

# Summons to attend Extraordinary meeting of Full Council



**Date:** Wednesday, 29 June 2016

**Time:** 6.30 pm

**Venue:** Council Chamber, City Hall, College Green,  
Bristol, BS1 5TR

**To: All Members of Council**

Members of the public attending meetings or taking part in Public forum are advised that all Full Council are now filmed for live or subsequent broadcast via the council's [webcasting pages](#). The whole of the meeting is filmed (except where there are confidential or exempt items) and the footage will be available for two years. If you ask a question or make a representation, then you are likely to be filmed and will be deemed to have given your consent to this. If you do not wish to be filmed you need to make yourself known to the webcasting staff. However, the Openness of Local Government Bodies Regulations 2014 now means that persons attending meetings may take photographs, film and audio record the proceedings and report on the meeting (Oral commentary is not permitted during the meeting as it would be disruptive). Members of the public should therefore be aware that they may be filmed by others attending and that is not within the council's control.

**Issued by:** Ian Hird, Democratic Services  
Floor 4, Brunel House (Clifton Wing), Bristol BS1 5UY  
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E-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)  
**Date:** Tuesday, 21 June 2016



# Agenda

## 1. Welcome, introductions and safety information

(Page 5)

## 2. Apologies for absence

## 3. Declarations of interest

To note any declarations of interest from the Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

## 4. Public Forum

Please note: public forum business is permitted for this Extraordinary Full Council provided that it relates to the business for which the meeting has been arranged.

Up to 30 minutes is allowed for this item.

Public forum items should be emailed to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

Please note that the following deadlines will apply in relation to this meeting:-

Questions - Written questions must be received at least 3 clear working days prior to the meeting. For this meeting, this means that question(s) must be received in this office at the latest by 5.00 pm on Thursday 23 June 2016.

Petitions and statements - Petitions and statements must be received by 12 noon on the working day prior to the meeting. For this meeting, this means that they must be received in this office at the latest by 12.00 noon on Tuesday 28 June 2016.



## 5. Combined authority and devolution proposals

1. To agree to proceed with the devolution deal as set out in the governance scheme. **(Pages 6 - 126)**
2. To note the West of England Devolution Agreement (Appendix 1).
3. To consider the Governance Review for the West of England 2016 (Appendix 2) conducted under s.108 of the 2009 Act and to Agree the conclusion that the establishment of a Mayoral Combined Authority for the area of Bath and North East Somerset, Bristol City Council and South Gloucestershire Council would be likely to improve the exercise of statutory functions in relation to the area.
4. Consider the Proposed Governance Scheme for a Mayoral Combined Authority (Appendix 3) and agree the Scheme for public consultation under s.109 of the 2009 Act.
5. Authorise the City Director to subsequently submit.
  - a) the Governance Scheme;
  - b) the consultation responses received (or an appropriate summary); and
  - c) any further consultation response that may the Council itself may wish to make to the Secretary of State for the Department of Communities and Local Government.
6. Authorise the City Director to make any minor amendments or corrections to the governance scheme to enable publication of the scheme for public consultation.
7. Refer any resulting Order back to the appropriate decision making body Cabinet for approval.

Signed



Proper Officer  
Tuesday, 21 June 2016



# THE LORD MAYOR

J Lovell

Mayor M Rees

## COUNCIL CHAMBER SEATING

ALDERMAN			
ALDERMAN	M Davies	H Jama	
	K Dudd	H Godwin	C Johnson
ALDERMAN	M Langley	F Breckels	P Smith
	J Sergeant	O Mead	M Hickman
ALDERMAN	D Alexander	B Clark	C Cheney
	N Beech	A Craig	E Tincknell
ALDERMAN	P Goggin	C Jackson	

Page 4

ALDERMAN	L Whittle	M Brain	H Holland
	J Wellington	S Khan	M Bradshaw
ALDERMAN	H Bradley	S Pearce	M Threlfall
	N B.-Jones	C Phipps	R Pickersgill
ALDERMAN	T Brook	G Kirk	B Massey
		A Keen	A Shah
ALDERMAN			

H Clough	G Hopkins	C C.-Smith	
Flexible LD seat	T Kent	C Davies	
	A Negus	M Wright	
R Eddy		J Clark	
P Abraham	M Melias		
G Gollop	S Jones		
L Alexander	G Morris	K Quartley	
C Hiscott	L Radford	T Carey	
M Weston	J Goulandris	C Windows	

C Bolton	C Denyer	J Thomas	
C Lake	E Combley	S Clarke	
J English	C Stevens	P O'Rourke	
F Hance	M Fodor		

PUBLIC FORUM REPS / PRESS AREA

## PUBLIC GALLERY

Agenda Item 1

# Full Council

29<sup>th</sup> June 2016



**Report of:** *Marvin Rees, Mayor and Helen Holland, Cabinet Member*

**Title:** *Combined Authority and Devolution Proposals*

**Ward:** *Citywide*

## Recommendation

1. To agree to proceed with the devolution deal as set out in the governance scheme
2. To note the West of England Devolution Agreement; (Appendix 1)
3. To consider the Governance Review for the West of England 2016 (Appendix 2) conducted under s.108 of the 2009 Act and to Agree the conclusion that the establishment of a Mayoral Combined Authority for the area of Bath and North East Somerset, Bristol City Council and South Gloucestershire Council would be likely to improve the exercise of statutory functions in relation to the area;
4. Consider the Proposed Governance Scheme for a Mayoral Combined Authority (Appendix 3) and agree the Scheme for public consultation under s.109 of the 2009 Act.
5. Authorise the City Director to subsequently submit;
  - a) the Governance Scheme;
  - b) the consultation responses received (or an appropriate summary); and
  - c) any further consultation response that may the Council itself may wish to make to the Secretary of State for the Department of Communities and Local Government
6. Authorise the City Director to make any minor amendments or corrections to the governance scheme to enable publication of the scheme for public consultation.
7. Refer any resulting Order back to the appropriate decision making body Cabinet for approval



## **Policy**

1. The four councils for the West of England area signed a devolution deal with government which was formally announced by the Chancellor in the Budget on 16 March 2016. The Deal Agreement is attached as Appendix 1 to this report. At its Council meeting of 8th June, North Somerset Council decided not to proceed with the deal but the three remaining councils wish to proceed with the Order making process. The benefits of the deal are set out in the Deal Agreement; in essence the benefits are that the Mayoral Combined Authority (MCA) will receive devolved powers and additional funding from government, which will benefit the three council's areas.

## **Consultation**

### **Internal**

2. Advice has been sought from Bristol City Council Section 151 Officer, Monitoring Officer and HR Service Director.

### **External**

3. We have worked with the Chief Executives, Section 151 Officers and Monitoring Officers from Bath & North East Somerset Council and South Gloucestershire Council to prepare this report. Advice has also been provided from HM Treasury, the Department for Communities & Local Government and the Department for Transport with regards to the content of the Strategic Governance Review and Governance Scheme included as appendices to this report.

### **Context**

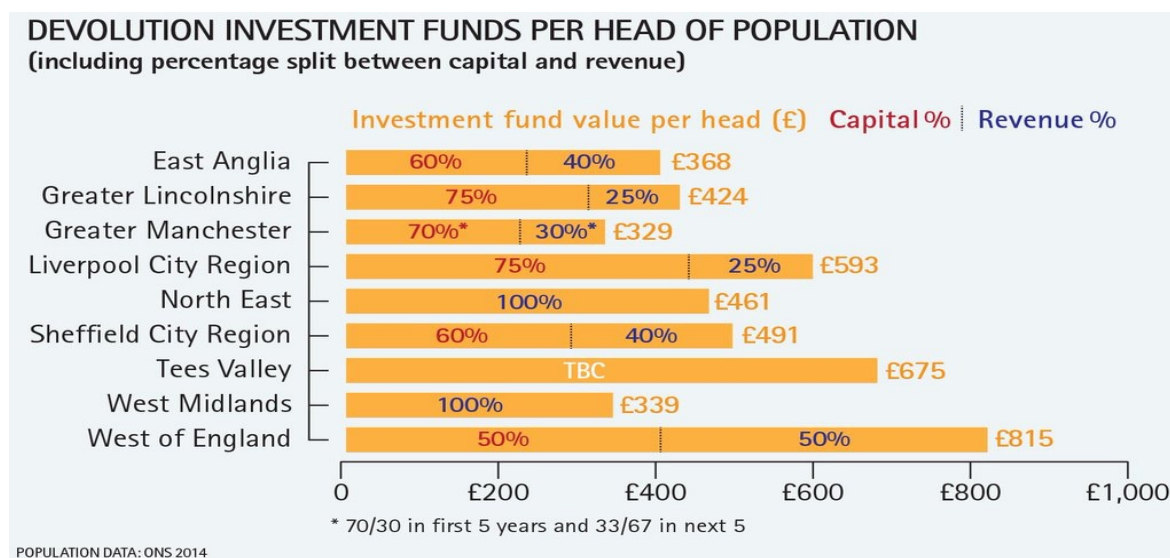
4. Cabinet has requested Council scrutinise the decision made at the Cabinet meeting on 29<sup>th</sup> June 2016 and has adjourned to enable Council to scrutinise this decision. Cabinet will then reconvene and make its decision in light of the full Council decision. (As this is an urgent decision, the exemption to call-in applies and the final decision cannot be called-in.)

## **Background**

5. At the Council meeting on 14 October 2015 members were provided with a "Devolution Update" which covered the West of England's deal submission to government seeking devolved powers and additional funding. On 9 December 2015, as part of the process, the Council agreed to a governance review being undertaken in accordance with the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act"). Members were also provided with briefings on the devolution deal during May and June 2016. In order to progress with the deal, the Council is now required to follow the process set out in the 2009 Act as amended by the Cities and Devolution Act 2016. Following the process will ultimately allow the Secretary of State (SoS) to make an Order to establish an MCA. In making an Order, the SoS must consider that the Order is likely to improve the exercise of statutory functions in the area of the proposed combined authority and must have regard to the need to reflect the identities and interests of the local communities and to secure effective and convenient local government. If Council resolves to endorse the Devolution Scheme, it will then be subject to public consultation. This consultation must comply with the relevant statutory requirements set out in section 110 of the 2009 Act.
6. Devolution is the 'transfer of powers and funding by central government to local government' and gives regions greater control over matters such as transport, housing,

planning, as well as levers to grow local economies. Devolution is current Government policy. There have been 8 deals so far (Cornwall, greater Manchester, Liverpool City Region, North East, Sheffield City Region, Tees Valley, West Midlands, West Yorkshire). The March budget announced deals with the West of England, Greater Lincolnshire and Greater Anglia and other areas are in discussion with Government on a deal for their region.

- The local authorities of the West of England in partnership with the West of England Local Enterprise Partnership, have worked together to secure the best available devolution deal for the West of England – equating to over £1 billion of investment.



- The work to develop the devolution deal has built upon the existing, successful joint working arrangements in the West of England. This work had already seen the councils secure more than £700m for the area during the last five years through the Local Growth Deal (£230m) and City Deal (£500m over 25 years); this funding has supported large scale projects in B&NES including Bath City Riverside.

### West of England devolution

- The West of England is the only region (outside of London) that has demonstrated above average productivity and economic growth (over the past 15 years). In recent times a number of issues have been identified by the local authorities of the West of England as needing to be addressed, including productivity, skills shortages, housing availability and affordability, deprivation and issues with skills attainment, and levels of traffic congestion which are amongst the highest in the UK.
- The existing Government investment to date (City Deal, 2012 and Local Growth Deals 2014 & 2015) is significant, but does not meet all the requirements to invest over the next 10 years if the West of England is to continue to attract high value investors and employers.
- The West of England devolution deal has the potential to help the area deliver more ambitious projects by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent.

12. The deal would secure £900 million of investment over 30 years with the potential to advance the investment through prudent borrowing to be paid back when the government monies are received.
13. The deal has the potential to lever in additional funds such as a single capital pot mainly for transport funding linked to the Joint Transport Plan. It is therefore expected to be worth over £1 billion initially with the potential for additional financial benefits.
14. The protection of the City Deal should be considered alongside the Devolution Deal. This protection is of a £500 million economic fund, already being used to support work in the area. This is important as the new system for business rates retention due to be introduced by 2020 potentially has the effect of substantially diluting the worth of this funding.
15. The deal would also devolve significant powers to the region, including decisions about transport, investment, funding, skills training, business support, housing and strategic planning. The new powers will ensure that local people benefit from economic growth and that the area has a skilled workforce that meets the needs of business. (For further detail please see Appendix 1).

### **What does the deal mean for Bristol City Council?**

16. As a member of the Combined Authority, the Council would be able to access the funding allocated to the West of England through the devolution agreement, and be part of the decision making over how this funding is to be spent and allocated across the West of England.

### **How will it work?**

17. The deal sets out how the investment and new powers would be overseen by the leaders of the three councils, plus a West of England Mayor elected by the public. This will be through what is referred to as a 'combined authority'. The details of the governance scheme are set out in Appendix 3. The governance scheme will ensure that no single council can monopolise decision making.

### **What happens next?**

18. Now that a deal has been negotiated with Government, the three councils must decide whether they wish to support it or not by 4 July 2016.
19. If the deal goes forward, there would be a period of consultation with the public on the technical details of the deal, including governance arrangements, on behalf of the Secretary of State. This would be an opportunity for the public to express their views to Government.
20. In October 2016 an order would be laid in Parliament to approve the proposed deal.
21. If all other stages have been completed, an election for the West of England Mayor would take place in May 2017.



## Rationale

22. Devolution is the ‘transfer of powers and funding by central government to local government’ and gives regions greater control over matters such as transport, housing, planning, as well as levers to grow local economies. Devolution is current Government policy. The West of England Devolution Agreement.
23. The West of England devolution deal has the potential to help the area deliver more ambitious projects by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent.
24. The deal would secure £1 billion of investment over the next thirty years, as well as devolve significant powers to the region, including decisions about transport, investment, funding, skills training, business support, housing and strategic planning. The new powers will ensure that local people benefit from economic growth and that the area has a skilled workforce that meets the needs of business.

## The Issues

25. The governance review has been undertaken and the Council is required to decide whether it wishes to seek to establish an MCA for WoE area with the two other authorities. The governance review is attached as **Appendix 2** to this report. Notwithstanding that North Somerset Council has withdrawn from the deal, the Functional Economic Market Area of the remaining 3 councils remains valid for the reasons set out in the governance review. Legacy issues arising from pre-existing joint working arrangements, such as the Strategic Leaders Board and the Local Economic Partnership and matters which will impact on the geographic area of North Somerset Council, e.g. the Joint Strategic Plan and the Joint Local Transport Plan will require transitional governance arrangements to enable those issues to be dealt with without interfering with the Order making process. The three remaining council’s will work together with NSC to ensure that this happens.
26. If the Council agrees that the establishment of an MCA for the West of England area is the appropriate option, it must prepare and publish a Scheme for the establishment of an MCA. The draft MCA Governance Scheme which has been prepared is attached as **Appendix 3** to this report. The main provisions of the scheme cover:-
  - (1) the Intention to establish an MCA, together with the working arrangements for the MCA;
  - (2) the Functions, Powers & Duties of the MCA; and
  - (3) funding the MCA.
27. Having reviewed the findings of the governance review, the proposed governance scheme satisfies the statutory test which is as follows:-

that the Order is likely to improve the exercise of statutory functions in the area of the proposed combined authority and has regard to the need to reflect the identities and interests of the local communities and to secure effective and convenient local government

## Stakeholder Engagement

28. The emphasis in this pre-decision phase has been to keep council members and key stakeholders fully apprised of the work being undertaken to develop a Strategic Governance Review and draft Scheme. Discussions have also been held with selected stakeholders to seek their views on the options appraisal which forms part of the review and, ultimately, helps inform the scheme and also to identify opportunities for future discussions to take place should the Councils agree to proceed. Appendix 4 provides a summary of the Stakeholder Engagement undertaken during 2015 and 2016 by each of the authorities.
29. If there is agreement to proceed and publish the Governance Scheme for the Mayoral Combined Authority, a period of public consultation will be carried out between 4 July and 12th August 2016. The proposed Consultation Plan is detailed in Appendix 5

### **Financial Implications**

30. The key financial implications of the devolution deal are summarised in this section with a more detailed explanation set out at Appendix 6. There are no direct financial consequences on the current Council Budget or Capital Programme at this point over and above the current budgets set aside for the ongoing development of the MCA. The specific governance arrangements for all future financial decision making relating to the Mayor and Mayoral Combined Authority (MCA) are set out here. These could have financial implications for councils moving forward should a final decision to proceed be taken in October.
31. The devolution deal provides a number of new sources for funding for Mayoral and MCA functions, alongside a number of other financial benefits to the devolution deal. The associated financial implications of these and the wider elements of the scheme are set out in Appendix 6. This includes:
- a. £900m of new gainshare funding for the MCA over 30 years – 50% revenue and 50% capital. Of this funding, £150m is paid over the first 5 years, providing additional resources to support infrastructure investment and help to implement the areas integrated Joint Spatial Plan and Joint Transport Plan. The aim will be to develop a 10-year investment programme using the 30 year funding with the opportunity to cover the financing costs of any approved borrowing as well as the capital costs of that investment.
  - b. A fully-flexible, condition-free devolved transport settlement (with an additional £4.9M for the highest incentive funding level) for the Mayor worth a total of £71m to 2020/21; providing the city region with longer term funding certainty, the freedom to invest in local priorities and a reduction in the administrative burden that the current centralised system involves.
  - c. New revenue-raising mechanisms which provide the opportunity to generate additional resources locally to invest in infrastructure through the Mayor's Business Rate Supplement, subject to the constituent authorities' agreement and consultation with business.

- d. The opportunity for the MCA to borrow for, for example transport, highways, economic regeneration, investment functions etc. subject to the provisions of the prudential code and the constituent authorities' agreement to borrowing limits.
  - e. Devolution of the Adult Education Budget worth c£60m for 2018/19 and 2019/20, which will enable the area to self-determine adult education, so that it aligns with economic need and promotes economic inclusion.
  - f. Greater influence over European Regional Development Fund and European Social Fund together worth up to £35m to 2019/20, by the MCA taking on Intermediate Body status for project selection.
  - g. A platform for securing additional resources from Government's competitive funding processes, particularly where enhanced governance is a key factor in the bidding process. These budgets include, but are not limited to:
    - The Local Growth Fund (LGF) – bids are due in July for the third and final round of the LGF, with £1.8bn available nationally. Government has highlighted that MCA areas could be rewarded for strengthened governance arrangements in the allocation of funding.
    - Skills pilot – with £50m available nationally
    - Affordable Investment Fund
  - h. Influencing national investment programmes – the enhanced and formal status of the MCA provides a strong voice for promoting and influencing investment in the area from national programmes (e.g. in transport, the investment programmes of Network Rail and Highways England).
32. The spending plans of both the Mayor and the MCA are subject to a range of specific safeguards and voting arrangements. The full governance arrangements are set out within the Scheme but in relation to funding, the key elements are summarised below and illustrated in the flowchart attached at Appendix 7:
- a. The Mayor may propose a supplementary business rate of up to 2p in addition in the £ subject to consultation with the local business community through the LEP and approval as part of the Mayor's Budget.
  - b. The Mayor will not initially be able to set a Council Tax precept – any proposal to do so in the future will require approval of the Secretary of State and unanimous consent of the Constituent Councils.
  - c. The Mayor's Budget proposal can be rejected if 2/3 of the Constituent Councils choose to do so. If this were to occur, the Constituent Councils would then propose alternative arrangements to be approved by 2/3 of the Constituent Councils. The mayor would not be entitled to a vote on the alternative arrangements.
  - d. The Mayor may not take any decision which would impose a liability on any of the Constituent Council's without their individual approval.
  - e. The Mayor's spending would then appear as a line item in the MCA Budget.
  - f. Any MCA proposals for a levy on the Constituent Councils is subject to a unanimous vote of the Constituent Councils only.
  - g. The MCA Budget including the Mayor's budget, is then subject to a majority vote of all MCA members (including the Mayor).

33. The City Deal secured in 2012 worth a minimum of £500m over 25 years is protected as part of the Devolution deal and together with the £230m of LGF funding already secured in 2014 will require continuing partnership arrangements between all four councils in the LEP area. These investment programmes will complement the additional resources unlocked by the Mayoral Devolution Deal, however legacy funding will continue to be administered separately.
34. The West of England Office currently provides a range of management and support functions to the Strategic Leaders Board, LEP Board and the other existing WoE governance arrangements. Where appropriate it is expected this existing resource will be utilised to provide future support and delivery functions to the Mayor and the MCA, in addition to maintaining support for the LEP and legacy governance arrangements.
35. Bath & North East Somerset Council currently acts as the Accountable body for the various WoE funding streams including Local Growth Fund, Regional Growth Funds and the Economic Development Fund. For future funding this role will transfer to the MCA and, unless agreed otherwise, B&NES will continue this role for legacy arrangements.
36. Following the ratification of the Scheme, there are a number of detailed financial issues which will require further discussion or negotiation with Government. These issues are common across all devolution deal areas, and the Section 151 Officer will continue to finalise these details in accordance with the Scheme.

### **Other Options Considered**

37. The deal is a package which includes the proposals as set out and cannot be disaggregated i.e. the deal must be taken as a whole.

### **Risk Assessment**

38. By agreeing to enter into an MCA governance arrangement, Bristol City Council will be exposed to increased financial and delivery risks. The three councils will be more dependent on each other for the delivery of housing, economic development opportunities and infrastructure. However the deal offers the potential for significant additional powers and funding to support future development

### **Public Sector Equality Duties**

39. Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in

particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
  - promote understanding.

40. The Council has assessed its obligations in relation to the public sector equalities duty under section 149 of the Equality Act 2010 (PSED) and has concluded that the immediate decision primarily relates to the potential establishment of a different form of governance rather than decisions that could be deemed to impact on the rights of groups or individuals with a protected characteristic or others protected under the PSED. The scheme for the establishment of the MCA will ensure that it is subject to the PSED.

## **Legal and Resource Implications**

### **Legal**

As set out in the text of the report above, the Council is required to follow the process set out in the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Devolution Act 2016. The 2016 Act places a duty on the Secretary of State to make regulations with further provisions relating to overview and scrutiny, and audit committees. It is likely that the Combined Authorities (Overview and Scrutiny Access to Information and Audit Committee) Order 2016 will be in force in the near future and will require compliance. The proposed details for Overview and Scrutiny and Audit are outlined in the Proposed Governance Scheme.

Legal advice provided by Shahzia Daya, Interim Service Director: Legal Services

### **Financial**

As set out in the report

Advice provided by Julie Oldale, Interim s151 Officer

### **Land**

Not applicable

### **Personnel**

Additional officer time will be required to support the consultation on the scheme process. The law requires the combined authority to appoint statutory officers (Head of Paid Service, Chief Finance Officer and Monitoring Officer) and the combined authority and the three councils will need to determine if this requirement will be discharged using lead authority arrangements. The three councils will work together to ascertain and agree a process for ensuring that the combined authority is adequately supported and resourced with regard to human resources. Once a combined authority is established, there will be potential for impact on staff resources within the Council which will need to be further quantified and managed within HR policies and processes at the time. Should an officer already serving in the Council be appointed to a role within the MCA, a risk management approach should be taken to resource and capacity implications which may arise.

Advice provided by Richard Billingham, Service Director: HR

**Appendices:**

Appendix One: West of England Devolution Deal  
Appendix Two: Strategic Governance Review  
Appendix Three: Governance Scheme for Combined Mayoral Authority  
Appendix Four: Summary of Stakeholder Engagement  
Appendix Five: Public Consultation Proposal  
Appendix Six: Financial Implications  
Appendix Seven: Financial Governance Flowchart

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985  
Background Papers:**

None



# WEST OF ENGLAND

# DEVOLUTION

# AGREEMENT



*George Osborne*

.....  
The Rt Hon George Osborne  
Chancellor of the Exchequer

*N.C. Ashton*

.....  
Councillor Nigel Ashton  
Leader of North Somerset Council

*Greg Clark*

.....  
The Rt Hon Greg Clark  
Secretary of State for Communities  
and Local Government

*Tim Warren*

.....  
Councillor Tim Warren  
Leader of Bath and North East  
Somerset Council





*J O'Neill*

.....  
Lord Jim O'Neill  
Commercial Secretary to the Treasury

.....  
Mayor George Ferguson CBE  
Mayor of Bristol City Council

*Matthew Riddle*

.....  
Councillor Matthew Riddle  
Leader of South Gloucestershire  
Council

.....  
Robert Sinclair  
Interim Chair of the West of England  
LEP

## Contents

Overview	page 5
Summary table	page 6
Governance	page 7
Fiscal	page 7
Skills (19+)	page 8
Skills (16 – 18)	page 10
Employment	page 10
Supporting and attracting business	page 11
Energy	page 13
European funding	page 13
Housing and planning	page 13
Transport	page 15
Under this geography	page 16
West of England Combined Authority commitments	page 16

## WEST OF ENGLAND DEVOLUTION AGREEMENT

This document sets out the terms of a proposed agreement between the government and the Bristol Mayor and other Council Leaders of the West of England to devolve a range of powers and responsibilities to a West of England Combined Authority and a new directly elected mayor for the city region. This Devolution Agreement marks the next step in a progressive process of devolution of funding, building on the City Deal (agreed in 2012) and the Growth Deals (agreed in July 2014 and January 2015).

This agreement is directed at building upon the area's successful local economy, to increase its contribution to the national economy and to increase the prosperity of local residents. The city region generates some £30.8 billion in economic output (GVA) and is home to 1.1 million people. The West of England geography closely matches the functional economy of the city region (85 per cent of people that work here also live here). The city region has significant industrial clusters<sup>1</sup> in creative, health, advanced engineering, transport & aerospace, real estate, food & drink, and insurance & financial jobs. There is also a growing cluster around 'low carbon energy' – notably, Bristol was awarded European Green Capital for 2015.

