

Cabinet

Monday 19 November 2018

10.00 am Meeting Room - Taunton Library



To: The Members of the Cabinet

Cllr M Chilcott (Vice-Chair), Cllr D Fothergill (Chairman), Cllr D Hall, Cllr D Huxtable, Cllr C Lawrence, Cllr F Nicholson, Cllr F Purbrick and Cllr J Woodman

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer
- 9 November 2018

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 democraticservices@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



RNID typetalk

AGENDA

Item Cabinet - 10.00 am Monday 19 November 2018

1 **Heart of the SW Joint Committee Update** (Pages 3 - 22)

To consider the report.

Somerset County Council

Cabinet
19th November 2018

Heart of the South West – Joint Committee update

Cabinet Member(s): Cllr David Fothergill, Leader

Division and Local Member(s): All

Lead Officer: Julian Gale – Strategic Manager – Partnerships Governance

Author: Julian Gale - Strategic Manager – Partnerships Governance

Contact Details: 01823 359500

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	5/11/18
	Monitoring Officer	Scott Wooldridge	5/11/18
	Corporate Finance	Peter Lewis	5/11/18
	Human Resources	Chris Squire	5/11/18
	Property /	Paula Hewitt/Claire Lovatt	5/11/18
	Procurement / ICT	Simon Clifford	5/11/18
	Senior Manager	Pat Flaherty	5/11/18
	Local Member(s)	N/A	N/A
	Cabinet Member	David Fothergill, Leader	5/11/18
	Opposition Spokesperson	Jane Lock	7/11/18
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	7/11/18
Forward Plan Reference:	FP/18/10/04		
Summary:	<p>In January 2018, the HotSW Joint Committee was formally established by the councils and organisations involved since 2015 in the devolution partnership. The Committee is tasked with improving productivity across the HotSW area in collaboration with the HotSW LEP and other organisations as necessary.</p> <p>The Committee has met formally three times in 2018, in March, June and October. In addition to this the management structure that sits behind the Committee and involves Chief Executives and senior officers from across the partnership has met regularly to drive the business of the Committee. The Committee is chaired by Cllr David Fothergill, Leader of Somerset County Council and the Vice-Chair is Cllr John Tucker, Leader of South Hams District Council.</p>		

	<p>This report summarises the progress made by the Committee over recent months in key areas of activity and sets out actions proposed in the coming months. As part of this report there are specific recommendations for the constituent authorities to consider.</p>
<p>Recommendations:</p>	<p>Cabinet is recommended to recommend the Council to:</p> <ul style="list-style-type: none"> (a) Note the progress report setting out the work of the Heart of the South West (HotSW) Joint Committee since its establishment in March 2018; (b) Agree to delegate the development and endorsement of the HotSW Local Industrial Strategy (LIS) to the HotSW Joint Committee (noting that final approval of the HotSW LIS rests with the HotSW Local Enterprise Partnership (LEP) and the Government); (c) Note the Budget statement for 2018/19 set out in Appendix B and that in accordance with the decisions taken at the time the Committee was established, the Council is asked to make provision for a financial contribution towards the costs of the Joint Committee for 2019/20 in line with the 2018/19 contribution (£10,500). A further budget update will be provided in advance of the 2019/20 financial year and any additional contribution requested (including in-year) will be submitted as a fully costed agreed proposal within a work programme and only after all other potential sources of funding have been exhausted. (d) Agree the Budget and Cost-sharing Agreement set out in Appendix B to this report.
<p>Reasons for Recommendations:</p>	<p>It is important that the Council is kept up to date with the work of the Joint Committee. This report builds on the newsletters circulated to councillors after each formal meeting of the Committee.</p> <p>It is essential that the local authorities contribute to the development and approval of the LIS working in collaboration with the LEP. The LIS will be a natural development of the Productivity Strategy and Delivery Plan for which the Joint Committee already has delegated authority, and therefore it would seem appropriate to formally extend this authority to the development and approval of the LIS to the Joint Committee on behalf of the constituent authorities.</p> <p>It is important that the constituent authorities are kept up to date on the Committee's budget situation and make provision for the 2019/20 budget commitment. It is also important that the Budget and Cost Sharing Agreement is formally agreed by the constituent authorities as part of the Committee's governance arrangements.</p>

