

Supplementary Council Agenda



Epping Forest District Council

Council **Tuesday, 20th December, 2022**

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

Committee Secretary: Gary Woodhall / J Leither Tel: (01992) 564243
Email: democraticservices@eppingforestdc.gov.uk

19. DEVOLUTION AND PROPOSALS FOR NORTH ESSEX AUTHORITIES (Pages 3 - 32)

(Leader) To present a report to Council for noting on the Devolution and proposals for North Essex Authorities.

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Report to the Council

Date: 13 December 2022

Portfolio Holder: Councillor C Whitbread – Leader of Council

Recommending:

That the report of the Leader be noted.

1.0 Introduction

In my report to Council, I make reference to two specific items; Devolution and proposals for North Essex Authorities to work more closely together. Both these items were the subject of meetings that I attended last Thursday with fellow Council Leaders in Essex.

I have attached for all councillors' copies of the two papers that were considered by the Leaders.

The first is a draft Memorandum of Understanding (MOU) to establish a new way of working together that fosters greater collaboration among the North Essex Councils. The second relates to the work that has been carried out across the area of Greater Essex on preparing for a possible devolution bid to Government.

2.0 North Essex Councils

Leaders of the nine local authorities covering North Essex (Tendring, Colchester, Maldon, Chelmsford, Uttlesford, Harlow, Epping Forest, Essex CC and Braintree) have met to discuss ways in which we might work closer together in the future. Following the first meeting a draft Memorandum of Understanding (MOU) has been drawn up and was considered at last week's meeting held on 8th December. I have shared the draft MOU with Cabinet and attach a copy to this report. The MOU was unanimously agreed and the Chief Executives group, led by EFDC, will bring a list of proposals to the January meeting for discussion.

3.0 Devolution

Work is continuing on developing the devolution proposal that Greater Essex would wish to put to the Government. On 8th December the Leaders of the three Upper Tier Authorities (Essex CC, Thurrock and Southend) and the twelve Second Tier Authorities considered the recommendations coming from the three working groups that were established.

I will stress that Devolution is not Local Government Reform. Throughout the preparatory work District, Borough and City Councils sovereignty is retained in any

model. Any devolution deal must bring additional money and powers into the Greater Essex system for the benefit of residents and businesses.

There will be many questions and in order to inform all members there will be three open Q&A sessions (any Greater Essex member from any authority) across December and January.

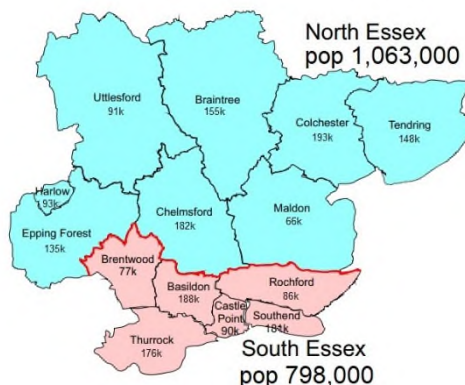
Appendix 1
North Essex Councils Memorandum of Understanding

Appendix 2
Greater Essex Devolution: Report to Essex Leaders and Chief Executives

Association of North Essex Local Authorities Memorandum of Understanding

Between:

Braintree District Council
Chelmsford City Council
Colchester City Council
Epping Forest District Council
Essex County Council
Harlow Council
Maldon District Council
Tendring District Council
Uttlesford District Council



1. Background

- 1.1 Together, we are responsible for delivering services to over a million residents, equivalent to the City of Birmingham. The area delivers significant gross value added at over £17bn and supports almost 41,000 businesses.
- 1.2 This new partnership of North Essex Authorities is well placed to deliver local ambitions, to respond to emerging opportunities and Government policies, as well as being able to promote North Essex as desirable place for living, leisure and to do business in.
- 1.3 The Authorities have established a good track record of partnership working in various previous collaborations.
- 1.4 The nine Authorities wish to record their intention to establish the basis of our collaboration through a Memorandum of Understanding (MoU) and to form this new partnership, building on previous joint working successes.

2. Core Purpose and aims

- 2.1 The core purpose of NEA is to provide for a platform for enhanced cooperation across North Essex, to achieve better outcomes for our residents and businesses, by working together rather than separately. Through our collaborative approach we are best placed to develop and deliver a vision for North Essex, promoting sustainable growth for our economies and communities up to 2050.
- 2.2 NEA will focus on the strategic opportunities, regardless of individual local authority boundaries, for North Essex to influence and secure the collaboration and investment that will help our individual areas to flourish and realise their full economic, social and environmental potential.

2.3 The aims of NEA will be to:

- a. Agree a 2050 vision for North Essex.
- b. Provide strong and collective place leadership and a voice into Government.
- c. Increase the ability of all authorities to cope with public spending restrictions and increased demands on services.
- d. Influence Government powers and attract Government funding to North Essex.
- e. Raise the profile and reputation of North Essex as a desirable place for living, leisure and to do business in.
- f. Improve transport and digital connectivity, securing funding for strategic infrastructure.
- g. Provide sufficient new homes to meet the needs of a growing and ageing population.
- h. Attract investment and stimulate economic growth, focusing on key sectors and the low carbon economy.
- i. Increase productivity by improving educational attainment and access to skills relevant to our future labour market.
- j. Enable North Essex to respond and adapt to Climate Change
- k. Support wellbeing and healthy life expectancy by tackling the wider determinants of health with our health partners and the voluntary and community sector.
- l. Develop innovative approaches to funding to deliver shared objectives, including developing joint bids where appropriate.
- m. Work together to help harness the energy, know-how and assets of local communities.

3. Principles of collaboration

- 3.1. Working together on strategic priorities irrespective of local authority boundaries.
- 3.2. Creating collective scale, resilience, and impact for the benefit of our residents and businesses.
- 3.3. Tackling problems and issues that we cannot solve individually.
- 3.4. Collaborating to gain something, without losing something (including local identities).
- 3.5. Governance arrangements proportionate to our shared ambition.
- 3.6. Opportunities to discharge certain functions jointly, and pooling of resources, should be considered where this can have collective and measurable impact.

