

COUNCIL MEETING - 23 MARCH 2016

DEVOLUTION - RECOMMENDATIONS TO COUNCIL FROM THE LEADER

1. Purpose

- 1.1 This report provides an account of negotiations with Government on a proposed East England Devolution deal and to bring to full Council the recommendations of the Leader on this issue, including a recommendation that the current proposal should not be supported.
- 1.2 The Government has been pursuing a number of devolution deals across England, which would create combined authorities, led by an elected Mayor, with responsibility for functions that potentially strengthen economic performance.
- 1.3 They have set out their proposals for devolution based on the geography of Norfolk, Suffolk, Cambridgeshire and Peterborough. They have asked all Leaders to take this proposal to their Councils for full debate and consultation with stakeholders no later than the end of June. Secondary legislation will be prepared to set up a combined authority with an elected Mayor to be in place by 2017.

2. Background

- 2.1 Cambridge City Council has been engaged, since late 2014, in developing a devolution proposal with government covering all the councils in Cambridgeshire and Peterborough. The main themes of this have been ensuring the continued economic success of the region; addressing deficits in transport; jobs and skills and housing. In mid-February the Government announced an intention to seek a wider devolution agreement which could join Cambridgeshire and Peterborough with Norfolk and Suffolk.
- 2.2 The chronology of events is as follows:
 - 20 July 2015 – Leaders of Cambridgeshire and Peterborough councils, the Greater Cambridge Greater

Peterborough Enterprise Partnership, the Police and Crime Commissioner, Fire Authority and the Clinical Commissioning Group wrote to Greg Clark, Secretary of State for Communities and Local Government, confirming their intention to explore a devolution proposal together.

- 2 August 2015 – Greg Clark responded to encourage those partners “to develop a compelling proposition for devolution powers which is jointly owned”.
- 19 January 2016 – Seventy representatives from local authorities, business networks and education and skills met to consider the Cambridgeshire and Peterborough devolution proposal and endorse the approach being pursued.
- 15 February – Cambridgeshire, Peterborough, Norfolk and Suffolk council representatives were called to a meeting with Greg Clark and Lord Heseltine. They are told that the only current devolution option for Cambridge and Peterborough would be one covering all three counties.
- 26 February – Cambridgeshire, Peterborough, Norfolk and Suffolk council representatives meet with Lord O’Neill to discuss the new devolution proposal.
- 2 March – first confidential draft of the East Devolution deal is shared with Leaders.
- Week commencing 7 March – Council Leaders given a deadline of Thursday 10 March to respond to the Government’s latest version of the East Devolution document (this was 24 days after the Government announced the deal would need to be on a three county basis).

2.3 Council Leaders were asked to negotiate on the confidential proposed devolution deal on behalf of their Councils, with the final decision to be brought to each full Council in May or June. The East Devolution Deal document is currently embargoed. We believe that the government will announce a deal for the East in the Chancellor’s budget speech on 16

March 2016, and the East Devolution Deal document will be released following this statement, probably later that day. Thus it will be available prior to the Council meeting, but cannot be published at the same time as this Council agenda.

- 2.4 Following the budget statement, a copy of the Devolution Document will be circulated to Councillors as Appendix 1 to this report and made available on the Council's website.

3. The Leader's response to Government

- 3.1 Leaders were given a deadline of Thursday 10 March 2016 to give a response to the Government and to say whether they were minded to recommend acceptance or not to their full Councils. Attached at Appendix 2 is the Leader's letter to Lord O'Neill, Commercial Secretary to the Treasury, who, together with the Secretary of State Greg Clark, has been leading the negotiations for the Government.

- 3.2 Councillor Herbert's letter expresses serious reservations about the current proposal, particularly in relation to geography, governance, the undermining of existing City Deals, the failure to address the severe housing crisis in Greater Cambridge, and the rushed timescales for negotiation on such fundamental change. He declined to endorse the devolution deal.

- 3.3 A report on the Greater Cambridge housing market was considered by Housing Scrutiny Committee and agreed by the Councillor Kevin Price, Executive Councillor for Housing, on 8 March 2016. This is also appended to this report (Appendix 3) as the "asks" in the report were the basis for discussions with Government about what was needed to address the lack of socially rented housing in particular.

4. Responses from other authorities and the two Enterprise Partnerships

- 4.1 Of the 23 Authorities and two LEPs asked to approve the East Devolution document, 22 Leaders have now done so, several in principle prior to seeking the views of their Councils. The New Anglia Local Enterprise Partnership has also approved it.

4.2 The Greater Cambridge Greater Peterborough Enterprise Partnership has not given its approval, subject to this decision being considered at a Board meeting. They have shared concerns that this is not the right deal for the geography they cover including Greater Cambridge. Business networks serving Cambridgeshire and Peterborough, including Cambridge Ahead and Cambridgeshire and Peterborough Chamber of Commerce, have also expressed similar concerns.

5. Next steps

5.1 The document allows for councils who are not currently signatories to join by June 2016. Discussions on the East Devolution Deal will continue until June and the Leader has expressed a willingness to be a part of these. In any event discussions will need to continue with our partners and stakeholders as it becomes clearer how the Government intends to implement the Deal without the endorsement of the City Council or the Greater Cambridge Greater Peterborough Enterprise Partnership.

6. Recommendations

6.1 The Council is invited to consider the devolution proposal from the Government, the Leader's response to this document and his recommendations below

6.2 That the Council

a) endorses the response by the Leader and confirms that the Council does not agree to the proposed Three County Devolution Deal in the Government Offer Document;

b) confirms it is committed to continuing discussions on devolution with Cambridgeshire and Peterborough councils, our two city MPs, the Government, and others including Cambridge businesses to seek devolution that meets the needs of Cambridge, the Greater Cambridge economy, and Cambridgeshire and Peterborough;

c) undertakes a formal consultation with residents, employees, employers, community and business

organisations in Cambridge, as well as with the Greater Cambridge Greater Peterborough Enterprise Partnership, to put forward the Council's view on the Government proposals for a Combined Authority and Mayor covering Cambridgeshire, Norfolk and Suffolk and to enable responses to inform the Council's decisions;

d) continues to press Government for the funding and flexibilities set out in the Housing Statement report unanimously endorsed by Housing Scrutiny Committee on 8 March, to enable the City Council to replace the estimated 850 social homes lost in the City (1350 in the Greater Cambridge area) through Right to Buy and High Value Sales over the next five years, to at least maintain the number of council and other social rent properties in Cambridge until 2020 and beyond;

e) agrees to commission detailed independent analysis, building on the Housing Statement approved by Housing Scrutiny Committee on 8 March, on the current and projected housing affordability crisis experienced by Cambridge households on median and lower incomes in the social, intermediate and private rented sectors, and on the housing measures, policies and investment needed to address their needs and prevent damage to the Cambridge economy and its national contribution.