Appendix 1

York and North Yorkshire
Devolution
Governance Review

North Yorkshire County Council
City of York Council

Undertaken in accordance with the
Local Democracy, Economic Development and Construction Act 2009.

CONTENTS

1.0 Executive Summary

1.1. Following a submission to Government from all Councils across the sub-region in 2020, Government announced in February 2022 that it would start negotiations on a Mayoral Devolution Deal for York and North Yorkshire. Formal negotiations began soon after and the details of a minded-to deal were published on 01 August 2022.

1.2. The proposed 30-year devolution agreement would deliver funding for key policies and strategies, providing better roads and public transport, improving education and job opportunities, boosting the economy, and placing York and North Yorkshire at the forefront of the green energy sector to tackle climate change.

1.3. The deal for York and North Yorkshire (YNY) would see the introduction of a mayor for the region, elected by residents, to lead a mayoral combined authority (MCA) and forge close links with Ministers in the Government, as well as civil servants in Whitehall. The proposed deal provides the opportunity to invest an £18 million mayoral gain share each year and the mayor would also have access and influence to new and greater funding for the region.

1.4. The mayor, who would be elected in May 2024, would lead a new combined authority that would oversee key strategic projects ranging from major transport improvements to providing more affordable housing and boosting skills and education for York and North Yorkshire.

1.5. This minded-to devolution agreement includes:

1.5.1 York and North Yorkshire establishing a combined authority and electing a directly elected mayor to provide overall vision and leadership, seek the best value for taxpayer's money, be directly accountable to the city region's electorate and to receive new powers on transport, housing and skills.

1.5.2 Control of a £18 million per year allocation of investment funding over 30 years 35% capital, 65% revenue, to be invested by York and North Yorkshire to drive growth and take forward its priorities over the longer term.

1.5.3 New powers to improve and better integrate local transport, including the ability to introduce bus franchising, control of appropriate local transport functions e.g., local transport plans, and control of a Key Route Network.

1.5.4 An integrated transport settlement starting in 2024/25 and an additional £1 million to support the development of local transport plans.

1.5.5 New powers to better shape local skills provision to meet the needs of the local economy, including devolution of the core Adult Education Budget, as well as input into the new Local Skills Improvement Plans.

1.5.6 New powers to drive the regeneration of the area and to build more affordable homes including compulsory purchase powers and the ability to establish Mayoral Development Corporations.

1.5.7 Over £13 million for the building of new homes on brownfield land across 2023/24 and 2024/25, subject to sufficient eligible projects for funding being identified.

1.5.8 Investment of up to £2.65 million on projects that support York and North Yorkshire's priority to deliver affordable, low carbon homes across the area, subject to final business cases.

1.5.9 Subject to a full business case, demonstrating the value of the scheme in delivering housing, jobs and GVA to the area, the government is minded to provide additional support to the York Central brownfield regeneration scheme.

1.5.10 £7 million investment to enable York and North Yorkshire to drive green economic growth towards their ambitions to be a carbon negative region. This investment is subject to agreement of submitted business case.

1.5.11 York and North Yorkshire Combined Authority will plan and deliver the UK Shared Prosperity Fund (UKSPF) from 2025/26 if there is a continuation of the Fund and the delivery geographies remain the same.

1.5.12 Integration of the York and North Yorkshire Local Enterprise Partnership (YNY LEP) into York and North Yorkshire Combined Authority. This will ensure there continues to be a strong and independent local business voice which informs local decision making.

1.5.13 A commitment to explore a local partnership with Great British Railways so that the mayor can help shape and improve local rail.

1.5.14 Support to develop a Natural Capital Investment plan for York and North Yorkshire.

1.5.15 Commitments to work in partnership with the area on the development and delivery of strategies to realise the region's cultural potential.

1.5.16 Engagement on broadband and mobile infrastructure rollout and on the development of the Scarborough Cyber Cluster.

1.5.17 A commitment to establish a programme working group in support of the BioYorkshire programme.

1.5.18 A key leadership role for the mayor in public safety, taking on the role and functions of the Police Fire & Crime Commissioner and having a clear role in local resilience and civil contingency planning, preparation, and delivery.

1.6 The purpose of this governance review, undertaken in accordance with to Section 109 of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) is to look at the exercise of statutory functions in York and North Yorkshire, with a view to deciding whether to prepare and publish a scheme which creates new governance arrangements, including a directly elected mayor. A public consultation would then be carried out on the proposals set out in the scheme. The Secretary of State would be provided with a summary of consultation responses and would need to consider whether an order should be made under the 2009 Act to establish a Mayoral Combined Authority (MCA) for the area. Under section 108 of the 2009 Act, the review needs to conclude that the exercise of the power to make an order to establish an MCA for York and North Yorkshire area would be likely to improve the exercise of statutory functions in relation to that area.

1.7 The review has found that the economic evidence provides a rationale to work at a York and North Yorkshire geography, reflecting that it operates as a coherent functional geography, with significant links to neighbouring economic areas.

1.8 The review concludes that:

1.8.1 current regional governance arrangements does not provide the powers or investment potential at a local level that is required to address the economic challenges of the area and fulfil its potential

1.8.2 Other models of devolution, outlined within the Devolution Framework published by Government, do not provide significant benefit to the sub-region, which has already moved to simplified models of governance across local government

1.8.3 a change is required to enable York and North Yorkshire to drive forward its ambitions to be the first carbon negative region and to engage effectively with Government, neighbouring combined authorities and other bodies in pursuit and support of a strong Northern Powerhouse;

1.8.4 the statutory criteria within the 2009 Act for preparing and publishing a scheme are met, i.e., the making of an order to enable the adoption of an MCA model of governance for the area of York and North Yorkshire will likely improve the exercise of statutory functions in that area;

1.8.5 in addition, establishing an MCA model of governance for York and North Yorkshire will:

1.8.5.1 have a positive impact on the interests and identities of local communities – these proposals build on the governance arrangements agreed by the Government as part of Local Government Reorganisation which support the effective and efficient provision of services with, and democratic representation of, communities across the area;

1.8.5.2 secure more effective and convenient local government by reducing complexity and streamlining the delivery of public services within the area.

1.9 It is therefore proposed that a scheme is published that confirms:

1.9.1 an MCA should cover the area of York and North Yorkshire;

1.9.2 a Mayor would be elected in May 2024;

1.9.3 the mayor would become a member of the Combined Authority, and Chair meetings of the authority.

1.9.4 each council would appoint two members to the new MCA, and non-constituent members from the LEP (or its successor arrangements as the Business Committee of the MCA); and

1.9.5 the Mayor and MCA will exercise specific statutory functions, and hold some powers concurrently with York and North Yorkshire local authorities. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the combined authority and its constituent councils.

2 Purpose of this Report

2.1 City of York Council and North Yorkshire County Council (the "local authorities") have undertaken a review to assess the effectiveness of current governance arrangements in the delivery of their ambitions for economic growth.

2.2 This report has been prepared jointly by the authorities in light of the "minded to" devolution deal agreed with central government. It details the findings of a governance review under section 108 of the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act") in relation to the proposed creation of a new mayoral combined authority for the York and North Yorkshire area, which would comprise the two York and North Yorkshire authorities as constituent authorities.

2.3 To ensure compliance with the relevant legislation contained in the 2009 Act, the Governance Review considers whether an MCA is the best governance model and would be likely to:

2.3.1 Improve the exercise of statutory functions in the area of York and North Yorkshire;

2.3.2 Secure more effective and convenient local government for the area; and

2.3.3 have a positive or neutral impact on the identities and interests of our local communities

2.4 This report sets out the conclusions of that reviews.

3.0 Methodology for the Governance Review

3.1 The governance review has comprised the following:

(a) York and North Yorkshire's context and ambitions

(b) A review of the economic evidence to assess:

(i) the existence of a Functional Economic Market Area across York and North Yorkshire; and

(ii) the economic challenges and opportunities in the York and North Yorkshire area.

(c) A review of current governance arrangements across the York and North Yorkshire area
(d) An option appraisal which considers the alternative governance structures which could be pursued in light of the above evidence.
(e) Consideration of whether the preferred option meets the statutory tests

4.0 Our Ambition – the York and North Yorkshire Context

4.1 Local authorities in York and North Yorkshire have an ambitious vision for enhancing social and economic prosperity, and increasing the wellbeing of their communities. Building upon York and North Yorkshire's significant economic, educational and cultural assets, we want to harness their potential in driving growth in both the regional and national economies. Specific research and innovation strengths in the bioeconomy and agri-tech sectors, AI and autonomous systems, digital creativity and rail technology can support sectoral growth to benefit the wider region. A strong tourism industry which harnesses both the region's natural assets and its urban appeal, and major investment in clean energy can sustain the area's attractiveness and quality of life. At the same time, we will work together to ensure that all residents have the ability and opportunity to benefit from and contribute to future growth.

4.2 Through a devolution deal, York and North Yorkshire aims for further ambitions in three areas:

- Levelling up such that wage levels and productivity match the UK average
- Creating the world's leading bioeconomy cluster
- Become England's first carbon negative region

4.3 York and North Yorkshire has a population of approximately 818,000; covers over 8300km2 and covers one quarter of the Northern Powerhouse; is home to over 46,000 businesses, and has a total GVA of £20.5 billion.

4.4 York and North Yorkshire geographically shares an economic footprint with York and North Yorkshire LEP and has strategic economic connections to its neighbours in the Tees Valley, West Yorkshire, Hull and East Yorkshire, South Yorkshire, across the transpennine route to Manchester and Cumbria, the Northern Powerhouse region, the rest of the UK and internationally.

4.5 Whilst York and North Yorkshire enjoys world class natural assets and many economic advantages, there are significant challenges which hinder economic growth which benefits all residents. Despite York, the region's global city and economic hub, having metrics that exceed northern comparators, the broader sub-region suffers from a dominance of lower paid sectors in some areas, meaning wage levels are relatively low. Productivity beyond the economic centres is below national average. Lack of sustainable transport infrastructure and digital inclusion, particularly in rural areas, prevents skilled people accessing good jobs. This leads to population patterns of increasingly aging populations in some areas. And the challenges posed by climate change and the need to transition to a low carbon economy require huge shifts from businesses and residents.

4.6 The York and North Yorkshire authorities are of the view that a radical devolution of powers and funding to local areas is needed to respond to our opportunities and address these challenges. The infrastructure issues which restrict growth and the sharing of economic benefits across the sub-region need to be addressed at a sub-regional level. Greater local control of the levers of growth, productivity and inclusion would enable us to better serve our residents and businesses.

4.7 York and North Yorkshire have been on a journey of change to governance arrangements, aiming to create efficiency whilst supporting clear democratic accountability. The Local Government Reorganisation process has led to the creation of a new North Yorkshire Council, replacing the previous two-tier arrangements, alongside the existing City of York Council. A new MCA would build upon this foundation of streamlined local governance, to support and accelerate the delivery of local ambitions to address wage levels and productivity, innovation and net zero.

