

Report to: **Hub Committee**

Date: **26 January 2016**

Title: **Heart of the South West Formal Devolution Bid – Update report**

Portfolio Area: **Strategy and Commissioning**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny (Internal) Committee**

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision) **16 February 2016**
Following full Council decision

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Recommendations

That Hub Committee recommend Full Council to:

1. Endorse the Leader's current approach to devolution and the drafting of proposals, their submission and negotiation of a deal for the Heart of the South West, namely:

Working with local authorities, National Parks and the Heart of the South West Local Enterprise Partnership to deliver full proposals for devolution which will seek a formal agreement with Government on a formal devolution deal as set out in Appendix 1

2. Note that full Council will consider and be asked to approve the final devolution proposal
3. That should government timescales change, or minor amendments become necessary, authority be delegated to the Head of Paid Service in consultation with the Leader of the Council to approve the final proposal.

1. Executive summary

- 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, three Clinical Commissioning Groups and the Local Enterprise Partnership.
- Our shared Devolution Statement of Intent was submitted to Government on 4 September in response to announcements in the July Budget and a deadline set by the Chancellor of the Exchequer. The Government received 38 bids from cities, towns and counties across England. There is strong competition for devolution powers and some bids are further advanced than HotSW. Nevertheless, the Government has subsequently asked us to produce detailed devolution proposals with a view to negotiating a formal deal thereafter.
- The process to produce formal proposals is almost complete and is being coproduced across the HotSW. This report updates Hub Committee and the Council on the latest position following a meeting of the HotSW Devolution Partnership on Friday 22 January 2016.
- Any final devolution deal with government will be subject to further approval / ratification by all partners individually.

2. Background

- The Government has declared its desire to devolve powers and budgets from Westminster to local authorities, along Local Enterprise Partnership geographies. The Chancellor of the Exchequer is particularly interested in devolution as a driver of economic growth and reducing reliance on the public purse.
- In general, devolution is expected to support the following areas of government policy:
 - Increased productivity
 - Skills and employment
 - Housing
 - Reducing the cost of the public sector
- A report was presented to the Hub Committee on 1 December 2015 which sought endorsement of the Council's role in producing formal proposals to the Government's timescales.
- During August, Heart of the South West Leaders agreed to produce a high-level set of ambitions stating our desire to negotiate a devolution deal with government where we would

make improvements to our area in return for increased powers and responsibilities.

- The Heart of the South West Devolution Statement of Intent was submitted to Government and made public on 4 September 2015.
- The Government praised our statement of intent for its clarity and ambition and asked us to move forward swiftly to produce detailed, formal proposals and begin negotiation with them on a formal deal.
- Government's expectation is that we will submit proposals and carry out formal negotiation in early 2016.
- Therefore, partners are now working on formal proposals and preparing for high-level discussions with Government.

3. Outcomes/outputs

The Council has an opportunity to benefit from devolution across a wide range of topics and services. Benefits may include increased powers over decision-making and funding, leading to decision-making that more closely reflects local needs, improves services and reduces costs.

Devolution has clear links to, and potential to enhance the benefit of the Council 'Our Plan' strategy and links into the Councils transformation programme T18.

These recommendations seek to gain 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 make and negotiate on proposals.

At this stage of the process the Council is not required to take decisions on the detail of what would be delivered under any devolution deal or possible future governance arrangements but rather to be actively aware and involved in discussions.

Consultations undertaken

Despite the Government's challenging timescales to date, efforts have been made to keep Members informed on the development of the proposals and this will continue going forward.

Any final devolution deal with government will be subject to:

- Further approval / ratification by all partners

- Consultation, as appropriate, before delivery of parts of the deal

4. Options available and consideration of risk

- Options considered and reasons for rejecting them

Alternative approach	Reason for rejection
Not to participate	There is significant potential benefit to West Devon through devolution which can be explored with minimal risk.
To submit proposals based on a different geography	Government has confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.

- Failure to secure a deal may affect delivery of the Council's ambitions. Implications will be addressed as any devolution deal is developed and agreed.
- One or more partners may choose not to proceed with a formal bid which could result in the bid floundering.
- There are not considered to be any other implications at this stage however the whole population of our authority could be affected by a devolution deal.
- Any final devolution deal with government will be subject to further approval/ratification by all partners, and will require other implications and impacts to be considered at that stage.

5. Proposed Way Forward

Next Steps: Producing formal devolution proposals

- A Programme Management Office is overseeing delivery of each chapter and maintaining communications between partners. Currently this Office is funded through existing resources. It is important to note that each partner remains responsible for their own governance processes and public/in-house communications.
- Each theme 'chapter' will demonstrate a thorough understanding of the issues and the difference that devolved powers and funding would make, including:

- A robust evidence base
 - A series of 'offers' to government and 'asks' from government showing:
 - Stretching targets
 - Demonstrable outcomes for the Heart of the South West area
 - Resource requirements including an analysis of costs and benefits
 - Impact assessments
 - Proven capacity and capability to deliver
- Work has been undertaken to produce proposals to be submitted to Government, including the document 'Devolution for the Heart of the South West – A Prospectus for Productivity'. This document outlines the position and objectives of the Heart of the South West Devolution Partnership. In line with the commitment to keep Members informed, this document is attached at Appendix A.
 - At a meeting of the Devolution Partnership on 22 January 2016, partners will agree the papers to take forward the Statement of Intent. Next steps will be agreed, including stakeholder engagement.
 - Council Members will continue to be kept information as work continues, including through regular updates, Member events and informal briefings.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		None at this stage. Implications will be addressed as any devolution deal is developed and agreed
HR		None at this stage. Implications will be addressed as any devolution deal is developed and agreed
Financial		Until detailed devolution proposals are developed, financial implications can only be generalised. They fall into three categories:

		<p>1. The Government requires devolution to be a fiscally neutral process – power over funding may be transferred but no new government money will be made available except potentially for ‘pump priming’ activity</p> <p>2. There is potential for savings across the public sector in the Heart of the South West and proposals are being developed with this in mind</p> <p>3. The Government may however attempt to negotiate additional spending by the council or other partners as a requirement of one or more parts of the final deal</p>
Risk		As noted in para 4
Comprehensive Impact Assessment Implications		
Equality and Diversity		None at this stage
Safeguarding		None at this stage
Community Safety, Crime and Disorder		None at this stage
Health, Safety and Wellbeing		None at this stage
Other implications		None at this stage

Supporting Information

Appendices: Devolution for the Heart of the South West – A Prospectus for Productivity

Background Papers:

Statement of Intent – e-mailed to Members on 5 October 2015
Draft Proposal
Draft Governance paper
Report to Hub Committee 1 December 2015

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	N/A