This Devolution Agreement marks the next step in the transfer of resources and powers from central government to the West of England. The West of England will continue to have further devolution dialogue with the government in the future.

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<sup>1</sup> <http://www.westofenglandlep.co.uk/about-us/strategicplan>

## Summary of the proposed Devolution Agreement agreed by the government and the Bristol Mayor and other Council Leaders of the West of England.

A new, directly elected West of England Mayor will act as chair of the West of England Combined Authority and will exercise the following powers and functions devolved from central government:

- Responsibility for a consolidated, devolved local transport budget, with a multi-year settlement.
- The ability to franchise bus services, subject to necessary legislation and local consultation, which will support the Combined Authority's delivery of smart and integrated ticketing.
- Responsibility for a new Key Route Network of local authority roads that will be managed and maintained by the Combined Authority on behalf of the Mayor.
- Powers over strategic planning, including to adopt a statutory spatial development strategy which will act as the framework for managing planning across the West of England region.

The West of England Combined Authority, working with the Mayor, will receive the following powers:

- Control of a new additional £30 million a year funding allocation over 30 years, to be invested in the West of England Single Investment Fund, to boost growth.
- Responsibility for the 19+ Adult Education Budget, which will be devolved from academic year 2018/19.
- Joint responsibility with the government to co-design the new National Work and Health Programme designed to focus on those with a health condition or disability and the very long term unemployed. The West of England Combined Authority will also bring forward a proposal to pilot more intensive support for those furthest from the labour market.

In addition:

- The government will work towards closer cooperation with the West of England Combined Authority on trade and investment services, including joint activities with UKTI.
- The government will work with the West of England Combined Authority to realise the economic potential of the Bristol and Bath Science Park and Food Enterprise Zone at J21 Enterprise Area, and to support the development of the West of England Growth Hub.
- The government will work with the West of England Combined Authority to agree specific funding flexibilities. The joint ambition will be to give the West of England Combined Authority a single pot to invest in its economic growth.

Further powers may be agreed over time and included in future legislation.

## Governance

1. This agreement is subject to the formal ratification of the constituent councils of Bristol City Council, Bath & North East Somerset Council, North Somerset Council and South Gloucestershire Council that currently make up the West of England. This agreement is also subject to the statutory requirements including parliamentary approval of the secondary legislation implementing the provisions of this agreement. This agreement protects the integrity of the four existing West of England local authorities.
2. As part of this agreement, the West of England constituent councils will establish a Combined Authority and adopt the model of a directly elected mayor for the area of the West of England Combined Authority. The first election for the directly elected Mayor will be held in May 2017. The strength of the governance arrangements of the mayoral combined authority will be commensurate with the powers of that authority, including all new devolved powers, recognising that strong governance is an essential prerequisite of any devolution of powers to a city region. There is no intention to take existing powers from local authorities without agreement.
3. The directly elected Mayor of the West of England Combined Authority will autonomously exercise new powers. The West of England Combined Authority Mayor will chair the West of England Combined Authority, which will be comprised of the other members of the Combined Authority.
4. The West of England Combined Authority, including the Mayor, will be scrutinised and held to account by the West of England Overview and Scrutiny and Audit committee(s). The West of England Combined Authority Mayor will also be required to consult the West of England Combined Authority on his/her strategies, which it may reject if two-thirds of the constituent council members agree to do so. The West of England Combined Authority will also examine the Mayor's spending plans and will be able to amend his/her plans, if two-thirds of the constituent council members agree to do so.
5. Proposals for decision by the West of England Combined Authority may be put forward by the Mayor or any constituent Member. The Mayor will have one vote as will other voting members. Any questions that are to be decided by the West of England Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.
6. This agreement continues to recognise the importance of the LEP and the private sector in the design and delivery of the area's economic growth strategies. As such the West of England Combined Authority Mayor will be a member of the LEP.
7. Any transfer to the West of England Combined Authority of existing powers or resources currently held by the constituent authorities must be by agreement with the relevant authorities, as set out in this document.

## Fiscal

8. The West of England Combined Authority will create a Single Investment Fund to deliver an ambitious investment programme across the Combined Authority region to unlock the economic potential of the West of England. The West of England Combined

Authority commits to creating and investing in the Single Investment Fund and prioritising investment based on economic impact. To support this investment approach, government agrees to allocate an additional £30 million per annum of funding for 30 years (50% capital and 50% revenue), which will form part of and maintain the West of England Combined Authority single pot. The fund will be subject to 5-yearly gateway assessments.

9. The government will work with the West of England Combined Authority to agree specific funding flexibilities. The joint ambition will be to give the West of England Combined Authority a single pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding their statutory duties. This local freedom will be over a range of budgets to be determined by the West of England Combined Authority and the government shortly. The Combined Authority will have the flexibility to secure substantial private and public sector leverage. The Combined Authority will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives. The government expects to disburse this agreed settlement to the West of England Combined Authority annually in advance.
10. The government commits to discuss the business rates appeals system and general appeals process with the West of England Combined Authority to help ensure the West of England Combined Authority is prepared for ongoing developments within the Business Rates system. The West of England Combined Authority will continue to discuss with the government the proposed business rate reforms and how it will affect the city region.
11. The government will give the West of England Combined Authority Mayor the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap of 2p per pound of rateable value.
12. As part of the Bristol and West of England City Deal (agreed in 2012) the government supported the creation of an Economic Development Fund with funding provided by the retention of Business Rates from the Temple Quarter Enterprise Zone and the five West of England Enterprise Areas. To enable the ongoing success of this fund the Enterprise Zone and Enterprise Areas will continue to enjoy their current benefits. These include for the Temple Quarter Enterprise Zone and agreed extension to new sites in Bristol, Bath and Somer Valley Enterprise Zone branding and business rates discounts for business moving onto the zone. The Enterprise Zone and Enterprise Areas will also continue to benefit from 100% growth of business rates retention (from the agreed baseline) for 25 years from their designation with 100% protection from any future reset or redistribution.

### Skills (19+)

13. The government will enable local commissioning of outcomes to be achieved from the 19+ Adult Education Budget in academic year 2017/18; and will fully devolve budgets

to the West of England Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.

14. Devolution will proceed in two stages, across the next three academic years:
  - a. Starting now the West of England Combined Authority will begin to prepare for local commissioning. For the 2017/18 academic year, and following the area review, government will work with the West of England Combined Authority to vary the block grant allocations made to providers, within an agreed framework.
  - b. From 2018/19, there will be full devolution of funding. The West of England Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.
15. The readiness conditions for full devolution are that:
  - a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.
  - b. Completion of the Area Review process leading to a sustainable provider base.
  - c. After the area-reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base.
  - d. Clear principles and arrangements have been agreed between central government and the West of England Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.
  - e. Learner protection and minimum standards arrangements are agreed.
  - f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.
16. The Department for Business, Innovation and Skills and the West of England Combined Authority will discuss how the Advanced Learner Loans system can best support more residents to progress to Level 3+, and better meet the needs of the local labour market.
17. The West of England Combined Authority will assume responsibility for the Apprenticeship Grant for Employers (AGE). The AGE funding must be used alongside mainstream apprenticeship participation funding to incentivise employers to offer apprenticeships, but the West of England Combined Authority are free to vary the criteria associated with the grant (e.g. size and sector of business) to meet local needs.

The Skills Funding Agency will work with the West of England Combined Authority to identify an appropriate share.

### Skills (16-18)

18. The government will work with the West of England Combined Authority to ensure that local priorities are fed into the provision of careers advice, such that it is employer-led, integrated and meets local needs. In particular, the West of England Combined Authority will ensure that local priorities are fed into provision through direct involvement and collaboration with government in the design of local careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

### Employment

19. The West of England Combined Authority will work with DWP to co-design the new National Work and Health Programme designed to focus on those with a health condition or disability and the very long term unemployed.
20. The respective roles of DWP and the West of England Combined Authority in the co-design will include:
  - a. DWP sets the funding envelope, the West of England Combined Authority can top up if they wish to, but are not required to.
  - b. The West of England Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector to enable timely health-based support. There will be a particular focus on ensuring the integration of the new programme with local services, in order to ensure that national and local provision works well together, and opportunities for greater integration are identified and levered.
  - c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. The West of England Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome. In determining the local outcome(s) the West of England Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
  - d. Before delivery commences, DWP and the West of England Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concerns that arise.



- e. DWP to facilitate protocols for data sharing and transparency by tackling some of the obstacles and developing solutions to enable the West of England Combined Authority to develop a strategic needs assessment for the area.
21. The West of England Combined Authority will co-commission the Work and Health programme with DWP. The respective roles of DWP and the West of England Combined Authority will include:
- a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from the West of England Combined Authority on contract package area geography.
  - b. The West of England Combined Authority will be involved in tender evaluation.
  - c. Providers will be solely accountable to DWP, but DWP and the West of England Combined Authority's above-mentioned agreement will include a mechanism by which the West of England Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.
22. Building on the learning from the HYPE programme, the West of England Combined Authority will develop a business case for an innovative pilot to support those who are hardest to help and furthest from the labour market. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.

### **Supporting and attracting business**

23. The government will work towards closer cooperation with the city region on trade and investment services, including joint activities with UKTI such as:
- a. Consultation on services and trade missions within an export plan jointly agreed between UKTI and the Combined Authority.
  - b. Ring-fenced trade services resource within the Combined Authority area. Ring-fenced resource remains subject to departmental budget changes.
  - c. Data sharing where practical and feasible on trade and investment specific to the city-region.
  - d. Taking account of the city region's approach to smart specialisation, which places emphasis on the support for trade and investment services in specific sub-sectors identified as having exceptional presence in the city region.
  - e. Appropriate information sharing to ensure aligned mutually supporting activity in day to day activity. Commitment from appropriate UKTI Sector Specialists to engage in a regular dialogue and joint working with Invest Bristol & Bath (IBB) sector specialists.
  - f. Joint governance structure for the city region investment strategy, through six-monthly meetings.

- g. Explore co-location of inward investment operations with UKTI, making full use of the well-established Engine Shed, a city-regional growth hub.
24. On co-location, the government will review the Inward Investment resource location of regional (IST) staff across the three levels of: Partnership Managers; Business development and Key Account Management teams, currently in 8 locations nationally. The government will also look at options for co-location, under UKTI/IST management, without harming the overall efficiency of the working of the investment model.
25. There will be a strengthened partnership between locally delivered services and UKTI, with a joint governance structure including six-monthly meetings attended by a Director level representative from UKTI and the West of England Combined Authority. These will provide a forum to discuss progress on inward-investment team co-location, and on account management activity by both parties in the region. This structure will wherever possible be used to review key decisions and initiatives planned and/or implemented by both parties, including building a better shared understanding of the inward investment opportunities available in the region.
26. The government will explore what options exist for using a portion of GREAT campaign budget for overseas based activity aligned to City Region sector strengths with delivery managed by UKTI Marketing teams with input from the West of England Combined Authority. This activity should be supported by sector based resource in overseas posts who have been specially briefed to have a strong understanding of the West of England Combined Authority sector strengths.
27. The West of England Combined Authority will work with government and their neighbouring regions to develop a regional co-ordinating function for Foreign Direct Investment (FDI) activities. This will lever the existing capacity of Invest Bristol & Bath and its well established FDI based partnerships with neighbouring areas.
28. The government commits to working with the West of England Combined Authority and local partners to realise the economic potential of the Bristol and Bath Science Park and the Junction 21 Enterprise Area Food Enterprise Zone.
29. The government agrees to continue to develop and deliver, in collaboration with the West of England Combined Authority, the joint programme to drive commercial rollout of superfast broadband, particularly in rural areas of the city region.
30. The government will work with the West of England Combined Authority to support the development of the West of England Growth Hub, so that it joins-up and co-ordinates public, private, third sector, national and local support to ensure new and existing businesses access the help they need to boost their productivity and grow.
31. The West of England will work with partners, including government, to develop a strategic approach to regulatory delivery. To build on the Better Business for All national programme, overcoming regulatory barriers and supporting local priorities for growth and reform.

## Energy

32. The government recognises the tidal range of the Severn Estuary has the potential to make a significant contribution to the UK's electricity generation from an indigenous renewable source. The government has launched a review to assess the strategic case for tidal lagoons and whether they could represent value for money for the consumer. The government welcomes the West of England establishing cross-regional governance (in conjunction with South Wales) responsible for developing a Severn Estuary and Bristol Channel Energy Strategy.

## European funding

33. The government is committed to working with the West of England Combined Authority to achieve Intermediate Body status for the European Regional Development Fund and European Social Fund. The government will work with the West of England Combined Authority to agree how to delegate powers to select projects on the basis of strategic fit with operational programmes and local conditions. This will allow the West of England to integrate and align investments with other aspects of the devolution deal, to select projects for investment, to improve performance and maximise economic impact.

## Housing and planning

34. The West of England is committed to the delivery of high quality, planned, sustainable growth and is leading the way on a strategic approach to regional planning through its emerging Joint Spatial Plan (JSP) and Joint Transport Plan (JTP).
35. The West of England Combined Authority will set an ambitious target for delivering new homes which will be supported by the planning powers detailed below. The housing target will be set out in the West of England Joint Spatial Plan for the period from 2016 to 2036. The West of England will bring forward the Joint Spatial Plan for submission in summer 2017 and this will be subject to an examination in public to ensure it is sound being and undertaken by an independent inspector appointed by the Secretary of State in accordance with the National Planning Policy Framework.
36. The West of England authorities will bring forward a Joint Transport Plan by the end of 2017 followed by a strategic infrastructure delivery plan which identifies infrastructure needed to deal with both the current deficit and Joint Spatial Plan generated requirements, and proposals to fund this through devolved infrastructure funds and other appropriate programmes.
37. The West of England Combined Authority will work with government and its agencies to co-invest in new homes, accelerating the unlocking of barriers to growth, and plan and prioritise investment in associated infrastructure (including transport, schools and health).
38. The Joint Spatial Plan will provide the higher level strategic planning policy framework for each Unitary Authority's local plan reviews. All planning authorities in the West of

England commit to bringing forward up to date Local Plans in line with this overall strategic framework.

39. The Secretary of State for Communities and Local Government will acknowledge the weight of the West of England Joint Strategic Plan and the four respective local plans as the basis of a comprehensive plan-led approach. The Secretary of State for Communities and Local Government will assist, where possible, in streamlining planning processes so that once the Joint Strategic Plan is in place Local Plans can be rapidly adopted.
40. To improve public confidence in both strategic planning and the planning delivery system for sustainable growth, the government will work with the West of England Combined Authority to enable a strategic approach to a five year housing supply. This would support local authorities when resisting speculative development appeals.
41. The West of England Combined Authority Mayor will exercise strategic planning powers to support and accelerate these ambitions. These will include powers to:
  - a. Adopt a statutory spatial development strategy, which will act as the framework for managing planning across the West of England region, and for the future development of Local Plans. The spatial framework will need to be approved by unanimous vote of the members appointed by constituent councils of the Combined Authority.
  - b. Create supplementary planning documents and a single viability appraisal process, subject to the approval process in paragraph 41a.
  - c. Be consulted on and/or call-in planning applications identified as being of potential strategic importance in the West of England.
  - d. Prepare, submit and determine planning applications for agreed schemes.
  - e. Undertake land assembly and compulsory purchase; and to form joint ventures with landowners, developers and Registered Providers.
  - f. Create Mayoral Development Corporations, with planning and land assembly powers, which will support delivery of strategic sites in the West of England region. This power will be exercised with the consent of the appropriate Members in which the development corporation is to be used.
42. To support delivery of these commitments the West of England Combined Authority and government agree to:
  - a. Review all land and property (including surplus property and land) held by the public sector to better enable strategic infrastructure and housing priorities to be realised.
  - b. The government will work with the West England to support the operation of the Joint Assets Board, and support better coordination on asset sales. This will include ensuring the representation of senior HMG officials on the Joint Assets Board, using that Board to develop as far as possible and consistent with the government's overall public sector land target, a joint programme of public sector asset disposal. The Joint Assets Board will identify barriers to delivery and develop solutions to address those barriers to help the West of England Combined

Authority meet its housing goals and to unlock more land for employment use.

- c. A strong partnership to support key large housing sites (1,500 homes +) and joint action to deliver early on starter homes. The government and associated agencies will work in partnership with the area's local authorities to help resolve barriers with utility companies or government agencies, and invest in suitable land. The government and the West of England Combined Authority will continue discussions on the principle of securing longer term frameworks for funding of key sites, subject to the development of a full business case, meeting our value for money and other funding criteria.
43. Support the West of England in the development of proposals for ambitious reforms in the way that planning services are delivered, and which could enable greater flexibility in the way that fees are set, with a particular focus on proposals which can streamline the process for applicants and accelerate decision making.

## Transport

44. The directly elected Mayor of the West of England will:
- a. Take responsibility for a devolved and consolidated local transport budget, with a multi-year settlement. Functions will be devolved to the Combined Authority accordingly, to be exercised by the Mayor.
  - b. Have the ability to franchise bus services in the city region, subject to necessary legislation and local consultation. This will be enabled through a specific Buses Bill which will provide for the necessary functions to be devolved. This will support the Combined Authority's ambitions in delivering a high quality bus network and in enhancing the local bus offer. This includes the delivery of smart and integrated ticketing, local branding and provision of minimum standards across the network.
  - c. Take responsibility for a Key Route Network of local roads, which will be defined and agreed by the constituent local authorities, and will be managed and maintained at a city region level, by conferring highway and traffic management powers on the Combined Authority once it is in place. The management, maintenance and improvement of the Key Route Network will be supported by devolving all relevant local roads maintenance funding as part of the Mayor's consolidated, multi-year local transport budget. This will also support the delivery of a single asset management plan for the local authority network across the Combined Authority area, and streamlined contractual and delivery arrangements.
45. In addition and as part of the deal:
- a. In establishing the Combined Authority, appropriate<sup>2</sup> local transport functions will be conferred to the Combined Authority and exercised by the Mayor. In

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<sup>2</sup> In establishing the Combined Authority, responsibility for an area-wide local transport plan, public transport functions and the Key Route Network part of the local authority road network will be conferred to the Combined Authority and exercised by the Mayor.

addition, a new single policy and delivery body will be created covering the same area in order to determine, manage and deliver the Mayor's transport plans and the delivery of an integrated public transport network for the city region.

- b. To support better integration between local and national networks, the government and the West of England Combined Authority will enter into joint working arrangements with Highways England and Network Rail on operations, maintenance and local investment through a new Memorandum of Understanding.
- c. The West of England Combined Authority will bring forward alternative proposals for the management of current and new rail stations in the Combined Authority area (i.e. the areas of the constituent councils). If any of these proposals would lead to the transfer of any rail station or infrastructure assets to the Combined Authority, the Combined Authority will be obliged to bring forward a business case for consideration by the government.
- d. The Combined Authority Shadow Board will bring forward proposals that would enable the Mayor and Combined Authority to implement Clean Air Zones in the Combined Authority area. This will help achieve Air Quality Plan objectives at both the national and local level.
- e. The government will work with the West of England Combined Authority to establish any appropriate local traffic and highway powers to be conferred on to the Mayor as part of the Key Route Network.

### **Under this geography**

- 46. The Mayor for the West of England will be elected by the local government electors for the areas of the constituent councils of the West of England Combined Authority. The West of England Mayor and West of England Combined Authority will exercise the powers and responsibilities described in this document in relation to its area, i.e. the area of the constituent councils of the West of England Combined Authority.
- 47. Additional funding or budgets that are devolved as a result of this agreement will go to the West of England Combined Authority, to be exercised by the West of England Mayor or Combined Authority as set out in this document.
- 48. The West of England Combined Authority must exercise functions in relation to its geographical area.
- 49. Under the West of England Mayor model, it is not expected that the role of the LEP or private sector would be lessened.

### **West of England Combined Authority commitments**

- 50. The West of England Combined Authority is accountable to local people for the successful implementation of the devolution deal; consequently, the government expects the West of England Combined Authority to monitor and evaluate their deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will

work with the West of England Combined Authority to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.

51. The West of England Combined Authority will be required to evaluate the additional £30 million per annum of funding for 30 years, which will form part of and capitalise the West of England Combined Authority single pot. The £30 million per annum fund will be subject to:
  - a. Gateway assessments for the £30 million per annum scheme. The West of England Combined Authority and the government will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the West of England Combined Authority, but agreed at the outset with the government, and will take place every five years. The next five year tranche of funding will be unlocked if the government is satisfied that the independent assessment shows the investment to have met the objectives and contributed to national growth.
  - b. The gateway assessment should be consistent with the HM Treasury Green Book, which sets out the framework for evaluation of all policies and programmes, and where relevant with the more detailed transport cost-benefit analysis guidance issued by the Department for Transport (DfT). The assessment should also take into account the latest developments in economic evaluation methodology.
  - c. The government would expect the assessment to show the activity funded through the scheme represents better value for money than comparable projects, defined in terms of a Benefit to Cost ratio.
52. The West of England Combined Authority will work with the government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.
53. The West of England Combined Authority will agree overall borrowing limits and capitalisation limits with the government and have formal agreement to engage on forecasting. The West of England Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.
54. The West of England Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with the government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.
55. The West of England Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

**Bristol, Bath & South Gloucestershire  
delivering productivity and prosperity**

Draft Governance Review  
for Bristol, Bath & South Gloucestershire 2016



## Recommendations

- **The delivery of economic development and transport arrangements for Bristol, Bath & South Gloucestershire will be made more efficient by the formation of a Combined Authority with a directly elected mayor.**
- **The Mayoral Combined Authority will be effective over a geography comprising the local authority areas of Bath & North East Somerset, Bristol, and South Gloucestershire.**

## Introduction

1. In July 2015 the West of England Strategic Leaders' Board, comprising the Councils in the West of England area (Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council) agreed proposals to review their governance arrangements in order to deliver their ambitious plans for economic growth in the West of England (WoE).
2. This document has been prepared by Bristol City Council's Devolution Programme Management Office, on behalf of the Chief Executives and City Director of the WoE councils. It details the findings of a governance review that has been undertaken under Section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA)<sup>1</sup> as amended by the Cities and Local Government Devolution Act 2016 (CLGDA)<sup>2</sup> to review the exercise of statutory functions in relation to the combined areas of the Councils ("the review area") with a view to deciding whether to prepare and publish a scheme for a combined authority under section 109.
3. The geography of the 'review area' has been determined following negotiations with Government on a Devolution Agreement. These negotiations were undertaken by the four Councils noted above, but it has become clear that one council, North Somerset, does not wish to continue and so the Constituent Councils for the purpose of this review are Bath & North East Somerset, Bristol and South Gloucestershire.
4. The Councils may publish such a scheme if they conclude on the basis of this review that the establishment of a combined authority would be likely to improve the exercise of statutory functions in relation to the review area.
5. The issues set out in this document have been the subject of engagement with stakeholders. This document will also accompany the Scheme during its formal consultation, should the Councils decide to proceed with publication and consultation.

6. The findings of this governance review will be considered by each of the constituent councils who will consider whether to publish a 'scheme' for a Combined Authority (CA). If they do, the scheme will be the subject of a public consultation exercise, carried out by the Councils to inform the decision of the Secretary of State for Communities & Local Government on whether to make an order to establish a Combined Authority and transfer functions.

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<sup>1</sup> The Act can be found at <http://www.legislation.gov.uk/ukpga/2009/20/contents>

<sup>2</sup> The Act can be found at <http://www.legislation.gov.uk/ukpga/2016/1/contents>

## Executive Summary

7. In accordance with the statutory framework the purpose of this Governance Review has been to:
  - review the exercise of statutory functions in relation to the review area with a view to deciding whether to prepare and publish a scheme under section 109 of the Local Democracy, Economic Development and Construction Act 2009;
  - consider the options available for making changes to existing governance structures and arrangements with a view to improving the exercise of statutory functions;
  - determine which option is likely to be most beneficial to the review area, through strengthening the overall governance arrangements and improving the efficient exercise of statutory functions.
8. The Governance Review has found that the review area, comprising the three Councils of Bath & North East Somerset (BANES), Bristol, and South Gloucestershire, can be fairly described as a Functional Economic Market Area (FEMA). It is clear from a variety of evidence, such as the findings of the West of England Economic Development Needs, that the four-Council area (that is, including North Somerset) represents a FEMA.<sup>1</sup> However, there is a wealth of evidence that identifies the three-Council area as a distinct FEMA in its own right.
9. This review was initiated in response to growing evidence that the success of the West of England economy was showing signs of strain and overheating. This review was seen as an important part of considering whether changes to governance arrangements might not improve the efficiency of economic interventions. At the same time, West of England Councils were invited to propose a devolution agreement to support future economic growth – a deal involving devolution of significant resources (over £1bn Govt. investment) and new powers was reached in March 2016 – and it is in the context of that deal that this governance review should be considered.
10. At the level of governance and decision-making there are a number of limitations within the current arrangements, largely relating to the lack of a single, formally constituted body responsible for taking strategic decisions about economic growth across the review area. This gives rise to potential problems such as lack of clarity, duplication and inefficiency of decision making. The Review also concluded that current arrangements inhibit long term strategic decision making and are insufficient to support the ambitions of the area. A less cumbersome governance arrangement is needed to address the challenges that the review area will face in the future, as well as providing greater transparency and accountability.

