

## Supporting Information and Impact Assessment

Service / Policy:	Heart of the South West Formal Devolution Bid
Executive Lead:	Mayor Oliver, Mayor and Executive Lead for Finance and Regeneration
Director / Assistant Director:	Anne-Marie Bond, Assistant Director of Corporate and Business Services

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### Section 1: Background Information

<b>1.</b>	<p><b>What is the proposal / issue?</b></p> <p>Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks and the Local Enterprise Partnership.</p> <p>The aim is to sign up ‘in principle’ to the pursuit of a Devolution Deal with the Government and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers and funding devolved through the Deal. An ‘in principle’ agreement from all of the local authorities, partners and MPs involved in the Heart of the South West devolution process will open up negotiations with HM Treasury to work towards a Deal.</p>
<b>2.</b>	<p><b>What is the current situation?</b></p> <p>The Government has declared its desire to devolve powers and budgets from Westminster to local authorities, along Local Enterprise Partnership geographies. The Chancellor of the Exchequer is particularly interested in devolution as a driver of economic growth and reducing reliance on the public purse.</p> <p>In general, devolution is expected to support the following areas of government policy:</p> <ul style="list-style-type: none"> <li>• Increased productivity</li> <li>• Skills and employment</li> <li>• Housing</li> <li>• Reducing the cost of the public sector</li> </ul> <p>Many devolution deals are being developed by consortia of local authorities and their Local Enterprise Partnerships. The largest agreed deal so far is the Greater Manchester Devolution Agreement. Known as the ‘Northern Powerhouse’ this deal will:</p> <ul style="list-style-type: none"> <li>• Join up economic growth agendas and public service reform</li> <li>• Health and social care integration</li> <li>• Devolve business support and skills/training/apprenticeship budgets</li> </ul>

- Create a directly elected Mayor with transport, strategic planning, housing development and Police and Crime Commissioner powers

Cornwall Council have also agreed a devolution deal to give them greater power and influence over business support, skills and employment support, EU funding, and health and social care integration. During tough negotiations with Government they demonstrated that an elected Mayor for Cornwall was not required for their area.

During August, Heart of the South West Leaders agreed to produce a high-level set of ambitions stating our desire to negotiate a devolution deal with government where we would make improvements to our area in return for increased powers and responsibilities.

The Heart of the South West Devolution Statement of Intent was submitted to Government and made public on 4 September 2015.

The Government praised our statement of intent for its clarity and ambition and asked us to move forward swiftly to produce detailed, formal proposals and begin negotiation with them on a formal deal.

Since September 2015, the partnership has strengthened and evolved, and jointly developed the HotSW Prospectus for Prosperity (Appendix 2).

Our Prospectus for Prosperity was submitted to Government at the end of February 2016. Since then the Partnership has pressed the Secretary of State to enter into discussion with its negotiation team to secure a Devolution Deal for the Heart of the South West area.

Following an invitation from the Secretary of State, on the 25 May 2016, leaders from the upper tier authorities met with the Greg Clarke, Secretary of State for the Department of Communities and Local Government to seek his views on our next steps forward.

Following that meeting, he invited us to come forward with a proposal and the following points were clarified:

- **Geography** – the Devon and Somerset area is agreed as the appropriate scale. Our proposal will need clearly demonstrate why this is the right geography for the Devolution agreement and all councils and MPs must support the proposal.
- **Combined Authority** – the Partnership will move forward into the negotiation process based on a Combined Authority model. A Mayor will not be imposed or be a pre-condition of any initial deal.
- **Extent of the Deal** – areas that have agreed to have a Mayor will get more powers than a non-Mayoral Combined Authority. However, the negotiation process will be an opportunity to push the limits of this initial Deal, and the process should be viewed as being incremental
- **Timeline** – we will still work towards an Autumn Statement timeline for the announcement of an initial Deal
- **Growth Deal 3** – the LEP will not be penalised in Growth Deal 3 negotiations just because the area has decided to pursue a Devolution

