

Heart of the South West Formal Devolution Bid

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1. Summary

- 1.1 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 that will secure greater powers and control and a stronger voice with Government.
- 1.2 Our shared Devolution Statement of Intent was submitted to Government on 4 September 2015, in response to announcements in the July 2015 Budget and the deadline set by the Chancellor of the Exchequer.
- 1.3 Since September 2015, the HotSW partnership has developed the Prospectus for Prosperity (Appendix 1). The Prospectus builds on three basic ambitions:
- to raise productivity levels;
 - to improve health, care and wellbeing; and
 - to improve connectivity and resilience.

Six thematic groups were established to develop the detail;

- Health, social care and wellbeing
 - Skills and employment
 - Business support
 - Infrastructure, resilience and connectivity
 - Housing and planning
 - Governance
- 1.4 The 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 the Government's negotiation team to secure a Devolution Deal for the Heart of the South West area.
- 1.5 On 25th May 2016, Greg Clarke, Secretary of State for the Department of Communities and Local Government, invited leaders from the upper tier authorities to meet him and to seek his views on our next steps. The following points were clarified:
- **Geography** – the Devon and Somerset area is agreed as the appropriate scale. Our proposal will need to 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** – despite the outcome of the referendum, DCLG has urged that we 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 on funding allocations will be based purely on the quality of the Growth Deal bid.
- 1.6 The Secretary of State went on to advise that if the Partnership, backed by all Councils 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 negotiations towards a Devolution Deal.
- 1.7 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. That '*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.
- 1.8 Any final Devolution Deal with Government will be subject to further approval 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.
- 1.9 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. All partners will be fully involved and consulted on these arrangements as they develop over the coming months

2. Recommendations

It is recommended that members:

- a) Agree for South Somerset District Council to endorse the 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 Prosperity and for this to be used as the basis for negotiation with Government towards a Devolution Deal for the area;
- b) Note that this endorsement commits the Council to take part in further discussions only;
- c) Note that entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority will be subject to future debate and agreement by the Council and subject to negotiations with Government.

3. Reasons for Recommendations

- 3.1 The Council has an opportunity to benefit from devolution across a wide range of topics and services. Benefits outlined in Appendix 2 will include the transfer of powers and control of funding from central Government that will enable decisions to be taken closer to the point of service delivery. This will allow greater flexibility to respond to the needs of local communities. In this way, a Devolution Deal will support the Council's ambitions outlined in the Corporate Plan.
http://www.southsomerset.gov.uk/media/830995/ssdc_council_plan_2016_to_2021.pdf
- 3.2 Heart of the South West Prospectus for Prosperity (Appendix 1) has a strong emphasis on driving growth. This will help deliver the Council's ambitions around jobs, skills, homes, investment and infrastructure. We will work together across the partnership to produce a Productivity Plan. In order to fully capitalise on the transformational opportunities in the Plan, we will require freedoms and flexibilities from Government that we don't currently have.
- 3.3 These recommendations seek 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 (Appendix 3) to open up negotiations with Government.
- 3.4 At this stage in 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.

4. Alternative Options considered and rejected

- (i) 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. 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.
- (ii) 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, the 2 National Parks, the HotSW Local Enterprise Partnership and the 3 Clinical Commissioning Groups have worked together very effectively 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.

5. Links to Priorities and Impact on Service Plans

- 5.1 Potentially Devolution covers a wide range of services and plans. Detailed formal proposals will be developed locally, through negotiation with Government and then adopted when the final Devolution Deal is put into place.

Our devolution proposals seek to deliver the following priorities:

- Increasing the focus on Jobs and Economic Development,
- Protecting and enhancing the quality of our environment
- Enabling housing to meet all needs.
- Improving health and reducing health inequalities.
- Protecting core services to the public by reducing costs and seeking income generation.

6. Communication undertaken

- 6.1 SSDC Members participated in a workshop session led by Local Government Association Principal Policy Advisor Rebecca Cox and SSDC Leader Ric Pallister on 23 February 2016. The Devolution Deal for Heart of South West bid was approved by Full Council on 25th February 2016. Key documents are posted on the Council's website <http://www.southsomerset.gov.uk/about-us/devolution/>
- 6.2 A HotSW Partnership video that explains its work and next steps is in preparation. Also, a Member Development Training Programme will be delivered in Autumn 2016.
- 6.3 Based on advice from other Devolution areas, the HotSW partnership will undertake more widespread public consultation when negotiations are at a more developed stage.

7. Financial Implications

- 7.1 The financial implications of the Devolution Deal are not yet known and there are no direct financial implications in approving the recommendations in this report.
- 7.2 Some work has been commissioned to look at match funding and the costs of running a Combined Authority. Each of the partner councils S151 officers will be involved in the development of the draft Deal and the investment framework that would support this. 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. There will be a requirement for senior officer time Strategic Director, Assistant Director – Finance and Corporate Services, and Assistant Director – Legal and Corporate Services to assess these.

8. Legal Implications

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.

9. HR implications

There are none at this stage. Any HR Implications arising in future will be addressed as the Devolution Deal is further developed.

10. Risk implications

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 us 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.

11. Other implications (including due regard implications)

There are none at this stage. A final devolution deal with Government will be subject to further approvals by all partners. Such approvals will require prior consideration of potential implications and impacts.

12. Next Steps

- 12.1 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.
- 12.2 The Programme Management Office will oversee the delivery of the work plan and maintain communications between each partner. Further consideration may need to be given to increasing the capacity of the PMO to meet these potentially tight timescales.

13. Productivity Plan

- 13.1 The HotSW partnership has already committed to develop a Productivity Plan that could guide the powers and resources received in our devolution agreement, together with local contributions. It represents a refresh of the LEP's current Strategic Economic Plan (SEP).
- 13.2 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. Each of the 'golden opportunities' will have detailed plans setting out our ambitions for the region and what we need to do to achieve those ambitions.
- 13.3 The development of a Productivity Plan for the Heart of the South West sub-region will remain an imperative, to help secure the long term future growth of the area and so provide a better quality of life for our residents. Therefore, irrespective of whether there is an announcement in the Chancellor's Autumn Statement and the Government agrees to open up negotiations for a Deal, work on it will continue,

14. Governance Review

A review examining existing structures and developing options for the best Governance structure for the Heart of the South West sub-region is already underway. 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

15. Engagement with members and partners

As work continues, Council Members will have access to;

- Newsletters from the Heart of the South West devolution partnership
- A Member Development Programme to be run across the whole area
- Information available on the Council's website
<http://www.southsomerset.gov.uk/about-us/devolution/>

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 these will be fully explored as the bid develops.

16. Attachments:

Appendix 1: Prospectus for Prosperity

Appendix 2: Benefits for South Somerset

Appendix 3: Briefing Note - What is a Combined Authority?
