

DEVOLUTION, COUNTY DEALS AND THE LEVELLING UP AGENDA

Head of Service:	Jackie King, Interim Chief Executive
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	

Summary

This report sets out the background relating to devolution, County Deals and the Levelling Up agenda currently being pursued by the Government. It also covers the way in which this has been received in Surrey and the implications and opportunities offered by participation in the negotiation of a future County Deal. The report also makes reference to previous initiatives that have involved possible local government reorganisation.

Recommendation (s)

The Committee is asked to:

- (1) Note the background to the development of local government devolution initiatives over recent years and the opportunities and threats offered by the Government's Levelling Up agenda in the form of a possible County Deal for Surrey.**
- (2) Agree that the working group will continue discussions with Surrey County Council to explore opportunities for the delivery of services and renewal programmes in the Borough that improve the health and well-being of Epsom and Ewell residents, whether as part of a County Deal or not.**

1 Reason for Recommendation

- 1.1 To inform future discussions about local government collaboration, reorganisation, County Deal negotiations and Government levelling up proposals.**

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2 Background

- 2.1 The Government's desire to enable the devolution of certain centralised powers and, in some cases, funding, to local authorities dates back to 2016 when a number of early "Devo Deals" were negotiated with some larger metropolitan authorities and especially in areas which had or would have directly elected Mayors.
- 2.2 At that time all the public authorities in Surrey, and in East and West Sussex formed the 3SC regional partnership in order to develop a Devolution bid. In the event the collective aspiration failed to move beyond the initial stages mainly due to the requirement for a directly elected Mayor.
- 2.3 In July 2020 the Leader of Surrey County Council initiated a bid to create a single County Unitary authority serving the county's 1.2m residents. This was backed by a business case formulated by PWC. In response the Leaders of the Surrey districts and boroughs agreed to oppose the single unitary proposition on the basis of its size, remoteness of service delivery and likely divisiveness. KPMG were instructed to assess the possible case for other unitary models of more than one district/borough authority, but also to look at opportunities for greater collaboration.
- 2.4 In March 2021 the EEBC S&R Committee reported on the outcome of the final KPMG report and favoured greater collaboration rather than the unitary cluster models of Surrey local government.

3 Levelling Up and County Deals

- 3.1 Last year the Government announced the concept of County Deals beyond city regions as part of their emerging "Levelling Up" agenda. This was to be part of a long heralded "Devolution and Covid Recovery" White Paper. In response, in August 2021 Surrey County Council submitted a pilot expression of interest in negotiating a County Deal with the Government. In October 2021 this initial SCC bid was judged to have been unsuccessful but SCC were encouraged to resubmit in a later bidding round.
- 3.2 The White Paper includes a new devolution framework and Levelling Up Advisory Council as part of the Government offering a devolution deal to every part of England that wants one. County geographies and upper tier authorities are seen as the appropriate strategic level to which to devolve functions.

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- 3.3 SCC is committed to working with partners in formulating a County Deal for Surrey with “greater powers, freedoms and flexibilities” and in April 2022 the County Council reported on initial ideas that could form the broad basis of a draft County Deal. The County Council reported on the matter again on 25th October setting out its continuing aspiration to negotiate a County Deal for Surrey, in partnership with constituent authorities and agencies.

4 A County Deal Working Group for E&EBC

- 4.1 On 26th July 2022 the S&R Committee considered a report on the current position. It agreed to set-up a County Deal Working Group, but also delegated authority to the Interim Chief Executive, in consultation with the Chair of the Working Group, to make representations to Surrey County Council and/or other parties in connection with the process for developing a ‘Surrey County Deal’ proposal to government.

5 The Government’s Levelling Up intent

- 5.1 The intent of the Levelling Up White Paper is to secure better equality of opportunity and outcomes in education, economy, infrastructure, transport and health (and local leadership) with documented improvements by 2030.
- 5.2 There is also of course a widely reported political perspective to favour more deprived areas of the country in the north of the UK and indeed there are specific references to investment “outside London and the south-east”.

6 The 12 national “Missions”

- 6.1 The White Paper includes 12 Missions or pledges, all of which are set a target to be reached by 2030, these are:
- Increasing pay, employment and productivity in every area of the UK, having globally competitive cities and narrowing the economic gap between regions;
 - Increasing public investment in R&D outside the South-East by at least 40%;
 - Improving public transport across the country to be closer to the London standards;
 - Having nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population;
 - Increasing the number of primary school children achieving the expected standard in reading, writing and maths;

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- Increasing the number of people successfully completing skills training in every region;
- Reducing the gap in life expectancy between regions;
- Improving well-being in every area of the UK and close the gap between regions;
- Increasing pride in place in every area of the UK;
- Giving renters a path to home ownership and reduce the number of non-decent rented by 50%;
- Reducing crime;
- Having a devolution deal for every part of England that wants one.

