

DEVOLUTION

1 SUMMARY

- 1.1 This paper sets out the background to the current position on devolution and Combined Authorities. No decisions are being requested at this time.

2 INTRODUCTION

- 2.1 The Local Democracy, Economic Development and Construction Act 2009 introduced Combined Authorities. The Cities and Local Government Devolution Bill is currently going through the Committee stage in the House of Lords. At the time of writing this report, the Bill is expected to receive Royal Assent by December 2015. This Bill allows the Secretary of State to put into place devolution deals with Combined Authorities in England and Wales.
- 2.2 The fifteen local Councils of Greater Essex (Essex County Council, Essex District, Borough and City Councils and Southend-on-Sea and Thurrock Councils) have been working together to explore devolution ideas and draft proposals, which could see the transfer of powers and funding from central Government to Greater Essex Authorities.
- 2.3 A high-level submission was made to Government on 4 September 2015 to confirm the Greater Essex Local Authorities (12 District Councils, 2 Unitary Councils and the County Council) continued interest in a possible devolution arrangement.

3 DEVOLUTION UPDATE

- 3.1 There has been considerable discussion in the media on the subject of devolution. Examples such as Manchester, Cornwall and Sheffield are often mentioned. A defining factor of the devolution model is that each agreed devolved outcome will be unique to the authorities involved.

- 3.2 The stages set out by Government for devolution are as follows:-

Stage 1: Local Authority led stage – benefits, proposals and governance review (from idea to submission of detailed proposal).

Stage 2: DCLG led stage (from proposal to the draft Order to establish the Combined Authority being laid in Parliament, subject to Ministerial approval)

Stage 3: Parliamentary stage (Draft Order debated in both the House of Commons and the House of Lords, Making of the Order and establishing the Combined Authority, subject to Parliamentary approval).

- 3.3 We are currently progressing through stage 1. To date we have discussed a number of areas that, strategically, have been organised, as follows:-

Connectivity and infrastructure

New homes and communities

Employability and skills

Fiscal proposals

Health economy, social care, prevention and early intervention

Public service reform

- 3.4 The aim is to make an initial submission to Government in December 2015 and this submission would need sign-off by Full Council. After this phase, we would be between stages 1 and 2, where detailed discussions with DCLG are taking place. At present it is envisaged that stage 2 would commence in/around March 2016. All of the timescales are subject to change.
- 3.5 Any decision based on the above stages would be brought to Full Council.
- 3.6 To ensure that there is consistency and brevity in this report, the slides from the training session for Members are appended. This gives the details of devolution, the current position and timelines.

4 RISK IMPLICATIONS

- 4.1 The partnership starts to fragment (i.e. not all authorities agree to continue participation) and so does not deliver the scale or ambition sought by Government for a viable devolution deal.
- 4.2 The devolution deal negotiated with Government does not result in the benefits envisaged by Greater Essex local authorities and so is not pursued.
- 4.3 The governance ask of local authorities by Government is deemed undeliverable by the partnership.
- 4.4 Financial and reputation risk transfers from Government to local government – a risk register will be developed to assess more detailed risks as the deal and governance proposals are developed.

5 RESOURCE IMPLICATIONS

- 5.1 At this stage there are no financial implications although as the deal develops it will be important to prepare a more detailed consideration of the likely 'fiscal freedoms' and the financial consequences of any offers. At this stage there isn't sufficient clarity to conduct a detailed analysis, but the direction of travel of more local freedoms is one that is both supported and encouraged.

6 LEGAL IMPLICATIONS

- 6.1 At this stage there are no legal implications. While the devolution deal seeks new freedoms and flexibilities these will be the subject of negotiation with Government.

7 RECOMMENDATION

- 7.1 It is proposed that Council **RESOLVES** to note the current position and that a meeting of Full Council will be convened to consider signing-off any initial submission to the Government.