	<p>Deal based on a Combined Authority without a Mayor. The decision for allocation will be based purely on the quality of the Growth Deal bid.</p> <p>The Secretary of State went on to advise that if the Partnership, backed by each Council and MPs, would sign up to the principle of creating a Combined Authority by the end of July 2016, he would arrange for HM Treasury to open up negotiations towards a Devolution Deal.</p>
<p><b>3.</b></p>	<p><b>What options have been considered?</b></p> <ol style="list-style-type: none"> <li>1. To decline the Secretary of State’s offer and continue at our own pace. Reason for rejection: As far as we are aware we may be the first two tier area to be given the opportunity to enter into negotiation with Government for a Devolution Deal without committing to a directly elected Mayor (except for Cornwall which has a different arrangement). This is a prime opportunity to test Government and push as far as we can for powers to be devolved to the HotSW. The offer is likely to be time-limited due to Government schedules and announcements.</li> <li>2. To make separate approaches to Government, rather than as a Heart of the South West partnership. Reason for rejection: Since the submission of the Statement of Intent in September 2015, the 17 local authorities, 2 National Parks, the HotSW Local Enterprise Partnership and the 3 Clinical Commissioning Groups have worked very effectively together to create a strong and credible Prospectus that has been acknowledged by the Secretary of State. We should remain united moving forward into negotiations to have a stronger voice, and secure a better Deal.</li> </ol>
<p><b>4.</b></p>	<p><b>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</b></p> <p>The devolution proposals seek to deliver priorities and targets across all parts of Torbay’s ambitions.</p> <p>Ambitions: Prosperous and Healthy Torbay</p> <p>Principles:</p> <ul style="list-style-type: none"> <li>• Use reducing resources to best effect</li> <li>• Reduce demand through prevention and innovation</li> <li>• Integrated and joined up approach</li> </ul> <p>Targeted actions:</p> <ul style="list-style-type: none"> <li>• Protecting all children and giving them the best start in life</li> <li>• Working towards a more prosperous Torbay</li> <li>• Promoting healthy lifestyles across Torbay</li> <li>• Ensuring Torbay remains an attractive and safe place to live and visit</li> <li>• Protecting and supporting vulnerable adults</li> </ul> <p>Devolution potentially covers a wide range of services and plans. The detail of</p>

	<p>these will develop as formal proposals are developed, negotiation with Government takes place, and the final devolution deal is put into place.</p> <p>The devolution proposals seek to address the challenges we face in the Heart of the South West.</p> <p>The approach is detailed in the Prospectus for Productivity (Appendix 2):</p> <ul style="list-style-type: none"> <li>• For people: we will build on Government’s own national reconfiguration of the skills system to supply business with the skills it needs and a labour market able to deliver productivity per job and per hour at ‘Greater South East’ levels (outside Inner London). Our plans for health and care integration will support a significant proportion of our non-working population into work.</li> <li>• For business: our Growth Hub will enable business growth and internationalisation following closure of the national Business Growth Service. We will augment this with specific policies and initiatives to realise national priorities implicit in our Golden Opportunities.</li> <li>• For place: we will provide the infrastructure and housing required and make the Heart of the South West investment ready. We also recognise that much of our growth will occur in specific sub-regional economic geographies. We will plan and manage change in these sub-regions to ensure their connectivity with each other, with the rest of the country and globally. We will make sure that rural areas access and leverage these opportunities and build on Government’s 10 point plan for rural productivity geographies.</li> </ul>
<p><b>5.</b></p>	<p><b>Who will be affected by this proposal and who do you need to consult with?</b></p> <p>Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks and the Local Enterprise Partnership are all actively involved in the development of the final devolution bid.</p> <p>The whole population of our authority could be affected by a devolution deal. Any final devolution deal with government will be subject to further approval / ratification by all partners, and will require other implications and impacts to be considered at that stage.</p>
<p><b>6.</b></p>	<p><b>How will you propose to consult?</b></p> <p>Despite the Government’s challenging timescales to date, efforts have been made to keep Members informed on the development of the proposals and this will continue going forward.</p> <p>The Heart of the South West Formal Devolution Bid is a continuation of negotiation rather than a formal plan or strategy, therefore at this time there are no changes to council work which require public consultation. Any final devolution deal with government will be subject to further approval by all partners and appropriate consultation on delivery of the deal. Key</p>