7 The Devolution Framework

7.1 The White Paper includes three 'levels' as part of a new devolution framework:

- Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a Functional Economic Area ('FEA') or whole county area;
- Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area;
- Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

8 The early Surrey response

8.1 The County Council has expressed a desire to negotiate a County Deal for Surrey to seek "Greater powers, freedoms and flexibilities", with better outcomes for residents, tackling inequalities so that "no one left behind" and to secure better general value for money.

8.2 At this point the County Council has expressed a strong preference for a Level 2 County Deal with no requirement for a directly elected Mayor (DEM).

8.3 As part of the formulation of a deal for Surrey, the County Council has repeatedly stated its desire to work with partners and indeed this will be a requirement to show strong collaboration and integration as part of bid submission and, later, delivery against agreed targets.

8.4 The County Council also sees scope for the integration of some Local Enterprise Partnership (LEP) functions as part of a more co-ordinated arrangement around economic development across the districts and boroughs.

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9 Prospects

- 9.1 Over recent months the County Council has started to build strong relationships with DLUHC civil servants and with the recently reappointed Secretary of State, but there are now obvious uncertainties relating to the recent changes at Government level.
- 9.2 The County Council envisages that the mechanism through which it will formulate a draft Deal for Surrey will be the Surrey Delivery Board, the partnership that comprises all the Surrey local government Leaders and Chief Executives.
- 9.3 Recent discussions and workshops involving SCC and the D&Bs show a willingness to engage to explore both how Surrey's interests are best protected on a regional basis but also what measures and powers may be needed (and negotiated) for collaborative service improvements through a County Deal.
- 9.4 Given that the current County Council aspiration is to seek a Level 2 deal (ie) no DEM, then the likelihood of securing significant funding delegation from the government may be limited.

10 The potential offered by a County Deal

- 10.1 It may assist in understanding the types of delegated powers that other authorities have sought as part of their County Deals. These have included:
 - Police & Crime Commissioner (PCC) powers transfer to the accountable authority
 - Access to adult education budget
 - Access to bus franchising powers
 - Supplements on Business Rates to fund infrastructure investment
 - Devolution of central government funding pots
 - Funding for pilot employment support schemes
 - Strategic Planning and land supply
 - Control of apprenticeship grants
- 10.2 It is worth noting that the above examples are all for more deprived areas, mostly cover combined authorities/city regions, at equivalent of Level 3 ie require a DEM and these authorities can therefore expect to access significant funding programmes associated with the proposals.

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11 Opportunities and Threats

- 11.1 The broad concept of devolution through a County Deal is, perhaps, attractive as part of a long-held desire to loosen the controls Whitehall operates over local resourcing and decision making in local government. However, much of the devil lies in the detail and the way in which a negotiation may play out in reality.
- 11.2 There are obvious concerns for councils and partner agencies around Levelling Up as a concept. The principle of switching public and private investment and funding programmes to areas outside London and the south-east presents a very significant threat to councils such as EEBC.
- 11.3 Where additional funds are scarce or non-existent, the only real ability of the government to effect change in a levelling up sense is to favour some areas at the expense of others. It is almost inevitable that the home counties will be adversely affected unless a unified case and intensive lobbying for a County Deal can be pursued.
- 11.4 While the possibility of additional powers, freedoms and flexibilities is potentially attractive, the critical question to be answered is what exactly is currently lacking and what barriers are there to achieving the overall well-being objectives in the 12 Missions in Surrey?
- 11.5 The County Council has asked partner authorities to identify any such constraints so that they might form part of a negotiated County Deal. However, Members will be aware that the Localism Act 2011 introduced a general power of competence which gives all councils the power to do anything an individual can do provided it is not prohibited by other legislation. It may therefore be the case that it is not a lack of powers that constrains action but, yet again, it is limited financial resources that lie at the heart of a council's ability to act in some areas.
- 11.6 There are concerns that without significant additional or devolved funding from government then the "powers freedoms and flexibilities" being sought may only be of limited value at district council level.
- 11.7 A response might include detailed involvement with SCC in shaping a County Deal and, as part of that, seeking a "double devolution" of programme funding from the county level to delivery at district level. In this sense it might be possible to realign current responsibilities (and resources?) in favour of local delivery around agreed priorities.

