

# Cheshire East Council

## Council

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<b>Date Of Meeting:</b>	15th December 2016
<b>Report Of:</b>	Chief Executive
<b>Subject/Title:</b>	Devolution To The Sub – Region: Latest Position And Next Steps

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### 1. Report Summary

- 1.1. The Council is committed to placing 'Quality of Place' at the heart of its Corporate Plan. This recognises that this overall objective can provide a significant driver in achieving our outcomes and help to shape the prosperity and wellbeing that our residents, visitors and investors require. Cheshire East is therefore committed to ensuring that we protect and enhance our places throughout any further initiatives or growth bids that follow thereafter.
- 1.2. Securing more funding and powers from Government through a devolution deal would support our overall aims of protecting and enhancing the Quality of Place in the Borough.
- 1.3. This report provides an update and overview of the latest position regarding devolution. It reaffirms Cheshire East commitment to devolution and also sets out the next steps to enable this process to progress to its next stage of formal consultation.

### 2. Recommendation

It is recommended that the Council:

- Supports the Leader and Cabinet in pursuing a devolution deal that meets the needs and ambitions of the Borough; and its sub-regional partners.
- Agrees to the principles to inform a devolution agreement as outlined in section 4.12.
- Notes that Devolution Members Working Group will help shape the development of the deal.

- Approves further work on developing devolution proposals relating to a workable sub-regional geography
- Notes the timetable and next steps in the process as outlined in section 4.19

### **3. Reasons for the recommendation**

- 3.1. The recommendations will signal Cheshire East commitment to devolution and inform the next stages in this process.

### **4. Background**

- 4.1. Since 2014, the Government has been working with various English cities and sub-regions to achieve the devolution of powers and funding from central government to local areas.
- 4.2. Recently devolution deals have been agreed with Greater Manchester, Liverpool City Region, Sheffield City Region, Tees Valley, West Midlands, West Of England, Cornwall, and East Anglia. Some 40% of England (incl. London) is now covered by devolution agreement areas and other areas are in negotiation for such devolution. These are subject to local ratification which in many cases has proved a challenging process. Those agreements that are ratified involve the transfer of powers from central government to local areas from May 2017. Further information on deals announced to date can be found through the following link: [www.local.gov.uk/devolution-deals](http://www.local.gov.uk/devolution-deals)
- 4.3. The Government remain committed to devolution with a greater focus being given to a national industrial strategy that is sensitive to the needs of localities, a significant investment programme in housing, and a wider ambition to ensure the economy supports inclusive growth that benefits all communities.
- 4.4. It appears that the Government also continue to favour a governance model which includes a directly-elected Mayor who would hold new powers transferred from Westminster and would be expected to work alongside existing Councils in the area through a Combined Authority.
- 4.5. A proposed devolution deal is a significant opportunity to support our overall drive to protect and enhance the Quality of Place in Cheshire East. In particular it would provide funding and powers to increase growth and prosperity for our businesses and residents and will support our drive to continuously improve public services.
- 4.6. All the deals agreed to date have been slightly different in their content – However, all the major deals except Cornwall have a similar basic governance model i.e. a Combined Authority with a directly elected Mayor.

- 4.7. All deals focus initially on economic growth, transport and skills. However, some have evolved to encompass other areas of devolution (e.g. Manchester – where devolution has now incorporated NHS health spending). Where this ‘evolution’ happens it is under the control of the ‘Constituent Councils’ that make up the Combined Authority and requires their unanimous agreement. Such devolution agreements are about sub-regions and metropolitan City areas only. They are not open to individual Councils.
- 4.8. A Combined Authority is a formal legal arrangement, which supports and enables collaboration and co-ordination between two or more local government areas on transport, regeneration, economic growth, skills, housing, and employment. The Cities and Local Government Devolution Bill provides legislation to broaden the scope of functions and powers that is possible to confer on a combined authority. It supports increased democratic accountability and transparency complementary to that provided by the Local Enterprise Partnerships to a major area of local government policy making. It is worth noting that each of the councils who’s are members of a combined authority remain separate authorities and that the local government functions and powers of the combined authority run con-currently with those of the constituent authorities.
- 4.9. It is important to note that devolution is about securing additional powers, control and resource from central government to enable Cheshire East and Local Members to be better able to discharge their existing functions. It is not about transferring powers from constituent local authorities to a proposed combined authority. This is at the heart of the proposals which are being negotiated with Government.

