

Key Decision Required:	No	In the Forward Plan:	No
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CABINET

23 OCTOBER 2015

REPORT OF THE LEADER OF THE COUNCIL

A.2 DEVOLUTION – PROGRESS AND NEXT STEPS

(Report prepared by Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
<ul style="list-style-type: none"> • To set out progress to date on preparing a draft submission for a Greater Essex Devolution bid; and • To consider the next steps necessary to move the process forward

EXECUTIVE SUMMARY
<ul style="list-style-type: none"> • 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 high level proposals which could see the transfer of powers and funding from central Government to Greater Essex authorities. This is seen by many as a unique opportunity for local government. • Devolution could bring many benefits such as growing the local economy, greater control over skills funding to ensure training matches business need now and in the future, creating new jobs, increasing inward investment and tackling some of the transport and infrastructure challenges of the area. • Work commenced on the devolution programme in December 2014 and an expression of interest was made to Government in March 2015 by the Greater Essex partnership. This report provides a further update on progress to date and sets out the next stages over the next 6-8 months. • A high-level submission was made to Government on 4th September 2015 to confirm the Greater Essex Partnership's continued interest in a devolution deal. The letter was signed by all fifteen Leaders across Greater Essex. (A copy is included in Appendix A). This submission has received positive feedback from civil servants, with Government interested in working with the Greater Essex partnership to develop our proposals further. We believe this is based on the ambition of our proposals, the scale and location of Greater Essex and our collaboration as a partnership. • This next phase of work and negotiation with Government has continued during September/October and it is envisaged that most of the elements of a devolution deal will be in place by the end of the calendar year, subject to political agreement locally and nationally. Therefore the aim is to make a further submission to Government in December 2015 and dependent upon how developed it is this submission may need sign-off by each authority. After this phase, we envisage

finalising a devolution deal submission in early 2016 which will require sign off by each local authority.

- Working Groups, led by one of the Leaders', have been established to look at the detail of a submission. The Governance Group is led by Councillor Stock and details of the other leads are set out later in the report.
- From this report, Cabinet is asked to continue to support the devolution programme and the emerging shape of the devolution deal for further development. Members will be kept updated on progress and a further report will be taken to Cabinet in advance of the sign off process, probably in late November 2015.
- The primary focus is about developing a different relationship with Government, particularly around Fiscal policy and delivery of ambitious and deliverable programmes
- Clearly, if Greater Essex is accepted into the devolution process all Councillors will have a vital role in helping to shape what this will mean to Tendring and how Tendring can exploit whatever levers are provided to help deliver positive outcomes for residents through increased control and certainty.

RECOMMENDATION(S)

That Cabinet:

- (a) Notes the progress of the options being developed;**
- (b) delegates authority to the Leader of the Council to agree the evolving submission so that it can be sent to Government in December 2015; and**
- (c) Agrees a contribution of £10,000 to support the devolution programme.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

It is not clear at this stage what freedoms, resources or powers may derive from a successful devolution bid but clearly we would look to frame any additional resources or powers to ensure that they are structured in such a way as to ensure that they are aligned to Corporate Priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

£10,000 to support the development of the devolution bid to be drawn from the Fit for Purpose budget. A similar level of funding is being provided by all of the Great Essex Councils.

There will inevitably be a requirement for some senior officer resource to be committed to assisting with the delivery of the bid and subsequent negotiations with civil servants.

Risk

At present we are only committed to submitting a bid to move us to a position where discussions can commence with Government about taking devolution forward.

LEGAL

A Combined Authority is a type of statutory body which can be formed by the Secretary of State under the Local Democracy, Economic Development and Construction Act 2009.

Discussions and development of the devolution proposal with other stakeholders and community partners, for submission to central government are being undertaken in accordance with the Responsibility of Executive Functions contained within Schedule 3 of Part 3 of the Constitution.

To establish a combined authority, a governance review must first be undertaken of the arrangements for the area and a “scheme” published setting out proposed functions for the Combined Authority. The governance review and scheme must demonstrate how the Combined Authority would:

- Improve the effectiveness and efficiency of transport in the area;
- Improve the exercise of statutory functions relating to economic development, regeneration and transport
- Improve the economic conditions of the area.

