

		AGENDA ITEM 6
		PSEG/24/15
Committee:	Place Services and Economic Growth Scrutiny Committee	
Date:	26 November 2015	
DEVOLUTION IN GREATER ESSEX		
Enquiries to:	Christine Sharland, Scrutiny Officer Telephone no 03330134569 Christine.sharland@essex.gov.uk	

At the Committee's last meeting there was some discussion that touched upon proposals for devolution for Greater Essex, and the Chairman indicated that arrangements were in hand for an item to be brought to this meeting.

The briefing paper that is attached at the Appendix to this report has been provided by Councillor Finch as Leader of the Council to inform the Committee of the current position as at 4 November 2015.

Action to be taken by the Committee

It is proposed that the report be noted.

Appendix

Devolution in Greater Essex

Briefing Paper for: Place Services and Economic Growth Scrutiny Committee

Date: 4th November 2015

1. This briefing provides information on HM Government's position on devolution to local communities, and on the work being done by local partners to develop devolution proposals for Greater Essex.

Background

2. Following the 'no' vote in the September 2014 Scottish independence referendum, the Prime Minister announced that, alongside proposals for additional devolution to Scotland, Wales and Northern Ireland, the Government would bring forward plans to devolve power to cities and communities across England.
3. Subsequently, in November 2014, a 'devolution deal' was announced by HM Government and the Greater Manchester Combined Authority. This deal followed extensive negotiations, and provides new powers for the GMCA, and for a directly elected directly-elected mayor to be established for the whole Greater Manchester area.¹ Further announcements on devolution to Greater Manchester followed in February and July 2015.² Further deals also followed with Sheffield (December 2014 and October 2015), West Yorkshire (March 2015) and Cornwall (July 2015).
4. The Conservative Party 2015 General Election manifesto underlined its commitment to devolving budgets and powers to boost growth, indicating that it would do this through a process of bespoke deals with local partners, and that reforms to local governance structures would be required to unlock far-reaching devolution.

"We will devolve far-reaching powers over economic development, transport and social care to large cities which choose to have elected mayors... we will deliver more bespoke Growth Deals with local councils, where locally supported, and back Local Enterprise Partnerships to promote jobs and growth."³

5. Following the General Election, the Chancellor, George Osborne, gave a speech on 14 May in which he said that a 'Cities Devolution Bill' would feature in the 2015

¹ See the *Greater Manchester Agreement*, 3 November 2014, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/369858/Greater_Manchester_Agreement_i.pdf

² See *Greater Manchester Health and Social Care Devolution Memorandum of Understanding*, 27 February 2015, available at [http://www.nhshistory.net/mou%20\(1\).pdf](http://www.nhshistory.net/mou%20(1).pdf) and *Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor*, July 2015, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443087/Greater_Manchester_Further_Development.pdf

³ Conservative Party Election manifesto, April 2015, available at: <https://s3-eu-west-1.amazonaws.com/manifesto2015/ConservativeManifesto2015.pdf>

Queen's Speech. Following representations from DCLG, the LGA, and a range of think-tanks and research group, the focus of this proposed legislation was expanded beyond city areas to include other groups of local authorities.⁴

6. The '*Cities and Local Government Devolution Bill*' has subsequently passed through the House of Lords, has entered the Commons, and is currently passing through Committee Stage of the Whole House. The Government has overturned a Lords amendment that would have prevented a directly elected mayor from being a precondition of substantial devolution. However, it has not sought to substantially overturn the amendments which limit devolution of NHS powers.
7. The Bill is still in committee stage and is expected to receive Royal Assent in November. It will give statutory foundation to various aspects of current and future devolution deals.

Devolution in Greater Essex

8. In November 2014, ECC and the Leaders of local authorities within the Essex, wrote to Ministers to outline their "ambition and commitment to taking on more powers", and a corresponding desire to "explore options to strengthen and improve joint governance and partnership working". This was followed, within Essex County Council by a motion, carried at Full Council on 9th December 2014, welcoming measures taken by HM Government to devolve powers and urging further devolution in areas including skills, transportation, business rate retention and tax raising responsibilities.
9. This marked the beginning of a programme of discussions across all fifteen local authorities in the Greater Essex area (Essex, Southend-on-Sea and Thurrock). Leaders and Chief Executives met regularly to explore devolution issues, to consider the potential case for devolution and to develop potential asks of Government. This programme of work included two 'devolution conventions' attended by local authority Leaders and Chief Executives from across Greater Essex. This work programme has been led by Cllr Howard Rolfe, Leader of Uttlesford District Council, and Nicola Beach, Chief Executive of Braintree District Council.
10. Following the general and local elections in May 2015 a further devolution convention was held to re-affirm partners' commitment to exploring a devolution deal with HM Government. Following this, work began to develop proposals to support a submission to Ministers in early September – a semi-formal milestone set by HM Government to feed into thinking about the next spending review period. A submission was developed with input from all local authorities in Greater Essex, and shared with Rt Hon. Greg Clark MP, the Secretary of State for Communities and Local Government on 4th September.
11. This September submission set out partners' ambition that, by 2025 and with a devolution deal in place, Greater Essex will have:

