

# HotSW Joint Committee

Meeting date – 31 January 2020

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## HotSW Joint Committee – Devolution: Next Steps

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### 1. Summary

- 1.1** Following an action from the November 2019 Joint Committee meeting and after the General Election in December, a letter and brochure were sent to the Prime Minister setting out the Heart of the South West's priorities in a 'Programme for Action'. This is a list of actions based on the commitments in our draft Local Industrial Strategy, the Productivity Strategy, Housing Task Force work and other pieces, which collectively form our key asks and messages to the new government.

The letter, jointly signed by the chairs of the Joint Committee and the Local Enterprise Partnership, together with the brochure, were circulated to members of the Joint Committee in early January and are attached again to this report as Appendix A.

The letter also expressed the wish 'to explore the potential for devolved powers and funding, taking on greater local control and demonstrating strong leadership on behalf of the region' and this report proposes some practical steps to take that forward.

- 1.2** Prior to the Joint Committee meeting in November 2019 a briefing note was circulated to members regarding Devolution, including background information on the current set of Devolution deals across England and their governance arrangements, together with a brief description of the 'Powerhouses'. This is also attached as Appendix B. This document was intended to set the scene for further informal discussions by the Joint Committee on the government's future Devolution agenda.
- 1.3** This report seeks to formally endorse our Programme for Action as set out in the brochure and to agree that it should form the basis for conversations with Ministers, MPs and civil servants. The report also seeks agreement to move forward to explore with government what a Devolution deal for the Heart of the South West might involve. The recommendations therefore include seeking agreement on a number of actions:
- (a) Endorsement of the brochure as the framework for ongoing conversations, locally and with government
  - (b) A commitment to re-engage with government around the Devolution

agenda and an offer to work with colleagues from the relevant government departments and the LGA to help shape and inform the government's future policy around Devolution (to be set out in the government's Devolution/Regions White Paper)

- (c) Development of a business case exploring the potential benefits, risks and costs to the Joint Committee of moving to a Combined Authority model of governance, if it is required to best position the Joint Committee to negotiate a Devolution deal with government, and bringing this report back to a future meeting.

Further documentation about the Committee is available on its website <http://www.hotswjointcommittee.org.uk/>

Agendas/papers for its formal meetings can be accessed on Somerset County Council's website

<http://democracy.somerset.gov.uk/mgCommitteeDetails.aspx?ID=357>

## 2. Recommendations

The Joint Committee is recommended to:

- (a) **Endorse the 'Programme for Action' set out in the proposition for the Heart of the South West brochure that was sent to the Prime Minister in December 2019**
- (b) **Agree to re-engage with the government and work with civil servants and others to help shape and inform future policy around Devolution, including exploring alternative governance models for large, non-metropolitan areas like the Heart of the South West**
- (c) **Agree that HotSW officers should develop a business case exploring the potential benefits, risks and costs of moving to a Combined Authority, to be brought back for consideration at a future meeting**

## 3. Reasons for recommendations

- 3.1
- The new government set out their intentions around Devolution in the Queen's Speech in December 2019:- as a mechanism for giving more power to local areas to strengthen local decision-making; for levelling up powers across the country and addressing regional disparities; and as crucial building blocks within the larger economic Powerhouse structures. The Heart of the South West Joint Committee needs to develop a response to this national policy direction.
  - The Heart of the South West has previously pursued a Devolution deal with Government, including exploring the option to create a Combined Authority. It is important that the Joint Committee reviews options at this point to ensure that our area is not left behind.
  - Our jointly produced Productivity Strategy and draft Local Industrial Strategy form a solid basis on which to negotiate our priorities with government. The key elements are summarised in the Programme for Action brochure. We therefore have a good foundation from which to

consider the next steps of the HotSW journey with government in order to deliver on the ambitions in our strategies.

## 4. Background

### 4.1 Establishment of the Joint Committee

4.1.1 The HotSW partnership of local authorities and the LEP came together in late 2015 to develop a statement of intent that was submitted to the then Chancellor of the Exchequer, George Osborne, in response to his 'Fixing the Foundations' report on UK productivity. The partnership went on to submit a Devolution prospectus to government in February 2016, and considered creating a Combined Authority. During the summer of 2016, constituent authorities each took a report through their council seeking agreement 'in principle' to establish a Combined Authority (without a directly elected mayor initially), as part of negotiating a Heart of the South West Devolution deal with government.

Although the activity around a Devolution deal for the Heart of the South West generated a number of high-level conversations with Ministers and civil servants, the EU Referendum in June 2016 meant that Devolution was no longer a priority for government. In the autumn of 2016 the partnership agreed to pause the work on Devolution and instead focus on strengthening local joint working, and on developing the Productivity Strategy. It was also agreed to formalise the partnership by creating a Joint Committee, recognising that this would be a useful precursor to a Combined Authority should the need or opportunity arise in the future. The Productivity Strategy was formally endorsed at the inaugural meeting of the Heart of the South West Joint Committee in March 2018.

