

Scrutiny Committee
Date: 10 February 2016
Devolution

Information in this report was produced on behalf of	
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Title:	<i>Devolution</i>
Date Submitted:	<i>25 January 2016</i>

Introduction

1. Government introduced the Cities and Local Government Devolution Bill to Parliament on 28 May 2015. Since then, the County Council has been working with partners to explore the potential for devolved arrangements in Suffolk.
2. In September 2015 (17 September County Council and 15 September Cabinet) it was agreed to pursue devolution negotiations with Government on the basis of the Expression of Interest developed with public sector partners in Suffolk.
3. Although negotiations are politically led, a number of officers have been involved in this work. The Assistant Chief Executive, assisted by the Head of Policy have been supporting the County Council contribution.

Scrutiny Focus

4. This section provides responses to the specific areas of interest that the Scrutiny Committee wishes to focus on. It provides the most current information available at the time of writing; however, this is a fast moving area and therefore, relevant updates may be required in the discussion with the Committee.
 - a. **What progress has been made on the passage of the Cities and Local Government Devolution Bill?**
5. The Cities and Local Government Devolution Bill was introduced to Parliament shortly after the general election on 28 May 2015. The House of Lords undertook the final stage (consideration of amendments) before

Royal Assent on 12 January 2016, where peers accepted amendments MPs made to the bill before Christmas. At the time of writing a date for Royal Assent has not been set.

6. The Bill is 'enabling' legislation that does not impose any arrangements on local areas. It enables local areas to use the legislation, if locally appropriate, to negotiate bespoke devolved arrangements.

b. What is the current national picture of development?

7. Following introduction of the Bill in May 2015, local areas were invited to submit proposals for devolution as part of central government's consultation on the Spending Review (that closed on 4 September 2015). Government received 38 responses from local government areas on devolution that varied from detailed to high-level expressions of interest.

8. Since the announcement of the Greater Manchester Combined Authority devolution deal in the 2014 Autumn Statement, Government has announced completion of six additional deals, which are:

- Cornwall (16 July 2015)
- Sheffield City Region (2 October 2015)
- North East Combined Authority (23 October 2015)
- Tees Valley (23 October 2015)
- West Midlands (17 November 2015)
- Liverpool City Region (17 November 2015)

9. The announced deals are subject to the Cities and Local Government Devolution Bill gaining Royal Assent. They are similar in content, with a focus on economic growth. Cornwall is currently the only non-metropolitan area to have a deal announced.

10. The devolution deal documents published at the time of their announcement set out some specific agreements but also signal a direction of travel for further development and negotiation with Government. For example, Cornwall's deal includes the condition: "*...partners will work together to...co-design a business plan to progressively move towards integration of health and social care resources*".

11. In addition to those areas listed above that have formally been announced, informal intelligence suggests a number of areas (most of the 38 that replied to the Spending Review invitation) are developing devolution proposals. Progress on these varies considerably and is based on informal negotiation between local partners and Government. Consequently, there is little published to indicate the scale, content or likelihood of announcements for these areas.

c. What powers, responsibilities and freedoms are Norfolk and Suffolk asking for through their devolution deal and why have these been chosen?

12. The contents of Suffolk's devolution proposals have built on the Expression of Interest document agreed by County Council as the basis for further

negotiation with Government (see supporting information at end of this paper). Shortly after that document was submitted to Government, feedback received was that we had proposed interesting ideas in the Expression of Interest. However, we were advised to explore developing a joint devolution proposal with Norfolk, as this would provide a more sustainable economic and demographic scale for Government to offer a deal against (similar to city regions such as Sheffield and Liverpool).