4. Term and Termination

- 4.1. This MoU shall commence on the date of the signature by each Authority and shall expire if NEA dissolves, with its area of influence reducing should any individual signatory authority withdraw

5. Variation

- 5.1. The MoU can only be varied by written agreement of all the Authorities, save for any individual authority withdrawing

6. Charges and liabilities

- 6.1. Except as otherwise provided, the Parties shall bear their own costs and expenses incurred in complying with their obligations under this MoU.

7. Status

- 7.1. This MoU cannot override the statutory duties and powers of the parties and is not enforceable by law. However, the parties agree to the principles set out in this MoU.

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Report Title	Devolution
Report Meeting	ELCE
Report Author	Essex, Southend, Thurrock
Date of meeting	8 December 2022

1. Purpose and Recommendations

- 1.1 The attached report sets out the latest position on the devolution discussions in Greater Essex.
- 1.2 Leaders are asked to note the report.
- 1.3 Leaders are asked to note that they are not being asked for a final or definitive position on devolution, but for agreement to progress the current work to the next stage.
- 1.4 To progress the work to the next stage, Leaders are asked to agree:
- A. That the Chief Execs be commissioned to draft an ambitious devolution pitch to government – this should rule out a Level 1 devolution deal but explore the options and benefits around a Level 2 and Level 3 devolution deal, noting that the most extensive powers and new investment are only available at Level 3. (Annex A, p 17 sets out the government’s framework for the different devolution deal levels).
 - B. That leaders meet in January 2023 to review the pitch document and agree the level of deal to pursue.
 - C. That at the January meeting, leaders confirm the timing for submitting our proposals to open dialogue with government.
 - D. That the high level approach to engagement set out on pages 13-14 is correct.
 - E. That a standard factual briefing should be issued to MPs following this discussion, following up the briefing issued earlier in the year.
 - F. That a letter to the DLUHC SoS should be sent following this meeting from Cllr Stock and upper tier leaders (on behalf of all leaders), setting out the basis of the GE leaders’ collaboration, the work done to date, and next steps.

Greater Essex Devolution: Report to ELCE

Executive Summary

This paper sets out the latest position in relation to the devolution discussions that leaders have been having in Greater Essex.

Background and Context

The paper notes the work commissioned by Leaders and Chief Execs in June to establish what a devolution deal might mean for the residents of Greater Essex. Three workstreams have met twice in the second half of the year to work through our collective and shared ambitions for devolution and to explore the potential dividend of any deal for our residents.

The policy Framework

The paper notes that since the work was commissioned the financial and economic outlook has deteriorated, making the status quo position of many authorities challenging. And the government has accelerated the progress of four new devolution deals in Suffolk, Norfolk, Cornwall and the North East (the latter are enhancements of existing deals) – meaning that more than half the country will shortly be living under devolved arrangements.

The paper sets out the strategic case for devolution – based on economic, financial, democratic, efficiency and competition dimensions. The workshops explored the core components of the devolution framework, including:

- At level 2, taking charge of the strategic relationship with business through responsibility for LEP functions.
- At level 2, defining and planning UKSPF spending to link more closely to local need

- At Level 3 all of the Level 2 powers and in addition the powers set out below.
- At Level 3, a gainshare or investment fund, worth in the region of £1bn of new money over 30 years in GE.
- At level 3, the ability to link skills funding, including DWP monies, to the needs of the Greater Essex economy.
- At level 3, the consolidation of transport funding into a multi-year settlement (the most recent trailblazing deals are working towards single departmental-style multi-year funding settlements across a broad range of economic and growth funding streams).
- At level 3, brownfield housing funding to support our sustainable growth ambitions.
- At level 3, the integration of the Police and Fire Commissioner into the Combined County Authority to ensure greater linkage between economic and community safety outcomes
- At level 3, the power to raise additional income: through supplements on business rates, where businesses vote for it; precepting; and other revenue raising powers.

The workshops noted that there is no meaningful devolution offer at Level 1 but did debate areas outside of the published framework that leaders would wish to explore as part of any devolution discussions with government. The general consensus was that we should be ambitious for this work, recognising that the greatest devolution dividends – including the gainshare funding are only available as part of a Level 3 deal.

Money

On money, there are four elements. First, there is new money as part of a devo deal. The paper includes a table of the gainshare/investment fund amounts agreed as part of previous deals. £1bn over 30 years is a reasonable central estimate of the level of new monies that might be available as part of the deal. Second, there is the money that already exists in Greater Essex but which in a set of devolved arrangements we can anticipate exercising much greater direct influence over. A conservative estimate would put that in the region of £70m/year. Third, there will be capacity funding to pay for the costs of creating any new combined authority structures. Finally, there will be a host of less tangible financial benefits that we may seek to negotiate into the deal from specific place-based schemes to influencing policy on tax and borrowing.

Geography and Governance

The sections in the paper on geography and governance respond to the steer from leaders that ‘form follows function’ and that we need to build on the structures that are already in place across GE – particularly the existing structures for collaboration in the south of the county and the emerging structures for collaboration in the north. There is a strong commitment to the principle of subsidiarity and a desire to enhance not submerge local identities through this process. The paper does not set out a governance model for GE – our expectation is that we will need to develop that as part of the dialogue with government based on the content of the deal - it does set out some of the critical dimensions of any future governance model that we will need to consider, including the potential integration of the LEP and the PFCC.

Engagement with Partners

It is important that we are engaging effectively with partners. The paper sets out how we are doing that and proposes a number of steps to enhance engagement and suggests that following this meeting we send a standard briefing to MPs.

Timeline, Process, Next Steps

The paper sets out an indicative timeline for the deal which, on the basis of opening up dialogue with government in March 2023, would see the creation of new combined authority structures in Q1 2025. If leaders choose to open dialogue after the local elections then the same timeline applies but shifts 3-4 months.

Background and Context

On the 11th May 2022 the Levelling Up and Regeneration Bill had its first reading in Parliament. The Bill provides the legislation necessary for some of the ambitions set out in the Levelling Up White Paper.

A core element of the WP and Bill is the creation of a framework to support the greater devolution of powers from central government – supporting the commitment that ‘by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement’.

