

7 March 2023		ITEM: 5
Corporate Overview and Scrutiny Committee		
Greater Essex Devolution		
Wards and communities affected: All	Key Decision: Key	
Report of: Karen Wheeler, Director of Strategy, Engagement and Growth		
Accountable Assistant Director: n/a		
Accountable Director: Karen Wheeler, Director of Strategy, Engagement and Growth		
This report is public		

Executive Summary

The Government's Levelling Up and Regeneration Bill sets out the legislative framework for places to seek a devolution deal that would enable greater local control over a range of powers and funding currently held by central government and builds on the Levelling Up White Paper published last year.

A significant proportion of the potential powers and funding on offer relate to skills, transport, infrastructure, the environment and the economy, for the benefit of residents, communities and businesses.

Thurrock Council has been engaged with all local authorities across Essex to consider the potential for Greater Essex devolution – this work was instigated by the Essex Leaders and Chief Executives Group last summer with discussions focussed on opportunities for giving local partners the resources, powers and policy levers to unlock Greater Essex's substantial economic potential.

The council's Improvement and Recovery Plan commits to continuing to engage with partners on discussions around the options for devolution, ensuring the interests of Thurrock residents and businesses are reflected and protected which will require officer and Member time to progress.

The purpose of this report is for Corporate Overview and Scrutiny Committee to consider the Expression of Interest (EOI) to Government to open a dialogue for a devolution deal for Greater Essex (including Essex County Council, Southend-on-Sea City Council and Thurrock Council areas) prior to Cabinet on 15 March 2023. The alternative is to do nothing and play no further part in the work across Greater Essex.

It is important to highlight that this report is about gaining agreement to express an interest for further discussion only. Any potential deal offered by Government would require consultation and formal decision making to follow. If submission of the EOI is agreed by the three top-tier local authorities, once it has been submitted to government an initial dialogue and process of negotiation taking at least six months is anticipated to develop a devolution proposal document for further consideration.

1. Recommendation(s)

1.1 That the Committee considers and comments on the Expression of Interest and submission to Government to begin a dialogue for a Greater Essex devolution deal and understanding the benefits it might bring to the residents of Thurrock or whether to take no further part in the process at this time.

2. Introduction and Background

2.1 In May 2022 the Levelling Up and Regeneration Bill had its first reading in Parliament. The Bill provides the legislative framework necessary for some of the ambitions set out in the Levelling Up White Paper published earlier that year subject to receiving Royal Assent.

2.2 A core element of both 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’.

2.3 The three levels set out in the devolution framework are summarised below and in full at Appendix A:

<p>Level 3 A single institution or County Council with a directly elected mayor (DEM), across a functional economic area (FEA) or whole county area;</p>	<p>Access to the largest set of powers, including the ability to consolidate existing core local transport funding into a multi-year integrated settlement, devolution of locally-led brownfield funding, mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align and the ability to introduce a mayoral precept and supplement on business rates.</p>
<p>Level 2 A single institution or County Council without a DEM, across a FEA or whole county area;</p>	<p>Fewer powers than Level 3, but still significant powers, including control of appropriate local transport functions, ability to introduce bus franchising, the ability to provide input into Local Skills Improvement Plans, and Homes England compulsory purchase powers.</p>
<p>Level 1 Local authorities working together across a FEA or whole county area e.g. through a joint committee.</p>	<p>Access to three core powers: the ability to host Government functions best delivered at a strategic level including more than one authority, the opportunity to pool services at a strategic level, and the opportunity to adopt innovative local proposals to deliver action on climate change.</p>

- 2.4 Thurrock Council has been engaged with all local authorities across Essex to consider the potential for Greater Essex devolution – this work was instigated by the Essex Leaders and Chief Executives (ELCE) Group last summer with discussions focussed on opportunities for giving local partners the resources, powers and policy levers to unlock Greater Essex’s substantial economic potential. This has led to the development of the Expression of Interest at Appendix 2 and support at ELCE to enter dialogue with government on the basis of exploring the potential for a Level 2 and a Level 3 deal.
- 2.5 Under the terms of the proposed legislation which is currently being considered and based on functional economic geography, any devolution deal needs to be agreed by Essex County Council, Southend-on-Sea City Council, and Thurrock Council. The district, city, and borough councils in Essex and the Office of the Police, Fire and Crime Commissioner do not need to sign off the devolution deal. However, given the potential impacts across all authorities, the Leaders of Essex, Southend and Thurrock have taken the view that they wish to pursue a collaborative approach to devolution and have therefore developed the EOI in dialogue with and the support of other authorities across Greater Essex.
- 2.6 This process began in June 2022 when ELCE agreed 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. Workstreams were led by the Leaders of Essex, Southend and Thurrock Councils and supported by Chief Executives from other authorities. Leaders and Chief Executives from across Greater Essex have participated in the workstream meetings. The workstreams met twice and their deliberations fed into subsequent discussions at ELCE on 8 December 2022 and 30 January 2023. Leaders and Chief Executives have been shaping the EOI throughout this period and the current draft reflects that collaborative approach.
- 2.7 Essex County Council and Southend-on-Sea City Councils’ Cabinets met during week commencing 20 February to consider the EOI and both agreed to support its submission to government. Southend-on-Sea City Council do not support Level 3 and a directly elected Mayor.