5.0 A functional economic market area

5.1 To support the economic growth of a large rural area with a key city, there is a need to provide connectivity to link people and businesses with opportunities. York and North Yorkshire, on the footprint of the county of North Yorkshire, is recognised as a defined area with its own economic characteristics. York provides the main economic centre of the sub-region, whilst the scale of the area means that there are economic overlaps, particularly to the southwest with West Yorkshire, to the southeast with East Riding and the Humber, and north to Tees Valley, North of Tyne and the North East.

Figure 1 - Map of York and North Yorkshire

5.2 The York and North Yorkshire functional market area is characterised by an innovation and knowledge economy driven by the three universities, supporting strong financial, rail-tech and digital sectors, and a broad bioeconomy linked to food and materials production. Tourism, food and drink, and hospitality is strong across the whole sub-region, based on its natural and built assets.

5.3 Commuting patterns show a mixed picture of travelling for work. Figures available relate to the pre-pandemic context, so are likely to underestimate the number of people working from home. However, the broad patterns are likely to persist. Almost four-fifths of local residents (79%) in employment work in the area (250,000 people) with the remaining fifth (66,000 people) commuting to jobs elsewhere. Around a fifth (21%) of people who work in the area commute from outside - 67,000 in absolute terms. Inward and outward commuting flows are therefore almost in balance: with the number of outward commuters offset by the people who travel into the area to work. This, in itself, indicates a self-contained labour market.

5.4 The main destinations for outward commuters from YNY are:

- Leeds, which is the destination for 22,000 commuters, mainly residents of Harrogate, Selby and York.
- Bradford, which is the destination for around 6,000 commuters, primarily from the Skipton area.
- The East Riding, the destination for around 5,000 commuters, mostly from York and Selby.

5.5 There are also significant flows from Selby to Wakefield. Looking northwards, there is outward commuting to Middlesbrough, Darlington, and Stockton-on-Tees. This reflects the close economic ties with West Yorkshire and Tees Valley.

5.6 Relatively few people in employment commute within the YNY area i.e. travel between constituent local authority districts for work, compared with those who commute outside of the area. This is reflective of a polycentric economy with many people employed around the smaller towns and villages in their area. With an area covering over 830,000 hectares, relatively poor east-west connections (both rail and road) limit the potential of travel to the main conurbations for large amounts of the population.

5.7 Not surprisingly, York is the largest focal point for inward commuting among residents, with around 12,000 travelling into York and around 9,000 commuting out from York to surrounding districts.

	Live in area, work in area	Live in area, work outside area	Work in area, live outside area	Net inward commuting	Commute within LEP area	Commute outside LEP area	% of residents who live in area, work in area	% residents who work outside area	% of those working in area who live outside area	% residents who commute within LEP area
Craven	11,763	9,131	8,901	-230	786	8,345	56%	44%	43%	4%
Hambleton	20,799	13,989	17,621	3,632	6,197	7,792	60%	40%	46%	18%
Harrogate	45,408	18,423	19,366	943	5,005	13,418	71%	29%	30%	8%
Richmondshire	13,801	7,113	7,255	142	2,990	4,123	66%	34%	34%	14%
Ryedale	12,012	6,473	7,047	574	4,379	2,094	65%	35%	37%	24%
Scarborough	31,348	6,899	5,058	-1,841	3,215	3,684	82%	18%	14%	8%
Selby	14,362	20,937	13,235	-7,702	6,769	14,168	41%	59%	48%	19%
York	62,209	21,187	25,651	4,464	8,995	12,192	75%	25%	29%	11%
LEP area	250,038	65,816	66,523	707	38,336	65,816	79%	21%	21%	12%

Source: Census of Population 2011

Figure 2 - YNY commuting Patterns, people aged 16 and over

5.8 This diverse pattern of behaviour is reflective of the geographic diversity of our sub-region, which includes urban, coastal and rural areas. It highlights that York and North Yorkshire has a particular economic role, supporting its own distinct economic area as well as linking the economic centres to the north, east, south and west. There are strong connections and interrelationships with neighbouring areas around the entire periphery, supporting the wider regional economy.

5.9 Beyond commuting patterns, there is a reality within the geographic context of York and North Yorkshire that neighbouring areas have established Combined Authorities in West Yorkshire and Tees Valley, whilst progress is being made towards a devolution deal in East Riding and the Humber. With York and North Yorkshire positioned between these existing and emerging arrangements, it is logical that a new Combined Authority would link and complete the geography with similar Mayoral arrangements. The ability of Mayors and Combined authorities to work collaboratively, through similar governance and powers, would provide a greater coherence and consistency to regional working.

6.0 Economic Profile

6.1 The following is provided as a summary of the economic make-up of the sub-region. Further detail can be found in the Labour Market Analysis - 83388 LEP Labour Market Analysis 2021 A4_single pages.pdf (ynylep.com)

Structure

6.2 There are around 380,000 jobs within the YNY area. Two of the largest sectors are in consumer-facing services like wholesale / retail (58,000 jobs, 15% of the total) and accommodation and food services (39,000 jobs; 10%). This reflects a dominance of the visitor economy in terms of jobs and GVA, but these sectors are very volatile to economic/recession pressures and an over-reliance on them creates an economic risk.

6.3 Health and social care (13%; 48,000) and manufacturing (9%; 36,000) also provide a large proportion of jobs. Professional, scientific and technical roles account for 29,000 jobs (8%). Alongside health and social care there are significant numbers of public sector jobs including education (34,000; 9%) and public administration and defence (18,000; 5%).

6.4 There are 88,000 public sector employee jobs in the YNY area. This equates to 17% of total employment, only slightly higher than the national average of 16%. Public administration contributes a large proportion of total employment in York and the north of the region.

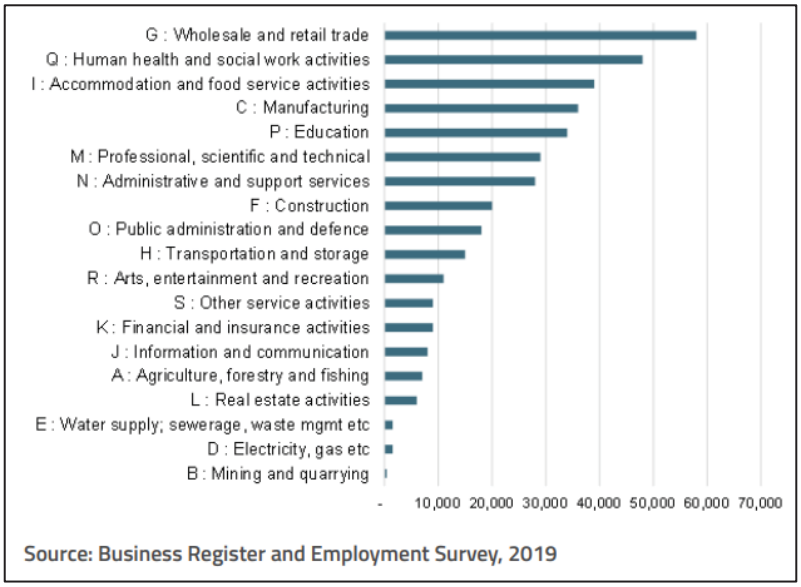


Figure 3 - Employee Jobs by Industry in YNY (SIC Section)

6.5 For YNY as a whole, agriculture is proportionately three times larger than the national average but, despite this, employs relatively few people (7,000 or 2% of the total).

6.6 The area has a strong quarrying and mining industry presence in parts of the sub region such as across the Yorkshire Dales, North York Moors and Selby.

6.7 Manufacturing is strongly represented at YNY level. Underlying this is significant food and drink manufacturing across the whole of YNY, in particular down the A1/A19 and A64 corridors.

6.8 Employment in utilities is relatively low for the area as a whole but this conceals a very large concentration of employment in Selby (seven times the national average in proportionate terms), reflecting the importance of energy generation to the area.

Future Economic Opportunities

6.9 Recent research, commissioned on behalf of York and North Yorkshire Local Enterprise Partnership explored which economic sectors have the potential to make the greatest contribution to future economic growth and employment in the area.

6.10 The first part of the study identified five priority sectors with growth potential, which are:

1. Agri-Food Innovation
2. Sustainable Energy and Bioeconomy
3. Health, Pharma and Life Science Innovation
4. Digitech, Data and Creative Industries
5. Advanced Manufacturing

6.11 Additionally, York has a significant rail technology cluster which is nationally important with potential for further growth. Home to 100 rail companies and 5,500 rail jobs focussed on the operation and development of the network, it represents a significant private sector cluster providing services key to the network and rail operating companies also based in York. York is also home to Network Rails Eastern Region, the largest in the country, which manages the railway network across the eastern side of the country from Scotland to London.

6.12 The full report can be found here: [FINAL 220606 Item 6b - ANNEX A Main Board Report Sector Research.pdf (ynylep.com)]

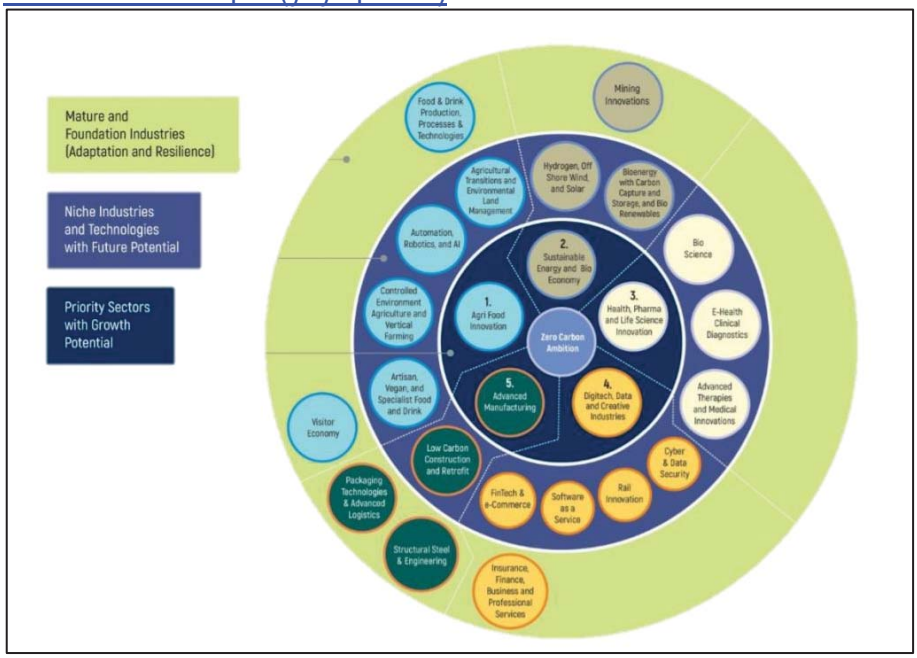


Figure 4 - York and North Yorkshire Priority Sectors

Employment and Skills

6.13 The local employment rate is above the national average. The employment rate in YNY, expressed as a proportion of the population aged 16-64, is one percentage point above the national average at 78% (versus 77%) as of July 2019 to June 2020. The local rate has been consistently higher than average over the last 15 years and along with the national average has followed a broadly upward trend in recent years.