In June Essex Leaders and Chief Executives Group (ELCE) agreed an approach to exploring the potential for a devolution deal within the terms set out in the Devolution and Levelling Up White Paper.

It was agreed to establish three Greater Essex devolution working groups to consider options and opportunities offered by the new framework and, based on the principle that ‘form follows function’ to consider what “the size of the prize” could be in terms of improving outcomes for our residents ahead of any discussion on governance.

Workstreams have been led by the Leaders of Essex, Southend and Thurrock Councils and supported by CEOs from other authorities. Leaders and CEOs from across Greater Essex have participated in the workstream meetings. The workstreams have met twice. The leader of Tendring District Council has led on the approach to communication and engagement throughout this process.

Principles for a Devolution Deal

Any devolution deal will need to comply with the four principles that the government set out in the White Paper. They are:

- i. Effective Leadership – powers will be devolved to areas that have ‘the necessary structures and leadership for clear, strong local decision-making’ (WP, p.137). In practice this means some form of Combined County Authority and, for the highest levels of devolution deal (Level 3), a directly elected mayor.
- ii. Appropriate geography – devolution deals should be based on geographies that cover functional economic areas; are ‘locally recognisable’ in terms of identity, place and community; and cover *at least* a whole county council area. Scale is also an important factor and new deals will need to support a population of at least 500,000.
- iii. Flexibility – the framework set out in the WP is not supposed to be prescriptive. The government expects deals to be tailored to the needs of local areas and to be built on and extended over time.
- iv. Appropriate accountability – local leaders and institutions must be transparent and accountable; work closely with local businesses; seek the best value for taxpayers’ money; and maintain strong ethical standards.

Mechanisms to strengthen local accountability will be developed through the broader local government accountability framework.

The Policy Framework

Context within which we are developing the Deal

Since discussions on a potential devolution deal started, the context within which we are working has changed. The macro-economic environment has deteriorated as a result of global energy and food supply shocks. Rising prices have pushed up the interest rates set by inflation-targeting central banks to their highest levels since the 2008 financial crisis; CPI inflation is at a 40-year high; rising prices are set to erode real wages and reduce living standards by 7% over the next two financial years; and unemployment is forecast to rise by more than 500,000 by the end of 2024.¹

The government's response to this has been to increase taxes, mainly through the holding down of tax thresholds; and to slow down public spending after the end of the current spending review period – so from April 2025. Capital spending is held flat in cash terms – raising £14.1bn by 2027-8 against previous projections; revenue spending rises 1% in real terms - saving £22.2bn by 2027-8 against previous projections.²

Local authorities are on the front line of this fiscal tightening and cost of living crisis – both in terms of their own budgets and in relation to the needs of the communities they support – increasing demand, reducing budgets, inflation in contracts, and increased borrowing costs have all led to a significant worsening of the financial outlook for councils across the country.

Against this challenging economic background there has also been some mobility in the policy context with a change of Prime Minister since leaders started to discuss this work. However, the Autumn Statement saw the government double down on its commitment to devolution as a key policy objective:

“The government remains committed to giving more local areas greater power to drive local growth and tackle local challenges. This includes delivering the commitment to agree devolution deals with all areas in England that want one by 2030. Building on other devolution deals agreed this year, the government has agreed a further mayoral devolution deal with Suffolk County Council and is in advanced discussions on mayoral devolution deals with local authorities in Cornwall, Norfolk, and the North East of England. Taken together, these deals will increase the proportion of people living under a directly elected mayor with devolved powers in England to over 50%”

Autumn Statement, p. 33, 17 November 2022

¹ This description and estimates are taken from the OBR Economic and Fiscal Outlook, published 17/11/22.

² These are OBR figures, p.38.

Case for Devolution

Leaders took the view at the outset of this process that form should follow function; and that they would be led by the evidence and focus on the benefits that a devolution deal would bring to their residents based on the powers and responsibilities that are available within the framework.

The detail of the framework and what we might seek to derive from it is set out in the next section. In this section we set out the high level case for change for a devolution deal.

Economic Case – GE will have a stronger economy with a devolution deal.

A devolution deal will enable better join up and more coherence across economic functions. It is a challenge for local places that funding streams from government are narrowly focused and poorly aligned, both with each other, and with local needs and priorities. In the most recent Autumn Statement, the government commits to exploring with the devolution trailblazers – GM and West Midlands, single departmental-style settlements at the next spending review – this will give local areas more flexibility and control over key economic growth funds, moving away from competitive bidding processes. Even without a single settlement, devolution deals fundamentally are based on taking charge of budgets that are currently administered nationally and subject to national criteria and prioritisation – focusing money, and shaping priorities, based on local economic needs should drive stronger economic outcomes.

Financial case – GE will be better off to the tune of £1bn with a devolution deal.

There is new money on the table for a devolution deal – all devolution deals have secured a gainshare/investment fund which is a recognition from the Treasury that a devolved economic system will secure higher levels of growth and that the Treasury should share the proceeds of that growth with local places. Our starting point for the negotiation of new gainshare money would be equivalent to what has been secured to date which would create a range of £1.9bn (West of England at £33/capita) to £0.6bn (GM at £10.60/capita).

Democratic case – Decisions affecting GE should be taken in GE.

Responsibility for the success of Greater Essex should be held as much as possible within the boundaries of GE and local politicians should be held accountable to local voters and taxpayers. A devolution deal is predominantly about localising the powers and funding that are currently exercised and held at a national level so that they are responsive and tailored to the needs of local people and economies – the approach we take to devolution should respect and enhance local identities rather than subsume them.

Efficiency case – We owe it to our residents to operate as efficiently as possible.

The financial climate demands that we maximise the efficiency of our local operating environment. A devolution deal will support more efficient ways of working across three dimensions. i. First, if the benefits of the trailblazer streamlining of funding streams is extended to other areas, it will remove the need to bid for short-term funds to tight deadlines and will provide the opportunity to think strategically about how we use a joined-up funding pot; ii. In coming together to agree the key focus of a devolution deal, leaders are naturally working collaboratively, building on the existing building blocks and alliances in the north and the south of the county; iii. A Combined County Authority may lead to the pooling of resources at a more strategic level where it makes sense to do so and where leaders are confident that they can maintain the appropriate democratic protections that leaders agree are important to them.