<p>Links to Priorities and Impact on Service Plans:</p>	<p>Increasing productivity, growing Somerset's economy and providing a mechanism through which the HotSW area may seek to draw down opportunities presented by government policy has clear links to all sections of the County Plan, in particular:</p> <ul style="list-style-type: none"> • Partnerships <ul style="list-style-type: none"> ○ "...closer working partnerships across the public sector, but also with the voluntary sector and private industry too in order to succeed." • Children's services / education <ul style="list-style-type: none"> ○ Opportunities for young people ○ A university for Somerset • Economic development <ul style="list-style-type: none"> ○ Helping small businesses ○ Helping business succeed • Infrastructure and workforce <ul style="list-style-type: none"> ○ Connecting our communities ○ Major infrastructure projects • A sustainable council <ul style="list-style-type: none"> ○ Developing business ○ Reduce the number of buildings we operate to free up funding for frontline services ○ Living within our means. <p>The work of the Joint Committee on improving productivity for the area is still at an early stage of development in terms of outcomes but a key objective of this work remains the intention to bring additional benefit to the community, and improve (or at the least, not adversely affect) the MTFP position in the longer term. If the partnership can build on the positive progress made in discussions with Government then this will further improve the likelihood of taking advantage of public sector policy reform for the benefit of local communities and resulting in a positive impact on service plans/ budgets.</p>
<p>Consultations and co-production undertaken:</p>	<p>Under the Communications and Engagement Plan, members of the constituent authorities, partners and the public have been kept informed of developments with the Joint Committee through newsletters published after each meeting and press releases on significant issues of interest. As we move towards Christmas, the Committee's engagement plans include seeking the support of relevant Ministers and all local MPs for the Communications document and specifically our 'asks' of Government. This engagement campaign will continue and accelerate as we move into 2019.</p>

	<p>In addition, the Committee has a website providing background information, links to latest news and publications and details of the membership. This can be accessed at: http://www.hotswjointcommittee.org.uk/</p>
<p>Financial Implications:</p>	<p>It is important that the Joint Committee has sufficient budget provision to fulfil its role balanced against minimising the financial impact on the constituent councils. The current budget position of the Committee and details of the direct costs to the constituent authorities are set in section 3 of this report and in Appendix B. In addition to this the constituent authorities and partners continue to input considerable amounts of officer time into the partnership on an ‘in kind’ basis. The LEP continues to make a significant contribution to the work of the Committee and has met some direct costs.</p> <p>At this time the constituent authorities are being asked to budget for the same level of budget contribution in 2019/20 as in 2018/19. This equates to £10,500 in the case of SCC. This is in the absence at this stage of a work programme for the Committee for 2019/20. A further update on the budget situation and including an indicative work programme will be provided in advance of the 2019/20 financial year after the Joint Committee’s meeting on the 25th January. Every effort will be made to stay within budget and avoid making any further requests to the constituent authorities. Beyond this if there is a need for an in-year request for additional funds where work is required and cannot be funded from within the budget this will be submitted as a fully costed and agreed proposal within the work programme and only after all other potential sources of funding have been exhausted.</p> <p>The constituent authorities are reminded that the Joint Committee continues to provide a relatively low-cost option to meet the partnership’s objectives compared to, for example, a Combined Authority alternative.</p> <p>There are specific financial implications for this Council from undertaking the role of Administering Authority through to 31st March 2020. A sum of up to £40k was provided in the Joint Committee’s budget to cover the Administering Authority role from 22 January 2018 (the date of establishment) to 31st March 19. The £40k sum was an estimate at the time of establishment and the level of support required to establish and run the Committee has exceeded expectations in the short term. The Council therefore continues to provide a level of ‘in-kind’ officer support to the Committee in addition to that covered by the £40k allocation. During the same period the Council has provided ‘in-kind’ lead governance officer support to strategic partnership development work on:</p> <ul style="list-style-type: none"> • The establishment of the Joint Scrutiny Committee of the LEP

	<ul style="list-style-type: none"> • The establishment of the Peninsula Sub-National Transport Body. <p>The result of this is an in-year budget pressure within the Democratic Services budget, part of which is the Council's 2018/19 contribution to the Joint Committee's budget of £10,500. This budget pressure reflects also the back-fill arrangements put in place for a 2 year period to allow the Council to undertake the Joint Committee's Administering Authority role through the post of Strategic Manager – Partnerships Governance supporting by other officers. Given the temporary nature of the work, the Democratic Services base budget was not increased at the time and it will not be possible to fully meet the strategic partnership budget pressure for 2018/19 from within the team's budget. However, the resulting in-year budget pressure of around £45k should be reduced through contributions from other areas of the Democratic Services budget and through income to the Council yet to be agreed for undertaking the governance lead role for the Peninsula Sub-National Transport Body. Any residual deficit will require funding from support services underspends or contingency.</p> <p>Looking ahead to 2019/20, management action will be taken with the aim of minimising / eliminating the budget deficit for strategic partnership support. This will include full cost recovery for work undertaken where this can be achieved. The situation will be closely monitored as further work is done on the Joint Committee's work programme for 2019/20 and the management support arrangements for the Joint Committee and the LEP are reviewed.</p> <p>The report requests that the Council makes plans at this stage for a budget contribution of £10,500 towards the Joint Committee's budget for 2019/20. As this will be an annual commitment it would seem appropriate to make a more sustainable base budget provision to meet the costs of this outside of the Democratic Services team budget.</p>
<p>Legal Implications:</p>	<p>The HotSW Joint Committee is a Joint Committee of the local authorities across Devon and Somerset that comprise the HotSW area and established under Sections 101 to 103 of the Local Government Act 1972 and all other enabling legislation.</p> <p>The key purpose of the Joint Committee is to be the vehicle through which the HotSW partners will ensure that the desired increase in productivity across the area is achieved.</p> <p>The Committee is a single strategic public sector partnership providing cohesive, coherent leadership and governance to ensure delivery of the Productivity Strategy for the HotSW area. The specific objectives of the Joint Committee are to:</p>