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<sup>1</sup> [https://www.jointplanningwofe.org.uk/gf2.ti/f/636546/18039493.1/PDF/-/EDNA\\_final\\_report\\_4.12.15.pdf](https://www.jointplanningwofe.org.uk/gf2.ti/f/636546/18039493.1/PDF/-/EDNA_final_report_4.12.15.pdf)

11. The financial position facing local authorities should not be overlooked. Over the last four years, there have been significant reductions in the Government's funding of local authorities. Reductions in local government funding have been higher than in other parts of the public sector. It is therefore imperative that all future governance models are efficient and reduce duplication and waste wherever possible.
12. The Review notes that the devolution deal with central government is contingent on a mayoral combined authority. This is the appropriate mechanism by which the powers and funding set out in the agreement can be decentralised and devolved to the locality, enabling the efficient exercise of functions locally and benefiting local economic growth in the review area. The appropriate geography for that area being the three Councils districts as stated above, given that governance arrangements cannot be imposed upon any Council and any form of Combined Authority must be collaboration between willing parties.

## **Methodology for the Governance Review**

13. The governance review has comprised the following:-
  - A. A review of the economic evidence in order to assess the existence of a WoE functional economic market area (FEMA)
  - B. A review of the economic evidence in order to assess the effectiveness of current arrangements;
  - C. A review of current governance arrangements and their effectiveness and efficiency
  - D. Summary of proposed devolution agreement
  - E. Desk research of possible future governance structures, assessment of their contribution to economic growth and an option appraisal;
  - F. Summary of Findings

### **A. Review of Economic Evidence – Functional Economic Market Area**

14. The review of economic evidence relies heavily upon the WoE Local Economic Assessment 2015, which is available on the WoE LEP website<sup>2</sup>. The review also took account of data and analysis in the Economic Development Needs Assessment and Strategic Housing Market Area Assessment, developed as part of the WoE Joint Spatial Plan process.
15. The review area already contributes £26.7 billion to the national economy each year, and is the most productive Core City Region outside London. As an economic geography, our area makes a positive net contribution to UK Gross Domestic Product, earning more money per capita for HM Treasury than is spent on the delivery of public services.

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<sup>2</sup><http://www.westofenglandlep.co.uk/assets/files/About%20Us/Economic%20Intelligence/20150924%20WoE%20LEA%20Final%20Report.pdf>

16. Some of the most significant aerospace, advanced engineering, high technology, creative and business services in the UK are located here. We have a significant UK port and are well served by national transport links, both road and rail, to London and the rest of the country.

### **Bristol, Bath & South Gloucestershire as a Functional Economic Market Area**

17. The review area can be fairly described as a FEMA. There are some arguments for Bath having its own FEMA, based upon the Bath Travel to Work Area and Housing Market Area, but these are overlapping market areas rather than clearly distinct and are outweighed by significant commonalities across the geography.

### **Defining FEMA**

18. Defining the geography of the review area as a FEMA is one of the statutory requirements to make changes in governance arrangements, under the 2009 Act. Government advice gives no standard approach to defining a functional economic market area. However, it is possible to define them taking account of factors including travel to work areas and service market for consumers.<sup>3</sup>

### **Labour Market**

19. The review area can be described as a 'self-contained labour market', a key component of describing a functional economic market area; as shown in Table 5 below, 81% of residents aged over 16 also work in the area (including those who work at home). 67% is regarded as the threshold for the labour market being self-contained.
20. In addition, there is labour market evidence justifying the geography of the review area as opposed to that of the West of England LEP area (that is, without North Somerset)
  - As shown in Figure 1 below, Weston-super-Mare is attributed its own Travel to Work Area (TTWA) with 75% of North Somerset residents aged over 16 also working in the area (including those who work at home), see Table 5 below.
  - As shown in Tables 1-3 below, there are some qualitative differences between North Somerset and the review area in terms of key labour market characteristics (such as industrial structure, occupational structure and earnings growth);
  - In the North Somerset Local Economic Assessment 2012-13, there is a finding of multiple links with "identified economic areas covering Bath, Trowbridge, Swindon, Cheltenham, Gloucester and Bristol." It is suggested that North Somerset could sit in two separate but overlapping functional economic market areas – both the West of England (a sub-zone of the South West's 'North East Triangle') and the 'M5 Corridor', which stretches from Exeter to North Somerset.

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<sup>3</sup> <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/>

## Service Market for Consumers

21. In Javelin Group's 'Venuescore' ranking of the UK's top 3,000 retail centres, based on a variety of criteria such as quantity and quality of shops, location, regional significance and consumer attractiveness, both Bristol and Bath are ranked in the top 20 (15<sup>th</sup> and 19<sup>th</sup> respectively). These rankings demonstrate the economic significance of both Bristol and Bath as regional centres.

**Figure 1 - Travel to Work Areas (TTWA) based on 2011 Census**



**Table 1 – Major sector employment patterns by UA, 2014**

Sector	Proportion of total employment in selected sectors				
	West of England	BANES	Bristol	North Somerset	South Glos.
Health & Social Care	14.1%	18.1%	15.4%	9.0%	14.1%
Wholesale & Retail	15.0%	15.8%	14.7%	15.8%	14.5%
Education	8.9%	12.4%	9.2%	7.2%	7.4%
Professional & Scientific	9.8%	8.9%	11.5%	7.2%	8.7%
Admin & Support	8.8%	5.3%	9.8%	9.5%	8.6%
Accommodation & Food	6.7%	9.6%	5.9%	7.6%	5.8%
Finance & Insurance	5.3%	2.8%	7.1%	1.6%	5.8%
Public admin.	5.1%	2.8%	4.1%	4.6%	8.2%
Transportation & Storage	4.1%	1.9%	4.2%	5.7%	4.3%

Business Register and Employment Survey (BRES) via NOMIS

**Table 2 – Occupational employment patterns by UA, 2014**

Occupation	Proportion of total employment by occupation				
	West of England	BANES	Bristol	North Somerset	South Gos.
Managers & Directors	9.0%	9.4%	7.8%	12.6%	8.4%
Professionals	24.9%	26.4%	27.5%	19.2%	23.6%
Associate Professionals	16.4%	16.8%	16.7%	15.4%	15.4%
Admin.	10.2%	9.2%	8.3%	11.6%	13.1%
Skilled Trades	8.3%	9.6%	7.7%	7.3%	9.3%
Care & Leisure	7.8%	7.8%	8.0%	9.2%	6.6%
Sales	7.8%	6.9%	8.6%	8.1%	7.1%
Process Operatives	4.8%	4.5%	4.9%	4.7%	4.8%
Elementary Occupations	10.4%	9.3%	10.1%	10.8%	11.2%

Annual Population Survey (APS), via NOMIS

**Table 3 - Differences in earnings growth through recession & recovery by UA**

Mean annual gross pay	Earnings Growth 2008-15				
	West of England	BANES	Bristol	North Somerset	South Gos.
Workplace analysis	6.7%	16.9%	7.0%	-0.2%	5.7%
Resident Analysis	9.8%	12.9%	9.2%	0.4%	16.9%

Annual Survey of Hours & Earnings (ASHE) via NOMIS

**Table 5 - Self-contained labour market data**

<b>Excluding No fixed place and working at home</b>	WoE	Bristol, Bath & South Gos.	Comments
Live and work in (live and work in UK)	85.4	78.8	% that live in UK and work in the two combinations
Work in UK and Live in	90.1	87.2	% that work in UK and live in the two combinations
<b>Including working at home</b>			
Live and work in (live and work in UK)	86.9	80.9	% that live in UK and work in
Work in UK and Live in	91.2	88.5	% that work in UK and live in
<b>Including working at home &amp; working outside UK or offshore</b>			
<b>Live and work in (live and work in UK)</b>	<b>86.9</b>	<b>80.9</b>	<b>% that live in UK and work in</b>
Work in UK and elsewhere and Live in	91.0	88.3	% that work in UK and live in

Census 2011

## B. Review of Economic Evidence – effectiveness of current arrangements

22. In summary:

- The population of the review area is 896,000, of whom 579,000 are working age (with an economic activity rate of 81%)
- GVA equates to c.£26.7bn (2014)
- Nearly 140,000 residents live in communities experiencing comparatively high levels of deprivation.

23. The West of England LEP Economic Assessment (2015) summarises the current state of the economy as follows:

*The West of England economy has some outstanding strengths to set it in good stead for economic development and growth in future:*

- *Strong rates of entrepreneurship, presence of significant businesses, and track record in foreign direct investment*
- *Strong share of employment in high value added manufacturing and services activities; with stronger predisposition towards ‘tradeable’ activities that compete on quality, design and innovation.*
- *High rates of skills and qualifications in the workforce;*
- *High rates of economic participation and a growing workforce.*

*However, like many successful economies, the pressures of infrastructural and housing demand have often exceeded supply. In addition, the area’s productivity advantages seem to be eroding. Despite high rates of job growth, the rate of GVA growth over recent years has been low.*

*On balance, the strengths outweigh the weaknesses, and cannot be underestimated. Not many UK city regions (particularly those based around core cities) have such advantages, nor lie in such proximity to London and the South East of England. They should mean that the West of England will experience relatively strong rates of economic growth over the next decade.*

24. Overall, the City Region experiences comparatively low levels of deprivation, with 15.5% of the population living within the most deprived 20% of LSOAs (small statistical areas used for national statistics), however this still represents 139,130 residents.

25. The most deprived communities are not distributed evenly throughout the review area. Table 6 below shows the number of residents living within the most deprived 20% of English LSOAs by each Council.



Table 6 - Council Population in most deprived 20% of English neighbourhoods.

<b>Local Authority</b>	<b>No. population in most deprived 20%</b>
Bath and North East Somerset	7,301
Bristol	130,528
South Gloucestershire	1,301
Review Area Total	139,130

## **Economic Challenges**

26. Despite the review area's economic strengths outlined above in paragraph 23, the evidence base indicates there are key issues that need to be addressed in order to sustain growth:
- The review area has weathered the recession better than other areas, but post-recession growth has slowed to below the national average. Productivity, although higher than the national average, has not grown in line with the rest of the UK. Productivity in Bristol is now lower than in the surrounding area.
  - There is an emerging infrastructure deficit that is threatening to hold back the area's growth potential and competitiveness.
  - Road congestion in Bristol and the surrounding area is the highest of any comparable city in the UK. Equally, the poor public transport offer has hampered efforts to tackle unemployment and welfare dependency, with inadequate links between areas of higher employment density and persistent concentrations of unemployment and economic inactivity.
  - Housing affordability has declined rapidly over the past 15 years. Average house prices range from 6.8 times median earnings in Bristol (the highest of any English Core City) to 8.7 in Bath and North East Somerset. Private sector rents in the city region have increased faster than any other area outside London over 2011-2013 (12.5%)<sup>4</sup>.
  - ONS trend based forecasts point to a potential growth in the city region's population of almost 20% by 2035. This reflects the historic attractiveness of the region and its strengths, but is only deliverable if the region's infrastructure can cope.

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<sup>4</sup> National Housing Federation (NHF) 'Home Truths' 2014/15

- Finally, there are scattered neighbourhoods across the review area with concentrated and persistent high deprivation and overlapping issues with skills attainment, health, and access to employment. These neighbourhoods represent both an opportunity cost, in terms of unused potential, and a real cost to Government, in terms of welfare expenditure.

## **Growth and opportunity**

27. The challenges outlined above formed the rationale for the review area's ambitions for a devolution deal, following on from a clear indication that additional resources will be required to deliver both:

- Increased infrastructure investment in order to remove the current constraints to sustainable growth (including housing need, affordability and congestion), allowing the city-region to capitalise on the strong forecast population and employment growth (thereby capturing the associated agglomeration/productivity gains that this would generate); and
- An improved employment and skills offer that engages employers, to ensure that there is an appropriately qualified labour force to take advantage of this growth, and to address areas of deprivation and worklessness.

## ***The LEP Economic Assessment also summarised the following characteristics of the local economy***

### **Strengths**

28. *The West of England economy has higher rates of entrepreneurship, skills and qualifications than average. Rates of productivity are also higher. This is reflected in the product-market strategies of businesses, which tend to be more geared towards quality, innovation and design compared to nationally – as well as the higher rates of employment in the knowledge economy and high- and medium- technology manufacturing.*
29. *The West of England has demonstrated a capability for growth in the past, both in terms of economic output and jobs. And it has demonstrated resilience, as the area was only one of five LEP areas which did not experience a nominal economic contraction during the recession.*
30. *Another significant strength is the size and economic participation rates of the workforce; and the projected growth in the workforce. The West of England does not face population ageing to the extent that the national economy, and other regional economies do.*
31. *The West of England is also a significant headquarters location for businesses and has a track record in attracting foreign direct investment. This track record will help in further increasing awareness of the area as a competitive business location, and will help make the case to future investors.*

## **Weaknesses**

32. *A notable weakness has been the lower rates of economic growth and jobs growth since 2010, and the decline growth rate in productivity. Between 2010 and 2012 economic output decreased in many of the service sectors, including Information and Communications, Finance and Insurance and Business Service Activities. Historically, these have tended to be the sectors with growth potential in terms of jobs and output.*
33. *Another observation is that high rates of jobs growth are not being reflected in GVA growth rates, and that high rates of workforce qualifications and skills offer no clear premium in terms of earnings (when compared to the national average).*

## **Opportunities**

34. *Manufacturing growth, in particularly high- and medium- technology manufacturing presents a significant future opportunity. The West of England has a higher share of residents in scientific and technology professionals, which will help to potentially underpin further growth. The higher share of establishments competing on quality, innovation and design offers further advantages for market growth and export potential.*
35. *As mentioned, the track record in foreign direct investment and presence of headquarters will help to attract further investment to the West of England. Coupled with the current strengths in terms of skills and qualifications, the area has a compelling offer for business investment.*

## **Threats**

36. *The financial services sector has contracted sharply in the West of England in terms of employment and economic output. It is unlikely that this sector will be the driver of growth in jobs and for the economy going forward.*
37. *If the productivity growth rate continues to fall relative to the national rate, then the West of England's superior productivity performance will potentially erode and fall below the national average.*
38. *There is some evidence of labour market tightening (where some employers face increasing recruitment difficulties) – via the incidence of a higher rate of skills shortage vacancies; and high rates of economic participation. Of course, this may be partially offset by natural population change, and in particular an influx of young people into the labour market. However, labour demand does not always change in a smooth and gradual way, particularly in the aftermath of a recession – there are usually periods of peak recruitment that are part of the business cycles in various industries. This may prove challenging for some local employers.*
39. *One potential future threat is the deterioration in qualifications attainment of young people. Whereas the population projections paint a picture of strong*

*future labour supply and young entrants to the labour market, the trends in qualifications attainments may suggest that there could be deficiencies in the qualifications of these young people. Whereas in many economies, the cohort effect means that many older members of the workforce with no qualifications are set to leave the workforce, this may be counteracted to some degree by young people entering the workforce with low or no qualifications.*

40. *As with many local economies in the UK, the costs of housing have increased significantly over recent years, and there have been indications of increasing levels of traffic congestion. If left unaddressed, these will affect the ability to compete as an economy.*

## **C. Review of Current Governance Arrangements**

41. Current arrangements for joint working on transport, planning and economic development have developed through the West of England Partnership (WEP). This loose partnership of four Councils was formed in the late 1990's following the demise of Avon County Council to facilitate cross boundary or multi-authority working on specific issues.
42. The WEP brought together and managed the collaboration between the Councils, predominantly on joint transport planning, spatial planning and economic strategy. Having no statutory powers or resources, it relied upon consensus between the constituent Councils and was frequently able to achieve this to the benefit of the whole area.
43. In 2011, the West of England Local Enterprise Partnership was formed, covering the same geography as the WEP. In an effort to avoid duplication and to streamline sub-regional activities, there was an effective merger of WEP and LEP. WEP staff and organisation were transferred into the LEP structure and took on functions that were essentially delegated by, or 'pooled' between, the four local authorities. The move to a three-council governance arrangement will formalize this joint-working between the councils concerned, but will also facilitate the continuation of pooling of functions, especially in planning, transport and inward investment, across the LEP geography; something to which all councils and the LEP are committed.
44. This integration between the relatively informal, locally determined WEP and the Government-inspired and directed LEP has worked well and has achieved some notable successes for the city-region. In 2012, the Councils and LEP combined to secure a City Deal, which provided the city-region with an Economic Development Fund worth a minimum of £500m over 25 years. Subsequent to that, and the agreement of a Strategic Economic Plan in 2014, over £230m of Local Growth Fund was allocated to the city-region. For such "legacy" funding, partnership arrangements between all four councils in the LEP area will need to continue in order to deliver the City Deal and Strategic Economic Plan, to which all parties are committed.

## Strategic Leaders' Board

45. Governance of the West of England was enhanced, in response to taking on responsibility for these significant sums of public money, by the formation of a Strategic Leaders' Board (SLB). The SLB, consisting of the Leaders of BANES, North Somerset and South Gloucestershire and the Mayor of Bristol, is the ultimate decision making body for the city region at the head of an assurance framework and responsible for the stewardship of public money.
46. The SLB is a joint executive committee with "such powers as may from time to time be delegated to the Board by the Executives of the Authorities or by any of the Authorities".
47. The overall objective of the SLB is to focus on strategic economic issues and to unlock barriers to growth in support of delivering the Strategic Economic Plan, but its full terms of reference are to:
  - a) Provide strong collective leadership and strategic direction to realise the full economic potential of the West of England.
  - b) Provide clear direction to support the development and delivery of key strategies to improve the economic conditions across the West of England area.
  - c) Provide a means for the formulation and expression of joint views of the authorities to central government and other bodies and organisations in respect of legislation, proposed legislation and other matters of concern, interest or relevance to the West of England economy with a particular focus on removing barriers to growth and the delegation of additional powers and funding.
  - d) Strengthen the co-ordination of joint local authority activity across the West of England, including the activities of the LEP, SLB, Joint Transport Board and the Planning, Housing and Communities Board.
  - e) Identify and develop any new areas of joint working between the local authorities to further joint economic objectives.
  - f) Work with other appropriate agencies and bodies beyond the West of England in order to achieve any shared economic objectives.
  - g) Watch over, protect and promote the interest, rights, powers, functions and duties of the Authorities.
  - h) Ensuring that any proposals, actions whether agreed or considered will be subject to an obligation upon the Leader of each of the Authorities to report it to their own authority.
  - i) Take any decisions required to deliver the Strategic Economic Plan, including additional funding, freedoms and flexibilities, and delivery directly resulting from the Plan and the subsequent Growth Deal. This will not include issues covered by existing Joint Committee arrangements (JTEC or any new PHCB).
  - j) Making decisions based on recommendations from the LEP Board.
  - k) Informing LEP policies and LEP applications for funding programmes.
  - l) Provide a formal and accountable forum for decision making relating to all relevant LEP or West of England funding streams; recommendations will come from the Investment Board via the LEP Board.

### **Joint Transport Board**

48. The Joint Transport Board is actually two separate bodies that meet consecutively given that they cover similar issues. The Board is made up of four elected members, one from each of the four councils, and two members of the LEP.

### **Local Transport Body Board**

49. This board is made up of both Council and LEP members and fulfils the function of administering delegated funding to the area by the Department for Transport (DfT) by means of an assurance framework, which is discussed further below.

### **Joint Transport Executive Committee**

50. This is a joint executive committee of the four Councils. The purpose of the committee is to “develop and implement a Strategy to alleviate traffic congestion, cope with anticipated population and traffic growth and to meet local transport and development needs and to promote the economic, social and environmental improvement of their areas, which Strategy shall comprise a Local Transport Improvement Programme of local transport projects pursuant to the Highways, Transport and Planning functions of the Authorities.”
51. The Committee has a sophisticated set of procedure rules and constitution, reflecting the weight and level of expenditure involved in its decision making. This includes, express delegations, reserved matters for decision and matters outside of delegation. A key delegation, for example, is:
- To receive recommendations from each of the Councils for local transport projects to be included within the Local Transport Improvement Programme, and to develop and determine the Local Transport Improvement Programme on the basis of such recommendations, and to revise that Local Transport Improvement Programme from time to time. For clarification it is stated that the Joint Transportation Executive Committee may not include a local transport project within the Local Transport Improvement Programme except on the recommendation of the Council or the Councils within whose area(s) the project lies.

### **Planning Housing & Communities Board**

52. This Board is made up of the executive or senior council members with responsibility for planning and housing from each West of England Council. The principle purposes of the Planning, Housing & Communities Board are to
- a) Advise and make recommendations to the SLB and to Council Cabinets/Committee, working with the Joint Scrutiny Committee and Infrastructure and Place Group; and

- b) In accordance with the Duty to Cooperate, oversee and collaborate on sub-regional planning and development issues.
53. The Board has never been established as a joint committee and remains a forum for discussion alone. Nonetheless, the Board has overseen the development of the Joint Spatial Plan and makes recommendations to the SLB or their own Council.

### **Joint Scrutiny Committee**

54. This is a coming together of the overview and scrutiny committees of each Council with responsibility for exercising scrutiny over the public functions of the LEP and of the above boards. There is a degree of concern locally regarding the effectiveness of joint scrutiny, together with some frustration with an inability to fully scrutinise LEP processes due to the breath of material and its detail, including the 'one front door' approach to project selection.
55. For all normal purposes, the Committee acts as one, with one Chair, one agenda and set of minutes published and, importantly, one discussion and decision as though one meeting.
56. However, this is not the case when a decision is to be called-in. Here, the call-in is undertaken by the one Committee of four and the meeting is organised and resourced through that particular Council, rather than jointly by the LEP as normal. Although the constitution provides that the one committee of four should invite the others to join with it in their call-in process.

### **West of England Local Enterprise Partnership**

57. Local Enterprise Partnerships (LEPs) are voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area. They carry out some of the functions previously carried out by the regional development agencies (RDAs) which were abolished in March 2012
58. They are intended to have three key priorities, being (a) shifting power to local communities and businesses (b) increasing confidence to invest (c) focused investment. Some of the roles of LEPs include:
- working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
  - coordinating proposals or bidding directly for the Regional Growth Fund, Local Growth Fund, etc.;
  - supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
  - making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;

- lead changes in how businesses are regulated locally;
  - strategic housing delivery, including pooling and aligning funding streams to support this;
  - working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
  - coordinating approaches to leveraging funding from the private sector;
  - exploring opportunities for developing financial and non-financial incentives on renewable energy projects; and
  - becoming involved in delivery of other national priorities such as digital infrastructure.
59. This list omits some responsibilities previously held by RDAs, such as inward investment, innovation, and access to finance, which continue to be led by central government.
60. Two other areas that fall to the LEP are:
- Enterprise Zones, where the LEP's role will be to identify the barriers which are impeding the growth of the local economy and the necessary options from the menu on offer to overcome such barriers. LEPs will also be able to bring together a wider package of support, by working with local colleges and Work Programme providers and linking Enterprise Zones to current and planned infrastructure
  - EU Structural and Investment Funding (the European Regional Development Fund and the European Social Fund plus elements of other such funds), where LEPs are responsible for designing and delivering strategies on how best to use this funding. Whilst LEPs are responsible for the outcomes, they are not to be responsible for administering the funds themselves, which remains the responsibility of central government to ensure compliance with EU rules either directly or through local authorities.

## **SKILLS AND EMPLOYABILITY**

### **Further Education**

61. Further education is defined as being both
- a) full-time education for 16- to 18-year-olds (unless it is suitable for, or provided at a school for, younger pupils, when it is secondary education) and
  - b) education provided for persons of 19 and over (except where it is education under a particular course of secondary education which a person began before becoming 18).
62. Higher education is defined by reference to specified courses, including courses leading to degrees and higher professional examinations.
63. The governance of this sector is the responsibility of
- Educational institutions within the further education sector



- Skills Funding Agency and the Department for Business, Innovation and Skills (BIS)
  - The Councils.
  - Regional School Commissioners
- with influence formally applied through the LEP and also other business representative bodies.

64. The Councils currently have a duty to encourage participation in education and training by persons who are over compulsory school age but under 19 and those who are subject to learning difficulty assessment and are aged 19 or over but under 25, and to encourage employers to participate in education or training provision for such persons
65. The Skills Funding Agency (SFA) is an executive agency of the Department for Business, Innovation and Skills (BIS). It operates under a statutory official, the Chief Executive of Skills Funding (CE), appointed by the Secretary of State. Their principal responsibilities concern the securing of reasonable facilities of sufficient quality and quantity for the education and training of persons falling within group a) above, the securing of apprenticeship training facilities for such persons, and the encouragement of employers to contribute to apprenticeship training and its cost.
66. The further education sector consists of further education corporations and sixth form college sector. These corporations within the review area are
- Bath College;
  - City of Bristol College;
  - South Gloucestershire and Stroud College; and
  - St Brendan's Sixth Form College
67. Regional School Commissioners are the means by which the Secretary of State for Education manages their relationship with school academies and, in this context, their sixth forms providing 16-19 education.

### **Further Education Area Review**

68. The Government is currently conducting a review, including the sub-regional reviews, which has started by assessing the economic and educational needs of the area, and the implications for post-16 education and training provision, including:
- school sixth forms
  - sixth form colleges
  - further education colleges
  - independent providers
69. This approach aims to move towards fewer, larger, more resilient and efficient providers, and more effective collaboration across institution types. The Government considers that it will be important to create greater specialisation, by establishing institutions that are genuine centres of expertise, which will be able to support sustained progression in professional and technical

disciplines, alongside excellence in other fundamental areas – such as English and maths.

70. The Government feels that this will produce the right capacity to provide good education and training for our young people and adults across England. In the longer term, the greater specialisation resulting from a review is intended to help with the creation of a new network of prestigious Institutes of Technology. These new institutions will work collaboratively with other colleges and providers, including National Colleges, to deliver high standard technical and professional education at levels 3, 4 and 5.
71. Draft recommendations from the Area Review do not include any amalgamations of institutions, leaving all colleges as stand-alone and independent. The review includes a call for establishing a 'Strategic Planning Group', bringing together colleges, LEP, the Mayoral Combined Authority, North Somerset Council and Higher Education Institutions. The planning group will meet bi-annually to ensure curriculum co-ordination, the most effective use of current estates across the area and any new capital funding and coordination of other aspects of the post-16 learning agenda. Participation in this group will enable the Mayoral Combined Authority to ensure efficient collaboration with other key players in the local skills system.

