

Ward: ALL

Portfolio: ALL

FROM: Leader of the Council **Date:** 18 December 2017

SUBJECT: Heart of the South West Joint Committee Proposal

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| Report Sign off | Seen by: | Name | Date |
| | Legal | Alex Kershaw-Moore | 27/11/2017 |
| | Finance | Paul Deal | 27/11/2017 |
| | Chief Executive/Deputy Chief Executive Officer | Stuart Brown/Donna Nolan | 27/11/2017 |
| | Group Manager | N/A | |
| Summary: | <p>At their meeting on 11 December 2017 Cabinet recommended this report to Council.</p> <p>The report seeks approval that the Council, together with other authorities in Devon and Somerset, the Local Enterprise Partnership, Dartmoor and Exmoor National Parks and three Clinical Commissioning Groups, form a Joint Committee for the Heart of the South West. The arrangements are set out in Appendices A and B.</p> <p>This report and Appendices will be taken for approval by all constituent authorities.</p> | | |
| Recommendation: | <p>That Council:</p> <ol style="list-style-type: none"> 1. Approve the recommendation of the Heart of the South West Leaders (meeting as a shadow Joint Committee) to form a Joint Committee for the Heart of the South West; 2. <ol style="list-style-type: none"> (a) Approve the Arrangements and the principles of the draft Inter-Authority Agreement set out in appendices A and B for the establishment of the Joint Committee with the commencement date of Monday 22 January 2018; (b) Delegate authority to the Deputy Chief Executive and Monitoring Officer, in consultation with the Leader, to finalise the form and enter into the Inter Authority Agreement. (c) Delegate authority to the Deputy Chief Executive and Monitoring Officer, in conjunction with the Leader, to make variations to the Inter Authority Agreement as recommended by the Joint Committee | | |

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| | <ol style="list-style-type: none"> 3. Appoint Councillor Harvey Siggs, Leader of the Council and Councillor Tom Killen, Deputy Leader of the Council as the Council's named representatives and substitute named representative on the Joint Committee; 4. Appoint Somerset County Council as the Administering Authority for the Joint Committee for a two year period commencing 22nd January 2018; 5. Approve the transfer of the remaining joint devolution budget to meet the support costs of the Joint Committee for the remainder of 2017/18 financial year subject to approval of any expenditure by the Administering Authority; 6. Approve an initial contribution of £1400 for 2018/19 to fund the administration and the work programme of the Joint Committee, noting that any expenditure will be subject to the approval of the Administering Authority; 7. Agree that the key function of the Joint Committee is to approve the Productivity Strategy, noting that the intention that the Joint Committee will approve the Strategy in February 2018; 8. Authorise the initial work programme of the Joint Committee aimed at the successful delivery of the Productivity Strategy; <p>Agree the proposed meeting arrangements for the Joint Committee including the timetable of meetings for the Joint Committee as proposed in para 2.14.</p> |
| <p>Direct and/or indirect impact on service delivery to our customers and communities</p> | <p>The aim of the Joint Committee through the delivery of the Productivity Strategy will directly benefit our customers and Communities.</p> |
| <p>Financial Implications:</p> | <p>The costs associated with the early work on the Productivity Strategy preparation largely relate to officer time which is being provided 'in kind' by the authorities and partners. Specifically the LEP has met some direct costs.</p> <p>The establishment of the Joint Committee provides a low cost option compared to a Combined Authority model of governance. As part of the Inter-Authority Agreement the assumption is that the Constituent Authorities will continue to provide in-kind support although this will be reviewed by the Administering Authority to ensure that the levels of support are appropriate, sustainable into the future and acceptable to the authorities providing the support. The direct running costs of the Joint Committee will be limited to providing officer support for the meetings, if there is insufficient 'in-house' capacity, and the costs of the meetings themselves. At this stage</p> |

