

BRISTOL CITY COUNCIL

Full Council

15th September 2015

Report of: Patricia Greer - Interim Service Director- Policy, Strategy and Communications

Title: Devolution

Ward: Citywide

Presenting Report: Patricia Greer

Contact Telephone Number:

RECOMMENDATION

That Council

- notes the West of England submission to Govt.
- discusses the prospects for a West of England Devolution Deal, and
- considers the next steps to be taken.

Summary

On 4th September, the four West of England unitary authorities submitted a representation to Treasury for the Spending Review, outlining a devolution deal. The deal would create a £1bn Infrastructure Fund to promote productivity, prosperity and fairness for the West of England, focussed on housing, transport and skills. The outcome of the 'bid' will be announced in the Chancellor's Autumn Statement in late-November.

Policy

The vision for the WoE is to achieve '*A prosperous economy with a rising quality of life for all*'. This means achieving prosperity in a way that contributes net nationally while also supporting the West of England's unique appeal within the UK as a liveable area with exceptionally high quality of life. Any growth must recognise the area's ambitions to achieve a fairer, low carbon society and to close the gap between economically excluded and other communities.

Consultation

The nature of the collaborative effort to produce the submission to Govt. has meant that there has had to be a strong element of circumspection and confidentiality, up to the point when there was explicit agreement by the four partners on the content of the submission.

1. Internal

Extensive discussion amongst relevant officers and with Mayor.

2. External

Extensive discussion with relevant officers and Leaders from West of England UAs. Discussion with LEP Chair and senior officers, together with relevant Govt. Policy Advisers

Context

Based upon Devolution Deals agreed with other UK city-regions (Manchester, Leeds, Glasgow and Cambridge) the invitation to submit proposals, as part of the Spending Review process, has offered a significant opportunity for the West of England. Following advice from KPMG (see appendix 1), we have developed an evidence-based proposal to improve prosperity and fairness in the West of England. The proposal was submitted to Govt. on Friday 4th September and was circulated to all members on Monday 7th September.

Proposal

The centre-piece of our proposal is a £1bn Infrastructure Fund, effectively created by initial UA borrowing that will be repaid from the additional tax revenues that will accrue to Govt. This type of Payment by Results deal has been agreed with the four cities named above and, while difficult to achieve and deliver, the West of England believes that it is right for both the local and national economy.

Achieving the deal will require a robust evidence base, proposed investments that will increase productivity and reduce public expenditure to deliver net benefits to Govt. and a governance structure that will provide Govt. with sufficient reassurance on delivery of outcomes.

The objectives of the Infrastructure fund will be to drive productivity gains, which will result in both economic growth and higher household incomes, and to enhance economic inclusion, especially in our disadvantaged areas, to reduce welfare expenditure. Specific investments will be identified as a result of the Joint Strategic Plan and Joint Transport Study, both of which will be open to public consultation.

We are also seeking devolved powers to direct Govt. spending on skills, to ensure that elements such as apprenticeships, further education and careers advice are locally relevant and in line with West of England priorities. The skills planning will also aim to enable local residents to be well placed to access employment opportunities.

Governance arrangements to underpin the devolution deal have yet to be determined and will be part of the negotiation with Govt. The four UAs have committed to a Strategic Review of Governance, which is a key part of the statutory process for the formation of a Combined Authority (see Appendix 2) and our submission to Govt. notes that “the appropriate governance and delivery mechanisms will be determined by the nature of the deal itself”.

Next steps

- Following analysis by Treasury, the submission (if deemed of value to Govt.) will be subject to ‘Challenge’ on its details, including a meeting between the West of England Leaders/Mayor and Govt. Ministers
- In preparation for this, we are organising four workstreams (one for each UA) to work up details of the key elements of the proposal, Governance & Stakeholder Management, Economy, Finance and Skills
- To assist in developing details, we will continue to engage KPMG and will enlist the assistance of civil servants
- There will be a proactive programme of engagement with stakeholders, including key ministers, senior civil servants, the LEP and local MPs

Legal and Resource Implications

The legal implications of the possible governance structures will be fully explored by the Strategic Review of Governance and reported back to Full Council.

There are significant financial implications and risks that will be fully explored during the process of negotiation with Govt. and between the four UAs. The UAs’ 151 Officers are already engaged in considering the implications and risks and will report on these ahead of any deal being signed off.

