

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	29 June 2016	
TITLE:	Combined Authority and Devolution Proposals	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Annex A - Cabinet report on Mayoral Combined Authority		

## **1 THE ISSUE**

- 1.1 To scrutinise the Cabinet decision on the governance scheme to be decided at the Cabinet meeting held prior to Council.

## **2 RECOMMENDATION**

- 2.1 That full Council, in its scrutiny role, recommend to Cabinet that the governance scheme is approved for consultation.

## **3 THE REPORT**

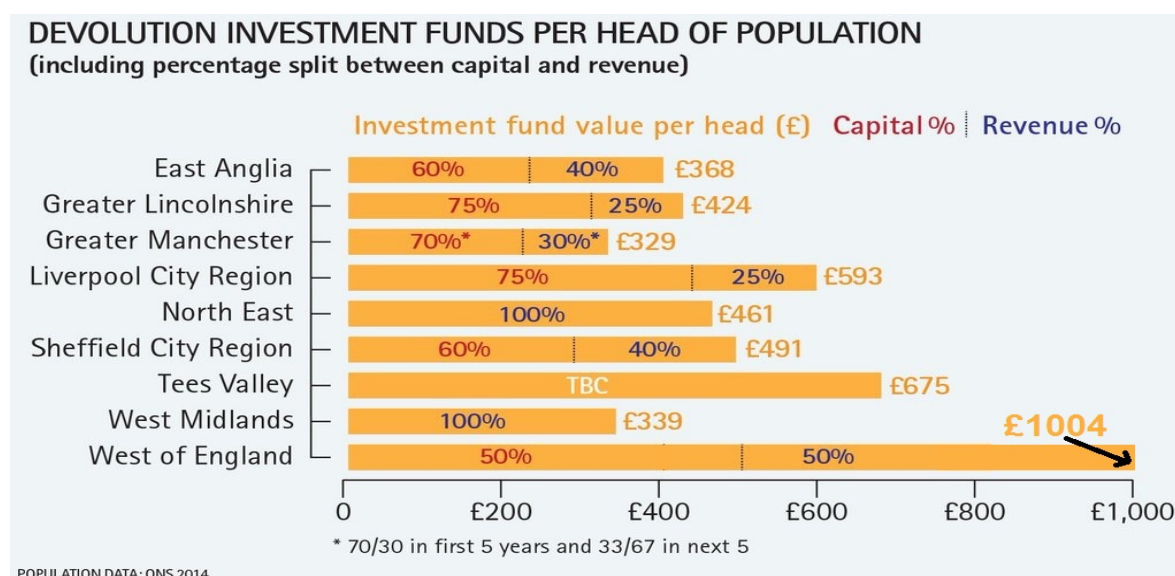
- 3.1. The four councils for the West of England area signed a devolution deal with government in March 2016. The deal was formally announced by the Chancellor in the Budget on 16 March 2016. The Deal Agreement is attached as Appendix 1 to this report. At its Council meeting of 7th June 2016 North Somerset Council decided not to proceed with the deal but the three remaining councils wish to proceed with the Order making process. The benefits of the deal are set out in the Deal Agreement; in essence the benefits are that the MCA will receive devolved powers and additional funding from government which will benefit the three council's areas.
- 3.2. A review has been undertaken in accordance with s.108 of the Local Democracy, Economic Development and Construction Act 2009, as now amended by the

Cities and Local Government Devolution Act 2016. This is attached as Appendix 2 to the Annex A Cabinet report

- 3.3. The authority is now required to decide whether it wishes to seek to establish a combined authority for the area with the two other authorities in line with the recommendation made in the review, which includes a scheme for the establishment of the combined authority (at Appendix 3 of Annex A). If agreed, the councils then publish the Scheme for public consultation
- 3.4. This is part of a formal process set out in the Local Democracy, Economic Development and Construction Act 2009 (as amended by the Cities and Devolution Act 2016), which will then see the Secretary of State decide whether or not to make regulations establishing the authority, granting it and its mayor powers and making further provisions relating to overview and scrutiny, and audit committees. Before this Order(s) comes into force it requires the councils to consent to its making, which will be a decision for the councils to make somewhere around October 2016.

#### 4. Rationale

- 4.1. 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.
- 4.2. The local authorities of the West of England 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.



(Local Government Chronicle)

- 4.3. 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 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 the area, including Bath City Riverside.

### **West of England devolution**

- 4.4. 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.
- 4.5. 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.
- 4.6. 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 1.4 by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent.
- 4.7. 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.
- 4.8. 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.
- 4.9. 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 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.
- 4.10. 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 1).

### **What does the deal mean for the Council?**

- 4.11. As a member of the Combined Authority, the 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?**

- 4.12 The deal sets out how the investment and new powers would be overseen by the leaders of the three 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 set out in Appendix 3 of Annex A. The governance scheme will ensure that no single council can monopolise decision making

## **What happens next?**

- 4.13. Now that a deal has been negotiated with Government, the three councils must decide whether they wish to support it or not by 4 July 2016.
- 4.14. 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.
- 4.15. In October 2016 an order would be laid in Parliament to approve the proposed deal.
- 4.16. If all other stages have been completed, an election for the West of England Mayor would take place in May 2017.
- 4.17. 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 1.4) by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent
- 4.18. 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.

## **5. Conclusion**

- 5.1 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 1.4) by providing greater certainty over future income streams and greater local flexibility over how this investment will be spent
- 5.2 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.
- 5.3 The steps to be taken by the Council are executive decisions and are reserved by law to the Cabinet. The Cabinet has decided that this executive decision should be automatically referred to full Council acting in its scrutiny role and presented to an immediate meeting of full Council under Part 4 D (1) Rule 3. Given the limited

amount of time between the finalising of what may go in the Scheme and the deadline set by the Government of 4<sup>th</sup> July, the normal call-in rules are not applicable and under the Council's Constitution Part 4 D (1) Rule 5 (exceptions to call-in) applies.

5.4 The Council meeting may decide to:

- (a) endorse the decision of the Cabinet to be implemented immediately;
- (b) endorse the decision to be implemented immediately, but with recommendations to be referred back to Cabinet for consideration at a future meeting
- (c) refer the decision back to Cabinet for reconsideration, with reasons and recommendations

**Annex and Appendices:**

Annex A – report to Cabinet meeting of 29<sup>th</sup> June 2016

Appendix 1 – Devolution Proposal Agreement

Appendix 2 – Strategic Governance Review

Appendix 3 – Scheme for the establishment of a combined authority

Appendix 4 – Engagement on the Review

Appendix 5 – Consultation Plan

Appendix 6 – Financial Implications

Appendix 7 – Funding Flowchart

<b>Contact person</b>	<i>Jo Farrar</i>
<b>Background papers</b>	<i>List here any background papers not included with this report, and where/how they are available for inspection.</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	