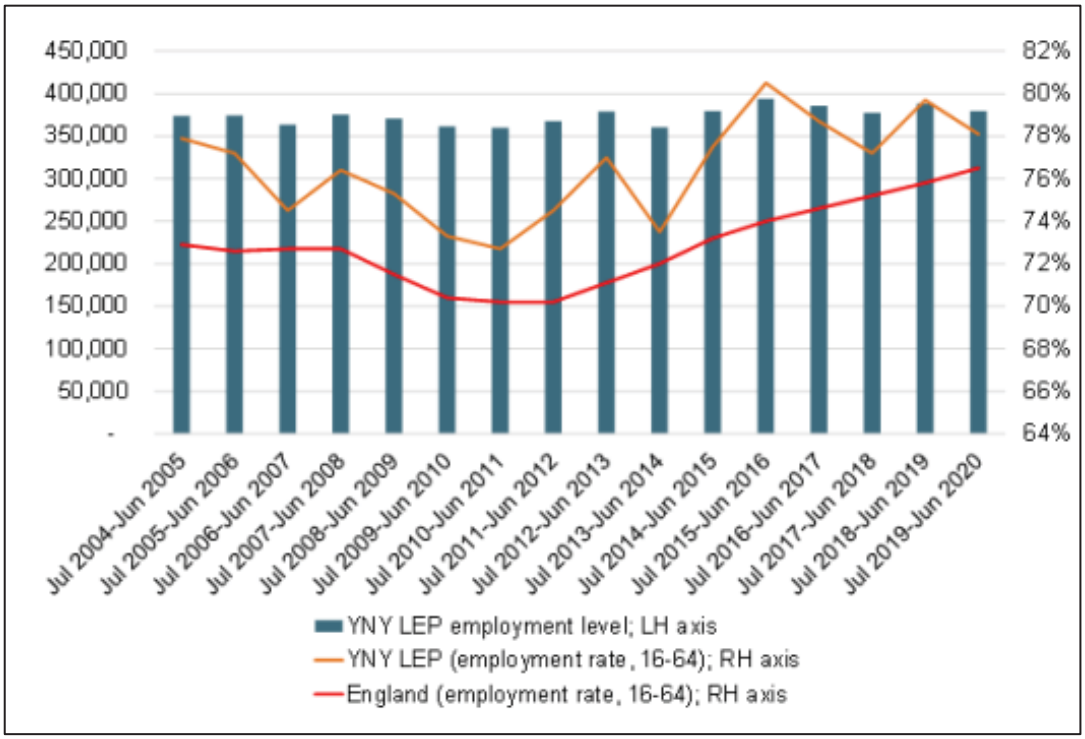


Figure 5 - Trend in employment rate (% of working age (16-64) population in employment). Source: Annual Population Survey

6.14 However, within YNY, there is variation. Five of the eight districts have an employment rate equal to or above the national average; three districts – Craven, Richmondshire and Selby – have rates that are somewhat below the average based on the latest data.

6.15 YNY has a strong qualification profile. The proportion of local people qualified at tertiary level (level 4 and above) is slightly higher than the national average (41% versus 40%), whilst the proportion with no formal qualifications is smaller (5% versus 7%). Within these figures, there is variation across the area. York easily outperforms the national average on higher level qualifications whilst North Yorkshire is slightly below the average.

6.16 Given the skills advantage that YNY has, there is a deficit of high skilled employment: 46% of employees are in higher skilled roles locally, versus a national average of 50%. There is also a disproportionate reliance on low-skilled jobs. Ensuring there are high skilled jobs to capitalise on the skills levels locally is important in increasing wage levels.

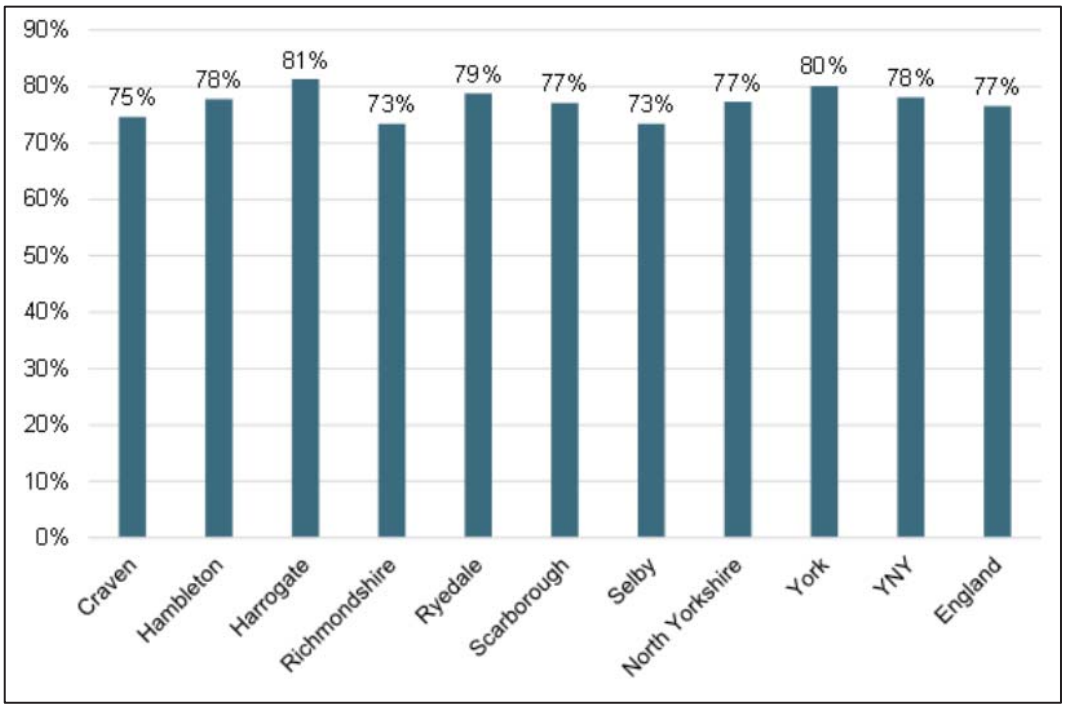


Figure 6 - Employment rate by district (% of population aged 16-64) Source: Annual Population Survey

7.0 Challenges

7.1 Despite the relative strengths of York and North Yorkshire's economy and the significant assets within the sub-region, the performance overall is below what could be expected. There are many reasons for this, some unique to specific areas, but the following represent some of the more universal challenges which are faced in achieving the region's economic ambitions.

Challenge 1: Limited Productivity Growth in some areas

7.2 Within York & North Yorkshire productivity has been stagnant and significantly dropped below the England average after 2004.

7.3 In 2019, GVA per filled job in York and North Yorkshire averaged at £46,998, 1% below the regional average (£47,523), but 18% below the England average (£57,583) and the **ninth lowest of all 38 LEP areas**.

7.4 Within YNY, there are also massive disparities across the patch, with outputs substantially lower in some districts. Productivity per hour worked in York is higher than in the surrounding area, being close to the UK average and with York in the top third of local authority areas on this measure (56th of 168 areas).

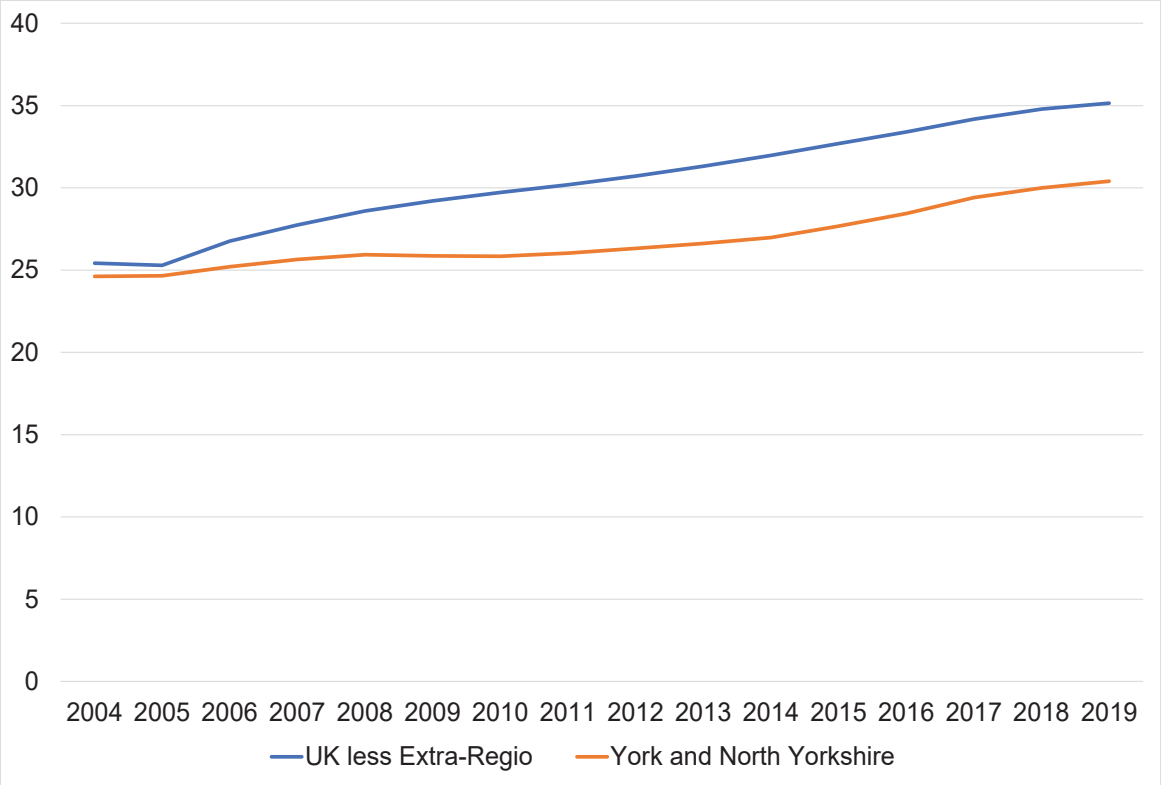
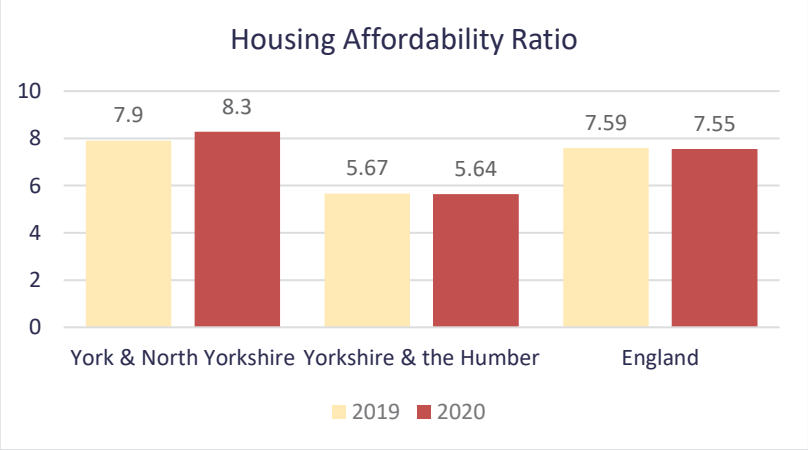