Appendices:

Appendix 1 – KPMG Presentation
Appendix 2 – BCC MATI Presentation
Appendix 3 – Press Release, 7th Sept.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers: N/A

The mechanics of devolution and combined authorities

All-member briefing, 6th and 7th January 2015

Nicola Yates and the Policy Team

Briefing objectives

- To provide information to enable further debate and discussion:
 - What devolution means
 - The national and local devolution journey
 - How devolved powers can be delivered
 - How a combined authority works
- To ascertain if members need additional information to facilitate further debate and discussion

Key points for clarification

- To achieve devolution there has to be a legal entity to which powers can be devolved
- This is not a merger of local authorities or any other local authority reform
- This is not a return to Avon

How did we get here?

- Scottish referendum, September 2014
- Smith Commission
- Scotland Act, January 2015
- Campaign raised the profile and urgency of devolving powers from Whitehall to nations and regions
- All main parties support devolution principles

How did we get here?

- City Growth commission: *Unleashing Metro Growth*, October 2014
 - Advised that decentralisation of power to city regions will boost more inclusive and sustainable growth for UK economy
 - Challenges city regions to improve accountability of their governance and quality of strategic planning
- Greater Manchester Agreement, November 2014
 - Significant devolution deal - range of powers devolved to combined authority cabinet and metro mayor
 - Triggered new devolution negotiations with city regions
- Lord Heseltine ‘devolution offer’ from government to city regions

How did we get here?

- Autumn statement, December 2014
 - “Northern Powerhouse” – significant super-regional transport investments and comprehensive transport strategy, plus science and technology investments
 - Door open to further devolution deals
- Sheffield City Devolution Deal, December 2014
 - Extends influence over skills and Work Programme, plus some transport powers. No metro mayor
- Cabinet Committee for Devolved Powers, December 2014
 - Formalises the coalition’s approach for devolution

Devolution or Delegation

- The term devolution is often incorrectly applied
- Approved models of governance that secure devolved powers
- Range of governance / leadership options that can secure delegated funding and bid / spend existing funding streams

What does devolution mean?

A definition:

‘Devolution is the transfer of power from a central government to subnational (e.g., state, regional, or local) authorities.’ – Encyclopaedia Britannica

‘Devolution usually occurs through conventional statutes rather than through a change in a country’s constitution’

Devolution or Delegation

Decision making forums for delegated funding, not a legal entity for devolution:

- Statutory Joint Committees
 - Enables constituent LAs in LEPs to delegate functions to joint committee
- Leaders Boards
 - Enhancement of LEP governance to allow for City Deal and other funds to be delegated to the sub-region
- West of England currently has these arrangements

Models of governance for devolution

- Devolved administrations (national)
 - Directly elected political assemblies with specific devolved responsibilities
 - Independent revenue raising powers
- Combined Authority
 - Greater Manchester (2011), North East, South Yorkshire, Liverpool City Region, West Yorkshire (April 2014)
 - Statutory body, combination of Integrated Transport Authority and Economic Prosperity Board
- Greater London Assembly

What has been devolved so far?

- Manchester and Sheffield are the only core cities to have agreed a devolution deal.

Feature	Mcr	Sheff	Birm	Bris	Card	Leeds	Liv	New	Nott
Combined Authority	✓	✓	✗	✗	✗	✓	✓	✓	✗
Commitment to form CA	-	-	✓	✗	✓	-	-	-	✓
Metro mayor	✓	✗	✗	✗	✗	✗	✗	✗	✗
Number of local authorities	10	4	6	4	10	5	6	7	9
Estimated Worth	£1bn	£0	-	-	-	-	-	-	-
Strategic Planning	✓	✗	-	-	-	-	-	-	-
Housing Investment Fund	✓	✗	-	-	-	-	-	-	-
TfL Style Powers	✓	✗	-	-	-	-	-	-	-
Smart Ticketing	✓	✓	-	-	-	-	-	-	-
Deregulated Bus Powers	✓	✗	-	-	-	-	-	-	-
Pooled skills funding	✓	✓	-	-	-	-	-	-	-
Earnback	✓	✓	-	-	-	-	-	-	-

Department Name Here

Policy Team

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What has been devolved so far?