### **Members Working Group**

- 4.10. A Members Working Group looking at Devolution has been established to ensure elected Members can be fully engaged with the devolution process. The Working Group is chaired by the Leader with representatives from all parties. It will consider a broad range of views from internal and external stakeholders and will advise the Cabinet and Council on a future deal to ensure it meets the needs and ambitions of the Borough. It will also consider the implications for future partnership working in the sub-region

### **Proposed Scope of a Devolution Deal**

4.11. The current proposed scope for the devolution deal is to focus on four key areas:

#### Housing and Land

- Ensuring that housing growth figures for the Borough articulated in a future devolution deal are deliverable based on the Local Plan.
- Exploring the funding and powers required to deliver the right homes in the right places. E.g. transfer of central government held land, allocation of funding to unlock sites etc.
- Examining delivering models that could help us deliver the right mix of housing types on the Borough e.g. through the establishment of a housing company

#### Transport and Regeneration

- Developing the business case for funding to connect and regenerate our town centres as well enabling the development of key housing and employment sites.
- Reviewing the Growth Strategy for HS2 to ensure that we make the best case possible to our partners and Government for a full Hub at Crewe,
- Reviewing what powers and funding we should be exploring for public transport to make sure we have the best integrated public transport system possible.
- Access in rural area to ensure employment levels are maintained and where possible expanded.

#### Skills

- Identifying the key areas of funding and powers should we have control of to enable improvement in skills in the Borough. For example should we have the ability to commission Further Education programmes? Do we want to have more of an influence in commissioning higher education provision in the Borough?

#### Health and Public Service Reform

- Reviewing the case of the Council through a combined authority to control the commissioning and design of all community health and social care services in the Borough. (However, it is worth noting that health devolution may not be included within the original devolution submission, it may be part of a second wave of devolution deals)
- Looking at the potential integration of public services to support the disadvantaged and to support people in to work.

## Principles

4.12 Any proposed deal for the Borough will be based on the following principles:

**(i) Strengthened local democracy:** Any future deal needs to ensure transparent and robust governance arrangements are in place that strengthen local democratic accountability. The sovereignty of individual local authorities will be maintained and enhanced. Decision making should be at the most local practical level and any deal would not involve local government reorganisation.

**(ii) Supported by robust consultation and engagement:** An agreement should be informed by public consultation that engages a wide range of stakeholders. Furthermore this process of consultation and engagement should not be seen as a one off and should underpin the future of sub-regional working.

**(iii) Ambitious:** The Council and its partners should aim to secure a deal that has ambitious aims and objectives, reflecting the track record of driving significant growth and reform of public services.

**(iv) Deliverable:** While ambitious objectives are to be encouraged, any proposals need to be credible and deliverable.

**(v) Evidence based:** Proposals for further powers need to demonstrate how they address local needs and will unlock higher levels of growth and more effective services.

**(vi) Drives inclusive growth:** The deal needs to demonstrate how economic growth will benefit local residents. This involves considering how wider public services can be reformed to tackle the challenges that local people may have so they can minimise their dependence on traditional state support and take full advantage of local opportunities.

**(vii) Balances local needs with wider sub regional priorities:** A strong deal is likely to include local authority priorities that fully join-up with wider sub regional objectives. Any deal needs to have coherence at sub regional level and can't just be a disparate list of specific local authority priorities.

**(viii) Outward facing:** The nature of the local economic and social geography is outward facing and does not neatly fit into administrative boundaries. This will require any deal to fully engage with areas outside the sub region, particularly North Wales and the areas covered by the Northern Gateway Development Zone.

**(ix) Iterative:** Experience has shown that devolution deals are iterative and that once an initial agreement is reached further agreements are likely to follow. It's therefore important to see any initial agreement as a first step that will be built upon and further developed over time.

**(x) Cost neutral:** Any agreement should be either cost neutral, increase income or reduce costs to key partners. The purpose of devolution is to use existing resources more effectively at a local level, to support higher levels of growth, and to transform local services. It will not be acceptable for any agreement to incur further long term costs on the partners.

## Work done to date

- 4.13. Details of the Government's approach to Devolution were set out on 21st July 2015 and Local authorities and their LEP partners were given until 4th September to submit draft proposals.
- 4.14. In recognition of this, sub-regional Leaders tasked Chief Executives and Executive Directors to work rapidly over the summer period to develop a growth deal and devolution proposition for the Cheshire and Warrington area. Following sign off at a special meeting of the Economic and Prosperity Board on 2nd September, a bid was submitted on behalf of the Cheshire and Warrington Partners.
- 4.15. An outline proposal for a devolution deal for Cheshire and Warrington was submitted to government in September 2015. This was reasonably well received and a challenge session was held in November 2015 between the Leaders of the three local authorities, the LEP Chair and Baroness Williams of Trafford, Parliamentary Under-Secretary for Communities and Local Government. This session focused on challenging key elements of the proposition and the proposed governance model and allowed Leaders, the LEP Chair and the Minister to explore key areas of the proposed deal in further detail.
- 4.16. The Ministerial Challenge session provided further clarity on the key areas of focus for the sub-regional proposals going forward with one of those being the Governance – via a Combined Authority: the clear message from Government is that strong local governance is critical to the successful negotiation of any devolution deal.
- 4.17. Since September 2015, devolution proposals were shaped through a negotiation process with central government with key meetings held with the Secretary of State: Communities and Local Government, the Commercial Secretary to the Treasury and the Parliamentary Under Secretary of State (DCLG). On the basis of these discussions, a range of proposals outlining devolved powers and governance arrangements were developed and a consultation process was planned over the Summer of 2016.
- 4.18. It has been well publicised that Warrington Borough Council did not feel in a position to consult on these proposals and sought the opportunity to have further engagement with elected Members around the proposed devolution agreement and its proposed geography. As well as considering a deal that covers the Cheshire and Warrington sub region, one option Warrington have been considering is joining the Liverpool City Region. A cross-party group was formed to consider these matters and Warrington Borough

Council will decide on their next steps at their Executive Board in January 2017.

