

Bath & North East Somerset Council

| | | |
|--|--------------------------------------|--|
| MEETING | Council | |
| MEETING DATE: | 12 May 2016 | |
| TITLE: | West of England Devolution Agreement | |
| WARD: | All | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: West of England Devolution Agreement | | |

1 THE ISSUE

- 1.1 The local authorities of the West of England (Bristol, B&NES, North Somerset and South Gloucestershire) in partnership with the West of England Local Enterprise Partnership, have worked together to secure the best available devolution deal for the West of England. The West of England Devolution Agreement is appendix 1.

2 RECOMMENDATION

- 2.1 Note the proposals laid out in the West of England Devolution Agreement.
- 2.2 Contribute observations and comments for consideration by the Cabinet concerning the proposals laid out in the West of England Devolution Agreement prior to the formal report being presented to Council for decision on 29 June 2016.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 There are no resource implications of the recommendation

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

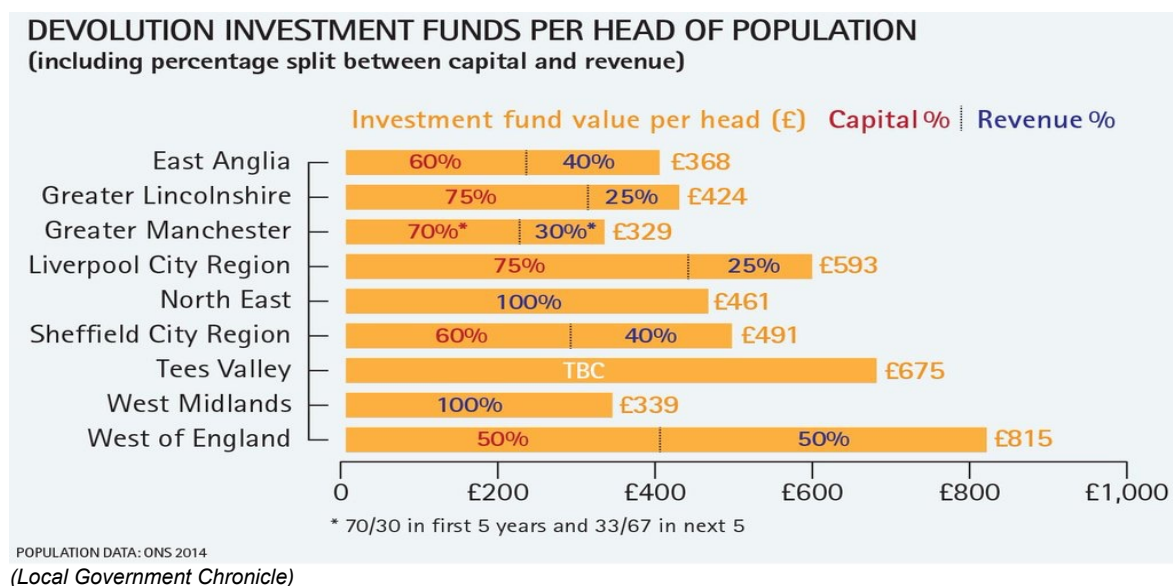
Devolution is the *'transfer of powers and funding by central government to local government'*. The Cities and Local Government Devolution Act 2016 provides the power to introduce directly-elected mayors to combined local authorities in

England and Wales and to devolve housing, transport, planning and policing powers to them.

5 THE REPORT

5.1 Devolution is the ‘*transfer of powers and funding by central government to local government*’ and gives regions greater control over matters such as transport, housing, planning, as well as levers to grow local economies. Devolution is current Government policy. There have been 8 deals so far (Cornwall, greater Manchester, Liverpool City Region, North East, Sheffield City Region, Tees Valley, West Midlands, West Yorkshire). The March budget announced deals with the West of England, Greater Lincolnshire and Greater Anglia and other areas are in discussion with Government on a deal for their region.

5.2 The local authorities of the West of England (Bristol, B&NES, North Somerset and South Gloucestershire) in partnership with the West of England Local Enterprise Partnership, have worked together to secure the best available devolution deal for the West of England – equating to over £1 billion of investment.



5.3 The work to develop the devolution deal has built upon the existing, successful joint working arrangements in the West of England. This work had already seen the four councils secure more than £700m for the area during the last five years through the Local Growth Deal (£230m) and City Deal (£500m over 25 years); this funding has supported large scale projects in B&NES including Bath City Riverside.