Competition case – We risk falling behind the rest of the country.

Within our immediate geographical environment, London, Cambridgeshire and shortly Suffolk and Norfolk may all have devolved arrangements in place. As more than 50% of the country by population will shortly benefit from a devolution deal, GE runs the risk of falling further and further behind the rest of the country. There is an increasing risk that what can be negotiated into a deal becomes less attractive if we are towards the back of the queue; more fundamentally our ability to address our local concerns through targeting skills or infrastructure funding or joining funding streams up in a more strategic way will be weaker than in other places, meaning that we may be less and less competitive in our ability to construct compelling strategic long-term propositions for investment – either to government or business.

Greater Essex's Strategic Narrative

Devolution is about more than the sum of the component parts of what can be negotiated through a framework. At the workshop sessions leaders expressed the view that we should capture our ambitions for GE devolution through a clear narrative about why we are doing this. This paper does not set out that narrative which we will work towards for an Expression of Interest, but the components of the narrative will involve the below.

GE is a large economy – similar in scale to Northern Ireland's - with huge potential. We have a GVA of more than £40bn, and are home to 75,000 businesses, including some of the best known and most innovative companies in the world, employing more than 700,000 people.

We are also very diverse, with advanced manufacturing expertise in the south of the county, logistics hubs around our two freeports and airports; strategically located on the energy coast, with clean energy generation – through offshore wind, solar farms and a potential hydrogen hub; medtech and life sciences; and digital clusters in some of our main cities. We want to harness a devolution deal to help us build on our strengths, unlocking at least an additional 50,000 high quality new jobs and £5bn of added economic output to make GE once again one of the fastest growing economies in the UK.

To achieve that and to punch our weight, we need a devolution deal to help us address the challenges we face. For example, we have 72,000 fewer people with NVQ 4+ qualifications than the national average as a proportion of our population. We need to build 200,000 new homes by 2040 and we want to do that in a way that is sustainable, creates thriving communities, and doesn't add stress to our existing transport infrastructure. And we currently have 183,000 people living in the most deprived 20% of neighbourhoods in the country.

We believe that devolution can help us address these challenges. Although we see a thriving economy as the best policy for ensuring broader social well-being, we also believe there is a strong public health component threading through our collaboration – as a consequence we want our devolution deal to engage with health partners and help us address the broader determinants of health that are important to enabling people and communities to secure their well-being and fulfil their potential.

Within the Devolution Framework

The core devolution offer from government is set out within the White Paper. A core offer from government has been something that local government has asked for historically. It simplifies the negotiations and it means that we go into the discussions with a clear set of expectations over what is on the table.

On skills, the environment and the economy

Skills is an area where devolution could be a game changer for Greater Essex, enabling us to address long-standing issues with low skills and low productivity and make the transition to new fast-growing economic growth sectors. The skills devolution offer is very substantial and would give us control or much greater influence than we have now over a key economic lever. This includes control over the adult education budget (£28-84m a year); influence over the Local Skills Improvement Plan ensuring skills provision is matched to our local economy and the sectors where GE has the opportunity to see significant growth; and influence over DWP employment programmes.

On the economy, we can use the gainshare/investment fund of approximately £1bn, alongside the new powers on skills, transport, infrastructure and strategic planning to transform the Greater Essex economy and make it the fastest-growing in the UK outside London. Stronger strategic co-ordination would enable us to attract higher levels of inward investment (including FDI) through effective place promotion. Devolution would also enable us to absorb the LEP functions and therefore transform our strategic engagement with business - both businesses that are already here and new businesses we want to bring to Greater Essex. Government has cut funding to LEPs and Growth Hubs and GE councils need to move quickly to ensure, working with the business community, we determine a way forward that builds on the lessons learnt and Essex's experience of hosting SELEP and enhances our ability to provide economic leadership.

On the environment, we can use devolution to turbo-charge our drive to net zero; make serious inroads into the 400,000 homes in Greater Essex that need retrofitting;

create 18,000 local green jobs by 2030; and save consumers money by developing smart, local energy systems.

On transport, housing and infrastructure

Transport, particularly sustainable transport, is key to energising and enabling many of our objectives: boosting economic growth, tackling disadvantage and inequality, boosting public health and improving the environment. Devolution would enable Greater Essex to become a strategic transport authority, giving us the levers to create a more integrated, connected and sustainable transport network. Potential powers include bus ticketing and franchising, forming rail partnerships, multi-year transport funding and powers over the key route network.

On housing, we face the challenge of having to build many more new homes to meet the needs of an increasing population and to improve the affordability, quality and carbon/climate challenges of housing. Devolution will give us new powers to do this, including the ability to be a stronger partner with Homes England, to accelerate and unlock building on brownfield sites, to take forward strategic planning ensuring an infrastructure first approach (driven by local control of infrastructure funding and delivery) and to set up a mayoral development corporation to boost regeneration where it makes sense to do so.

On infrastructure, we can use the gainshare fund of approximately £1bn to significantly improve the county's infrastructure³, including the roll out of digital connectivity. In the modern economy, digital connectivity is not just a key driver of growth and productivity, it is also essential to promote access to services, education and to social connections. We want Greater Essex to have first class digital connectivity, not just in our urban areas but also in our rural areas so that all parts of GE can thrive. We will therefore seek devolution of a proportion of the Gigabit fund to enable us to contract directly with providers without needing approval signed off by BDUK.

