

Taunton Deane Borough Council

Full Council – 12 July 2016

Heart of the South West Formal Devolution Bid

This matter is the responsibility of Cllr John Williams, Leader of the Council

Report Author: Brendan Cleere, Director - Growth and Development

1 Executive Summary / Purpose of the Report

- 1.1 This report seeks approval to sign up 'in principle' to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers and funding devolved through the Deal. An 'in principle' agreement from all of the local authorities, partners and MPs involved in the Heart of the South West devolution process will open up negotiations with HM Treasury to work towards a Deal.

2 Recommendations

The recommendations below seek to gain authority to pursue solutions that help the Council maximise the opportunities of devolution. They do not commit the Council to a formal Devolution Deal, only to the principle of a Combined Authority to open up negotiations with Government.

At this stage of the process the Council is not required to take decisions on the detail of future service provision but rather to be actively aware and involved in discussions.

It is recommended that Full Council:

1. Endorse the Leader's current 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;
2. 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.

3 Risk Assessment

The involvement of technical specialists such as S151 officers and legal advisers in the development of any draft deal and combined authority model will help to understand the risk implications for the Council and the wider partnership. A risk register will be developed to sit alongside the development of the draft deal and the combined authority.

4 Background and Full details of the Report

4.1 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 with Government.

Our shared Devolution Statement of Intent was 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 developed the HotSW Prospectus for Prosperity (Appendix 1). The Prospectus builds on the three basic 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

Our Prospectus for Prosperity was submitted 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 the 25th May 2016, leaders from the upper tier authorities met with the Greg Clarke, Secretary of State for the Department of Communities and Local Government to seek his views on our next steps forward.

Following that meeting, he invited us 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 be 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 being incremental
- **Timeline** – we will still work towards an Autumn Statement timeline for the announcement of an initial Deal
- **Growth Deal 3** – the LEP will not be penalised in Growth Deal 3 negotiations just because the area has decided to pursue a Devolution Deal based on a Combined Authority without a Mayor. The decision for allocation 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 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 Devolution Deal.

This report seeks approval to sign up *'in principle'* to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers and funding devolved through the Deal. An *'in principle'* agreement from all of the local authorities, partners and MPs involved in the Heart of the South West devolution process will open up negotiations with HM Treasury to work towards a Deal.

Any final Devolution Deal with Government will be subject to further approval / ratification by all partners individually. A Heads of Terms document will be used as a negotiating tool to draw down additional powers and funding to provide a significant boost to the Heart of the South West economy by creating new jobs, accelerating the delivery of new homes, and raising skills levels.

It should be noted that there is no intention for a new Combined Authority to take existing powers or funding from local authorities, or existing City Deal governance structures, without the explicit agreement of those constituent local authorities. Further detailed work will be undertaken to identify the decision making powers and the constitution of the Combined Authority, and all partners will be fully involved and consulted on these arrangements as they develop over the coming months.

4.2 Alternative options considered and rejected

1. To decline the Secretary of State's offer and continue at our own pace.

Reason for rejection: As far as we are aware we may be the first two tier area to be given the opportunity to enter into negotiation with Government for a Devolution Deal without committing to a directly elected Mayor (except for Cornwall which has a different arrangement). This is a prime opportunity to test Government and push as far as we can for powers to be devolved to the HotSW. The offer is likely to be time-limited due to Government schedules and announcements.

2. To make separate approaches to Government, rather than as a Heart of the South West partnership.

Reason for rejection: Since the submission of the Statement of Intent in September

2015, the 17 local authorities, 2 National Parks, the HotSW Local Enterprise Partnership and the 3 Clinical Commissioning Groups have worked very effectively together to create a strong and credible Prospectus that has been acknowledged by the Secretary of State. We should remain united moving forward into negotiations to have a stronger voice, and secure a better Deal.

4.3 Next steps

If HM Treasury agree to open up negotiations towards a Devolution Deal for the Heart of the South West, further work will be required as detailed below. The timescales to deliver this work will be extremely tight if the Partnership is to achieve its target of establishing a Combined Authority in May 2018. The Programme Management Office oversees the delivery of the work plan and maintains communications between each partner. Consideration will need to be given to whether the capacity of the PMO will need to be increased to meet these potentially tight timescales.

4.4 Productivity Plan

The HotSW partnership has already committed to develop a Productivity Plan which will guide the powers and resources received in our devolution agreement, together with local contributions. 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 a Productivity Plan for the Heart of the South West sub-region will be an imperative to describe the long term future growth of the area, in order to provide a better quality of life for our residents. Therefore, work will continue on the development of a sub-regional Productivity 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 in the prospectus - Marine, Nuclear, Aerospace and Advanced Engineering, Data Analytics, Rural Productivity and Health. Sitting beneath each of the 'golden opportunities' will be detailed plans setting out our ambitions for the region and what plans we need to have in place to achieve those ambitions.

