

CX/16/20

Cabinet
13 July 2016

County Council
28 July 2016

Heart of the South West - Devolution

Report of the Chief Executive

Please note that the following recommendations are subject to consideration and determination by the Cabinet and County Council (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations: that the County Council be recommended to:

- (a) endorse the Leaders approach to devolution and agree to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area;**
- (b) note that giving this endorsement does not commit the Council to entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.**

Summary

Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks, the Local Enterprise Partnership and the three Clinical Commissioning Groups. The group has become an informal partnership working towards a Devolution Deal with government to secure greater powers, and control and to have a stronger voice for the area.

Regular updates on progress and key documents are provided on the Council's web page <https://new.devon.gov.uk/democracy/how-the-council-works/devolution/>

This report seeks approval to sign up, in principle, to the pursuit of a devolution deal for the Heart of the South West area and the creation of a Combined Authority to administer the new powers and funding secured through that deal.

Any final deal with Government will be subject to the approval/ratification by Council and public consultation. Through negotiations the partnership will push to secure new powers and control of funding to create new jobs, raise skill levels, improve infrastructure, accelerate the integration of health and care services and secure greater powers over housing. These measures will focus on raising productivity levels in the Heart of the South West and achieve greater prosperity for local people.

1. Background

At its meeting on 9 September 2015, the Cabinet considered and endorsed (*380 (b) refers) the Statement of Intent submitted to government on 4 September 2015, in response to announcements in the July Budget and the deadline set by the Chancellor of the Exchequer.

Since September 2015, the partnership has strengthened and evolved, and jointly devised the HotSW Prospectus of Productivity. The Prospectus builds on the three ambitions; to raise productivity levels; improve health, care and wellbeing; and improve connectivity and resilience. A number of thematic groups were established to develop the detail for the proposition.

- Health, social care and wellbeing
- Skills and employment
- Business support
- Infrastructure, resilience and connectivity
- Housing and planning
- Governance

On 9 December 2015 (Minute *438) and 10 December 2015 (Minute *157) the Cabinet and Council authorised the Leader and Chief Executive, in consultation with the Leaders of the Opposition, to approve the detailed submission to the Government.

The Partnership submitted its Prospectus for Productivity to Government at the end of February 2016. Since then the Partnership has pressed the Secretary of State to enter into discussion with its negotiation team to secure a devolution deal for the Heart of the South West area. Following an invitation from the Secretary of State, on 25 May 2016, leaders from the upper tier authorities met with Greg Clark, Secretary of State for the Department of Communities and Local Government to seek his views on the next steps forward.

Following that meeting, he invited the partnership to come forward with a proposal and the following points were clarified:

- Geography – the Devon and Somerset area is agreed as the appropriate scale. Our proposal will need clearly demonstrate why this is the right geography for the Devolution agreement and all councils and MPs must support the proposal
- Combined Authority – the Partnership will move forward into the negotiation process based on a Combined Authority model. The Mayoral issue may be considered at a later stage, within the timeline agreed by our Partnership. A Mayor will not be imposed or a pre-condition of any initial deal
- Extent of the deal – areas that have agreed to have a Mayor will get more powers than a non-mayoral Combined Authority. However, the negotiation process will be an opportunity to push the limits of this initial deal and the process should be viewed as long term and incremental
- Timeline – the partnership is working towards an Autumn Statement timeline for the announcement of an initial deal
- Growth Deal 3 – the Local Enterprise Partnership will not be penalised in the Growth Deal 3 negotiations because the area has decided to pursue a devolution deal based on a Combined Authority without a Mayor. The decision will be based purely on the quality of the Growth Deal bid

The Secretary of State went on to advise that if the Partnership, backed by each Council and supported by MPs, would sign up to the principle of creating a Combined Authority by the end of July 2016, he would arrange for HM Treasury to open up negotiations towards a deal.

2. Productivity Plan

The Partnership has committed to develop a detailed Productivity Plan to guide the powers and resources received in a devolution agreement. This plan represents a refresh of the LEP's current Strategic Economic Plan (SEP).

Regardless of whether the Government agrees to open up negotiations for a deal, the development of the Productivity Plan is imperative to guide the long term growth objectives for the area. Work will continue on the plan irrespective of whether there is an announcement in the Chancellor's Autumn Statement.

The Productivity Plan will focus on each of the six 'golden opportunities' that have been identified the Prospectus – marine, nuclear, aerospace and advanced engineering, data analytics, rural productivity and health. These will form the backbone of an ambitious delivery plan to transform productivity levels in the area and ensure it can compete on a global as well as a national scale in terms of prosperity.