- The two 'deals' achieved are very different
- A number of 'offers/conversations' have been had between government and different city regions
- The scale of devolution in these 'offers' does differ but the detail is not fully known
- The one consistent factor is a Combined Authority in these conversations with Government
- The national picture is changing very quickly - Manchester completed in one weekend
- The individual deals however are taking longer than initially anticipated

Greater Manchester Agreement

- **Suite of devolved powers that have an estimated worth of £1 billion. Including:**
- **Transport:** devolved central funding, multi-year finance settlements, franchised bus model, devolved Bus Service Operator Grant and increased representation and partnership with the rail industry e.g. rail franchising.
- **Planning and Housing:** ability to create a statutory spatial framework and control of £300m Housing Investment Fund.
- **Governance:** combined authority cabinet with directly elected city region mayor (also to assume PCC role)

Greater Manchester Agreement

- **Fiscal:** Earn back deal – £30m per year for 30 years
- **Business:** devolved control and responsibility to provide a fully integrated service to Greater Manchester businesses that reflect local needs and priorities.
- **Jobs and Skills:** restructuring and re-shaping of the Further Education provision, devolved Apprenticeship Grant for Employers.
- **Health and Social Care:** invitation to develop a business plan for the integration of health and social care across Greater Manchester.

Wider devolved powers

- Fiscal devolution e.g. Tourist tax
- Not on option with the current government
- Core Cities and LGA campaign and focus for 2015 post-election
- Pinnacle of devolution from central government can be seen in USA (federal/state system) and across Europe (Barcelona)

Key points of clarification

To confirm:

- The amount of funding allocated to local authorities will still be calculated by central government
- Key policies will still be set by central government and applied to local government
- Central government will still be able to exercise their right to bring powers back into the centre

The current devolution offer to cities

- Department for Business Innovation and Skills (BIS) have approached all major city regions via Lord Heseltine to broker devolution agreements
- Chancellor – ‘the door is open’
- Aiming to broker high level agreements prior to General Election (end of February in reality)
- Greater Manchester Agreement is seen as the maximum value / range of powers on offer at this stage
- There is no set process, rather interested city regions can put forward a ‘devolution offer’
- BIS acknowledge that does create a vacuum for civil servants and local authorities

The current devolution offer to cities

Any devolution ask would be expected to include detail on:

- The problem trying to be addressed? Why change?
- Why local control would be more successful than central control?
- What will be the economic benefit to the local region and to the nation?
- What will be the wider benefits to local residents and also nationally?

For information - devolution campaigns

- Core Cities and LGA devolution pushes
- Glasgow Core Cities Devolution Summit – February 2015
- DEVO-ME campaign lead by Core Cities to raise public awareness
- Ongoing push for the Scottish and related English question

COMFORT BREAK

What is a combined authority?

A definition:

A Combined Authority is a statutory body that enables formal collaboration between local authorities on transport, housing, planning and economic development.

- Leaders of each Local Authority make up the Combined Authority and others (non-voting) can also be co-opted on (e.g. University and Business reps).
- Each local authority works together in a formal legal structure where powers can formally be devolved from Government on specific agreed service areas.

What is a Combined Authority?

- Legal construct not a merging of authorities, adapting use of existing statute
- As a statutory body, a CA can receive devolved powers
- It can raise levies (e.g. for transport)
- Decision making in a CA is via the cabinet comprising the leaders of each constituent council. Decisions can be delegated. Leaders can oversee portfolios with assistance from chief execs.
- CA have a separate scrutiny body.
- A Combined Authority can levy its constituent local authorities and borrow with regards to its transport functions only. Any other costs incurred must be met by its constituent local authorities, subject to their agreement.

Combined authorities in England

- Five Combined Authorities have been established in the UK
- A combined authority is not a merger of existing local authority structures or provision of services
- Combined Authority is democratically and locally accountable.
- To form a CA, each constituent authority would need to both agree to trigger and sign off a report that is presented to the SoS.

Setting up a Combined Authority

Individual local authorities agree to form a combined authority

Produce evidence that a CA will improve:

- Economic development and regeneration
- Transport, including efficiency and effectiveness
- Economic conditions in the area

Define constitutional and operating arrangements of the new Combined Authority and submit to Secretary of State

Secretary of State consults with relevant stakeholders and considers proposal

Secretary of State approval and Order to Parliament approved by both Houses

END OF PRESENTATION

- Thank you for attending today's briefing we hope you have found this useful
- This has been an information giving session about a wide-ranging topic. Are there are other points you would like us to provide briefing material on?
- Email – andrea.dell@bristol.gov.uk

07 September 2015

APPENDIX 3

For immediate release

West of England proposes ambitious devolution deal worth £2bn to economy

The leaders of the West of England are calling on the Government to back a devolution bid that could generate an extra £2bn per annum for the economy whilst improving local lives.

The region is already the country's most economically productive area and offers a high quality of life to its citizens.