On communities, community safety and public services

Devolution offers the opportunity to bring together on a common Greater Essex footprint, and in a much more integrated way, action on the wider determinants of health (such as employment, skills and housing), public health and community safety. This could enable us to strengthen community resilience and reduce health inequalities that widened during the pandemic and are likely to widen further as a result of the cost of living crisis. It will also help us address entrenched deprivation which in some parts of our geography is a significant and growing issue. Work in Glasgow and Greater Manchester highlights the benefits of this public health approach to community safety. Other devolution deals have also offered combined authorities the opportunity to work more closely with government agencies in supporting people with complex needs. This is important as a relatively small number of individuals and families with complex needs drive significant demand and cost on the police, the criminal justice system, the benefits system, the health system

³ In 2017, the Greater Essex Infrastructure Framework calculated Greater Essex's infrastructure deficit at £4.4bn up to 2036.

and social care. We have also identified the scope for devolution to support our drive for more effective and efficient public services through better use of data and through moving to more integrated service delivery models across authorities where appropriate.

Outside the devolution framework

Most places negotiating devolution deals have also sought to identify some opportunities outside of the formal devolution powers. We have identified through the workshops a wide range of proposals where we could go further than the Government's framework. As part of the next phase of work, we need to identify our top priorities amongst these proposals, which we can include in the final bid to Government. Ideas to date have included: the devolution of powers to enable leadership of Local Area Energy and Heat planning, bringing systems thinking to the design of a net zero energy system that works for all; devolved capital funding to support the delivery of housing priorities in Greater Essex including new affordable homes, net zero ambitions and specialist housing; the ability to negotiate for Greater Essex to pilot new sustainable building standards that go beyond the bare minimum; and enhanced fiscal freedoms, including a share of increases in the growth of revenue from local air passenger duty or new tourism taxes.

Money

A devolution deal will unlock new monies for Greater Essex as well as provide the opportunity to influence spend within GE more directly. The main source of additional funding will be the gainshare deal which is only available at Level 3. The gainshare range that has been negotiated into deals to date would see the GE window as being £1.9 – 0.6bn.

Combined Authority	Gainshare Deal (£m/yr)	Revenue to Capital Ratio	Population Estimate (m)	Gainshare per Capita (£)
Greater Manchester	30	67:33	2.8	10.7
West Midlands	36.5	100:0	2.9	12.6
West Yorkshire	38	75:25	2.3	16.5
East Midlands	38	50:50	2.2	17.3
Greater Essex			1.9	
Liverpool City Region	30	25:75	1.5	20
South Yorkshire	30	40:60	1.4	21.4
York and North Yorkshire	18	65:35	0.8	22
Tees Valley	15	100:0	0.7	23.4
North of Tyne	20	100:0	0.8	25
Cambridgeshire and Peterborough	20	40:60	0.8	25
West of England	30	50:50	0.9	33.3

In addition to gainshare, some budgets will be devolved for decisions to be taken locally about how they are prioritised. These include:

- a. Adult Education Budget (level 2)
- b. UKSPF (Level 2)
- c. DWP Contracted Employment Programmes (Level 3)
- d. Brownfield funding (Level 3)
- e. Consolidation of core local transport funding into multi-year integrated settlement (Level 3)

It is difficult to determine exactly the value of those devolved budgets, and we will want to seek the devolution of additional funding streams linked to our local priorities, but a reasonable central estimate would be in the region of at least £70m/year (depending on the level of the deal).

As part of any deal discussions with government we will also seek to negotiate key local schemes that we believe will help us deliver enhanced local economic growth – most of the deals published to date have included local schemes outside of the published framework. The costs of administering the new approach should also be subject to capacity funding to the tune of £2-3m to cover both capacity funding for a

Combined County Authority and support for the development of area-wide transport planning.

Finally there are four less tangible areas where we might also see additional funding as a dividend from the devolution deal: i. 'privileged dialogue' – the deals published to date demonstrate the government's willingness to support local places to optimise their ability to shape and access centrally-held funding – for example for the £450m local electric vehicle infrastructure scheme (LEVI) – although obviously the further at the back of the queue we are the less value will be derived from 'privileged dialogue'; ii. fiscal flexibility – we might want to argue for additional fiscal flexibilities as part of our deal – for example reference was made in the Thurrock workshop to seeking to top-slice some of the growth in air passenger duty at our airports or we might seek to negotiate borrowing for specified purposes at rates below the PWLB premium; iii. Greater certainty over funding sources so that we can plan more effectively for the future and link funding streams together more effectively to respond to local need iv. strategic co-ordination – fundamentally the creation of stronger strategic capacity at an area level should enhance our ability to compete for funding and inward investment nationally and internationally.

Geography

Given the government's criteria, a Combined County Authority is most likely to need to cover the whole of Greater Essex. However, because of the scale and diversity of Greater Essex, we want to ensure that devolution doesn't stop at the Greater Essex level but is driven downwards. In particular, we want devolution to empower the work we are doing through North and South Essex Councils to promote strategic planning, economic growth, skills, housing, transport and infrastructure in these areas. There are a number of ways in which this could be done, but given the geography of GE, we will want to explore the sub-regional dimensions of the powers and responsibilities that are agreed as part of the deal. The work on geographies needs to dovetail with the work on governance as they are inter-related. And we believe there is much to be learnt from other devolution deals – for example, the East Midlands deal includes the principle of subsidiarity.⁴

Governance

The governance model will depend on which level of devolution deal Leaders in Greater Essex wish to secure. If Leaders wish to secure a Level 3 deal, our bid will

⁴ Principle 6 of the East Midlands deal states: 'The East Midlands MCCA will perform a role that adds value to existing governance arrangements – primarily focused on strategic place shaping functions such as plan making and strategic commissioning. The East Midlands MCCA will not create an additional layer of governance, but instead will bring the governance that currently sits at national government level down into the East Midlands, much closer to businesses and communities. Place making functions will be delivered through the existing local planning authority arrangements that are better placed to deliver functions for which they are statutorily responsible and as close to communities as is practicable.'

need to spell out some key design elements for a Mayoral Combined County Authority. Key issues that will need to be determined include:

- Whether the Police, Fire and Crime Commissioner role is incorporated into the Combined County Authority and precisely how that is to be done to preserve the advance that GE has already made by combining police and fire governance.
- The Mayor's powers with respect to decisions for the Combined County Authority.
- The consent required from the Combined County Authority in the exercise of some mayoral powers
- The expectation of government with respect to LAs delegating functions to the Combined County Authority (eg over the key highway route network)
- The composition of the Combined County Authority and voting and non-voting members
- Voting weights within the Combined County Authority

The recently announced deal for East Midlands provides a clear blueprint for the design of Mayoral County Combined Authorities. Whilst we will largely need to follow this blueprint, there will be room to negotiate some of the powers and governance to suit our needs.