stakeholders not already involved are being identified and engaged with as proposals take shape, including Members of Parliament. The Heart of the South West partnership will undertake more widespread public consultation when negotiations are at a more developed stage.

Throughout the development of the process Elected Members have been kept informed through the Devolution Working Party and regular member briefings. The Partnership is developing a video for members which will explain its work and next steps. A Member Development Training Programme will also be delivered in the autumn.

The Partnership regularly produces a newsletter, and key documents are posted on each Council's website.

## Section 2: Implications and Impact Assessment

### 7. What are the financial and legal implications?

#### Financial Implications

Each of the partner councils S151 officers will be involved in the development of the draft Deal and the investment framework that would support a Combined Authority. This will allow each partner Council and the Partnership as a whole to understand the financial implications of a Combined Authority and any Devolution Deal.

Until detailed devolution proposals are developed in discussions with the Treasury, financial implications can only be generalised. They fall into three categories:

1. The Government requires devolution to be a fiscally neutral process – power over funding may be transferred but no new government money will be made available except potentially for ‘pump priming’ activity
2. There is potential for savings across the public sector in the Heart of the South West and proposals are being developed with this in mind
3. The Government may however attempt to negotiate additional spending by the council or other partners as a requirement of one or more parts of the final deal

A financial assessment will need to be undertaken before the Council ratifies any final devolution deal.

#### Legal Implications

Each of the Councils’ legal teams will be involved in the development of the draft Deal and the structure of a Combined Authority for the Heart of the South West. This will allow each Council and the Partnership as a whole to understand the legal implications of any Devolution Deal and new Combined Authority body.

#### HR Implications

None at this stage. Implications will be addressed as any devolution deal is developed and agreed

### 8. What are the risks?

The involvement of technical specialists such as S151 officers and legal advisers in the development of any draft deal and combined authority model will help to understand the risk implications for the Council and the wider partnership. A risk register will be developed to sit alongside the development of the draft deal and the combined authority.

It is possible that one or more partners may choose not to proceed with a

	<p>formal bid. This would be unfortunate as there is strength in all partners coming on board; however it is possible for a Devolution Deal to go ahead even if one or more local authorities choose to opt out. There is significant discussion underway between partners to produce proposals that are acceptable to all, and this will be fully explored as the bid develops.</p>
<p>9.</p>	<p><b>Public Services Value (Social Value) Act 2012</b></p> <p>Not applicable at this stage.</p>
<p>10.</p>	<p><b>What evidence / data / research have you gathered in relation to this proposal?</b></p> <p><b>Engagement with Members and partners</b></p> <p>Producing the formal bid has been a fast moving process involving many organisations and individuals. In order to keep Members informed and provide background information for partners, the Devolution Programme Management Office have produced a weekly newsletter for all partners as well as more detailed updates as they become available. Leads for each theme have also engaged with their key stakeholders.</p> <p>Torbay Council Members have been kept informed through the Devolution Working Party meetings and all Member briefings.</p> <p><b>Governance</b></p> <p>At the leaders meetings a number of options for the governance of any devolution deal have been considered. No decision will be made on a governance model until the deal is agreed however, a form of Combined Authority model is proposed, subject to the nature of the final devolution deal and a formal governance review. As any deal will need to be ratified by the Council, Members will have an opportunity to consider the detail of governance at this time.</p> <p>One or more partners may choose not to proceed with a formal bid. This would be unfortunate as there is strength in all partners coming on board however it is possible for a devolution deal to go ahead even if one or more local authorities choose to opt out.</p> <p>Furthermore the Statement of Intents working principles include an agreement that proposals will do no harm, even if a particular proposal offers no advantage to a given area.</p> <p><b>Next steps</b></p> <p>If HM Treasury agree to open up negotiations towards a Devolution Deal for the Heart of the South West, further work will be required as detailed below. The timescales to deliver this work will be extremely tight if the Partnership is to achieve its target of establishing a Combined Authority in May 2018. The Programme Management Office oversees the delivery of the work plan and</p>