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| | <p>direct support costs will be kept to a minimum and for 2017/18 and some of 2018/19 will be covered by the residual joint devolution budget established in 2015.</p> <p>In addition to the direct costs of administering the Joint Committee there is also the issue of a budget to fund its Work Programme. Further details of the provisional budget requirements are set out in section 2 together with the proposed funding mechanism for contributions from individual Constituent Authorities.</p> <p>The potential cost/impact of working in this way should lead to the potential influence with the Government and investment to the area. Through recent funding initiatives and policy (including a recent meeting with the Minister), it is clear that Government is looking for areas to come together and articulate their vision and priorities across footprints wider than their organisational boundary or sub-regional areas.</p> <p>The proposal put before Members sets out a low risk, low cost option to work in a more formal way to capitalise on opportunities arising from future Government strategies, funding announcements and in preparation for Brexit.</p> |
| <p>Legal Implications:</p> | <p>S101 Local Government Act 1972 permits the Council to enter into a joint committee with other authorities and external partners for various purposes, including providing a forum for collaboration and co-ordination of plans that affect a particular region.</p> <p>The Inter Authority Agreement sets out the functions, membership and operations of the Joint Committee and the requirements upon the constituent authorities in supporting it. The documentation also aligns to the LEP's Assurance Framework.</p> |
| <p>Crime and Disorder Implications:</p> | <p>None for the purposes of this report.</p> |
| <p>Equalities Implications:</p> | <p>The Inter-Authority Agreement requires all Constituent Authorities to support, promote and discharge its duties under the Equality Act through the work of the Joint Committee.</p> <p>The Partnership is developing an Equality Impact Needs Assessment to inform the development of the Productivity Strategy. The Joint Committee will consider this assessment alongside the Productivity Strategy before adoption in February 2018.</p> |

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| <p>Risk Assessment and Adverse Impact on Corporate Actions:</p> | <p>The creation of a Joint Committee will place a formal governance structure around the preparation and implementation of the Productivity Strategy. The Strategy will be used as a tool to attract a greater share of Government funding around the Industrial Strategy to mitigate the risk of Devon and Somerset being left behind other areas of the country.</p> <p>Without a Productivity Strategy and Joint Committee in place, the Council and its partners will lack credibility and be at a disadvantage in negotiating and lobbying Government on a range of policy initiatives including the growth agenda and are likely to miss out on potential funding streams.</p> <p>The individual financial risk to the individual Constituent Authorities of establishing the Joint Committee is limited to their financial contributions to the running and operational costs of the Joint Committee. The risk is shared between all of the Constituent Authorities.</p> |
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INTRODUCTION

- 1.1 Since August 2015, Devon and Somerset County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks, the Local Enterprise Partnership (LEP) and the three Clinical Commissioning Groups have worked in partnership to progress towards securing a devolution deal for the Heart of the South West (HotSW) area focusing on delivering improved productivity. Since that time the partnership has continued to progress its objectives in spite of policy shifts at a national level.
- 1.2 On 11 July 2016 Council agreed to the principle of the approach now detailed in this report. This report sets out the necessary documents which, if agreed, will enable the Joint Committee to be formally established.
- 1.3 Since then the General Election has further shifted the national policy position. On the 13th October representatives of HotSW (from the Somerset, Devon, Plymouth and Torbay upper tier authorities) met Jake Berry MP, Minister for devolution to clarify the position of the Government and the HotSW Partnership on the devolution issue. The meeting was very positive and although no agreements were reached at the meeting, the partnership's representatives were given a clear message that the Government would welcome a bid from the partnership to progress our productivity ambitions by identifying areas where we can work together with Government. Importantly the Minister indicated that there would be no requirement to have an elected mayor for Devon and Somerset as a condition of any deal. This statement has removed one significant blockage to moving our ambitions forward and we now need to agree what we want from this initiative and then find practical ways to work with the Government on delivery.
- 1.4 There is now no doubt that the Government is keen to engage with wider areas that can demonstrate:
- Unity, clarity of purpose and a shared, ambitious vision built on local strengths;
 - Strong partnership between business and the public sector with solid governance arrangements that provide assurance in capacity to deliver;
 - Compelling ideas that can help to deliver Government objectives;
 - Clarity about the offer to Government in terms of savings and is prepared to take hard decisions based on a robust analysis of risk and benefits.

