

Report subject	<b>Exploring the options for devolution to BCP Council</b>
Meeting date	23 November 2022
Status	Public Report
Executive summary	In February 2022 Government released its White Paper on Levelling Up, its flagship policy which is intended to impact on all areas of central and local government, and to reduce the differentiation between those people and places who are successful and those who are left behind. A key component of Government's plan is "to devolve power and give local leaders and communities the tools they need to make better places" ( <a href="https://www.gov.uk">Levelling Up and Regeneration (www.gov.uk)</a> ). This report presents the work undertaken to date to explore the opportunities for Bournemouth, Christchurch and Poole in relation to devolution, and recommends that this exploratory work continues until such a time as a decision is required.
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"> <li><b>i) Approves the continuation of exploratory work relating to devolution until such time as a final decision is required;</b></li> <li><b>ii) Requests a further report is brought back to Cabinet</b></li> </ul>
Reason for recommendations	Further work is required to fully understand the options available to the Council before a final decision can be made.
Portfolio Holder(s):	Councillor Drew Mellor – Leader of the Council Councillor Philip Broadhead - Deputy Leader of the Council and Portfolio Holder for Development, Growth and Regeneration
Corporate Director	Adam Richens, Corporate Finance Director
Report Authors	Chris Shephard, Director of Economic Development
Wards	Council-wide
Classification	For Decision

## Background

1. In February 2022 Government released its long-awaited [White Paper on Levelling Up](#), the Government's flagship policy that, along with the associated Levelling Up and Regeneration Bill, will impact all areas of Central and Local Government.
2. In January 2022, Cabinet received a report, ahead of the white paper's publication, that set out the Council's preliminary response to Levelling Up. In February the Council's Corporate Management Board considered a subsequent report that explained the white paper and the steps officers could take to embed its principles into work across the Council. Since then, work has continued to ensure that we understand our Levelling Up priorities, that we can evidence these and ensure that Levelling Up is embedded in our policies and strategies, performance reviews and democratic processes. This demonstrates our strong leadership and continued commitment to the policy which will ultimately benefit our communities and places.
3. The concepts of levelling up, as described in government policy statements and announcements, supports the Councils Vision of producing vibrant communities, with outstanding quality of life, where everyone plays an active role. This vision can only be achieved by enabling all member of our communities to engage in society and to have equal opportunities to accessing employment and support services.
4. A key component of Government's plan is "[to devolve power and give local leaders and communities the tools they need to make better places](#)" (Levelling Up and Regeneration - [www.gov.uk](http://www.gov.uk)). This report presents the work that has been undertaken to explore the opportunities for BCP Council and the communities of Bournemouth, Christchurch and Poole in relation to this part of the White Paper and recommends that this work continues, with all options open, until a decision is required. At this time, this work is only exploratory and does not commit or bind BCP Council to any option presented.

## Devolution – More power to local leaders

5. As Government reports in the link at 4, the Levelling Up and Regeneration Bill has several areas of focus including "*Devolving powers to all areas in England that want them, providing more control over budgets, transport and skills*".

It goes on to say,

*"In England, the Bill provides for new devolution structures and simplifies existing arrangements for devolving power, which are complicated and burdensome. It delivers models that will allow all parts of the country – not just major cities – to benefit from bespoke devolution deals, giving local leaders the powers to meet their communities' needs. Providing these opportunities for all communities will increase innovation and enhance local accountability, leading to more joined up services and decision making, greater flexibility over funding and more inward investment. Alongside these new powers, the Bill includes measures to increase the accountability and transparency of local leaders to their communities.*

*The government has set a mission for every part of England that wants one to have a devolution deal with powers at or approaching the highest level of devolution, and a simplified, long-term funding settlement by 2030. New and deeper devolution deals will empower local leaders to grow their local economies and improve public services, delivering on the other missions set out in the Levelling Up White Paper".*

## Figure 1: Devolution Framework, P140 Levelling Up White Paper HMG

**Table 2.3 Devolution Framework**

**Level 3** – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

**Level 2** – A single institution or County Council without a DEM, across a FEA or whole county area

**Level 1** – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
<b>Strategic role in delivering services</b>	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
<b>Supporting local businesses</b>	LEP functions including hosting strategic business voice		✓	✓
<b>Local control of sustainable transport</b>	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
<b>Investment spending</b>	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
<b>Giving adults the skills for the labour market</b>	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
<b>Local control of infrastructure decisions</b>	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
<b>Keeping the public safe and healthy</b>	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
<b>Financing local initiatives for residents and business</b>	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

\* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities

6. The White Paper proposes a new devolution framework for England (figure 1).

*“The UK Government is setting out a new devolution framework for England. This framework is designed to create a clear and consistent set of devolution pathways*

*for places, enabling them to widen and deepen their devolved powers subject to meeting certain pre-conditions. The preferred model of devolution is one with a directly-elected leader covering a well defined economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen. However, because this may not suit all areas, the framework sets out a flexible, tiered approach, allowing areas to deepen devolution at their own pace”*

7. It talks about four principles that underpin the new framework which are:
  - Effective Leadership
  - Sensible Geography
  - Flexibility
  - Appropriate Accountability
8. This provides an opportunity for areas with a ‘well-defined economic geography and a cohesive population of over 500,000’ to develop a rationale to pursue one of the Devolution Framework options as outlined in Figure 1 – i.e. levels 1 to 3.

The framework can be summarised in the following way:

  - Preferred model: A prominent, accountable individual in an area. Ideally, this leader is directly elected.
  - Where an area does not have a directly elected leader, devolution needs a clear decision-making structure.
  - For a single, large local authority, this means a leader and cabinet system.
  - Where there is a group of authorities, they will need to establish an appropriate institution.
  - Where a group of authorities are seeking a non-mayoral combined authority, there needs to be clarity on how decisions will be made – for instance, by majority vote.
9. It should also be noted that devolution is a mechanism to support levelling up. Therefore, any ‘devolution deal’ would need to show how it addresses identified barriers to prosperity, including:
  - Boosting productivity, pay and living standards by growing the private sector, especially in places where they are lagging
  - Spreading opportunities and improving public services, especially in those places where they are weakest
  - Restoring a sense of community, local pride and belonging, especially in those places where they are slipping
  - Empowering local leaders and communities, especially in those places lacking local agency.
10. The government has also highlighted the on-going role and retention of the key strengths of Local Enterprise Partnerships (LEPs), identifying the opportunity to align devolution, LEPs and an integrated business voice. Specifically, Government is including LEPs and their business boards as part of Level 2 of the devolution framework.
11. *“Fundamentally, devolution is a means to an end. The government believes that strong and dynamic local leadership, that can understand how complex issues come*

*together in a place, tailor policy to local priorities, attract investment and seize each area's opportunities, is critical to levelling up. Strengthening local leadership through devolution will give local politicians control of the levers they need to level up and deliver better outcomes and services for local residents" (HMG).*

## **The Local Picture**

12. It has been reported [before](#) as to the complex nature of the landscape in which Bournemouth, Christchurch and Poole and BCP Council finds itself. There are merits and challenges with working closely with colleagues and locations to the east as there are to the west. The Devolution Framework and Levelling Up White Paper has done nothing to make that less complicated. The Council has therefore begun informally exploring two possible scenarios.

## **Pan-Hampshire**

13. In 2021, Hampshire County Council commissioned consultancy Metro Dynamics to bring together officers from across Hampshire to create a proposal for a County Deal. BCP Council was invited to join these informal discussions and more latterly, was included in the draft document that is appended to this report. This proposal is known as the Pan-Hampshire County Deal.

The following is an extract from a [Hampshire County Council report](#):

*"The Pan-Hampshire County Deal has the potential to strengthen economic recovery across Hampshire as a whole and deliver major strategic economic initiatives and programmes.*

*This would be achieved through securing substantial new functions, powers, and resources to enhance place based leadership at regional, sub-regional and local levels for the benefit of local residents, including leveraging significant investment funding from Government and the private sector"*

The key partners in the Pan-Hampshire County deal, who have all supported that issue, in November 2021, of a Statement of Common Ground, are:

- Hampshire County Council
  - District councils in Hampshire
  - Bournemouth Christchurch and Poole Council
  - Isle of Wight Council
  - Portsmouth City Council
  - Southampton City Council
14. A draft County Deal prospectus has been put together, which evidences a clear functional socio-economic geography of the Pan-Hampshire region and its strong economic foundation as a net contributor to the UK economy. The draft prospectus outlines a range of opportunities and associated strategic proposals that would have a measurable positive impact on the lives of residents and could form the basis for further discussions with stakeholders and Government.
  15. In February 2022, the much awaited government White Paper, Levelling Up the United Kingdom, was published. This set out an ambition to extend, deepen and simplify devolution across the country, and commits to establishing a new model of Combined Authority that would enable devolution deals to be agreed by County

Councils and/or Unitary Councils, encouraging collaboration where relevant with District Councils.