### **Employability service and improved pathways to skills, qualifications and work**

72. The Department for Work and Pensions (DWP) currently holds the direct responsibility for delivery of these functions.
73. The Councils, however, also provide some services within their areas to assist in achieving related objectives of their own or in some partnership with the DWP and BIS.

### **West of England Local Enterprise Partnership Skills Group**

74. Aims and Purpose of the Skills Group
- To support the goals of the West of England Local Enterprise Partnership, as defined in the Strategic Economic Plan (SEP) and specifically:
  - Developing and sustaining a well-motivated workforce with the right skills at the right levels to meet business need now and in the future;
  - To ensure that the rate and volume of jobs growth – particularly in the five priority sectors – is not hampered by the lack of an available local skill base.
  - To determine in support of these goals:
    - Current and future skills needs and gaps across the LEP area, particularly in the priority sectors and areas identified in the SEP.
    - Appropriate business-led strategy and actions regarding young people not in education, employment or training (NEET), unemployed and up-skilling to lessen the adverse impact of low skills and unemployment on the growth economy of the LEP.

- To be responsible on behalf of the LEP for:
  - Approving the annual LEP Skills Plan.
  - Setting the focus and overseeing the delivery of this Plan and its priorities and programme of actions, and supporting the SEP Skills agenda.
  - Providing regular highlight reports to the LEP Board and escalating any key issues.
  - Horizon scanning to identify strategically relevant funding opportunities.
  - Providing a steering group function to coordinate and monitor the delivery of these strategically relevant and business-led externally funded contracts, and reviewing progress against targets, and ensuring commitments are fulfilled satisfactorily.
  - Capitalise on the LEP's strong strategic relationships including, partnerships, consortia, umbrella organisations as well as operational relationships directly with individual schools, colleges and employers.
  - Provide direction and oversee the actions of the LEP Skills client team.

### **Supporting & attracting businesses**

75. UK Trade & Investment (UKTI) is a non-ministerial department that is responsible for:
  - international trade and investment
  - helping UK companies achieve their potential overseas through exporting
  - encouraging investment in the UK by overseas businesses
76. It works with UK based businesses to ensure their success in international markets through exports. It also encourages and supports overseas companies to look at the UK as the best place to set up or expand their business. There is UKTI South West office, which has staff based in London and Bristol.
77. The Councils also have a role in terms of economic development and this remains a key policy objective for them, delivered directly and jointly and in partnership with the LEP and through delivery vehicles such as the City Deal and the subsequent Strategic Economic Plan, launched in 2014.
78. Invest Bristol & Bath (IBB), which was formally known as Invest West, is the investment promotion partnership for the West of England region delivering its activity in an integrated manner between the West of England Local Enterprise Partnership and the Councils' economic development teams.
79. The service is designed to provide a central resource, intelligence and co-ordination point for generating and handling investment leads and accounts, with each Council partner fully engaged in the service in order to land and continually support investors. IBB supports investment by companies that intend to create additional jobs, or directly invest quantifiable capital in the region, which has a direct link to the region's economic development priorities.

80. IBB is now hosted by the LEP and is funded by the Economic Development Fund established as part of the City Deal. It was previously funded for a period through grant funding provided by BIS, also as part of the City Deal.

## **Transport**

81. The Councils are highway authorities for all roads except those for which the Secretary of State or a strategic highways company is the highways authority. As the local transport authority, each Council must
- a) develop policies (“local transport policies”) for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within its area; and
  - b) carry out its functions so as to implement those policies.
82. The Councils have worked together for some time to deliver a Joint Local Transport Plan over the whole of the West of England. This is co-ordinated through a Joint Transport Executive Committee, which sits alongside the Local Transport Body Board and forms the Joint Transport Board. It is administered by the West of England LEP and supported by the Joint Scrutiny Committee in the way described.
83. It is also the duty of each Council to secure the provision of such passenger transport services as they consider appropriate to secure to meet any public transport requirements within the Council’s area which would not in its view be met apart from any action taken by the Council. Once the public transport requirements have been identified, the Council is entitled when deciding the appropriate level of public transport in its area to take into consideration the funds available and the source of the funds.
84. Highways England is a Government owned company with operational responsibility for maintaining, operating and improving the strategic road network in England.
85. Local Transport Bodies (LTB) are voluntary partnerships between the Councils and the Local Enterprise Partnerships (LEPs), with other organisations as desired, established as the means by which the DfT could devolve funding for local major transport schemes from 2015.
86. The LTB’s primary role is to decide which investments should be prioritised, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme. As a partnership, one of the Councils becomes the accountable body for the funding, operating through a local assurance framework agreed with the DfT to ensure that the devolved system provides appropriate safeguards for the use of public funds and is able to deliver value for money for the overall level of Government funding.
87. With the creation of the Growth Deal, devolved major schemes funding is now part of the Local Growth Fund and the continuation of Local Transport Bodies became optional. In the WoE the LTB Board has continued to meet although

arrangements for transport schemes now sit within the wider Growth Deal assurance framework.

88. The Local Transport Body Board sits alongside the Joint Transport Executive Committee and forms the Joint Transport Board. It is administered by the LEP and supported by the Joint Scrutiny Committee in the way described.
89. Large scale projects may go through a process of obtaining Orders under the Transport and Works Act 1992 (TWA), which can authorise guided transport schemes and certain other types of infrastructure project in England and Wales, including railways and tramways. This includes where the developer is Highways England or the DfT Rail Executive and Network Rail.
90. Larger schemes on the national railway network in England, and some larger offshore energy generation schemes, are likely to qualify as 'Nationally Significant Infrastructure Projects' and require a Development Consent Order (DCO) rather than a TWA order.

### **Planning & housing**

91. The Councils are the local planning authorities for their area, with the exception of major infrastructure projects.
92. The basis of planning control in any area is the development plan, delivered through the local development framework. Local plans are delivered individually by the Councils and are subjected to Examination in Public before adoption by the individual Council. The Councils have voluntarily committed to the creation of a strategic plan for the West of England 'Joint Spatial Plan' (JSP) and this is uniquely developed on a shared basis. This plan will be supported by individual Local Plans for which the National Planning Policy Framework (2012) attributes primary weight. Decisions in respect of the JSP are taken through a Planning, Housing & Communities Board (up to 2 members per council), which is drawn from councillors with planning and/or housing responsibilities within those Councils. The Board is administered by the West of England LEP, on behalf of the Councils, and supported by the Joint Scrutiny Committee in the way described.
93. Determination of individual planning applications is a function of each Council, which will be in accordance with the respective Local Plan. Where strategic proposals cross Unitary Authority boundaries, applications are required to be submitted to each individual authority and considered independently.
94. Planning and other consents for nationally significant infrastructure projects are subject to application that, once accepted, will then be examined by a single inspector or a panel of inspectors from the Planning Inspectorate.
95. The Homes and Communities Agency (HCA) exists to help create successful communities by making more homes and business premises available to the residents and businesses who need them. The HCA is responsible for:

- increasing the number of new homes that are built in England, including affordable homes and homes for market sale or rent;
  - improving existing affordable homes and bringing empty homes back into use as affordable housing;
  - increasing the supply of public land and speeding up the rate that it can be built on
  - regulating social housing providers to make sure that they're well managed and financially secure, so maintaining investor confidence in the affordable housing sector and protecting homes for tenants; and
  - helping to stimulate local economic growth by using our land and investment, and attracting private sector investment in local areas.
96. The HCA invest mostly in building new homes, including by owning public land that they sell to house builders and others, but also in creating employment floorspace and other community facilities, in cities, towns and villages across the country. The homes they fund include affordable homes for rent and sale, and homes for rent or sale at market prices. HCA investment helps build around half of all new homes built in England each year.

#### **D. Summary of Devolution Agreement**

97. Leaders of the West of England councils, the Mayor of Bristol and the Government have negotiated the agreement seeking to devolve significant powers, funding and responsibilities to the region. Negotiations have also been supported by the West of England Local Enterprise Partnership (LEP). We have had confirmation from Ministers that the Agreement will stand, unchanged, with three councils rather than the original four. The agreement includes:
- The creation of a Single Investment Fund to deliver infrastructure to boost economic growth. Government will provide £30m a year of new funding towards this fund for 30 years, or £900m. Additional sums from other sources take the total over and above £1 billion.
  - Devolution of a multi-year transport budget, providing flexible, longer-term funding which will support more efficient and effective planning, investment and economic growth. . This will be coupled with new powers over transport including the ability to franchise bus services and responsibility for a Key Routes Network of local roads.
  - New local mechanisms for raising funding to invest in growth, including the power to place a supplement on business rates to fund infrastructure in consultation with the local business community, a Mayoral precept and a Combined Authority levy.
  - Responsibility for the new Adult Education Budget from 2018/19, helping the review area ensure that adult skills provision meets the needs of local businesses and learners.
  - Enhanced powers to speed up the delivery of new housing where most needed and resist unsustainable developments that are not in line with jointly agreed planning policies.
  - Closer cooperation between Government and the review area on promoting trade and investment with the region.

- Co-design with the Department of Work and Pensions (DWP) of the new Work and Health Programme focusing on supporting those with a health condition or disability and the very long-term unemployed. The review area will also bring forward a pilot scheme to offer intensive support for those furthest from the labour market.
- Support for realising the potential of the Bristol and Bath Science Park, and the development of the West of England Growth Hub.
- Responsibility for selecting projects to receive European Structural & Investment Funds (ESIF) through the role as an Intermediate Body.

### **Limitations of the Current Arrangements**

98. The current partnership arrangements described above have delivered a significant number of development and growth projects which were above the pro-rata expectations for LEP and other funding. An effective framework has been developed to manage and commission the £500m Economic Development Fund, £230m Local Growth Fund and various other funding streams allocated to the area. For such “legacy” funding, partnership arrangements between all four councils in the LEP area will need to continue in order to deliver the City Deal and Strategic Economic Plan, to which all parties are committed.
99. However, the current partnership arrangements have a number of constraints including:
- There is no single formally constituted body with responsibility for taking decisions related to strategic economic growth across the sub-region. This has led to a lack of clarity about decision making processes and responsibilities.
  - The current arrangements that are in place are voluntary and rely on good relations between partners and a mutual interest in working collaboratively.
  - As none of the current partnerships are formally constituted, decisions relating to economic growth and transport need to be taken by all the relevant Councils. This results in longer decision making timescales, duplication of effort and a lack of transparency leading to a potential for confusion.
  - The current governance arrangements are not sufficient for the ambitions of the area in terms of long term funding commitments for transport and infrastructure investment, devolution of funding and the ability to commission skills or employment programmes locally as set out in the Devolution Agreement.
  - Although the Planning Housing & Communities Board has provided a valuable contribution to the strategic planning process, there is still no single entity with responsibility for taking strategic decisions on spatial planning. Nor is there a straightforward mechanism for coherent long term strategic planning decisions to be made collectively by all local authorities about the future direction of growth, including distribution of employment and housing land in the city-region and key infrastructure investment. It also inhibits shared understanding about the city-region as

a single economic area and a risk that each council acting alone will have limited control or influence over the key drivers of economic growth.

- There is no vehicle to provide a single, coherent response to major, national infrastructure investments such as strategic road and rail projects.
  - There are no formal arrangements for binding decisions on strategic land use planning to be taken collectively. This has and adverse impact upon the confidence and assurance investors, central government and other agencies have in the deliverability of the sub-region's plans for economic growth.
  - There is no single, strategic commissioning body to drive and deliver locally-led solutions to improve the delivery of skills training and development across the review area.
  - Decisions on local ESIF projects are taken by national managing agents, DCLG and DWP, limiting the review area's ability to align investments with locally determined priorities.
99. As a result of one of the four Councils participating in these arrangements opting to remove itself from this governance review, and thereby from enhancements of governance arrangements and a devolution deal, there will need to be some continuation of these partnership arrangements, regardless of their limitations. There could be an amended role for the LEP, or the formation of similar, informal partnership arrangements between the group of three Councils and the individual other Council. This will be of particular importance in respect of the Joint Spatial Plan, Joint Transport Plan, inward investment service, Local Growth Fund and changes to the local skills system, amongst other issues.

## **The Benefits of Change**

100. The review area Councils firmly believe that they can build upon their successes by strengthening and formalising partnership arrangements. In particular, this would allow them to work more closely together with Government and West of England LEP to enhance their collective impact on economic growth, in the context of a Devolution Agreement. There will be some complexities and issues to resolve with a split between the Councils that have worked in loose collaboration, but there remains a genuine will to continue co-operation between Councils that will bring benefits to all residents in terms of their prosperity, environment and opportunities. In addition, joint working between two authorities (the Mayoral Combined Authority and North Somerset) is likely to be more efficient than the current joint working between four authorities.
101. Strengthened partnership arrangements would create a clear and effective platform for accelerating economic prosperity in the review area, through the creation of integrated strategic frameworks to enable the delivery of investment plans for planning, housing, transport and skills. More agile and responsive governance arrangements can enhance the review area's ability to respond to time-limited opportunities to improve the local economy or



transport infrastructure.

102. In the current financial climate, where there have been significant restrictions on local government finance over recent years, it is imperative to have governance and delivery arrangements in place that are efficient and accelerate positive outcomes from investment in economic growth.
103. An alternative arrangement will represent clear, accountable and co-ordinated leadership and governance for the review area, forming the foundation for an ambitious devolution deal for the area. The opportunities offered by a devolution deal for the review area include,
  - significant additional funding devolved from central government which will enable the city region to invest in local priorities and drive economic growth, including £900m of new funding over 30 years as part of a Single Investment Fund for the city region.
  - a fully-flexible, condition-free multi-year transport settlement providing longer term funding certainty, the freedom to invest in local priorities and a reduction in the administrative burden that the current centralised system involves
  - new financial mechanisms which provide the opportunity to generate additional resources locally to invest in growth
  - the prospect of further funding through government's competitive funding process where strong governance is an essential factor in the bidding process
  - self-determination of adult education, so that it aligns with economic need and promotes economic inclusion
  - local designation of strategic development sites to accelerate housing delivery
  - access to the resources required to implement the integrated Joint Spatial and Joint Transport Plans, prioritised to deliver economic growth through rising productivity
  - new powers over transport that will support the delivery of a more integrated, effective and efficient transport network across the review area
  - enhanced accountability and transparency of decision-making, providing assurance to residents and investors
  - greater efficiency in the provision of trade and investment services to create high value jobs

## **E. Potential new governance arrangements - options for change**

104. This review considers the following options:
  - Option 1: Continuing with current arrangements;
  - Option 2: Establishing a Joint Committee;
  - Option 3: Establishing an Economic Prosperity Board;
  - Option 4: Establishing a Combined Authority;
  - Option 5: Establishing a Combined Authority with a directly elected Mayor.

104. These options are considered in the light of the requirement that the Governance Review determines whether the creation of a single entity, whether an economic prosperity board or a combined authority would improve the exercise of statutory functions in relation to the review area, in the context of a Devolution Agreement.

### **Option 1: Continuing with current arrangements**

106. As is discussed above, there are significant limitations in the current governance arrangements that would not allow for sufficient improvements in the delivery of functions across the area. The existing fragmented decision making process would continue and without a formal link between the delivery bodies concerned it is more challenging for decisions to be co-ordinated in a way that secures maximum economic and social benefit, efficiency or scrutiny, transparency and accountability.
107. The current arrangements do include collaborative working, with some functions delegated by the Councils to area-wide bodies, in the areas of economic development (especially inward investment), planning, transport and skills. Delegation of these functions is largely the continuation of arrangements for the West of England Partnership, which are now hosted by the LEP, and would form the basis of delegation (or sharing) of functions by the Councils to a Combined Authority or Mayoral Combined Authority, to provide greater accountability, transparency and the option of a legally competent entity.
108. Despite the establishment of a Strategic Leaders' Board, there is no single, legally constituted body with the capacity to hold devolved funding and undertake commissioning on a city-regional basis. In addition, because the SLB is directed by decisions of the Councils as individual authorities means that there is no binding forum where a long term view on policy and strategy can be taken. Without this, it would not be considered prudent for third parties to make long term funding commitments.
109. Continuing current arrangements would also mean that the area would miss out on the benefits of more efficient partnership working and would leave the review area behind a number of other parts of the country which have already, or are in the process of, strengthening and aligning their decision making process in relation to transport, economic development and regeneration through the establishment of combined authorities and mayoral combined authorities. In addition, it would mean that the review area would be unable to benefit from the devolution of central government powers to the benefit of the review area.
110. The current arrangements would not allow the city-region to benefit from a single democratic and financially accountable model which is a legal entity in its own right. Nor could it provide the necessary certainty, stability and democratic accountability to allow for long-term, strategic economic decisions to be made, given the devolution of new powers and resources.

111. In conclusion, continuing with current arrangements would mean difficulties in accessing new funding and powers in line with the ambitions of the area, leaving the review area behind other areas economically with all the attendant implications for local residents. It would also perpetuate the inefficiencies in the current system.

## **Option 2: Establishing a Joint Committee**

112. A further or more formal Joint Committee would address some of the governance and accountability issues but would not dramatically improve the effectiveness and efficiency.
113. The existing Strategic Leaders' Board is, in effect, a Joint Committee, albeit one that has decided to limit its powers and functions, while operating on a general consensus basis. Due to a lack of new powers and co-ordinating body the existing and fragmented decision making structures would remain. This structure does not reduce the risk created by fragmentation and political change from one element or member to the detriment of the others or the interests of the exercise of the functions across the area as a whole
114. Section 102 of the Local Government Act 1972 enables two or more local authorities to set up a Joint Committee to discharge their functions jointly. These arrangements must comply with the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Joint Committees may be decision-making or advisory.
115. Most Joint Committees appoint a 'lead/accountable' council; some do this on a rotating basis. They have no legal status, cannot impose financial obligations on their constituent authorities, and have no tax-raising or borrowing powers. They do not require the involvement of national Government or Parliament and so can be set up within a matter of months.
116. The Joint Committee model allows an area to demonstrate effective decision making and political oversight for the management of funding that is allocated to the LEP.
117. Joint Committees depend especially upon goodwill and the desire for collaboration, which characterises the current arrangements and so will not address the deficiencies associated with the current arrangements. Each authority would need to authorise and delegate functions to the Joint Committee. Councils are also able to withdraw the delegation at any point in the future which poses a significant risk in terms of a lack of stability and certainty which is required to enable long term, strategic economic decisions to be made.
118. Joint Committees cannot be accountable bodies for funding purposes, nor can they employ staff due to their lack of legal status. Ultimate responsibility for finances remains with a host council. This will not meet the ambitions of the review area, which include both the devolution of powers and significant resources, requiring the confidence of Government in the robustness of the

governance arrangements set out in the Devolution Agreement.

119. Securing new investment and responding to a rapidly changing landscape requires local authority partners in the review area to be able to act with agility and pace. It is not possible for a Joint Committee to act in such a way because of the need for decisions to be agreed through the formal processes at each of the constituent councils.
120. In conclusion, the establishment of a Joint Committee would not meet the ambitions for the review area. The model represents a significant risk to partnership working, which will impact on the ability to secure long term funding commitments. In addition, the lack of legal status and financial accountability means that the same difficulties in accessing new funding and powers presented by status quo will be encountered. Further, it would mean that the review area would be unable to benefit from the devolution of central government powers, additional funding and financial freedoms.

### **Option 3: Establishing an Economic Prosperity Board.**

121. An Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but, as above, would still leave the issues around transport and all other statutory functions referred to outside the formal joint arrangements, limiting any real scope for improvement.
122. Economic Prosperity Boards were introduced under the Local Democracy, Economic Development and Construction Act 2009 to enable the integration of economic development (but not transport functions).
123. As a statutory body, an Economic Prosperity Board would have legal personality and is thus considered by central government to provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration; for example accountable body status for an economic development single pot or European Union funding.
124. Economic Prosperity Boards cannot impose financial obligations on their constituent authorities and do not have tax-raising and borrowing powers. The establishment of an Economic Prosperity Board is subject to the same process as for Combined Authorities.
125. An Economic Prosperity Board could strengthen current partnership arrangements by providing a formal structure to lead collaboration between the review area councils on city-regional economic development and regeneration. It could also provide a stable mechanism for strategic decision making on economic issues across the city-region. This would be of some benefit because it would enable long term funding commitments to be made.
126. Economic Prosperity Boards can take a strategic view of economic development and where investment should be made to support long-term, sustainable economic growth across the area. They also enable trade-offs to

be made at a strategic level, taking into account what is best for the area as a whole.

127. An Economic Prosperity Board would be a single body that could represent the economic needs and strengths of the review area to partners and investors. It would also enable partnerships of authorities to demonstrate that they are committed to long-term joint working. It would facilitate transparency, accountability and visible leadership for the review area.
128. However, the major disadvantage of an Economic Prosperity Board is that it does not include transport functions. Transport is essential to the ambitions for productivity growth in the review area. The interdependencies between productivity and transport are so significant that it would be irrational to establish a governance arrangement that addressed one but not the other. The need for separate governance arrangements to address transport issues would be cumbersome and would create a wasteful duplication of effort.
129. In addition, it would mean that the review area would be unable to implement a devolution deal and the additional funding and financial freedoms that such a deal unlocks.
130. It also worth noting that no Economic Prosperity Boards have been created to date, which means that there is no opportunity to learn from experience in other areas.

#### **Option 4: Establishing a Combined Authority**

131. Building on existing arrangements and support of the LEP, the creation of a Combined Authority, with the alignment of accountability, governance and geographies would provide the area with the best possible chance of securing significant and lasting improvements in the exercise of statutory functions across the area
132. Acting across the administrative boundaries of the area in pursuit of common interests would enhance the area's social, economic and environmental potential. This model would further strengthen democratic and financial accountability and lead to improvements and efficiency by replacing the existing and fragmented arrangements.
133. A coherent single whole brings with it a stronger scrutiny structure to ensure communication, transparency and involvement is exercised in an open, effective and efficient manner.
134. Combined Authorities were introduced under the Local Democracy, Economic Development and Construction Act 2009 (as amended by the Cities and Local Government and Devolution Act 2016) to exercise functions devolved from central government. A Combined Authority operates as a public body with its own legal personality, can impose a levy on constituent authorities and can borrow money for transport purposes.

135. It is important to note that Combined Authorities are not a merger of existing Councils; existing Councils continue to exist. Combined Authorities can take on functions with a very wide remit. In addition, the legislation allows for flexibility in establishing Combined Authorities with a model that suits local circumstances.
136. The advantages of an Economic Prosperity Board previously outlined all apply to a Combined Authority, as both options are formally constituted legal entities and would provide a stable mechanism for long term strategic decision making and a single body that can represent the needs of the review area to investors and partners.
137. Both options enable a streamlining of arrangements to take on devolved powers from national Government and can have additional powers delegated to them from constituent councils if they choose to do so.
138. The significant difference between a Combined Authority and an Economic Prosperity Board, which makes the Combined Authority option much more attractive for the review area, is that a Combined Authority could have powers related to any function (and can receive devolved powers from central government).
139. While there are numerous advantages to be had from the formation of a Combined Authority, it is clear that a Combined Authority on its own would not bring with it the benefits to the review area economy contained within the Devolution Agreement, as this agreement includes the creation of a Mayoral Combined Authority.
140. The West of England Devolution Agreement acknowledges that “*strong governance is an essential prerequisite of any devolution of powers to a city region*” and that the “*strength of the governance arrangements of the mayoral combined authority will be commensurate with the powers of that authority, including all new devolved powers*”. Accordingly, the creation of a Combined Authority cannot bring with it the devolution of powers and resources in the Devolution Agreement.
141. Indeed, a number of areas in the country have already established Mayoral Combined Authorities, or are in the process of doing so. If the review area chooses not to establish a Mayoral Combined Authority it risks getting left behind other areas and missing out on the significant and crucial government funding unlocked by devolution deals, due to not having sufficiently robust governance arrangements in place.

#### **Option 5: Establishing a Mayoral Combined Authority**

142. Combined authorities have delivered successful change in many places. Even so, there is an issue about the profile of the combined authority and in the public’s and others’ understanding of what it does. A combined authority with a directly elected mayor will offer the possibility of greater visibility, speedier decision-making, enhanced accountability and more co-ordinative leadership.

143. The devolution deal with central government is contingent on a mayoral combined authority. This is the appropriate mechanism by which the powers and funding set out in the agreement can be decentralised and devolved to the locality, enabling the better exercise of functions locally and benefiting local economic growth.
144. Building on the powers to establish Combined Authorities under the Local Democracy, Economic Development and Construction Act 2009, the Cities and Local Government and Devolution Act 2016 introduced the concept of Mayoral Combined Authorities enabling central government to devolve a wide range of powers.
145. It is important to note that Mayoral Combined Authorities are not a merger of existing Local Authorities. Mayoral Combined Authorities can receive a wider range of central government devolved powers than Combined Authorities. A directly elected mayor will chair the Combined Authority.
146. The Review finds that a Mayoral Combined Authority is the option which most fully facilitates the effective discharge of the functions that Government is offering to devolve to the review area. This will greatly aid local economic development, through locally relevant and informed decision-making in planning, transport and economic development.
147. A Mayoral Combined Authority affords precepting powers through the Mayor's office and opens up potential future devolved funding opportunities. The additional resources generated will be used alongside other resources available to the Mayor and Combined Authority, enabling plans for economic growth to be implemented efficiently and at pace.
148. A Mayoral Combined Authority will ensure democratic accountability and a co-ordinated collaborative working with central government, through integration and effective strategic frameworks and delivery of investment plans. It will strengthen existing business partnership working through the Mayor being a member of the LEP, as well as the other members of the Combined Authority.
149. The Mayoral Combined Authority is the only governance arrangement that will facilitate implementation of the review area's Devolution Agreement and further devolution deals that can be agreed in the future. Implementation of the Devolution Agreement will bring with it the use of an economic model to assess the economic, social and environmental impact to inform investment decisions. This can be used for the resources contained within the Devolution Agreement and other investment funding available to the city-region, to improve the efficiency of economic development.
150. Adoption of the Joint Spatial Plan and Joint Transport Plan as statutory plans, as set out in the Devolution Agreement and through exercise of functions analogous with those of the Mayor of London, will enable more efficient implementation of those plans and the accelerated delivery of agreed development.