The Joint Committee will provide the ideal governance framework at this stage to take forward this dialogue with Government.

- 1.5 The key role of the HotSW Joint Committee is to develop, agree and ensure the implementation of the Productivity Strategy. This can only be achieved by working, where appropriate, in collaboration with the individual constituent authorities and the LEP. The Strategy will agree a common vision for increased prosperity through economic growth informed by a local evidence base and engagement with local stakeholders. It will also link to Government policy initiatives, particularly in relation to the Industrial Strategy, and will form the basis for developing our collective 'ask' of Government.

HotSW JOINT COMMITTEE PROPOSAL

- 2.1 The detail of the proposed functions of the Joint Committee and how it will operate are set out in appendix A attached – the Arrangements document. Appendix B attached sets out an Inter-Authority Agreement for consideration which details how the Joint Committee will be supported and sets out the obligations of the Council if it agrees to become a constituent member.
- 2.2 The documents detail the Administering Authority functions in support of the operation of the Committee including the provision of financial, legal, constitutional and administrative support to the Committee.
- 2.3 At this stage the Arrangements and Inter-Authority documents have been ‘scaled’ to fit the functions of the Joint Committee and the limited liabilities that each authority faces in signing up to be a Constituent Authority. In the event that the remit of the Joint Committee expands to take on more decision-making responsibilities and functions of the constituent authorities, the Arrangements and Inter-Authority agreement will be revisited to ensure that they remain fit for purpose and proportionate. Any expansion of the functions and responsibilities would require the approval of the Constituent Authorities.
- 2.4 The Joint Committee has a much more limited role than a Combined Authority. It does not have the statutory or legal status of a Combined Authority and cannot deliver the full range of benefits that a Combined Authority can, but it does have the potential to provide cohesive, coherent leadership and a formal governance structure. Its role will focus on collaboration, negotiation and influencing with full decision making responsibilities limited to developing and agreeing the Productivity Strategy. The principle of subsidiarity will apply to the relationship between the Joint Committee, the Constituent Authorities and local Sub-Regional Partnerships with decisions to deliver the Productivity Strategy and decisions necessary as a result of the other functions of the Joint Committee being taken at the most local and appropriate level.
- 2.5 The aim of the Joint Committee through the delivery of the Productivity Strategy will be to:
- Improve the economic prosperity of the wider area by bringing together the public, private and education sectors;
 - Work together to realise opportunities and mitigate impacts resulting from Brexit;
 - Increase understanding of the local economy and what needs to be implemented locally to improve prosperity for all;
 - Ensure the necessary strategic framework, including infrastructure requirements, is in place across the HotSW area to enable sub-regional arrangements to fully deliver local aspirations; and improve the efficiency and productivity of the public sector. This work will be supported by a Joint Committee budget based on an agreed work programme.
- 2.6 The creation of a single strategic public sector partnership covering the HotSW area will: facilitate collaborative working; help us to remove barriers to progress;

as well as provide a formal structure to engage with Government at a strategic level on major areas of policy. It also has the potential to enable the Constituent Authorities and partners to have discussions with neighbouring Councils/ Combined Authorities/LEPs on South West peninsula priorities and issues as well as the ability to move swiftly towards a Combined Authority model in the future (by potentially acting as a shadow Combined Authority) if the conditions are deemed acceptable to the Constituent Authorities.