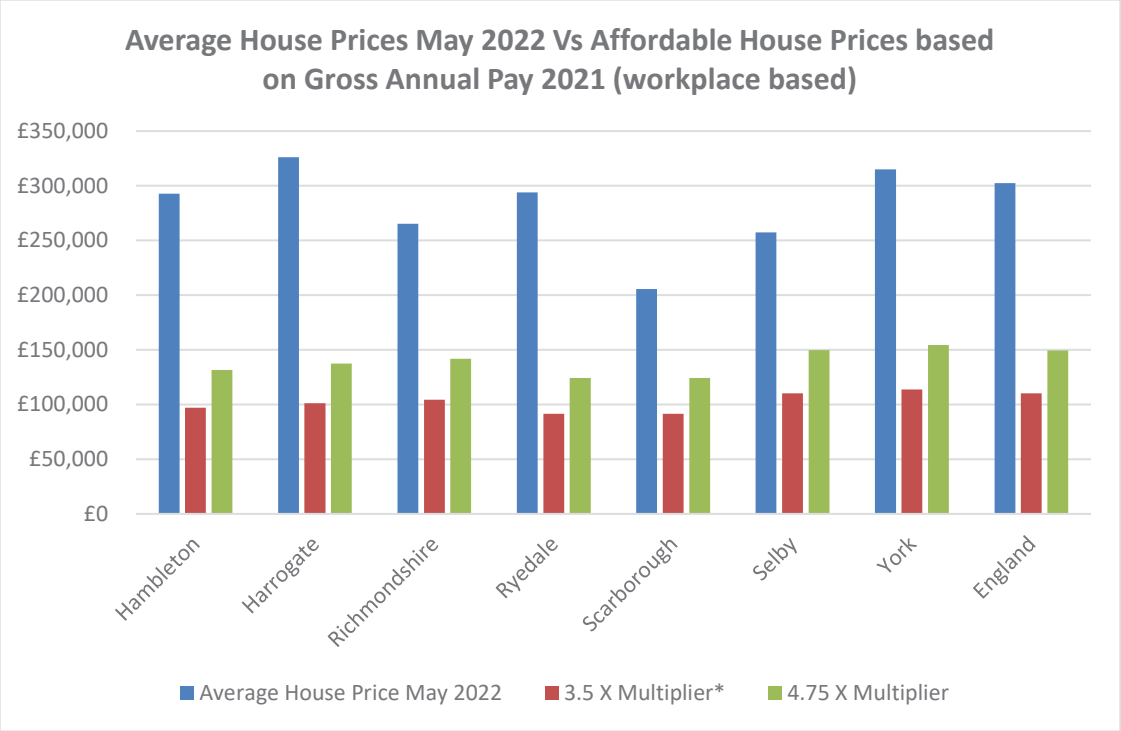
Figure 7 - Nominal (smoothed) gross value-added (£) per hour worked

Challenge 2: Unaffordable & poor quality housing

7.5 YNY has a worse affordability ratio than both regional and national averages. Also, only 35% of homes within YNY have an EPC rating of C or above (to meet climate change targets, we need all homes to be A or B graded as soon as possible).



7.6 Between September 2019 and September 2021, average house prices in YNY saw an increase of 10%. With wage levels unlikely to increase rapidly, affordability is likely to reduce over the coming years.



Source: ONS (Data was not available for Craven district)

*A household is assessed as able to afford to purchase a home if it costs 3.5 times the gross income of a single earner
**Current mortgage lending practices would suggest a 4.75 times single income could be considered

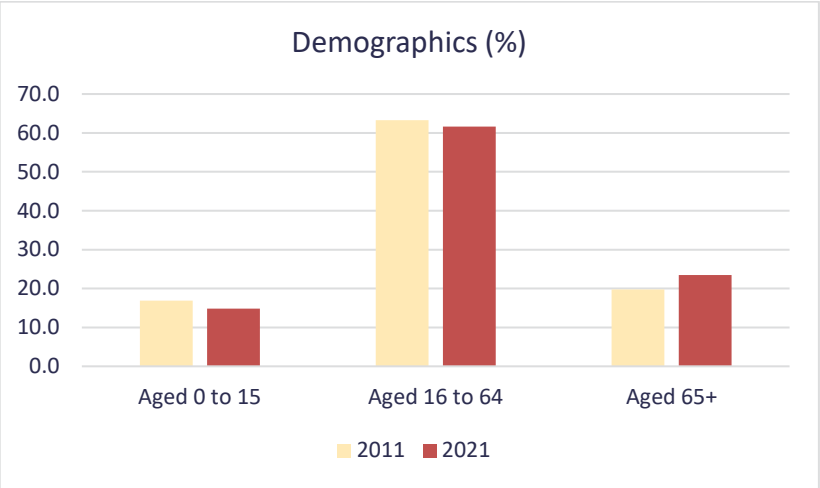
7.7 Relatively expensive housing in comparison to wage levels inevitably creates issues in terms of the ability to retain skilled young people and to attract talent to skilled jobs in the region. For lower paid jobs, it may entirely prevent people living in the areas within which they work. This puts an even higher emphasis on providing good and affordable transport links.

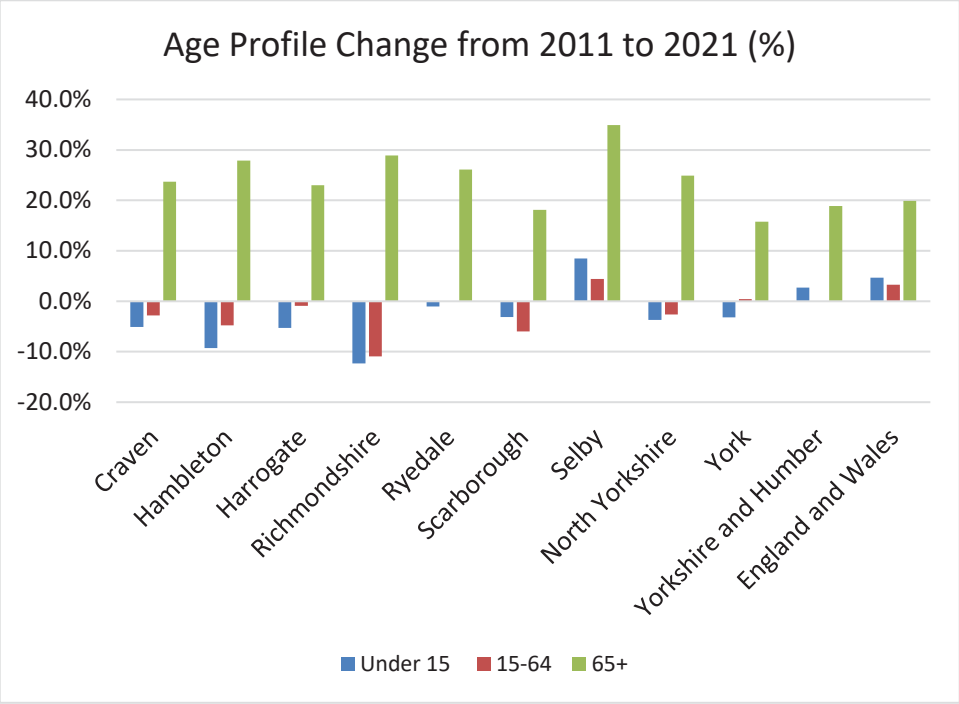
7.8 Across the region, the quality of housing stock is variable. Only 35% of homes within YNY have an EPC rating of C or above (which is key to meeting climate targets).

Challenge 3: Ageing population & decreasing numbers of young people

7.9 Alongside an older population, the levels of younger people in the sub-region are also decreasing. Between 2011 and 2021, the numbers of people aged 15-64 decreased across the region, reducing the proportion of the working age population. This is most pronounced in the rural and coastal areas.

7.10 At the same time, the proportion of older people (65+) is increasing in all areas.

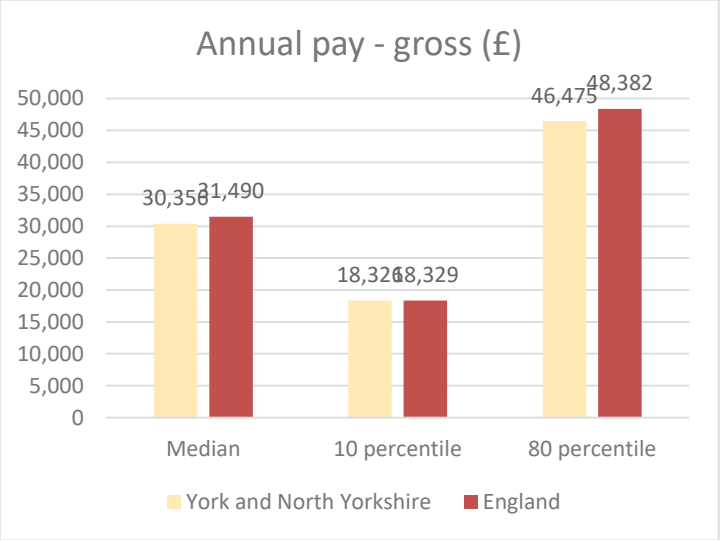




7.11 Linked to this challenge is limited retention of graduates – with only 40% of those from Higher Education institutions in YNY area being retained in Yorkshire and the Humber. Our institutions develop people with high levels of skill, above the national average. However, a deficit of highly skilled jobs within the region means these skills are often lost. High skilled workers are often highly mobile and can be attracted by higher wages and better career opportunities in the south.

Challenge 4: Deficit of higher paid employment

7.12 Median gross hourly pay for full-time jobs is only 83% of the national average and more than a fifth of local jobs in York and North Yorkshire still pay below the Real Living Wage.



7.13 This sub-regional picture does, however, obscure significant variation. Pay in York is close to the national median (across full-time and part-time roles), and higher than much of Yorkshire and the Humber, with York 97th of 204 authorities for full-time weekly pay and 58th of 203 authorities for part-time hourly pay.

