

Devolution to Cambridgeshire and Peterborough

To: **Full Council**

Date: **27th June 2016**

From: **Chief Executive**

1 Purpose

- 1.1 The purpose of this report to present to Full Council the outcome of negotiations with government about a Devolution Deal for Cambridgeshire and Peterborough so it can consider whether to approve the deal.
- 1.2 If the Council approves the deal it will need to consider new governance arrangements for Cambridgeshire and Peterborough as part of the deal.
- 1.3 The report also presents relevant documents relating to the establishment of an elected Mayor and Combined Authority across Cambridgeshire and Peterborough including the results of a Governance Review and a draft Governance Scheme and seeks approval of Council to the content of the two governance documents and authority to submit them to Government and to undertake an appropriate consultation process.
- 1.4 The Leader of the Council will need to take the final decision on these issues as it is an Executive decision therefore this report includes recommendations to both Council and the Leader.

2 Recommendations

To Full Council

- 2.1 It is recommended that Full Council considers whether it wishes to
 - i) Approve the content of the Devolution Deal proposal (attached at Appendix A).
 - ii) Endorse the conclusions and outcome of the Governance Review (attached at Appendix B), that the establishment of a Combined Authority with a Mayor for the Cambridgeshire and Peterborough area would be likely to improve the exercise of statutory functions in that area.
 - iii) Approve in principle, the Governance Scheme (attached at Appendix C) and request the Chief Executive to undertake appropriate consultation on its content.

If (ii) and (iii) are approved
 - iv) To resolve to convene, if appropriate, a further meeting of Full Council to take place in October 2016 to consider whether to support, in principle, the granting of consent for the Secretary of State to bring forward such an Order to establish a Mayoral Combined Authority covering the area of Cambridgeshire and Peterborough.

To the Leader of the Council

- 2.2 Following the outcome of the Council's deliberations on i)-iv) above, the Leader of the Council is recommended to:
- v) Approve or reject the content of the Devolution Deal proposal (attached at Appendix A).
 - vi) Endorse or reject the conclusions of the outcome of the Governance Review (attached at Appendix B) that the establishment of a Combined Authority with a Mayor for the Cambridgeshire and Peterborough area would be likely to improve the exercise of statutory functions in that area.
 - vii) Approve or reject the Governance Scheme (attached at Appendix C) and request the Chief Executive undertakes appropriate consultation on its content if appropriate.
 - viii) Approve, if appropriate, the arrangements for public consultation on the Governance Scheme and authorise the Chief Executive in consultation with the Leader of Council to provide the Secretary of State with a summary of the consultation responses in due course.

3 Background

- 3.1 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. The proposed deal was considered by the Council on 23 March 2016 and rejected.
- 3.2 At the same meeting the Council confirmed it was committed to continuing discussions on devolution with the other councils in Cambridgeshire and Peterborough to seek a devolution deal that meets the needs of Cambridge, the Greater Cambridge economy, and Cambridgeshire and Peterborough. Council also agreed to press Government for the funding and flexibilities to replace the homes lost in the city 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. The Council also expressed a need to strengthen the governance of the Greater Cambridge City Deal whether a devolution scheme acceptable to the City Council was agreed or not.
- 3.3 Those conversations and negotiations with government have continued since March and the government has now proposed two deals one for Cambridgeshire and Peterborough and one for Norfolk and Suffolk with joint working between the two on areas of mutual interest.

