

OPEN

Corporate Policy Committee

21 August 2024

**Devolution – Update on direction from
Government**

Report of: Peter Skates, Acting Executive Director of Place

Report Reference No: CPC/28/24-25

Ward(s) Affected: All

Purpose of Report

- 1 The purpose of the report is to provide members with a further update on the devolution direction from the new government following the outcome of the general election and seek authority to set up a member reference group to provide advice and guidance to inform further discussions with government through the development of a proposal.

Executive Summary

- 2 In February 2022, the Government published the Levelling Up White Paper. This set out a new devolution framework, extending devolution beyond metropolitan areas for the first time.
- 3 Committee considered a report on 13th June 2024 which provided an update on the progress of devolution in other local authority areas across England, and approved the following recommendations;
 - i. Authorise engagement by the Council with Government to discuss and explore the potential options and structure of a proposal that would be achievable under future sub regional working and a devolution platform.

- ii. Note that any final offer of a proposal from Government will be reported back to Committee for consideration, review, and scrutiny.
- 4 The previous update report provided horizon scanning on the views of both Conservative and Labour parties on the likely next stages of devolution that they would pursue within a new government post the general election.
- 5 This paper therefore sets out the updated and latest position from the new Government for sub regional working and devolution, and a likely fast-tracked timetable to engage and develop a proposal.
- 6 The report also seeks Committee's approval to establish a Member Reference Group (MRG) to provide guidance and advice to officers.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Note the new Government's intention to engage with local authorities to develop early devolution proposals.
2. Approve the setting up of a Member Reference Group to assist in providing guidance and advice in the development of proposals, enabling officers to further progress opportunities and discussions with government officials.

Background

Previous legislation and direction

- 7 In February 2022, the Government published the Levelling Up White Paper, and set out a new devolution framework, extending devolution beyond metropolitan areas for the first time. The framework identified a flexible, three level approach to devolution which recognised that a one-size fits all model would not be suitable, but with different powers and functions for each devolution level. In June 2022, the Government published the Levelling Up and Regeneration Bill. This expanded on the

devolution framework set out in the white paper and became law on 26 October 2023.

- 8 In terms of the previous focus for local devolution, the last government identified a number of key functions, namely;
 - a) Strategic role in delivering services
 - b) Supporting local businesses
 - c) Local Control of sustainable transport
 - d) Investment spending
 - e) Giving adults the skills for the labour market
 - f) Local control of infrastructure decisions
 - g) Keeping the public safe and healthy
 - h) Financing local initiatives for residents and businesses
- 9 Each Devolution deal was to be structured with a combined authority, and any combined authority would be legally required to establish at least one Overview and Scrutiny Committee and an Audit Committee. The Overview and Scrutiny Committee held the power to 'call-in' decisions that have been made but not implemented and could ask for decisions to be reviewed.
- 10 Therefore, the overarching principle of Devolution is to support structured governance to enable the transfer of powers and funds to local functioning economic areas, and to empower sub regional areas to take control and drive forward their local economies.
- 11 Following an agreement of the report at Committee on 13th June 2024, the action taken from the recommendation was to engage collaboratively with colleagues at Cheshire West & Chester and Warrington, and seek further discussions with government officials from Ministry for Communities and Local Government (MHCLG, formerly DLUHC) with a view to shaping the structure of a proposal that will seek to optimise the benefits for Cheshire East, and the wider sub region.
- 12 Committee noted that following receipt of the final proposal from Government, the proposal would then form a report to Corporate Policy Committee for consideration, review, and scrutiny.
- 13 Corporate Policy Committee would then be able to consider the detail fully, and therefore evaluate:
 - Financial benefits to Cheshire East and partner local authorities.
 - Extent of devolved powers and control.

- Roadmap and timetable for any proposed change.
- 14 These benefits should be then set against government's devolution requirements;
- Geographical / Functional Economic area.
 - Combined Authority structure.
 - Mayoral or Non-Mayoral.

