

**Southend-on-Sea City Council**

**Report of Chief Executive**

**To**

**Cabinet**

**On**

**21 February 2023**

Report prepared by: Rob Polkinghorne, Chief Executive

**Agenda**

**Item No.**

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**Greater Essex Devolution, Expression of Interest to Government**

**Policy and Resources Scrutiny Committee**

**Cabinet Member: Councillor Cllr Stephen George**

**Part 1**

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**1. Purpose of Report and summary**

- 1.1. Cabinet is asked to note progress to date on conversations with Essex County Council and Thurrock Borough Council regarding the opportunities associated with devolution to Greater Essex (GE) and to review and endorse the content of the Expression of Interest (EOI) which will be submitted by the three upper tier constituent authorities (Southend, Essex and Thurrock) to Government.
- 1.2. The Government's Levelling Up and Regeneration Bill sets out the legislative framework for local places to seek a devolution deal that would enable greater local control over a range of powers and funding currently held by central Government.
- 1.3. A significant proportion of the potential powers and funding on offer relate to skills, transport, infrastructure, the environment and the economy. They support both the Southend 2050 ambition and the priorities in the Corporate Plan. The EOI details how the devolution framework might be applied in Greater Essex to support those ambitions and address the challenges faced.
- 1.4. Essentially the EOI is Greater Essex's wish list to Government, broadly based on the devolution framework (Appendix 1). Submitting the EOI will allow Government to consider its content and make an offer to Greater Essex, as a starting point to negotiate.

**2. Recommendations**

- 2.1. It is recommended that:
  - 2.1.1. Cabinet endorses submitting the devolution Expression of Interest to Government. This will start the beginning of the process to discuss with government whether a devolution deal is suitable for Greater Essex and what elements of the framework would form part of a potential deal.
  - 2.1.2. Cabinet gives authority to the Leader, in consultation with the Chief Executive, to make amendments to the annexed Expression of Interest prior to its submission to Government.

### **3. Background**

- 3.1. On the 11th of May 2022 the Levelling Up and Regeneration Bill had its first reading in Parliament. The Bill provides the legislation necessary for some of the ambitions set out in the Levelling Up White Paper (WP).
- 3.2. A core element of the WP and Bill is the creation of a framework to support the greater devolution of powers from central government – supporting the commitment that ‘by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement’. As of December 2022, the government has agreed devolution deals with 8 of the 11 areas that were prioritised for devolution in the Levelling Up White Paper.
- 3.3. Five of those areas have shared their learning and lessons from this process, some of which is shared below.

### **4. The Strategic Case for a Deal**

- 4.1. The EOI sets out what Leaders across Greater Essex consider the potential benefits of a devolution deal could bring.
- 4.2. Greater Essex is a large economy – similar in scale to Northern Ireland - with huge potential. Greater Essex is very diverse, with advanced manufacturing expertise in the south of the county, logistics hubs around our two freeports and airports; strategically located on the energy coast, with clean energy generation – through offshore wind, solar farms, and a potential hydrogen hub; medtech and life sciences; and digital clusters in some of our main cities. It is estimated that a devolution deal could support councils to unlock at least an additional 50,000 high quality new jobs and £5bn of added economic output to make GE once again one of the fastest growing economies in the UK.
- 4.3. In addition, devolution could help to overcome key challenges, including supporting people to gain NVQ 4+ qualifications. Developing the new homes that are needed, in a sustainable way where thriving communities are created, and not to add stress to the existing transport infrastructure. And, supporting those who reside in the most deprived 20% of neighbourhoods in the country.
- 4.4. The strategic case is built on five pillars. These pillars are, Economic Case, Financial Case, Democratic Case, Efficiency Case, and Competition Case, and are set out in the EOI at Appendix 2.

### **5. Levels of Deal**

- 5.1. There are three ‘levels’ of devolution deal on offer. Level 1 constitutes informal joint working between authorities such as through a joint committee arrangement. Level 2 requires a single lead institution or county council working across a functional economic area – in practice, for Greater Essex, this means the creation of a Combined County Authority. Level 3 requires a single lead institution or county council working across a functional economic area, i.e., a Combined County Authority with a directly elected mayor. Level 3 deals offer the greatest range of

devolved powers and funding on offer through the framework. The powers linked to each level of deal are set out in the table at Appendix 1.

- 5.2. It has been agreed that the three upper tier constituent authorities will enter dialogue with Government on the basis that they wish to explore the potential benefits and structures of L2 and L3 deals, with a view to evaluating which level would lead to the best outcomes for Greater Essex residents.
- 5.3. Learning from five authorities who have recently been granted new deals has revealed that Government is not in a strong position to negotiate deals outside of the level's framework. This is due to capacity to liaise with other Government departments outside of DLUHC. However, all five authorities described that agreeing their level 3 deal was the first stage in an ongoing process, where the strength of their governance structures has enabled them to begin new conversations with various Government departments to enhance the offer.
- 5.4. This is an important lesson to note for Southend. We are aware that DLUHC are planning their resources for coming months and there are other areas in the wider region who may be engaging in devolution conversations. If Southend are keen to explore the terms of a timely deal, it would be wise to consider how to do this in line with the level's framework.