A handwritten signature in black ink, appearing to read 'Amar Dave', with a large, stylized flourish extending from the bottom.

Amar Dave

Chief Executive

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

Devolution for Greater Essex

AWAYDAY - 3 October 2015

Slide Pack – for Information

Amar Dave – Chief Executive



Purpose of providing this Information

- To update you on the work that has taken place to date and to provide an overview of the deal.
- To establish an understanding of Devolution
- To provide a background of the work to date with Greater Essex
- To provide an update on consideration of benefits – locally and collectively
- To provide details of consideration of areas to explore
- To advise you of the engagement plan approach
- To advise you of timings and next steps



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NATIONAL PICTURE

Devolution

What it is not:

- Merging Councils

What it is:

- Partnership between Central Government and Local Government
- A way for us to better determine our collective futures
- One additional element to help us meet some of the challenges facing us

The Queen's Speech



Cities and Local Government Devolution Bill

- Devolving powers and budgets
- Boosting growth
- Increasing productivity
- Efficiency in local government
- Empower towns and counties
- Combined authorities
- Elected Mayors

Government – 27 May 2015

Feedback from LGA Conference July 2015

Key points made by Greg Clark – Secretary of State for Communities & Local Government

Three key areas to work together:
Housing – Finance - Devolution

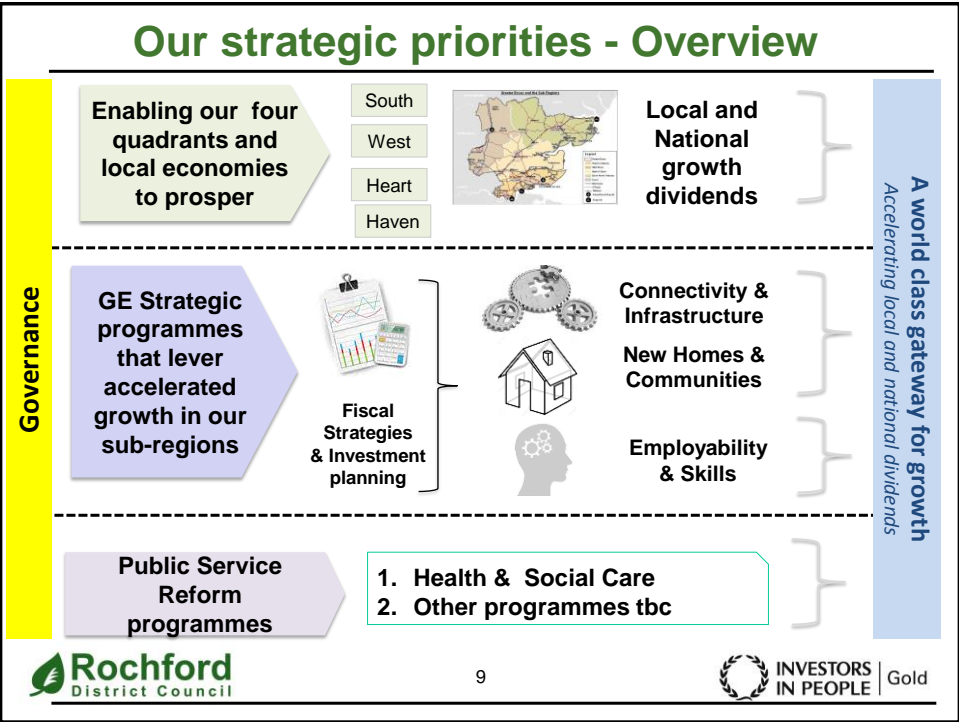
- This is a chance of a lifetime
- An opportunity to take control of the future and destiny of your areas
- There are substantial rewards – additional income and power
- Put power back into local hands
- Local areas and experience can do things better



Background to Greater Essex Work

Key strategic issues to address Essex-wide

- Over the past decade Gross Value Added (defined as a measure of the contribution to the economy of each individual producer) growth and productivity in Greater Essex has been lower than in all comparable areas of the UK
- We have limited transport integration and our system is near to full capacity
- We are experiencing considerable skills shortages in key areas that businesses need
- The population of Greater Essex is projected to increase to 1.93m by 2025 – a growth of over 8% from the current (2015) population of 1.78m.
- Recent home build levels are lower, compared to housing needs



Devolution – Our Ambition

A World Class Gateway for Growth
accelerating local and national dividends

By 2025 we will have...

