

# Heart of the South West Formal Devolution Bid

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## 1. Purpose

- 1.1 This report introduces the Heart of the South West Devolution Prospectus in Appendix A. The bid makes proposals across a wide range of themes, brought together under the headings - 'People', 'Business' and 'Place'. The overall objective is to increase productivity across the Heart of the South West.
- 1.2 Any final devolution deal with government will be subject to further approval and ratification by all partners individually.

## 2. Public interest

- 2.1 Devolution is the Government's ambition to devolve powers and budgets to local authorities to enable local decision making around the priorities for the region. This may change the way public services are managed and delivered.

## 3. Recommendations

It is recommended that Members:-

- (i) Note the final prospectus set out in Appendix A and the work done to date on the HotSW proposals.
- (ii) Agree to be part of the devolution bid.
- (iii) Approve the submission of the final draft Heart of the South West Devolution Prospectus (Appendix A) to Government, subject to any minor changes made to the final draft prior to submission which are agreed by the Strategic Director in consultation with the Leader of Council.
- (iv) Authorise the Leader of Council to negotiate/participate on behalf of the Council but with a requirement to bring back to Council members regular reports on progress. This would be on the clear understanding that any final decision on whether or not to join any Combined Authority would be a matter for Full Council to determine should this eventually be proposed.

## 4. Background

- 4.1 The Government wishes to devolve powers and budgets from Westminster to local authorities using Local Enterprise Partnership geographies. The Chancellor of the Exchequer is particularly interested in devolution as a driver of:
  - Increased productivity
  - Skills and employment
  - Housing
  - Reducing the cost of the public sector
- 4.2 During August, Heart of the South West Leaders agreed to produce a Statement of Intent outlining a high-level set of ambitions and stating their desire to negotiate a

devolution deal with government where they would make improvements to the area in return for increased powers and responsibilities.

4.3 The Statement of Intent, signed by all 17 Heart of the South West local authorities, both National Parks, and the Local Enterprise Partnership was submitted on 4 September 2015. It can be read at <http://somersexnewsroom.com/devolution/> and focuses on:

- Productivity and economic growth
- Health, social care and wellbeing
- Improved connectivity, infrastructure and resilience
- Governance

4.4 The Government praised the statement of intent for its clarity and ambition and asked partners to move forward swiftly to produce detailed, formal proposals and to begin negotiation with them on a formal deal. Subsequently work was done to complete proposals by mid-January 2016, to submit to Government by the end of February and to start formal negotiation thereafter. This represents a slight lengthening of the original lead-in time to allow additional discussion with stakeholders including Members of Parliament and to ensure the bid is not unduly hurried.

## **5. Producing formal devolution proposals**

5.1 At a meeting on 5 October 2015 it was agreed to write the devolution bid by ‘themes’ so partners could share the load of producing detailed proposals.

5.2 A Programme Management Office has overseen delivery of each chapter and maintained communications between partners. It is important to note that each partner remains responsible for their own governance processes and public/in-house communications.

## **6. Governance**

6.1 Leaders considered a number of options for the governance of any devolution deal. No decision will be made on a governance model until the deal is agreed. However a form of Combined Authority is proposed, subject to the nature of the final devolution deal and a formal governance review. As any deal will need to be ratified by the Council, Members will have an opportunity to consider the detail of governance at this time.

6.2 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. Significant discussion between partners has taken place to produce proposals that are acceptable to all. Furthermore the Statement of Intent’s working principles include an agreement that proposals will do no harm, even if a particular proposal offers no advantage to a given area.

## **7. Report**

7.1 The Devolution debate for Devon and Somerset (Heart of the South West (HotSW)) is gathering pace and despite a number of meetings involving all 20 Local Authorities and Agencies it has been difficult to reach an understanding on what the “offer” is to central Government in any Devolution deal and what the “asks” of Government are in return.

7.2 It has taken until late January 2016 to find a form of words that could be put into a document suitable to be presented to Government with a request to start a dialogue with

Ministers. Until that document was agreed it could not be put into the public domain and hence an inability to have a proper and open debate about whether South Somerset should or should not be part of any Devolution conversation. Although the prospectus has to be presented to the 20 Local Authorities and Agencies for approval it was also clear that creating a document by a committee of 20 was impossible, as was collating and agreeing any amendments.

- 7.3 The position now reached is that we have a final document prepared by the two lead Authorities that elected representatives and lead officers feel broadly comfortable with presenting to their Councils for endorsement. Any one of the constituent members of the HotSW can of course reject the prospectus and not play any further part in any negotiations or debate. However, the feeling of most was not to leave the table at this stage and reject any idea of a Combined Authority before discussions had been held with Ministers. Only then might we know what might or might not be possible in any future agreement, whether it is the best long term interests of the Council.

## **8. Financial Implications**

- 8.1 There are no direct financial implications arising from the recommendations in this report. The general financial principles of devolution fall into three categories:-
- (a) The Government requires devolution to be a fiscally neutral process – power over funding can be transferred but no new government money will be made available except potentially for ‘pump priming’ activity.
  - (b) There is potential for savings across the public sector in the HotSW and proposals are being developed with this in mind: the Government will expect any deal to deliver savings for the public purse generally.
  - (c) The Government may however attempt to negotiate additional spending by HotSW; the implications of this will be considered during negotiations with Government including whether this is acceptable to SSDC.

- 8.2 A financial assessment will be completed before this Council ratifies any devolution deal.

## **9. Corporate plan implications**

- 9.1 None at this stage. Implications will be addressed as any devolution deal is developed and agreed.

## **10. Carbon Emissions and Climate change implications**

- 10.1 None at this stage.

## **11. Equality and Diversity implications**

- 11.1 At this stage this is a proposal to government outlining the deliverables from a Combined Authority in the Heart of the South West. A detailed Equality Analysis will need to be considered and completed as an integral part of the process of any formal deal as it is negotiated, ratified and delivered.

## **12. Background Papers**

- 12.1 Appendix A: Heart of the South West Prospectus for Devolution