	<ul style="list-style-type: none"> - Improve the economy and the prospects for the region by bringing together the public, private and education sectors; - Increase our understanding of the economy and what needs to be done to make it stronger; - Improve the efficiency and productivity of the public sector; - Identify and remove barriers to progress and maximise the opportunities/benefits available to the area from current and future government policy. 						
<p>HR Implications:</p>	<p>The HR implications relate to officer support for the Joint Committee. The report establishing the Committee confirmed that much of the officer support for the Committee would be on an 'in-kind' basis from the partners but that this would need to be clarified as to the extent to which this could continue to be provided and at what level. In addition, there have been impacts on SCC staff from holding the role of Administering Authority. These impacts focus primarily on the Democratic Services team although we are also responsible for managing the Committee's budget as well as the communications and marketing plan.</p> <p>The level of partnership 'in-kind' support has been maintained and has indeed increased since the Committee was formally established. This will be further reviewed as part of the current governance review of the Joint Committee through which it is intended to ensure that there are sustainable management support arrangements for the Committee into the future, recognising any changes in its role and functions alongside the LEP.</p>						
<p>Risk Implications:</p>	<p>Given the participation in the Joint Committee as one of the constituent Local Authorities, the main risks would result from failing to participate actively in this partnership activity. This would reduce the strength and profile of the partnership, its impact and ability to influence Government and achieve the targeted improvements to productivity for the benefits of the wider area including residents, businesses and visitors. A decision not to participate would potentially damage the Council's reputation to the likely detriment of Council services and funding in the longer term. The fact that the Council's Leader chairs the Joint Committee and SCC is the Administering Authority means that the risk of the Council withdrawing from the Joint Committee is very low.</p> <table border="1" data-bbox="528 1816 1481 1861"> <tr> <td>Likelihood</td> <td>1</td> <td>Impact</td> <td>4</td> <td>Risk Score</td> <td>4</td> </tr> </table>	Likelihood	1	Impact	4	Risk Score	4
Likelihood	1	Impact	4	Risk Score	4		
<p>Risk Implications (con):</p>	<p>There are specific risks associated with the Administering Authority role in support of the Joint Committee. This sets out a range of governance responsibilities including managing the Joint Committee's budget. These responsibilities are managed</p>						

	<p>through the Joint Committee’s Constitution and Inter-Authority Agreement agreed at the time the Committee was established. The Budget and Cost Sharing Agreement attached to this report adds to the governance framework within which the Committee operates. Operating effectively within this governance framework mitigates the business risk resulting from undertaking this role.</p>						
	<table border="1"> <tr> <td>Likelihood</td> <td>2</td> <td>Impact</td> <td>4</td> <td>Risk Score</td> <td>8</td> </tr> </table>	Likelihood	2	Impact	4	Risk Score	8
Likelihood	2	Impact	4	Risk Score	8		
Other Implications (including due regard implications):	<p><u>Equalities Implications; Community Safety Implications; Sustainability Implications; Health and Safety Implications; Privacy Implications; Health and Wellbeing Implications</u></p> <p>There are no specific implications from this report and the recommendations. An overall assessment of impacts of establishing the Joint Committee were set out in the report to Cabinet in 2017 through which the Committee was formally established.</p> <p>An additional point relates to public health/ health and well-being considerations which will be an important consideration in the development of the LIS recognising that there is a strong correlation between economic prosperity and health of the population.</p>						
Scrutiny comments / recommendation (if any):							

1. Key achievements

1.1. At each of its meetings the Committee has been briefed on recent inward investment successes achieved through the work of the local authorities and the LEP and it is these successes that we wish to add to through the work of the Joint Committee.