7.14 Skills levels are high in the region, but this well-skilled workforce is not matched by enough high-skilled jobs.

Challenge 5: Deprivation in isolated pockets of the region

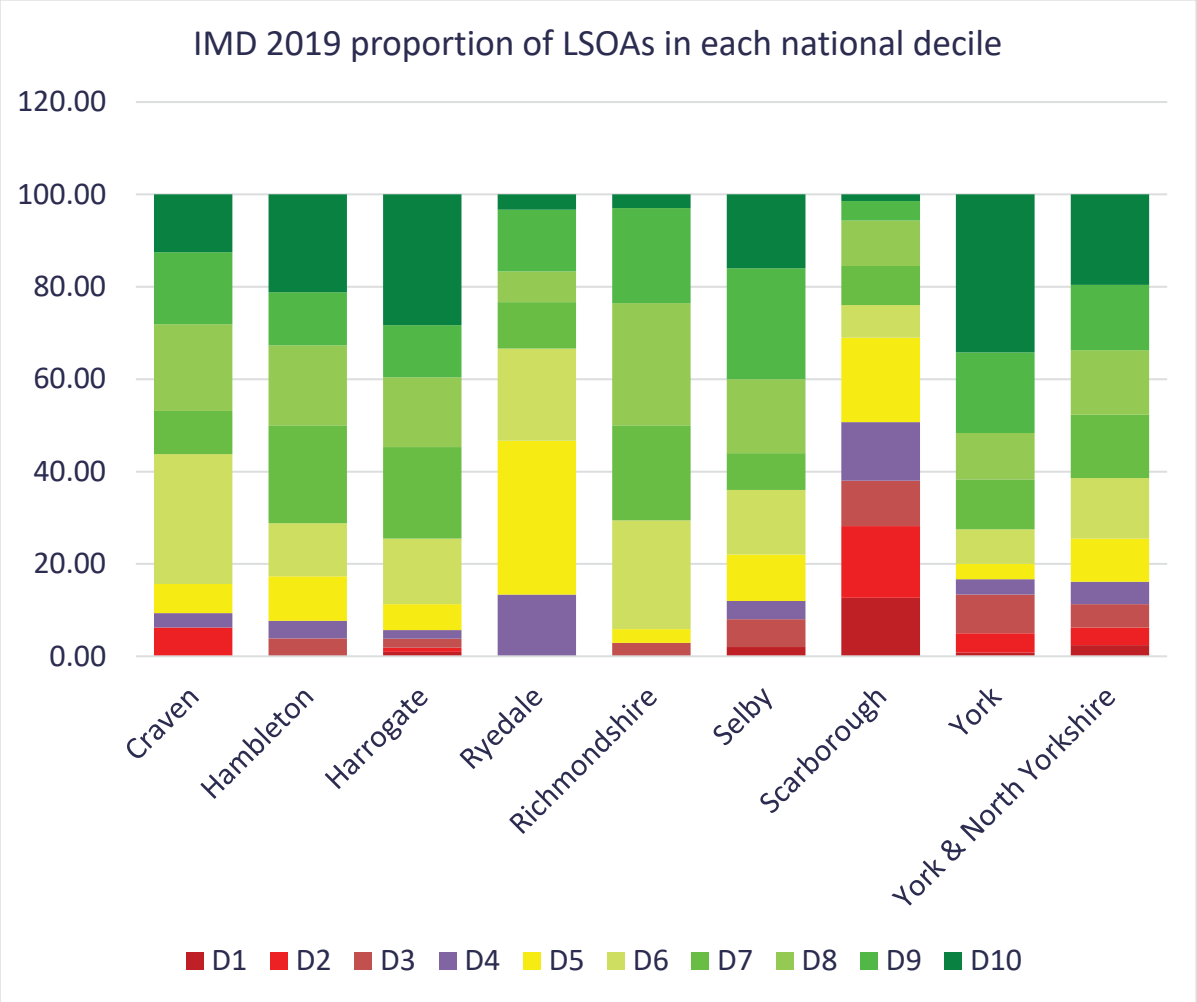
7.15 Generally, York and North Yorkshire is perceived as an affluent area. However, this conceals deep-rooted pockets of deprivation and highly concentrated areas which face challenges, either individually or in combination, including low pay, access to employment, lack of transport, and lack of affordable housing.

7.16 In particular, our coastal communities face considerable deprivation, as shown by the Indices of Multiple Deprivation (IMD). Across the whole of York and North Yorkshire, the worst performance is seen on the following IMD domains:

- Quality of the Local Environment: this indicator measure both 'indoor' living environment, such the quality of housing, and 'outdoor' living environment which includes air quality and road traffic accidents.
- Barriers to Housing and Services: this measures the physical and financial accessibility of housing and local services. This ranks badly due to the rurality of North Yorkshire and the unaffordable housing across the whole of YNY.
- Education, Skills and Training: although YNY generally has high skills attainment (48.4% of 16-64 year olds in 2021 have a NVQ4+), particularly in York, there are stark weaknesses within some areas. Scarborough (9.2%), Selby (10.1%) and Ryedale (13%) have higher levels of people with no qualifications than the UK average (6.4%).

7.17 The chart below shows the proportion of Lower Super Output Areas (LSOAs) in each national decile of deprivation. This shows how the proportion of areas within a place compares to the national average in terms of deprivation, in 10% bands. Decile 1 equates to the 10% of most deprived places in the country, and decile 10 relates to the 10% of least deprived places.

7.18 It is also worth noting that IMD is a useful tool in considering broad deprivation. However, North Yorkshire, by its very nature, has many dispersed communities where single issues are significant and strong, impacting on the lives and opportunities of residents but not necessarily visible within IMD figures.



Challenge 6: Climate Change

7.19 YNY is more rural than many areas of the UK, with lower emissions from buildings and industry, but larger % of emissions from agriculture and transport. The region faces specific challenges around private car use, off-gas homes and agricultural emissions.

7.20 Over the past 10 years, considerable progress has been made to drastically decrease carbon emissions within York and North Yorkshire. However, there is still a long journey ahead and climate change is a very critical risk if businesses (and communities) don't or can't adapt.

7.21 More extreme weather events in future will disrupt global supply chains, damage physical assets and increase costs of purchasing products and resources. The Boxing Day 2015 floods in parts of North and West Yorkshire were illustrative of the type of extreme events that are expected to become more common. The extent and severity of flooding was unprecedented, with over 4,000 homes, almost 2,000 businesses and over 100km2 of urban and farm land flooded and an economic cost of over half a billion pounds (Source: Leeds City Region Flood Review Report, West Yorkshire Combined Authority, 2016). There is, therefore, a need to map and implement adaptations to anticipated regional climate change affects to minimise impacts on people, the economy and the environment.

7.22 The North & West Yorkshire Emissions Reduction Pathways research assessed the technologies, interventions and policies needed to drive reduction in scope 1 and 2 emissions across the region. It provides multiple scenarios based on interventions and the likelihood of emissions reducing.

7.23 According to a 'Business As Usual' scenario, there will only be 30% reduction in emissions by 2038, with 5.5 MtCO2e/yr remaining in 2038. It forecasts that all sectors see slow change due to lack of strong incentives for consumers and businesses to switch to low carbon heat, transport and other practices.

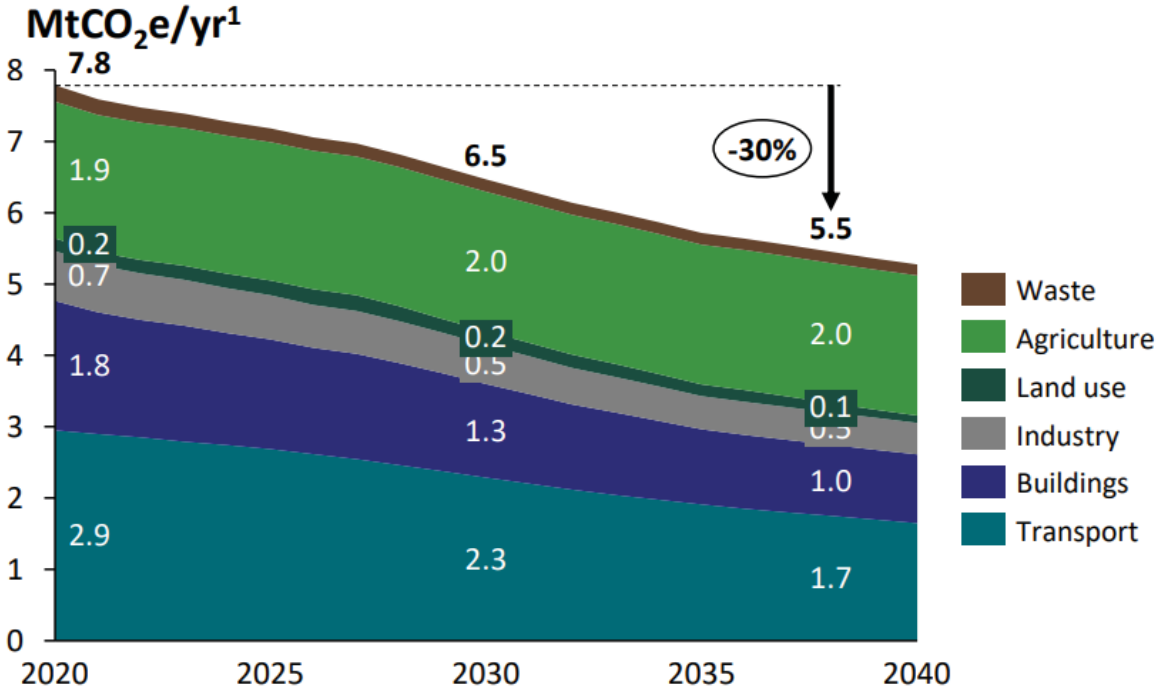


Fig. X – Business as usual scenario

7.24 Comparatively, a 'Max Ambition' scenario (where there is a highly ambitious roll out of electric vehicles, active travel, heat pumps and new forest planting which makes rapid progress), an 86% reduction in emissions by 2038 will occur, with 1.1 MtCO2e/yr remaining in 2038. When negative emissions from Drax are included, alongside carbon capture from North Yorkshire's natural capital, the region reaches net zero in 2034 and by 2038 is considerably net negative. All sectors see rapid change, requiring strong incentives for consumers and businesses to switch to low carbon heat, transport and other practices.

