

Report to: Cabinet



Date of Meeting 13 July 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Devon, Plymouth and Torbay Devolution Deal - update

Report summary:

Following the publication of the Levelling Up White Paper in February, work has been ongoing on formulating and agreeing a devolution deal for the area. This report provides an update on the progress on the Deal over recent months, and likely next steps and timings.

This paper outlines two particular areas of note for East Devon, around the likely timetable for integration of the Shared Prosperity Fund if devolution happens, and ongoing work around governance of a future County Combined Authority in light of the Levelling Up Bill published in May.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendations:

That Cabinet;

- notes the ongoing work around the Devon, Torbay and Plymouth Devolution Deal
- acknowledges the importance of influencing the development of the Deal for the Devon, Plymouth and Torbay area
- notes the interim discussions around the Levelling Up Bill and supports ongoing efforts to influence Government's position on the role of District Authorities within Devolution.

Reason for recommendation:

To ensure that key Council priorities are identified in relation to the development of a Devolution Deal

To ensure that any subsequent Devolution Deal respects the sovereignty and needs of the area

Officer: Andy Wood, Service Lead – Growth, Development & Prosperity, email adwood@eastdevon.gov.uk tel 01395 571743. Phill Adams, Programme Director – Devon, Plymouth and Torbay County Deal.

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance

- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact High Impact

By definition the Levelling Up White Paper is intended to help address inequalities.

Climate change High Impact

Risk: High Risk; The Levelling White Paper includes policy proposals and provisions that could have a very significant impact on the future role and function of the Council. Of particular note is that the Council has no formal role in agreeing the form and content of a County Deal and the current Levelling Up Bill provides the Secretary of State with the power to undertake unilateral movement of powers. Work is ongoing to encourage amendment of this approach, but it does remain a risk for district authorities through the process.

Links to background information [Levelling Up White Paper \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
[Levelling-up and Regeneration Bill - Parliamentary Bills - UK Parliament \(Public Pack\)Agenda Document for Cabinet, 02/03/2022 18:00 \(eastdevon.gov.uk\)](#) item 13

Link to Council Plan

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

1. Background and context

- 1.1 The Levelling Up White Paper was published on the 2 February. Badged as a plan to transform the UK by spreading opportunity and prosperity to all parts of it, the document had been keenly anticipated. It follows up on a key commitment from the UK Government to address regional and local inequalities. The opening sentence of the foreword from the Prime Minister describes levelling up the country as the Government's defining mission.
- 1.2 The document states that levelling up will require government to;
 - boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
 - spread opportunities and improve public services, especially in those places where they are weakest;
 - restore a sense of community, local pride and belonging, especially in those places where they have been lost; and
 - empower local leaders and communities, especially in those places lacking local agency.
- 1.3 To achieve this ambition, the White Paper sets out a new Devolution Framework (see Appendix A) which gives an indication of the types of powers and functions that will be considered for each of three devolution levels. Importantly Devon, Plymouth and Torbay are identified as one of nine areas that will be the focus for an initial wave of County Deals to be concluded by the end of 2023.
- 1.4 Cabinet received an initial report on the White Paper at the 2nd March meeting. With regards substance, the Government's devolution approach principally focuses upon the creation of a new County Combined Authority in each devolved area, with the new body then drawing powers and funding down from Whitehall across a suite of pre-agreed themes. As set in the Levelling Up White Paper's devolution framework, the Government

offers areas a stepped choice of options and powers dependent upon the shape of governance local partners are willing to adopt (with the mayoral model considered the gold standard).

- 1.5 Within Devon, Plymouth and Torbay, partners have been clear that they wish to pursue a Level 2 / mid-level type deal, seeking to take forward a non-mayoral cabinet style arrangement of leaders. Whilst this reduces the powers on offer to a devolved body, it provides a governance approach more suitable for multi-tier and geographically diverse areas where a single lead may not be appropriate.