- The strongest economy outside London
- An internationally recognised location for investment
- Unbeatable connectivity that enables our businesses to grow
- Innovative approaches for delivering new homes
- The most technically skilled workforce in the UK
- World class solutions that transform complex public services

How does this work?

- It is about each area (Greater Essex) seeking a unique agreement with Central Government.
- Currently we are discussing / negotiating what we think is possible and achievable
- The next stage is to put together elements of a 'deal' by the end of this year / Christmas, to present to Central Government
- The final 'deal' will require Council approval

Benefits

- A possibility for greater opportunity to secure additional influence and resources to deliver infrastructure and skills programmes.
- Direct benefits:
 - * These will vary from location to location and will be dependent on the final negotiated deal.
 - * Specific programmes and projects that unlock growth
- Indirect benefits:
 - * Our voice at the table
 - * The ripple effect of growth

Challenges

We are in a competition

- After this work we may not get a 'deal'
- Central Government could use devolution deals to channel and prioritise spending in the future

If we don't collaborate

- We will find it harder to secure additional funding
- Our voice will have less influence with Government
- Other areas may become more attractive to investors

Risks Post Devolution

There are risks after any 'deal' is agreed. These include:

- The benefits we agreed to are not delivered
- The new partnership / Combined Authority (explained in a slide later) breaks up
- There are governance issues on implementation of the plans. Please note, as per slide 4, this is not merging councils.

A Risk Register will be developed to help mitigate the risks, as detailed above



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What's the Deal we are Seeking?



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Overview

Priority area	Delivery focus	What you get	What Govt. gets
Fiscal Freedoms	Local control and gainshare	Investment fund for local priorities	Reduced need for public spend
Economic growth, infrastructure & connectivity	Targeted investment	Bigger bang for your buck	Economic growth
New Homes & Communities	Traded growth	Strategic housing solutions	Housing need met
Employability & Skills	Matching supply and demand	No skills deficits	Less welfare/tax credits

Fiscal – areas to explore

- Become increasingly self-sufficient from Government grant
- Increase our net contribution to Exchequer
- Stimulate growth and re-invest in infrastructure, homes, skills and public services
- Gainshare agreement to share additional revenues nationally and locally
- Reform Tax / Future Tax Gain
- Multi Year Settlements
- Raising additional revenue
- Economic dividends such as income tax, national insurance, corporation tax and capital gains tax etc.

New Homes & Communities – areas to explore

- How to improve the rate and reliability of delivery of new homes
- Garden settlement principles
- Better utilise brownfield sites and public land
- Enable us to take on under-utilised nationally owned public land, particularly from the Ministry of Defence, National Rail and the NHS, and exploit it for new homes
- Encourage business development and inward investment
- Areas which are pro-growth can be supported with the necessary infrastructure for large scale development
- Give us the power to create our own local development vehicles including corporations so that we can maximise land value capture, accelerate delivery and set design standards to create places with long-term value
- Allow us to combine various funding lines held at local and national government levels and achieve more certainty to create a new infrastructure fund which can attract private sector investment and forward fund infrastructure

Economic Growth, Infrastructure & Connectivity

To achieve our ambition we intend to create new models with Central Government that include:

