

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Place

To
Cabinet
on
28th June 2016

Report prepared by: Emma Cooney, Group
Manager Economy and Tourism

Devolution

Relevant Scrutiny Committee(s): Place Scrutiny
Executive Councillor: Councillor John Lamb
Part 1

1. Purpose of Report

To update Executive Briefing on the recent activity in relation to devolution negotiations and to seek guidance regarding next steps.

2. Recommendations

That Members –

2.1 note the position and activity in relation to devolution negotiations

2.2 note the emergence of the Thames Estuary 2050 Growth Commission

3. Devolution and Combined Authorities

3.1 The on-going discussions summarised in this paper refer to both devolution and a Combined Authority.

3.2 Devolution is a negotiation process with Government, similar to that experienced through the City Deal process. It requires an area to agree an ambition, the economic growth which could be delivered there and the freedoms, flexibilities and funding needed to be devolved in order to deliver it. This is over and above anything that Councils can already deliver.

3.3 Combined Authority is a legislative process which sees a new authority formed alongside existing local authorities. It has the specific purpose of allowing government to devolve decisions and funding to an area in line with its ambitions which usually include skills, transport, housing and economic development.

- 3.4 A Combined Authority does not replace or merge existing Councils, nor is it a reorganisation of local government. It is a mechanism via which Councils can work together, empowered by devolved decision making and funding, with democratic and robust governance.

4 Current Position

- 4.1 Since the start of 2015 when a report was agreed to explore devolution, the Council has twin tracked its devolution work; actively and transparently exploring both a South Essex and a Greater Essex devolution deal with a view to ensuring the best outcomes for Southend and Thames Gateway South Essex (TGSE) as its economic geography.
- 4.2 The Council is clear that the role and profile of the Thames Gateway, as a priority regeneration area for Government with its own Minister, is a key aspect of Southend's economic identity and should therefore also be integral in any devolution discussions. This has been reflected in discussions officers have had with civil servants.
- 4.3 Having recognised the scale of opportunity and impact of devolution for Thames Gateway South Essex, Southend and Thurrock Councils jointly commissioned some additional work to develop a clear economic case for devolved powers and government investment.
- 4.4 This has proved it to be a functional economic area, a view reinforced by the private sector and to be valid as part of a Greater Essex proposition, or as a stand-alone case.
- 4.5 The Council has been keen to ensure proposals have resonance with businesses. The TGSE business community has been engaged with this work via engagements events held on 11th March 2015, at which **Lord Heseltine** was the keynote address, and 23rd October 2015.
- 4.6 A range of work has been undertaken by officers on both a Greater Essex and a South Essex proposition. This includes statistical evidence bases and scoping documents to identify the appropriate asks and offers to deliver the ambitions of the corresponding areas.
- 4.7 The Council's devolution discussions have been firmly rooted in ensuring the best position for Southend and TGSE as its economic geography. Southend and Thurrock Councils have led on developing an independently researched evidence base and feedback from the private sector in regards to the South Essex position. The other South Essex authorities have consistently been invited to participate in this work and their position has fluctuated over time but the work has continued to explore the TGSE economy. The findings have confirmed South Essex as a coherent economic geography and reinforced the importance of TGSE. This has subsequently been translated into a draft proposition document.
- 4.8 The findings and priorities of TGSE have been shared with the Greater Essex working groups together with a number of red lines outlining the Council's position:

- That the economic geographies of Greater Essex (e.g. TGSE) must be the foundation of the proposal. However, this approach has not been included in the draft documents and the TGSE proposition did not feature strongly in the draft deal document.
- That ambition and pace must be a key headline of the deal.
- That the principle of subsidiarity must be embedded in the deal, i.e. the powers and funding sought will be devolved to the level closest to the geography and most appropriate to the theme e.g. Skills to the Growth Partnership but a Greater Essex Integrated Transport.

There has been some inclusion of these elements however the draft deal document does not firmly ground the work in the economic geographies or on the basis of subsidiarity. Neither is there a shared appetite for growth nor a shared narrative as to how it would be distributed across Greater Essex.

