

14 October 2015		ITEM: 16 01104421
Cabinet		
Devolution, Combined Authority and South East Local Enterprise Partnership Update		
Wards and communities affected: All wards	Key Decision: Non-key	
Report of: Councillor J. Kent, Leader and Cabinet Member for Finance and Education		
Accountable Head of Service: Matthew Essex, Head of Regeneration		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is public.		

Executive Summary

This paper sets out the progress being made in discussions involving the Council on devolution and combined authorities and the latest position with the South East Local Enterprise Partnership.

It seeks the Cabinet's support for the positions taken with regard to devolution and SELEP.

1. Recommendations

That Cabinet:

- 1.1 Confirms its commitment to pursuing a devolution deal with Government and to continue to work with partners across South Essex and Greater Essex on a mechanism to achieve that, such as a Combined Authority.**
- 1.2 Agrees that a devolution deal must be underpinned by a business case that demonstrates benefits for Thurrock, that could not otherwise be achieved, which have the support of local businesses and are underpinned by a governance framework that localises decision-making.**
- 1.3 Strongly supports the creation of a SELEP vice chair position for the federated area of South Essex.**

1.4 Notes that Thurrock Council has signed the SELEP Joint Committee Agreement.

2. Introduction and Background

2.1 Thurrock has an established and clear ambition for growth set out in the economic development strategy. The strategy is based upon the Borough's six growth hubs and an aspiration to deliver 26,000 new jobs and 18,500 new homes. This clarity of ambition combined with the development of a strong project pipeline enabled the Council to secure over £100m of Local Growth Funding in 2014/15 for projects including the A13 and improvements at Stanford-Le-Hope station.

2.2 The delivery of this ambition and ensuring it delivers benefits for Thurrock residents and businesses requires the Council to continue playing a full and active role in processes and structures set up by Government to channel funding and powers to local areas. They include the process of devolving funding and powers to local government, potentially through a combined authority, and further funding via the South East Local Enterprise Partnership (SELEP). Updates on both of these are set out in this paper.

2.3 It is important that any bid or proposal for funding or powers is based upon a strong evidence base and strategic rationale that has the support of businesses. That is why the Council has been working very closely with businesses and councils across South Essex to refresh the Growth Strategy for South Essex. The key principles underpinning this strategy, which reflects the priorities for Thurrock, were considered and agreed by the South Essex Growth Partnership in September (Appendix 1). The final draft strategy will be presented to a workshop for South Essex businesses later in October.

2.4 This evolving South Essex Growth Strategy is being used as the evidence and policy basis to shape the devolution proposition for South Essex and specifically a range of emerging 'asks' of Government. The strategy will also be used to inform a set of investment priorities for South Essex to be submitted via the South Essex Growth Partnership and SELEP as bids to the next round of Local Growth Funding expected early in 2016. Thurrock's current priority projects, are based upon our economic development strategy.

3. Issues, Options and Analysis of Options

3.1 Devolution and Combined Authority

3.2 In January 2015 both Thurrock and Southend Councils indicated their intention to pursue a Combined Authority as part of the Government's devolution process. Further work was undertaken with Southend Council and specialist advisors to test the feasibility of a joint submission, and the likelihood of it leading to a detailed devolution deal negotiation with Government. The advice received, including from Government, was that South Essex represented a stronger economic geography upon which to base

a devolution proposition. Southend and Thurrock Councils have therefore been working jointly with South Essex district councils (Basildon, Castle Point, and Rochford) as well as Essex County Council to prepare a set of draft devolution 'asks' and 'offers' to Government (Appendix 2).

- 3.3 In parallel to this work local authorities across Greater Essex, including Southend and Thurrock Councils, have been working to develop a devolution proposal for that area (the area covered by Essex, Thurrock and Southend Councils). The thematic areas for Greater Essex are very similar to those identified for South Essex. On 4th September all 15 local authority leaders across Greater Essex signed a joint letter to Government committing to further work to develop a Greater Essex devolution proposal (Appendix 3).
- 3.4 A very important feature of that letter and of the on-going Greater Essex work is the role of area 'quadrants' or 'growth areas'. South Essex is one of four growth areas that make-up Greater Essex. From a Southend and Thurrock perspective the commitment to further work, made in the letter, is on the basis of a governance model that applies the principle of subsidiarity and so results in decisions being taken at the geographical level closest to businesses and communities. For Thurrock that is sequentially at the Thurrock level, the South Essex level and only where there is demonstrable benefit to Thurrock, at the greater Essex level. To reinforce this very important principle the Leaders of Southend and Thurrock Councils submitted a second letter to Government, also on 4th September (Appendix 4).
- 3.5 The second letter also draws a direct link between the 'growth area' for the purposes of devolution and the South Essex federated area of SELEP. They represent the same coherent economic area, an area that is recognised by business, has a strong track record of collaboration, and is tied together by commuting patterns, access to markets and business supply chains, and underpinned by radial road and rail corridors into London. They are bound by the same economic growth strategy, referred to earlier. They are also joined by a strong Growth Partnership for South Essex, chaired by Kate Willard from Stobarts Ltd that includes the Chair and Vice-Chair of the Thurrock Business Board and the Leader of the Council.
- 3.6 Work is continuing to finalise the devolution 'asks' and 'offers' for Thurrock and South Essex, securing the support of businesses, in order that they can be recognised and incorporated within the Greater Essex submission. Thurrock's agreement to the submission will be based upon a variety of factors which will include three key tests: that the South Essex 'growth area' propositions are clearly represented; that the governance requirements ensure localised decision-making in South Essex; and that alignment with the South Essex federated area of SELEP is secured.
- 3.7 Thurrock will continue to work to establish a deal that brings real and tangible benefits for the Council, for Thurrock businesses and communities. Any final deal proposal must be underpinned by a robust business case that clearly

demonstrates a significant strengthening of the Council's financial position against that anticipated in the MTFs.