Latest Position

- 15 At the time of the June report and before the General Election it was considered that any future discussions would see engagement over an extended period, say 9-12 months.
- 16 However, it is now clear that the new Government is seeking to respond and drive forward discussions at a pace.
- 17 The Council received a letter (see appendix 1 – note: this was sent to all Council leaders) from the Deputy Prime Minister, and Secretary of State for Housing, Communities and Local Government, which stated;
- (i) *We will devolve new powers over transport, skills, housing, planning and employment support. As we have set out to Mayors, we want more regions to benefit from integrated settlements, with access to this important financial flexibility for mayoralities with capacity, strong accountability structures and exemplary track records of financial management.*
 - (ii) *We will move away from a deal-based approach, setting out clear conditions and a clear offer in return for places seeking devolution agreement, and will enshrine a presumption towards devolution, so places can take on new powers automatically if they meet certain conditions.*
- 18 The Government has identified the opportunity for Councils to engage with its ministers and officials now to secure an early outcome to negotiations on a successful devolution agreement.
- 19 As outlined in the report presented previously to Committee, the key areas of focus for any future discussion would likely remain within certain areas and themes of previous devolution settlements. For example:

Financial

- Single Investment Fund (SIF):(Cap/Rev %) (£30m per year)
- 100% Business rates retention
- Identified investments (inc. 5 year transport settlement and innovation)
- Investment/Innovation Zones (inc. £80m over 5 years)
- Support for Catapult (alternative fuels)
- Additional precept
- Innovative use of Pension Funds.
- Devolve Brownfield Land Release Fund
- Devolve Adult Education Budget (AEB)
- Devolve Apprenticeship Levy
- Devolve Environment Land Management Scheme (ELMS)

Devolved powers

- Transport: additional powers for local network
- Shared Homes England strategy for all of the sub region
- Development (Development Corporation)
- Land Assembly across public bodies
- Bespoke requirements for HMG schemes (including
- Net zero permitted development rules)
- Innovation Zone: ability to use funding flexibly to
- Provide incentives

Supporting next steps

Revenue support for at pace capacity/development
Departmental support to develop

20 It could enable the following options to be included:

- Investment zones – Alderley Park , Bentley, Hurdsfield
- Strategic Housing partnership with Homes England
- Further access to decarbonisation funding.

21 From initial discussions with government, it is clear that the government consider Cheshire & Warrington as an early candidate for accelerated and proactive engagement to achieve a proposal, and they would seek to commence detailed discussions with the three councils in the next 6-8 weeks, i.e., by end of September 2024.

22 The indications are that government is looking to move away from bespoke negotiated ‘deals’ with different areas and is now focused on establishing consistent framework models for two style of governance. Namely;

- Non-Mayoral, and
- Mayoral

The new frameworks are currently being established and intended to be finalised over coming months.

- 23 With regard to discussions, it should be noted that the council will be engaging with government on both models to establish the principles, and key benefits to Cheshire East, and also Cheshire & Warrington sub region.
- 24 As stated previously, when the final proposal is made by government, then a further report will be presented to Corporate Policy Committee.
- 25 Being within the first wave of discussions could have multiple benefits, as opposed to being placed at the back of the queue of local authorities with Cheshire East potentially losing out on investment and funding to support programmes, services, and projects for an extended period of time.

Member Reference Group

- 26 Recognising that the government wishes to move at a pace, and to ensure members are able to provide appropriate advice and guidance to officers, to assist their efforts in establishing the basis of a detailed proposal for discussion and debate with government, it is considered critical to form a Member Reference Group (MRG)
- 27 The Members Reference Group would be formed of five Members. Membership is proposed to be as follows :
 - Leader of the Council
 - Deputy Leader of the Council
 - Leader of the opposition – Conservative Group
 - Leader of Liberal Democrats
 - Vice Chair of Economy & Growth Committee.
- 28 The Member Reference Group has an advisory role, with no decision making powers and its terms of reference will be drafted and will seek to identify protocols for the engagement of members in providing guidance and advice. Members views will then be considered by officers in engaging further with colleagues in Cheshire & Warrington, as well as government officials.
- 29 It is hoped the first meeting will be held before the end of August 2024.