⁴ See Sandford, M, Oct 2015, Briefing paper - Cities and Devolution Bill 2015-16, House of Commons Library, available at <http://researchbriefings.files.parliament.uk/documents/CBP-7322/CBP-7322.pdf>

- the strongest economy outside London, increasing its economic output from £33.5bn to £60bn by supporting growth areas to realise their full potential;
- a reputation as an internationally recognised and successful location for inward investment, having doubled the number of businesses exporting from 7% to 14%;
- outstanding connectivity, both transport and digital, that enables businesses to grow and strengthens links between key transport hubs, with London and with neighbouring areas;
- further improved the rate and reliability of housing delivery to meet local housing needs;
- the most technically skilled workforce in the UK with the number of higher apprenticeships completed increased by 20%, focusing upon key growth sectors;
- financially sustainable solutions that transform complex public services, focused on supporting sustainable communities, promoting economic wellbeing and healthy lifestyles; and
- increased its net return to the exchequer and reinvested in growth areas and in public services, to create a virtuous investment circle.

12. On the issue of governance, the September submission indicated that local authority partners were “exploring a combined authority model which captures the cumulative strength and advantage of Greater Essex, but which is based upon our natural economic areas and proposed growth area boards.” It indicated that any future Combined Authority would:

- consist of the Leaders of the fifteen authorities within Greater Essex;
- take decisions and commission activity where there are strategic benefits or gains from economies of scale; and
- explore the appropriate devolution of powers by County, City, District & Borough councils to lower tier authorities and communities

13. Any new Combined Authority would also recognise a role for ‘growth area boards’ - creating an opportunity for localised decision-making; and would align to the current federated working model within SELEP.

14. In response to this submission, officers received a letter from civil servants recognising the work that has been done to bring forward proposals, and suggesting that local authorities and Whitehall departments should work on a devolution deal through an iterative process. As a first step in this process, officers from across Greater Essex partners prepared a series of working papers which were shared with civil servants on 7th October. Bi-lateral discussions are now beginning and it is hoped that the terms of any potential deal with Government will emerge from these discussions.

15. Leaders continue to oversee this process through regular meetings and discussions. More detailed work to develop proposals is being taken forward through multi-partner workstreams. These are summarised overleaf.

Greater Essex Devolution workstreams

16. Each workstream is led by a local authority Leader with the support of a local authority Chief Executive and a multi-partner team of senior officers. Details of these workstreams, their lead Members/officers and their focus is as follows:

Workstream	Workstream leads	Issues being explored
Economic Growth and Connectivity	Cllr Phil Turner (Leader, Basildon District Council) David Marchant (Chief Executive, Castle Point Borough Council)	<ul style="list-style-type: none"> Major infrastructure – identifying ‘game changing’ infrastructure programmes to enable growth and increase productivity Growth hubs – delivering growth areas that enable new inward investment; and growth in key sectors; World class transport – integrating passenger transport networks, increasing capacity and quality; and looking at regional solutions for our major road and rail arteries Smart Greater Essex – the ultrafast broadband and the digital infrastructure for transport and new communities and developments
New Homes and Communities	Graham Butland (Leader, Braintree District Council) Glen Chipp (Chief Executive, Epping Forest District Council)	<ul style="list-style-type: none"> Mechanisms to improve the rate and reliability of housing delivery to meet local housing need Mechanisms through which local partners can promote a targeted number of locally identified large-scale developments, including those on garden settlement principles, and utilising brownfield and public land Creating a repository of all publicly owned land to support and unlock development
Employment and Skills	Cllr Ron Woodley (Leader, Southend-on-Sea Borough Council) Rob Tinlin (Chief Executive, Southend-on-Sea Borough Council)	<ul style="list-style-type: none"> How best to increase the number of higher apprenticeships completed Skills supply in key growth sectors, such as advanced manufacturing and engineering, health and life sciences, low carbon and renewables, digital and creative industries and ports and logistics.
Fiscal Devolution	Cllr Louise McKinlay (Leader, Brentwood BC) Margaret Lee (Executive Director, Essex County Council)	<ul style="list-style-type: none"> Pooling and managing revenue and capital budgets over longer budget cycles Reforming aspects of the council tax system to strengthen local accountability Developing ‘gainshare’ arrangements with HM Government to enable Greater Essex to retain more of the proceeds of growth
Governance	Cllr Neil Stock (Leader, Tendring Borough Council) Lyn Carpenter (Chief Executive, Thurrock Council)	<ul style="list-style-type: none"> The governance arrangements that might shape the operation of any combined authority The potential for developing shadow structures to allow partners to test how a combined authority might operate practice

Timeline and next steps

17. Based on correspondence between local officers and civil servants, it is unlikely that any Greater Essex Devolution Deal could be announced as part of the Spending Review in late November. However, the current aim is to secure an announcement in the early months of 2016, if sufficient detailed work can be done and proposals agreed.

18. To this end, the work of Greater Essex partners will focus on:

- undertaking a programme of discussion with civil servants to develop and refine proposals;
- developing detailed proposals through multi-partner workstreams with a view to preparing a further set of working papers to be shared with HM Government/civil servants in early December; and crucially,
- exploring the practical local impacts of any proposals. It is by no means a forgone conclusion that Greater Essex partners will pursue a Devolution Deal with HM Government – all partners will need to be satisfied that any emerging deal is in the best interests of our communities.