3.8 SELEP

- 3.9 The success achieved by Thurrock and South Essex in rounds 1 and 2 of the Local Growth Fund in 2014/15, securing over £100m and £164m respectively, can be directly attributed to ensuring the status of South Essex as one of SELEP's four federated areas. As a federated area it was able to manage its own strategy, prioritisation and advocacy programme driven and supported by South Essex businesses. Thurrock's position with regard to SELEP as advocated by partners across the public and private sectors, is to work through the South Essex federated area, deliver the projects for which it has received funding, to prepare fresh funding ideas and proposals as required, and to support SELEP's strategic objectives to promote the economy of the South East.
- 3.10 The Council was disappointed to learn of the proposal in the Summer by Essex County Council and the Greater Essex Business Board (GEBB) to break up SELEP and create a Greater Essex LEP, a LEP that would include Thurrock and Southend. The submission was made despite constant opposition to the idea from Thurrock and Southend Councils and the business community across South Essex. A similar proposal was submitted from Kent and Medway. A number of written representations were made opposing the change by Thurrock Council and South Essex partners, preferring that focus and energy was given to delivering projects and supporting business. Government has since rejected Essex and Kent proposals to break-up SELEP.
- 3.11 Also over the Summer a panel comprising the Leaders of Essex, Kent and East Sussex County Councils and the three vice chairs for Greater Essex, Kent and Medway and East Sussex decided against renewing the contract of SELEP Chairman, Peter Jones, by a majority of 4:2. At the SELEP Strategic Board meeting on 25 September it was agreed that a review of the Chair's role, and the role of vice chairs, be undertaken ahead of the recruitment of a new Chair.
- 3.12 Thurrock Council, working with business partners, has fought hard to establish and sustain South Essex as one of four federated areas of SELEP, which has been in place now for over three years. While there are four federated areas there are only three vice chairs. South Essex falls within the remit of the vice chair for Greater Essex. It is the view of businesses across South Essex that their interests would be better represented by a dedicated vice chair for South Essex. This is consistent with the principle of subsidiarity embedded within SELEP's terms of reference and would better reflect the interests of South Essex businesses and communities and ensure alignment of vice chairs to federated areas.
- 3.13 SELEP Joint Committee Agreement

- 3.14 South East Local Enterprise Partnership (SELEP) was established in 2010 as one of 39 LEPs across the county to provide *'clear vision and strategic leadership to drive sustainable private sector-led growth and job creation'*. In February 2014, the Partnership's terms of reference were amended to streamline the operation of the SELEP Board structure and embed an innovative federal model of operation. South Essex is one of the four federated areas.
- 3.15 To support this the Partner Authorities sought to delegate responsibility to a Joint Committee for the local implementation of SELEP's accountability and assurance framework and all local processes within it by which bids are formally assessed and agreed, risks considered, approvals made and performance managed. The vision and aim of the Joint Committee (known as the Accountability Board) will be to support the distribution of funding from Government and project delivery and will assist in securing the outcomes set out.
- 3.16 The Partner Authorities, including Thurrock Council, have agreed to form a Joint Committee to manage the distribution of funding from Government managed by SELEP (by way of grants and loan funding) in accordance with the provisions contained in sections 101 and 102 of the Act, the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 and any other enabling legislation.

3.17 Next Steps

- 3.18 Partners across South and Greater Essex will continue discussions with Government departments over the Autumn on the details of a devolution deal. The intention is to submit final proposals in December and for detailed negotiations to take place early in the New Year.
- 3.19 The review of the SELEP Chair's role and that of the vice chairs is due to take place during October and for the appointment process for the new Chair to take place over the Autumn. The next round of bidding into the Local Growth Fund is expected to take place in early 2016.

4. Reasons for Recommendations

- 4.1 To set out the Council's position regarding devolution and in respect of SELEP and the review of the chair and vice chairs.

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

- 5.1 Consultation has taken place with the Thurrock Business Board, the South Essex Growth Partnership, local MPs and Members across the main political parties.

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

- 6.1 The formation of a combined authority and negotiation of a devolution deal with the Government will provide new powers and potentially new fiscal freedoms which accelerate the achievement of key economic and community priorities.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

At this stage there are no financial implications although as the deal develops it will be important to prepare a more detailed consideration of the likely 'fiscal freedoms' and the financial consequences of any offers. At this stage there isn't sufficient clarity to conduct a detailed analysis but the direction of travel of more local freedoms is one that is both supported and encouraged.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer and Deputy Head of Legal & Governance

At this stage there are no legal implications. While the devolution deal seeks new freedoms and flexibilities these will be the subject of negotiation with Government.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Manager

None.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

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):

- Report to Cabinet in January 2015.

9. Appendices to the report

- Appendix 1 – South Essex Growth Strategy
- Appendix 2 – Draft South Essex Devolution Asks and Offers
- Appendix 3 – Letter to Government from Greater Essex authorities
- Appendix 4 – Letter from Cllr Kent and Cllr Woodley (Southend)

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