

**BRISTOL CITY COUNCIL
CABINET
3rd NOVEMBER 2015**

REPORT TITLE: Strategic Governance Review

Ward(s) affected by this report: All

Strategic Director: Max Wide, Strategic Director of Business Change

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Purpose of the report:

The report seeks Cabinet's formal ratification and Council's support to conduct a strategic governance review of shared public functions across the areas of Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire.

RECOMMENDATION for the Mayor's approval:

1. That a governance review be undertaken
 - (a) of the effectiveness and efficiency of transport and of the arrangements to promote economic development and regeneration; and
 - (b) in respect of the functions and responsibilities that may be devolved from Government and other public bodies as a result of the authorities' submissionsacross the geographical area of Bristol City Council, Bath & North East Somerset Council, Bristol City Council North Somerset Council and South Gloucestershire Council
2. That Council be requested to note and support this ongoing action.

The proposal:

1. Full Council met on 15th September 2015 to debate the issue of devolution. That report requested Council to:
 - note the West of England devolution submission to the government;
 - discuss the prospects for a West of England devolution deal; and

- comment on the next steps to be taken.
2. A report had been previously presented to the Overview and Scrutiny Management Board (OSM) of 3rd September 2015 by the Interim Service Director- Policy, Strategy and Communications. This included number of appendices, which were intended to be circulated to all Members to help inform the full Council debate.
 3. The full Council meeting resolved to note the West of England devolution submission be noted, together with the comments of councillors as expressed during the debate.
 4. As a consequence of the submission, a strategic governance review is required to be undertaken in order to assess how to best manage:
 - the delivery of the current shared responsibilities and those intended to be devolved; and
 - their accountability and transparency to residents and stakeholders
 5. This was described in the press release associated with the devolution submission as being “...a review of governance on how we strengthen our joint working as four unitary authorities, with a view to obtaining devolved powers from the government for the benefit of all our residents.”
 6. A report was submitted to the following West of England Strategic Leaders’ Board, setting out what steps had been undertaken to date, what the subsequent process was and what actions each Council had to undertake to meet the requirements of such a review. The report explained:
 - (a) that the first step was to establish the correct area to be covered by the review, which is to be included in the decision;
 - (b) that the Council now needs to agree to undertake the review over that area; and
 - (c) how the review would proceed.
 7. The Strategic Leaders’ Board of 16th October 2015 accordingly resolved to:
 - (a) note the objects and methodology of the Strategic Governance Review; and
 - (b) seek authority from their individual Council to undertake the Review, in accordance with Part 6, Section 108 of the Local Democracy, Economic Development and Construction Act 2009, in respect of the area of the four local authorities, being Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire.
 8. A copy of the report is attached as Appendix A.

Other options considered:

Not carrying out a review

- The implementation of a devolution deal require a worked up governance solution. This may only be achieved through the carrying out of a review of current arrangements and an assessment of the options available. Not carrying out the review would lead to a poor and likely rejected devolution submission.

Carrying out the review in a different way

- Certain outcomes will only be available if a review is conducted under these legislative provisions. Whilst those outcomes may inevitably not be chosen, carrying out a review in a different format will prevent choice or require the process to be repeated in the required format.

Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of)	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probabil	
1	Not completing the review in sufficient timescales	Medium	Medium	Project plan and dedicated resource	Medium	Low	NY
	Failure to align the review with progress of the devolution negotiations	High	High	Gateway stage in review and aligned information sharing	Medium	Low	NY
2	Failure to align the review with progress of the legislative changes	Medium	Medium	Information and legal resource applied	Medium	Low	NY

FIGURE 2							
The risks associated with <u>not</u> implementing the (subject) decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Lack of a governance review would lead to a failed devolution bid	High	High	Governance options would be put forward, with or without supporting evidence as to efficiency or effectiveness	High	High	NY

Public sector equality duties:

The nature of this work does not require an equality impact assessment

Resource and legal implications:

Finance

Each of the four councils concerned have agreed to take the lead on various elements of the devolution submission and subsequent work related to the devolution deal. The governance stream is an area to be undertaken by Bristol City Council.

The Council has engaged the services of a specialist lawyer experienced in the field of

governance to undertake this piece of work.

Legal implications:

Part 6, section 108 of the Local Democracy, Economic Development and Construction Act 2009 provides that any two or more authorities of the types described may review the effectiveness and efficiency of transport, and of the arrangements to promote economic development and regeneration, within the geographical area covered by the review.

That legislation is due to be amended by the Cities and Local Government Devolution Bill currently going through Parliament.

This governance review will seek to comply with the existing, proposed and amended legislation as it is relevant to the progress of the devolution deal and the work being done at that time.

Further information is set out in the appended report.

Appendices:

Appendix A – Report to the Strategic Leaders' Board of 16th October 2015

Access to information (background papers):

There are no papers relied upon in the preparation of this report that are not otherwise in the public domain

**West of England
Strategic Leaders Board**

16th October 2015

West of England Strategic Governance Review

1. Purpose

- 1.1 The Strategic Leaders' Board of 10th July 2015 declared their intent to conduct a strategic governance review, to be associated with the area's submission for devolution of funding and powers from central government and other public bodies.
- 1.2 This report sets out what such a review entails and seeks that formally each authority confirm that it agrees to being part of that ongoing review.

2. Recommendation

2.1 That the Strategic Leaders' Board

(a) note the objects and methodology of the Strategic Governance Review

(b) seek authority from their individual Council to undertake the Review, in accordance with Part 6, Section 108 of the Local Democracy, Economic Development and Construction Act 2009, in respect of the area of the four local authorities, being Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire.