151. By exercising the functions of a Transport Authority and the designation of a Key Route Network of local roads, through implementation of the Devolution Agreement, the Mayoral Combined Authority will be empowered to achieve greater efficiency in public transport, reducing congestion and improving air quality. This will contribute to increased productivity in the review area in addition to providing greater environmental resilience.
152. The exercise of functions in respect of the local skills system, including the selection of ESF projects, as stated in the Devolution Agreement, will enable the Mayoral Combined Authority to more closely align that skills system to the needs of the local population and labour market. This will contribute to increased productivity and to the promotion of economic inclusion, especially amongst more deprived communities in the review area.
153. Having a clear, agreed set of objectives for skills provision, together with the enhanced influence provided by the Devolution Agreement, will improve the Mayoral Combined Authority's position in making arrangements for 'cross boundary' providers, such as South Gloucestershire & Stroud College, Weston College, and national providers.
154. Closer working with Government Agencies, such as UKTI, as agreed as part of the Devolution Agreement will allow the Mayoral Combined Authority to implement greater efficiency in local trade and investment services, together with other forms of enterprise support in collaboration with the LEP. This will represent greater efficiency in delivering business support locally, leading to higher levels of productivity, jobs growth and enterprise in the review area.



## F. Summary of Findings

155. The following table sets out an assessment of the options that have been considered by this review:-

Option	Evaluation	Rationale
Continuing the current arrangements	No	Continuing the current arrangements would mean restrictions in accessing new funding and powers in line with the ambitions of the area. It would leave the review area behind other areas and would therefore be likely to have a detrimental impact on the economy of the area in the future. It would not strengthen the largely informal governance processes, nor would it provide Government with the necessary confidence required for devolution of powers and resources, as set out in the Devolution Agreement
Joint Committee	No	The establishment of a Joint Committee would strengthen the current partnership arrangements and place them on a more formal basis. However, there is a lack of stability and certainty which is unlikely to secure long term funding commitments. In addition, the lack of legal status and financial accountability means that the same difficulties in accessing new funding and powers presented by current arrangements are likely to be encountered.
Economic Prosperity Board	No	An Economic Prosperity Board would provide strategic direction and accountability for economic development and regeneration and would ensure that a single formal decision-making body was in place for this. However, strategic transport would not be included in these arrangements, thus greatly limiting the scope for increased effectiveness and efficiency. It is worth noting that no other area has created an Economic Prosperity Board, as it provides insufficiently robust governance to attract and implement devolution deals.
Combined Authority	No	A Combined Authority would provide strategic direction and accountability for a wide range of devolved powers and ensure a single formal decision making body was in place. However, this model would not provide the level of accountability that would fulfil the requirements for a sufficiently robust governance arrangement, and so would not allow for the devolution of additional powers and resources, as set out in the Devolution Agreement.

Mayoral Combined Authority	Yes	<p>In addition to the benefits of a Combined Authority, a Mayoral Combined Authority will provide a single point of accountability through a directly elected Mayor and permit the exercise of devolved powers arising from the Devolution Agreement. This arrangement is well suited to ensuring the benefits to the people of the review area secured in the devolution agreement. Specifically, a Mayoral Combined Authority will enable greater integration between housing delivery and transport infrastructure improvements, providing for a single point of accountability for implementation of the Joint Spatial and Joint Transport Plans; it will also facilitate the improved local relevance of adult education offered by devolution of the Adult Education Budget. A Mayoral Combined Authority will ensure proper strategic overview of the deployment of powers and resources to generate economic growth. A Mayoral Combined Authority would give a very clear focus on objectives and powers for scrutiny and would ensure a directly democratic link to the people of the review area regarding decisions relating to spending and strategies</p>
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# **Scheme for a Mayoral Combined Authority for the Area of Bristol, Bath & North East Somerset and South Gloucestershire**

June 2016

## Contents

Introduction and Objectives	2
1. Intention to establish a Mayoral Combined Authority	3
1.1. Geography	3
1.2. Name	3
1.3. Membership	3
1.4. Proceedings & Voting	4
1.5. Scrutiny	6
1.6. Audit Committee	7
1.7. Appointments	7
1.8. Standing Orders	7
1.9. Remuneration	7
2. Functions, Powers & Duties	8
2.1. Mayoral Functions, Powers & Duties	8
2.2. Mayoral Combined Authority Functions, Powers & Duties	10
2.3. Transport	11
2.4. Planning & Housing	14
2.5. Skills	19
2.6. Business Support	19
2.7. Miscellaneous	20
3. Funding the Mayoral Combined Authority	21

## Introduction and Objectives

The three unitary authorities of Bristol, Bath & North East Somerset and South Gloucestershire, supported by the West of England Local Enterprise Partnership, have come together to enhance the delivery of economic development in their geography. Responding to clear evidence of a slowdown in economic growth, especially in productivity growth, along with persistent concentrations of economic exclusion and environmental threats from climate change, the three authorities have decided to formalise their joint working and take advantage of a devolution agreement with Government.

The shared objective is to strengthen the region's contribution to UK growth and productivity, whilst enhancing the liveability that is at the heart of our offer. Summed up in our vision of "*A prosperous economy with a rising quality of life for all*" this means achieving prosperity in a way that contributes nationally while also supporting the area's unique appeal within the UK as a liveable place 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.

We intend to drive local economic growth, through increased productivity, by tackling specific issues which have been identified as constraints – transport, housing delivery, skills and inequalities. These issues will be approached in the context of our area's environmental resilience and climate change.

We will carry our commitment to 'good growth' through the essential processes of economic development. Specifically, the economic model at the heart of investment decision-making and evaluation of impact will consider the social and environmental impact, as well as economic uplift. This will be done through what are described as 'balancing metrics', alongside a measure of economic growth (GVA), modelling and monitoring a number of measures of equality and environmental enhancement.

## **1. Intention to establish a Mayoral Combined Authority**

A Mayoral Combined Authority will be established pursuant to section 103 of the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016. It shall come into existence on 1<sup>st</sup> April 2017.

This Scheme has been produced as a result of a Governance Review conducted under Section 108 of the 2009 Act, as amended, which concluded that the establishment of a Mayoral Combined Authority for the area would be likely to improve the exercise of certain statutory functions in relation to the Bristol, Bath & South Gloucestershire area.

The proposals in this scheme will be the subject of a public consultation, between Monday 4<sup>th</sup> July and Friday 13<sup>th</sup> August 2016.

### **1.1. Geography**

The Mayoral Combined Authority's area shall be the whole of the following three constituent authority areas:

Bath & North East Somerset Council  
Bristol City Council  
South Gloucestershire Council

Each of the above authorities will be the Mayoral Combined Authority's constituent members ("Constituent Council" and "Constituent Councils" will be construed accordingly).

### **1.2. Name**

The Name of the Mayoral Combined Authority will be the West of England Combined Authority. The name of the Directly Elected Mayor will be the West of England Combined Authority Mayor.

### **1.3. Membership**

1.3.1. Each Constituent Council shall appoint one of its elected members as a member of the Mayoral Combined Authority

1.3.2. Each Constituent Council will also appoint two other people ("Substitute Members") to act as members of the Mayoral Combined Authority in the absence of the member appointed under 1.3.1 above. Any Substitute Member will have the same decision-making authority and voting rights as the person whose place they are taking.

1.3.3. For the purposes of this Scheme, any reference to a member of the Mayoral Combined Authority is to be treated as including a reference to the appointed substitute members

- 1.3.4. For the purposes of this paragraph, an elected mayor of a Constituent Council is to be treated as a member of the Constituent Council.
- 1.3.5. Each Member must act in accordance with the statutory order, constitution and standing orders, together with observing the Code of Conduct for members.
- 1.3.6. Where a Member of the Mayoral Combined Authority ceases (for whatever reason) to be a member of the constituent authority which appointed them, the Member will cease to be a member of the Mayoral Combined Authority, and the constituent authority will appoint a replacement member as soon as possible. This shall not apply where the Directly Elected Mayor is a member of a constituent authority, in which case ceasing to be a member of that constituent authority shall not debar them from continuing as Mayor and a member of the Mayoral Combined Authority.
- 1.3.7. Each Constituent Authority may at any time terminate the appointment of a Member appointed by it to the Mayoral Combined Authority.
- 1.3.8. The Mayor will be a member of and Chair the Mayoral Combined Authority. A Deputy Mayor must be appointed by the Mayor from the membership of the Mayoral Combined Authority. The Deputy Mayor will Chair meetings of the Mayoral Combined Authority in the absence of the Mayor.

#### **1.4. Proceedings & Voting**

- 1.4.1. Decisions to be made in exercise of the functions of the Combined Authority will be made by a meeting of the Mayoral Combined Authority except
  - 1.4.1.1. where responsibility for exercise of the function has been delegated in accordance with the Constitution of the Mayoral Combined Authority (and which may include delegation of such powers and functions of the Mayoral Combined Authority to sub-committees or to officers as the Mayoral Combined Authority considers appropriate)
  - 1.4.1.2. where the matter falls to be considered by a Scrutiny Committee or Audit Committee of the Mayoral Combined Authority
- 1.4.2. All Constituent Members of the Mayoral Combined Authority will have one vote. The Mayor and Deputy Mayor will not have a second or casting vote.
- 1.4.3. The Mayoral Combined Authority will aim to reach decisions by consensus but, subject to paragraphs 1.4.4 to 1.4.7 below, any matter that comes before the Mayoral Combined Authority to be decided will

be decided by way of a simple majority of the members of the Mayoral Combined Authority present and voting (whether a motion or an amendment), unless

1.4.3.1. the vote is tied; or

1.4.3.2. the majority does not include the support of the Mayor

in which case the matter shall be deemed not to have been carried.

1.4.4. The following matters will require the unanimous support of all members of the Mayoral Combined Authority for approval:

1.4.4.1. Amendments to the Mayoral Combined Authority Constitution;

1.4.4.2. Adoption of a joint spatial plan; and

1.4.4.3. Such other matters as may be contained in the Mayoral Combined Authority Constitution and agreed with the Mayor

1.4.5. Approval of the Combined Authority's borrowing and limits, treasury management strategy including reserves, investment strategy and setting of the Combined Authority levy will require the unanimous support of all Constituent Councils of the Mayoral Combined Authority for approval (that is, the Mayor will not vote on these issues)

1.4.6. Decisions in discharge of responsibility for a general function exercisable only by the Mayor may be made, as determined by the Mayor, by:

a) the Mayor

b) the deputy mayor,

c) another member of the combined authority, or

d) an officer of the combined authority

1.4.7. The following mayoral decisions will require the consent of the Mayoral Combined Authority member of the Constituent Council in whose area the decision will apply:

a) the designation of any area of land as a mayoral development area leading to the establishment, by Order, of a mayoral development corporation;

b) the compulsory purchase of land or buildings by the Mayor;

c) the introduction of bus lane enforcement schemes proposed by the Mayor or Mayoral Combined Authority;

d) any decision that could lead to a financial liability falling directly upon that Constituent Council;

e) the designation of any area as a Clean Air Zone; and

f) such other matters as may be contained in the Mayoral Combined Authority constitution and agreed with the Mayor

- 1.4.8. The Combined Authority Mayor will also be required to consult the Mayoral Combined Authority on his/her plans, policies and strategies, related to the exercising of mayoral functions, which it may reject if two-thirds of the Constituent Council members agree to do so.
- 1.4.9. The West of England Combined Authority Mayor will also be required to consult the West of England Combined Authority on his/her strategies, which it may reject if two-thirds of the constituent council members agree to do so. The West of England Combined Authority will also examine the Mayor's spending plans and will be able to amend his/her plans, if two-thirds of the constituent council members agree to do so.
- 1.4.10. Mayoral decisions so made shall be conducted in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (SI 2012/2089), as may be later amended and subject to any other enactment, together with the provisions of the Mayoral Combined Authority Constitution.

## **1.5. Scrutiny**

- 1.5.1. The Mayoral Combined Authority shall establish a Committee to exercise responsibility for the Overview and Scrutiny functions applicable to the Mayoral Combined Authority. This Committee (and the Audit Committee outline at 1.6 below) shall be established and function in line with The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016.
- 1.5.2. Membership of the Overview and Scrutiny Committee shall consist of:
  - a) four members from each Constituent Council (other than a member or substitute member of the Mayoral Combined Authority);
  - b) two to three other members of the Constituent Councils in order to achieve greater political balance; and
  - c) such other independent person as may be appointed by the Committee or relevant sub-committee.
- 1.5.3. The Chair of the Overview and Scrutiny Committee shall be a member of a Constituent Council (who may not be a person who is a member of a registered political party of which the Mayor is a member) to be appointed by the Committee as the first business of the Committee in any municipal year.
- 1.5.4. The Overview and Scrutiny Committee may appoint such sub-committees as it deems necessary to fulfil its functions.



## **1.6. Audit Committee**

- 1.6.1. The Mayoral Combined Authority shall establish a Committee of not less than 10 members to exercise responsibility for the Audit functions applicable to the Mayoral Combined Authority
- 1.6.2. Membership of the Audit Committee shall consist of:
  - a) two members from each Constituent Council (other than a member or substitute member of the Mayoral Combined Authority);
  - b) one to three other members of the Constituent Councils in order to achieve greater political balance; and
  - c) at least one independent person

## **1.7. Appointments**

- 1.7.1. The Mayoral Combined Authority will appoint to the three statutory positions being:
  - a) Head of Paid Service (s.4 Local Government and Housing Act 1989)
  - b) Chief Finance Officer (s.112/114 Local Government Finance Act 1988)
  - c) Monitoring Officer (s.5 Local Government and Housing Act 1989)together with arrangements for the appointment of a person to act as a scrutiny officer of the overview and scrutiny committee
- 1.8.1. These positions may be undertaken by officers already serving in one or more Constituent Councils.
- 1.8.2. The Mayor may appoint one person as the Mayor's political adviser

## **1.9 Standing Orders**

- 1.9.1. The Mayoral Combined Authority may make standing orders for the regulation of its proceedings and business and may vary or revoke any such orders.

## **1.10 Remuneration**

- 1.10.1. The Mayor shall be paid an allowance as agreed by Constituent Council members, following consideration of a report from an Independent Remuneration Panel (which performs a similar function for one of the Constituent Councils). This panel will also consider allowances payable to the independent member(s) of the scrutiny and/or audit committee.
- 1.10.2. No remuneration shall be payable by the Mayoral Combined Authority to its Constituent Council members, or substitute members, (other

than allowances for travel and subsistence), provided always that a Constituent Council may, on the recommendation of an independent remuneration panel, pay a special responsibility allowance to any member appointed by it to the Mayoral Combined Authority in respect of duties and responsibilities undertaken as a member, or substitute member, of the Mayoral Combined Authority.

## **2. Functions, Powers & Duties**

### **2.1. Mayoral Functions, Powers and Duties**

2.1.1. The proposed Mayoral Combined Authority functions that are intended to be Mayoral functions pursuant to the Devolution Agreement, and the conditions under which they can be exercised by the Mayor, are indicated within the Agreement.

2.1.2. The Mayor will Chair the Mayoral Combined Authority.

2.1.3. Mayoral functions are to include

- the power to raise a supplement on business rates to fund infrastructure, in consultation with the local business community, in accordance with relevant legislation and paragraph 3.3
- responsibility for a local transport plan (the Joint Transport Plan) covering the Combined Authority area,
- responsibility for a devolved and consolidated transport budget (subject to the provisions of paragraph 2.1.4)
- responsibility for franchised bus services (under the Bus Services Bill) and 'smart' ticketing
- responsibility for a Key Route Network of local roads, as defined and agreed by the Mayoral Combined Authority.
- adoption of a statutory spatial development plan, subject to unanimous approval of the Mayoral Combined Authority
- creation of supplementary planning documents and apply a single viability appraisal process for planning applications in the Mayoral Combined Authority area, subject to unanimous approval of the Constituent Councils
- being consulted on and/or call-in planning applications identified as strategic, cross-boundary, linear infrastructure
- undertaking land assembly and compulsory purchase; and forming joint ventures with landowners, developers and Registered Providers, with the agreement of the relevant Constituent Councils
- creation of Mayoral Development Corporations, with planning and land assembly powers, which will support delivery of strategic sites in the city-region. This power will be exercised with the consent of the Constituent Councils in which the development corporation is to be used.

- 2.1.4. The consolidated transport budget will be devolved to the Mayor on the basis that this will not disadvantage the Constituent Councils in regard to their statutory duties as the local highway and traffic authorities for non-Key Route Network roads in the Combined Authority area.
- 2.1.5. Allocation of highways funding to the Constituent Councils must take proper regard to each council's statutory functions, the level of funding needed for delivery of those functions and/or the previous allocations made by the Secretary of State to each authority.

## **2.2. Mayoral Combined Authority Functions, Powers and Duties**

- 2.2.1. The prime purpose of the Mayoral Combined Authority is to improve the exercise of statutory functions in relation to the area. In pursuit of this prime purpose, the Mayoral Combined Authority will take on those powers and functions set out in the Devolution Agreement
- 2.2.2. The functions intended for the Mayoral Combined Authority by way of the Devolution Agreement will either come into being upon the making of an Order establishing the Mayoral Combined Authority, as a result of this Scheme, or through the making of further Orders under s105A of the 2009 Act, to transfer a function or confer on the Mayoral Combined Authority a function currently exercised by another public authority elsewhere
- 2.2.3. In accordance with the S74 of the Local Government Finance Act 1988, the Combined Authority will have the power to raise a levy in respect of its expenses relating to its costs and functions. The setting of the Combined Authority levy will be approved by unanimous agreement of the Constituent Councils. It is for the Constituent Councils to decide how best to apportion the amount to be raised by the levy between the Constituent Councils. It is a decision for each Constituent Council as to how they meet the cost of the levy.
- 2.2.4. Upon establishment the Mayoral Combined Authority will also have those functions set out Sections 2.3 and 2.4 below, in relation to strategic economic development and transport. These include functions in relation to strategic planning policy (including the planning for future housing and employment land provision)
- 2.2.5. The Mayoral Combined Authority will exercise its powers and duties concurrently with the Constituent Councils (where Constituent Councils have the same functions). No Constituent Council is ceding existing functions to the Mayoral Combined Authority without express agreement.
- 2.2.6. The Constituent Councils and the Mayoral Combined Authority will agree operating protocols for the exercise of concurrent powers and

duties by the Mayoral Combined Authority. These protocols will recognise the strategic role of the Mayoral Combined Authority and safeguard the role of Constituent Councils in local decision making and delivery.

- 2.2.7. Notwithstanding the above, a Constituent Council and the West of England Mayoral Combined Authority may enter into arrangements under Section 101 of the Local Government Act 1972 and/or Section 9EA of the Local Government Act 2000 and the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2012 to allow the delegation of functions from a Constituent Council to the Mayoral Combined Authority. In all such cases, acceptance of a delegation will require a decision of the Mayoral Combined Authority.

### **2.3. Transport**

- 2.3.1. The Mayor will be responsible for a devolved and consolidated multi-year local transport budget for the area of the Mayoral Combined Authority, to enable greater surety of funding, more effective and efficient long-term asset management and procurement arrangements. This budget will be fully devolved and provide a firm funding settlement for the period through to 2020/21. This Mayoral budget is separate from the existing 10-year transport funding settlement that has already been agreed with Government through the existing West of England City Deal. It will be a Mayoral Function, carried out in accordance with the Mayoral Combined Authority's examination of and ability to reject the Mayoral budget, in accordance with paragraphs 1.4.9. and 2.1.4 of this Scheme.
- 2.3.2. The Mayoral Combined Authority will become the Transport Authority for the region. It will be appropriate however, for certain powers conferred with that status to be devolved back to the individual Constituent Councils and exercised at the local level. It is expected that this will include, but not be limited, to the duty to support socially necessary bus services under Section 63 of the Transport Act 1985. The powers and functions to be devolved back to the Constituent Council shall be agreed by the unanimous decision of the Constituent Council Members of the Combined Authority (that is, excluding the Mayor).
- 2.3.3. In accordance with paragraph 2.4.3. of this Scheme, The Mayor will be given powers over strategic planning, including the power to prepare and adopt a Spatial Development Strategy (hereinafter referred to as the Joint Spatial Plan), the powers in Part 2 of the Transport Act 2000 to produce a Local Transport Plan known here as the Joint Transport Plan, which would include the Bus Strategy, Key Route Network and Asset Management Plan. The Joint Transport Plan will establish a Key Route Network, for which the Mayoral Combined Authority will take on exclusively the role of the Highway Authority. The Mayoral Combined Authority will be the Highway

Authority for the Key Route Network for the purposes of exercising the powers of the Highways Act 1980 and the relevant other primary and secondary legislation. For all other routes other than the KRN, the relevant Constituent Council remains the Highway Authority.

- 2.3.4. The Mayoral Combined Authority will be granted, in respect of the Key Route Network and with the approval of the Constituent Councils, functions equivalent to those conferred upon the Mayor of London, by the Transport Act 2000. The outcome will be to ensure a consistent approach to the enforcement, application of penalty charges etc. of bus lanes
- 2.3.5. The Mayoral Combined Authority will be granted powers equivalent to those contained within Part 1 of the Road Traffic Regulation Act. These powers would enable the Key Route Network to be statutorily defined and allow the Key Route Network roads to be strategically managed and coordinated at the city-region level by the Mayoral Combined Authority on behalf of the Mayor. An Asset Management Plan will be developed as part of the JTP which will guide investment in the network. The Asset Management Plan will cover the whole highways network, not simply the Key Route Network alone.
- 2.3.6. The Mayor and the Mayoral Combined Authority will have the power to create Clean Air Zones, with the affected highway authority(ies) consent.
- 2.3.7. It is proposed that powers retained by the Secretary of State for Transport to make grants to bus service operators under Section 154 of the Transport Act 2000, will be transferred, incrementally, to the Mayoral Combined Authority. Initially, the powers to be devolved would relate only to tendered services, which would be delegated to the Constituent Councils (as per 2.3.2 above). This would provide the Combined Authority with an early opportunity to engage on a formal basis with operators of the current commercial bus network, prior to and in expectation of the new regime to be introduced by the forthcoming Bus Service Bill.
- 2.3.8. The Mayoral Combined Authority will be granted functions equivalent to the below, concurrently with the relevant Constituent Council, unless otherwise stated:
  - 2.3.8.1. Section 6 of the Highways Act 1980 (enabling the Secretary of State or Highways England to delegate to or enter into an agreement with a county council, metropolitan district council or London borough council in relation to the construction, improvement or maintenance of trunk roads). It is proposed that the section should be modified to include the Mayoral Combined Authority amongst the authorities to which such functions may be delegated, to support better integration

between local and national networks, or the equivalent legislative provision in order to achieve the aim of better integration.

2.3.8.2. Section 8 of the Highways Act 1980 (enabling local highway authorities and Highways England to enter into agreements with other such authorities in relation to the construction, improvement, maintenance etc. of a highway for which any party to the agreement is the highway authority). It is proposed that the section be modified to allow the Mayoral Combined Authority to be a party to such agreement as if it were a local highway authority, with the affected highway authority(ies) consent, or the equivalent legislative provisions in order to allow the Mayoral Combined Authority to be party to such agreements.

2.3.8.3. Section 62 of the Highways Act 1980 - General Power of Improvement, or the equivalent legislative provisions to provide Mayoral Combined Authority with General Power of Improvement in respect of highways.

2.3.9. The Mayoral Combined Authority is to receive enhanced powers to provide the opportunity for bus franchising and integrated smart ticketing across all local modes of public transport in the Mayoral Combined Authority Area. The Mayoral Combined Authority will benefit from the powers to be established by the Bus Services Bill when this becomes legislation. Prior to the realisation of the Bus Services Bill the MCA, as the Transport Authority, would have the power set out in Part 2 of the Transport Act 2000 relating to Quality Partnerships.

## **2.4. Planning & Housing**

2.4.1. In order to exercise the functions outlined in 2.1.3 above, the Mayor will be granted the following powers, to run concurrently with the Constituent Councils or Homes & Communities Agency (HCA) as appropriate.