- 4.9 Within the Greater Essex work the Leaders and Chief Executives have met regularly as a collective and in regards to thematic workstreams with dedicated leads:
- Employability and Skills – Rob Tinlin
 - Homes and Communities – Glen Chipp (Epping)
 - Growth, Connectivity and Infrastructure – David Marchant (Castle Point)
 - Governance – Ian Davidson (Tendring)
 - Fiscal – Margaret Lee (Essex)
- 4.10 Each of these themes has been progressed to a point where the first three workstreams had initial conversations with junior civil servants in January 2016. The content was generally well received but it became clear that the process has become one of standard asks and offers rather than the original grassroots principles initially espoused. Civil servants suggest that the ‘prize’ is far greater than the initial deal; that once deals are in place and delivery underway further negotiations for more significant/bespoke items will commence.
- 4.11 Since the Whitehall engagement sessions the devolution environment has changed further with elected Mayors now a pre-requisite for devolution deals.
- 4.12 In February 2016 Greater Essex was approached about joining the Suffolk, Norfolk, Cambridgeshire and Peterborough combined authority with a directly elected Mayor for the whole geography. This elicited mixed views from the Leaders of Essex authorities, but with a decision to not join the East Anglia combined authority. The Leaders of Southend and Thurrock Councils provided a position statement to the other Leaders which can be found in **Appendix 1**.
- 4.13 The Leaders agreed that the work to date had been valuable and that there was merit in further understanding what a directly elected Mayor would mean should a Greater Essex devolution deal be pursued. It should be noted that at this point there were differing levels of appetite for such a role varying from those who were very supportive of what was required to secure a devolution to those who found the proposal fundamentally unacceptable.
- 4.14 In the meantime two pieces of work have been launched by Essex County Council for the Greater Essex area. The first is a Greater Essex Commission, chaired by Andrew

Sentence CBE and the second is the Growth and Infrastructure Framework (GIF) being led by AECOM.

- 4.15 On 26th May 2016 the Leaders and Chief Executives met to ascertain whether, with further understanding of the mayoral role, there was sufficient interest to form a 'coalition of the willing' to pursue a devolution deal. A vote was taken and the majority voted against a devolution deal with a directly elected mayor. On this basis devolution work has been put on hold.
- 4.16 There was agreement that the joint working has been beneficial and if a devolution deal without a Mayor were to be possible there would be an appetite to pursue that.

5. Thames Estuary 2050 Growth Commission

- 5.1 In the March 2016 Budget the Chancellor announced the Thames Estuary 2050 Economic Growth Commission to be chaired by Lord Heseltine. The Budget document states (para 1.341)

The Commission will develop an ambitious vision and delivery plan for North Kent, South Essex and East London up to 2050. This will focus on supporting the development of high productivity clusters in specific locations. It will examine how the area can develop, attract and retain skilled workers. It will also look at how to make the most of opportunities from planned infrastructure such as the Lower Thames Crossing. It will report back at Autumn Statement 2017 with a clear and affordable delivery plan for achieving this vision.

- 5.2 The area is being called the Thames Estuary, rather than the Thames Gateway as has historically been known to reflect the changed geography as this incorporates the Canterbury and Thanet areas of north Kent.
- 5.3 The list of Commissioners has been published (**Appendix 2**) however the work programme and forward plan for the Commission has yet to be launched and is expected late June. Consequently how the Commission will engage with individual areas and the stakeholders within them is not yet clear. Officers continue to maintain a close dialogue with civil servants supporting the work so as to ensure Southend's desire to proactively participate in and contribute to the work of the Commission.
- 5.4 There is no promise of funding, investment or changed governance arrangements as a result of the Commission, but instead, it is an opportunity to look at the growth potential of the area, identify how this could be unlocked and make a series of recommendations to Government.
- 5.5 The Commission now poses an opportunity for Southend, TGSE and the Thames Estuary area to raise its profile and potentially to influence the investment; engagement and governance tools available to the area in the future so should be a priority as the forward plan emerges.

6. Corporate Implications

- 6.1 Contribution to Council's Vision & Corporate Priorities

- 6.1.1 The development of the growth agenda supports the Council's prosperous and excellent priorities
- 6.2 Financial Implications
 - 6.2.1 There are no immediate financial implications however areas without devolution deals will have to make more robust cases to secure government funding in the future and may find funding pots reduced with a top slice allocated to areas with devolved powers. This may impact on funding, particularly for capital infrastructure projects, which may have previously been a more reliable source of investment.
- 6.3 Legal Implications
 - 6.3.1 There are no legal implications at this time, but there would be in delegating powers to a Combined Authority and the Council would need to be clear on the extent of its appetite to do this e.g. delegate strategic transport powers, but not highways maintenance. These would be fully addressed during the process of preparing the case for a combined authority.
- 6.4 People Implications
 - 6.4.1 The on-going commitment of officer time
- 6.5 Property Implications
 - 6.5.1 There are no property implications in relation to the recommendations
- 6.6 Consultation
 - 6.6.1 Business engagement events have been held in March and October 2015 with further consultation in regards to the Commission planned for the Southend Business Briefing in June.
- 6.7 Equalities and Diversity Implications
 - 6.7.1 There are no equalities and diversity implications.
- 6.8 Risk Assessment
 - 6.8.1 Any submission must accord with Southend's growth priorities, fiscal plans and governance arrangements so as not to jeopardise the ambitions shared by the public and private sectors for the borough in the short and long term.
- 6.9 Value for Money
 - 6.9.1 There are no value for money impacts as a result of this report with regards to Council expenditure.
- 6.10 Community Safety Implications
 - 6.10.1 There are no community safety implications as a result of this report.