Once the governance review and scheme are agreed, they are submitted to the Secretary State who must then consult interested parties prior to approval.

This Report is to gain support to the on-going dialogue with Greater Essex councils, stakeholders and central government it is not part of the formal governance review stage of the process, as identified in the Report.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Consultation is part of the governance review that has to be carried out as part of the process to establish a Combined Authority, but the partnership has not reached this stage yet.

An engagement plan has been developed and is being implemented. To date, there has been engagement of other public sector partners including police, police and crime commissioner, Essex Fire and Rescue Service, Community Rehabilitation Company (probation), business forums and health sector. Members of Parliament have also been contacted.

An all Member briefing session was held on 19th October 2015 to ensure that all Members are kept up to date on the development of the devolution deal.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

You will be aware that a number of local authorities and regions have been in dialogue with Government for some months about exploring the potential for delivering real change through powers and resources being devolved to a more local decision making framework so that a more local focus can be brought to bear on issues.

The Chief Executive has updated you via Member briefings that discussions have been ongoing though-out this year, across the Great Essex area, with a view to formulating some initial “asks” and “offers” to present to Government to outline what devolution could bring to Great Essex.

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.

Any devolution deal must deliver stronger economic growth (nationally and locally) and improve wellbeing.

To date the following process has been followed:

Leaders and Chief Executives working together with all fifteen authorities represented. Two devolution meetings were held:

- 19th February – discussing our ambition, vision and strategic problems to
 - address;
- 5th March – more detail on ambition, possible ‘ offers and asks’ to
- Government and discussion on future governance models;
- On 13th March 2015, a letter was sent to then Secretary of State for Communities and Local Government expressing an interest in devolution for Greater Essex and requesting further dialogue with Government post elections. A copy of the letter has been shared with all MPs in the Greater Essex area.

During March and April, Chief Executives progressed the work on devolution proposals, working with civil servants from the DCLG and BIS.

What are the key strategic issues in Greater Essex that devolution could help to tackle?

- Over the past decade 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 nearly 50% short of housing needs; and
- Our health economy and social care systems are under huge pressure and we are now part of the NHS Success Regime.

Benefits of Devolution

This is seen by many as a unique opportunity for local government and other partners. At the LGA conference in July 2015, the Secretary of State for Communities and Local Government, the Rt. Hon. Greg Clark, MP, made a number of points in his speech outlining the opportunities devolution brings:

“ 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.

Puts power back into local hands. Local areas and experience can do things better.”

In addition, other benefits identified include:

- Powers and funds to come from central government to local government; the devolution prize is securing greater control of these;
- Enhancing the role and strength of local government;
- Decisions will be made locally by people who know more about the local situation;
- Opportunity to reform public services including the devolution of health services to support the NHS Success Regime;
- Others are seizing the opportunity and we risk competitive disadvantage;
- Improve outcomes – we will be better able to increase productivity, and secure growth in our economy and communities if we can shape services/interventions to better reflect local needs and circumstances; and
- Unlock investment from a wider range of sources – allowing local partners to attract additional money from private sector investors and developers.

Activity Post May 2015

The Cities and Local Government Devolution Bill will enable devolution to other areas such as county areas as well as cities. The Secretary of State for Communities and Local Government is leading on devolution with a focus on decentralisation and housing; he is taking a ‘bottom up’ and bespoke approach to the development of devolution deals for each area, so there is no fixed framework.

Greater Essex authorities are developing devolution proposals under the strategic headings of:

Economic Growth, Infrastructure and Connectivity
New homes and communities
Employability and skills
Fiscal proposals

With two other key work streams also being taken forward to ensure that the proposals gel together

Governance
Communications

In addition to our work at a strategic level to develop a coherent and compelling devolution deal to Government, we are also working within the current quadrants to explore benefits and the ‘offers and asks’ at a more local level. Tendring District Council is a member of the Haven Gateway quadrant and discussions have been held at a quadrant level.

The schematic below shows our approach and key work streams of the overall devolution programme.