2.4.1.1. Ss.8(1), 11, 12, 15(1), 17 & 18 of the Housing Act 1985 (assessment of housing need)

2.4.1.2. Ss.2, 3 to 12, 17 & 18 of the Housing & Regeneration Act 2008 (objects of HCA and associated powers)

2.4.1.3. S.9 HRA Act 2008 (HCA compulsory purchase order powers), exercised in agreement with the relevant Constituent Council

2.4.1.4. Relevant sections of Part 7 (Housing and Regeneration) of the Greater London Authority Act 2007

- 2.4.1.5. S.226 of the Town & Country Planning Act 1990 (local authority powers)
- 2.4.1.6. Relevant provisions from Part 9 (Acquisition and Appropriation of Land for Planning Purposes, etc.) Town & Country Planning Act 1990
- 2.4.1.7. General power of competence, Ss.1 to 4 of the Localism Act 2011
- 2.4.2. The Mayor will be granted powers analogous to those of the Mayor of London, pursuant to s105A of the Local Democracy, Economic Development and Construction Act 2009 (as amended by Cities and Local Government Devolution Act 2016, s7) and concerning powers granted to the Mayor of London by Ss. 2A-2F of the Town & Country Planning Act 1990 as amended by the Greater London Authority Act 2007, s31(2).
- 2.4.3. Since 2014 the Constituent Councils have been preparing a statutory Spatial Development Strategy (The Joint Spatial Plan) in conjunction with a neighbouring Authority (North Somerset Council). The Joint Spatial Plan is supported by the Joint Transport Plan (referred to above)..
- 2.4.4. The Mayor will be given power to prepare and adopt the Joint Spatial Plan insofar as it relates to the Combined Authority Area. In order to give effect to this, the Mayor will be given powers corresponding to those given to the London Mayor pursuant to Part VIII, sections 334 to 350 of the Greater London Authority Act 1999 (the “GL Act”) with certain modifications. Part VIII of the GL Act will be modified so that references to the GLA, Greater London and the London Mayor are amended to the Mayoral Combined Authority and the Combined Authority Mayor. Reference to the “spatial development strategy” shall be modified to refer to the Joint Spatial Plan. In addition, Part VIII of the GL Act will be amended, including amendments to incorporate the agreed provision that the Combined Authority Mayor’s statutory Joint Spatial Plan (and any supplementary provisions) requires the consent of all the constituent Members of the Mayoral Combined Authority.
- 2.4.5. The Constituent Councils are committed to a plan-led system for sustainable development. The Joint Spatial Plan will be a statutory document. The objective is to provide a plan-led approach to aid the development industry in securing sustainable development to support the economic growth of the region. This provides certainty and enables accelerated housing provision, the ability to provide infrastructure in a timely manner and prioritise investment to deliver growth. It will demonstrate to residents that the Authorities will continue to plan positively for the area in order to minimise the risk of speculative development. The Constituent Councils will work with Government to explore a revised 5-year housing land supply

interpretation which supports the delivery of housing numbers on strategically identified sites.

- 2.4.6. The Joint Spatial Plan (JSP) will set out the policies for the homes and jobs needed in the JSP's area and the strategic spatial distribution needed to accommodate this growth, in terms of providing for sustainable development in the West of England. It will establish the housing requirement for the region and the approach to maintaining and monitoring the supply of housing will be established through JSP preparation and examination processes. The Joint Transport Plan will be a principal material consideration informing the Joint Spatial Plan and will inform high level strategy and the delivery of major transport schemes throughout the area.
- 2.4.7. The creation and preparation of the Joint Spatial Plan alongside the Constituent Councils' local plans will establish a two tier Development Plan Document approach for the area. This is in accordance with the regulations and is in conformity with the National Planning Policy Framework (NPPF), enabling the delivery of sustainable development consistent with national policy. Constituent Councils will remain the planning authorities for their areas, and will continue to retain full responsibility for plan making for their areas in accordance with the NPPF.
- 2.4.8. The Joint Spatial Plan, the Joint Transport Plan and the Asset Management Plan will inform the allocation and spend of the Mayoral Combined Authority Investment Fund.
- 2.4.9. There will be a requirement that any new development plan, or any alteration or replacement of the development plan of any of the Constituent Councils would also need to be consistent with the current Joint Spatial Plan. Local Plans will require a certificate of general conformity from the Mayoral Combined Authority (Regulation 21 of the Town and Country Planning (Local Planning) (England) Regulations 2012 and Section 24 of the Planning and Compulsory Purchase Act 2004).
- 2.4.10. The Mayor will be granted certain strategic planning functions; these will include powers to prepare, submit and determine planning applications. The exercise of such functions will be confined to strategic, cross-boundary, linear infrastructure identified in the Joint Spatial Plan. This power will reduce the time and cost constraints that exist with multiple planning applications, for example on transport projects which have crossed several Local Planning Authority boundaries and suffered significant time and challenge delays as a consequence. This power will allow such applications to be heard together by the Mayor in a single decision-making process which will expedite delivery of these schemes.



- 2.4.11. The Mayoral Combined Authority will require powers equivalent to powers granted to the Mayor of London by Ss. 2A-2F of the Town & Country Planning Act 1990 as amended by the Greater London Authority Act 2007, s31(2). The powers will need to be amended such that rather than PSI criteria, applications subject to the power to direct that the Mayor be the Local Planning Authority for the purposes of determining the application are constrained to applications which are a strategic, cross-boundary, linear infrastructure application, which is identified in the Joint Spatial Plan. The powers will need to be amended such that the power to direct that the Mayor be the Local Planning Authority can only be exercised with the agreement of the Constituent Council which remains the Local Planning Authority.
- 2.4.12. The Mayor will be given powers to form joint ventures with land owners, developers and registered providers and to prepare and adopt supplementary planning documents, with the agreement of the relevant Constituent Council. The latter will require the transfer of the powers afforded by Regulation 5 of the Town and Country Planning (Local Planning) (England) Regulations 2012/767, running concurrently with the Constituent Councils and limited to
- 2.4.12.1. Sites/development being delivered or promoted directly by the Mayoral Combined Authority through the creation of a Housing Corporation
- 2.4.12.2. Site based Supplementary Planning Documents (SPDs) of relevance to more than one Constituent Council for which, by agreement of the constituent LPAs, a strategic approach is considered beneficial, and
- 2.4.12.3. Topic based SPDs for which, by agreement of each Constituent Council, a strategic approach across the area is considered beneficial (e.g. Place-making, viability appraisal, biodiversity, waste, retail etc.)
- 2.4.13. The Mayoral Combined Authority will be granted devolution of the objectives and functions of the Homes and Communities Agency (“HCA”) under Section 2(1) (with a limitation to the area) and Section 3-12, 17 and 18 of the Housing and Regeneration Act 2008 (“H&R Act 2008”), such powers to be exercised concurrently with the HCA. These functions would be non-Mayoral functions with the exception of the specific HCA compulsory purchase powers as detailed in paragraph 2.4.16.
- 2.4.14. The objectives are to provide the Combined Authority with the necessary powers:
- to improve the supply and quality of housing;

- to secure the regeneration or development of land or infrastructure;
- to support in other ways the creation, regeneration and development of communities or their continued well-being; and
- to contribute to the achievement of sustainable development and good design.

2.4.15. The functions in paragraph 2.4.13 include powers enabling the achievement of the above objectives. Such powers include the power of compulsory purchase in Section 9 of the H&R Act 2008 (subject to the authorisation of the Secretary of State). In respect of this section, in order to achieve the objectives above, the Mayoral Combined Authority should have the benefit of exemption from Section 23 of the Land Compensation Act 1961 enjoyed by the HCA under section 23(3)(d) of that Act.

2.4.16. The exercise of functions contained in Section 9 of the H&R Act 2008, will be a Mayoral function, only exercisable by the Mayor with the consent of the Constituent Council for the area(s) of the land to be compulsorily acquired.

2.4.17. The Mayoral Combined Authority will be granted the power to exercise, subject in each instance to the agreement of the Constituent Council(s) within whose area the property is located, the functions of the Constituent Councils to compulsorily acquire land for development of housing, under section 17 of the Housing Act 1985 and the associated sections 11, 12, 15(1) and 18. The conferral of such powers on the Mayoral Combined Authority will be entirely without prejudice to the exercise of those powers by the Constituent Councils which will exercise those powers as previously.

2.4.18. The Mayoral Combined Authority will be granted the power to exercise concurrently with the Constituent Councils the functions of the Constituent Councils to compulsorily acquire land for development and other planning purposes under section 226 of the Town and Country Planning Act 1990 and the associated powers under sections 227, 229, 230, 232, 233, 235-241 of the Town and Country Planning Act 1990. The Combined Authority's exercise of such powers will in each instance be subject to the agreement of the relevant Constituent Councils in whose area the property is located. The conferral of such powers on the Combined Authority will be entirely without prejudice to the exercise of those powers by the Constituent Councils which will exercise those powers as previously.

2.4.19. The Mayoral Combined Authority will be granted the compulsory purchase powers from the Housing and Planning Act 2016 to acquire compulsorily land for development and other planning purposes. The Mayoral Combined Authority's exercise of such powers will in each instance be subject to the agreement of the relevant Constituent

Councils in whose area the property is located. The conferral of such powers on the Mayoral Combined Authority will be entirely without prejudice to the exercise of those powers by the Constituent Councils which will exercise those powers as previously.

- 2.4.20. The Mayor will be given the power (similar to that of the London Mayor under Part 8 of the Localism Act 2011) to designate any area of land in the Mayoral Combined Authority area as a “mayoral development area”, leading to the establishment by order of Mayoral Development Corporations (“MDCs”).
- 2.4.21. The Mayor’s power to create MDCs will help to drive regeneration and expedite housing delivery on complex schemes. The advantage of MDCs is that they have most of the powers of an Urban Development Corporation but are controlled locally rather than by the Secretary of State. The Mayor’s power to create an MDC will be subject to the agreement of the Constituent Council for the area in which the MDC is to be located. In order to give effect to this section of the deal, it is proposed that the Mayor is given the same powers that are given to the London Mayor pursuant to Part 8, Chapter 2, sections 196 to 222 of the Localism Act 2011 to designate areas of land as MDCs
- 2.4.22. Part 8, Chapter 2 of the Localism Act 2011 will be modified so that references to the GLA, Greater London and the London Mayor are amended to the Mayoral Combined Authority and the Combined Authority Mayor. In addition, Part 8, Chapter 2 of the Localism Act 2011 will need to be amended so that
- it includes the agreed provision that the Combined Authority Mayor’s power to designate an MDC requires the consent of the Constituent Council for the area in question; and
  - an MDC will only have planning powers if the Constituent Council for the area in which the MDC is located consents to this. It is also proposed that, in order to put an MDC in the same position as an Urban Development Corporation in relation to land compensation legislation there should be a number of consequential amendments to the Land Compensation Act 1961. Where an MDC is being proposed (where the boundaries may be far more extensive than the boundary of an individual CPO), designated mayoral development areas are included as an additional Case in section 6 of, and the First Schedule to, the Land Compensation Act 1961.
- 2.4.23. The power to create MDCs will be a Mayoral function (but can only be exercised with the consent of the Constituent Councils for the area(s) of land to be designated). It is proposed that the London Mayor’s power under section 202 of the Localism Act 2011 to decide that a MDC should have certain planning functions in relation to the whole or part of a mayoral development area should be modified in relation to the Combined Authority Mayor so that the Mayor can only exercise

this power with the consent of the Constituent Council(s) for the area concerned

## **2.5. Skills**

- 2.5.1. The Mayoral Combined Authority will be given devolved powers to control the Adult Education Budget from the academic year 2018/19, having been granted the power to vary the block grant allocations made to providers, within an agreed framework, for the academic year 2017/18.
- 2.5.2. Devolution of these powers will be through appropriate amendments to the Apprenticeship, Skills, Children and Learning Act 2009 (ASCAL 2009), as amended by the Deregulation Act 2015
- 2.5.3. The Mayoral Combined Authority will be granted responsibility for the Apprenticeship Grant for Employers (AGE).

## **2.6. Business Support**

- 2.6.1. Through devolution, the Mayoral Combined Authority will gain greater influence and decision making in respect of the 2014-2020 European Regional Development Funds (“**ERDF**”) and European Social Funds (“**ESF**”) in the area. This will allow the area to integrate and align investments with other aspects of the devolution deal and local priorities, to improve performance and maximise economic impact. In order to achieve these objectives, the Mayoral Combined Authority will gain the powers of an Intermediate Body to select ERDF and ESF projects, on the basis of strategic fit with Operational Programmes and local conditions. This is in line with arrangements stated in the Devolution Agreement.

## **2.7. Miscellaneous**

- 2.7.1 An order will be laid for the election of the Combined Authority Mayor to take place in May 2017. The Mayor will be elected by the local government electors for the areas of the Constituent Councils of the Mayoral Combined Authority. As set out in the Cities and Local Government Devolution Act 2016, the Mayor is to be returned under the simple majority system (‘first past the post’), unless there are three or more candidates. If there are three or more candidates, the mayor is to be returned under the supplementary vote system.
- 2.7.2 The initial term for the Combined Authority Mayor will be four years. This will avoid capacity issues for Bristol City Council, which will have several other elections in 2020 (three years after election of the Combined Authority Mayor), namely General Election, Police & Crime Commissioner, Mayor of Bristol and all-out Council elections.

- 2.7.3 The Mayor shall be a member of the West of England Local Enterprise Partnership Board, to ensure continued recognition of the LEP's importance in the design and delivery of local economic strategies.
- 2.7.4 Any transfer to the Mayoral Combined Authority, or to the Combined Authority Mayor, of existing powers or resources currently held by the constituent authorities must be by agreement with the relevant authorities, as set out in this document.
- 2.7.5 An order will be laid to enable the ongoing success of the West of England Economic Development Fund, created as part of the West of England City Deal. This order will ensure that the West of England Enterprise Zones and Enterprise Areas will continue to enjoy their current benefits, including the one Enterprise Area outside the Mayoral Combined Authority area. These benefits include those for the Temple Quarter Enterprise Zone and agreed extension to new sites in Bristol, Bath and Somer Valley Enterprise Zone branding and business rates discounts for business moving onto the zone. The West of England Enterprise Zone and Enterprise Areas (including the one Enterprise Area outside the Mayoral Combined Authority area) will also continue to benefit from 100% growth of business rates retention (from the agreed baseline) for 25 years from their designation with 100% protection from any future reset or redistribution
- 2.7.6 Both the Mayor and Mayoral Combined Authority will be subject to the Public Sector Equalities Duty, created under the Equality Act 2010.

### **3. Funding the Mayor and Mayoral Combined Authority**

- 3.1. s.107G of the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016, allows the Secretary of State to make an order to make provision for the costs of a Mayor for the area of a combined authority that are incurred in, or in connection with, the exercise of mayoral functions to be met from precepts issued by the Mayoral Combined Authority under section 40 of the Local Government Finance Act 1992. It is intended that no precepts be issued at present and the Secretary of State is not requested to make such an order. For the avoidance of doubt, any such future request to the Secretary of State would require the unanimous consent of all councils.
- 3.2. Scrutiny of the Mayoral Budget (and any Mayoral Precepts) will fall within the remit of the overview and scrutiny committee of the Mayoral Combined Authority. The Budget may subsequently be rejected and amended by a two-third majority of the members of the Mayoral Combined Authority (excluding the Mayor), as set out in paragraph 1.4.8 of this scheme.

- 3.3. Subject to the necessary legislation, the Mayor will have the ability, with agreement of the Mayoral Combined Authority and in consultation with the business community, to raise a Business Rate Supplement to fund infrastructure investment. The Mayoral Combined Authority will be a levying authority for the purposes of the Business Rates Supplement Act 2009 and the Constituent Councils shall be deemed to be acting jointly through the Combined Authority in accordance with Section 2(3) of the Business Rates Supplement Act 2009
- 3.4. In accordance with paragraph 2.2.3 of this scheme, regulations should be made pursuant to section 74 of the Local Government Finance Act 1988 to enable the Mayoral Combined Authority to issue a levy to its Constituent Councils, to meet the expenditure of the Mayoral Combined Authority that is reasonably attributable to the exercise of non-mayoral functions. Constituent Councils will be able to pay an agreed contribution to meet the cost of mayoral functions.
- 3.5. Regulations should be made pursuant to section 23 (5) of the Local Government Act 2003 to give the Mayoral Combined Authority borrowing powers for priority infrastructure projects, including but not limited to; transport, highways, housing, investment and economic regeneration, as relevant to the exercise of its functions, both mayoral and non-mayoral, within agreed limits.
- 3.6. Borrowing by the Mayoral Combined Authority, secured against the gain share investment by Government and other funding sources, is required to achieve the maximum economic impact of infrastructure investment and accelerated delivery of housing and productivity growth. The borrowing limits of the Combined Authority will be determined locally by the unanimous agreement of all members of the Mayoral Combined Authority.

## Pre-decision engagement – Summary

The emphasis in the pre-decision phase has been to keep council members and key stakeholders fully apprised of the work being undertaken to develop a Strategic Governance Review and draft Scheme. Discussions have also been held with selected stakeholders to seek their views on the options appraisal which forms part of the review and, ultimately, helps inform the scheme and also to identify opportunities for future discussions to take place should the Councils agree to proceed. Invitations were extended to representatives from the following organisations.

Network Rail, Highways England, Homes & Communities Agency, Environment Agency, VOSCUR, VANS, CVS South Gloucestershire, Business West, UWE, University of Bristol, City of Bristol College, Weston College, South Gloucestershire and Stroud College, Bath College, Bath Spa University, selected transport lobby groups and the Western Training Provider Network.

A short summary of points raised at these discussions is included with this report and has been used to inform the final version of the strategic governance review. In particular changes were included to reflect comments around the following:

- continued joint working with North Somerset
- taking account of cross-boundary skills provision
- scrutiny of LEP funding decisions

Many other comments were already covered in the governance review document and some were more relevant to the scheme (e.g. reference to Public Sector Equalities Duty) and have been used to inform its drafting.

There were also comments related to the operating model for the Mayoral Combined Authority and these have been logged as inputs into the design of that at a later date.

A Business Briefing was provided to LEP members on 16<sup>th</sup> January. The LEP Executive was briefed on 4<sup>th</sup> February 2016 and the LEP Executive on 26<sup>th</sup> February 2016.

A summary of the Strategic Governance Review for three authorities was shared with the LEP Board for comment at their meeting on 16<sup>th</sup> June. Following discussion the Board noted that:

- North Somerset Council do not agree with the conclusion of the governance review
- Business Representatives supported the conclusions of the governance review
- The LEP supported the conclusions of the governance review

Papers were presented to the West of England Joint Scrutiny on [18<sup>th</sup> January](#) and [4<sup>th</sup> March](#) 2016. All joint scrutiny papers are published on the LEP website [here](#).

Work has also been undertaken to keep the general public updated on the progress of the proposed deal.

In addition the following engagement has taken place at a local level:

### **Bristol City Council**

During 2015 two Member briefings were held to introduce the concept of devolution and likely direction of travel and regular dialogue was maintained with the Mayor/Deputy Mayor and Cabinet. The September 2015 submission to HM Government was circulated to all members ahead of the 7<sup>th</sup> September press announcement.

On announcement of the deal on 16<sup>th</sup> March a summary was provided to all Members, along with a link to the deal document and press announcements.

All member devolution briefings: 04/04/16, 20/04/16, 26/04/16, 13/06/16, 15/06/16

Following elections in May 2016 a new member email update was provided on 23<sup>rd</sup> May which included detailed devolution questions and answers and a video presentation of the April member briefing.

Briefings were also offered to each Party Group as follows:

- Liberal Democrats, 21<sup>st</sup> June 2016
- Conservatives, 21<sup>st</sup> June 2016
- Labour, 16<sup>th</sup> June 2016
- Green Party, 22<sup>nd</sup> June 2016. Briefing given to Devolution Working Group, 8<sup>th</sup> June 2016
- Meeting with Mayor and Party Group Leaders, 27<sup>th</sup> June

Devolution was discussed at Bristol City Council Overview and Scrutiny on [4<sup>th</sup> February 2016](#) and on [15<sup>th</sup> June](#) 2016, at which it was agreed that a further meeting would be held on 27<sup>th</sup> June 2016 to consider the Full Council Papers.

A public web page has been created and link shared via Our City citizen newsletter in June, with details of Councillor Finder so that members of the public could share views with councillors pre-decision. The website can be viewed [here](#). There is also an opportunity for members of the public to sign up to receive information about the public consultation proposed for July.

Mayor Ferguson attended the VOSCUR/Festival of Ideas City Devolution and Communities Workshop in March 2015 as a keynote speaker to contribute to their debate on local democracy and city region based devolution.

Internal Communications: Management Briefings on 16 March and 3 May

### **Bath and North East Somerset**

Bath and North East Somerset Council have undertaken 6 Member Briefing sessions to provide information on the West of England Devolution Deal and give an opportunity for members to raise questions and feedback.



All member devolution briefings: 10.11.15, 7.01.16, 11.02.16, 20.04.16, 10.05.16, 20.06.16

A presentation was also provided at the Resources Policy Development and Scrutiny Panel on [20<sup>th</sup> January](#).

A paper was debated at Full Council on [12<sup>th</sup> May](#) which noted the latest position and invited comments from members in advance of the formal deal being presented to Council in June.

Presentations and briefings have also been undertaken with a number of key stakeholders and partners:

- Presentations to the [Bath and North East Somerset Public Services Board](#) (*a local strategic partnership that includes the universities, police, health, fire, FE, business representation, VCS representation and is chaired by the Council*): 5.10.15, 30.11.15, 9.02.16, 19.04.16, 28.06.16
- Presentation to Parish Liaison Committee: [11.05.16](#)
- Presentation to Bath City Forum: [01.06.16](#)
- Presentation to Voluntary Sector Reference Group (*local group of voluntary sector organisations*): 24.02.16

A public webpage has been created on the Council's website which can be viewed [here](#). A link to the West of England Devolution Briefing is provided as well as a 'Questions and Answers' page.

Regular updates have also been provided internally through the weekly 'Jo Blogs' staff communication and externally to the public through the weekly ['Council Leader's Blog'](#).

### **South Gloucestershire**

South Gloucestershire Council have undertaken 8 Member Briefing sessions since the Chancellor's announcement of the West of England Devolution Deal (3 of these were duplicate sessions). The first of these was a closed briefing and questions session delivered immediately after the closure to the public of the March 2016 Full Council Meeting. Officers have since delivered three sessions (each delivered twice) concentrated on 1) Skills and Employment 2) Planning and Transport 3) Finance and Governance. These briefings were well attended. A final briefing session was delivered to Members on 15 June 2016 summarising the expected content of the Scheme and the papers that Members would receive prior to the Full Council Meeting.

The Chief Executive (Amanda Deeks) has delivered 11 staff briefings open to all employees of the Authority with devolution an integral feature of these briefings.

South Gloucestershire Council has a live engagement on the Council's public website titled 'Devolution'. The relevant pages provide a summary of the deal content and date for Full Council consideration. A link to the deal announced in March is provided alongside two relevant press releases and a link to the engagement 'Share Your Views' submission form. There are a series of FAQs available on the pages.

The public website pages can be viewed [here](#).

Submissions are being collated by the Authority and a summary of those submissions will be provided in report for Members for the Full Council Meeting on 29 June 2016 (with an update note if required).

