

LOCAL GOVERNMENT DEVOLUTION

Policy and Performance Advisory Committee – 26 November 2015

Report of Chief Executive

Status: For Information

Key Decision: No

Executive Summary: This report provides the background to, and a brief summary of, the Cities and Local Government Devolution Bill. It outlines the current progress nationally and suggests that the Council considers engaging with Government over what could be achieved locally as it achieves a self-sufficient budget position.

Portfolio Holder Cllr. Fleming

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Recommendation to Policy and Performance Advisory Committee:

That Members note the report.

Reason for recommendation: To update Members on the Governments Local Government Devolution Bill, the agreements being progressed across the country to date and the District Councils position in relation to devolution.

Introduction and Background

- 1 In the run up to the 2015 General Election and in the months since the subject of devolution of powers from central to local government has taken significant strides forward.
- 2 After election in 2010 the coalition government prioritised reducing the national budget deficit and prioritised themes of localism (and the ‘big society’) and rebalancing the national economy. ‘Regional’ agencies set up by the previous Government were abolished, instead local authorities and business leaders were encouraged to establish ‘Local Enterprise Partnerships’ (LEPs). During 2011, the government began to both resource and empower (eventually 39) LEPs.
- 3 In the same year the Government announced ‘new city deals’, which offered cities a ‘deal’ of enhanced powers, resources and flexibilities in return for stronger local leadership and decision-making. Deals with the eight core city regions were agreed by July 2012. They offered the cities funding from a range of schemes and enhanced powers in areas such as skills (through youth contracts, apprentices hubs), business support (e.g. growth hubs), and infrastructure measures (e.g. single pot funds and joint investment programmes). In return, cities undertook to

establish Combined Authorities, LEP-led or other strengthened governance arrangements.

- 4 In October 2012 the Heseltine report was published, which suggested much greater decentralisation of powers and resources to LEPs, and strong local governance structures. The Government responded by extending the offer of ‘city deals’ and established what became the ‘single local growth fund’ which provided funding of approximately £6bn for LEP’s to bid for.
- 5 From 2013 the implementation of this approach delivered a further 20 city deals, and 39 ‘local growth deals’ (with each of the LEPs). In governance terms the operation of five Combined Authorities (CAs) progressed across five northern ‘city regions’ – Greater Manchester (GMCA – from 2011), followed in April 2014 by Leeds, Liverpool, North East and Sheffield.
- 6 As the 2015 general election approached the debate on further devolution of funding and powers grew more prominent. Some of this was stimulated by the Scotland referendum where the status of ‘England’ (as a nation) became an increasingly popular topic of debate.
- 7 In November 2014 the Government announced the Greater Manchester Devolution Agreement. This introduced the ‘metro-mayor’ model for sub-national leadership and governance and it also extended the scope of devolution to health and care integration.

Cities and Local Government Devolution Bill

- 8 The Government’s Cities and Local Government Devolution Bill was introduced to the House of Commons on July 2015, having been debated in the House of Lords since late May.
- 9 The Bill proposes to give effect to the Greater Manchester Combined Authority agreements, and also provides the legislative framework that would enable devolution deals to be agreed for the rest of England. This framework covers Combined Authorities (CAs) and other forms of local governance where CAs may not be feasible. It also extends what may be ‘in-scope’ of any devolution arrangements significantly beyond the local growth remit of previous legislation and deals.
- 10 In response to the Bill, and to its reinforcement in the July 2015 Budget, Government invited other areas to make proposals for enhanced local governance and devolution deals. 38 areas responded to Government by the deadline of September 2015, this did not include any proposal(s) from Kent.
- 11 To date further deals have been announced with Cornwall (a single unitary council area), Sheffield, North East and Tees Valley, with an expectation that up to 10 further deals being taken forward in the Spending Review, which takes place on 25 November.
- 12 The emphasis in the devolution discussion has, so far, been on cities and large combined authorities. However, there is a growing recognition that with 54% of the

UK's economic output from non-metropolitan areas, smaller areas have a significant role to play, and there is a need for truly local deals.

- 13 In speaking with representatives of Hampshire and the Isle of White the Council is aware that they have submitted proposals that include a commitment to "identify and agree opportunities to delegate or devolve functions from county to district councils, parish councils and community groups, in keeping with the principles of subsidiarity and local customer focus". The detail behind these proposals is continuing to be developed.
- 14 The financial arguments for devolution have been made by a number of organisations including the Local Government Association who argued in their white paper "Devo Next" that £11billion could be saved by simplifying and streamlining the many different funding pots for local economic growth and regeneration.
- 15 As an additional stimulus for devolution, the Chancellor has announced that in return for additional responsibilities by 2020 local authorities will be able to retain all business rates revenue collected locally (estimated at £26billion). Local authorities will be able to reduce those rates (and collect less). Elected (metro) mayors might be able to raise rates for infrastructure projects with the support of local businesses. Further details on this are expected at the 2015 Spending Review.

Devolution and the District Council

- 16 Sevenoaks District Council has, over the last decade, been consistently recognised as high performing. From April 2016 the Council will no longer place reliance on direct funding from Government to deliver its services. Being financially self-sufficient provides the Council will a level of certainty in its financial planning and means that it is well placed to consider its own position in relation to devolution, with the aim of delivering ever improved outcomes for residents and businesses.
- 17 An opportunity exists for the Council to seek to talk to Government about a local deal that rewards its achievements. This would not be devolution as explored nationally but a deal that would seek to transform how some services, as determined by Members, are delivered locally.
- 18 It is proposed that how this could be achieved is explored further and a "road map" is developed for further consideration by Members.

Other Options Considered and/or Rejected

- 19 None.

Key Implications

Financial

There are no financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

There are no legal or risk implications arising from this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

The Government has through its Cities and Local Government Devolution Bill set out a legal framework that enables deals to be approved with Council's across England. 38 proposals for devolution were received by Government and five have been agreed to date. The Council is in a unique position of seeking to be financially self-sufficient from April 2016 and this provides an opportunity for the Council to seek to talk to Government about a local deal that rewards its achievements.

Appendices

Background Papers: None

**Dr Pav Ramewal
Chief Executive**