- 2.7 Critically, the Joint Committee will also provide a formal mechanism for the Constituent Authorities to engage effectively with the LEP across common boundaries and agendas. District Council partners, in particular, might view this as an opportunity to engage more effectively with the LEP. The LEP, which will sit alongside the Joint Committee, has recently adopted new governance requirements to ensure greater transparency and accountability and wishes to further improve its democratic accountability in discussion with HotSW partners. The Joint Committee will provide a formal structure to take these discussions forward and for the Constituent Authorities to have greater influence over the activities of the LEP on our common agendas.
- 2.8 Although the Joint Committee is a cost-effective formal structure, some provision needs to be made to meet the support costs of what will be a fully constituted local authority joint committee. It is proposed that Somerset County Council (who have provided the lead for the governance workstream of the devolution project over the last two years) takes on the support role (with the option of rotating the role after 2 years of operation), to provide the financial, legal, democratic support to the Joint Committee from 22nd January 2018.
- 2.9 There is currently the remainder of the joint devolution budget raised from an initial contribution from all Authorities and the LEP in 2015. It is recommended that the remaining funds from this budget - £42,000 - are transferred to the Administering Authority and the budget is used to support the costs of the Joint Committee for the remainder of 2017/18 financial year and for some of 2018/19.
- 2.10 In addition, the Joint Committee will need a budget to undertake its work programme in order to oversee the implementation of the Productivity Strategy. The overall budget required to support the Joint Committee and enable it to undertake its work programme will be dependent, to an extent, on the level of 'in-kind' officer resources provided to the Committee by the constituent authorities. The Administering Authority will review the in-kind support which has been provided for the devolution project in consultation with the constituent authorities and bring forward revised budget figures as part of a budget and cost sharing agreement as necessary in due course to the Joint Committee for consideration and recommendation to the Constituent Authorities. The budget figures set out in this report in paragraph 2.11 are therefore provisional at this stage. The initial Joint Committee work programme is set out in section 3 below for approval.
- 2.11 Through work undertaken by the partners it is estimated that the operating cost of a Joint Committee will be £89,000 in 2018/19 (and to cover the remainder of 2017/18). This estimate is made up of the following:
- £40,000 for the Administering Authority to undertake its duties. This is seen as a minimum cost and assumes that 'in-kind' officer resource remains in place

at the same level; the Joint Committee meeting venues are provided by partners as 'in-kind' contribution;

- £25,000 (estimate) for work the Joint Committee would wish to commission;
- £24,000 for the Brexit Resilience and Opportunities Group Secretariat.

2.12 It is recommended the budget is met by contributions from the Constituent Authorities. This would exclude the LEP and the CCGs from contributing as non-voting partners. As stated above it is estimated there will be a funding carry forward of £42,000 from the 2015 devolution budget. This would leave a shortfall of £47,000 to meet the total estimated budget requirement of the Joint Committee in 2018/19. Using the formula of contributions agreed in 2015 to support the devolution project the contribution requested of each Constituent Authority for 2018/19 is set out below. This assumes that all authorities agree to become members of the Joint Committee and would have to be recalculated should fewer than 19 Authorities become Members.

- County Councils - £10,500
- Unitary Councils - £4,000
- District Councils and National Parks - £1,400

2.13 Under this formula it is recommended this Council contributes £1400 for 2018/19 as a Constituent Authority. Any expenditure against this budget would be subject to the formal approval of the Administering Authority.

2.14 In terms of the proposed meeting arrangements for the Joint Committee, it is recommended:

- (a) That the Joint Committee should meet formally immediately after the LEP Board meetings to assist with engagement and co-operation between the bodies and allow co-ordination of the respective work programmes.
- (b) That the following dates are reserved for meetings of the Joint Committee in 2018:
 - Friday 26 January
 - Friday 23 March
 - Friday 25 May
 - Friday 20 July
 - Friday 28 September
 - Friday 30 November
- (c) That the Joint Committee meetings should start at 10am with the venues rotated throughout the HotSW area. The assumption will be that the host authority for that meeting will provide appropriate accommodation and facilities 'in kind'.