3. Issues, Options and Analysis of Options

- 3.1 The Expression of Interest (EOI) at Appendix 2 sets out the benefits a Greater Essex devolution deal could potentially bring based on the four tests set out by government – effective leadership, appropriate geography, flexibility and appropriate accountability – and the powers available within the framework.
- 3.2 Greater Essex is a large economy – similar in scale to Northern Ireland’s - with huge potential. It has a GVA of more than £40bn, and is home to 75,000 businesses, including some of the best known and most innovative companies in the world, employing more than 700,000 people.

- 3.3 A Greater Essex devolution deal could help build on its strengths, unlocking at least an additional 50,000 high quality new jobs and £5bn of added economic output to make it one of the fastest growing economies in the UK.
- 3.4 To achieve that a devolution deal would need to help address the challenges Greater Essex faces. For example, it has 72,000 fewer people with NVQ 4+ qualifications than the national average as a proportion of its population. It needs to build 200,000 new homes by 2040 and in a way that is sustainable, creates thriving communities, and doesn't add stress to the existing transport infrastructure. There are currently 183,000 people living in the most deprived 20% of neighbourhoods in the country. Devolution could help address these challenges and the strategic case is set out in the EOI.
- 3.5 The potential for a deal is set out in the EOI and is a starting point for the dialogue with government. The content is expected to change through that dialogue and therefore relevant councils will be asked to formally sign up to the content of the devolution deal only after those discussions have completed. Assuming dialogue can be opened up with government in the next month or so, we expect that decision to come forward in the Summer.
- 3.6 At this stage, the decision being sought is just for agreement to express an interest for further discussions only. There is currently no commitment to Thurrock Council beyond that needed to remain engaged with partners to explore possible future options. That engagement is an action the Council has committed to as part of the Improvement and Recovery Plan.
- 3.7 In summary, the EOI covers the areas described below:
- *On skills*, skills is an area where devolution could be a game changer for Greater Essex, enabling it 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 very substantial and would give us control or much greater influence than we have now 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 our local economy and the sectors where Greater Essex has the opportunity to see significant growth; and influence over DWP employment programmes, adopting a more joined-up and co-ordinated approach across the skills system with powers and flexibilities for joint working with key agencies.
 - *On the economy*, with a level 3 deal, Greater Essex could use the gainshare/investment fund of approximately £1bn, alongside the new powers on skills, transport, and strategic infrastructure planning to transform the Greater Essex economy and make it the fastest-growing in the UK outside London. Stronger strategic co-ordination would enable it to attract higher levels of inward investment through effective place promotion. Devolution would also enable it to absorb the Local Enterprise Partnership

(LEP) functions and therefore transform strategic engagement with business - both businesses that are already here and new businesses.

- *On the environment*, devolution can accelerate the drive to net zero; make serious inroads 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.
- *On transport*, transport, particularly sustainable transport, is key to energising and enabling many shared objectives: boosting economic growth, tackling disadvantage and inequality, boosting public health and improving the environment. Devolution would enable Greater Essex to become a strategic transport authority, giving it 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.
- *On housing*, meeting 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 give 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.
- *On infrastructure*, a level 3 deal would include use of the gainshare fund of approximately £1bn to significantly improve the county's infrastructure.
- *On communities, community safety and public services*, devolution offers the opportunity to bring together on a common Greater Essex footprint, and in a much more integrated way, action on the wider determinants of health (such as employment, skills and housing), public health and community safety. This could enable strengthened 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 address entrenched deprivation which in some parts of our geography 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.
- *Outside the devolution framework*, most places negotiating devolution deals have also sought to identify some opportunities outside of the formal devolution framework. Through the workshops, a wide range of proposals were identified where it could 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.

- 3.8 Until there has been dialogue with Government it is not possible to state definitively what the full benefits of devolution to Thurrock residents will be. However, what is clear, given the pressures faced across all local government, all local authorities in Essex are keen to explore any opportunity to deliver more efficient, joined up services to residents and businesses. Many of the big issues that residents across all our local geographies face – economically, socially, environmentally – are more strategic and significant than any one council has the capacity or resources to cover effectively.
- 3.9 There are different levels of deal available as part of the Devolution Framework. Discussions so far within ELCE suggest that most authorities are happy to go into the dialogue with government on the basis that the benefits of a Level 2 and a Level 3 deal will be further explored and considered should a deal offer be received. Southend-on-Sea City Council have expressed a clear position on consideration of Level 2 only and do not support Level 3.
- 3.10 Due to the nature of the legislative framework for devolution as set out in the Bill as currently drafted, there are limited options for consideration. While other geographies could be considered more recognisable functional economic areas such as South Essex and the already well-established role of the Association of South Essex Local Authorities (ASELA), which is essentially already at Level 1, the proposed legislation does not allow for a devolution deal that splits a county council area. This has been confirmed by DLUHC. The permissible options are therefore limited to:

Option 1:

Endorse the submission of the EOI to government so that Thurrock can fully understand the potential benefits of devolution across Greater Essex for its residents and communities.

