

## **Report to the Cabinet**

**Report reference:** C-027-2009/10  
**Date of meeting:** 8 October 2015



**Portfolio:** Leader of Council  
**Subject:** Greater Essex Devolution  
**Responsible Officer:** Glen Chipp (01992 564080).  
**Democratic Services:** Gary Woodhall (01992 564470).

---

### **Recommendations / Decision Required:**

- (1)) To note the latest position in the ongoing discussions with Department of Communities & Local Government around the proposal to develop a Greater Essex devolution deal;**
- (2)) To agree that Epping Forest District Council continues to participate in the discussions and that regular updates are brought to Cabinet; and**
- (3)) To agree that, once the nature of the emerging devolution proposals are more clear, a full report is brought to Council to debate the merits of Epping Forest District Council participating.**

### **Executive Summary:**

The fifteen local councils of Greater Essex (Essex County Council, Essex district, borough and city councils and Southend-on-Sea and Thurrock Councils) have been working together to explore devolution ideas and draft proposals which could see the transfer of powers and funding from central Government to a Greater Essex Authority. The proposals are not fully developed yet and any final deal would need to be considered by Full Council before a final decision is reached.

It is suggested by those supportive of devolution that it could bring benefits such as greater local control over issues such as:

- growing the local economy in a sustainable way
- application of skills funding to ensure training matches current and future business need
- increasing inward investment and job creation, and
- tackling some of the transport and infrastructure challenges of the area.

In order to agree to devolving power, central government would require a set of proposals that showed ambition in terms of outcomes, a strong governance model and a realistic prospect of delivery.

Work commenced on the devolution programme in December 2014 and the Leader has regularly updated members about the initiative in his reports to Council. In April he advised that he had not signed a letter from Essex Councils to the Secretary of State expressing interest in negotiating a devolution deal for Greater Essex because he felt this Council needed to be provided with more information on the proposals before it could reach an informed decision. Since then work has progressed and some more detail about the proposals has emerged,

though the proposals are still not complete and some key issues are not yet resolved. Perhaps most notably the Governance issue is yet to be addressed.

A high-level submission was made to Government on 4 September 2015 to confirm the Greater Essex Partnership's continued interest in a devolution deal. (A copy is included in Appendix A). The letter was substantially amended to reflect specific concerns about housing growth and the importance of greenbelt raised by Epping Forest DC. The submission deadline was set by central government to filter the number of devolution deals being considered and so it was necessary for the Greater Essex Partnership to show strong interest in securing a devolution deal. Without Epping Forest's continued participation the submission would have been considerably weakened and would possibly have been rejected at that point. One of the main concerns of those bidding for devolution is that those securing early deals will fare better than those who are unsuccessful at this stage and find themselves bidding for a diminishing amount of funding.

The Leader considers that there is still not enough information to make an informed decision about a final deal and that the case for devolution to a Greater Essex Authority is yet to be made. However he reluctantly signed the letter at Appendix A, to enable the Partnership to continue to develop proposals. The letter does not commit any of the signatories to devolution at this point but has enabled the Greater Essex proposal to remain under consideration by DCLG.

In December 2015, a more detailed submission will be made to Government setting out the offer and asks as the basis of a devolution deal and the approach to a new governance arrangement. This will commence the detailed negotiation phase with Government.

From this report, Cabinet are asked to consider whether they wish the Council to continue to participate in the discussions around the devolution programme, and the emerging shape of the devolution deal. In the mean-time Leaders and Officers from all of the Greater Essex partners will commence negotiations with Government to co-produce a detailed submission. A copy will be shared with Members and debated at Council.

If Cabinet agree to remain involved in the discussions around devolution, further reports will come back to Cabinet during this process to provide Members with the latest position. The detail of any final devolution deal reached with Government, including any new governance model (such as a combined authority), will need to be approved by Cabinet and then recommended to Council. It is anticipated that this will not be until the first quarter of 2016 at the earliest.

#### **Reasons for Proposed Decision:**

To continue to explore the opportunity to receive devolved powers and funding streams from central Government.

#### **Other Options for Action:**

To opt out of the Greater Essex bid at this point. This could weaken the Greater Essex bid significantly and risks damaging relationships with our partners in Essex. At this point there is not enough information on the pros and cons of the bid to make a fully informed decision.