For example, we will want to ensure that our governance model reflects the diversity of our geography and empowers the work that North and South Essex Councils are doing. We will also want to ensure that our governance model is inclusive and reflects the important role that district, borough and city councils will play, alongside upper tier authorities, in delivering the benefits of devolution for our residents.

We anticipate that further detailed work with leaders, CEOs, and Monitoring Officers will be required in parallel to the development of any proposal and as a part of the detailed dialogue with govt.

Engagement with Partners

There are six main groups of colleagues/partners who are priorities for engagement at this stage:

1) Elected members from across all our authorities – we are engaging as follows:

- Member briefings are being arranged
- Many Leaders have started engaging their groups

2) MPs from across Greater Essex – we are engaging as follows:

- We propose setting up MP engagement meetings on a North/South Essex basis
- These can be supplemented by individual MP meetings as needed (in particular for those holding roles that are most closely linked to the devolution agenda, such as Robert Halfon MP)

- Following this meeting, we propose to issue a standard briefing to MPs, if leaders agree
- 3) Health partners – because of their work on the wider determinants of health, it is important to engage the Chairs/CEOs of the Integrated Health Partnerships on the devolution work:
- In liaison with the three upper tier directors of public health we will be contacting senior officers at the three ICSs covering Greater Essex to invite them to engagement sessions where they will be briefed on the approach to devolution and explore ways in which we can use a deal to strengthen our collective approach to delivering better long-term health outcomes for residents.
 - Health partners will also be invited to attend a workshop in January to discuss the developing devolution deal with wider partners.
- 4) Businesses – given that a key purpose of devolution is to promote economic growth, jobs and skills, we will want to ensure that a Greater Essex devolution bid has backing from business. We propose to engage with business as follows:
- We will be working with places' economic development teams to identify the key businesses to engage with in the development of our devolution proposals and to give them the opportunity to co-create any deal before final submission. We will make use of existing channels to discuss the approach with businesses as well as inviting relevant organisations to attend a partner workshop in January to discuss the developing devolution deal.
 - We will also engage directly with the LEP to ensure that the arrangements we make enable us to enhance economic leadership across GE.
- 5) Voluntary and Community sector – the VCS is a key partner in shaping our places and we will want to work with relevant VCS organisations to ensure that our devolution proposals support their ability to work with local communities.
- 6) Universities and colleges – as promoting skills and lifelong learning is a core component of the devolution work, we want to ensure that our universities and main further education colleges are sighted on the work. We propose to engage as follows:
- We will work through education and skills colleagues to liaise with senior leaders at our universities and colleges and we will invite relevant reps to a wider partner workshop in January.

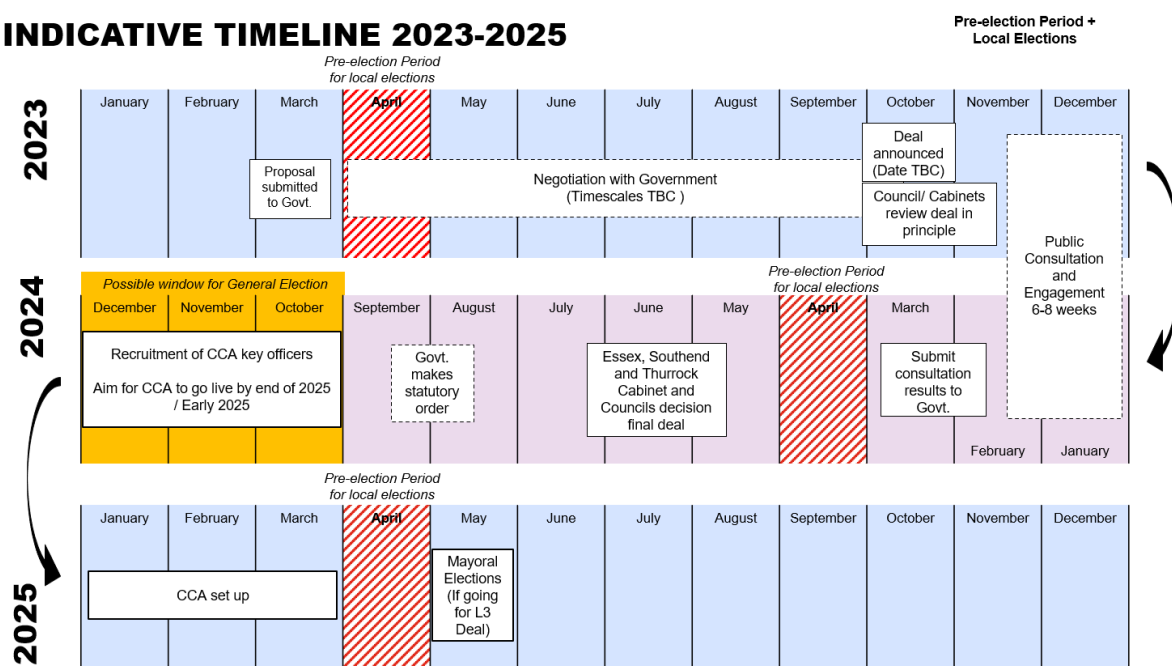
Timeline and Process

In process terms there are a number of key steps that leaders need to take to get to a final deal. In highly summarised form, the key steps are:

- i. Leaders agree that they wish to enter into dialogue with government on a devolution deal.
- ii. An expression of interest is submitted to government to begin that dialogue – the expression of interest is an informal description of the areas that we would wish to explore through discussion, it does not require formal governance sign off although authorities will determine for themselves the most appropriate means of engaging their councils on the EOI.
- iii. The EOI is then subject to negotiation with government – a process that could take six months.
- iv. At the end of that period, a draft deal will have been negotiated. The draft deal will need to be taken to constituent councils⁵ for agreement in principle. That agreement will precipitate public consultation.
- v. The results of the public consultation will be submitted to the secretary of state and constituent councils will need to consider the deal in the light of the consultation responses and take a decision as to whether to proceed.