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 Thurrock and Greater Essex have effectively ruled out devolution at this time without fully understanding and considering its potential benefits.

4. Reasons for Recommendation

- 4.1 This particular decision is about gaining agreement on whether or not to express an interest for further discussions only and the rationale is set out in the body of this report.

4.2 Any potential deal offered by Government would require consultation and formal decision making to follow, so no substantial decision is to be made at this stage other than endorsing the submission of an Expression of Interest.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Thurrock Council officers and Members have been engaged throughout the consideration and development of proposals for Greater Essex devolution – this work has been instigated by the Essex Leaders and Chief Executives (ELCE) Group involving all local authorities across Greater Essex.

5.2 Workshops and briefings have been held since Summer 2022 including recent briefing sessions for all Members across wider Essex including Thurrock. MPs have also been consulted. Essex County Council has also led on engagement with Health Integrated Care System Chairs, businesses and universities as well as the Essex Association of Local Councils – representing parish and town councils.

5.3 Corporate Overview and Scrutiny Committee are asked to consider the EOI and its submission to government ahead of Cabinet on 15 March. The committee's feedback will be provided to Cabinet verbally at the meeting.

5.4 A period of formal consultation would be required before establishing any new arrangements and would take place after any devolution deal heads of terms were agreed with Government. Engagement with residents, businesses and other stakeholders will come later and is a formal part of the process.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The council's Improvement and Recovery Plan commits to continuing to engage with partners on discussions around the options for devolution, ensuring the interests of Thurrock residents and businesses are reflected and protected.

6.2 Thurrock Council is committed to exploring every possible option to enable the efficient and sustainable delivery of essential services to residents and to make the borough a socially, economically and environmentally healthy and vibrant place to live and work. The right devolution deal for the borough could support that goal. The extent of the benefits and impact for Thurrock will not be fully understood until negotiations commence. Consideration should be given to whether pursuing a devolution agenda is a priority for Thurrock Council at this time.

7. Implications

7.1 Financial

Implications verified by: **Gareth Moss**

Chief Financial Officer

There are no direct financial implications contained in this report. However, Members should be aware that the s114 Notice that the Council is currently operating under will mean that any ability to support further work in this area will need to be thoroughly assessed. This will include officer time working on the detail of any proposed devolution deal and how it should be prioritised against other key requirements of the intervention and delivery of the Improvement and Recovery Plan.

7.2 Legal

Implications verified by: **Gina Clarke**
**Corporate Governance Lawyer & Deputy
Monitoring Officer**

The Levelling Up and Regeneration Bill when brought into force will amend the Local Democracy Economic Development and Contraction Act 2009 to enable the establishment of a county combined authority.

The Government has invited local authorities or groups of local authorities to submit expressions of interest for new powers and governance arrangements in relation to a proposed devolution deal. Negotiations on these proposals are not legally binding, and Government will decide which proposals to progress, and what powers, if any to devolve.

The councils involved in proposing to establish a county combined authority will need to carry out a governance review including consultation in order to decide whether to proceed. Having decided to proceed, the councils must prepare and publish a Scheme for the county combined authority. The key provisions of the Scheme will be area, name, membership, voting, executive arrangements, transport, scrutiny, functions, powers and duties, incidental provisions, funding and sub structures.

A county combined authority will be created by statutory instrument and the councils involved will be consulted on the proposed content of the statutory instrument.

The county combined authority will be a new legal entity completely separate to the councils involved, with its own decision-making arrangements. The Council will have some ability to negotiate these. It is clear that the Council will be entitled to appoint at least one member to the county combined authority and other members will need to take part in the combined authority scrutiny function. There will also be legal agreements and arrangements for decision making that are needed.

The monitoring officers across the 15 local authorities and the Police, Fire and Crime Commissioner have met to have an initial conversation and discuss how this would be co-ordinated and resourced.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**
Strategic Lead Community Development and Equalities

The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us 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.

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 (b) or (c) although it is relevant for (a). Greater Essex Devolution

There are no equalities implications associated with this report and the submission of the expression of interest. If a devolution deal is negotiated with government then the equalities implications of the deal will be considered further through a Community Equality Impact Assessment before a formal decision is made on whether to accept the deal or not.

7.4 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

This particular decision is about gaining agreement to express an interest for further discussions only. Any potential deal offered by Government may have implications and any formal decision making would consider such implications fully as part of that process.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Levelling Up White Paper
- Levelling Up and Regeneration Bill

9. Appendices to the report

- Appendix 1: Devolution Framework
- Appendix 2: Greater Essex Devolution Expression of Interest

Report Author

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