1.1.1 Influencing government

The partnership’s original focus in 2015 was to explore opportunities on offer through devolution to improve productivity. Since the Committee was created the influencing role has continued to be central to the work of the Joint Committee and recent months have seen successes in this area. Government policy changes and Brexit have required the partnership to be flexible to present a united front to Government and respond to the changes. As an example, the Government has increasingly moved away from its devolution policy approach of 2015 and the partnership is now engaged in more flexible and targeted dialogues with Government. This approach is proving successful so demonstrating the benefits of presenting a single compelling partnership vision between the business and public sectors. The Committee is keen to demonstrate its ability to deliver Government objectives as well as local priorities so accessing help beyond our boundaries is critical to the success of the partnership. It is already apparent that the Joint Committee / LEP Partnership carries a critical mass that the Government is responding to through policy announcements and on-going dialogue with Government

officials. The most significant announcement is the recent inclusion of the HotSW LEP area in wave 2 of developing Local Industrial Strategies (LIS). This success is due in large part to the close alignment of the Joint Committee and the LEP on the Productivity Strategy (see 1.1.2 below). Much of the activity detailed below has resulted directly from discussions with Government.

1.1.2 Approval of the HotSW Productivity Strategy

- (i) In March the Committee and the LEP Board agreed a challenging HotSW Productivity Strategy which set an ambition of “Doubling the size of the Heart of the South West’s economy over 20 years” with a vision of “Productivity and prosperity for all”.
- (ii) The Strategy identifies three strategic themes to improve productivity by strengthening and developing:
 - a. the leadership and ideas within businesses in our area
 - b. the housing, connectivity and infrastructure our people and businesses rely on for living, moving goods, accessing jobs and training, and exploiting new opportunities.
 - c. the ability of people in our area to work, learn and improve their skills in a rapidly changing global economy, and to maximise their economic potential.
- (iii) In addition, there are three cross-cutting themes, referred to throughout the Strategy:
 - a. Inclusive growth for our people, communities and places
 - b. Capitalising on our distinctive assets
 - c. Maximising the potential from digital technology

The Strategy can be viewed at:

<https://heartofswlep.co.uk/about-the-lep/how-we-work/productivity-strategy/>

- ### **1.1.3 Endorsement of the Delivery Plan.** This document is key to the delivery of the Productivity Strategy and will be further developed as explained below. It is a live action plan that will be used to track performance locally and may also form the basis of annual progress reports to Government, as required under the recent national review of LEPs. It is broadly divided into two sections – a ‘core offer’ focussing on programmes that deliver Business Support and Employment and Skills, as well as ‘enablers’ including housing delivery, transport, and other infrastructure that is essential to support economic growth. These activities apply across the whole of the HotSW area. A further section focuses on programmes of activity linked to the agreed set of ‘opportunities’ that are specific to the HotSW area. The Plan incorporates current as well as future, planned activity, and is being produced in stages depending on how well developed the programmes of activity for each theme are. The current version features the opportunities that are at the most advanced stage, namely: Digital (Photonics); Advanced Engineering (marine

and nuclear); High Value Tourism; Farming, Fishing and Food. By spring 2019 it will be expanded to include: Healthy Ageing; further Digital (Creative and Big Data); Advanced Engineering (aerospace); Construction; and Defence. Place markers have also been included for inclusive growth and natural capital to be developed as part of the next phase of work. The current version of the Delivery Plan can be viewed at:

<http://www.hotswjointcommittee.org.uk/wp-content/uploads/2018/11/HotSW-Opportunities-Prospectus-November-2018-publication.pdf>

- 1.1.4** An Opportunities Prospectus has been extracted from the Delivery Plan and will be used with local MPs, Ministers and senior Government officials as part of continuing to raise the profile of the HotSW area at a critical time ahead of the 2019 Spending Review and the anticipated launch of the UK Shared Prosperity Fund towards the end of 2019. The document has been circulated to MPs prior to the Chancellor's autumn statement as part of the influencing approach. To ensure that the Prospectus document has some longevity, the key strategic 'asks' of Government have been set out in a covering letter, jointly signed by the Chairs of the Joint Committee and the LEP. As we develop the Delivery Plan, further asks will emerge and be submitted to Ministers. The list of asks submitted in October is attached as Appendix A to this report. The Prospectus document can be viewed at:

<http://www.hotswjointcommittee.org.uk/wp-content/uploads/2018/10/HotSW-Opportunities-Prospectus-October-2018.pdf>

- 1.1.5** Housing is a key enabling opportunity for the Joint Committee. Following a housing audit to gauge Local Plan progress on targets and delivery rates, a HotSW Housing Summit was held in September with key agencies including Homes England. The outcome of this successful event was an agreement to work closely with Homes England to develop a bespoke package of offers and asks with Government which will help us to successfully deliver the ambitious housing programmes we have across our area. A Housing Sector Task Force of strategic leaders and officers has been established to develop our proposition to Government and to work with Homes England which will report to the Joint Committee.