4 The Proposed Deal

- 4.1 A copy of the proposed Cambridgeshire and Peterborough deal is attached at Appendix A. In summary the deal delivers
- A new £20 million annual fund for Cambridgeshire and Peterborough for the next 30 years (£600 million) to support economic growth, development of local infrastructure and jobs.
 - An additional £70 million fund specifically for affordable housing in Cambridge which the council would have the freedom to use in its entirety to build new council homes.
 - £100 million for non-HRA affordable, rent and shared ownership across Cambridgeshire and Peterborough particularly in response to affordable housing issues in South Cambridgeshire and Cambridge City.
 - Transport infrastructure improvements such as the A14/A142 junction and upgrades to the A10 and the A47 as well as Ely North Junction. Also it would support development at Wyton and St Neots and Wisbech Garden Town and the Wisbech-Cambridge rail connection.
 - Rail improvements (new rolling stock, improved King's Lynn, Cambridge, London rail).
 - Investment in developing a Peterborough University with degree-awarding powers.
 - A local integrated job service working alongside the Department of Work and Pensions.
 - Co-design with government a National Work and Health Programme focussed on those with a health condition or disability, as well as the long-term employed.
 - Further integration of local health and social care resources to provide better outcomes for residents.
 - Devolved skills and apprenticeship budget – to give more opportunities to our young people.
 - Working with government to secure a Peterborough Enterprise Zone
- 4.2 This proposal is to be the first in a series of proposals which devolve more funding and powers from Government to the Cambridgeshire and Peterborough area.
- 4.3 A Cambridgeshire and Peterborough Combined Authority chaired by a directly elected Mayor would be created to oversee and deliver the deal. This is a requirement from government before such extensive powers and funding can be devolved.
- 4.4 As well as benefiting from the range of initiatives and funding covered in the deal listed above, Cambridge specifically benefits from the £70 million targeted investment in affordable housing which the Council can control and use to fund new council homes owned and managed through the Council's Housing Revenue Account (HRA). The grant will be made available to the City Council via the Combined Authority. A fuller summary of this detail is attached in Appendix D.
- 4.5 This grant would deliver at least 500 new social rented homes (defined as rents at Local Housing Allowance levels). The City Council would be able spend the grant over a five year period. £10 million of the £70 million grant would also be available to the City Council to replace any of the 500 subsequently sold through the Right to Buy. The Council will have the freedom to choose the extent that it provides the new homes on land that it owns or land owned by others (including through section 106 planning agreements).

- 4.6 The other £100 million housing grant elsewhere within the draft Devolution Agreement will also enable a range of affordable rented and shared ownership products across Greater Cambridge.
- 4.7 Delivery of the new homes from both pots will be undertaken in close liaison with South Cambridgeshire District Council in relation to their complementary affordable housing programme and through the Greater Cambridge Housing Development Agency, the shared housing delivery vehicle operated by the two Councils.
- 4.8 Council is asked to consider whether it approves or rejects this deal.

5 Governance of the Deal

- 5.1 A combined authority is a legal structure that may be established, at the request, or with the consent, of two or more local authorities, via an Order issued by the Secretary of State under S.103 of the Local Democracy Economic Development and Construction Act 2009. Before making such an order the Secretary of State must be satisfied that certain criteria are met, the most important of which is that the establishment of the combined authority is likely to improve the exercise of the statutory functions to be undertaken by the new body¹.
- 5.2 The legislation enables a variety of central and local government functions to be transferred to the newly formed combined authority and for it to carry out these functions within the geographical area covered by the combined authority.
- 5.3 The legislation currently provides for two models of governance, the first having an executive that consists of one representative of each member authority and the second where the executive includes one representative of each member authority plus a directly-elected mayor (a 'mayoral combined authority'). The proposed model for Cambridge and Peterborough Combined Authority, (C&PCA), is that of a mayoral combined authority.

6 The Process of Establishing a Combined Authority

- 6.1 The process by which a combined authority is established varies slightly depending upon whether the process is initiated by the Secretary of State or by the local authorities themselves. In the case of Cambridgeshire and Peterborough, discussions between a number of local authorities and central government have resulted in a proposal for a mayoral combined authority covering the local authority areas of Cambridgeshire and Peterborough, being brought forward by the local authorities within that geography. In summary, the authorities must:
- i) Undertake a governance review within the functional economic area. (This has been completed.)
 - ii) Prepare a proposal for devolution and governance scheme based on the recommendations of the governance review. (This has been completed.)
 - iii) Undertake a consultation exercise on the proposed combined authority. (It is recommended that this take place during July and August 2016.)
 - iv) Submit the results of this consultation to the Secretary of State in order that they can decide whether to exercise their powers to establish a combined authority. (This would take place in September 2016.)
 - v) Consent to the draft Order produced by the Secretary of State being laid before parliament to establish the authority. (It is envisaged that this would happen at the end of October 2016.)