13. Since then, Norfolk and Suffolk have been working together to develop devolution proposals that could be turned into a draft devolution deal (along the lines of those announced last year).
14. National rhetoric has been consistent in that devolution is seen as a means for accelerating economic growth. This is increasingly significant for local areas given the policy announcement in October 2015, that from 2020 local authorities will retain 100% Business Rates and Revenue Support Grant will cease.
15. For Suffolk and Norfolk, in addition to the importance of economic growth, wider public service reform and particularly, more effective integration across health, care and safety, was also considered a priority. Consequently, work has progressed against the following themes:
 - Productivity, business support and inward investment
 - Housing and Planning
 - Assets, infrastructure and flooding (including: transport and digital economy)
 - Education, employment and skills
 - Health and care re-design (including safety)
 - Finance and public sector estates (underpinning all themes)
16. These themes are similar to areas covered by announced devolution deals and are consistent with the broad direction of travel locally, to improve economic growth and re-design more effective and integrated public services.
17. The detail of what is proposed within each of the themes remains subject to negotiation and therefore, frequent change. If Norfolk and Suffolk discussions with Government are successful in developing a draft deal, that draft deal document would be subject to agreement by the governance arrangements of each signatory.

d. Why is it important that Suffolk pursues devolution? What are the advantages, what are the potential benefits to the people of Suffolk, and what does it seek to achieve in terms of outcomes?

18. As stated in the Expression of Interest endorsed at Cabinet and County Council in September 2015, devolution was considered a potentially useful mechanism for enhancing the direction of travel to: *“radically re-set the relationship between central and local public services and local people.”* Informal feedback from areas that have had deals announced is that it has opened a more productive relationship with central Government. This was

described in the Expression of Interest as: “*the next step in a maturing relationship between different legitimate levels of government.*”

19. In addition, there was agreement that entering into a negotiation with Government earlier in the Bill’s progress would offer more opportunity to influence what local devolved arrangements could be and therefore, design them to best fit with local circumstances.
20. The Expression of Interest is clear that Suffolk’s approach to devolution is grounded in the best possible outcomes for local businesses, residents, families and communities. To do this, it outlines seven broad principles for developing proposals:
 - What’s right for Suffolk – locally appropriate, not a single imposed solution
 - Integration and whole system thinking across public services, not just local government
 - Letting go of organisational boundaries while respecting individual identities
 - Efficient and effective approaches, simpler and joined up working
 - Subsidiarity – devolution of powers and decisions to the most appropriate level and area
 - Better accountability and transparency
21. These principles have guided the work that Norfolk and Suffolk have undertaken to develop a joint devolution proposal with Government (against the themes outlined in paragraph 15).

e. How is this work being led and developed?

22. Following agreement by Cabinet and County Council in September, the Leader of the Council has led Suffolk County Council’s contribution to developing a Norfolk-Suffolk devolution proposal. This approach is consistent across all Norfolk and Suffolk councils. Given the economic focus of deals, Government has confirmed that Local Enterprise Partnerships (LEPs) need to be part of any devolution deal. Therefore, New Anglia LEP (NALEP) is also involved in the Norfolk, Suffolk negotiations.
23. Chief Executives and officers from across Norfolk and Suffolk councils and NALEP have supported the Leaders with work streams formed for each of the theme areas outline in paragraph 15.
24. The Cities and Local Growth team has led the negotiations for Government, drawing on expertise from across departments as relevant. The team is jointly composed of staff from the Department for Communities and Local Government, Cabinet Office and the Department for Business Innovation and Skills.
25. Given the enabling nature of the Bill, Government has not established a process, template or timetable for negotiations. There is an expectation that they are locally-led and where areas have approached Government (for example, Norfolk and Suffolk) with ideas, an iterative negotiation has then ensued. As such, the work has taken the form of informal discussions

between local officers and central officials and local politicians and central ministers. Once proposals have been informally agreed by central and local leads, it is announced as a 'deal' for local endorsement. At that point, the draft deal document would begin its journey through each partners' decision making processes. For the County Council, it was agreed at its 17 September County Council meeting that: "*following negotiation with the government, any proposed devolved arrangements will be subject to consideration and agreement by Full Council.*"

f. What progress has been made to date?

26. At the time of writing, discussions between local and central leads have been positive. This has included a 'ministerial challenge session' between local leaders and Lord Heseltine in November 2015. A short summary of the areas Norfolk and Suffolk are developing as part of their devolution proposals was produced for this meeting. A link to that document is included in the supporting information at the end of this paper.
27. As previously highlighted, there is no prescribed process; consequently, interested local areas have a leading role in maintaining momentum and engagement with central colleagues. For Norfolk and Suffolk, Leaders remain committed to securing a devolution deal; however, there are no set milestones for achieving this.

g. What feedback has been received from Government to date?