West of England devolution

5.4 The West of England is the only region (outside of London) that has demonstrated above average productivity and economic growth (over the past 15 years). In recent times a number of issues have been identified by the local authorities of the West of England as needing to be addressed, including productivity, skills shortages, housing availability and affordability, deprivation

and issues with skills attainment, and levels of traffic congestion which are amongst the highest in the UK.

- 5.5 The existing Government investment to date (City Deal, 2012 and Local Growth Deals 2014 & 2015) is significant, but does not meet all the requirements to invest over the next 10 years if the West of England is to continue to attract high value investors and employers.
- 5.6 The West of England devolution deal has the potential to help the area deliver more ambitious projects (projects that address the challenges set out in 5.3) by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent.
- 5.7 The deal would secure £900 million of investment over 30 years with the potential to advance the investment through prudent borrowing to be paid back when the government monies are received.
- 5.8 The deal has the potential to lever in additional funds such as a single capital pot mainly for transport funding linked to the Joint Transport Plan. It is therefore expected to be worth over £1 billion initially with the potential for additional financial benefits.
- 5.9 The protection of the City Deal should be considered alongside the Devolution Deal. This protection is of a £500 million economic fund, already being used to support work on B&NES regeneration projects such as Bath Quays. This is important as the new system for business rates retention due to be introduced by 2020 potentially has the effect of substantially diluting the worth of this funding.
- 5.10 The deal would also devolve significant powers to the region, including decisions about transport, investment, funding, skills training, business support, housing and strategic planning. The new powers will ensure that local people benefit from economic growth and that the area has a skilled workforce that meets the needs of business. *(For further detail please see appendix one 'West of England Devolution Agreement')*.

What does the deal mean for Bath and North East Somerset Council?

- 5.11 The proposed devolution deal does not impact upon any powers or responsibilities currently exercised by Bath and North East Somerset Council. The autonomy of each constituent Council would be maintained and protected, including protection of Council assets. Any transfer to the Combined Authority of existing powers or resources currently held by the constituent authorities must be by agreement with the relevant authorities. All powers exercised by the Combined Authority would be those currently exercised by central government.
- 5.12 As a member of the Combined Authority, Bath and North East Somerset Council would be able to access the funding allocated to the West of England through the devolution agreement, and be part of the decision making over how this funding is to be spent and allocated across the West of England.

How will it work?

5.13 The deal sets out how the investment and new powers would be overseen by the leaders of the four councils, plus a West of England Mayor elected by the public. This will be through what is referred to as a 'combined authority'. The details of the governance scheme are being worked up by legal officers within the West of England, and will be presented to Full Council. The governance scheme will ensure that no single council can monopolise decision making.

What happens next?

5.14 Now that a deal has been negotiated with Government, the four councils must decide whether they wish to support it or not by 4 July 2016.

5.15 If the deal goes forward, there would be a period of consultation with the public on the technical details of the deal, including governance arrangements, on behalf of the Secretary of State. This would be an opportunity for the public to express their views to Government.

5.16 In October 2016 an order would be laid in Parliament to approve the proposed deal.

5.17 If all other stages have been completed, an election for the West of England Mayor would take place in May 2017.

6 RATIONALE

6.1 Devolution is the '*transfer of powers and funding by central government to local government*' and gives regions greater control over matters such as transport, housing, planning, as well as levers to grow local economies. Devolution is current Government policy. The West of England Devolution Agreement

6.2 The West of England devolution deal has the potential to help the area deliver more ambitious projects (projects that address the challenges set out in 5.3) by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent

6.3 The deal would secure £1 billion of investment over the next thirty years, as well as devolve significant powers to the region, including decisions about transport, investment, funding, skills training, business support, housing and strategic planning. The new powers will ensure that local people benefit from economic growth and that the area has a skilled workforce that meets the needs of business.

7 OTHER OPTIONS CONSIDERED

7.1 The work to develop the devolution deal has built upon the existing, successful joint working arrangements in the West of England.

8 CONSULTATION

8.1 Full consultation with the Council's monitoring and section 151 officers was undertaken as part of the development of the West of England Devolution Agreement.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue will be undertaken in compliance with the Council's decision making risk management guidance.

| | |
|--|----------------------------|
| Contact person | <i>Helen Edelstyn 7951</i> |
| Background papers | |
| Please contact the report author if you need to access this report in an alternative format | |