In terms of timing, a realistic timeline for the deal based on submission in March 2023, would be to see the creation of new Combined Authority structures in Q1 2025.

INDICATIVE TIMELINE 2023-2025



⁵ The constituent councils will be Essex, Southend and Thurrock for a Greater Essex Combined County Authority. Depending on the final form of the legislation and the detail to be developed in discussion, it is likely that some or all of the city, district, and borough councils in Greater Essex are also members of any CCA and may also need to go through formal sign off processes within their authorities.

Following today's discussion, leaders will need to meet again at the end of January to review the draft EOI with a view to being able to submit in March 2023 and start discussions with government. If leaders wish to submit after the local elections then the same processes apply but the timetable shifts 3-4months.

Next Steps

If Leaders agree with progressing the work on devolution to the next stage – putting an expression of interest to government – the indicative milestones (based on submission before the pre-election period) are set out below:

- **December to mid Jan 2023** – engagement with key partners
- **December to mid Jan 2023** – further development of the devolution proposition.
- **Late January 2023** – additional ELCE meeting to discuss a draft devolution expression of interest.
- **February 2023** – expression of interest considered within relevant authorities. There is no legal requirement for a formal decision.
- **March 2023** – expression of interest submitted to government

Once the expression of interest has been submitted to government we are anticipating a process of negotiation taking at least six months to develop a devolution proposal document for further consideration. We are anticipating continued local engagement throughout that period to develop the detail of the proposal in collaboration with leaders.

Annex A: Devolution Table of Powers/Funding Streams

Annex: Devolution Framework (as published in the Levelling Up White Paper)

L1 = Councils working together across an FEA, for example through a Joint Committee.

L2 = A single institution or CC without a DEM across an FEA or whole county area.

L3 = A single institution or CC with a DEM across an FEA or whole county area.

Function	Detail	L1	L2	L3
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align			✓
	Clear defined role in local resilience		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
				✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓
Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans		✓	✓
	Defined key route network			✓
	Priority for new rail partnerships with Great British Railways influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
Investment spending	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multiyear integrated settlement			✓
	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓

Economy, Skills, and Environment

Power/Funding Stream	Level	£ Value	What does it mean we can do	Case study
Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	2	<£10m	This gives local areas a wide remit to work towards decarbonisation in the way that works best for them	WMCA Natural Environment Plan, £7.6m park and ride, Great Clean Up plan
LEP functions including hosting strategic business voice	2	tbd	Local Enterprise Partnerships (LEPs) play a significant role in supporting local economic growth bringing businesses, education and local government together, delivering large capital investment schemes, hosting important programmes on behalf of government departments.	The York and North Yorkshire LEP will become a non-constituent member of the combined authority, acting as the Business Committee.
UKSPF Planning and delivery at a strategic level	2	£26m	Every part of the UK will receive an allocation for the years 2022-23, 2023-24 and 2024-25, for both the core UK Shared Prosperity Fund (UKSPF) and for the adult numeracy programme, Multiply. Since this is already devolved – this might be about ability to shape prioritisation, timing of spend etc.	Liverpool City Region established Strategic Investment Fund to support key projects such as ultrafast broadband
Long-term investment fund, with an agreed annual allocation	3	£1.9bn – 0.6bn over 30 years	Investment funds, sometimes referred to as gainshare or earn back, are long-term grants agreed by government with devolution deal areas.	Areas with investment fund grants are subject to 5-year independent gateway reviews to assess the impact investment funds have made in the local area on economic growth
Adult Education Budget	2	£28-84m	This gives the authority power to shape education and training opportunities to tailor them to the needs of businesses and residents in GE ; provide learning facilities; and manage training costs for	West Midlands investment in high skills provision

			those aged 19 or older. It also devolves the Adult Education Budget (AEB), a yearly funding stream which provides the authority with the budget to deliver the powers set out above.	
Providing input into Local Skills Improvement Plans (LSIPs)	2	£100m	LSIPs aim to: put employers at the centre of the skills system; build a stronger and more dynamic partnership between employers and further education providers; allow provision to be more responsive to the skills needs of employers in local labour markets. Currently the GE LSIP is led by the Essex Chambers of Commerce; with devolution we would have greater influence.	
Role in designing and delivering future contracted employment programmes	3	£60m	Contracted employment programmes are for the most part nationally commissioned and funded by central Government departments. They cover all post-16 education; skills and training provision at all levels; employment support; work-based learning; information and advice; and support for employer recruitment needs. For some national programmes, CAs have devolved responsibility and directly procure activity.	GMCA Job Entry Targeted Support (JETS) focuses on unemployed and COVID-19 recovery intervention

Transport, Infrastructure, & Housing

Power/Funding Stream	Level	£ Value	What does it mean we can do	Case study
Control of appropriate local transport functions e.g. local transport plans	2	N/A	This can also take the form of a Sub-national Transport Body (STB) to work in partnership to influence strategic national transport investment	CPCA is funding and enabling a range of local rail projects that include reinstating of Soham Rail Station that closed in 1965, improvement of Fenland services, rail connectivity Wisbech to Cambridge, capacity improvements through Ely

				and a new station at Cambridge South serving the biomedical campus and local community
Defined key route network	3	N/A	This gives mayors and their combined authorities greater decision-making powers and accountability with regards to the Key Route Network (KRN) - which is loosely defined as the collection of the busiest and most important roads in a region	In 2018 the Liverpool City Region Combined Authority approved £25m funding to support 15 highway schemes to improve the city region's KRN and in September 2021 requested approval to add three additional routes.
Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations	3	N/A	The ability for CAs to establish a vision for rail in their area to help deliver against long-term ambitions for growth and connectivity	For CPCA, funding and enabling a range of local rail projects that include reinstating of Soham Rail Station that closed in 1965, improvement of Fenland services, rail connectivity Wisbech to Cambridge, capacity improvements through Ely and a new station at Cambridge South serving the biomedical campus and local community
Ability to introduce bus franchising	2	TBD	Franchising lets CAs set the route frequencies and running hours of the bus network to provide a more equitable and efficient network	From 1 September 2022 the GMCA are introducing capped single bus fares of £2 for adults and £1 for children and a £5 day ticket, which will simplify the confusing, complicated and expensive set of tickets and fares currently in place across the city-region
Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement	3	TBD	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement	Cambridge and Peterborough CA will receive (pa): £10,250,000 (pothole funding 2022 to 2025) £10,250,000 (HMB needs element 2022 to 2025) £2,562,000 (HMB incentive element 2022 to 2025) £4,633,000 (ITB 2022 to 2025) Total £27,695,000
Ability to establish Mayoral Development	3	N/A	An MDC is a statutory body created to bring forward the regeneration of a defined area. They	