HotSW PRODUCTIVITY PLAN AND THE JOINT COMMITTEE WORK PROGRAMME

- 3.1 The Partnership has, since its inception, been focused on working together to tackle low productivity as this is seen as the key to future economic growth. The academic research undertaken in the HotSW Green Paper on Productivity - <http://www.torbay.gov.uk/council/how-the-council-works/devolution/productivity-plan-green-paper/> highlighted that whilst Devon and Somerset have one of the highest employment rates in the country too many of those jobs are part-time and low paid. This means that our area has one of the lowest productivity rates in the Country and this is a major barrier to future prosperity.
- 3.2 The Partnership has continued to lobby Government to work more closely with our area in order to make good on its promise to spread economic growth across the Country and we now need to build on the recent meeting of the Minister and the momentum achieved. This work is urgently needed to ensure that areas such as the Heart of the South West don't get left behind as Government look to focus investment in areas where there are strong, cross boundary strategic partnership arrangements such as the six Mayoral Combined Authorities.
- 3.3 The Productivity Strategy is being developed through an academic evidence base and engagement with stakeholders and the community. Consultation on the draft plan ended on 30 November 2017.
- 3.4 In summary the Strategy proposes to deliver prosperity and productivity across the entire HotSW and to do so in an inclusive way. It proposes to build on existing strengths such as aerospace, advanced manufacturing, nuclear energy and agri-tech as well as exploiting new opportunities and releasing untapped potential.

The Strategy is built around three key objectives:

- Developing **leadership and knowledge** within businesses in our area;
- Strengthening the **connectivity and infrastructure** our businesses and people rely on; and
- Developing the ability of people in our area to **work and learn** in a rapidly changing economy.

| | Leadership and Knowledge | Connectivity and Infrastructure | Working and Learning |
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| Aspiration | To substantially improve the productivity of businesses in the area. | Improve our physical and natural assets to support wellbeing and economic opportunities. | Meet the potential of every individual within the area to work and contribute to our shared prosperity. |
| High-level Aim | Help develop innovative, ambitious, growing businesses that can compete internationally. | Create vibrant places that are attractive to skilled people and new investment, with infrastructure to support productivity growth. | Develop, attract and retain a highly skilled and adaptable workforce. |

| Strategic Objective | Programmes | Programmes | Programmes |
|---------------------|--|--|--|
| | <ul style="list-style-type: none"> • Management excellence • New markets, new opportunities • Remove barriers to expansion • Attract talent and investment | <ul style="list-style-type: none"> • Clean energy infrastructure • Connectivity and resilience • Land for business and housing needs • Natural capital to support productivity | <ul style="list-style-type: none"> • Skills for a knowledge-led economy • Pathways to success • Access to work and opportunities • Skills for our 'golden opportunities' |

3.5 It is recommended that one of the first tasks of the Joint Committee will be to approve the Productivity Strategy early in the New Year.

3.6 The Partnership has been meeting as a Shadow Joint Committee since 22 September 2017. Its focus is to ensure the Joint Committee can immediately move into action and take advantage of major funding streams, national policy debates and lobbying around the economy. The Partnership will be working with the LEP to deliver the Productivity Strategy and will be supporting a joint work programme which initially will involve:

- Developing and recommending a delivery and investment Framework, to implement the Productivity Strategy and demonstrating our capacity to deliver. This will complement the LEP's Strategic Investment Panel which oversees the LEP's investments;
- Investigating ways to complement existing work to draw out opportunities to attract infrastructure investment in line with the Productivity Strategy aims, building our track record for ambitious and compelling propositions;
- Investigating ways to complement existing work on improving the delivery of skills in line with the Productivity Strategy aims;
- Investigating ways to complement existing work on strengthening leadership and knowledge within the area's SMEs in line with the Productivity Strategy aims.

3.7 Any Joint Committee expenditure on the joint work programme will be subject to approval by the Administering Authority.