#### **Report:**

## Background

1. The fifteen local councils of Greater Essex (Essex County Council, Essex District, Borough and City councils, Southend-on-Sea and Thurrock Councils) have been exploring together devolution ideas and draft proposals which could see the transfer of powers and funding from central Government to Greater Essex authorities.
2. Any devolution deal must deliver stronger economic growth (nationally and locally) and improve wellbeing.
3. To date the following process has been followed by Epping Forest:
  - Two devolution conferences were attended:
    - 19 February 2015 – discussing with our partners what the ambition, vision and strategic problems are that the Greater Essex proposal should address; and
    - 5 March 2015 – more detail on ambition, possible ‘offers and asks’ to Government and discussion on future governance models.
4. On 13 March 2015, a letter was sent to then Secretary of State for Communities and Local Government expressing an interest in devolution for Greater Essex and requesting further dialogue with Government post elections. A copy of the letter has been shared with all MPs in the Greater Essex area. Thirteen Councils signed this letter, Epping Forest and Thurrock declined to sign but agreed to participate in on-going discussions to develop a proposal that had sufficient detail to be debated by their Councils.
5. During March and April, Chief Executives continued to progress the work on devolution proposals, working with civil servants from DCLG and BIS.

## What are the key strategic issues in Greater Essex that proponents of devolution suggest it might help to tackle?

- Over the past decade productivity in Greater Essex has been lower than in all comparable areas of the UK.
- We have limited transport integration and our transport systems are near to full capacity.
- We are experiencing considerable skills shortages in key areas that businesses need.
- The growing population of Greater Essex will need jobs and homes.
- Recent home build levels are nearly 50% short of projected housing needs.
- Our health economy and social care systems are under huge pressure and have been placed in the NHS Success Regime.

## Potential Benefits of Devolution

6. Some of the suggested benefits of progressing this now are set out below:
  - Greater control over powers and funds passed from central government to local government;
  - Enhancing the role and strength of local government;
  - Decisions will be made by people who know more about the situation in Essex;
  - Others are making successful bids and we risk competing for shares of diminishing resources as grants from central Government are inevitably reduced through the comprehensive spending review;

- Improve outcomes – we will be better able to increase productivity, and secure growth in our economy if we can shape services/interventions to better reflect local needs and circumstances; and
- Potentially unlock investment from a wider range of sources – allowing local partners to attract additional money from private sector investors and developers.

#### Issues that need to be Addressed before a Devolution Deal is Agreed

- Which powers and responsibilities are to be devolved and how do we propose to improve outcomes locally?
- How will the governance model work? A new model will require new structures and decision making bodies and sovereignty over key decisions will have to be carefully thought through.
- How do we keep costs to a minimum and avoid just creating another layer of Government?
- How do we reconcile the different aspirations of authorities across Greater Essex? Attitudes to growth, for example, are markedly different.
- What criteria are used to prioritise competing projects?

#### Activity Post May 2015

7. The Cities and Local Government Devolution Bill will enable devolution to other areas as well as cities; the Bill has had its second reading in the Lords and now moves to committee stage for further debate.

8. Greg Clark, Secretary of State for Communities and Local Government is leading on devolution with a focus on decentralisation and housing. He is taking a ‘bottom up’ and bespoke approach to the development of devolution deals for each area, so there is no fixed framework.

9. Greater Essex authorities are developing devolution proposals under the strategic headings of:

- Connectivity and infrastructure;
- New homes and communities;
- Employability and skills;
- Fiscal proposals;
- Health economy, social care, prevention and early intervention; and
- Public service reform.

10. In addition to the work at a strategic level, work is being undertaken within the four quadrants recognised as separate functional economic areas within Greater Essex. These are:

- West Essex - Epping Forest, Harlow, Uttlesford;
- Thames Gateway – Basildon, Castle Point, Rochford, Southend-on-Sea, Thurrock;
- Heart of Essex – Brentwood, Chelmsford, Maldon; and
- Haven Gateway – Braintree, Colchester, Maldon, Tendring.

11. This work will explore benefits and the ‘offers and asks’ at a more local level.

12. Epping Forest District Council has held some preliminary conversations at a quadrant level with Uttlesford and Harlow councils to identify what we could support as being in the best interests of this Council.

13. The schematic below was developed by the devolution project team and shows the

approach and key work streams of the overall devolution programme.

## Our strategic priorities - overview



14. Further devolution discussions have been held with Leaders:

- 18 June 2015 – update on national picture post-elections; consensus to continue the development of a devolution proposal;
- 9 July 2015 – more detail on devolution ideas and possible offers and asks;
- 20 July 2015 - agreement of Leaders to meet regularly with consensus to submit a devolution proposal in the autumn; and
- August 2015 - fortnightly workshops with Leaders and senior officers were held.