Corporations (MDCs) (with consent of host local planning authority)			have powers to acquire, develop, hold, and dispose of land and property. They also have powers to facilitate the provision of infrastructure.	
Devolution of locally-led brownfield funding	3	TBD	The Brownfield Land Release Fund (BRLF2) aims to support the transformation of small sites that have been previously developed, by funding small scale infrastructure and remediation work to enable the release of the land for new homes. In July 2022 One Public Estate programme (OPE) made up to £180 million of capital grant funding available to English councils.	The West Midlands CA brownfield regeneration programme secured an additional £28m from government as part of £120m allocated to the country's seven MCAs to deliver 7,800 homes on brownfield land – this is on top of the previous £500m secured
Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding	3	TBD	Under the Affordable Homes Programme 2021-26 , Homes England is committing almost £5.2bn in affordable housing grant to 31 strategic partnerships with 35 organisations, including four for-profit providers, including one developer, as well as a number of housing associations. Together, they will deliver nearly 90,000 grant-funded affordable homes across the country.	
Homes England compulsory purchase powers (held concurrently)	2	N/A	Compulsory purchase is a legal mechanism by which certain bodies (known as 'acquiring authorities') can acquire land without the consent of the owner. Compulsory purchase powers can support the delivery of a range of development, regeneration and infrastructure projects in the public interest. In doing so, they can help to bring about improvements to social, economic, and environmental wellbeing.	CPO powers were used by Darlington Borough Council to acquire land as part of a £105m redevelopment to improve and futureproof Darlington station, £25m of which are funded from the Tees Valley CA

Community Safety, Public Services, and Finance

Power/Funding Stream	Level	£ Value	What does it mean we can do	Case study
Opportunity to pool services at a strategic level	1	N/A	Using devolved powers and resources for delivery based upon local and regional needs and opportunities	The West Midlands Combined Authority has worked together to form the Strategic Economic Plan which sets out their vision for improving the quality of life for everyone in the West Midlands through pooled funding and service delivery.
Mayoral control of Police, Fire and Crime Commissioner (PFCC)	3	N/A	The role of the Police and Crime Commissioner (PCC) is to be the voice of the people and hold the police to account. They are responsible for the totality of policing, aiming to cut crime and deliver an effective and efficient police service within their police force area, working in partnership across a range of agencies at local and national level. They are elected by the public to hold Chief Constables and the force to account, making the police answerable to the communities they serve.	
Clear defined role in local resilience	2	N/A	This may be in the form of Local Resilience Forums (LRFs), who aim to plan and prepare for localised incidents and catastrophic emergencies. They work to identify potential risks and produce emergency plans to either prevent or mitigate the impact of any incident on their local communities. Metro mayors played a prominent role in conducting negotiations with central government on local lockdowns. Where metro mayors are in charge of local police, fire and/or transport authorities, this provided a clear formal role during the pandemic as	

			part of LRFs, multi-agency bodies convened across police areas to deal with civil emergencies (Centre for Cities).	
Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)	3	N/A	The Health Foundation highlights that mayors have significant power over many aspects of the lives of residents in their regions, including the wider determinants of people's health across the areas of work, education, housing, travel/transport and environment.	The GMCA set up the Greater Manchester Health and Social Care Partnership , recognising that devolution has put Greater Manchester in charge of improving the health and wellbeing of everyone who lives there, with the ten boroughs working together to transform public services and tackle the biggest issues affecting local health.
Ability to introduce mayoral precepting on council tax	3	TBD	CA mayors have the power to levy a precept on council tax in their areas. This can include a mayoral Police and Crime Commissioner (PCC) precept.	For the GMCA for 2022/23 the police grant included an additional £29.9m for Greater Manchester Police, expected to deliver the final year (of four) of the national expansion programme of 20,000 police officers over three years.
Ability to introduce supplement on business rates (increases subject to ballot)	3	TBD	Designed to give the ability to CA mayors to levy a supplement on business rates to fund new infrastructure projects aimed at economic development of the area, provided they have the support of the business community through the LEP. Business Rate Supplements (BRS) are not applicable to properties with a rateable value of £50,000 or below, and authorities have discretion to increase that threshold. The total maximum BRS which may be levied by a levying authority is 2p per pound of rateable value	In April 2010, the Greater London Authority (GLA) Mayor introduced a two pence (2p) business rates supplement on larger non-domestic properties in London. Since April 2017, this has only applied to business premises with a rateable value of over £70,000. This business rate supplement is being levied by the GLA in relation to the Crossrail project .

Annex B: Devolution deals across the UK

Agreed devolution deals	Population estimate of CA area (m)
West Midlands	2.9
Greater Manchester	2.8
West Yorkshire Combined Authority*	2.3
East Midlands	2.2
Greater Essex	1.9
Liverpool City Region	1.5
South Yorkshire (Sheffield City Region)	1.4
North East Combined Authority* **	1.2
West of England	0.9
North of Tyne	0.8
York and North Yorkshire	0.8
Cambridgeshire and Peterborough	0.8
Tees Valley	0.7
Cornwall**	0.6
Announced devolution deals	
Suffolk	0.7
Norfolk	0.9

*CA does not have a directly elected mayor

**Places with existing deals seeking a new devolution deal

While the Greater London Authority is a devolved body led by a mayor, it is distinct from a mayoral combined authority (MCA) and has a different set of powers and budgets and its own legislation.

Map of devolution status