16. Within the White Paper the Government announced 9 Wave 1 areas to be negotiated first which in the South West, included two potential deals in Cornwall and in Devon, Plymouth and Torbay;
17. The White Paper also set out the governance framework for devolution against a range of potential functions, with Level 3 being the most powerful and Level 1 being the least powerful but noting that there will be scope to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities. (Figure 1)
18. The [draft prospectus for change](#) articulates 4 four key thematic areas of focus with measurable outcomes and benefits to communities:
  - Sector Growth and Skills;
  - Place Strategy;
  - Net Zero and Net Environmental Gain;
  - Integrated Transport.
19. In April 2022, the 5 County / Unitary Leaders came together in an informal exploratory meeting with the Parliamentary Under Secretary of State as a continuation of the collective engagement with Government. This meeting was extremely constructive, and the Minister was complementary of the emerging ambition of the proposals and the professionalism of the work that has been performed so far. The Minister clarified that County Deals are expected to include whole County areas and was not aware of any Deal that would split a County between two or more separate Deals. That would have implications for any ongoing debate about a Pan-Hampshire deal, about the future of Dorset Council's participation, or absence, in such a deal.

As expected, and in accordance with the White Paper, the Minister was clear that with the level of ambition in the Pan-Hampshire proposal, there would be expectations from government of new governance requirements including a requirement for some form of Directly Elected Leader.

20. In May 2022, following the Queen's Speech, the Levelling Up and Regeneration Bill was published, setting out further clarity on the expected governance of a County Deal through a Combined County Authority (CCA). Key points of clarity in the Bill are:
  - There cannot be 2 or more CCA's across a single County Area.
  - The previous language of a "Mayor" will not be prescribed.
  - Public Consultation would be required as part of finalising proposals for a CCA.
  - The Secretary of State may make regulations establishing a CCA for an area only if:
    - The Secretary of State considers that to do so is likely to improve the economic, social and environmental well-being of some or all of the people who live or work in the area.

- The Secretary of State considers that to do so is appropriate having regard to the need:
- To secure effective and convenient local government, and to reflect the identities and interests of local communities
- The Secretary of State is satisfied that the proposal will achieve the stated purpose of establishing a CCA.
- The constituent councils' consent, and
- Any public consultation required has been carried out".

21. Figure 2 shows a SWOT analysis of the Pan-Hampshire deal as viewed from BCP Council.

Figure 2: Pan-Hampshire Deal SWOT

<p><b>Strengths</b></p> <p>Gateway to the world message</p> <p>Net-Contributor to the exchequer</p> <p>Clear priorities</p> <p>Good balance between economy and environment</p> <p>Big enough geography to have a Directly Elected Mayor</p> <p>Balanced governance model</p>	<p><b>Weaknesses</b></p> <p>No business input so far</p> <p>No skills input so far</p> <p>Housing issue not tackled</p> <p>Not aligned to BCP transport plans</p> <p>The Hampshire struggle County/ District/Unitary</p> <p>Massive geography meaning common threads are few/thin</p>
<p><b>Opportunity</b></p> <p>Bigger pot of funding</p> <p>Clout with Government</p> <p>A global destination</p> <p>Bigger than the sum of its parts</p> <p>Can still be independent</p>	<p><b>Threats</b></p> <p>Hard to resource</p> <p>Not part of the natural "club"/network around Hampshire</p> <p>Will BCP get left behind/left out?</p> <p>Will a single investment fund really bring additional funds to BCP?</p>

### Dorset

22. Work on a similar proposal for Dorset is a lot less developed but would be simpler to bring forward given the smaller geography and much simpler local government and wider public sector infrastructure, following local government reorganisation in 2019 and health reorganisation this year. At a Council meeting on 15<sup>th</sup> February 2022, the Leader of Dorset Council said that *"The recently published Levelling Up White Paper had presented opportunities for devolution and a County Deal"*. He was keen to see *"Dorset Council work in partnership with BCP to consider opportunities across the Dorset area to increase funding into Dorset"*.