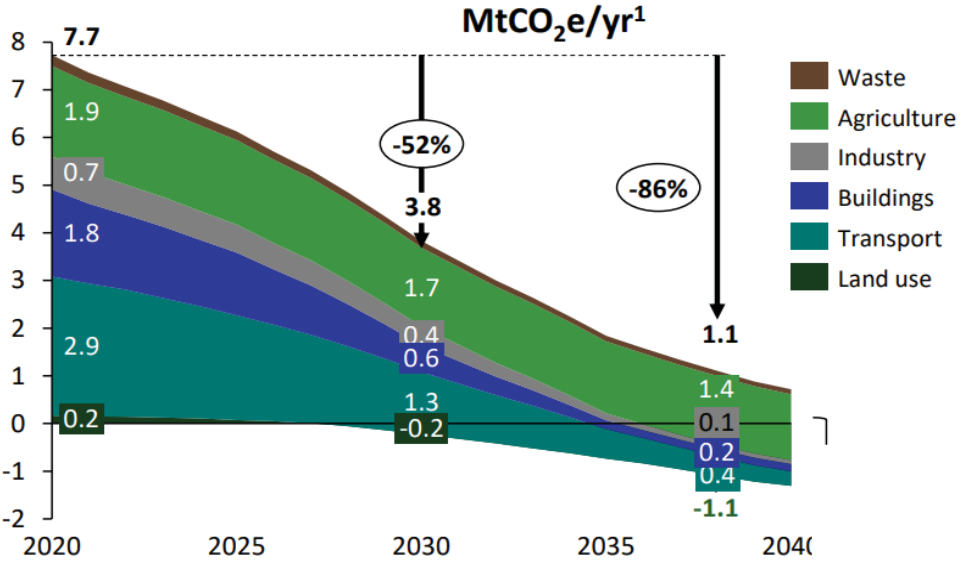


Figure 8 - Max Ambition scenario

Source: North & West Yorkshire Emissions Reduction Pathways, 2021

Challenge 7: Connectivity – Transport and Digital

7.25 Due to the rurality of North Yorkshire compared to urban York, there are some distinctly different challenges across the sub-region. For example, all modes of transport (public transport, walking, cycle, car) within North Yorkshire have longer average journey times to 8 key services when compared to England's average times.

Average Journey Times to 8 Key Services (Minutes) (2019)

	Public transport or Walking	Cycle	Car	Walking Only
York	16.4	13.6	10	25.1
North Yorkshire	27.0	23.0	12.6	44.3
England	18	16	10	28

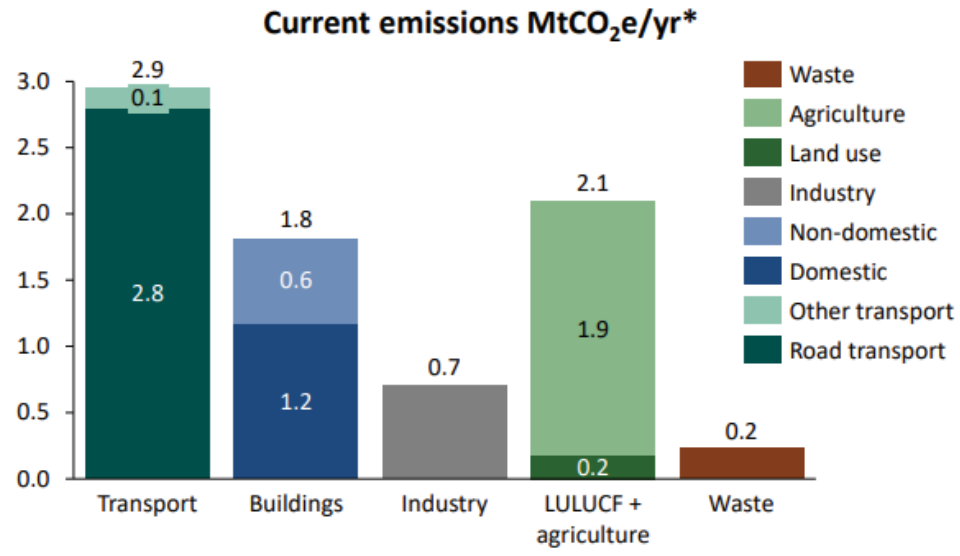
Source: Department for Transport
*Red highlights journey times that are longer than England's averages

Average Journey Times to FE College (Minutes) (2019)

	Public transport or Walking	Cycle	Car
York	20	11	16
North Yorkshire	35	14	26
England	21	17	11

Source: Department for Transport
*Red highlights journey times that are longer than England's averages

7.26 Consequently, there is a greater reliance on private car usage and other road transport. This has led to transport being the largest emitting sector within York and North Yorkshire. Reducing emissions from this source and encouraging alternative modes of transport (public and active travel) will be integral to decarbonisation ambitions.



Source: North & West Yorkshire Emissions Reduction Pathways, 2021

7.27 Better digital engagement could alleviate this challenge, but connectivity is limited in parts of York and North Yorkshire. Although levels of digital infrastructure have been improving in YNY, they are highly variable and for the most part connectivity is much lower in rural areas than in more densely populated ones. This inequality of coverage affects both broadband and mobile networks.

Levels of Broadband Connectivity across York and North Yorkshire

Area	Premises with Superfast Broadband Availability (30-300 Mbit/s)		Premises with Ultrafast Broadband Availability (300+ Mbit/s)		Total above 30 MBits/s	Full Fibre Coverage
	Rural	Urban	Rural	Urban		
Craven	74%	92%	7%	4%		
Hambleton	75%	93%	3%	0%		
Harrogate	69%	96%	6%	72%		
Richmondshire	75%	87%	4%	0%		
Ryedale	72%	88%	4%	3%		
Scarborough	80%	94%	0%	0%		
Selby	82%	87%	6%	5%		
York	87%	95%	5%	79%	95%	43%
North Yorkshire					90%	13%
England					96%	8%

Source: ONS and Connected Nations, Ofcom, 2019

8.0 Understanding Current Governance Arrangements

8.1 The introductory section of this report referred to the challenges which had been identified with the current governance arrangements across the York and North Yorkshire area. Current arrangements for joint working on economic development, regeneration and transport have developed through partnership between local authorities and the York and North Yorkshire LEP. This section sets out the current arrangements and considers their effectiveness in the continued delivery of these statutory functions.

8.2 Local Authorities

(a) North Yorkshire [County] Council (Unitary following 1 April 2023)
The Council operates under a “Leader and Executive” governance model. The Leader is appointed by Full Council and who is then responsible for making arrangements to discharge executive functions, whether through the Leader personally, Executive collectively, individual Executive Members, or Officers.

The services currently delivered by North Yorkshire County Council are as follows:

- Births, deaths and marriage registration
- Children's services
- Concessionary travel
- Consumer protection
- Education - including special educational needs, adult education and pre-school
- Emergency planning
- Highways (excluding trunk roads), street lighting and traffic management
- Libraries
- Minerals and waste planning
- Passenger transport (buses) and transport planning
- Public health

- Social services - including care for the elderly and community care
- Trading standards
- Waste disposal

The following services are delivered by both District/Borough and the County Council:

- Arts and recreation
- Economic development
- Museums and galleries
- Parking
- Planning
- Tourism

It was announced in July 2021 that the current county, district and borough councils would be replaced by a new single council for North Yorkshire from 1 April 2023.

Removing the two-tier system of local government – county and district councils – was a condition of unlocking a devolution deal.

County Council elections took place in May 2022 and the 90 councillors elected will serve for five years – an initial one year as members of the County Council – and then continue on as councillors for the new unitary authority when it begins on 1 April 2023.

District and borough councillors will continue in their current capacity until April 2023. From April 2023, North Yorkshire Council will act as the sole unitary council for the area, it is this governance arrangement which has been reviewed as part of this process.

(b) City of York Council (Unitary)
The Council comprises 47 Councillors elected at the same time every 4 years.

The Council operates under a “Leader and Executive” governance model. The Leader is appointed by Full Council and who is then responsible for making arrangements to discharge executive functions, whether through the Leader personally, Executive collectively, individual Executive Members, or Officers.

The Executive is chaired by the Leader of the Council, who has responsibility for political decisions which are the responsibility of the Executive and are taken by the Executive collectively or by individual Executive Members.

(c) District and Borough Councils (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby)

Seven District and Borough Councils currently operate in North Yorkshire.

Following a process of local government reorganisation, the seven district council will be disestablished in April 2023 and their services will be delivered by the single unitary North Yorkshire Council.

The services currently delivered by the District and Borough Councils are as follows:

- Building regulations
- Burials and cremations
- Coastal protection
- Community safety

- Council tax and business rates
- Elections and electoral registration
- Environmental health
- Housing and housing benefits
- Licensing
- Markets and fairs
- Sports centres, parks and playing fields
- Street cleaning
- Waste and recycling collection
- Public toilets
- Harbours

There are a number of services which are delivered independently by both the County Council and District and Borough Councils. These are listed in paragraph (a) above.

As the District and Borough Councils will not be inexistence at the proposed start date of the minded-to deal, they have not been considered as part of the process of this review.

8.3 Police, Fire and Crime Commissioner

The Police, Fire and Crime Commissioner for North Yorkshire is responsible for holding the Chief Constable to account and ensuring that the best policing service possible is delivered to the people of North Yorkshire and the City of York.

The North Yorkshire Police Authority was abolished on 22 November 2012 and replaced with one directly elected individual called a Police and Crime Commissioner (PCC).

On 15 November 2018, responsibility for governance and oversight of North Yorkshire Fire and Rescue Service transferred to the Commissioner, whose title changed as a consequence to become the North Yorkshire Police, Fire & Crime Commissioner (PFCC).

Whilst the Chief Constable retains independence regarding operational policing decisions, the PFCC is responsible for ensuring that resources are used efficiently and effectively and will hold the Chief Constable to account.

The PFCC sets the strategic direction of the service and sets performance targets after listening to local people about their views of the police. The PFCC also sets the police budget and raises a precept on local council taxpayers. PFCCs can appoint and, where necessary, remove Chief Constables.

The balance of power and decision making between the PFCC, the Chief Constable and also the Home Secretary is called the ‘tripartite’ system of governance which is unique to the British Police Service.

8.4 York and North Yorkshire Local Enterprise Partnership (Y&NY LEP)

The York and North Yorkshire Local Enterprise Partnership (Y&NY LEP) was formed in 2011. It is the local enterprise partnership for the area covering the nine local authority areas within York and North Yorkshire. It is a public-private partnership whose Board includes business, educational and Local Authority Leaders.

Y&NY LEP provides strategic economic leadership to the area, driving the delivery of the Strategic Economic Plan, which sets out York and North Yorkshire’s vision to strengthen the area’s economy and provide more opportunities for businesses and communities. The Y&NY LEP arrangements have delivered a significant number of development and growth

projects which have begun to transform the area, and provide an effective framework to manage and commission the multi-million-pound investment programmes designed to improve and support the region's economy. North Yorkshire County Council acts as accountable body for the York & North Yorkshire LEP.

All LEPs were subject to a wide-ranging review in 2021 to determine their form and function in future years. The outcome of that review was published in March 2022 and placed a requirement on all LEPs to integrate into a combined authority or democratic institution with devolved local powers to improve democratic accountability whilst still providing a strong voice of business. Several routes have been provided to achieve this target and the LEP's required integration plan is grounded in the ambition of a future devolution deal for York and North Yorkshire.

8.5 Yorkshire Dales and North York Moors National Park Authorities

The role of national park authorities is defined under two statutory purposes. These are:

- "to conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park"; and
- "to promote opportunities for the understanding and enjoyment of the special qualities of the area by the public".

In pursuing these purposes, they are also required to seek to foster the economic and social well-being of local communities within the National Park.