- Creating innovative transport solutions across a complex economic and geographic hinterland bordering London. Enabling us to receive multi-annual transport budgets and giving us a stronger input into transport franchises
- Transport integration – Smart flexible ticketing solutions, that our residents and businesses expect, will be at the heart of our solution
- A world class bus network will provide the backbone of the Greater Essex public transport system. We will develop the bus network to provide the connectivity to knit the whole system together and provide solutions to travel to work and education
- New freedoms to work with Utility providers – so that our plans for economic prosperity are aligned and this accelerates the delivery of infrastructure and new homes

Employability & Skills – areas to explore

- Most technically skilled workforce meeting business needs – now and in the future
- Improve educational standards
- Increase the number of apprenticeships
- Higher productivity
- Higher wage economy
- Focus on future growth sectors – technology, science, advanced manufacturing, health care.
- Greater control of skills funding, used more effectively
- Strengthen role and collaboration of schools, universities and FE colleges
- Increased influence over ‘employer-led’ curriculum and syllabus
- Sector Skills accredited qualifications - industry specific
- Greater influence over careers advice for all job seekers

Governance

Governance Frameworks

There are four frameworks currently available:

1. **Joint Committees (JCs)** of two or more councils, which are relatively quick to set up but have no legal status and are therefore restricted in what they can do.
2. **Combined Authorities (CAs)** which have a statutory footing and operate to promote the economic development of an area and must be comprised of councils forming a functional economic area.
3. **Economic Prosperity Boards (EPBs)** which are subject to the same conditions as combined authorities but cannot take on transport functions.
4. **Directly-elected Mayors** with powers across more than one council.

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Governance – Combined Authority

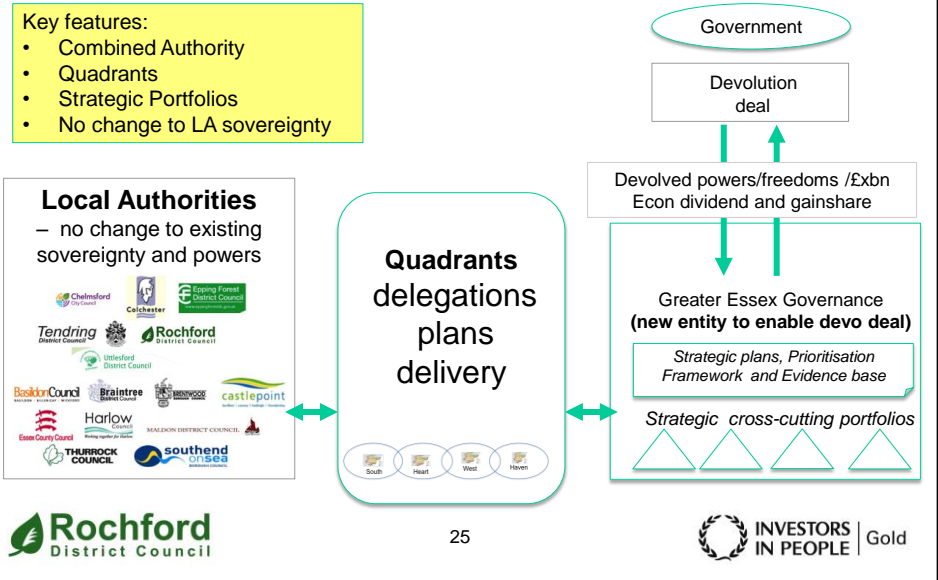
The preferred option is a Combined Authority because:

- A democratic legitimate body that allows Government to devolve decisions and finance on issues that cut across boundaries - such as: skills, transport, infrastructure, inward investment
- Accountable to government for delivery and outcomes
- A consortium of willing authorities
- A new authority that sits alongside existing LAs
- A body that doesn't take decision making or powers away from existing authorities - such as planning and local council tax

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Governance and Decision-making Locally

This model is currently being worked on and is the latest version.



