

Agenda Item No: 9.7 **Report No:** 154/15

Report Title: Devolution Update

Report To: Cabinet **Date:**

Cabinet Member: Cllr Andy Smith

Ward(s) Affected: All

Report By: Jenny Rowlands – Chief Executive

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Purpose of Report:

To update Cabinet on the Council's engagement with the Government's Devolution agenda and specifically the two local bids that Lewes District Council is participating in - Greater Brighton and the 3 Southern Counties (3SC);

Officers Recommendation(s):

- 1 To note the progress of both the Greater Brighton and 3 Southern Counties (3SC) bids to Government;
- 2 To recommend that Officers continue to engage proactively with both bids;

Information

1 Background and Context

Devolution

- 1.1 In November 2014 the Chancellor signed a devolution agreement with the leaders of the Greater Manchester Combined Authority which outlined new powers and responsibilities that were to be devolved to the city region;
- 1.2 In May 2015, the Chancellor announced a wider programme of devolution to a larger number of local authorities identified as part of a "Northern Powerhouse" and in the Queen's Speech in May 2015, the Queen announced that a Cities and Local Government Devolution Bill

would be laid before Parliament in 2015 to provide for the devolution of powers to cities and local authorities. The main purpose and benefit of the Bill are identified as to boost local and national economic growth by devolving power and increasing productivity and efficiency in local government;

- 1.3** In July 2015 the Government published the 2015 Spending Review. The foreword indicated one of the aims of the Spending Review was to begin the process of a radical devolution of powers from central government to local government within England. The Spending Review states:

“The government is committed to building strong city regions led by elected mayors, building on ground-breaking devolution deal with Greater Manchester in November 2014. The Chancellor has asked all relevant Secretaries of State to proactively consider what they can devolve to local areas and where they can facilitate integration between public services. City regions that want to agree a devolution deal in return for a mayor by the Spending Review will need to submit formal, fiscally-neutral proposals and an agreed geography to the Treasury by 4 September. The Treasury and DCLG will work with city regions to help develop their proposals...”

- 1.4** In September 2015 both Greater Brighton and 3SC submitted devolution prospectuses to DCLG and the Treasury. These bids represent discussions between the partners as to their mutual strengths, challenges and interests. They summarise these discussions with the intention that they will be used as an agenda for an ongoing dialogue with Government about devolution.

Greater Brighton

- 1.5** Lewes District Council is a signatory to the Greater Brighton City Deal which was signed by Greg Clarke MP in May 2014. The aims of the City Deal are to:

- i. Enable the City Region to fulfil its economic potential;
- ii. Build on the City Region’s economic assets – its skilled workforce, its innovative business and its universities;

- 1.6** In its 2014/15 annual report, Greater Brighton identified the successes that the Board and Partners had achieved in the first year;

- i. Built a strong alliance of public and private sector partners recognised by Government, investors and stakeholders;
- ii. Created the Greater Brighton Investment Programme – an ambitious £1.6bn programme that is estimated to create 20,000 jobs, 11,000 homes and 495,000m² of employment space over its lifetime;
- iii. Secured over £96m of Government funding for the Programme to date;

- 1.7** In February 2015 the Greater Brighton Economic Board agreed the need to develop its response to the national policy debate on place-based devolution in advance of an offer by Government, and to be ready to seize new opportunities that might be introduced by an incoming Government;
- 1.8** In September 2015 Greater Brighton submitted a devolution prospectus to the Treasury entitled “Platforms for Productivity” to which Lewes District Council was a partner alongside the members of the Greater Brighton Economic Board;

Three Southern Counties

- 1.9** SE7 is a partnership of seven local authorities that have committed to working together under a Memorandum of Understanding to improve the quality of services and to achieve savings. The SE7 authorities are:
- i.** Brighton and Hove City Council;
 - ii.** East Sussex County Council;
 - iii.** Hampshire County Council;
 - iv.** Kent County Council;
 - v.** Medway Council;
 - vi.** Surrey County Council; and
 - vii.** West Sussex County Council;
- 1.10** Following the Queen’s Speech announcement and discussions amongst the group of SE7 authorities, East and West Sussex and Surrey County Council as the Three Southern Counties group (3SC), separate from the SE7 authorities, submitted a letter to government in June indicating their interest in discussions with Government about devolution for their joint area;
- 1.11** In September 2015 3SC submitted a devolution prospectus to the Treasury entitled “The Cost of Success” to which Lewes District Council was a partner alongside the other constituent District and Borough Councils of East Sussex, West Sussex and Surrey Counties;

2 The Devolution Bids

Both devolution bids constitute the beginning of discussions with the Department for Communities and Local Government and the Treasury about the scope and timeline for the devolution of powers. The proposals outlined in the summaries below are not legal commitments and would be subject to further discussions between partners;

Greater Brighton

- 2.1 A summary of the Greater Brighton devolution prospectus is included below, and the full prospectus is included as Appendix A:
- 2.2 Greater Brighton builds on the City Deal and the Greater Brighton Economic Board (GBEB). The devolution bid for the Greater Brighton City Region intends to use the ability and assets of the City Region (business, academic, public and other) to drive productivity in the financial, social and public service economies;
- 2.3 The Greater Brighton devolution governance model is to continue with the Greater Brighton Economic Board as currently constituted, but to investigate the possibility of a combined authority where this is a condition of devolved powers;
- 2.4 The Greater Brighton bid is structured around three key platforms:

(a) Platform 1 – Economic Productivity

Transport infrastructure – creating a Greater Brighton infrastructure plan, assessing East/West connectivity, seeking a 10-year funding block, widening ticketing connectivity and escalated discussions with the Highways Agency and Network Rail on investment;