**Devolution Stakeholder Discussion – Summary of Points Raised in discussions**

	<b>Summary of Comments</b>	<b>Considerations for Review</b>
<b>Functional Economic Market Area</b>	<ul style="list-style-type: none"> <li>• Opportunity of re-classifying some of our roads for modern traffic usage.</li> <li>• Promotion of public transport and bus corridors, deterring rat runs</li> <li>• Important for all authorities to work together.</li> <li>• Road accidents occurring on main traffic routes – this needs to be improved</li> <li>• Need to look at the transport network area as a whole. Don't assume the main routes are the right ones.</li> <li>• Would like to align EA medium/long term plans with LEP and UAs.</li> <li>• Funding from Treasury for capital flood defences, EA identifying areas want to put in bids. Need a mechanism which will assess resilience and environmental effects in the bidding process to enable them to integrate capital funding with LEP and UAs to achieve bigger schemes.</li> <li>• Scale of the schemes/challenge will require multiple agencies engagement and commitment to joint investment planning.</li> <li>• Question re dormitory towns in N Somerset accommodating Bristol workforce – explained that c 75/80% of people who live in N Somerset also work there</li> </ul>	<ul style="list-style-type: none"> <li>• Keen to be part of the process that delivers sustainable growth to the West of England.</li> <li>• Need mechanisms to assess sustainability and resilience of schemes with both LEP on legacy funding (Growth Deal) and the Combined Authority moving forward with gainshare from Devo deal</li> </ul>
<b>Effectiveness of current Economic Arrangements</b>	<ul style="list-style-type: none"> <li>• Buses based in North Somerset and service Bristol – will need to get permits to cross boundaries.</li> <li>• Supportive of a Transport Authority at a strategic level.</li> <li>• 2 sorts of political economies – Rural and Urban. Transport issues are different</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

	<ul style="list-style-type: none"> <li>• Bristol want urban solutions to urban problems.</li> <li>• Air pollution due to traffic congestion, no solution to urban transport until do something like Nottingham re. work place parking.</li> <li>• Over 19 education provision and links with Bath City College and the Connecting Families scheme</li> </ul>	
<b>Current Governance Arrangements</b>	<ul style="list-style-type: none"> <li>• 4 authorities should continue working together.</li> <li>• UAs to engage the EA through joint investment planning and resilience work which is supporting the JSP process.</li> <li>• Specifically noted the need to engage with HCA (as land owners and enablers) and Highways England amongst others.</li> <li>• Keen to ensure the voluntary and community sector is organised at West of England level.</li> <li>• Closer working relationships</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>Future Governance Options</b>	<ul style="list-style-type: none"> <li>• This should be about communities and providing public services that we control.</li> <li>• Being involved in devolution at this stage will provide future opportunities and allow us to shape arrangements</li> <li>• Importance of agreeing data baselines.</li> <li>• Clarity around what Post 19 means and covers in terms of skills.</li> <li>• Agrees devolution is the best and perhaps only vehicle for cross regional schemes, particularly for future MetroWest plans, but this has to be across all 4 UAs. It does not work across only 3.</li> <li>• Concern an authority could instigate 20mph zones/ residents parking zones in other areas. Loss of democracy, could get overruled.</li> <li>• Concern have no real power over network rail, they need</li> </ul>	<ul style="list-style-type: none"> <li>• In transport terms this will not work across 3 authorities, needs to be 4. Should re-negotiate with government.</li> <li>• Concerns around any additional cost of bureaucracy to support evaluation and additional burden to support evaluation</li> <li>• Concern about how cross boundary issues around skills are managed, ie. with Gloucestershire</li> <li>• Urges the 4 UAs to suggest alternative democratic ways of administering the funds so as to retain the unity necessary to attain MetroWest Phases 1, 2 and 3.</li> <li>• CA should have an integrated team of professional strategic officers for transport, looking at planning &amp; delivery.</li> <li>• Keen to ensure the voluntary and community sector is organised at West of England level to assist dialogue with</li> </ul>

	<p>to look longer term and fit in with spatial plan.</p> <ul style="list-style-type: none"> <li>• Commitment to a joint partnership approach- welcomed opportunity to engage on devolution deal and moving forward JSP and infrastructure planning</li> <li>• Clarification sought on scrutiny arrangements.</li> <li>• Assurance that there won't be any drift in terms of powers going from the UAs to the CA.</li> <li>• Engagement of other stakeholders</li> <li>• Closer working relationships with the voluntary sector</li> <li>• Engaging with Town and Parish Councils</li> <li>• Opportunity to involve Voscur in development of detailed balancing criteria (equality and sustainability) in Economic Model.</li> <li>• Concern that a six week public consultation over the summer may not be enough time – explained the deadlines and timeframes from Government</li> <li>• Would hope to involve Neighbourhood Partnerships in consultation</li> <li>• Offer to run information/consultation session through Voscur</li> <li>• Welcomes local decision making</li> <li>• Want to obtain greater certainty from Government that funding can be guaranteed over the next 30 years</li> <li>• Welcome devolved infrastructure funding, multi-year transport funding, devolved further education budget, and the additional powers over public transport, further education, skills and development</li> <li>• Notes the safeguards protecting the autonomy of each constituent Council (in particular the protection of all Council assets and services as well as the veto over</li> </ul>	<p>an elected district mayor.</p> <ul style="list-style-type: none"> <li>• Need to keep voluntary sector representation on appropriate groups.</li> <li>• Would like to understand more about role of LEP in the future, in particular regarding influence over allocation of budgets</li> <li>• Will need to understand how to involve colleges/providers from outside the area and how future funding arrangements would work</li> <li>• Would wish to see Social Value Policy applied to Combined Authority</li> <li>• Would wish to see Public Sector Equalities Duty applied to Combined Authority</li> <li>• Opportunity to join up thinking when defining Key Route Network to ensure that this integrates with national network</li> <li>• Keen to engage with future discussions to develop details of how this will work in practice</li> <li>• Need to ensure we reflect the voice of local economy and business – how do they have a seat at the table so we can build on what has worked well in the past</li> </ul>
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	<p>strategic planning)</p> <ul style="list-style-type: none"> <li>• Question whether additional powers would be granted to in the Deal with regard to moving traffic offences</li> </ul>	
Continuing with current arrangements	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>
Establishing a Joint Committee	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>
Establishing an Economic Prosperity Board	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>	<ul style="list-style-type: none"> <li>• No specific comments recorded</li> </ul>
Establishing a Combined Authority	<ul style="list-style-type: none"> <li>• Would only support this with 4 Authorities</li> <li>• Concern that the combined authority would be another layer of bureaucracy</li> </ul>	<ul style="list-style-type: none"> <li>• Should be located in Clevedon/ Keynsham or Kingswood</li> </ul>
Establishing a Combined Authority with a directly elected Mayor	<ul style="list-style-type: none"> <li>• Does not support a Mayoral option</li> <li>• Agree with devolution</li> <li>• Would not support this option with just 3 authorities. Has to be 4.</li> <li>• Agreed with this option (may have comments/reservations in relation to the detail)</li> <li>• No concerns with this option</li> <li>• Couldn't see anything working other than this one. Real mistake not to move ahead. Think about national position.</li> <li>• Opportunity to compete for investment. Single voice of elected Mayor gives compelling and inspiring view.</li> <li>• Added momentum to Temple Quarter would be a benefit.</li> </ul>	<ul style="list-style-type: none"> <li>• Don't believe the LEP should have a vote</li> <li>• Stronger if 4 rather than 3 – but no compelling reason not to proceed with 3 and look at opportunities for collaboration.</li> <li>• LEP sector groups – how will this work with three authorities as providers will want to work with all partners but want to have leverage and see benefit of deal with three.</li> <li>• How do we ensure that the CA will take advice from external provides and other key stakeholders – important to engage early on the work with them to ensure CA is appropriately advised (in context of Education &amp; Skills)</li> <li>• Significant benefit offered through opportunity to have decisions agreed and co-ordinated through JTP to give a</li> </ul>

	<ul style="list-style-type: none"><li>• Recognise this would provide a strengthened and balanced governance framework and clear responsibilities</li><li>• Noted that directly elected Mayor is what gives greater confidence to government to devolve powers and funds to the area</li><li>• Objection to the aspect of the proposals relating to the creation of a West of England Mayor.</li><li>• Notes that Metro Mayor and Combined Authority provides the accountability required by Government for devolution of powers and funding. No significant concerns with this model.</li><li>• Question whether the term “Elected Mayor” had to be used in this context</li><li>• How to maximise turnout for any election for any elected Mayor</li></ul>	longer term approach
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**Bath & North East  
Somerset Council**



**South Gloucestershire  
Council**

# **A West of England Mayoral Combined Authority Consultation Proposal**

**Produced by Bristol City Council on behalf of the three councils of the West of England**

**This proposal does not aim to pre-judge the outcome of Full Council decisions on 29 June. However, due to a required start date of 4 July 2016 for the public consultation, this proposal has been prepared in advance to ensure the consultation is in no way compromised by the short turnaround time available. The proposal would only be used if a decision is taken to proceed with the deal.**



## 1.0 Introduction

The West of England Councils will decide on 29 June whether to move forward with the Government’s proposed devolution deal for the city region.

A scheme has been developed following a review of current and potential governance options in the West of England. The review concludes that a Mayoral Combined Authority could most effectively improve the exercise of certain statutory functions in the region, when compared to current arrangements.

Both the governance review and proposed scheme will be put forward with council papers ahead of the decisions on 29 June, along with a copy of this consultation proposal.

If the deal goes ahead, a six week statutory public consultation will be launched on 4 July to seek views on the proposed scheme of governance for the Mayoral Combined Authority.

If the public consultation goes ahead, the results would be submitted to the Secretary of State for Communities and Local Government in late August 2016 - along with the decisions of the councils - to inform a final decision.

## 2.0 Terminology

**West of England Devolution Deal** - The proposed deal negotiated with Government by the three West of England Councils (Bath and North East Somerset, Bristol and South Gloucestershire)

**Strategic Governance Review** - The review of governance in the West of England which has informed the proposed scheme;

**Mayoral Combined Authority** - The potential scheme of governance, based on the conclusions of the Strategic Governance Review;

**West of England Mayor or ‘Metro Mayor’** – Having a West of England Mayor to chair the Mayoral Combined Authority is a condition of the deal. The public would vote for a West of England Mayor in May 2017. The West of England Mayor would not replace Bristol’s directly elected Mayor or the leaders of Bath and North East Somerset and South Gloucestershire councils.

## 3.0 Timescale

Pending the outcome of the June council meetings x 3, the six week consultation would start on 4 July, closing on 15 August. The proposal will be included in the relevant council papers, deadline 20 June 2016.

NOTE: In early July Bristol City Council will be starting an early conversation to gather views from Bristol residents, partners and stakeholders on their priorities for council spending and saving. Supporting communications for this and the devolution consultations will be designed to ensure public and stakeholders understand the differences between the two exercises.

#### **4.0 Objectives**

The purpose of this proposed consultation is to seek views from the public on the establishment of a West of England Mayoral Combined Authority as a means of facilitating the receipt of devolved powers from Government, in comparison with current arrangements.

It will also seek views on the specific proposals contained in the scheme relating to:

- Decision making
- Place (transport and housing)
- People (adult education and skills)
- Business

#### **5.0 Approach**

Taking into account both regional and national objectives, the following approach is recommended:

- One consultation survey for all three authorities – this will demonstrate a joint approach and will ensure the same information and messages are communicated. It is also more efficient on a practical level.
- The consultation should be hosted on one microsite containing supporting information agreed by all.
- For efficiency, one local authority should lead (currently Bristol) in partnership with the other authorities and the West of England LEP.
- In the interests of accessibility, a ‘plain english’ summary of the Strategic Governance Review and proposed scheme should be considered.

In addition, these key principles should be adhered to:

- There should be a joined-up approach to communicating the consultation, reaching as wide and diverse an audience as possible.
- A range of consultation methods should be used to extend the reach of the consultation to ‘seldom heard’ groups and maximise response rate by using both paper and online surveys to allow people to respond in a way that suits them.

## 6.0 Equalities and diversity considerations

The proposed scheme specifies that the Mayor and the Combined Authority would be subject to the Public Sector Equalities Duty, created under the Equalities Act 2010.

With regards the consultation process, we will also ensure the following are undertaken:

- Language used throughout the consultation process must be clear and ideally ‘plain english’ to aid understanding by all.
- Hard copies of the survey made available with pre-paid envelopes and / or a collection point in libraries and other council and public locations. A hard copy will also be available from the Consultation Phone line on request.
- Consideration will be given to other formats including translations, braille, large format and audio.
- Communications activity, including media, should include a wide and diverse range of channels – to ensure it reaches all target audiences and stakeholders. This will include printed, online, digital and social media channels as well as face to face communications.
- Each council should seek a view from their own equalities teams regarding distribution and local contacts.

## 7.0 Audience/Stakeholders

NB: Representatives from West of England have been engaged during the pre-decision phase. In particular, delivery partners and influencers in business, education, transport and the voluntary sector were invited to provide input to the Strategic Governance Review.

### Public

General public

Neighbourhood Partnerships

Area Forums

Community Networks

Special Interest Groups

Trade Unions

Town and Parish councils

### Internal

Staff at all three councils, plus the West of England LEP

### **Voluntary Sector**

Umbrella groups

Individual voluntary sector groups in each council area, with a focus on those operating in key delivery areas e.g. housing, skills, transport

Groups representing equalities and diversity interests

### **Business**

West of England LEP

Businesses and representative business groups

Major hubs e.g Bristol Airport

### **Delivery Partners in key areas covered by the deal**

Education – e.g universities, colleges, training providers etc

Transport – e.g Highways England, Network Rail, transport operators etc

Planning – e.g HCA, English Heritage, Natural England etc

Housing – e.g Housing Federation, Community Land Trust etc

## **8.0 Consultation methods**

- A consultation microsite which hosts, or provides a link to, the full consultation survey (there must also be an option for people to request hard copies and / or collect hard copies and pre-paid envelopes in nominated locations e.g libraries)
- The survey should include both closed questions for quantitative analysis and some open questions for free comment.
- A communications plan (see below) would drive members of the public to the consultation via the media, plus a range of other local channels and networks. Self-selection would be the primary response method.
- We would also send a direct invite to all key stakeholders to participate by letter or email. This could include existing local networks e.g Neighbourhood Partnerships or the equivalent. (This could be managed locally, using joint messages and materials).
- We would consider ways to contribute to existing, planned meetings – rather than running cost intensive standalone events.

## **9.0 Consultation survey (Reminder: This is subject to councils' agreement to the deal)**

[Page 1 – Introduction] **Have your say about Devolution for the West of England.**

Bath & North East Somerset Council, Bristol City Council and South Gloucestershire Council have now voted to accept a £1 billion devolution deal from Government that would see the creation of a West of England Mayoral Combined Authority. It would bring new powers, funding and responsibilities to the region – so more decisions could be made locally, rather than nationally, about spending on regional transport, adult education and skills, for example.

We believe a West of England Mayoral Combined Authority would benefit the region in four key areas:

- Decision making
- Place (transport and housing)
- People (adult education and skills)
- Business

**Tell us what you think about a West of England Mayoral Combined Authority and proposals across these four areas**

This public consultation, on behalf of the Secretary of State for Communities and Local Government, is your chance to have your say on the creation of a West of England Mayoral Combined Authority. Your views will be shared with the Secretary of State in August 2016, along with the decision of council members, for a final decision to be made by central government.

[Page 2 ] **Decision Making**

A West of England Mayoral Combined Authority would receive powers from central government - it would not take powers from existing local authorities without agreement. It would be chaired by a West of England Mayor who the public would vote for in May 2017. The West of England Mayor would have control of spending on the region's transport, adult education and skills. They would not replace Bristol's directly elected Mayor or the leaders of Bath & North East Somerset and South Gloucestershire councils.

To make decisions, a majority of the members of a West of England Combined Authority, including a West of England Mayor, would be required to be present and voting. A West of England Mayor would have one vote, as would other voting authority members. A West of England Mayor would have to consult authority members on his/her strategies, which those members may reject if two-thirds agree to do so. Members of a West of England Mayoral Combined Authority would also be able to amend a West of England Mayor's spending plans if two-

A West of England Mayoral Combined Authority – Public Consultation Proposal

thirds agree to do so. A West of England Combined Authority, including a West of England Mayor, would be scrutinised and held to account by a West of England Overview and Scrutiny and Audit committee(s).

The only exceptions to this two-thirds principle are decisions made on the Joint Spatial Plan (unanimous vote required) and certain financial aspects (unanimous of the three councils).

The Mayoral Combined Authority must have the agreement of an individual authority where a planning or transport matter (for example) is likely to impact on that authority’s specific geographical location.

Do you believe the proposed West of England Mayoral Combined Authority would benefit decision making in the region?

Mark ‘Agree’, ‘Disagree’ or ‘Don’t know’ next to each statement

A West of England mayor would provide increased accountability and transparency for decisions affecting the region	Agree	Disagree	Don’t know
The West of England Mayoral Combined Authority would strengthen the ways the West of England councils work together	Agree	Disagree	Don’t know
The West of England Mayoral Combined Authority would improve strategic decision making, leading to more economic growth	Agree	Disagree	Don’t know

If you would like to add anything about the impact of a West of England Combined Authority on decision making in the region, please share your comments here: [open comments box]

[page 3] **Place -Transport**

The proposed West of England Mayoral Combined Authority would be given further powers over transport, including the ability to franchise bus services and responsibility for a Key Routes Network of roads. It would also have the power to implement Clean Air Zones to help achieve air quality standards.

A West of England Mayoral Combined Authority – Public Consultation Proposal

Do you believe the proposed West of England Mayoral Combined Authority would benefit the region’s transport?

Mark ‘Agree’, ‘Disagree’ or ‘Don’t know’ next to each statement.

It would enable longer-term planning and allow for more ambitious schemes with a greater impact through guaranteed funding each year	Agree	Disagree	Don’t know
It would support the introduction of smart and integrated ticketing	Agree	Disagree	Don’t know
It would integrate public road and rail transport across the region making it easier to access employment	Agree	Disagree	Don’t know
It would integrate public road and rail transport across the region to speed up and reduce the environmental impact of longer journeys	Agree	Disagree	Don’t know

If you would like to add anything about the potential impact of a West of England Combined Authority on transport, please share your comments here: [open comments box]

[Page 4] **Place - Housing**

A West of England Mayoral Combined Authority would be given stronger strategic planning powers to speed up the delivery of new housing, including the delivery of the Joint Spatial Plan, enhanced compulsory purchasing powers, powers to determine cross-boundary infrastructure applications as a combined authority, and the setting up of Development Corporations put in place to facilitate building of houses on strategic sites.

Do you believe the proposed West of England Mayoral Combined Authority would benefit the region’s housing?

Mark 'Agree', 'Disagree' or 'Don't know' next to the statement below.

It would improve planning processes and decisions so that the right houses are built in the right places

Agree                  Disagree                  Don't know

If you would like to add anything about the potential impact of a West of England Combined Authority on housing, please share your comments here: *[open comments box]*

[Page 5] **People**

A West of England Mayoral Combined Authority would have increased powers for spending on people's education, skills and employment in several ways:

- It would have control of the entire Adult Education Budget by 2018
- It would be responsible for the Apprenticeship Grant for Employers which incentivises employers to offer apprenticeships
- It would work with central government on the design of local careers and enterprise provision, such as the Careers and Enterprise Company and the National Careers Service.
- It would work with the Department of Work and Pensions to co-design the new National Work and Health Programme designed to focus on those with a health condition or disability and the very long term unemployed.

Do you believe the proposed West of England Mayoral Combined Authority would benefit people in the region?

Mark 'Agree', 'Disagree' or 'Don't know' next to the statement below.

It would ensure skills and training provision are more accurately tailored to local needs

Agree                  Disagree                  Don't know



A West of England Mayoral Combined Authority – Public Consultation Proposal

If you would like to add anything about the potential impact of the proposed West of England Combined Authority on people’s education and skills, please share your comments here: *[open comments box]*

[Page 6] **Business**

A West of England Mayoral Combined Authority would have increased control and resources for business including:

- Integrated and locally relevant inward investment and trade services, led by Invest in Bristol & Bath
- Support for developing the West of England Growth Hub
- Increased support for the Bristol & Bath Science Park and the Junction 21 Food Enterprise Zone,
- More local control over the use of EU funds

It would also be a member of the Local Enterprise Partnership ensuring a close working relationship with the business community.

Do you believe the proposed West of England Mayoral Authority would benefit business in the region?

Mark ‘Agree’, ‘Disagree’ or ‘Don’t know’ next to each statement

It would support innovation in key growth sectors	Agree	Disagree	Don’t know
---------------------------------------------------	-------	----------	------------

It would boost productivity and growth through improved sharing of specialist knowledge and services	Agree	Disagree	Don’t know
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If you would like to add anything about the potential impact of a West of England Combined Authority on business, please share your comments here: *[open comments box]*

[Page 7]

“On balance - do you believe that a West of England Mayoral Authority would benefit the West of England Region?

*[Agree, Disagree, Don't know]*

Is there anything more that you would like to know about the proposed devolution deal or West of England Mayoral Combined Authority?

*[Open comment response]*

[Page 8] **Some questions about you so we can understand who has taken part**

What is your postcode?

Please tell us who you are (tick all that apply)

- Resident
- Elected Member
- Business
- Education Provider
- Trade Union
- Voluntary Community Sector
- Housing Association
- Other

How would you describe yourself?

- Your Age    Under 18 ( )    18 – 24 ( )    25-34 ( )    35-44 ( )    45-54 ( )    55-64 ( )    65-74 ( )    75 +( )  
    Prefer not to say ( )
- Your Gender    Female ( )    Male ( )    Prefer not to say ( )
- Your ethnicity    White British ( )    Other White ( )    Black /Black British ( )    Asian /Asian British ( )    Mixed / Dual Heritage ( )  
    Any other ethnic group ( )    Prefer not to say ( )
- Are you disabled?    Yes ( )    No ( )    Prefer not to say ( )
- Do you have a religion or belief?    Yes ( )    No ( )    Prefer not to say ( )

- Transgender                      Yes ( )    No ( )    Prefer not to say ( )
- Are you lesbian, gay or bisexual ( ) heterosexual (straight) ( ) Prefer not to say ( )

Please provide your name and address [Name and Address response boxes]

These details will only be used to check who has taken part. If you complete the survey more than once, your views will only be counted once.

### 10.0 Outline Communication Plan

The primary objective for this communication plan is to ensure as many people as possible have the opportunity to participate in the consultation. For this reason, special attention will be paid to the reach of our planned communications, the accessibility of the information used and our ability to reach a wide range of groups, including those who may not have regular online access. **NB: The below table shows the outline communications plan. Final details including dates for meetings with community/special interest groups are to be agreed.**

**NOTE: The ‘Joint Comms Group’ referred to in the plan includes communication leads from Bath & North East Somerset, Bristol and South Gloucestershire councils. This group collaborates and co-ordinates on all communications related to the devolution deal.**

Audience	Actions	Timescale	Materials	Who
<b>Launch / Ongoing</b>				
General Public	Add survey to Consultation Finder and equivalents	By 4 July	Final survey	BCC Consultation Team
General Public	Ask Bristol newsletter to 12,500 people	On 4 July	Short article + link	BCC Consultation team
General Public via Media	Pending devolution report approval by three councils – media statement reacting to decision and promoting consultation starting on 4 July.	On 29 June	Approved statement and updated Q&A	Joint Comms Group
General Public via Social Media	‘Next steps for devolution’ Push-out launch press release re consultation via social media in all three areas	On 1 July	Pre-agreed tweets	Joint Comms Group
General Public	Direct communication to equalities groups, neighbourhood partnerships (and equivalents).	w/c 4 July		Local contact based on joint messages.

A West of England Mayoral Combined Authority – Public Consultation Proposal

General Public via Media	Each council to consider further media engagement in local area e.g radio interviews / Q&As	w/c 4 July		Joint Comms Group
General Public	Article in Bristol's Our City newsletter	By 4 July	Short article + link	BCC PR Team
	Article in B&NES E-CONNECT	TBC	Short article + link	B&NES PR Team
	Article on South Gloucestershire News website	TBC	Short article + link	South Glos PR Team
General Public	Circulate electronic posters libraries, other council buildings and public locations (TBC) – ready for 4 July	By 1 July	Posters – electronic	Bristol Design / PR Team
General Public	After 29 June, arrange hard copy print by 11 July	w/c 4 July	Hard copy posters	Bristol Design / PR Team
Stakeholders – cross-region	Email with link to documents, for their response and to circulate through their own channels	w/c 4 July		To be agreed
Council and LEP Staff	Update on or before 4 July via internal news channels / screens etc	On 4 July	Short article / messages and links	Via Joint Comms Group
General Public	On Screen Promotion in Customer Service Points (and equivalents)	4 July to 15 August	Electronic Info	Joint Comms Group
General Public	Publicise microsite via all councils' channels.	4 July to 15 August	Links established	Joint Comms Group
General Public	Social media campaign for the 6 week period.	4 July to 15 August	To be agreed	Joint Comms Group
General Public/stakeholders	Press release reminding public/stakeholders to respond before consultation deadline	w/c 1 August	Approved media release	Joint Comms Group
General Public	Ensure paper copies of surveys available in libraries and / or customer service points (TBC)	11/07/2016	Paper surveys and pre-paid envelopes	Joint Comms Group

## DEVOLUTION DEAL – FINANCIAL IMPLICATIONS

### 1. Background

1.1. This Appendix sets out the detailed financial implications of the Devolution Deal, specifically:

- The financial aspects of the roles, functions, and decision-making arrangements for the Mayor and Mayoral Combined Authority (MCA) which are contained in the Scheme;
- The funding streams available to the Mayor and MCA through the Devolution Agreement; and
- The financial implications of the aspects of the Devolution Agreement which are contained in the Scheme.

1.2. The details set out in these appendices are based upon the best understanding and interpretation of the outputs from the specific devolution workstreams and through discussions with Government officials.

1.3. A flowchart illustrating the financial governance processes is attached as Appendix 7 to provide additional clarification.

### 2. The Mayoral Combined Authority (MCA)

2.1. The funding streams attached to the Devolution Deal and Scheme can be broadly categorised into three areas, as set out in the following sections:

- Mayoral funding streams;
- MCA funding streams; and
- Borrowing powers of the MCA (in respect of both Mayoral and MCA functions).

2.2. The key funding element agreed in the Devolution Deal was the 'Single Pot' which Government has proposed is comprised of three elements:

- New gainshare (or 'Payment-by-Results) funding (MCA);
- A devolved and consolidated transport grant (Mayoral);
- Local Growth Fund (LGF) allocations.

- 2.3. The Government has indicated a preference for moving towards a single assurance framework for the Single Pot and published National Guidance on this in April 2016. However, for the time being each of the three elements is actually still subject to its own rules within government, and locally they are not controlled by a single entity meaning each is subject to a different local decision-making process.
- 2.4. The transport grant is a Mayoral funding stream (Section 2.8) while the gainshare is a MCA funding stream (Section 2.9). The LGF, whilst badged 'Single Pot' by Government, is not actually part of the Scheme and remains unchanged in terms of local and central government decision-making arrangements.
- 2.5. Mayoral funding streams
  - 2.5.1. As set out in the Governance Scheme, the Mayor's draft annual budget will be examined by the constituent councils and may be rejected and amended if two-thirds of the councils agree to do so. The Mayor shall not be entitled to vote on the constituent councils' alternative proposals. The Mayor's budget then ultimately forms a line item in the MCA budget, which is subject to separate approvals (see section 2.9).
  - 2.5.2. The Mayor's budget may include a business rates supplement (BRS) and the devolved transport grant. The BRS represent a 'new' funding stream available to the Mayor and city region, whilst the transport grant is comprised of existing funding streams (with the exception of additional maintenance incentive funding, as set out below). The Scheme makes specific provisions for agreement of the relevant Constituent Authority in the event any decision of the Mayor would impose a liability upon them.
- 2.6. Mayoral costs and council tax precept
  - 2.6.1. The Mayor will not initially have the power to raise a council tax precept and any change to this position in the future would require the approval of the Secretary of State and unanimous consent of the Constituent Councils.

2.6.2. Any running costs associated with the Mayor, including allowance and direct office support, which is not recoverable from the specific Mayoral budgets, may be met from the revenue element of the Gainshare funding outlined in Section 3 below or by a voluntary contribution from the Constituent Councils. This would be subject to the Mayoral Budget approval process set out para 2.5.1 above.

## 2.7. Supplementary Business Rates

2.7.1. The Scheme sets out that the Mayor will have the power to introduce a Business Rates Supplement (BRS) to fund infrastructure, subject to the support of the Combined Authority and in consultation with the business community through the LEP.