3. Governance

A Governance Review for the Partnership is already underway. This is examining existing structures and developing options for the best governance structure for the Heart of the South West. The review will consider the following issues and each Council, through their Monitoring Officer, will be involved in the process:

- The extent of the decision making powers to be vested in the Combined Authority
- What decision making structures or advisory committees (including place-based arrangements) will be required under the Combined Authority – including any joint committee arrangements
- Proposed voting arrangements

The results of this Governance Review will form the basis for a draft scheme of governance that will be made available to the Council for approval. The timeline is subject to agreement with Government. If the Government requires Councils to approve a draft governance scheme before an Autumn Statement announcement then a report would be put before Members in the October or November 2016 cycle of meetings.

It should be noted that there is no intention for a new Combined Authority to take existing powers or funding from local authorities without the explicit agreement of the constituent local authorities.

A briefing sheet describing a Combined Authority is attached for information at Appendix 1.

It is possible that one or more partners may chose not to proceed with a formal bid. This would be unfortunate as there is strength in all partners coming on board; however, it is possible for a deal to go ahead even if one or more local authorities choose to opt out. There is significant work underway to produce a draft deal that is acceptable to all and this will be fully explored as the bid develops.

4. Consultation, communication and engagement

On 10 December 2015, the Council (Minute *157) required public consultation to be undertaken on any deal negotiated with Government. Members are asked to note that Cities and Local Government Devolution Act 2016 requires the Secretary of State to be assured

that sufficient public consultation has taken place before orders can be set before Parliament to formally approve the creation of a Combined Authority.

Once the draft deal and the governance scheme are available the Council will have some detail on which to consult the public. Therefore public consultation will take place once negotiations are at a more developed stage.

Members will be kept informed as work continues through:

- Newsletters from the Heart of the South West devolution partnership
- A video on Member web pages setting out devolution, the benefits it could bring to the area and explaining the role of a Combined Authority
- A Member Development Roadshow at County Hall during the Autumn on Devolution and Combined Authorities

The Partnership has produced a document setting out the potential benefits for partners. This document, at Appendix 2, has been tailored to highlight the opportunities a devolution deal could bring in helping the Council achieve the objectives within its Strategic Plan.

5. Equality Considerations

The impacts and implications of a draft deal will be assessed and considered as part of the negotiation process. The Heart of the South West Partnership will develop an Impact Needs Assessment at the start of the negotiation process and will be updated as specific powers are agreed. It will also reflect the impact of the recommended governance arrangements. The final assessment will be provided alongside the draft deal and the draft governance scheme to inform decision making.

6. Public Health Considerations

Public Health specialists are involved in the development of proposals to Government and providing advice to maximise the potential for public health improvements through this process. The range of public health considerations will be presented once the draft deal is presented to the Council.

7. Risk Management Considerations

The risks to the Council will continue to be assessed and considered as part of the negotiations and will be presented once the draft deal is before the Council.

8. Legal considerations

The Council's Legal team is fully involved in the development of the governance arrangements and the draft deal. The Legal Team will work with colleagues across all Councils to advise the Partnership on the legal implications of the draft deal and the governance arrangements. The team will advise on actions required to protect the legal position of the Council.

9. Financial considerations

The Council's Finance team is fully involved in the development of the draft deal and the investment framework which will support a Combined Authority. The team is working with other finance partners across the other councils. The Finance Team will advise on actions required to protect the financial position of the Council.

10. Options/Alternatives

The following options/alternatives were considered and rejected:

To decline the Secretary of State's offer to work towards a deal announcement in the Autumn Statement and continue to work at a slower pace. Reason for rejection: As far as the Partnership is aware the Heart of the South West may be the first two tier area to be given the opportunity to enter into negotiation with Government for a Deal without committing to a directly elected Mayor. This is a prime opportunity to test Government and secure powers for the area. The offer is likely to be time limited due to Government schedules and pattern of announcements

To make a separate approach to Government rather than move forward as a Heart of the South West Partnership. Reason for rejection: Since the submission of the Statement of Intent in September 2015, 17 local authorities, 2 National Parks, the HotSW LEP and 3 CCGs have worked very effectively to create a strong and credible Prospectus that has been acknowledged by the Secretary of State. The Partnership sees strength in moving forward to negotiations to have a stronger voice and secure a better deal for this part of the South West.

11. Reason for Recommendation/Conclusion

The recommendations will enable Devon County Council to continue to take a full and active part in the Heart of the South West partnership for a devolution deal.

Members are reminded that approving the recommendations does not commit the County Council to any deal. That would be subject to future County Council discussion and agreement.

Phil Norrey
Chief Executive

Electoral Division: All

Cabinet Member for Policy and Corporate: Councillor John Hart

Local Government Act 1972: List of Background Papers

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Appendix one – Combined
Authority Briefing Paper (HotSW
Devolution Partnership) June 2016

Appendix two – What does this
mean for the Heart of the South
West and my authority? (HotSW
Devolution Partnership) June 2016)