Next Steps and Timetable

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4 September Submission Outline

As you will be aware, a letter was sent to Government on 4 September in which:

- A commitment to each other on how we will continue to work together going forward
- A declaration to Government which excites them with the scale and scope of our priorities and ambitions
- High-level proposition for negotiation and development on:
 - What we will achieve
 - What we will do
 - Our approach to governance - quadrants and a combined authority
 - Our high level asks of Government

Feedback from Government

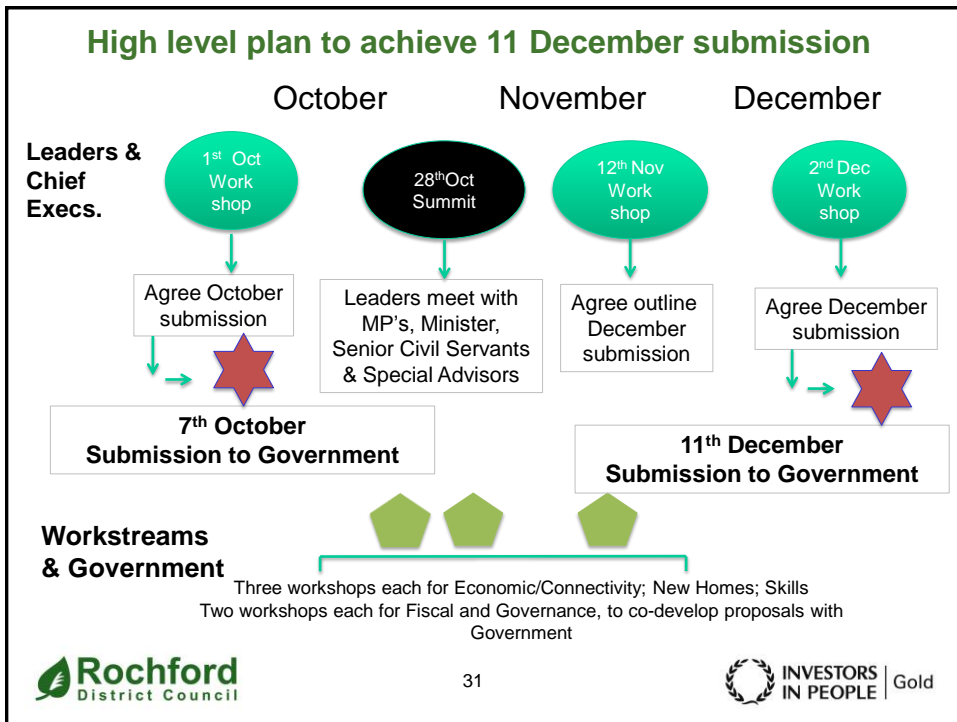
Government is interested in our proposals:

- With the ambition, scale, strategic geography, existing relationships
- With the commitment to work alongside us to co-develop proposals
- Provided we move collectively at pace
- That we aim to have the elements of a deal by December

Next Steps

Next Steps

- Work with Government to develop the deal
- Agree governance details
- December submission to Government with sign-off from each Authority – see slide 33
- Final approval of deal and governance in 2016
- Currently aiming for the final submission to be March 2016 with a response anticipated before Summer 2016
- Increase involvement of other partners





11 December Submission

What it is:

- A stocktake note to government on progress.
 - Locks-in areas of agreement on freedoms, flexibilities and increased funding/investment/gainshare
 - Identifies issues still to be resolved
 - Sets out improved outcomes at Greater Essex, growth area/quadrant and LA level
 - Maintains momentum and engages Government Ministers
 - Formally cleared through individual LA's

What it is not:

- A legally binding document
- A finalised deal


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Engagement & Communication Plan

Communications Plan:

- A simple website
- FAQ's for communities and partners
- Key principles and messages
- Consistent with 4 September submission
- Targeted approach to local, national and specialist media

Ongoing programme of engagement with:

- Government – Civil Servants/ Ministers
- MPs
- Local Authority Members and staff
- Public sector partners
- Business organisations
- Local Communities and the public

Any Questions?