- 1.1.6** National Infrastructure Commission (NIC)

The Joint Committee is seeking to secure a growth corridor study following helpful discussions with the NIC. Initial discussions with the Chair of the Commission were well received and the Joint Committee was encouraged to submit a business case to the Chancellor who will ultimately make a decision as to whether to fund a study. A proposal was submitted to the Chancellor in October. The study would be similar to the one conducted by the NIC for Cambridge-Milton Keynes-Oxford. It would help the HotSW partnership to better understand the constraints to higher levels of productivity by highlighting where investment in strategic infrastructure could unlock faster growth over the long term. The initial focus for the study would be along the A38/M5 transport spine, recognising that investment would have benefits for the whole of the HotSW area and wider south west.

1.1.7 Brexit Resilience Opportunities Group. The Joint Committee has consistently lobbied Government that any powers that move back from the EU under Brexit must not stop at Whitehall. This senior officer group was established by the Joint Committee to research and advise on the opportunities and risks to the HotSW. The Group has been collating evidence on some of the key risks and opportunities for our unique economy and has conducted research in the following areas: workforce, construction industry, agriculture and land management; food and farming, fisheries and post Brexit funding to support the economy. The Group is also collating the risk and impact analysis of Brexit on local government such as service delivery and community resilience. The Group has fed directly into the Local Government Association briefing papers and to key Government departments to raise the profile of the area. With the Brexit departure date looming and several 'deal' scenarios still possible, this work has become ever more important. A Brexit Joint Regional Sounding Board event planned, as part of the 12th November LEP Conference, will be an opportunity for business and public sector to engage with Government representatives from Defra, BEIS, and MHCLG on preparedness. The Group is working with Cornwall on issues of mutual interest and concern.

1.1.8 Sub-National Transport Body. Linked to the Joint Committee's work on infrastructure is the imminent establishment of a South West Peninsula Shadow Sub-National Transport Body (covering Somerset, Devon, Cornwall, Plymouth and Torbay) which will develop a sub-national Transport Strategy to work with Government to deliver investment in our major transport infrastructure. In the short-term this will be an informal partnership, however a current 'ask' of Government is that they endorse the creation of a statutory Sub-National Transport Body for the Peninsula, and a separate body for the South West around the east of the region. These two new transport bodies will provide a platform for strategic discussions with Government on priorities for the region over the long term.

1.2 Next steps:

In addition to what is outlined above, the Joint Committee / LEP partnership will:

- (a) Develop an Investment Framework for the Delivery Plan so that priorities for delivery and project opportunities can be delivered via investment from a range of sources.
- (b) Review the roles and functions of both bodies through a governance review to acknowledge the revised and enhanced focus given to LEPs by the Government. This work will include a review of the management support arrangements. The Joint Committee and the LEP will continue to share responsibilities across the Productivity Strategy and the Delivery Plan with the LEP leading on areas closely linked to the LIS and the Joint Committee leading on other areas such as housing and infrastructure. The need for close collaboration between the two has never been more important as we look to further

influence Government policy and actions over the next 12 months and beyond.

2. Local Industrial Strategy

- 2.1.** The inclusion of the HotSW LEP area in the second wave of areas to benefit from working with the Government to develop their Local Industrial Strategies (LIS) is a considerable achievement for the Joint Committee and the LEP. The first wave 'trailblazers' were the urban conurbations of Greater Manchester, the West Midlands and Cambridge-Milton Keynes-Oxford. The partnership had been pushing to be in the second wave and had raised the ask with Government Ministers and officials over a number of months. It was therefore very welcome that HotSW was announced in July as being part of wave 2.
- 2.2.** By working closely with Government to develop our Local Industrial Strategy we will be able to jointly agree the long term transformational opportunities that will help deliver the asks specific to our area and influence wider Government policy and delivery.
- 2.3.** Local Industrial Strategies will focus on the foundations of productivity and identify transformational opportunities with partners across Ideas, People, Infrastructure, Business Environment and Place. The Strategy will be led by local people and businesses, allowing local leaders to harness the strengths of their own areas; ensure that the benefits of growth are realised by all; and provide the right conditions for improving the prosperity of communities throughout the area.
- 2.4.** Ultimate approval of the LIS rests with the LEP in collaboration with the Government. The LIS guidance requires the LEP to collaborate on the development of the LIS with a range of stakeholders including the local authorities and other partners.
- 2.5.** The LEP's proposed timetable is to have the final LIS agreed between the LEP and the Government by June 2019. Fortunately, HotSW partners are better placed than many areas to meet this timetable as the work done by the Joint Committee and the LEP to build and test the evidence base for the Productivity Strategy and Delivery Plan has set the foundation; the LIS will be a natural extension of this.
- 2.6.** The Joint Committee is ideally placed to provide both collective and council level input into the development of the LIS, although final approval rests with the LEP. The validity and positioning of the document would be immeasurably strengthened by the involvement and general endorsement of all the constituent authorities, and by other partners including the business community. To enable the development of the LIS to be taken forward at pace, and to demonstrate alignment with partners across the area, it is proposed that local authority input is developed, coordinated and signed off by the Joint Committee. The powers of (and delegations to) the Committee are tightly focussed around the Productivity Strategy under the current governance arrangements, so approval needs to be sought from the constituent authorities