## **6. Process for Agreeing the Content of the Deal**

- 6.1. Under the terms of the proposed legislation and based on Greater Essex as a functional economic geography, the devolution deal needs to be agreed by Southend on Sea City Council, Essex County Council and Thurrock Council. The district, city, and borough councils in Essex and the OPFCC do not need to approve the devolution deal. However, given the impacts across all authorities, the leaders of Southend, Essex and Thurrock have taken the view that they wish to pursue a consensual and collaborative approach to devolution and have therefore developed the approach in dialogue, and with the support of, other authorities across Greater Essex.
- 6.2. This process began in June 2022, with the Essex Leaders and Chief Executives Group (ELCE) agreeing an approach to exploring the potential for a devolution deal. It was agreed to establish three Greater Essex devolution working groups to consider options and opportunities offered by the new framework.
- 6.3. Workstreams were led by the Leaders of Southend, Essex and Thurrock councils and supported by CEOs from other authorities. Leaders and CEOs from across Greater Essex have participated in the workstream meetings. The workstreams met twice and their deliberations fed into subsequent discussions at ELCE on 8th December and on 30th January 2023. Leaders and Chief Execs have been shaping the EOI throughout this period and the current draft reflects that collaborative approach.

## **7. Content of the Deal**

- 7.1. The EOI is not the final deal. The EOI is a starting point for the dialogue with Government. It is expected the content will change through that dialogue and

therefore constituent councils will be asked to formally approve the content of the devolution deal only after those discussions have completed. On the assumption that dialogue begins with Government in the next month or so, it is expected that a decision would come forward in the Summer. In summary, the EOI covers the areas described below.

7.1.1.1. **Skills** is an area where devolution could deliver significant benefits, enabling Greater Essex to address long-standing issues with low skills and low productivity and make the transition to new fast-growing economic growth sectors. The skills devolution offer is substantial and would give greater influence over a key economic lever. This includes control over the adult education budget (£28-84m a year); influence over the Local Skills Improvement Plan ensuring skills provision is matched to the local economy and the sectors where Greater Essex has the opportunity to see significant growth; and influence over DWP employment programmes.

7.1.1.2. On the **economy**, if a level 3 deal was negotiated, it is expected to attract a gainshare/investment fund of approximately £1bn, alongside the new powers on skills, transport, and strategic infrastructure planning to transform the Greater Essex economy and support it to become the fastest-growing in the UK outside London. Stronger strategic co-ordination would enable us to attract higher levels of inward investment (including FDI) through effective place promotion. Devolution would also enable the integration of the LEP functions and therefore transform local government's strategic engagement with business - both existing and future businesses.

7.1.1.3. On the **environment**, devolution can support the acceleration needed to meet net zero ambitions; make progress into the 400,000 homes in Greater Essex that need retrofitting; create 18,000 local green jobs by 2030; and save consumers money by developing smart, local energy systems.

7.1.1.4. On **transport**, particularly sustainable transport, is key to energising and enabling many objectives: boosting economic growth, tackling disadvantage and inequality, boosting public health and improving the environment. Devolution has the potential to enable Greater Essex to become a strategic transport authority, providing the levers to create a more integrated, connected and sustainable transport network. Potential powers include bus ticketing and franchising, forming rail partnerships, multi-year transport funding and powers over the key route network.

7.1.1.5. On **housing and infrastructure**, Greater Essex faces the challenge of having to build many more new homes to meet the needs of an increasing population and to improve the affordability, quality and carbon/climate challenges of housing. Devolution will provide new powers to do this, including the ability to be a stronger partner with Homes England, to accelerate and unlock building on brownfield sites,

to take forward strategic planning ensuring an infrastructure first approach (driven by local control of infrastructure funding and delivery) and to boost regeneration where it makes sense to do so.