Our strategic priorities - overview



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Further devolution discussions have been held with Leaders:

- 18th June – update on national picture post-elections; consensus to continue the development of a devolution proposal;
- 9th July – more detail on devolution ideas and possible offers and asks;
- 20th July - agreement of Leaders to meet fortnightly with consensus to submit a devolution proposal in the autumn; and
- August - fortnightly workshops with Leaders and senior officers commenced.

Governance Arrangements

Partners recognise that devolution deals will need to be supported by the development of enhanced governance structures. Councillor Stock will be leading the development of the proposition around governance which should ensure that we are fully aware of how this work stream is being developed.

As well as developing the offers and asks of any devolution deal, Greater Essex authorities must also develop a governance approach and model to demonstrate to Government that the partnership has robust and accountable arrangements in place through which it would make decisions and deliver the outcomes.

The test of any governance model is that it will have:

- Democratic mandate
- Effective and functioning relationships
- Ability to take difficult decisions
- Willingness to resource and develop its capability
- Ability to pool resources

The Cities and Local Government Devolution Bill refers to a Combined Authority model (Government's descriptor). Whilst there are other governance models in existence such as joint committees and Economic Prosperity Boards, the message we are receiving is that the combined authority model appears to be the preferred governance model through which powers and funds are devolved.

The term 'combined authority' (CA) can cause some misunderstanding as to its purpose and scope. The points below seek to clarify this:

A CA is not about centralising power - rather it is a way of combining and strengthening local partnerships so that we work more effectively across Greater Essex and have decisions made at the most appropriate level to deliver the best outcomes.

Partners are working together to consider a range of options to ensure any approach has the right scale and sufficiently reflects Greater Essex's economic areas and quadrants.

Partners do not yet have a fixed view as to how any CA should be configured or the powers it should wield, but are committed to a process of working through this detail together with buy-in from all authorities.

It is not a re-organisation of local government; a CA does not replace existing authorities and it is not a unitary council.

Proposals to form a CA must be approved by each of the Councils involved before being submitted to the Government.

There is a detailed process that has to be followed to establish a Combined Authority with stages at local government and central government levels which results in the proposal going before Parliament for approval. The process can take at least 12-18 months from when the formal process is triggered. The Greater Essex partnership is not yet at this stage of work.

The stages set out by Government are:

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)

Next Steps and Timetable

At the devolution meeting on 20th July 2015, Leaders agreed to continue to develop a devolution deal with the aim of submitting proposals to Government in the autumn ahead of the comprehensive spending review. Fortnightly workshops are being held with Leaders (or their representatives) to support this. These Groups are as follows:

Workstream	Leaders
Fiscal	Louise McKinlay (tbc) Roy Whitehead, David Finch
Economic Growth, Infrastructure and Connectivity	Phil Turner Paul Smith
New Homes and Communities	Graham Butland Colin Riley
Employability and Skills	Ron Woodley Miriam Lewis
Governance	Neil Stock Jon Clempner, Terry Cutmore

A high-level submission was made to Government on 4th September 2015 to confirm the Greater Essex Partnership's continued interest in a devolution deal. The letter was signed by all fifteen Leaders across Greater Essex. (A copy is included in Appendix A). This submission has received positive feedback from civil servants, with Government interested in working with the Greater Essex partnership to develop our proposals further. We believe this is based on the ambition of our proposals, the scale and location of Greater Essex and our collaboration as a partnership.

This next phase of work and negotiation with Government has commenced and it is envisaged that most of the elements of a devolution deal will be in place by the end of the calendar year, subject to political agreement locally and nationally. Therefore the aim is to make further submission to Government in December 2015 and this submission will need sign-off by each authority. After this phase, we envisage finalising a deal in early 2016.

As well as the strategic view of any devolution deal, Leaders also agreed the importance of engaging at a local level with individual authorities and the quadrants of Essex – South Essex, West Essex, Heart of Essex and Haven Gateway. This is now underway.

Leaders also supported the engagement of the wider partnership such as health, fire and rescue service, police, police and crime commissioner and businesses. This is underway.

Leaders recognised the importance of keeping MPs informed and a copy of the 4th September submission has been shared with all Greater Essex MPs. Councillor Stock has written to local MP's and meetings are being arranged to share progress with them.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

4th September expression of interest letter