OPTIONS CONSIDERED

4.1 There are two options and alternatives that Members might consider:

Option 1 - Do nothing and continue with informal arrangements within the Partnership. As set out above the feedback from Government is they prefer to work 'at scale' and are looking more favourably at areas that have a unity of vision and purpose.

Option 2 - Move to a Combined Authority. The Partnership now need to review the option of establishing a Combined Authority at some point following the indication from the Minister that there will be no requirement to have an elected mayor in order to pursue our ambitions. Establishing a Combined Authority requires a substantial lead in time to allow for the Parliamentary approval process and would inevitably require the creation of a shadow Combined Authority to test and confirm the concept. The potential benefits of moving to a Combined Authority model will have to be judged against the implications of doing so, including the cost implications. The Joint Committee has the benefit of allowing the Partnership to move relatively quickly to establish a Combined Authority if that is the wish of the partners.

RECOMMENDATION

That Council:

- 5.1 Approve the recommendation of the Heart of the South West Leaders (meeting as a shadow Joint Committee) to form a Joint Committee for the Heart of the South West;
- 5.2
 - (a) Approve the Arrangements and the principles of the draft Inter-Authority Agreement set out in appendices A and B for the establishment of the Joint Committee with the commencement date of Monday 22 January 2018;
 - (b) Delegate authority to the Deputy Chief Executive and Monitoring Officer, in consultation with the Leader, to finalise the form and enter into the Inter Authority Agreement.
 - (c) Delegate authority to the Deputy Chief Executive and Monitoring Officer, in conjunction with the Leader, to make variations to the Inter Authority Agreement as recommended by the Joint Committee.
- 5.3 Appoint Councillor Harvey Siggs, Leader of the Council and Councillor Tom Killen, Deputy Leader of the Council as the Council's named representatives and substitute named representative on the Joint Committee;
- 5.4 Appoint Somerset County Council as the Administering Authority for the Joint Committee for a two year period commencing 22nd January 2018;
- 5.5 Approve the transfer of the remaining joint devolution budget to meet the support costs of the Joint Committee for the remainder of 2017/18 financial year subject to approval of any expenditure by the Administering Authority;
- 5.6 Approve an initial contribution of £1400 for 2018/19 to fund the administration and the work programme of the Joint Committee, noting that any expenditure will be subject to the approval of the Administering Authority;
- 5.7 Agree that the key function of the Joint Committee is to approve the Productivity Strategy, noting that the intention that the Joint Committee will approve the Strategy in February 2018;

- 5.8 Authorise the initial work programme of the Joint Committee aimed at the successful delivery of the Productivity Strategy;
- 5.9 Agree the proposed meeting arrangements for the Joint Committee including the timetable of meetings for the Joint Committee as proposed in para 2.14.

REASONS FOR RECOMMENDATIONS

- 6.1 Working together will deliver better results if we are to help our businesses improve their productivity levels and deliver greater prosperity across the Heart of the South West. By collaborating across local geographies we will strengthen the area's voice to Government and strengthen the actions the area can take to improve productivity.
- 6.2 The Productivity Strategy will replace the Local Enterprise Partnership's Strategic Economic Plan. It will be the key strategic document for the partners to engage with Government and each other on a range of investment opportunities and powers emerging from the Industrial Strategy, Brexit and other policy opportunities.
- 6.3 The HotSW Joint Committee will provide a formal strategic partnership to complement and maximise the ability of individual authorities and sub-regional arrangements to deliver their aspirations. It will provide the formal arrangements for collaboration on productivity.
- 6.4 Through the Joint Committee the partners can test and improve their ability to work together as a potential precursor to the possible establishment of a Combined Authority at some point in the future. It will also provide a mechanism to further strengthen democratic input and influence with the LEP and align more effectively with the LEP's new model of governance and accountability.
- 6.5 Without a Joint Committee in place, the HotSW area will continue to struggle to position itself to be able to take advantage of Government policy initiatives and new funding opportunities compared to those areas that have and are establishing formal strategic partnerships.

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Background Papers