Now, in a submission to Her Majesty's Treasury on 4 September, the West of England proposes a £1bn investment which could triple the level of spending on major projects such as transport, flood defence and housing over the next 10 years.

The package, which also proposes greater local control over post-16 training and skills, is focused on increasing economic productivity to grow the region's economy by at least 5% more than it would without the deal. In doing so it will create a fairer region where people have better access to employment, more homes available and better transport options.

It would be closely linked to existing and highly successful joint working in the region, opening up opportunities for more cross-border projects. It will mean an even more collaborative approach to issues such as where new homes are built and how public transport improvements are delivered.

The submission proposes a 'Payment by Results' approach to the £1bn for infrastructure. This means the region is seeking the freedom to borrow money to invest up-front, with the Government committing to repaying it once the economic success of the investment has been demonstrated.

The Leader of Bath & North East Somerset Council, Cllr Tim Warren, said: "We've put together an ambitious proposal which has at its heart the need to deliver new homes, create more jobs, and improve our area's transport infrastructure.

"The West of England is a key contributor to the UK economy and we want a deal that recognises that.

"We already have ambitious plans for our area, but devolving more powers and funding to the region in this way will have a huge benefit to the residents of Bath & North East Somerset. Creating new jobs and more affordable houses are essential to our growth and prosperity, and our economic strategy seeks to address this by supporting higher wage industries to grow and locate here.

"By working collaboratively with our West of England partners we can deliver greater investment for our whole region whilst at the same time maintaining the distinct identity of each of our areas. We will be able to deliver more jobs, better infrastructure, and work together on transport initiatives

that will make it easier for residents, businesses and visitors to get around our area.”

George Ferguson, Mayor of Bristol said: “I am delighted with the progress we have made over the last few months which has enabled us to come up with a unique devolution offer tailored to suit the special qualities of the city region and the particular challenges we face.

“I strongly believe in investing in success and we’ve an excellent record in this region with so much to offer the UK economy. By putting more investment and power in local hands we’ll be able to drastically improve the speed and efficiency with which we improve our transport system, reduce congestion, create affordable new homes and help some of society’s most disadvantaged people into training and work.

“The West of England is already the UK’s most economically productive region, but this deal will help to secure and improve our position rather than risk falling behind some of our Northern counterparts. We’re calling on the Government to recognise the obvious advantages of backing a winner by giving us the freedom we need to be even more successful and make a real difference to local lives and UK PLC.”

Cllr Nigel Ashton, Leader of North Somerset Council said: “The devolution deal builds on the strong partnership working we have in the West of England and in making this submission to government we are signalling our ambition for growth. Alongside this we are also seeking to secure powers so that we can make sure that growth takes place in appropriate places and is supported by improvements to our transport network and provision of essential infrastructure.”

Referring to the proposition around skills Cllr Ashton added: “The proposals also give us a real opportunity to work with businesses, government and our training and education providers, making sure we develop skilled people locally to sustain growth in our area.”

Cllr Matthew Riddle, Leader of South Gloucestershire Council said: “We are pleased to be able to make the case to Government that South Gloucestershire and the West of England have the track record, vision and the capability to take on the devolved powers that will enable us to grow this region for all our futures.

“People are at the heart of these proposals, and people in every part of the region will be best served when the Government devolve to us not only the powers we are setting out, but also the mechanisms to fund the plans that will deliver housing, education and transport infrastructure for a sustainable future.”

Colin Skellett, Chair of the West of England Local Enterprise Partnership added: “This is a major step forwards and builds on the excellent joint working between the four Unitary Authorities and business. We have clearly demonstrated our ability to manage devolved funding and responsibilities through our City Deal. This further proposition will enable our strong regional economy to grow even faster to the benefit of UK PLC and everyone who lives and works here.”

Following its submission the West of England will work closely with the Government on the detail of the proposals. The Government is expected to make its decision in time for the Chancellor’s Autumn Statement on 25 November.

ENDS

Notes to Editors

1. The region's proposal does not include a detailed suggestion for how future funding and powers would be governed, recognising that the right form of governance will depend on the nature of any final deal. However the region has previously announced a Strategic Review of Governance, a formal process looking at the governance structures that would best fit the devolution of certain functions to the four authorities.

2. The references in this press release to cross-border working on homes and transport relate to the West of England creating the UK's first ever integrated spatial and transport plan to be prioritised with recognition of the fundamental economic priorities across the region.

3. A copy of the West of England submission is available for download via the link below.

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Attachments

- [20150904 West of England - Devolution Submission.pdf](#)