

Cabinet

25 July 2023

A Devolution Deal for Dorset

For Decision

Portfolio Holder: Cllr S Gibson, Economic Growth and Levelling Up

Local Councillor(s): All

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Public

Brief Summary:

Recommendation:

That Cabinet confirms that the Leader of the Council and Portfolio Holder for Levelling up together with the Chief Executive and Executive Director Place continue to take forward work to seek to secure a Devolution Deal for Dorset as set out in the report.

Reason for Recommendation:

There is an opportunity for Dorset Council to progress a Devolution Deal for Dorset which could have significant social, economic and environmental benefits. Such a Deal could give the council not only additional powers in relation to these matters but also additional funding and other resources. Seeking a Devolution Deal will require Dorset Council to be proactive not only in making the case with

Government but also in seeking a suitable partner or partners with neighbouring authorities. Suitable governance arrangements would need to be put in place to provide oversight of the deal. The recommendation made will provide a mandate for this work to be progressed.

1. **Report**

1.1 Context

1.2 Devolution Deals are a part of the Government's levelling up agenda (as set out in the 2022 Levelling Up White Paper). The stated objective of Devolution Deals is "to spread opportunity equally across the UK" through greater devolution of powers and funding. The Government set a policy objective that by 2030, every part of England that wants a devolution deal, will have a such a deal offering powers and funding over issues such as transport, skills and economic support. Within the White Paper there is also a strong emphasis on the importance of high profile, directly elected local leadership.

1.3 **The opportunity**

1.4 Devolution deals provide 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 options.

1.5 It should also be noted that devolution is a mechanism to support levelling up. Therefore, any 'devolution deal' will 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.

1.6 **The elements of a Devolution Deal**

1.7 The devolution deals which have been created thus far typically have the following components:

- A long-term investment fund

- Devolution of the adult education budget
- An enhanced role in designing local employment programmes
- Increased powers over transport and bus franchising.
- A greater role in business support and economic development, taking over the functions of Local Enterprise Partnerships.
- Housing and planning functions, including compulsory purchase powers, the ability to establish development corporations, and the power to create a spatial strategy for the area.
- Energy, environment and climate related areas

1.8 In practice each devolution deal is negotiated between the Government and the relevant local authority leaders. Therefore each devolution deal is unique. Whilst most have included the components set out above. Some have had very specific local provisions such as matters relating to health, housing, justice and police and fire functions. These have tended to apply in metropolitan areas in response to specific local circumstances.

1.9 The Devolution Models

1.10 The government has set out 4 over-arching principles sitting behind devolution. These are:

- Effective leadership
- Sensible geography
- Flexibility
- Appropriate accountability

1.11 It also describes 3 'levels' of local democratic organisation, with an escalating set of powers/investment expectation.

1.12 From a 'level 1' scenario of local authorities working together under a loose but formalised arrangement for limited devolved power/investment through to a level 3 single institution with a directly elected mayor which brings with it the highest level of devolution and investment.

1.13 The Government's Devolution Framework is set out in **Appendix 1** of this report.

1.14 The development of Devolution Deals

1.15 In its review of devolution deals the LGA in its publication "A guide to help councils navigate devolution deals" has observed that:

"The negotiation of the early devolution deals is widely seen as having been an important and creative process with significant benefits for the

areas concerned. Over time, however, the process of negotiating devolution agreements is seen as having become more difficult and less innovative, with less satisfactory outcomes. This is perceived to reflect shrinking government ambition and capacity and the adoption of a more formulaic approach with government unwilling to consider elements that were not included in earlier deals.”

- 1.16 In recent Ministerial announcements on the matter of Devolution Deals it is evident that this continues to be the case. Most recently the Government has stated that it will press ahead with the negotiation of Tier 3 Deals. On 2nd December the Government published the second Deal agreement with Cornwall Council. This deal builds on the previous 2015 devolution deal for Cornwall and unlocks £360 million investment fund over 30 years, the deal includes £8.7 million to support the building of new homes on brownfield land, and up to £10 million for housing and heritage-led regeneration. This deal was dependent upon having an elected major which ultimately did not receive community support.
- 1.17 On 2 February 2022 Government announced its commitment to progress a Devolution Deal for a Plymouth, Devon and Torbay aimed at delivering on key economic and social priorities for the area. The partners have stated that: “When finalised, it’s hoped the Devon Deal with Government will provide councils across Devon, Plymouth and Torbay with extra powers and influence to improve economic and social conditions in all the communities they serve.”
- 1.18 On 8 December 2022 Government announced a package worth over £1bn for Devolution in Norfolk and Suffolk. These are examples of so-called County Deals developed by the Government to enable two-tier county areas to apply for devolved powers. They will have power over their Adult Education budget, to shape provision in a way that best suits the needs of residents and the local community, get immediate support to build new affordable homes on brownfield sites, handed new powers to help drive regeneration, and receive more capital funding to spend as they see fit.
- 1.19 The content of a Devolution Deal for Dorset**
- 1.20 There are a number of devolution options open to the Dorset Council but a key consideration would be the appropriate partner to achieve the Governments population threshold of 500,000. Given the existing relationship on joint work on economic development pursued over many years through the Dorset LEP and the functional economic geography of the combined Dorset Council and BCP Council administrative areas, BCP Council would be a very natural partner for a Devolution Deal. As it stands