to formally delegate the Council's responsibilities for contributing to and signing off the HotSW Local Industrial Strategy (LIS) to the Joint Committee. The recommendations provide the opportunity for the Council to influence and shape the LIS as well as provide content. To ensure that there is wide buy-in to the development of the LIS across the constituent authorities, a portfolio holder engagement event is planned for 23 November 2018.

3. Budget and Cost Sharing Agreement

- 3.1.** The Joint Committee has been kept informed of its budgetary position to provide assurance that it is operating within its budget. This section of the report includes:
- (a) a summary of the Committee's current budget position for 2018/19 – page 15 - Appendix B
 - (b) a Budget and Cost Sharing Agreement (B&CSA) which is a development of the Inter-Authority Agreement agreed by the constituent authorities at the time the Committee was established – pages 16 to 18 – Appendix B
 - (c) An indicative budget request for 2019/20 to the constituent authorities.
- 3.2.** Page 15 – Appendix B - summarises the position on the operating and support budget of the Committee. It shows a variation of the income for 2018/19 expected at the time of the Committee's establishment with a larger than anticipated underspend carried forward from the work on devolution during the 2015 to 2018 period. This together with the contributions agreed by the constituent authorities gave the Committee a larger than anticipated budget for 2018/19.
- 3.3.** In terms of the anticipated spend for 2018/19 the current position suggests that the Committee will be able to operate within budget and should achieve an underspend to be carried forward to 2019/20 to help offset the future budget requirement for the Joint Committee. The current underspend is around £33k. It should be noted however that not all commitments for 2018/19 have yet been identified.
- 3.4.** In terms of the Joint Committee's budget for 2019/20 the work programme is unknown at this stage although a busy year is expected for the Committee to respond to Government policy initiatives and to support the Delivery Plan. To assist the constituent authorities to plan budget commitments for 2019/20, the contribution levels for 2019/20 are set out below and are at the same level as for 2018/19. These contributions will generate sufficient budget to cover the Administering Authority costs to run the Joint Committee and leave a small surplus (£8.6k). Dependent on the underspend carried forward from the current year and the outcome of the review of the management support arrangements, this may not be sufficient to fully cover any additional work, for example secondments, or externally commissioned work. Every effort will be made to contain costs within budget but if work is subsequently identified for 2019/20 which cannot be met within budget or from another source, a further request for funding may be made to the constituent authorities (potentially in-year) against a costed proposal as part of a work programme. An update on the budget position and an indicative work programme for the Joint Committee

will be provided to the constituent authorities in advance of the 2019/20 financial year. Any additional funding request will be applied on a similar pro-rata basis.

- County Councils - £10,500
- Unitary Councils - £4,000
- District Councils and National Parks £1,400.

3.5. At the time of the Committee's establishment the Inter-Authority Agreement referred to the development of a B&CSA and included some headings to be included within it. Pages 16 – 18 of Appendix B - set out the draft B&CSA. It is a relatively simple document proportionate to the small size of the budget and the limited financial risk to each constituent authority. It explains the role of the administering authority as well as the responsibilities of the constituent authorities. The Joint Committee has approved the B&CSA and all Section 151 Officers of the constituent authorities have been consulted on its contents. The document now requires the formal approval of the constituent authorities.

4. Options considered and reasons for rejecting them

- 4.1.** The Council could choose not to agree the recommendation in relation to the Local Industrial Strategy (LIS) but this would complicate the input of councils across the HotSW into the development of the LIS as discussions would have to focus on individual councils which would be challenging given the timeframe. In addition, the LIS will be closely related to the Productivity Strategy and the Delivery Plan so it is logical to use the Joint Committee in this capacity.
- 4.2.** On the Budget and Cost Sharing Agreement no alternatives have been considered as this is an extension of the Inter-Authority Agreement.