4.5 Governance Review

A Governance Review is already underway. This is examining existing structures and developing options for the best governance structure for the Heart of the South West sub-region. As part of this review, the following key issues will be considered and all partners will be involved in this 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

4.6 Engagement with Members and partners

Council Members will be kept informed as work continues, including through:

- Newsletters from the Heart of the South West devolution partnership
- A Member Development Programme to be run across the whole area and

It is possible that one or more partners may choose 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 Devolution Deal to go ahead even if one or more local authorities choose to opt out. There is significant discussion underway between partners to produce proposals that are acceptable to all, and this will be fully explored as the bid develops.

5 Links to Corporate Aims / Priorities

- 5.1 Devolution potentially covers a wide range of services and plans. The detail of these will develop as formal proposals are developed locally and through negotiation with Government, and when the final Devolution Deal is put into place.
- 5.2 Our devolution proposals seek to deliver priorities and targets across all parts of the TDBC Corporate Vision and Strategy, namely:
- Vision: “Working with our communities to keep Taunton Deane a great place in which to live, work and learn and enjoy”
 - Key theme 1 – People (supporting the needs of our increasingly older population, greater housing provision, greater high-quality employment opportunities)
 - Key theme 2 – Business and enterprise (sustaining our local economy, keeping our town centres vibrant)
 - Key theme 3 – Our Place (Taunton Deane a place to be proud of, well maintained, welcoming to resident, visitors and businesses, and easy to get around)

6 Finance / Resource Implications

- 6.1 Each of the partner councils S151 officers will be involved in the development of the draft Deal and the investment framework that would support a Combined Authority. This will allow each partner Council and the Partnership as a whole to understand the financial implications of a Combined Authority and any Devolution Deal.

7 Legal Implications

- 7.1 Each of the Councils’ legal teams will be involved in the development of the draft Deal and the structure of a Combined Authority for the Heart of the South West. This will allow each Council and the Partnership as a whole to understand the legal implications of any Devolution Deal and new Combined Authority body.

8 Environmental Impact Implications (if any)

- 8.1 No environmental / sustainability impacts associated with the publication of this report (in itself) have been identified however a key objective of the draft bid concerns sustainability and will be addressed as the detail of the devolution deal is negotiated, ratified and delivered.

9 Safeguarding and/or Community Safety Implications (if any)

- 9.1 No impacts on community safety associated with the publication of this report (in itself) have been identified however they will be addressed as the detail of a devolution deal is negotiated, ratified and delivered.

10 Equality and Diversity Implications

- 10.1 None at this stage however the whole population of our authority could be affected by a devolution deal. Any final devolution deal with government will be subject to further approval / ratification by all partners, and will require other implications and impacts to be considered at that stage.

11 Social Value Implications (if any)

- 11.1 No impacts on Social Value associated with the publication of this report (in itself) have been identified.

12 Partnership Implications (if any)

- 12.1 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, Clinical Commissioning Groups, and the Local Enterprise Partnership.

13 Health and Wellbeing Implications (if any)

- 13.1 No impacts on health and wellbeing associated with the publication of this report (in itself) have been identified however a key objective of the draft bid concerns health and wellbeing and will be addressed as the detail of the devolution deal is negotiated, ratified and delivered.

14 Asset Management Implications (if any)

- 14.1 No impacts on Asset Management associated with the publication of this report (in itself) have been identified.

15 Consultation Implications

- 15.1 Individual councils will need to set out what communication they have undertaken to keep their members and staff informed about the potential Devolution Deal and Combined Authority approach. The Partnership is developing a video piece for Members, explaining its work and next steps. It has also developed a Member Development Training Programme that will be delivered in the Autumn.

The Partnership regularly produces a newsletter, and key documents are posted on each Council's website.

Based on advice from other Devolution areas the Heart of the South West partnership will undertake more widespread public consultation when negotiations are at a more developed stage.

Members are asked to note that

- Any final Devolution Deal with Government will be subject to:
- Further approval / ratification by all partners
- Consultation, as appropriate, before delivery of parts of the Deal

16 Scrutiny Comments / Recommendation(s)

16.1 N/A

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Executive – No**
- **Full Council – Yes**

Reporting Frequency : Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices (delete if not applicable)

Appendix 1	Prospectus for Prosperity – click on link to HoSW LEP website below: http://www.heartofswlep.co.uk/sites/default/files/user-1889/Heart%20of%20the%20South%20West%20Devolution%20Prospectus.pdf
Appendix 2	'What Devolution will mean for my local authority area'
Appendix 3	Briefing Note - What is a Combined Authority?