neither council could pursue a Devolution Deal alone. This geography would also meet the Governments further requirement for Devolution Deal areas to have a well-defined economic geography. A formal governance review would be a prerequisite for establishing the governance arrangements to support a Devolution Deal.

1.21 There are also other considerations which would make a combined Dorset Council and BCP Council Devolution Deal a sound choice of geography. These include:

- i. A good track record of both Councils working in partnership alongside each other to achieve high quality impact for residents – including health, transport, the environment, community safety (fire service/policing), tourism and culture.
- ii. A recognised, tested and evidenced single economic functional area. A strong commitment to work alongside the Dorset and BCP business community, building on the track-record of the Dorset LEP and others such as the Chamber of Commerce and sector groups.
- iii. A suite of existing shared policies and strategies – such as the Local Transport Plan, Local Industrial Strategy, Dorset Investment Prospectus, Local Nature Strategy, Natural Capital Strategy, health and well-being plans, skills plans.

1.22 Whilst there is a compelling logic to the creation of a pan Dorset Devolution Deal based on the combined area of Dorset Council and BCP Council due to the shared economic geography, it should be recognised that other relationships could be considered. On its own Dorset Council would be unlikely to be considered large enough in terms of population for a Devolution Deal. Therefore consideration could be given to partnering with other neighbouring authorities. Devon is currently negotiating a Devolution Deal which also includes Torbay and Plymouth Councils. Whilst Somerset was part of an earlier joint expression of interest with Devon for a Deal it is understood that the recent focus on creating the unitary Somerset Council is likely to have been the primary focus for the predecessor councils in the most recent round of Deal bids. It is known with Wiltshire Council and Swindon Council have yet to declare a proposal for a Deal. The Leader of Dorset Council remains in close dialogue with his opposite numbers in all of the neighbouring councils concerning this matter.

1.23 **The powers devolved through a Deal**

1.24 By definition Devolution Deals are made between Government and the local authority or authorities of the particular area. The form of deal is dependent upon the governance model chosen, see Appendix 1. Each Deal is formulated in order to address particular issues within that locality. Typically however Deals give devolved powers in respect of:

- Transport
- Skills
- Employment
- Planning and housing
- Health

1.25 Many Deals have provision to introduce bus franchising which allows local areas to have greater determination over local bus route networks. In relation to skills the Adult Education Budget has been devolved which gives localities greater influence in adult learning to promote a closer alignment between skills and qualifications and the needs of the local labour market. Many of the Combined Authority Deals have sought powers to create spatial plans for the area, less relevant for Deals based on existing local authorities which have planning powers. Similarly the some of the Combined Authorities have sought capacity funding for housing. In December 2015 an announcement was made to pave the ways for areas to take on devolved health powers. To date this has only been piloted in London and Manchester.

1.26 The Deals in Manchester, and Yorkshire have also included powers over policing and fire and rescue services. The Great Manchester Deal also includes provisions for the integration of offender rehabilitation.

1.27 There has also been a notable trend with Deals developing in 2022 to include reference to net zero and digital connectivity. These are both matters in which Dorset is already considered to have something of a national lead so would potentially be a logical fit in a Dorset Deal to progress existing policy priorities.

1.28 Deals also give powers in respect of finance. For example some have given for a limited period of time powers for 100% Business Rate retention. However the most significant financial component of Deals has

been the inclusion of investment funding from Government to date these have been given only to areas with a directly elected mayor.

- 1.29 Whilst Devolution Deals have all had the characteristic components set out above, in practice no two Deals are alike as they have been negotiated in the context of address particular issues within the locality concerned. However, the existing Deals give some indication of the range of functions which Government considers to be within the remit of devolution.