23. Further communications between senior officers since then have resulted in an early stage, informal and exploratory thinking around potential “asks and offers” building on the [Dorset Local Industrial Strategy](#) and associated [Investment Prospectus](#), created by the Dorset LEP. These documents provide a high-quality proposition that has already got widespread support, that also creates a strong platform for additional proposals. A thought piece (Appendix A) lists some of these asks and puts across the key points for consideration should a Dorset Deal be taken forward. This has been jointly commissioned to help further debate and discussion, at no cost to BCP Council (with thanks to Dorset Council). Sandra Rothwell, the consultant commissioned has not only created the Dorset Local Industrial Strategy and Dorset Investment Prospectus, but also works with other areas to help them work through the devolution proposals, so is well placed to provide this assistance.
24. Both Leaders have made it clear that they would not be seeking a Directly Elected Mayor for the wider Dorset area, as this could undermine the huge efforts to simplify local government structures across Dorset in 2019. The report from Sandra Rothwell says
- “Whilst there are a number of headlines against the ‘asks’ these outline how both Councils would use the additional powers or investment, rather than a clear set of new and innovative offers – and, crucially, leverage. Further work will need to be taken forward to create a compelling and clear offer from Dorset with which to ‘negotiate’ the emerging asks.*
- It should also be noted that for many of these initial asks, only areas seeking a Level 3 option will have the ability to negotiate for extended powers/investment. Dorset/BCP may need to pursue a more innovative set of governance options if they are to secure the asks alongside a level 1 or 2 option.*
- Whatever the asks and offers, clarification on the proposed governance is critical. If an elected Mayor is not the preferred route, Dorset and BCP Councils might consider an innovative ‘front-runner’ model which builds on the long history of collaboration and partnership between them (and builds on the relatively recent Local Government Reorganisation process)”.*
- Significant further work would be required to create, develop and test that innovative model in the context outlined above.
25. Figure 3 shows a SWOT analysis of the Dorset Deal as viewed from BCP Council, appreciating this proposal is at an early stage of development.

**Figure 3: Dorset Deal SWOT**

<b>Strengths</b>	<b>Weaknesses</b>
Easy win for Government	Early days
Business as usual	Could undermine LGR
Networks and partnerships already in place	Potential loss of ability to direct funds to BCP needs
	Not very exciting to HMG?
	Is it really going to shift the dial on productivity?



<b>Opportunity</b>	<b>Threats</b>
Take forward projects already identified and agreed	Is it unadventurous – what’s the point if it’s only business as usual?
Economies of scale?	Will other areas want to join making the focus more rural – Devon/Wilts?
Gain powers and £ for new ideas that will directly benefit BCP	How committed are our partners?
To further the strong leader/front runner model	Do we lose the economic connectivity to the East?

### **Great South West**

26. There have also been ongoing regional discussions about a “Greater South West” configuration, which is not leading towards discussions of a county deal or similar devolution deal, but which brings together similar regional interests across the whole of the South West. Some of the agenda and key priorities that have been discussed in this context match the key priorities for the BCP area and its Economic Development, Smart Place and Climate Change strategies, such as those focusing on the Maritime and Marine sector, Net-Zero Carbon and the creation of a smart and connected region. However, resourcing regular engagement in this network will be challenging, especially when there are existing relationships in place and geographically the BCP area is at one far end of the region.

### **Central South**

27. Further to the Pan-Hampshire proposal, others have been exploring a Central South approach. Largely business led through organisations like Business South, and with support from the Southern Policy Centre, analysis, reports, conferences and events have been ongoing for some years. Ultimately for this to get the same traction and government support as other Pan Regional Partnerships, this work needs to now be wrapped up into the pan-Hampshire deal discussions.

### **Conclusion**

28. This report explains the work that has been developing to explore options for devolution, as part of the Council’s response to the Government’s Levelling Up White Paper. It sets out what we know to date and what more there is to do, particularly when considering a Dorset Deal, and highlights potential strengths and weaknesses of both deals. This report is therefore asking for approval to continue with this work supporting both scenarios as outlined in an exploratory manner. It also asks for approval to bring a further paper back to Cabinet with more details for decision at the appropriate time in the future.

### **Options Appraisal**

29. Option 1: To accept the recommendations in this report, approving the continuation of work relating to devolution until such time as a final decision is required, with a further report to be brought back to Cabinet at that point;
30. Option 2: To not accept the recommendations in this report, to stop work relating to devolution and potentially lose any associated opportunities and benefits.

**Summary of financial implications**

31. There are no financial implications arising from this report.

**Summary of legal implications**

32. There are no legal implications arising from this report.

**Summary of human resources implications**

33. There are no human resources implications of this report

**Summary of sustainability impact**

34. There are no sustainability impacts of this report.

**Summary of public health implications**

35. There are no public health implications of this report

**Summary of equality implications**

36. Working with EIA team to understand whether this is required for this report

**Summary of risk assessment**

37. There are low risks associated with this report, at this stage this is exploratory only.

**Background papers**

None

**Appendices**

Appendix A: Thought piece from consultancy Rothwell on opportunities for a Dorset Deal