4.1.2 The potential benefits of establishing a Combined Authority would be explored in the business case, however from previous work the differences are summarised in the table below.

| Criteria                                       | Joint Committee   | Combined Authority  |
|--|---|---|
| Process and timeframe                          | By agreement through local councils - timeframe locally determined                                  | Requires agreement by the SoS and the consent of local councils, and a Parliamentary Order<br>Can take 12 -18 months to establish   |
| Status and powers                              | Non-statutory<br>No new powers<br>Joint decision-making on issues identified locally as appropriate | Statutory body<br>Original scope was economic development, transport and regeneration. Now have access to a wide range of powers that can be negotiated with Government                       |
| Minimum criteria to set up, and required roles | Locally agreed purpose and scope  | <ul style="list-style-type: none"> <li>• Must improve the delivery of its functions in the area it covers</li> <li>• Must help to secure effective and convenient local government</li> </ul> |

|            |  |  |
|------------|--|--|
|            |  | <ul style="list-style-type: none"> <li>• Must reflect local identity and the interests of local communities</li> <li>• Requires identified Head of Paid Service, Chief Finance Officer and Monitoring Officer roles to be covered</li> </ul> |
| Funding    | Minimal cost - to cover basic secretariat functions and a work programme as agreed | Levy on all members to meet the costs of statutory roles - in addition to covering the cost of any functions delivered by the CA   |
| Membership | Local authorities and others as non-voting members                                 | Only local authorities are 'constituent members' - other organisations can subsequently become 'non-constituent' members or associate members, including those outside the CA area   |

The key difference between a Combined Authority and Joint Committee is that the Combined Authority is a governance structure established through statute that provides a greater level of visibility and robustness for government to engage with, and would appear to be the government's preferred model, particularly in terms of Devolution deals.

4.1.3 It is vital that all stakeholders differentiate between creating a Combined Authority and Local Government Reorganisation. These are very different processes.

## 4.2 **Queen's Speech December 2019**

4.2.1 Following the general election in December 2019, the new government confirmed in its December 2019 Queen's Speech, the intentions of the previous administration - to publish a White Paper on Devolution. Although the scope and approach for the White Paper are not yet known, there is an expectation from previous references that it will involve strengthened local governance arrangements, including more Combined Authorities and more directly elected mayors across the country. The notes accompanying the Queen's Speech stated: 'These increased powers and funding will mean more local democratic responsibility and accountability.'

4.2.2 Given the Heart of the South West's achievements to date in terms of being one of only a handful of areas to have a draft Local Industrial Strategy currently awaiting sign off from government, we need to ensure that we do not lose ground, and that we agree a united stance on this agenda that will enable us to quickly enter into a dialogue with government.

4.2.3 It is still not clear what the new government's approach will be to allocating funding for investment or the replacement for EU funding, however it is clear that they consider areas with integrated leadership across functional economic areas and stronger governance arrangements to be best placed for delivering higher rates of economic growth and increased productivity.

Furthermore the indications are that funding streams like Stronger Towns and High Streets funding will be part of a broad package of funding that will be targeted at areas to assist with 'levelling up' disparities across the country, and this is likely to be channelled through integrated local governance arrangements.

4.2.4 The government has also committed to supporting the Northern Powerhouse, Midlands Engine and Western Gateway models. The Western Gateway was the latest 'powerhouse' area to be announced just before the election and covers a large geography along the M4 including the Bristol, Cardiff and Swansea city regions. The 'powerhouses' encompass multiple Combined Authority (and LEP) areas as well as individual councils. They are a way for government departments to engage across a larger geography, to drive economic growth; to channel investment; and to provide a clear brand to attract inward investment. They often benefit from substantial targeted funding (e.g. 50% of the whole Transforming Cities Fund budget went to the Powerhouse areas) and they are jointly led, and sponsored by government.

4.2.5 Councils, the LEPs, businesses and universities across Cornwall, Devon, Somerset and Dorset have been working together for several years to develop a Great South West (peninsula) proposition to government, following an invitation from the Minister, Jake Berry MP, and more recently from the Prime Minister. The prospectus was [published online](#) and presented to government on 22 January. It sets out a number of common themes across the peninsula where we are already working together and could go further with government support (including agriculture, environmental technologies, marine-based industries, and tourism). The prospectus sets out the case for the South West peninsula to be a 'powerhouse' type brand in its own right. The content is closely aligned with the HotSW Productivity Strategy and draft Local Industrial Strategy and picks up the themes where we already work across boundaries.

### 4.3 **Communications and Engagement**

4.3.1 The key to success for much of this agenda, and particularly going forward into any Devolution deal negotiations, will be ensuring that local MPs and partners are well briefed and supportive. The Programme for Action document prepared just after the election is intended to be used in discussions with MPs and Ministers to provide a quick overview of the key Heart of the South West priorities.

4.3.2 The Joint Committee has expressed a desire to improve visibility in Westminster and to step up our public affairs activity. Following the strong support from constituencies in the North and the Midlands for the current government and an explicit focus on these areas going forward, it is even more important to ensure that our voice is heard. We also need to ensure that our communications are clear and that we are able to easily explain the relationship between the different South West geographies and initiatives - as amplifications of the same set of messages.

- 4.3.3 Further work is underway to explore setting up an event for HotSW MPs to promote a better understanding of the collaborative working between the Joint Committee and Local Enterprise Partnership, and particularly to secure their active support for the priorities in the Programme for Action, the majority of which are commitments in the draft Local Industrial Strategy.

## **5. Equalities Implications**

- 5.1 There are no equalities implications associated with the recommendations.

## **6. Financial Implications**

- 6.1 There are none directly related to this report, however should there be further work required beyond the development of the business case, a consideration of future resources from the Joint Committee budget will be required.

## **7. Legal Implications**

- 7.1 There are no specific legal implications associated with this report. The business case referred to in recommendation (c) will cover the potential legal implications of any Devolution deal or alternative governance arrangements.

## **8. Business Risk**

- 8.1 The key risk is that the progress and achievements the Joint Committee has made to date may be negated if we fail to develop a response to the emerging government policy direction on Devolution.

## **9. Other Implications: Health and Well-being; Health and Safety; Sustainability; Community Safety; Privacy**

- 9.1 There are no other implications

## **10. Background papers**

- 10.1 [House of Commons Library - Combined Authorities - December 2019](#)

**APPENDIX A - Letter to Prime Minister and Brochure**

**APPENDIX B - Background paper on Devolution – circulated in November 2019**