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- 11.8 This was a matter debated by district and borough Leaders and Chief Executives at a workshop held on 21st October. There was broad agreement that a more fundamental dialogue with the County Council should underpin any discussions about the content of any County Deal, but also look to the opportunities to realign services between the county and district levels – in favour of the most localised way of tailoring delivery to communities. The Leaders agreed to pursue these discussions over the next few months.

12 12. Local Government Reorganisation

- 12.1 Some of the discussions around the emerging government framework for County Deals and levelling up have referenced whether it may be associated with a wider agenda to revive the possibility of local government reorganisation (LGR) – either at a national or local level.
- 12.2 Currently it appears unlikely that the government will prioritise a wholesale LGR in the foreseeable future. The line remains that, where there are locally generated and consensual proposals among partners, the Secretary of State may be willing to consider the case. There are no likely calls for such proposals in prospect and, as a general point, in a post-pandemic era with significant international instability and UK cost of living concerns, any possibility of centrally promoted LGR is probably receding.
- 12.3 In Surrey, SCC's single County Unitary proposition has been dropped in favour of a County Deal negotiation. The KPMG Recommendations for the districts and boroughs exploring clusters of Unitary councils or 8 areas of collaboration (Waste, Building Control, IT infrastructure, Housing, Revenues and Benefits, Procurement, Economic Development and Leisure Services) has favoured the latter.
- 12.4 In the case of EEBC, there is an agreed Council position (see report to S&R Committee 16.3.21) that seeks collaboration and shared service proposals in an opportunistic and incremental way, where the business case makes sense in terms of effort, affordability and beneficial community impact.
- 12.5 For the immediate future, it is therefore recommended that EEBC resources focus on the huge challenges facing the council and the community it serves rather than engage in debating any reorganisation proposals. However, at the Leaders and CE workshop on 21st October, it was agreed that districts and boroughs would re-visit the unitary cluster models and assess the degree to which it may be beneficial to develop collaboration initiatives within those cluster groupings.

13 The EEBC County Deal Working Group

- 13.1 On 30th September the Council's County Deal Working Group met for a workshop to consider the central issues and opportunities associated with participation in formulating a County Deal for Surrey in concert with SCC.

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- 13.2 All of the issues described in this report were considered and debated in detail. On the basis of the information available to date, the Working Group concluded that EEBC's best interests would be served by linking with the other districts and boroughs to assess the potential of participating in the negotiation of a County Deal for Surrey.
- 13.3 The working Group also considered that there may be potential in seeking dialogue with SCC around the delivery of EEBC priorities that align with SCC priorities – with the emphasis on enabling EEBC to tailor and deliver collective services that are appropriate to E&E residents.
- 13.4 The Working Group agreed to report the context and County Deal opportunities to the S&R Committee to garner wider member endorsement, hence this report.

14 Risk Assessment

Legal or other duties

14.1 Equality Impact Assessment

14.1.1 None for this report

14.2 Crime & Disorder

14.2.1 None for this report

14.3 Safeguarding

14.3.1 None for this report

14.4 Dependencies

14.4.1 None for this report

14.5 Other

14.5.1 While specific impacts of a final devolution deal are not known at this stage and will be subject to the outcome of negotiations with government on a devolution deal, there will likely be local impacts for district and borough partners. Active engagement with districts and borough partners through the Surrey Delivery Board and Surrey Chief Executives group will be maintained during the development of devolution proposals.

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15 Financial Implications

- 15.1 **Section 151 Officer's comments:** There are no immediate financial implications arising from the contents of this report. However, the budgetary impact of any specific proposals arising from any service collaboration or County Deal would have to be assessed through the normal decision-making process.

16 Legal Implications

- 16.1 **Legal Officer's comments:** There are no immediate legal implications arising from the contents of this report.

17 Policies, Plans & Partnerships

- 17.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council
- Green and Vibrant
- Cultural and Creative
- Opportunity and Prosperity
- Safe and Well
- Smart and Connected

- 17.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

- 17.3 **Climate & Environmental Impact of recommendations:** None for this report

- 17.4 **Sustainability Policy & Community Safety Implications:** None for this report

- 17.5 **Partnerships:** Surrey County Council, Other Surrey District and Borough Councils

18 Background papers

- 18.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [16 March 2021 S&R Committee report on the outcome of the final KPMG report](#)
- [26th July 2022 S&R Committee report on the county Deal position. Delegation of responsibility to progress County Deal work, Agreed to set-up a County Deal Working Group](#)

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- SCC Cabinet reports 26 [April 2022](#) and [25 October 2022](#) – County Deal principles.