Consultation and Engagement

- 30 Corporate Policy Committee considered a report on 13th June 2024. Previous to that Committee, Corporate Policy Committee also considered a report on Sub Regional Working on 11th July 2023. Throughout 2023/24, all member update presentations were held on 11th September 2023, 14th September 2023, and 11th June 2024.

Reasons for Recommendations

- 31 The reason the recommendation is to support accelerated engagement with Government officials to explore the options achievable under a devolution framework. The setting up of the member reference group will enable members to provide further advice and guidance to officers during any discussions with government.

Other Options Considered

- 32 The option not to form a Member Reference Group would see a lower level of communication on emerging proposals and limited advice provided to officers as they engage with Government, and potentially lead to greater uncertainty and delay on discussions concerning future allocations of funding and areas of increased regional control / governance.

Option	Impact	Risk
Do nothing - not to form a Member reference group would see a lower level of communication on emerging proposals and limited advice provided to officers as they engage with Government.	Reduced guidance and advice around principles of funding and control. No agreement with government would led to a funding deficit between Cheshire East / Cheshire & Warrington and adjoining 'devolved' areas.	The risk of losing funding established for devolved areas is likely.

Implications and Comments

Monitoring Officer/Legal

- 33 This report seeks authority to progress to start the formative stages of proposals and to continue to engage with Government.

It will be necessary to bring back to Committee any final proposal for consideration, review, and scrutiny, with full Council approving the final proposal.

- 34 In considering the proposal for a combined authority, the Secretary of State must be satisfied that making the relevant order creating a combined authority is likely to improve the economic, social and environmental well-being of some or all of the people who live or work in the area, and that it is appropriate having regard to the need to secure effective and convenient local government, and to reflect the identities and interests of local communities.
- 35 Appropriate delegations will be required for officers to take forward proposals. Legal advice and support will be required through out the process and further implications of any proposal will be assessed at that time.
- 36 As the Member Reference Group is advisory and has no decision making powers there is no requirement for political proportionality.

Section 151 Officer/Finance

- 37 There are no direct financial implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. Financial implications of any proposal will be assessed at that time.

Policy

- 38 There are no direct policy implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. The council will seek to engage with government recognising the objectives of the Corporate plan and council policies. Policy compliance of any proposal will be assessed at that time.

Equality, Diversity and Inclusion

- 39 There are no direct Equality implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. Equality and inclusiveness of any proposal will be assessed at that time.

Human Resources

- 40 There are no direct HR implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. Staffing impact and resources required for any proposal will be assessed at that time.

Risk Management

- 41 There are key risk implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. Risk profile and management of any proposal will be assessed at that time.

Rural Communities

- 42 Supporting the Rural economy and Rural communities will be a key focus for Cheshire East and the sub region in any discussions with Government.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 43 Supporting the wellbeing and education of our Children and Young People will be a focus in any discussions for Cheshire East , and the sub region. A skills development programme will provide future support and opportunity.

Public Health

- 44 There are no direct public health implications for this report, as it seeks authority to engage with Government, and bring back to Committee any final proposal for consideration, review, and scrutiny. Public Health support and opportunities of any proposal will be assessed at that time.

Climate Change

- 45 Supporting Net Zero and responding to Climate Change will be a focus for Cheshire East and the sub region in any discussions with Government.

Access to Information	
Contact Officer:	Peter Skates Acting Executive Director - Place

	peter.skates@cheshireeast.gov.uk
Appendices:	Appendix 1 – Letter from the Deputy Prime Minister
Background Papers:	n/a