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What does Devolution mean for the Heart of the South West - and for my own organisation and local authority area?

Since the submission of the Statement of Intent in September 2015, the Heart of the South West Partnership have been working together to try and draw down greater powers, funding and freedoms from Government by securing a Devolution Deal for the area.

There are a number of underlying reasons to pursue a Devolution Deal and Combined Authority as a Heart of the South West Partnership

The partnership has agreed the rationale and benefits for being involved in this process as follows:

- This is a unique opportunity to release powers and funding from Whitehall and enable us to have greater influence to deliver on the priorities we know are important to our sub-region
- It places our Partnership into an exclusive club with the 10 other deal areas and the advantages this can bring in terms of incremental shifts of power from the centre to local areas
- It is the start of an ongoing process that will allow us to build on our track record and credibility for delivery that makes a tangible difference to our communities

By working together as a Partnership we have a stronger voice with Government and greater clarity about our shared priorities. It puts decision-making closer to our communities so that we can plan, sequence and deliver what our areas need over the longer term. It will create a firm foundation for working together and for having conversations at a strategic level with neighbouring areas across the South West.

The benefits across the whole partnership of working together towards a Devolution Deal include access to new powers, for example around:

- **Transport** – for example around bus franchises, and determining local bus network routes
- **Learning and Skills**– for example, control of the Adult Education Budget to redesign further education
- **Business Support** – having the freedom to join up a range of Government agencies locally to provide a better, more coordinated offer to businesses
- **Employment Support** – the ability to influence commissioning of the new DWP Health and Work Programme
- **Land and Housing** – greater influence over the use or disposal of central Government land and assets, and working with Government on planning reforms

Devolution

for the Heart of the South West

Benefits within my own organisation and for my local area

[This section is for completion within each organisation reflecting on local context, individual organisational priorities and the perceived benefits it wishes to draw down for their communities. For example, provides a position at the table to influence sub-regional policy on a range of new powers that are important to its particular patch.]

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What is a Combined Authority?

Summary

Combined authorities (CAs) were introduced under in the [Local Democracy, Economic Development and Construction Act 2009](#) ('2009 Act'), and subsequently amended by the [Cities and Local Government Devolution Act 2016](#). The Heart of the South West Partnership has developed this briefing note as a simple explanation of both a Mayoral and Non-Mayoral Combined Authority (CA). Following a meeting with the Secretary of State in late May, and in line with the briefing note circulated shortly afterwards, the Partnership is considering establishing a Non-Mayoral CA.

It should be noted that we are not seeking to establish a Mayoral CA at this stage, but we are keeping our options open to see what additional powers this could unlock in the future. It is important that we collectively agree to the principle of setting up a Non-Mayoral CA initially to allow us to enter into negotiations with Government at this time.

What is a Combined Authority (CA)?

England has one of the most centralised governance systems in the world. By creating a CA, the Heart of the South West partnership aims to draw down a range of new strategic powers and funding from central Government, through a Devolution Deal. This will mean that more decisions can be taken locally to better reflect local priorities. A CA can be set up by two or more local authorities. It is a formal structure with a recognised legal status. It usually has one representative from each of the constituent member local authorities, and operates on either a Leader and Cabinet, or Committee structure. A Mayoral CA also has a directly-elected Mayor who is the overall Leader or chair.

The 2016 Act removes previous limitations on the powers that a CA can exercise and permits the Secretary of State to transfer a wide range of statutory functions, including functions from public bodies. The only qualifications on this relate to the transfer of health service functions. The extent of the powers transferred depends on the Devolution Deal agreed with Government. The Secretary of State has been clear that the Mayoral CA model enables areas to draw down the most extensive range of powers. Examples of some pre-existing Combined Authorities that will become Mayoral CAs by May 2017:

- [Greater Manchester Combined Authority](#)
- [Sheffield City Region](#)
- [Liverpool City Region](#)

What it's not.....

A Combined Authority is **not**:

- part of a process to instigate local government reform, or bring about unitary status.
- a take-over by any authority, nor a merger of authorities to form a 'super council'.
- about ceding (transferring) powers to a single body without the express will of the constituent local authorities.
- a 'physical entity,' for example with teams of regeneration officers from the constituent authorities sitting in one building – **unless** the constituent local authorities wish it to be. (Except for a very small core support team that is required by law)

What is a Mayoral CA?