2.7.2. The BRS will only apply to non-domestic properties within the Combined Authority area and, in line with the Devolution Agreement, the Mayor is expected to be able to raise a BRS of up to 2p per pound of rateable. It is assumed that the BRS will only apply to properties that are above a certain value (in London the BRS applied to properties with a rateable value of over £55,000), and that the BRS sits outside the localised business rates regime (i.e. exempt from resets/national redistribution).

2.7.3. Primary legislation is still required to make this power available to the Mayor, meaning the details on how of BRS will be levied and approved are unknown at this stage. This includes the precise role of the LEP in agreeing the BRS and we will continue to work with Government to help inform this primary legislation.

## 2.8. Mayoral devolved transport budget

2.8.1. The Devolution Agreement states that the Mayor will receive and take responsibility for a devolved and consolidated multi-year transport budget. The funding streams forming part of the Mayor's transport budget at this stage are:

- Integrated Transport Block (ITB)
- Highways Maintenance Block (HMB) – needs-based element
- Highways Maintenance Block (HMB) – incentive-based funding at Band 3 (the highest level) with an exemption from the annual Government assessment process.

2.8.2. Government is expected to provide a firm funding commitment through to 2020/21 worth a total of £71M. These budgets will be

pooled into the Mayor's budget to enable the Mayor to carry out his/her statutory duties in relation to the Key Route Network (KRN) of local roads, as well as attempt to drive efficiencies in asset management across the city region. At present, Government determines ITB and HMB funding through a formula set by DfT and paid to the constituent authorities, who are currently the statutory local highway authorities for local roads in their areas. They will continue to be the statutory authority for non-KRN roads (once it has been established). More detail on the process for, and implications of, establishing the KRN are set out in the next section (see 4.2.1).

2.8.3. The creation of the KRN is subject to the specific safeguards and the governance process as set out within the Transport element of the Scheme. The mechanism for allocating HMB and ITB funding between the Mayor's KRN and the constituent authorities' road network is as follows:

- The Mayor will transfer HMB and ITB to the Constituent Authorities on a basis of a majority vote, which must include the vote of the Mayor. The default position is to use the DfT formula allocation.
- Once the KRN is defined, the Mayor and Constituent Authorities will decide how to allocate funding to the KRN, again subject to the majority vote outlined above.

2.8.4. The following benefits to the devolved Mayoral transport budget have been identified by Transport officers:

- Longer-term funding certainty: government is proposing a firm commitment for 5 years, compared to the 1-3 year certainty the constituent authorities currently have for ITB and HMB funding.
- A fully-flexible, condition free settlement: the funding would be unringenced with the flexibility to vire funding between transport projects and between years. The area would not need to meet any further tests from government in order to receive the funding over the 4 year period to 2020/21.
- Extra maintenance funding: government is offering the maximum possible funding allocation for the incentive-based element of HMB, worth an extra £4.9m to the area over the period to 2020/21.
- Reduced administrative burden: the 5-year HMB incentive funding at the maximum level means the constituent authorities no longer have to participate in a cumbersome annual assessment process to receive funding.



- Local rather than SoS DfT control of priorities: At present the SoS decides how much ITB and HMB funding each constituent authority will get based on a DfT formula. A devolved transport grant means the area will collectively decide how much each authority receives.
- Potentially better protected from any future budget cuts: it may be more difficult for Government to cut a devolution specific funding line in DfT's settlement compared to cutting a large national budget.

## 2.9. Mayoral Combined Authority funding streams

2.9.1. In general, the decision making arrangements for MCA functions and funding are as follows:

- The MCA budget (which must be balanced), including borrowing limits, is subject to a majority vote of all MCA members present and voting (subject to a vote in favour by the Mayor). This includes decisions over how to allocate grant funding such as gainshare, skills and European funding.
- However the MCA levy is subject to the unanimous consent of the constituent authorities (excluding the Mayor).

2.9.2. The majority of funding associated with the Devolution Deal is controlled by the MCA. This includes the new funding through the £900m gainshare deal and skills pilot, as well as existing funding from devolution of the Adult Education Budget and Apprenticeship Grant for Employers and more influence over European funding (ERDF and ESF). Whilst not an explicit part of the Devolution Agreement, the MCA could also potentially benefit from additional funding from the third and final round of the LGF.

## 2.10. Combined Authority levy

### 2.10.1. Scope of the levy

Combined Authorities (CAs), with or without mayors, may raise a levy on their constituent authorities in order to meet the costs of their functions. The levy typically represents a shift of funding from the constituent authorities to the combined authority level, rather than a mechanism for raising 'new' funding. This reflects the fact that the CA/MCA typically pools the agreed transport authority and economic development functions that are otherwise exercised individually by the constituent authorities. The latest primary

legislation provides for CAs to take on a much broader set of functions, as is the case in the Devolution Agreement.

In practice, however, the CAs that exist elsewhere are only able to levy for transport purposes. The CA's non-transport functions are typically funded through voluntary contributions or a recharge to the constituent councils.

Subject to final clarification on the scope of the MCA Levy, it may need to consider alternative sources of funding for functions which cannot be covered by this, including voluntary contributions (building on the West of England office precedent) and the appropriate use of gainshare funding.

#### 2.10.2. Setting the levy

The decision of how to apportion the MCA levy is a local one. The Scheme sets out that the levy will be agreed unanimously by the constituent authorities. However in the event that agreement cannot be reached, legislation requires that a default position for allocating the levy to be identified. The most common approach used elsewhere is to raise the levy pro-rata to each constituent authority's population base, but with the flexibility to change how the levy is apportioned each year when setting and agreeing the CA budget.

For the MCA, an approach pro-rata to population would mean apportioning the levy as follows: Bristol (50%); Bath and North East Somerset (20%); and South Gloucestershire (30%). The basis of the default position will need to be agreed by the constituent councils ahead of October.

#### 2.10.3. Impact of the levy on constituent authorities' council tax limits

As is the case with all existing levies, the constituent authorities who receive the MCA levy will need to take their share of it into account when considering whether their own council tax is excessive, and therefore may have an impact on the authorities' referendum limit. Government has indicated there would be some form of transitional arrangement that protects the constituent councils in the short term. It will not be possible to clarify the detail of this in time for ratification of the Scheme and the S151 Officers will need to work with Government to establish how this transitional arrangement works

## 2.11. Combined Authority borrowing powers

- 2.11.1. Combined authorities, with or without Mayors, have the power to borrow under the local government prudential borrowing regime. Legislation provides for the MCA to borrow in respect of all Mayoral and MCA functions, however in the regulations (which are created on the back of the Scheme) the purposes of this borrowing need to be specified.
- 2.11.2. The borrowing powers are proposed to cover transport, highways, housing, investment and economic regeneration within approved limits as agreed as part of the MCA Budget set out in para 2.9.1 above.

## 2.12. Combined Authority – Financial Management

- 2.12.1. The MCA will be required to appoint a Chief Financial Officer in accordance with S151 of the Local Government Finance Act. This officer will be responsible for the proper administration of the MCA's financial affairs. The S151 officer may be undertaken by an officer of one of the Constituent Authorities.
- 2.12.2. In the event the MCA is unable to meet its financial liabilities the S151 Officer would need to take appropriate action in accordance with the relevant legislation to ensure relevant statutory and legal financial obligations are met.
- 2.12.3. The underwriting of this unfunded liability scenario, ultimately remains a potential risk to the taxpayer or the Constituent Authorities that will need to be further clarified.

## 3. Gainshare funding

- 3.1. A fundamental aspect of the Devolution is the £900m gain share or 'Payment-by-Results' funding deal over the next 30 years. This is referenced in the Governance Review and is conditional on having a MCA. The MCA will receive £30m p.a. of additional funding for investing in projects that drive growth. The funding (50% capital, 50% revenue) is unringfenced and therefore can be spent on any of the MCA's functions.
- 3.2. The MCA will be able to use revenue gainshare funding to cover some of the initial running costs of the MCA, which should to some extent negate the need for the MCA levy. However, reliance on this will need to be minimised as much as possible, given that revenue funding will need to be reserved for potentially

meeting borrowing costs associated with the MCA's investment programme, with this programme targeted at economic growth given the 5-yearly Gateway Review process outlined below.

- 3.3. At the end of each 5-yearly period, a Gateway Review will be conducted wherein an Independent Panel will evaluate:
  - the extent to which the city region has demonstrated delivery of investment; and
  - whether the investment delivered has had a net impact on economic growth.
- 3.4. At each Gateway Review, the Panel will make recommendations to Government on how well the city region has performed (but will not itself make funding recommendations). Government will then use this evidence base to decide on the city region's next 5-yearly funding allocation.
- 3.5. Within a Gateway period, the city region will receive £30m p.a. irrespective of what it spends in a given year. However, given the evaluation criteria the city region will be judged against, failure to invest in a given 5-year period is highly likely to impact on the city region's funding allocation for the subsequent period. It is for the Panel to decide on the appropriate range of metrics for evaluating the relative impact of investment. However it is expected that the evaluation metrics at the end of the first 5-years will be more focused on delivery than economic growth given that the economic impacts of infrastructure investment take time to materialise.
- 3.6. The Terms of Reference (ToR) for the Independent Panel has been agreed between Government and devolution deal areas that have ratified their deals, and the Panel is expected to be appointed by August 2016. The Panel's ToR will apply to all gainshare deals. However the metrics and methodology to be employed by the Panel have not yet been designed, therefore there is an opportunity for the city region to shape and influence this. The Panel's core methodology is expected to be finalised by the end of 2016.
- 3.7. Given that gainshare funding is contingent on performance, a number of risks have been identified, as well as potential mitigations. These are outlined below. However the most significant mitigation for the MCA is to have a robust and transparent process for designing and prioritising projects for investment that maximise net impact on the city region's economy. And supporting this, an appropriate assurance framework in place for monitoring and evaluating the effectiveness of the MCA's investment.

3.8. Work is already underway to prepare the ground for this by commissioning of an economic analytical model which will enable the city region to robustly appraise potential investments in transport, housing and economic development activity. This will need to be coupled with work on a strategy for funding and financing MCA costs, including approaches to managing risk, which will in turn enable the city region to prioritise a programme of investment.

3.9. Other specific risks and mitigations include:

- Not passing the Gateway assessment due to national economic changes rather than local no delivery – the Panel has an explicit obligation to draw on the city regions’ own analysis and monitoring and evaluation framework. This is therefore an opportunity to influence the Panel but underlines the importance of having a strong analytical framework in place.
- The specific success criteria are unknown, plus there is an inherent difficulty in attaching economic impact to a specific set of infrastructure investments – this is ultimately for the judgement of the independent Panel, drawing on the methodology and metrics that have yet to be defined. There is an opportunity for the city region to influence over the course of this year.
- A new Government could renege or change the terms of the gainshare deal – whilst this is a political risk that is common to many aspects of devolution, the existence of the Independent Panel provide some protection here, as does the fact that there are now 13 city regions in the UK with gainshare deals.

## **4 Financial implications by workstream**

### **4.1 Introduction**

This section outlines the main financial implications of other devolved functions as set out in the Governance Scheme. The information here has been collected from officers that lead on individual devolution workstreams. This information covers the following issues:

- Financial implications (broadly defined);
- Devolved funding arrangements;
- Revenue or set up costs (broadly defined);
- Financial benefits; and
- Financial risks and mitigations.

## 4.2 Transport

The main financial implications for transport revolve around the Mayor's devolved transport grant, which significantly alters existing funding mechanisms and is explained in detail above (see 2.8). The other aspects of transport that have material financial implications are set out below.

### 4.2.1 Transport authority functions

In line with national legislation and the model adopted in the country's other major city regions, the MCA will become the transport authority for the city region. This requires the production of a statutory local transport plan, which locally will be the Joint Transport Plan (JTP), and its associated documents (which in the main are a bus strategy and joint asset management plan). The Scheme stipulates that the JTP will be agreed by a majority decision to include the vote of the Mayor.

To support the implementation of the JTP, it is envisaged that the MCA will exercise the following functions (except where stated that the power is exercised concurrently with the UAs):

- Bus service information, set out in the JTP, and ticketing (although this is likely to be superseded by the new powers being brought forward by Government in the Buses Bill);
- Bus quality contracts and partnerships in line with the JTP (although again this function is likely to be superseded by Government's move to bus franchising powers and enhanced partnership powers which are being provided to the Mayor through the Buses Bill);
- Bus lane contraventions/penalty fines (concurrent power) on the KRN, subject to the consent of the affected constituent authority/authorities. The constituent authorities will also keep this function, which may be exercised for the KRN and non-KRN roads.

The Scheme provides for the MCA to delegate any of these functions back to the constituent authorities, should MCA members agree to do so.

In addition, there are some transport authority functions which transport officers envisage remaining with the constituent authorities, where there is a better understanding of local need. This is set out in the Scheme. These functions are:

- Administering concessionary fares.
- Providing socially-necessary bus services.

- Bus lane contraventions/penalty fines.

The MCA will be able to fund the cost of its transport authority functions and implementation of the JTP through the MCA levy (for functions that would otherwise have been carried out by the constituent authorities) as well as the Mayor's devolved transport grant and other grants from Government that are associated with the (such as gainshare funding). The MCA will also be able to generate income from bus lane contraventions on the KRN, subject to the agreement of the Constituent Councils. The Mayor also has the ability to raise a business rate supplement for funding transport infrastructure, subject to the agreement of the MCA and business community, which could support the delivery of schemes identified through the JTP.

All other local revenue and capital funding will remain with the constituent authorities.

#### 4.2.2 Highway authority functions and the Key Route Network (KRN)

As part of the March 2016 Devolution Agreement, the constituent authorities agreed that the Mayor would take responsibility for a KRN of local roads which will be defined and agreed locally by a majority vote (including the Mayor). This is set out in the Scheme. This will involve conferring statutory highway authority functions on to the Mayor for KRN roads, which would then be managed and maintained by the Combined Authority on his/her behalf. The constituent authorities would continue to be the statutory highway authorities for non-KRN roads within their administrative areas.

It is envisaged that the scope and definition of the KRN will be agreed by MCA members (including the Mayor), as part of the process for developing and agreeing the Joint Transport Plan (which itself is subject to unanimous approval).

Transport officers have suggested that the MCA would take on the following highway functions for KRN roads:

- Maintenance of, and structural investment in, the KRN (including street authority functions)
- Traffic management, including information provision, permit schemes and road tolling schemes
- Designation of Clean Air Zones, subject to the consent of the affected authority/authorities

The Scheme provides for the MCA to delegate any of these functions back to the constituent authorities, should MCA members agree to do so.

The constituent authorities would continue to be responsible for all statutory highway functions for non-KRN roads, and would also continue to hold car parking and civil enforcement powers for all roads in the MCA area (including the KRN).

Given this split in statutory responsibilities, the establishment of the KRN requires a mechanism for allocating relevant funding (capital and revenue) between the Mayor's KRN and the constituent authorities' road network.

Capital funding for local roads maintenance will predominantly be funded through the Mayor's devolved transport budget, with the allocation of this funding across the city region subject to the agreement of the constituent authorities (see 2.8).

All revenue funding for maintenance will remain with the constituent authorities. The main risk identified by transport officers was therefore the possibility of inadequate revenue funding to maintain the KRN once it is established.

It was however highlighted that the MCA levy could be used for redistributing this funding, subject to the constituent authorities' consent (see 2.8). It will also be possible for the constituent councils to undertake such maintenance activity, and it is assumed that the current revenue maintenance regime will be used until efficiencies are found (e.g. through joint procurement and improved asset management) and future funding mechanisms agreed.

#### 4.2.3 Bus franchising

The Scheme provides an enabling provision for the Mayor to take up bus franchising (subject to the Buses Bill gaining Royal Assent). Although this has low financial implications for 'Day 1' of the scheme and MCA, this could have significant impacts on both budgets and resourcing if the Mayor decided to introduce franchising. That decision would however be subject to a robust business case, local consultation and the agreement of the constituent authorities. The precise decision making arrangements are subject to primary legislation, however, as a Mayoral power it is envisaged that the constituent authorities will be able to reject and amend with a 2/3 majority.

Under a bus franchising model, transport officers highlighted that the following budgets would be affected:



- commercial Bus Service Operators Grant (BSOG) – this is a subsidy currently paid by DfT directly to operators. With franchising, DfT would devolve this funding to the Mayor
- tendered BSOG – this is a DfT grant currently paid to local authorities for supported bus services; and
- concessionary fares funding, which is currently paid by DCLG to local authorities through revenue support grant.

#### 4.3 Planning

Planning officers did not identify any significant financial implications from the planning elements of the Scheme. Most of the planning elements formalise or support the Joint Spatial Plan process, which was already agreed and resourced prior to the Devolution Deal.

##### 4.3.1 Mayoral delivery powers, including Mayoral Development Corporations

The main planning element with financial implications is the power of the Mayor to designate Mayoral Development Areas, which would in turn require a Mayoral Development Corporation (MDC). The Mayor also has the ability to undertake land assembly, compulsory purchase, and form joint ventures with landowners, developers, or Registered Providers.

However in the Scheme (and the regulations that will follow) these are enabling provisions similar to the bus franchising powers (section 4.2.3) and have limited impacts for ‘Day 1’ of the MCA, but would have funding and resourcing implications if taken up.

Any such proposal would be subject to the agreement of the affected authority/authorities, and where it affected the Mayor’s budget would be subject to rejection by two-thirds of the Constituent Councils.

##### 4.3.2 Review Public Sector Land and Property

The Devolution Deal provides for a “Review all land and property (including surplus property and land) held by the public sector to better enable strategic infrastructure and housing priorities to be realised”. It is envisaged that this will be achieved through a joint assets board to include senior government officials.

There is no obligation within the Scheme or existing legislation which will require any of the Constituent Authorities to sell or dispose of existing land or property assets as part of this review.

#### 4.4 Skills and employability

##### 4.4.1 Adult Education Budget (AEB)

Devolved powers over the Adult Education Budget (AEB) from the Skills Funding Agency to the MCA has financial implications in terms of both (1) responsibility over a budget with attached statutory duties and (2) resourcing implications in order to influence skills provision.

The main component of the AEB – the Adult Skills Budget (ASB) – is expected to be c£20-30m for the West of England for the next academic year (2017/18). The exact amount per annum through to 2019/20 is determined on a formula basis and will be finalised by Government before summer recess (i.e. mid-July). It should also be noted that the ASB has been shrinking year-on-year.

The budget will be fully devolved to the MCA from the academic year 2018/19, subject to the city region meeting a series of readiness conditions. (In the interim academic year 2017/18, the MCA is able to 'influence' provision but the budget is still held by the SFA.) From that point the MCA will take on the statutory duty for "sufficient provision" of education programmes.

Given changes to the Insolvency Act governing how the insolvency of FE Colleges is determined, there will be a need for the MCA to take practical steps to manage its exposure given that for some colleges, AEB will be only a small percentage of their funding, whilst for others it is much more important. Mitigating actions identified by skills officers include:

- Agree a risk sharing arrangement with Government, alongside other readiness conditions – an appropriate risk mechanism is one of the readiness conditions for devolving AEB, and skills officers are engaging with government (as are other devolution areas) on what this looks like. The current local position is that the MCA's liability (should a provider go insolvent) should be limited to the amount of AEB allocated to that provider. In addition, the other conditions are intended to prevent this happening, for example, preventing Government from taking actions that would undermine one of the city region's providers;
- Ensure a diverse provider base by developing a local management framework;
- Making changes to the provider framework gradually over time;
- Examining the wider funding landscape for skills provision (which is especially important given the AEB is shrinking) including employers and learner loans.

The MCA will need to continue to work with Government to shape their agenda. However, ultimately if the MCA cannot come to an agreed position with government, it does not have to take the funding.

#### 4.4.2 Apprenticeships Grant for Employers (AGE)

The financial implications of the Apprenticeships Grant for Employers (AGE) are fairly limited as the grant is only for one year (value of c. £1m) until July 2017, at which point it will be replaced by the nationally determined Apprenticeships Levy. The contracting arrangements for AGE mean that the financial liabilities rest with the provider.

The main implication for the city region is a resourcing one – in the absence of an MCA, Bath & North East Somerset Council (BANES) will to act as accountable body (in line with its current WoE Accountable Body role). The LEP office is supporting, but there may be the need to provide additional resource (to be agreed by end-June).

#### 4.4.3 Employability programmes

The changes to employability programmes have limited financial implications. There are two elements, neither of which appear in the Governance Scheme, but which are worth noting here:

- There is a competitive bidding process for funding a new employability pilot for those furthest from the labour market. A total of £50m is available, but Government has not yet made the bidding process or timescale clear. The bid for the pilot is being undertaken with existing resources.
- The Devolution Deal contains references to the ability of the MCA to influence the Work and Health Programme (the replacement for the Work Programme), but: (1) the liabilities will remain with DWP and (2) the quantum of funding is expected to be small (£130m in total for England and Wales).

#### 4.5 European funding

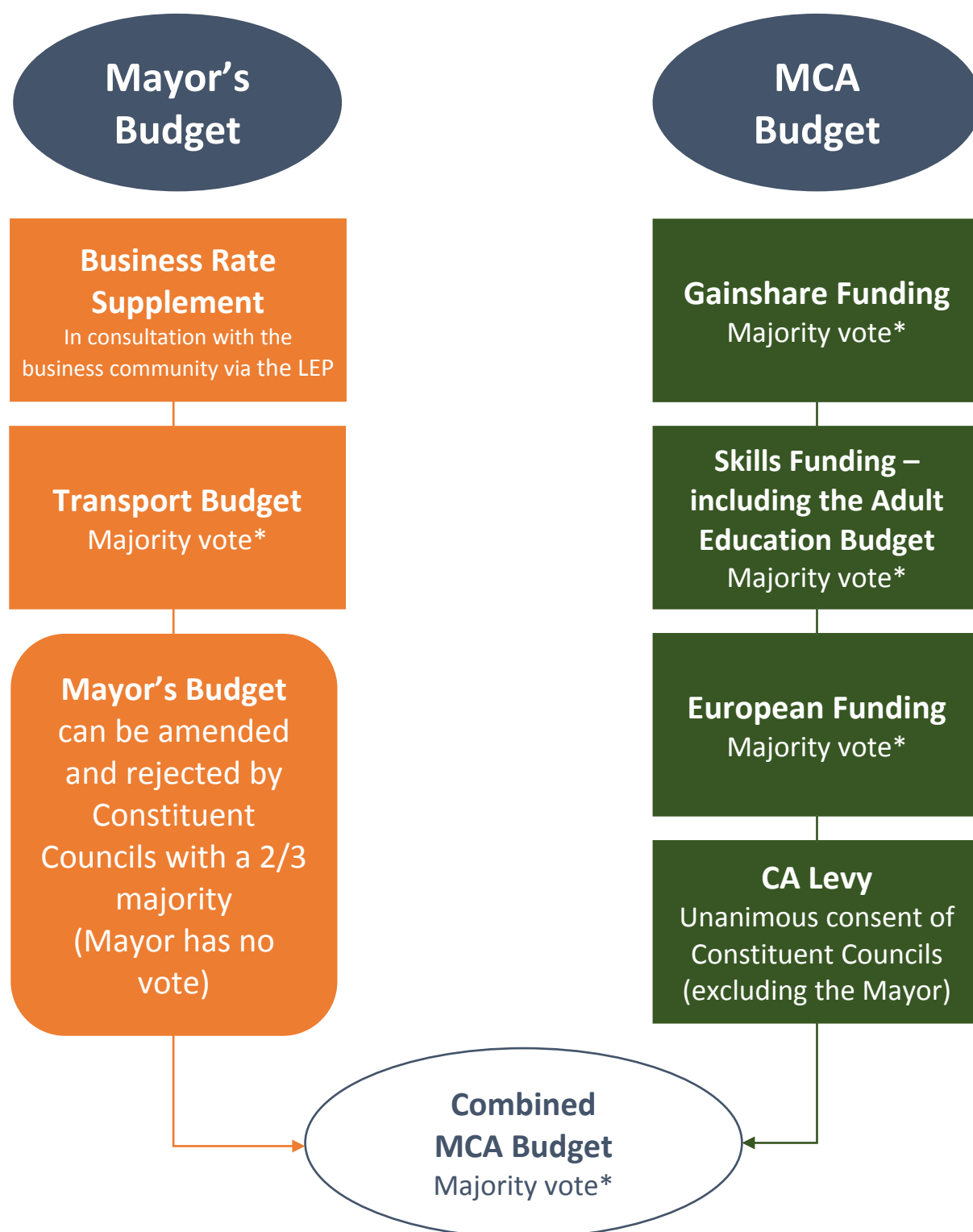
The Devolution Agreement and Scheme will provide the MCA with greater influence over European Funding streams (ERDF and ESF) by it receiving 'Intermediate Body' status.

DCLG, as the Managing Authority, has a range of functions that it can delegate to any Intermediary Body. These functions could include audit, payment, contracting, assessing, clawing back and one in particular called 'selecting operations'. It is this last function which will be performed by the MCA as an Intermediate Body.

This will allow the MCA to select the projects that are funded by ERDF and ESF. The Governance Scheme specifically references only this function – to ‘select projects’; it cannot be interpreted as requesting the full functions of the MA. This is important in that it minimises the financial liabilities of the MCA – it allows the MCA to select projects but keeps DCLG as the contracting party / financial manager. The financial liability for claw back would rest with DCLG.

Most of the funding has already allocated for this round (2014-2020) but there is up to £30m remaining (c£15-20m of ESF and up to £15m for ERDF). Intermediate Body status would entail some administrative support to select projects, but this could build on existing processes.

# Mayoral Combined Authority (MCA) Funding



\*A majority vote refers to a majority of the members of the Mayoral Combined Authority present and voting, subject to that majority including the vote of the Mayor