2. Update on a Devolution Deal for Devon, Plymouth and Torbay

- 2.1 As one of the identified pilot areas for Devolution, Devon, Plymouth and Torbay partners have mobilised a process of joint working over the past three months to develop their shared devolution pitch to Government. This includes engagement across multiple levels; through Leaders within Team Devon, Chief Executives via bilateral sessions with the County Council and Unitary partners, and with officers across a range of thematic groups working on the likely asks from the area for Government. Despite a commitment in principle to explore devolution however, all work is being advanced on a non-binding basis, with the intent to negotiate with Government and then bring any final deal back to constituent Councils and partners for approval.
- 2.2 On this basis, work to date has focused upon agreeing the broad parameters of any future deal to be negotiate with Government. Work has concentrated primarily upon two core aspects of the deal:
 - **Governance** – Agreement of an outline Governance structure for any new Combined Authority, with relevant representation from ‘Team Devon’ alongside Plymouth and Torbay Councils built into both the Combined Authority itself via the board and proposed Joint Committee, as well as integration within relevant scrutiny structures. The latest proposed structure is set out below;



- **Thematic Priorities and Asks** - Agreeing and refining the core themes of the Combined Authority, with a focus on six core areas (Business Support and Innovation, Skills, Housing, Transport, Net Zero / Environment, and Place Making) to be pursued with Government. This culminated in the production of a shared template to Government on the Devon, Plymouth and Torbay Deal submitted in March (attached at annex 1), which sets out an ambitious programme for devolution, including the folding in of the Local Enterprise Partnership, devolution of skills funding, significant new powers around housing, and seeking to secure a range of complementary investments around innovation, education and net zero initiatives.
- 2.3 Partnership working around the devolution to date has been positive, in part due to a shared commitment across partners to a series of base principles. This includes agreement that the area is not interested in a mayoral authority, that any deal must be respectful and representative of all Local Government partners (whether County, Unitary or District), that any activity included within the Combined Authority must be additional and add value, and that no deal is done until a deal is agreed locally.
 - 2.4 The emerging asks from the Devolution proposal resonant with the Council's priorities in terms of the Council Plan and associated strategies, for example in relation to Climate Change. This position will need to be kept under careful review as the proposals continue to be developed and finalised. This includes in relation to the UK Shared Prosperity Fund, the Investment Plan for which is the subject of a separate Cabinet report.
 - 2.5 Despite significant local alignment however, Government engagement and activity to date has been more limited. Whilst an initial template was requested by Government from each devolution area in March, formal activity around the Devon, Plymouth and Torbay deal has yet to begin as of the start of June. Early feedback from the Department for Levelling Up suggests that this is down to a lack of capacity within Whitehall, with the initial mayoral deals in Cornwall, Norfolk and Derbyshire/ Nottinghamshire currently being prioritised given their longer lead times.
 - 2.6 This was confirmed by the Local Government Minister in a meeting with Leaders on the 9 June, and mirrors the experience of other pilot areas including Suffolk, Humber and County Durham. The Minister was able to confirm however an intention to complete existing Level 3 negotiations by the late summer, and for officials to then begin work with Level 2 areas during the early Autumn. The Government also committed itself to reach a go / no go decision with every pilot area by the end of the calendar year.
 - 2.7 This aligns closely with the progress of the Levelling Up and Regeneration Bill currently working its way through the house. The Bill sets out the broad legislative framework for taking new County Combined Authorities / Government's wider devolution commitments, providing the variable framework set out through the White Paper. As set out for Members in March, this however retains a focus upon County and Unitary authorities as the decision-making bodies for any future devolution approach.

3. Issues Arising

- 3.1 Whilst partners within the Devon, Plymouth and Torbay area continue to work closely together around their preferred approach to Devolution, and are predominantly aligned in their views, two areas of note have arisen over the past few months which require further clarification moving forward:
 - **Conferring of Powers by the Secretary of State** – The recently published Levelling Up and Regeneration Bill included provisions within Clause 16 for the Secretary of State to remove powers unilaterally from District or Unitary Authorities and awarded them to any new Combined Authority. The principle behind this is to mirror existing provisions within the previous Local Government Act which established Mayoral Combined Authority in 2016. However, in two tier areas, this is clearly more problematic, with the potential for local government restructuring via Whitehall.

At a local level, County, Unitary and District Colleagues are strongly opposed to this approach and have informed the Minister it poses a redline matter for partners. This has also been fed back to MPs and through respective associations (including the LGA and District and County Council Networks). However, Government has yet to commit to an amendment beyond regulation. This is likely to form a key issue in the debate around the Bill over the next few months, as well as being a test of Government's willingness to allow local areas to determine their own preferred devolution approach.