Making property assets work harder – creation of a Greater Brighton Investment Plan, a Greater Brighton Property Board based on the “one public estate” model, support for the Newhaven Enterprise Zone, escalated discussions with Treasury on retention of stamp duty (the request for Business Rates retention now superseded by the Chancellor’s September announcement of retention of business rates by local government by 2020);

Enterprise Support - focusing on the creative, digital and information technology sectors, engineering and life and health sciences as the growth sectors for the region, development of a Greater Brighton Investment Fund, Greater Brighton business portal, devolution of UKTI funding and devolution of the Business Growth Service;

(b) Platform 2 – Social Productivity

Education Promise Zone – promise to the young people of the region to obtain skills and work in the new economies of the region, and to the region to provide a supply of skilled workers to support growth; creation of an apprenticeship company to coordinate activity in the region and to distribute a devolved apprenticeships levy and AGE grant;

Housing Supply – “living wage housing” – creation of a joint venture company to create 1000 new homes as a pilot, creation of a Greater Brighton housing company; right-to-buy receipt retention, escalated engagement with the HCA and devolution of HCA funding for affordable housing;

Digital infrastructure and capacity – improved broadband connectivity across the region, 5G connectivity and development of “Government as a Platform” proposals;

Supporting the information economy – support and creation of platforms for the social economy, promotion of careers in the caring sectors; supporting social innovation including alternative credit and banking platforms and collaboration on craft and food service production sectors;

(c) Platform 3 – Public Service Productivity

Accelerating public service redesign and collaboration alongside maintaining strong open governance systems, intervening to address both market and public service failures and gaps, and working to remodel public services to be networkers and civic social entrepreneurs;

Three Southern Counties (3SC)

2.5 A summary of the 3SC devolution prospectus is included below, and the full prospectus is included as Appendix B;

2.6 The 3SC bid is structured around two main focus points:

(a) Economic Growth and Enhanced Productivity

- i.** Infrastructure Strategy including transport (strategy to 2050 and alignment with strategic road and rail planning) and digital (comprehensive superfast and ultrafast broadband pilots);
- ii.** Smart sector specialisms including working with universities, and up-skilling the workforce (devolution of all 14-25 funding, apprenticeships and influence over curriculum);
- iii.** Housing and priority locations – powers to expedite key sites, duty to cooperate with HCA, strategic planning functions, engagement with Enterprise Zone designation process;
- iv.** International – exploration of ports and airports connectivity and opportunities to promote trade and tourism;

(b) Public Service Transformation

- i.** Creation of a 3SC fund where monies for public sector transformation is pooled for the 3SC region;
- ii.** 3SC transformation dividend – creation of an ability for the government to recoup financial benefits realised elsewhere in public service supply chain through transformation activity within the 3SC area;

- iii. 3SC transformation deal – an agreement with government to escalate facilitation of transformation programmes requiring central government engagement i.e. blue light, and troubled families;

3 The Interaction of the Bids

- 3.1 Greater Brighton and 3SC have signed a Memorandum of Understanding to acknowledge that their devolution bids raise key areas of common interest and will benefit from close cooperation between the organisations both in their development and realisation.
- 3.2 The Memorandum commits both partnerships to maintaining effective cooperation in planning, consultation and public and partner engagement in respect of their individual bids and their interaction;
- 3.3 The Memorandum specifically identifies the areas of transport, infrastructure and skills and social care as areas for cooperation, in addition to the review of governance arrangements to ensure they are appropriate to enable the effective delivery of the proposals contained within the prospectuses;
- 3.4 The Memorandum of Understanding is included as Appendix C to this report;

4 The Next Steps

- 4.1 Both prospectuses signal their respective members' commitment to agreeing a deal with government and begins this process. Both 3SC and Greater Brighton expect to continue a formal and informal dialogue with government during the 2015 calendar year.
- 4.2 Greater Brighton are continuing to develop the evidence surrounding their devolution requests and anticipate submitted the final version of their prospectus, following discussion with Government, to the Greater Brighton Economic Board in January 2016;

5 Financial Implications

- 5.1 A report has gone to the Greater Brighton Economic Board requesting that partners release a further £50,000 of funding to complete the process of the devolution bid. LDC is requested to contribute a 12% share (£6,000) of this additional funding. This can be met from existing Economic Development budgets.
- 5.2 Were further proposals to be developed through either 3SC or Greater Brighton that required investment or affected the financial operations of the Council, a report will be brought to Cabinet;

6 Legal Implications

- 6.1 There are no direct legal implications arising from the bid submissions, but if any aspects are to be developed and adopted more formally then

the legal implications will be considered by both the Greater Brighton Economic Board and the Cabinet of Lewes District Council;

7 Risk Management Implications

None

8 Equality Screening

Not required at this stage of the process.

9 Background Papers

9.1 Greater Manchester Devolution Settlement

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/369858/Greater_Manchester_Agreement_i.pdf

9.2 Chancellor's May 2015 Northern Powerhouse Announcement

<https://www.gov.uk/government/speeches/chancellor-on-building-a-northern-powerhouse>

9.3 Background Briefing Notes to the Queen's Speech 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430149/QS_lobby_pack_FINAL_NEW_2.pdf

9.4 Cities and Local Government Devolution Bill 2015

<http://services.parliament.uk/bills/2015-16/citiesandlocalgovernmentdevolution.html>

9.5 "A country that lives within its means" – Spending Review 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447101/a_country_that_lives_within_its_means.pdf

10 Appendices

10.1 Appendix A – "Platforms for Productivity" Greater Brighton Devolution Prospectus

10.2 Appendix B – "The Cost of Success" 3SC Devolution Prospectus

10.3 Appendix C – Memorandum of Understanding between 3SC and Greater Brighton