- 4.19. Notwithstanding Warrington’s deliberations, Cheshire East remain committed to the devolution agenda and will work with its sub-regional partners to secure the best possible agreement for the Borough. This paper therefore outlines the work that will continue to ensure that momentum is maintained.
- 4.20. The members working group will therefore examine possible alternative options for a revised geography for a devolution deal should Warrington decide not to proceed on the Cheshire and Warrington landscape
- 4.21. Further reports will be taken to Cabinet and Council to set out the position, geography and the next stages in the process.

**Next Steps and Timescales**

- 4.22. The timescales involved in securing a deal are difficult to confirm until the geography of a potential deal is agreed and formal negotiation with Government commences. Nevertheless the following, provides an indication of the process, taking into account national parliamentary processes. Dates may change but the stages below provide an overview of the likely critical stages.
- 4.23. In the event that the deal reflects the current sub regional geography of Cheshire and Warrington there would likely be a six stage process as follows:

<b>Activity</b>	<b>Date</b>
<ul style="list-style-type: none"> <li>- Geography confirmed and timescales confirmed</li> <li>- Stakeholder engagement on the principles and key policy areas to be included in a possible deal.</li> <li>- Informal engagement with Ministers and Civil Servants on the parameters of a potential deal.</li> </ul>	January-March 2017
<ul style="list-style-type: none"> <li>- Formal public consultation on the proposed deal and governance arrangements.</li> </ul>	Apr-June 2017
<ul style="list-style-type: none"> <li>- Council decision to submit the final deal and governance arrangements to Government</li> </ul>	July 2017
<ul style="list-style-type: none"> <li>- Civil Servants draft a Parliamentary Order setting out the powers to be transferred and governance arrangements. Order agreed by Secretary of State</li> </ul>	September 2017

- Order laid before Parliament	November 2017
- Deal becomes operational and powers transferred	May 2018

4.24. At critical stages, decisions will need to be taken by either Cabinet or Council, taking into account the findings of the members working group

4.25. In the event that Warrington decides to work on an alternative landscape, the process could be similar but would require a rapid options appraisal on the most credible geography. However it is highly likely that the May 2018 implementation date would not be achieved.

## **5. Wards Affected and Local Ward Members**

5.1. It is envisaged that Devolution will impact on the sub region as a whole rather than specific wards

## **6. Implications of Recommendation**

### **6.1. Policy Implications**

The proposal in this report relates directly to all six key outcomes identified in the Council's Corporate Plan. As outlined in the introduction it will underpin the overall aim to protect and enhance the Quality of Place in the Borough.

### **6.2. Legal Implications**

All recommendations are consistent with the legal requirements and have been agreed with government and are in line with the Cities and Devolution Act 2016.

### **6.3. Financial Implications**

There are considerable potential financial benefits associated with the proposed devolution deal – as one of its key motivations is to bring both powers and resources presently under the control of central government to more local control.

However, at this stage it is difficult to quantify these benefits until further negotiation is concluded. Further detail will be reported to Members throughout the process.

#### **6.4. Human Resources Implications**

The request to authorise consultation does not currently have any human resource implications.

#### **6.5. Equality Implications**

There are no equality issues directly associated with moving this process to public consultation. The devolution deal itself seeks to enhance prosperity for all by the accelerated growth of the sub-region and Cheshire East. In particular the deal seeks to engage local people to be able to participate in and benefit growth in the region.

#### **6.6. Rural Community Implications**

Rural communities will benefit from the devolution deal being agreed.

#### **6.7. Public Health Implications**

The Deal seeks to create a Life Chances Investment Fund. The purpose of this fund is to focus resources on enhancing the lives of more disadvantaged individuals, families and communities

### **7. Risk Management**

- 7.1. There is a risk that the actual provisional Devolution Agreement is substantially different to the draft submitted in January 2016. Should this be the case the process could not proceed.
- 7.2. There is risk at this stage that the benefits of a devolution deal are not secured as a result of failure to meet national timescales. For this reason a clear timetable with government has been agreed subject to the approval of Cabinet.
- 7.3. Statutory officers have been engaged throughout the process to understand the risks and opportunities resulting from a devolution deal. If a devolution deal is agreed, a focused approach to risk management will continue to ensure smooth implementation.
- 7.4. Should members decide not to progress with devolution then the risk is potential impact on the future profile, investment and economic growth in Cheshire East as resources and growth increasingly flow towards our City

neighbours and other sub-regions that have or are progressing to devolution based on Mayoral Combined Authorities.

## **8. Background Papers**

None

## **9. Contact Information**

Contact details for this report are as follows:-

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