maintains communications between each partner. Consideration will need to be given to whether the capacity of the PMO will need to be increased to meet these potentially tight timescales.

**Productivity Plan:** The HotSW partnership has already committed to develop a Productivity Plan which will guide the powers and resources received in our devolution agreement, together with local contributions. This plan represents a refresh of the LEP's current Strategic Economic Plan (SEP).

Regardless of whether the Government agrees to open up negotiations for a Deal, the development of a Productivity Plan for the Heart of the South West sub-region will be an imperative to describe the long term future growth of the area, in order to provide a better quality of life for our residents. Therefore, work will continue on the development of a sub-regional Productivity Plan irrespective of whether there is an announcement in the Chancellor's Autumn Statement.

The Productivity Plan will focus on each of the six 'golden opportunities' that have been identified in the prospectus - Marine, Nuclear, Aerospace and Advanced Engineering, Data Analytics, Rural Productivity and Health. Sitting beneath each of the 'golden opportunities' will be detailed plans setting out our ambitions for the region and what plans we need to have in place to achieve those ambitions.

**Governance Review:** A Governance Review is already underway. This is examining existing structures and developing options for the best governance structure for the Heart of the South West sub-region. As part of this review, the following key issues will be considered and all partners will be involved in this process:

- The extent of the decision making powers to be vested in the Combined Authority
- What decision making structures or advisory committees (including place-based arrangements) will be required under the Combined Authority– including any joint committee arrangements
- Proposed voting arrangements



<p><b>11.</b></p>	<p><b>What are key findings from the consultation you have carried out?</b></p> <p><b>Options considered and reasons for rejecting them</b></p> <table border="1" data-bbox="403 338 1441 819"> <thead> <tr> <th data-bbox="403 338 928 414">Alternative approach</th> <th data-bbox="928 338 1441 414">Reason for rejection</th> </tr> </thead> <tbody> <tr> <td data-bbox="403 414 928 600">Not to participate</td> <td data-bbox="928 414 1441 600">There is significant potential benefit to Torbay through devolution which can be explored with minimal risk.</td> </tr> <tr> <td data-bbox="403 600 928 819">To submit proposals based on a different geography</td> <td data-bbox="928 600 1441 819">Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.</td> </tr> </tbody> </table> <p>Both of these alternatives have also been ruled out on the advice of senior civil servants.</p> <p>There is the potential for significant benefit to Torbay through devolution and this can be explored with minimal risk.</p>	Alternative approach	Reason for rejection	Not to participate	There is significant potential benefit to Torbay through devolution which can be explored with minimal risk.	To submit proposals based on a different geography	Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.
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To submit proposals based on a different geography	Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.						
<p><b>12.</b></p>	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>None currently.</p>						

## Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People with caring Responsibilities	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People with a disability	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Women or men	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Religion or belief (including lack of belief)	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are lesbian, gay or bisexual	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are transgendered	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are in a marriage or civil partnership	Increase opportunities for local people as outlined in the		

		Productivity Prospectus		
	Women who are pregnant / on maternity leave	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	Increased through transformation opportunities for people, place and business		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Increased through transformation opportunities for people, place and business		
<b>14</b>	<b>Cumulative Impacts – Council wide</b> (proposed changes elsewhere which might worsen the impacts identified above)	N/A		
<b>15</b>	<b>Cumulative Impacts – Other public services</b> (proposed changes elsewhere which might worsen the impacts identified above)	N/A		