A Mayoral CA is a new variant introduced under the 2016 Act and is different to the elected mayors that a number of councils already have in place such as Torbay.

Up until recently, the Mayor of London had a unique position within English local government, with powers over strategic planning, transport, fire and emergency planning, policing and crime, and economic development over all of London, together with an elected 25-member London Assembly with scrutiny powers. The remaining local government functions in London are performed by the 32 borough councils.

Through Devolution Deals a number of areas have agreed to have a directly elected Mayor and a CA in return for a range of additional powers. An example of this is Greater Manchester Combined Authority. It will have a different model from London as they will operate a cabinet model CA, where all GMCA leaders have a clear portfolio of responsibilities that will act as a supporting and advisory function to their Mayor and CA in respective policy areas. Elections for the GMCA Mayor will take place in May 2017.

In this example the Mayor will need to consult the Cabinet on his/her strategies, which it may reject if two-thirds of the Members do not agree. Some functions such as the Statutory Spatial Framework will need to be approved by a unanimous vote of the Cabinet.

What is the process for setting up a CA?

There are a number of routes for establishing a CA.

- 2009 Act – requires the authorities to carry out a governance review and publish a scheme recommending the creation of a combined authority. This requires the consent of the authorities involved in the scheme and the Secretary of State will agree to make a Parliamentary Order under the Act to create the CA.
- 2016 Act – the Secretary of State can establish a Combined Authority if the councils in the area consent. The Secretary of State must hold a public consultation if this has not already been undertaken locally. The Secretary of State needs to be satisfied that the CA is likely to “*improve the exercise of statutory functions*” in the area. The typical timeframe for establishing a CA through this route is 6-9 months.

An existing CA can be changed into a Mayoral CA through a Statutory Order from the Secretary of State. Any authorities that do not consent must be removed from the CA when the elected Mayor is established.

The governance review stage is important in determining the best model of CA for an area and is part of the overall scheme. In a Non-Mayoral CA the constituent members need to decide if they want a Leader and Cabinet, or a Committee style model for the CA

Can the membership of a CA be changed?

It is possible for councils to leave, or for new councils to join a CA, however Government agreement is required to amend or dissolve the Combined Authority. If a local authority wishes to leave the Combined Authority, a new review of governance arrangements would have to take place, and a revised scheme would need to be published, before the Statutory Order could be amended.

What sort of powers could the HotSW Combined Authority expect to receive through its first Devolution Deal?

No other areas of the country have been given a Devolution Deal based on the establishment of a new Non-Mayoral Combined Authority, however the Deals struck with Cornwall and West Yorkshire provide a guide as to what we might expect to be in our Deal.

We believe we are in a strong position to push for as much as possible in our first Deal with Government.

Devolution Deals tend to be incremental and to evolve over time. Once areas are able to demonstrate that they have strong and accountable governance arrangements in place, and that they can successfully deliver on the new functions, Government is willing to transfer further powers by negotiating subsequent deals. In March 2016, Greater Manchester, the pioneers of Devolution, successfully secured their 4th Deal with Government which gave them greater powers over more public services, including the criminal justice system.

All Devolution Deals have a common set of themes; however the greatest powers, funding control, and influence are reserved for areas with Mayoral Combined Authorities. We believe that the following examples would be available to us as a bare minimum:

- **Transport** – for example around bus franchises, and determining local bus network routes
- **Learning and Skills**– for example, control of the Adult Education Budget to redesign further education
- **Business Support** – having the freedom to join up a range of Government agencies locally to provide a better, more coordinated offer to businesses
- **Employment Support** – the ability to influence commissioning of the new DWP Health and Work Programme
- **Land and Housing** – greater influence over the use or disposal of central Government land and assets, and working with Government on planning reforms

We will be pushing hard for all the powers and influence reflected in the 'Asks' in our Prospectus. In particular we will be making a strong case to secure a long term investment commitment for the infrastructure we need to unlock growth.

How would it impact on my Council?

The CA does not replace the existing member Councils, it operates alongside and allows those members to draw down and exercise a range of powers and control funding from Government they would not otherwise be able to access. It means that local politicians have greater control over decision making traditionally held in Westminster. The extent of the powers is determined by the Devolution Deal negotiated with Government.

It is not intended for any existing council functions across Devon and Somerset councils to transfer to the CA at the time of its establishment, but once established it would be possible, where there is a clear benefit, for councils to transfer functions into the CA, subject to agreement.

Further information

House of Commons Briefing Paper on Combined Authority – February 2016

<http://researchbriefings.files.parliament.uk/documents/SN06649/SN06649.pdf>