- **Future Provision of the Shared Prosperity Fund** – Cabinet will be shortly be considering report on the proposed investment plan for the Shared Prosperity Fund for the period 2022 – 2025. The intention is that this will be then be submitted by the deadline of the 1st August. Government has confirmed that, in areas where a County Combined Authority is to be taken forward, Shared Prosperity Funding will be pooled from managing authorities from 2024. Government is keen for this to be an organic process, with a pooling of priorities and projects during the period to allow for a smooth transition, but as yet no guidance or detail has been provided for this shift in accountability

3.2 Devon, Plymouth and Torbay partners are already seeking to work together to align their broad approach to the management of the Shared Prosperity Fund where appropriate and ensure that project activity which cuts across boundaries can be properly considered. If a Devolution Deal is concluded, partners have also indicated that they will be seeking to take a bottom-up approach to prioritisation and management of the Shared Prosperity Fund moving forward to avoid a clash between any current and future arrangements. However, this will naturally need to be an area of joint working if / when any deal is concluded.

3.3 A further report on the final devolution proposals will need to be considered by Cabinet before the end of this year. This will include an assessment as to the degree to which the proposals help to meet and advance the Council's strategic priorities. The initial March Cabinet report identified the following areas in this respect;

- A regeneration programme for our coastal and market towns including supporting our high streets – this could pick up on the work already underway for the Axe Valley and Exmouth including taking forward the potential for culture-led regeneration.
- Digital connectivity improvements – this could include the accelerated roll out of gigabit capable connectivity and 5G improvements.
- Strategic transport infrastructure improvements – for example a further passing loop on the Waterloo rail line would enable a 30 minute service frequency service between Axminster and Exeter.
- Affordable housing programme – the housing crisis applies across Devon and a proposition could be made around enhanced affordable housing delivery, potentially utilising funding that would otherwise come through Homes England.
- Poverty reduction – there has been considerable work in this area to develop the Poverty Strategy Action Plan. Specific aspects of this could be scaled up.
- A low/zero carbon programme – this could include number of areas ranging from developing active travel infrastructure such as improved cycling infrastructure to serve our market towns and the development of the Clyst Valley Trail to support for housing retrofit measures. The programme would need to align with the Devon Carbon Plan and our own Carbon Action plan.
- Environmental stewardship – this could address key themes around caring for the environment, encouraging biodiversity, restoring habitats, rewilding and nature recovery which again could include devolving some national level funding streams alongside setting ambitious targets locally.

- Delivery vehicle to support large scale development identified through the Local Plan. This could include extending the revolving infrastructure fund proposals that were considered by Cabinet last July.
 - Support for the Clean Growth vision for the west of the District and the associated anchor opportunities – this was considered by Cabinet at the February meeting.
 - Health and wellbeing - to coordinate our shared agenda that promotes healthy lifestyles, health equalities, good mental health and physical activity. The high level ambitions in our Public Health Strategy seeking better health for all can resonate in a County Deal.
- 3.4 An example of the type of consideration that will need to be included in this assessment is the degree to which the devolution proposals will enable access to funding streams through the Combined Authority, such as in relation to Homes England programmes, that would otherwise remain at a national level.

4. Conclusion

- 4.1 Despite it being five months since the publication of the Levelling Up White Paper, negotiation of a final devolution deal for Devon, Plymouth and Torbay remains at a relatively early stage. Officers and members are fully engaged within ongoing work, including relevant governance and thematic content, but the partnership awaits Government's next steps. We also continue to work closely with County and Unitary colleagues around core issues arising around the wider devolution framework, notably the recent concerns around the Bill and forward approach to SPF delivery. These will be clarified over the balance of this year. It will be important to ensure that the outcomes, both in terms of national legislation and the local devolution proposals, provide a strong platform for local engagement in decision making alongside our wider partners and reflect local priorities. A further report to Cabinet once the negotiations have advanced to final proposals in this respect.

Financial implications:

There are no direct financial implications from the recommendations in the report. However, any Devolution Deal and the Shared Prosperity Fund will have a significant influence on the Council's future and funding opportunities going forward, further updates and decisions on how we can achieve the best for the District will be presented as more details are determined.

Legal implications:

The report does not raise any specific legal implications requiring comment.

Appendix A

Table 2.3 Devolution Framework

Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area

Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
Investment spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities

Appendix B Devon, Plymouth & Torbay Devon Devolution Deal Proposal