National Park Authorities provides some services similar to those provided elsewhere by district and county councils - for example – they are the Local Planning Authority.

Yorkshire Dales National Park Authority has 25 members.

North York Moors National Park Authority has 20 members.

9.0 The Case for Change

9.1 York and North Yorkshire's economy is underpinned by its places, landscapes and natural assets.

With two National Parks, the Yorkshire Coast and City of York, its world-renowned historic and cultural assets shape its urban spaces, whilst the scenic beauty of its vast rural landscape and northern coastline define YNY as one of world's most recognised regions.

Both authorities are committed to strengthening all of these assets and continuing to make the region a truly distinctive place – one which boasts a strong global brand and unrivalled connectivity to three urban giants within the Northern Powerhouse. Strong connections with West Yorkshire, the Humber and Tees Valley, fast rail links to London and two ports, mean its position, scale and connectivity unlocks potential for the whole of the North.

The Northern Powerhouse is a critical vehicle in the drive towards economic growth in the North. Much of the Northern Powerhouse footprint already benefits from value that a devolution deal brings. York and North Yorkshire's neighbours of West Yorkshire, North East, Tees Valley and South Yorkshire are already served by combined authorities. East Yorkshire and Hull are in the process of negotiating a County Deal, and Cumbria was identified in the Levelling Up White Paper as a potential mayoral combined authority area. North Yorkshire and York is a large and diverse County with strong multilateral relationships with a range of partners and neighbouring local authorities. Towns in the north of the region have strong links to the Tees Valley and beyond. Equally, towns such as Harrogate and Skipton have long-standing ties to West Yorkshire.

A devolution deal for York and North Yorkshire presents an opportunity to bridge the regional gap between West Yorkshire and Tees Valley and unlock the potential this region holds. A mayoral combined authority will provide the capacity, powers and governance required to meet the region's own challenges, and to collaborate effectively and efficiently with its neighbours on a level footing to face up to the wider challenge of levelling up nationally and in the North of England.

9.2 The 'minded-to' devolution deal can be summarised as follows. Further information can be found in Section 10, which breaks down the functions of a proposed combined authority.

(a) Governance
    a. LEP Integration
    b. Equal representation from each constituent member
    c. Chaired by Mayor
(b) Finance and investment
    a. £18m per annum Mayoral Investment Fund for 30 Years
    b. Same devolved opportunities as other MCA's
    c. LEP Fully Integrated into MCA
    d. Integration plan in development
    e. Key role in pre MCA delivery
    f. Existing LEP programmes routed through MCA
    g. Future Shared Prosperity Fund routed through MCA
(c) Skills and Education
    a. Devolved Adult Education Budget
    b. Input in Local Skills Improvement Plans
    c. Strategic Relationship with DWP
    d. Same Skills Funding as other Mayoral areas
(d) Skills and employment
(e) Housing and land
    a. £2.65m Net Zero Affordable Housing
    b. £13m Brownfield & Rural Housing
    c. York Central EZ Extension
    d. Strategic Partnership with Homes
    e. England and a resourced action plan
    f. Housing Pipeline development
(f) Transport
    a. £11m for a YNY Strategic Transport Plan
    b. Responsibility for a Key Route Network
    c. Current transport budgets will be consolidated through the MCA
    d. A primary relationship with Great British Rail
    e. Joint work with DfT targeting EV Charging Infrastructure
(g) Net zero, climate change and natural capital
    a. £7m for Net Zero Projects
    b. Strategic relationship led by Routemap to Carbon Negative
    c. Explore opportunities for government to fund small scale feasibility funding to develop a recyclable fund
    d. Relationship with UK Infrastructure Bank
    e. Natural Capital Investment Plan
    f. CSR Bid developed
(h) Public service reform
(i) Resilience and public safety
    a. Police Fire & Crime Commissioner Fully Integrated
(j) Arts, Culture Heritage and tourism
    a. Strategic review of arts, culture and sport with Arts council, English Heritage, Sport England
    b. Joint working with Visit England for De Bois Review

(k) Digital
   a. Joint working with DCMS around Gigabit UK roll out
   b. Will target next CSR with any gaps in delivery

(l) Innovation, trade and investment
   a. Joint working group with MOD, DCMS, Coventry University to develop Scarborough Cyber Proposition
   b. Joint Working Group with Innovate UK, UKRI, BEIS, BBRSC to develop Bio Yorkshire Opportunity.

10.0 Functions

10.1 The minded-to deal specifies that the new MCA would exercise functions in relation to economic development, regeneration and transport, with the MCA and Mayor exercising distinct new functions. These would be devolved from central Government and set out in legislation, accompanied by significant new funding streams from Whitehall.

10.2 The various powers in scope, and their rationale, are considered in the tables below and encompass a broad set of ambitions covering:

- Finance and investment
- Adult Education, Skills and Employment
- Economic Development
- Housing and land
- Transport
- Resilience and public safety

10.3 The tables refer to the economic challenges outlined above, given the following numbers:

(1) Limited Productivity Growth in some areas
(2) Unaffordable & poor quality housing
(3) Ageing population & decreasing numbers of young people
(4) Deficit of higher paid employment
(5) Deprivation in isolated pockets of the region
(6) Climate Change
(7) Connectivity – Transport and Digital

Functions – Finance and Investment	Challenges Addressed	Rationale
Powers for the mayor to: • set a precept on council tax to fund mayoral functions • charge business rate supplement (subject to ballot). Power for the Combined Authority to: • borrow up to an agreed cap for non-transport functions	1, 2, 3, 4, 5, 6, 7	Alongside the new powers, the deal contains significant investment strands that would create a large investment fund for York and North Yorkshire. If the Mayor decided to use a council tax precept or business rates supplement (subject to agreement with local authorities/ballot), this would bolster the funding already identified a part of the deal, as follows: • £18m per annum to the Combined Authority for 30 years (35% capital, 65% revenue), totalling £540m, subject to five-yearly assessments to confirm that the investment has supported economic growth • York and North Yorkshire Combined Authority will be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives. • York and North Yorkshire Combined Authority will be given powers to borrow for its new functions, which will allow it to invest in economically productive infrastructure, subject to an agreed cap with HM Treasury. • York and North Yorkshire Combined Authority will be given powers to borrow for its new functions, which will allow it to invest in economically productive infrastructure, subject to an agreed cap with HM Treasury. • The mayor will have the power to introduce a supplement on business rates for expenditure on a project or projects that will promote economic development in the area, subject to a ballot of affected businesses. • The York and North Yorkshire Combined Authority will be the lead local authority for the planning and delivery of the UK Shared Prosperity Fund (UKSPF) from 2025/26 if there is a continuation of the Fund and the delivery geographies remains the same. The York and North Yorkshire UKSPF allocation - which rises to £13.96 million in 2024/25 - will be subject to a future Spending Review and reconfirmation of overall UKSPF policy and delivery arrangements from 2025/26. • Subject to a full business case, the government is minded to provide additional support to the York Central brownfield regeneration scheme. Additional investment on this scale would allow the acceleration of the economic ambitions for the region, supporting the pursuit of a carbon-negative region, growth and productivity increases, addressing housing challenges and supporting improved transport and digital connectivity.

Functions – **Adult Education, Skills and Employment**	Challenges Addressed	Rationale
Power for the Combined Authority: • devolved functions in respect of Adult Education and will control the Adult Education Budget (AEB) from academic year 2025/26	1, 3, 4, 5	By devolving the annual Adult Education Budget and conferring the relevant powers on the Combined Authority, the provision of adult skills in York and North Yorkshire will be better aligned with locally determined priorities. This will help to ensure the skills system is demand led so that all residents have the skills required to help businesses to grow, innovate and diversify. This can support increased productivity, better jobs and higher pay, supporting younger people to remain in the region and giving access to jobs and opportunities for those from our most deprived communities.

Functions – **Economic Development**	Challenges Addressed	Rationale
Power for the Mayor: • functional power of competence Powers for the Combined Authority: • functional power of competence • duty to prepare an assessment of economic conditions	1, 3, 4, 5	The Mayor will have a functional power of competence which enables the Mayoral CA to do things appropriate or incidental to, or connected with, the Mayor's and Combined Authority's functions. It will also aid the delivery of the comprehensive programme of collaboration with Government departments and national agencies which is envisaged in the deal. Areas where collaboration is envisaged include: • Employment programmes • Housing delivery and affordability with Homes England • Transport with National Highways, Great British Railways and Active Travel England • Net Zero with BEIS and the National Infrastructure Bank • Natural Capital with DEFRA • Cutlure and Tourism with DCMS • Digital Connectivity with DCMS • BioYorkshire with Innovate UK and UKRI • Scarborough Cyber Cluster with GCHQ and DCMS The Combined Authority's powers to prepare an assessment of economic conditions will underpin the longer-term economic strategies and ensure that regional policy making is evidence based and takes account of current and emerging economic conditions. This will be of particular importance over the coming years with cost of living challenges being faced against a backdrop of economic stresses.

Functions – **Housing and Land**	Challenges Addressed	Rationale
Powers for the Mayor: • to designate a Mayoral Development Area and then set up a Mayoral Development Corporation. • housing and land acquisition powers to support housing, regeneration, infrastructure and community development and wellbeing. Powers for the Combined Authority: • relating to compulsory purchase • provision of housing and land • land acquisition and disposal • development and regeneration of land.	2, 3, 5, 6	The powers received would allow the combined authority to accelerate development and delivery of homes and regeneration, in tandem with local authorities and National Parks Authorities, capitalising on opportunities to support local needs. The ability to address need identified in local plans through land assembly and development powers would facilitate development at greater pace. This is underpinned by commitment of £12.7m of devolved capital funding for Brownfield and rural development. Housing delivered would support residents (including younger people) to access affordable housing, address climate change targets through low-carbon homes, and allow targeting of areas of deprivation with sustainable affordable homes.

Functions – **Transport**	Challenges Addressed	Rationale
Powers for the Mayor • to draw up a local transport plan and strategies • bus franchising powers. Powers for the Combined Authority: • to set up and coordinate a Key Route Network on behalf of the Mayor (unless otherwise agreed locally, all operational responsibility for Key Route Network roads will remain with the Constituent Councils)	1, 4, 5, 6, 7	The additional powers devolved to the Mayoral Combined Authority will unlock the devolution a consolidated transport fund. Whilst this is initially only for the one year remaining of this spending review period, Government has committed to work with the combined authority to agree an integrated multi-year transport settlement at the next Spending Review. At this point, opportunities for expanding the integrated transport settlement offer will also be explored. This would provide the ability to plan further ahead on a broader geography to support the development of sustainable transport models at scale. Access to franchising powers under the Bus Services Act 2017 will provide the opportunity for the Mayor to specify bus services as part of an integrated local transport system, should the local context in the future mean that it was advantageous to do so. The establishment of a statutory Key Route Network (KRN) would build on existing local arrangements to enable better collaborative decision-making on major strategic transport issues. The identified KRN will be collaboratively

		managed at the York and North Yorkshire level by the respective local highway authorities in partnership with the Combined Authority on behalf of the Mayor (who would be responsible for the overall coordination of the collaborative arrangements). This potential to co-ordinate the key network at a broader level provides the opportunity to address key challenges which hinder connectivity and hinder economic growth. Connecting people to jobs and education is key in Levelling Up the region.
Functions – **Resilience and public safety**	Challenges Addressed	Rationale
Powers for the Mayor: • Police, Fire and Crime Commissioner functions.	2, 3, 5	Merging the functional responsibilities and support functions would enable opportunities to be explored for efficiencies through wider strategic public service integration. There is also the potential to strengthening links between economic planning and community safety and cohesion, supporting people towards personal wellbeing, relevant and transferable skills, and access to good work. This would build upon the established aims of the OPFCC within the Police and Crime, and Fire and Rescue Plans to work collaboratively in partnership with other agencies and with communities to support the overall wellbeing of residents.