28. As there is no formal, prescribed process, feedback has been informal and largely from officials to local officers on specific ideas. Informal feedback from the central team leading negotiations is that Norfolk and Suffolk have the potential to secure a devolution deal.

h. What are the arrangements for ensuring due diligence and assessing risk associated with any new devolved powers?

29. When deals have been announced they are subject to local agreement and secondary legislation to enable the new devolved arrangements to be enacted.
30. Where deals have been announced for existing Combined Authority areas, they have been caveated with wording that local agreement is required. For example the Sheffield City Region deal introduction contains the following wording: "*the devolution proposal and all levels of funding are subject to....Sheffield City Region consulting on the proposals and ratification from the local authorities.*"
31. In seeking local agreement, all local partners will need to take the proposals through the appropriate decision making procedures. The County Council (17 September 2015) has agreed that "*any proposed devolved arrangements will be subject to consideration and agreement by Full Council*". Consequently, any proposed new devolved powers would be subject to Council agreement and in seeking that, risks, implications for the constitution and due diligence would be assessed.
32. Although there is currently no precedent, as the Bill has yet to become law, it is expected that following local and central endorsement of deals, attention would turn to implementation plans. These would need to ensure

due diligence and assessment of risk and local implications (for example, Equality Impact Assessments).

i. How will arrangements for “double devolution” be developed?

33. As highlighted in paragraph 20, subsidiarity, defined as: “*the devolution of powers and decisions to the most appropriate level and area*” is an underlying principle of Suffolk’s approach to devolution.
34. In enabling this to happen, local partners may wish to re-arrange where powers and decisions are taken locally. For example, County Council powers and decisions could be transferred to district or parish councils or, if established, a Combined Authority. Similarly, district council powers and decisions could be transferred to parish councils or to county council or, if established, a Combined Authority depending on what was most locally appropriate.
35. The deals announced by Government refer to powers and decisions that are transferred from central government to a local area (usually a Combined Authority area). It is expected that re-arranging powers and decisions within a devolved area will be for local determination and it is likely that some of those could be transferred anyway without need to refer to the devolution Bill or by securing a central government devolution deal.

j. What is the process for developing appropriate governance arrangements?

36. Governance is an important part of a devolution deal, given central Government needs to be assured that governance arrangements are robust and accountable before agreeing to transfer powers and decisions to local areas. However, in order to develop appropriate governance there needs to be an understanding of the content of a proposed deal first (so that form follows function).
37. Consequently, no specific work has begun on governance in relation to a possible Norfolk and Suffolk deal. However, Monitoring Officers and legal leads across local public sector partners have established a governance work stream to support development of the Norfolk Suffolk proposal. Thus far, their work has included analysis to understand different options and particularly, how other areas are implementing devolved arrangements.
38. Feedback from Government has been consistent in that a Combined Authority is considered a minimum governance arrangement before a devolution deal would be considered centrally. Further detail on Combined Authorities can be found in supporting information at the end of this paper, the House of Commons briefing on Combined Authorities (To Note: this is the latest advice at the time of writing; however, it may be updated once the devolution Bill becomes legislation).
39. Of the deals previously announced (outlined in paragraph 8) only Cornwall has not agreed to have a mayor. Although central rhetoric is that mayors will not be imposed, informal intelligence suggests that areas have agreed to mayors as a means of securing the greatest potential deal offered by central Government.

40. Those areas that have agreed to a mayor will hold elections to the role in 2017. How the mayor will operate and the powers that he/she has are likely to vary according to local circumstances. It is possible that they could take on responsibility for the Police and Crime Commissioner role as intended in Greater Manchester. Combined Authorities with a mayor will also be given the power to levy a 2p increase in the Business Rates multiplier to fund infrastructure, if supported by the local business community through a majority of business members of the LEP.

k. What assessment has been made of the implications of changes in local government funding mechanisms?

41. The Government has set out plans for further devolution to local government, including the announcement that local authorities would be able to retain 100% of Business Rates by 2020. The detail of how this new system will work is still to be developed so the impact is not yet known.
42. The impact of these changes is significant for local authorities regardless of whether they are pursuing a devolution deal. Therefore, finance leads will be working as closely as possible with central government to understand the implications locally. As such, reference to the change in the local government funding system is included in the 26 January 2016 Cabinet budget papers and will be embedded in future budget planning processes.

l. What need or requirement is there for consultation or engagement with stakeholders and the wider public and when might this take place?