### Governance Arrangements

15. Partners recognise that devolution deals will need to be supported by the development of enhanced governance structures.

16. As well as developing the offers and asks of any devolution deal, Greater Essex authorities must also develop a governance approach and model to demonstrate to Government that the partnership has robust and accountable arrangements in place through which it would make decisions and deliver the outcomes. Epping Forest has emphasised repeatedly that details of any governance model need to be established early in the process. To date these details have not been forthcoming.

17. The test of any governance model is that it will have:

- Democratic mandate;
- Effective and functioning relationships;
- Ability to take difficult decisions;
- Willingness to resource and develop its capability; and
- Ability to pool resources.

18. The Cities and Local Government Devolution Bill refers to a Combined Authority model

(Government's descriptor). Whilst there are other governance models in existence, such as joint committees and Economic Prosperity Boards, the message we are receiving is that the combined authority model appears to be the preferred governance model through which powers and funds are devolved.

19. The term 'combined authority' (CA) can cause some misunderstanding as to its purpose and scope. The points below seek to clarify this:

- A CA is a way of combining and strengthening local partnerships so that we work more effectively across Greater Essex and have decisions made at the most appropriate level to deliver the best outcomes;
- Partners are working together to consider a range of options to ensure any approach has the right scale and sufficiently reflects Greater Essex's economic areas and quadrants;
- Partners do not yet have a fixed view as to how any CA should be configured or the powers it should wield, but are committed to a process of working through this detail together with buy-in from all authorities;
- It is not a reorganisation of local government; a CA does not replace existing authorities and it is not a unitary council; and
- Proposals to form a CA must be approved by each of the Councils involved before being submitted to the Government.

20. There is a detailed process that has to be followed to establish a Combined Authority with stages at local government and central government levels which results in the proposal going before Parliament for approval. The process can take at least 12-18 months from when the formal process is triggered.

21. The stages set out by Government are:

- Stage 1: Local Authority led stage – benefits, proposals and governance review  
From idea to submission of detailed proposal.
- Stage 2: DCLG led stage  
From proposal to the draft Order to establish the Combined Authority being laid in Parliament (subject to Ministerial approval).
- Stage 3: Parliamentary stage  
Draft Order debated in both the House of Commons and the House of Lords.  
Making of the Order and establishing the Combined Authority (subject to Parliamentary approval).

#### Next Steps

22. At the devolution meeting on 20<sup>th</sup> July 2015, Leaders agreed to continue discussions toward developing a devolution deal, with the aim of submitting proposals to Government in the autumn ahead of the comprehensive spending review. Fortnightly workshops are being held with Leaders (or their representatives) to support this.

23. The timetable for this is:

- *Early September* - a high level outline of our proposals was sent to Government on the

4 September 2015 (to fit with the Spending Review timetable). **A copy is provided in Appendix 1.**

- *October* - more detailed submission to Government of a devolution deal (including governance approach) to start the negotiations; this submission will need the consideration and approval of individual authorities.

24. As well as the strategic view of any devolution deal, Leaders also agreed the importance of engaging at a local level with individual authorities and the quadrants of Essex – South Essex, West Essex, Heart of Essex and Haven Gateway. This is now underway.

25. Leaders also supported the engagement of the wider partnership such as health, fire and rescue service, police, Police and Crime Commissioner and businesses. This is underway.

26. Leaders recognised the importance of keeping MPs informed and a briefing note will be sent to them in September. Meetings will also be held when required.

#### **Resource Implications:**

Partner authorities have been asked to contribute to the costs of the programme office during the design phase of the Devolution deal. A request for £15000 has been made to each authority. Epping Forest has declined to contribute funding but has committed the time of the Chief Executive to lead one of the devolution workstreams during the design phase.

#### **Legal and Governance Implications:**

A Combined Authority is a legal entity which can be formed under the Local Democracy, Economic Development and Construction Act 2009. The final proposal would need to be considered carefully to ensure that the governance implications are fully understood, particularly whether or not entry or exit to the combined authority or changes to the powers that are devolved to it are readily changeable.

#### **Safer, Cleaner and Greener Implications:**

None at this stage.

#### **Consultation Undertaken:**

None at this stage.

#### **Background Papers:**

See attached.

#### **Risk Management:**

The partnership starts to fragment (i.e. not all authorities agree to continue participation) and so does not deliver the scale or ambition sought by Government for a viable devolution deal. If EFDC decides not to participate in further negotiations there is a risk that relationships with our Essex partners are impacted. The further the negotiations progress the more difficult it will be to opt out of any deal should the Council decide devolution is not in its best interests.