¹ S.110 Local Authority, Economic Development and Construction Act 2009

- 6.2 In order to meet the legislative timetable to enable a Combined Authority to be established in March 2017 so that elections for a Mayor may be held in May 2017, the Secretary of State must submit the Order to establish the Combined Authority by no later than 4 November 2016. This requires each constituent authority to endorse the conclusion of the governance review and to approve the scheme for consultation by no later than 4 July 2016 in order that consultation may be undertaken for a period of seven weeks over the summer period. Following the consultation, the Councils will be required to meet again in late October 2016 to approve the draft Order.
- 6.3 The local authorities are required to have considered the options for establishing a combined authority by carrying out a governance review and publishing the results of that review. The findings of the governance review for the proposed C&PCA is attached as Appendix B. Its key recommendation is that the functional economic area of Cambridgeshire and Peterborough will be best served by a Mayoral Combined Authority model of governance, bringing together local authorities, the LEP and other public service partners to drive growth and reform.
- 6.4 In the light of the results of the governance review a detailed devolution proposal and associated governance scheme has been produced to encapsulate the form and operation of the proposed combined authority. The devolution proposal is attached as Appendix A and the governance scheme is attached as Appendix C.

7 Consultation if the Council Accepts a Deal in Principle

- 7.1 As part of the required procedural steps towards establishing a combined authority the local authorities involved must undertake a public consultation exercise and it is proposed that this shall commence on 4 July 2016 and continue for 7 weeks until 22 August 2016.
- 7.2 The consultation is intended to seek views from the public and stakeholders on the additional functions proposed to be conferred on C&PCA as set out in the Scheme. Every resident, business and stakeholder in Cambridgeshire and Peterborough will have the opportunity to respond if they wish to do so. A number of organisations will also be contacted directly to invite them to make a response to the consultation. The proposed list of consultees to be contacted directly is attached at Annex C.
- 7.3 The consultation will be led jointly by the constituent councils' authorities aiming to raise awareness of the C&PCA and the effects of devolution to the area and to its residents. The draft Scheme will be accompanied by a plain English summary of what the proposed legal changes mean in practice.
- 7.4 Key messages to be reflected include: that the proposed changes are not about taking powers from individual councils but gaining additional powers from central government for the C&PCA; that the process of transferring / providing additional powers is being carried out in partnership with central government departments and agencies.
- 7.5 The consultation will be conducted primarily through digital channels with consultation feedback gathered via the C&PCA website, although respondents will be able to submit responses by letter or email should they wish to do so. Consultation documents and publicity materials will be made available in key local authority buildings. Proposed channels include: pro-active media releases and pro-active engagement of regional and local media throughout the consultation; web content for the C&PCA website, including a feedback form; similar, but locally

adapted content for local authority and partner websites; social media using C&PCA channels; staff messaging.

- 7.6 A toolkit will be developed to ensure that all Communications teams have draft content for websites, social media, printed publicity and staff messaging.
- 7.7 In addition to and alongside the consultation process the authorities will also be undertaking an assessment of proposed C&PCA with regards to potential impacts in relation to protected characteristics under the equalities legislation. This will be an iterative process with an initial assessment prior to receipt of consultation responses and a subsequent iteration in the light of those responses.

8 Legislative Background

- 8.1 The legislation on combined authorities is found in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009, (the 2009 Act), which has been substantially amended by the Cities and Local Government Devolution Act 2016. The recent legislation has greatly extended the range of powers and functions which may be delegated to a Combined Authority.

9 Legal Status of the Decisions Contained in this Report

- 9.1 It is important that all elected members are aware of the status and implications of the recommendations contained in this report if formalised into decisions.
- 9.2 Under the current timetable for the devolution deal, consent to a draft Order from the Secretary of State will be sought from each authority in October 2016. This is because the latest date for laying the Order which will create a Mayoral Combined Authority (in order to comply with Electoral Commission deadlines for notification of a mayoral election) is 4th November 2016. At that point in October 2016 each authority will have to meet to decide whether to consent to the Order. The draft Order will be considered by both Houses of Parliament before being made.
- 9.3 Before this, however, all participating authorities are being asked to take a decision on devolution arrangements in June (i.e. in this report). The principal purpose of this decision is to approve the Scheme of Governance for publication and public consultation.
- 9.4 In this report the Council is also being asked to endorse the terms of the C&PCA proposal and the Governance Review as well as agree the Scheme of Governance.
- 9.5 The June decision is not the final decision in the process of establishing the Combined Authority. It does not legally commit an authority to consenting to a subsequent order to establish and be a part of a new CA. However, any significant change in the economic area (as set out in the proposal) after the public consultation has been undertaken during the summer, may give rise to the requirement that a new Scheme be prepared for consultation and this would impact upon the timetable for the creation of the CA.
- 9.6 There may of course be legitimate reasons for an authority not to subsequently consent to the Order. Those legitimate reasons to withdraw after the consultation could include the Secretary of State's draft Order not reflecting the C&PCA proposal or the weight of local consultation responses opposing the CA.