11.0 Criteria

11.1 This section sets out the local and legislative criteria against which possible regional governance options are then considered.

11.2 *Local requirements*

- Add value to York and North Yorkshire's delivery of outcomes through clear, transparent and accountable regional decision making;
- Enable control over additional funding and powers which would otherwise be managed from Whitehall;
- Work more effectively in partnership with others, such as:
- with local authorities at York and North Yorkshire, and Yorkshire level on priorities such as climate change response, affordable housing and clean economic growth;
- across the North of England, for example with Transport for the North on seeking a fair level of transport investment for the North;
- Ensure strategic decisions are made at the most appropriate administrative level, and as locally as possible; and
- Enable efficiency through reduced fragmentation of decision-making and strategic planning.

11.3 *Statutory requirements*

Section 103 of the 2009 Act provides that the Secretary of State may by order establish as a body corporate a combined authority for an area that meets the following conditions:

(a) The area consists of the **whole** of **two or more** local government areas in England; and

(b) No part of the area forms part of the area of another combined authority, economic partnership board or integrated joint area.

Both conditions are met in York and North Yorkshire.

Section 109 of the 2009 Act provides that where one or more of the authorities which undertook the review conclude that the exercise of the power to make an order under S104 or 105 would be likely to **improve the exercise of statutory functions in York and North Yorkshire**, they may prepare and publish a scheme relating to the exercise of those functions. The Secretary of State may only make an order if they consider that to do so is **likely to improve the exercise of statutory functions in the Combined Authority's area**. In making any such order, the Secretary of State must have regard to the need:

(a) To secure more **effective and convenient local government** for the area; and

(b) To **reflect the identities and interests** of our local communities

A full and transparent consultation process will be undertaken to ensure that both of the requirements above are fully reflected in the proposed scheme.

12.0 Options for Change

12.1 This review has set out the challenges facing York and North Yorkshire, the scope of the minded-to deal negotiated between local authorities and central government, and how those proposals will meet those challenges.

12.2 The Levelling Up White Paper published in 2022 sets out a framework of the Government's approach to future devolution deals. The framework describes three levels of devolution:

- Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area
- Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area

- Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

The summary table below highlights the functions available under devolution deals which are only available to combined authorities and/or mayoral combined authorities.

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
Investment spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities

12.3 The Levelling Up White Paper therefore provides three options for York and North Yorkshire, in addition to a "do nothing" approach. Each is considered against the local and statutory criteria:

Option 1 - Do nothing/status quo

12.4 This would maintain the current levels of collaboration between York and North Yorkshire councils, leaving the Police, Fire and Crime functions separately with the PFCC. Under current statutory guidance, consideration would have to be given to the integration of the LEP into one of the existing organisations.

Criteria	Assessment	Meets Criteria/Addresses challenges?
Statutory Tests: • improve the exercise of statutory functions • Secures more effective and convenient local government • Whether it has a positive or neutral impact of our local communities.	No additional powers or funding would be available to improve the exercise of statutory functions. The co-ordination benefits of having strategic powers for skills, housing, economic development and transport within a single streamlined authority would be unavailable. Local government would remain as it is, which would not secure more effective or convenient discharge of functions. Retaining existing separate PFCC governance arrangements potentially hinders further opportunities for efficiencies and collaboration through more alignment and integration, for example in recognition of the connections between perceived public safety and the visitor economy. It would have a neutral impact on local communities, as nothing would change from the present arrangements.	No
Local criteria	No additional functions would be available to change local strategic planning or decision making. No additional powers or funding would be available. There would be no change to the partnership working arrangements to support regional ambitions.	No

Option 2 - The Local Authorities work together (Level 1)

12.5 This would mean the current arrangements being built upon through a joint committee or economic prosperity board. The Police, Fire and Crime functions would remain separately with the PFCC. Under current statutory guidance, consideration would have to be given to the integration of the LEP into one of the existing organisations.

Criteria	Assessment	Meets Criteria/Addresses challenges?
Statutory Tests: • improve the exercise of statutory functions • Secures more effective and convenient local government • Whether it has a positive or neutral impact of our local communities.	No additional powers or funding would be available to improve the exercise of statutory functions. The co-ordination benefits of having strategic powers for skills, housing, economic development and transport within a single streamlined authority would be unavailable. Local government could benefit from more effective strategic planning at a YNY level, but this would not be supported by any additional or shared powers, or funding. Retaining existing separate PFCC governance arrangements potentially hinders further opportunities for efficiencies and collaboration through more alignment and integration, for example in recognition of the connections between perceived public safety and the visitor economy. It would have a potentially slightly positive impact on local communities through the ability to work collaboratively on certain issues at a YNY level.	No
Local criteria	No additional functions would be available to change local strategic planning or decision making. No additional powers or funding would be available.	No

	There would be no change to the partnership working arrangements to support regional ambitions.	

Option 3 – A Combined Authority (Level 2)

12.6 This would mean establishing a non-mayoral combined authority for York and North Yorkshire. This would unlock a range of powers but would not on its own bring significant new funding. The Police, Fire and Crime functions would remain separately with the PFCC. Under current statutory guidance, it is likely that the LEP functions would be integrated into the Combined Authority.

Criteria	Assessment	Meets Criteria/Addresses challenges?
Statutory Tests: • improve the exercise of statutory functions • Secures more effective and convenient local government • Whether it has a positive or neutral impact of our local communities.	There would be co-ordination benefits of having, potentially, some transport, skills, housing and resilience functions at a YNY level to aid more strategic planning. The Combined Authority would not, in itself bring additional funding, but there could be some efficiency benefits of integrating the LEP into the CA. Retaining existing separate PFCC governance arrangements potentially hinders further opportunities for efficiencies and collaboration through more alignment and integration, for example in recognition of the connections between perceived public safety and the visitor economy. It would have a potentially positive impact on local communities through the ability to work collaboratively on transport, skills, housing and resilience functions at a YNY level.	Yes
Local criteria	The Combined Authority would receive additional devolved powers, but would not receive additional funding such as gainshare or brownfield housing funding, nor funding certainty through a multi-year integrated transport settlement.	Partially

		There would be limited improvement in the ability to work in effective partnership with other neighbouring Combined Authority areas, under similar governance arrangements.

Option 4 – A Mayoral Combined Authority (Level 3)

12.7 This would mean the acceptance of the minded-to Devolution Deal, with the creation of a Combined Authority and election of a Mayor. PFCC functions would be taken on by the Mayor and the LEP integrated with the Combined Authority.

Criteria	Assessment	Meets Criteria/Addresses challenges?
Statutory Tests: • improve the exercise of statutory functions • Secures more effective and convenient local government • Whether it has a positive or neutral impact of our local communities.	There would be co-ordination benefits of having the full range of functions outlined within the minded-to Devolution Deal to be discharged and planned at a YNY level. There would be potential efficiency benefits of integrating the LEP into the CA, whilst the focus on a business voice would be beneficial in planning regional economic, skills and transport strategies. Merging of PFCC functions would maximise opportunities for efficiencies and collaboration through more alignment and integration, for example in recognition of the connections between perceived public safety and the visitor economy. It would have a potentially positive impact on local communities through the ability to work collaboratively on a	Yes

	broad range of functions at a YNY level. As evidenced in section 10 above, the range of available powers would directly help to address the economic challenges faced by YNY.	
Local criteria	The Combined Authority would receive additional devolved powers, alongside significant additional funding to the area, which would otherwise be unavailable. There would be significant improvement in the ability to work in effective partnership with other neighbouring Combined Authority areas, under similar governance arrangements. The ability of a Mayor to influence regional and national policy would create significant local benefit.	Yes

13.0 Conclusion

13.1 In summary, from the above analysis, Options 1 (Do nothing) does not provide the opportunity to enhance the exercise of local statutory functions, nor does it create additional efficiency or provide powers, funding or governance to better address local economic challenges. It is not considered that it meets either the statutory or local criteria. The current governance arrangements do not, therefore, represent the best model for the ambitions of the authorities within the York and North Yorkshire area in terms of delivering their long- term ambitions for economic growth.

13.2 Option 2 (Joint working – Level 1) does not provide significant opportunity to enhance the exercise of local statutory functions, with no substantial efficiency, powers or funding to address local economic challenges. It is not considered that it meets either the statutory or local criteria.

13.3 Option 3 (Combined Authority – Level 2) provides greater opportunity to enhance the exercise of statutory functions, but is sub-optimal in that it does not allow for the merger of PFCC functions which could create efficiency and co-ordination benefits, recognising the very significant connection between public safety and the broader economic and social wellbeing of the area. It also fails to deliver the full suite of powers and funding available through the Mayoral route, and may fall short of delivering what is required to address local economic challenges. It might be considered that it meets the statutory tests, but does not satisfy the local criteria.

13.4 Option 4 (Mayoral Combined Authority – Level 3) provides greater opportunity to enhance the exercise of statutory functions and would facilitate efficiency and co-ordination benefits through the merger of PFCC functions. It would allow access to the full suite of powers through the minded-to deal and unlock significant additional funding. A Mayor would provide the greatest potential to influence national and regional policy to the benefit of local communities. It is considered that it is the only option that fully meets both the statutory tests and local criteria. It is, therefore, the preferred and recommended option for YNY.

13.5 York and North Yorkshire wants to take on a greater level of responsibility to determine its own future, with a new investment fund, applied more flexibly according to the area's specific needs and opportunities. This is achievable through the minded-to devolution deal; however, the deal itself is not available under the existing governance arrangements, a Level 1 devolution deal, or a Level 2 devolution deal.

14.0 Next Steps

14.1 As set out above, the conclusions of this report are that the statutory tests have been met by the proposed Mayoral devolution deal.

14.2 If approved, City of York Council and North Yorkshire County Council will then undertake public consultation on the scheme and the results of that consultation will be reported to the Secretary of State who must then decide whether to make the legal order(s) described above to create a new combined authority for the York and North Yorkshire area