The devolution deal negotiated with Government does not deliver the benefits nor the outcomes envisaged by Essex local authorities and so is not pursued.

The governance ask of local authorities by Government is deemed undeliverable by the partnership.

Financial and reputation risk transfers from Government to local government – a risk register will be developed to assess more detailed risks as the deal and governance proposals are developed.



## **Background Information**

### **AMBITION**

A world class gateway for growth  
*accelerating local and national dividends*

By 2025 we will have...

- The strongest economy outside London
- An internationally recognised location for investment
- Unbeatable connectivity that enables our businesses to grow
- Innovative approaches for delivering new homes
- The most technically skilled workforce in the UK
- World class solutions that transform complex public services

### **Some Possible Offers and Asks under each strategic priority:**

#### **New Homes and Communities**

Issues to address:

- The housing development industry focus on short-term profit, whereas communities want economically successful places with good design, great public spaces and have public services which support and encourage community resilience, well-being and independence.
- Average cost of new home in GE is 8 x average earnings.
- Last 5 years home build levels are nearly 50% short of housing needs.
- Poor design - 80% of people prefer housing built pre-war despite their need for greater maintenance and worse energy efficiency. This is not true of any other significant industry.
- Current focus is on individual Authorities' plans, not strategic solutions.
- Duty to co-operate has limitations.
- Significant land and political constraints on development in some areas.
- High risk of Government imposing planning solutions or planning by appeal.
- Are we missing economic growth and inward investment opportunities by not taking a more strategic, 'helicopter' view of growth?

Areas to explore for devolution;

- Better use of locally owned public sector land through a Public Land Estate Agency for housing development.

- Housing Investment / infrastructure connectivity fund and development company / companies.
- Acquiring and building housing on under-utilised national public sector land.
- Can a smaller number of large strategic developments meet more of the housing needs across Greater Essex?
- How should we target growth and with higher levels of investment to support these areas?
- What freedom and flexibilities are needed in the Local Plan process to allow this to happen?
- Mechanisms to achieve this, including legislative change, political agreement locally, forward funding investment and incentives for areas that take higher growth.

### **Employability and Skills**

There is more work being done on this with the Skills Board, but some of the issues to address are:

- Increasing apprenticeships – different levels
- Schools and colleges – raising aspiration
- Matching supply and demand in job market – now and in future
- Consider whole labour market
- Adult skills
- Increase employer investment
- Integrating skills and work programmes
- In work progression and increasing pay levels
- Better productivity

<b>Fiscal Devolution</b>	
<b>Examples of the potential package of flexibilities &amp; freedoms</b>	
Reform local taxation, Increased local control and retention	Business rates (100% retention, exemptions, revaluations)
	Council Tax (inc varying bands, discounts, referendums)
	Gain share on property Taxes (e.g. SDLT)
	An 'earn back' deal, retain greater share of economic dividends (e.g. Airport Duty, VAT tourism)

Raising additional revenue	Fiscal instruments to levy funds for specific infrastructure projects
	Capitalisation / Capital Direction / Capital Financing
	Full local control over fees and charges
Increased confidence / certainty	Multi-year settlements
	New Homes Bonus – greater certainty and retaining local discretion over use of NHB
	S106 / CIL – limits on councils’ ability to require developers to fund infrastructure removed

## Connectivity and Infrastructure

Current Issues:

- Lack of control / influence over major infrastructure developments
- Limited transport integration
- Market delays in provision of super-fast broadband
- Lack of connectivity that links residents to employment
- Utility Providers plans not aligned to economic growth

Delivery proposals:

- Targeted investment programme
- A world class transport system – “Transport for Essex”
- Digital Essex – Digital as the 4<sup>th</sup> Utility
- Major Infrastructure Fund and Delivery Unit
- Smart Essex – using digital technologies to enhance the quality and performance of Essex services
- New partnership model with Utility Suppliers

Possible Devolution asks:

- Devolution of multi-annual transport budgets
- Share of national transport taxation schemes
- Stronger input into transport franchises
- Power to create transport solutions – e.g. Smart card travel
- New freedoms to work with Utility providers

**Health and Public Service Reform** – work is being done on this with health partners and the wider partnership

## Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

---

There are no equality implications arising from the specific recommendations of this report. Discussions so far have focussed on strategic ambitions to devolve powers and funding from central government to new governance structures for Greater Essex in order to accelerate economic growth. The equality implications will be kept under review and once a final proposal is ready a further due regard record will be prepared.