5. Background Papers

5.1 Heart of the South West Statement of Intent

<http://www.heartofswlep.co.uk/sites/default/files/user1/Devolution%20Statement%20of%20Intent%20%28low%20res%29.pdf>

Heart of the South West Devolution Prospectus for Productivity

<https://somersexnewsroom.files.wordpress.com/2015/09/heart-of-the-south-westdevolution-prospectus.pdf>

Scrutiny Committee for Policy and Place, 1 December 2015

Report:

<http://www1.somerset.gov.uk/council/board43%20scrutiny%20place/2015%20D%20ec%201%20-%20Item%208%20HOSW%20Devolution%20bid.pdf>

Summary of outcomes:

<http://www1.somerset.gov.uk/council/board43%20scrutiny%20place/2015%20D%20ec%201%20-%20Summary%20of%20Outcomes.pdf>

Cabinet, 9 December 2015

Report:

<http://www1.somerset.gov.uk/council/board3d/2015%20December%209%20Item%205%20Paper%20A%20Heart%20of%20the%20South%20West%20Devolution%20bid%20update.pdf>

Summary of outcomes:

<http://www1.somerset.gov.uk/council/board3d/Summary%20of%20Decisions%20091215.pdf>

Full Council, 17 February 2016

Summary of outcomes:

<http://www1.somerset.gov.uk/council/board1/Web%20upload%2009.02.16/2016%20February%2017%20Summary%20of%20Outcomes.pdf>

Cabinet, 11 July 2016

Report

<http://www1.somerset.gov.uk/council/board3d/2016%20July%2011%20Item%206%20Paper%20B%20Heart%20of%20the%20South%20West%20Devolution%20in%20principle%20proposal%20for%20Combined%20Authority.pdf>

Summary of outcomes:

<http://www1.somerset.gov.uk/council/board3d/Summary%20of%20Decisions%20110716.pdf>

Full Council, 20th July 2016

Report

<http://www1.somerset.gov.uk/council/board1/Web%20upload%2012.07.16/2016%20July%2020%20Item%207%20Report%20of%20the%20Leader%20and%20Cabinet%20-20items%20for%20decision%20Paper%207A%20Heart%20of%20the%20South%20West%20Devolution%20in%20principle%20proposal%20for%20Combined%20Authority.pdf>

Minutes:

<http://www1.somerset.gov.uk/council/board1/Web%20upload%2022.11.16/July%20minutes%20-%20full%20set.pdf>

Cabinet, 6th February 2017

Report: Devolution – the way forward

<http://democracy.somerset.gov.uk/documents/g326/Public%20reports%20pack%2006th-Feb-2017%2010.00%20Cabinet.pdf?T=10>

Minutes

<http://democracy.somerset.gov.uk/documents/g326/Printed%20minutes%2006th-Feb-2017%2010.00%20Cabinet.pdf?T=1>

Full Council, 15th February 2017

Report of the Leader and Cabinet

<http://democracy.somerset.gov.uk/documents/g208/Public%20reports%20pack%2015th-Feb-2017%2010.00%20County%20Council.pdf?T=10>

Minutes

<http://democracy.somerset.gov.uk/documents/g208/Printed%20minutes%2015th-Feb-2017%2010.00%20County%20Council.pdf?T=1>

Cabinet

Report: Heart of the South West - Joint Committee

<http://democracy.somerset.gov.uk/documents/s5138/Item%208%20-%20Heart%20of%20the%20South%20West%20Joint%20Committee.pdf>

Minutes

<http://democracy.somerset.gov.uk/documents/s5511/Minutes%20151117.pdf>

Full Council

Report of the Leader and Cabinet

<http://democracy.somerset.gov.uk/documents/s5325/2017%20November%2029%20Cabinet%20Report%20For%20Decision.pdf>

Minutes

<http://democracy.somerset.gov.uk/documents/s6020/Council%20Minutes%20November%202017.pdf>

APPENDIX A

Heart of the South West Partnership's key strategic asks of Government

As part of the partnership's increased lobbying with MPs and with reference to the Great South West Partnership several 'policy asks' of Government have been identified to coincide with party conferences and the Autumn Budget. These will be socialised over the next few months and are:

1. Recognition of the Great South West Partnership in the Autumn Budget Statement together with a commitment to co-design a Rural Deal - a 'Rural Productivity Partnership' with GSW following publication of Rural Productivity Commission Report earlier in the year
2. Strategic Connectivity
 - a. Confirmation of Sub National Transport Body/ (ies)
 - b. Peninsula Rail priorities – e.g. commitment for funding Dawlish
 - c. Funding commitment for A303 improvements
 - d. Superfast Broadband and 5G trials
 - e. Joint working with the National Infrastructure Commission on an A38/M5 corridor study to explore how we can unlock our full potential and accelerate growth to transform our region.
3. Transforming Cities and Strength in Places bids agreed
4. EU Fisheries underspend proposal: an offer to work with Government to develop a proposal to utilise the projected underspend in the current EU Fisheries budget.
5. Nuclear Sector Deal (and others specifically Maritime and Defence) to have clear place-based elements/funding, recognising the HotSW opportunities.
6. Local Industrial Strategy specific: encourage joint working with WECA on Wave 2 Local Industrial Strategies particularly around connectivity and Smart specialisations e.g. Nuclear and Aerospace.