3. Background

Decision

- 3.1 The Strategic Leaders' Board met on 10th July 2015 and received an oral update on discussions around governance arrangements. This resulted in a stated intention to conduct a Strategic Review of Governance "*on how we strengthen our joint working as four unitary authorities, with a view to obtaining devolved powers from the government, for the benefit of all our residents*".
- 3.2 On 4th September 2015 the West of England Devolution Deal submission was made to the Secretary of State for Communities and Local Government. This stated that the appropriate governance structures will be established that support the delivery of the desired outcomes as determined by the nature of the deal itself. This is to be achieved through those devolution outcomes feeding into a Strategic Governance Review.
- 3.3 This report sets out what a strategic governance review entails its statutory basis and requests implementation of the decision by the individual authorities.

The Review

- 3.4 The purpose of a strategic governance review is to determine whether governance arrangements across the West of England area for promoting economic development, regeneration and transport, including the exercise of relevant statutory functions, can be improved and how they might be made more effective and efficient to best enable delivery of new funding and powers granted as part of a devolution deal.
- 3.5 In doing so, the Review will seek to ensure that governance arrangements that may be proposed to oversee devolved funding and powers will be sufficiently visible, stable and accountable, and also meet the region's shared ambitions for the future.
- 3.6 For these purposes 'governance arrangements' means the systems, structures and procedures that are in place across the area, or may be put in place, to make decisions, set strategy, manage delivery, assess performance and report on progress. This is strictly in relation to the joint arrangements for the functions that are already shared in some way and for those that may added through a devolution deal. The Review will not look at the governance arrangements of any of the four local authorities individually.
- 3.7 The Review will need to satisfy itself that the area covered by the four authorities and the West of England LEP is what is known as a functional economic market area and is the most appropriate area to be considered. Much of this work has already been done. Indeed, a statutory review, such as this may only result in certain outcomes if all of the local authorities concerned are agreed to that outcome in respect of the region or sub-region of which they are a part. An important initial step was therefore what the area covered by the Review should be and the four authorities are asked to confirm the area being considered in agreeing to the review.

Stages of the Review

- 3.8 The Review will then be undertaken through the following set of steps.
- (1) Individual authorities agree to undertake the review and the review area to be considered (as above)
 - (2) Identify the existing governance arrangements across the West of England joint functions that exist to support and manage activity in relation to:
 - (a) current joint arrangements for economic development, regeneration and transport
 - (b) the additional areas of activity set out on the devolution submission
 - (3) Gather evidence as to the effectiveness and efficiency of existing governance arrangements for shared activity across the West of England. This will centre on existing responsibilities, those in relation to economic development and transport in the area, but will also touch on the new areas proposed for devolution to the West of England, and will both gather evidence on
 - (a) how well current arrangements are able to manage the delivery of those responsibilities; and

- (b) their accountability and transparency to residents and stakeholders.
- (4) Assess the overall effectiveness and efficiency of existing arrangements and set out areas for development and strengths (Gateway 1)
 - (5) Identify available options for making changes to existing governance structures and assess the pros and cons of each one, including their value for money, in relation to the existing responsibilities in relation to economic development, regeneration and transport and the proposed areas of devolution to the city region and future ambitions.
 - (6) Report to the SLB on the conclusions and options that are likely to provide the most effective and efficient governance arrangements (Gateway 2).

Consultation and Stakeholder Engagement

- 3.9 Stakeholders are likely to be an important source of evidence for how well existing governance arrangements in the area are functioning and where there is scope for improvements to be made.
- 3.10 A key part of the review process is to identify who the relevant stakeholders are in this respect and to provide them with opportunities to input into the review as it progresses. Beyond the authorities and direct partners themselves, such a list would include representatives of the business community, service providers and other delivery partners, relevant regulatory bodies and relevant public bodies including Government advisors on the areas set out in the devolution bid submission.

Timetable

- 3.11 The review is being undertaken in parallel with discussions with HM Treasury concerning the devolution deal. The direction and matters to be considered, as well as timing, will be highly dependent on the outcome of those discussions.
- 3.12 Whilst the phases of the Review process are envisaged to be as follows, two interim steps have therefore been introduced to allow the Strategic Leaders Board to take stock and consider what the next steps may best be and, indeed, whether the Review should continue at all. These Gateway points are identified in the stages set out above

Gateway 1 – Report to the Strategic Leaders Board March 2016

This will report progress against Stages 1-4 and give an initial view as to the outcome of the review of current arrangements, including the responses of stakeholders, and potential options to be compared against the fruits of a devolution deal.

Gateway 2 - Report to the Strategic Leaders Board post-May 2016

This will provide for the completion of the review, setting out a fuller options appraisal and development of outline recommended draft Scheme of

Governance for consideration.

This may or may not then result in a draft Scheme for any new form of governance, views from stakeholders and recommendations to be adopted by the Strategic Leaders Board to be presented to individual councils in the following period.

Legislative basis for a Review

- 3.13 The Strategic Governance Review is a statutory review, conducted under Part 6, Section 108 of the Local Democracy, Economic Development and Construction Act 2009. Conducting the review in this way allows for the options of a combined authority or an economic prosperity board are to be considered. It also sets out the tests which are to be made if these were to become an eventuality.
- 3.14 Importantly, it is also this legislation that is proposed to be amended under the Cities and Local Government Devolution Bill, through which key devolved powers from other public bodies are intended to be granted by the Government, and conducting the Review in this way will best allow for that option to be taken.
- 3.15 It is worth noting that changes introduced during the passage of the Cities and Local Government Devolution Bill might have a direct bearing on the timing, content or procedures associated with the Review.

Appendices

None.

Author:

Local Government (Access to Information) Act 1985

Background Papers:

None