations:

It is recommended that the Executive note the position and endorse the action taken.

Reasons for recommendation

To ratify the decision.

1. Introduction and background

- 1.1 Significant changes to the Business Rates Retention Scheme were previously anticipated following the Government's announcement that in future 100% of Business Rates will be retained by Local Government and Revenue Support Grant will be phased out. However since the General Election, plans for 100% rates retention are uncertain as bids for 75% pilots in 2019/20 have recently been invited.
- 1.2 As part of the Medium Term Financial Strategy report the Executive delegated authority to the Chief Finance Officer in consultation with the Lead Member for Finance and Resources, to submit an application as part of a wider North Yorkshire pool, on behalf of the Council, should this present a favourable outcome.
- 1.3 The deadline for submission of applications is 25th September 2018. It is understood that the submission of an application is not binding so should any issues come to light after the bid has been submitted, councils could withdraw.

2. The Report

- 2.1 The Chief Finance Officer has been working closely with colleagues across the district councils and North Yorkshire County Council to assess the implications for a 75% retention pool.
- 2.2 However, given the likelihood of East Riding of Yorkshire Council joining a Hull/Lincs proposal, Selby's safety net position and tier split issues between Harrogate Borough Council and North Yorkshire County Council, it became clear that an all North Yorkshire District and County proposal was untenable.
- 2.3 Consequently discussions were widened to a potential combined West Yorkshire/North Yorkshire pilot. In principle this option has support from member councils although final financial modelling is being undertaken to inform the distribution of any expected gains and any ultimate decisions.
- 2.4 A pilot application on a larger footprint enables greater spreading of risk for member councils, supports collaborative working across our overlapping Local Enterprise Partnerships and strengthens devolution proposals in our area.
- 2.5 The timescales are such that it is not possible to provide more precise information at this stage but any application involving Selby will be circulated to the Executive in advance of the meeting.

Legal/Financial Controls and other Policy matters

3.1 Legal Issues

- 3.1.1 There are no legal issues to raise as a direct result of this report.

3.2 Financial Issues

- 3.2.1 The financial issues are subject to the pilot proposals ultimately put forward but it is expected that Selby would be marginally better off as a result of the pilot proposal.
- 3.2.1 Should the WY/NY pilot not be taken forward authorities will revert to their existing arrangements. For Selby this would mean not being involved in any business rates pool and still being in receipt of a safety net payment from the government.

3.3 Impact Assessment

- 3.3.1 There are no equality impacts as a result of this report.

4. Conclusion

- 4.1 The Chief Finance Officer is continuing to work with colleagues across the sub-region to develop proposals for a potential pilot application. It is assumed that Selby will only take part if there is a favourable outcome for the Council.

5. Background Documents
None

Contact Details

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