APPENDIX B

BUDGET STATEMENT – 2018/19

Costs

At the time the Joint Committee was established it was estimated that its operating and support **costs** for 2018/19 (and to cover the remainder of 2017/18) would be £89,000 - excluding in-kind officer support. This estimate comprised:

1. £25,000 for work the Joint Committee would wish to commission to support the delivery of its work programme
2. £24,000 for the Brexit Resilience and Opportunities Group Secretariat
3. £40,000 for the Administering Authority to undertake its duties.

Budget

Current budget position summary:

6. 18/19 Budget = <u>£117k</u> (an increase of £25k over the original estimate)	7. 18/19 Expenditure - <u>£84.1k</u> (as at 24/10/18)
<ol style="list-style-type: none"> 1. £67k - devolution budget carry forward (as against the estimate of £42k) – transferred from PCC to SCC 8. 2. £50k - funding contributions from the constituent authorities 	<ol style="list-style-type: none"> 1 £40k - for Administrative Authority costs including: direct meeting costs (including refreshments); staffing costs directly relating to HotSW meetings; JC communications and marketing; micro-site development 2 £19k - support costs of the Brexit Resilience Opportunities Group (BROG) including seconded part-time officer support (against an original budget allocation of £24k) 3 £6k – costs of Housing Summit 4 £9.8k – housing consultancy support 5 £9.3k – national corridor infrastructure corridor consultancy support

BUDGET AND COST SHARING AGREEMENT

As part of the new Joint Committee working arrangements, the following clause was agreed in relation to the costs of operation of the Joint Committee. This clause was in the Inter-Authority Agreement.

4.0 JC Finance

4.1 The JC's budgetary arrangements shall be detailed in a budget and cost sharing agreement to be agreed by all the Constituent Authorities annually on the recommendation of the JC and in advance of the financial year. The only exception to this will be in the JC's first year of operation when the JC shall recommend a budget and cost sharing agreement to the Constituent Authorities for approval at the first opportunity following its establishment.

4.2 The budget and cost sharing agreement shall cover:

- (a) The responsibilities of the Constituent Authorities for providing funding for the JC
- (b) The anticipated level of expenditure for the JC for the year ahead
- (c) The cost sharing mechanism to be applied to the Constituent Authorities
- (d) Details of how the budget will be set and agreed each year
- (e) Who is to be responsible for maintaining financial records on behalf of the JC (the 'accountable body');
- (f) What financial records are to be maintained;
- (g) What financial reports are to be made, to whom and when;
- (h) What arrangements and responsibilities are to be made for:
 - auditing accounts;
 - insurance including ensuring all partners have sufficient cover;
- (i) How any financial assets held by the JC on behalf of the Constituent Authorities will be redistributed to the CAs in the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA.

How is the budget set and agreed each year?

In the February preceding each financial year, in consultation with the Somerset County Council Finance Advisory Team, the SCC Strategic Manager - Partnership Governance on behalf of the PMO will detail a budget plan for the JC income and expenditure. This will establish estimated amounts for that financial year and the timing of those financial transactions. This will be submitted by the administering authority to the Joint Committee for recommendation to the Constituent Authorities (CA) for approval.

Each CA will pay their agreed contribution to the Administering Authority (AA) in a timely manner on receipt of invoice details.

Who is to be responsible for maintaining financial records on behalf of the JC?

SCC Finance Advisory Team – Ian Tier, Finance Manager.

What financial records are to be maintained?

Financial records, i.e. orders for supplies and services, payments made, invoices raised and receipts, will be kept electronically on the SCC financial system. This incorporates purchase orders, invoice scans, cashiers receipts and sales invoices.

What financial reports are to be made, to whom and when?

SCC Finance Advisory will present a quarterly income and expenditure report to the SCC Strategic Manager – Partnership Governance. This will be reported to the CEx Advisory Group for information. An income and expenditure report will be presented to the JC for information on at least an annual basis.

What arrangements and responsibilities are to be made for?

Auditing Accounts: The AA's accounts and audit arrangements will apply to JC business.

Insurance:

Each CA will ensure that it has sufficient insurance cover in place to provide protection for their members and officers participating in the work of the JC and in their capacity as officers or members of that authority. The AA will ensure that it has sufficient insurance cover in place to cover the AA role.

How any financial assets held by the JC on behalf of the CA will be redistributed to the CAs in the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA?

Itemised records of contributions made by each of the CAs will be kept over the life of the JC. In the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA having given the required notice, financial assets will be returned to the CA or CAs on a proportionate basis.

This page is intentionally left blank