6.11 Environmental Impact

6.11.1 There are no environmental impacts as a result of this report.

7. Appendices

Appendix 1 – Email to Greater Essex Leaders 25th February 2016

Appendix 2 - Commissioners for the Thames Estuary 2050 Growth Commission

Appendix 1: Email to Greater Essex Leaders 25th February 2016

Dear All,

We are writing ahead of the Greater Essex Leaders' meeting on 26th February.

It was with disappointment that we read the email this week regarding Greater Essex devolution and in particular the perception of the position taken by Southend and Thurrock which doesn't represent accurately our views. A considerable amount of work has been undertaken and time invested over a long period in developing and shaping a devolution deal by many and we have worked hard to be supportive and collaborative partners. As you know, both of our authorities have played a full role in the work since the outset in 2014 in order to shape a deal that was ambitious and able to meet the needs and aspirations of businesses and communities in Southend and Thurrock. It was with this in mind that we were content to sign the letter to Government in September 2015 which signalled our support. We have equally always been very fair and clear that the Growth agenda is one that we want to be able to discuss jointly and to explore how we maximise the opportunities within this part of the Region.

While remaining supportive you will be aware that we have consistently raised points about the focus and attention given to growth areas; ensuring alignment with the federated structure of SELEP; and on governance. You are also aware of the position reached by Thurrock Council earlier this month to re-state its continued involvement in the Greater Essex work while at the same time exploring a more detailed proposition with Southend, in the hope and expectation that the two could be brought together. Southend Council shares this position.

We are both strongly of the view that the Greater Essex work carried out has been invaluable and should not be wasted, it begins to set an agenda for a step change in growth, signals an approach to further developing symbiotic ways of working and we believe a way forward should and can be found for it to underpin and shape future growth plans.

We would like to make clear our joint position on the issues to be discussed by leaders on 26th February.

Firstly, like other colleagues we are frustrated at the Government's apparent new and changed position that devolution proposals now require a commitment to a Mayor or local government reorganisation. Neither Southend nor Thurrock Council will support a proposal that includes a Mayor. The matter of local government reorganisation is principally for County and District colleagues in the first instance. Secondly, we recognise the potential opportunities for parts of Essex to engage in discussions with Suffolk, Norfolk, Cambridgeshire and Peterborough and would be willing to express support for those areas in doing so where appropriate and should it be helpful. However, it is not a discussion that Southend or Thurrock Council would wish to pursue as an active partner. This is also our position regarding Hertfordshire. However, given our preference for a Thames Gateway based solution we would be happy to work with the County Council and South Essex partners in making an approach to North Kent authorities if helpful to colleagues.

We are both interested in finding ways to continue to build on the relationships and work developed over the last 18 months with partners across South and Greater Essex on issues of mutual interest. We are also committed to continuing to work with partners through the existing channels, including SELEP, the South Essex Growth Partnership (as a SELEP federated area) and the Thames Gateway Strategic Group, to achieve our shared growth ambitions. Our view, and one that we would iterate most strongly to our partners, is that we see many benefits of being in some aspects of cross borough boundary working in the Greater Essex area whilst in terms of other issues, particularly growth, we would welcome your support to endorse us pursuing an agenda that is predominantly along and through the South Essex corridor. We believe that the partnerships that have emerged as a result of Devolution discussion should not be lost but that we should aim to build an approach which works for all involved, one size clearly does not fit all and we would endorse and be proactive in further work on shared agendas of mutual benefit.

Yours sincerely,

Cllr John Kent
Cllr Ron Woodley

Appendix 2: Commissioners for the Thames Estuary 2050 Growth Commission

- Lord Heseltine
- Secretary of State Greg Clark
- Mark Francois MP
- Lord Jim O'Neill (Commercial Secretary to Treasury)
- Lord Adonis (Chair NIC)
- Sir Edward Lister
- Sir John Arnott (President of the Institute of Civil Engineers)
- Lord Foster (Chair and Founder of Foster and partners)
- Prof Alice Gast (President Imperial College)
- Gregory Hodkinson (Chair ARUP Group)
- Sir George Iacobescu (Chair and CEO of Canary Wharf Group)
- Prof Dr Uwe Krueger (CEO Atkins)
- Sir Stuart Lipton (Lipton Rogers Developments)
- Sadie Morgan (Director of drmm Architects)
- Tony Pidgley (Chair of Berkley Group)
- Nicola Shaw (CEO HS1)
- Geoffrey Spence (Global Head of Infrastructure, Energy and Resources Lloyds Bank)