43. As outlined in the response to question h, previously announced deals have all been subject to ratification by local authorities; however, there has been no specific compulsion for wider local consultation.
44. Similarly, in establishing a Combined Authority, there is no statutory requirement for consultation by local authorities; however, the Secretary of State must consult with the relevant authorities (that would be members of the Combined Authority). This consultation would be to ensure that the proposed Combined Authority would be likely to improve the exercise of the statutory functions that would transfer to it. It is usual that this consultation offers the opportunity for wider consultation responses and welcomes views from the public and in order to determine whether proposals have wide local support.
45. However, some of the areas developing devolution deals have either already carried-out local consultation, or intend to do so. For example, Lancashire is consulting in early 2016 on a draft Combined Authority scheme; Durham is consulting on the devolution proposal for the North East Combined Authority (closes 8 February 2016) and both Leicester and Leicestershire and the West Midlands consulted on proposals for establishing a Combined Authority.

m. What is known about the timescales for these developments?

46. As previously highlighted (see paragraph 28) there is no set or prescribed process for securing devolution deals and therefore, no milestones or timescales. Given the locally driven nature of devolution deals, the process

and timescales for those deals previously announced have varied according to local circumstances.

47. Informal intelligence from areas that are subject to an announced deal, suggests that devolution discussions are iterative rather than a one-off process. In concluding a deal for announcement, discussion then moves into a different stage, focussed on delivery mechanisms and implementation, rather than being the end of the process.

Glossary

NA (LEP) – New Anglia (Local Enterprise Partnership)

Supporting Information

Cities and Local Government Devolution Bill, January 2016:
<http://services.parliament.uk/bills/2015-16/citiesandlocalgovernmentdevolution/documents.html>

17th September 2015, Suffolk County Council, County Council meeting item 8: 'Developing Suffolk's devolution proposal' and item 8 appendix A: 'Expression of Interest'

http://committeeminutes.suffolkcc.gov.uk/searchResult.aspx?qry=c_committee~~County%20Council

15th September 2015, Suffolk County Council, Cabinet meeting item 12: 'Developing Suffolk's devolution proposal' and item 12 appendix A: 'Expression of Interest'

http://committeeminutes.suffolkcc.gov.uk/searchResult.aspx?qry=c_committee~~The%20Cabinet

4 November 2015, The East: releasing the potential of Norfolk and Suffolk devolution brochure: <http://www.newanglia.co.uk/wp-content/uploads/2015/11/Devolution-Brochure-FINAL-Nov-2015.pdf>

Greater Manchester Combined Authority, devolution agreement November 2014: <https://www.gov.uk/government/publications/devolution-to-the-greater-manchester-combined-authority-and-transition-to-a-directly-elected-mayor>

Cornwall devolution agreement, July 2015:

<https://www.gov.uk/government/publications/cornwall-devolution-deal>

Sheffield City Region Combined Authority devolution agreement, October 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403161/FINAL_Sheffield_City_Region_Devolution_Deal.pdf

North East Combined Authority devolution agreement, October 2015
<https://www.gov.uk/government/publications/north-east-devolution-deal>

Tees Valley, devolution agreement, October 2015

<https://www.gov.uk/government/publications/tees-valley-devolution-deal>

West Midlands November 2015

<https://www.gov.uk/government/publications/west-midlands-devolution-deal>

Liverpool City Region November 2015

<https://www.gov.uk/government/publications/liverpool-devolution-deal>

Durham County Council's consultation on devolution:

<http://www.durham.gov.uk/article/7145/North-East-devolution---what-do-you-think>

West Midlands Combined Authority consultation:

<http://www.westmidlandscombinedauthority.org.uk/news/consultation-starts-for-west-midlands-combined-authority/>

Leicester and Leicestershire Combined Authority consultation: <http://llca.org.uk/>

House of Commons library briefing paper 06649 'Combined Authorities' October 2015

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06649#fullreport>