- 7.1.1.6. On infrastructure, a level 3 deal could bring a gainshare fund of approximately £1bn to significantly improve the county's infrastructure.
  - 7.1.1.7. On **communities, community safety** and **public services**, devolution offers the opportunity to bring together on a common Greater Essex footprint, and in a more integrated way, action on the wider determinants of health (such as employment, skills and housing), public health and community safety. This could strengthen community resilience and reduce health inequalities that widened during the pandemic and are likely to widen further as a result of the cost-of-living crisis. It will also help to address entrenched deprivation which in some parts of the geography, which is a significant and growing issue. Work in Glasgow and Greater Manchester highlights the benefits of this public health approach to community safety. Other devolution deals have also offered combined authorities the opportunity to work more closely with government agencies in supporting people with complex needs. This is important as a relatively small number of individuals and families with complex needs drive significant demand and cost on the police, the criminal justice system, the benefits system, the health system and social care. The scope for devolution also allows for more effective and efficient public services through better use of data and through moving to more integrated service delivery models across authorities where appropriate.
- 7.2. Other devolution deals have also sought to identify some opportunities outside of the formal devolution framework. Through the workshops a wide range of additional proposals were identified which go further than the Government's framework. These areas include: the devolution of powers to enable leadership of Local Area Energy and Heat planning, bringing systems thinking to the design of a net zero energy system that works for all; devolved capital funding to support the delivery of housing priorities in Greater Essex including new affordable homes, net zero ambitions and specialist housing; the ability to negotiate for Greater Essex to pilot new sustainable building standards that go beyond the bare minimum.

## **8. Engagement of Partners**

- 8.1. Key partners have been identified for engagement activity. Engagement with the public will come later, in a formal part of the process, and is something officers need to prepare for early when it is an appropriate time to do so.
- 8.2. In terms of engagement already carried out, alongside the discussions with all local authorities in Greater Essex and the Police Fire and Crime Commissioner, sessions have been held with individual authority-level and all member briefings; discussions with the Health ICS Chairs and the Essex Health and Well-being Board; MPs have been briefed; and businesses met with; alongside briefings for the Universities, the Essex Association of Local Councils – representing parish and town councils.

8.3. The aim is to develop the proposals and approach in an open and transparent way and will continue to engage and discuss with key partners across Greater Essex.

## **9. Links to our Strategic Ambitions**

9.1. The proposals within the EOI are aligned to, and support Southend-on-Sea City Council to achieve, the identified priorities, as set out in the Corporate Plan:

- A city that is strong and prosperous. See 7.1.1.2
- A city with a good quality of life. See 7.1.1.7
- A city rising to the climate change challenge. See 7.1.1.3
- A city delivering genuinely affordable housing. See 7.1.1.5

9.2. The continuation of conversations to explore the possible achievement of a devolution deal further supports the LGA's Corporate Peer Challenge recommend to 'Strengthen your voice and influence for the benefit of the City and South Essex in the wider devolution agenda'. LGA Peers concluded that it would be important for the Council to ensure it continues to exercise sufficient voice and influence on ASELA in relation to the devolution agenda.

## **10. Options**

10.1. **Option 1: Endorse the submission of the EOI to Government.** This is the preferred option as it is the only basis on which Greater Essex can engage with government to fully understand the potential reality of achieving benefits of devolution to its residents and communities.

10.2. **Option 2: Do nothing.** There is no legal requirement for areas to enter into a deal with Government. However, not pursuing dialogue with Government means that Greater Essex has effectively ruled out devolution without fully understanding and considering its potential benefits and risks falling further behind the growing number of other areas nationally, and within the GE, who are benefiting from devolution deals.

10.3. An additional consequence to Option 2, as described by the five areas who shared their learning from recent deals, is that they have benefited from not being required to engage in competitive bidding rounds, such as the Levelling Up Fund. They shared concerns about what this means for areas who are not included in deals.

## **11. Issues for consideration**

### **11.1. Financial implications**

11.1.1. There are no direct financial implications for Southend-on-Sea City Council in respect of submitting the EOI to Government. If a deal with Government is negotiated, then there will be financial consequences. Those consequences will depend on what is negotiated – but might include: new money coming into the area; existing national budgets being localised;

potential freedoms and flexibilities on existing financial arrangements; and the costs associated with setting up any new authority.

- 11.1.2. A full financial assessment will be undertaken on the final deal offered by the Government before the three upper tier constituent authorities make a formal decision on whether to accept a deal.

## 11.2. Legal implications

11.2.1. There are no direct legal implications for submitting an EOI.

11.2.2. In the event that a deal is negotiated with the Government it will be necessary to undertake a full assessment of the legal implications along with an appropriate public consultation before the three upper tier constituent councils can vote on whether to accept the final deal on offer.

## 12. Equality and Diversity Considerations

12.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires the Council to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

12.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for 12.1 (b) or 12.1 (c) although it is relevant for 12.1 (a).

12.3. There are no equalities implications associated with the submission of this EOI. If a devolution deal is negotiated with Government, then the equalities implications of the deal will be considered further through a full Equalities Analysis before a formal decision is made on whether to accept the deal or not.

## 13. List of Appendices

**Appendix 1:** Table of powers for different levels of devolution deal – taken from the White paper: *Levelling Up the United Kingdom*

**Appendix 2:** Expression of Interest (EOI) document.