1.30 The timing of a Devolution Deal for Dorset

- 1.31 Whilst the Government has said that it is prioritising the progression of Deal negotiations with the agreed Tier 3 areas, it has indicated that it wishes to hear from other areas interested in pursuing a Devolution Deals. It is known that Ministers and Civil Servants are interested in bringing forward discussions with areas such as Dorset which, if they do not specify an intent to seek a Deal, could be left at the end of the process with a residual outcome created as a consequence of Devolution Deals being pursued by neighbouring areas.

- 1.32 There is a strong view prevailing in Westminster and Whitehall which has been expressed privately to senior Members and officers of Dorset Council that Dorset has a strong economic geography which makes it a good contender for a Deal. Dorset has already gone through the local government review process and replaced a two-tier system of local government with two unitary councils. The simplicity of a Devolution Deal based on two unitary councils would be very compelling. The strength of partnership relationships in Dorset means that a strong and unified civic and business leadership voice could make a case for Devolution but the opportunity to do so may be time limited. As Government pursues other Devolution Deals, time and resource will be committed to progressing these to the exclusion of other areas. This would suggest that Dorset would be well advised to take a stake in the Devolution process now before the window of opportunity for expressions of interest closes. However, there will need to be clarity about the preferred governance arrangement before a formal dialogue with Government can take place. Whilst initial exploratory discussions could start immediately it is unlikely that a devolution deal would be finalised before the next General Election.

1.33 The value of a Devolution Deal

1.34 Existing Devolution Deals have included an investment fund. These have a value ranging from £15m to £38m per annum. By way of equivalent comparison the Cornwall Deal has an annual investment fund of £12m, the Suffolk Deal £16m and the Norfolk one of £20m per annum. Again these have been subject to the required governance being in place.

1.35 The Devolution Deal government requirement

1.36 In creating a unitary structure of local government from 1 April 2019, Dorset has already made a considerable move towards that joining up of public services. This contrasts very strongly and positively with those areas which are currently negotiating 'county Devolution Deals' based on the two tier structure of local government. As the requirements stand the administrative area of Dorset Council alone does not have a sufficient population to meet the government population threshold requirement. In creating the new unitary council in 2019 a positive decision was taken to adopt the Leader and Cabinet model of local government for the new unitary Dorset Council.

1.37 The devolution framework is explicit in linking the extent of devolved powers and investment to the level of governance proposed by local areas, see Appendix 1. If an elected Mayor is not the preferred route, Dorset and a suitable partner(s) might consider an innovative 'front-runner' model which builds on the Local Government Reorganisation process. Dorset, Somerset and Wiltshire all having attained unitary status through local government structural reviews put these areas in a strong position to seek a devolution deal based on a form of Level 2 governance structure.

2. Financial Implications

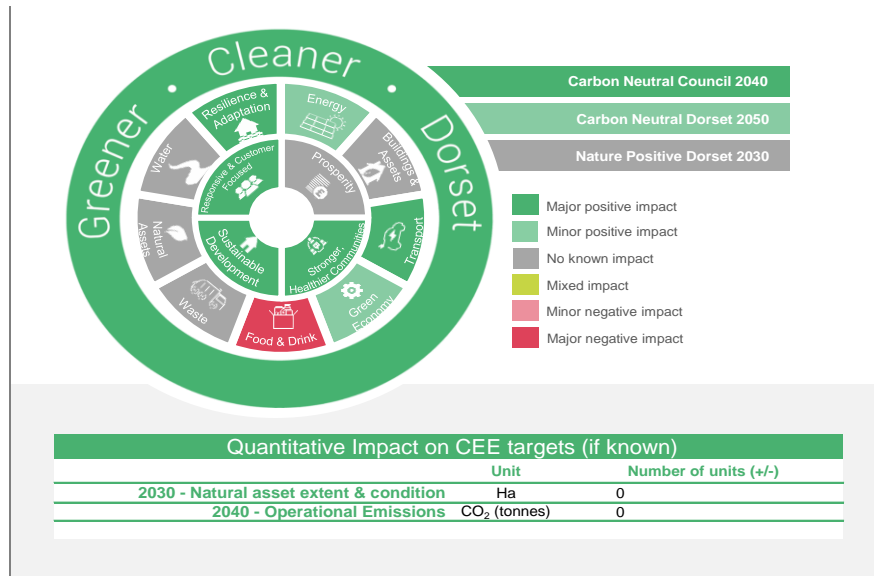
There are no direct financial implications in agreeing for work as set out in the report to be progressed to develop a Devolution Deal for Dorset other than officer time. If the recommendation is agreed the work would be accommodated within the existing work programmes of the relevant officers. At the point where there is agreement with Government for Dorset to bring forward a Devolution Deal proposal then this would be likely to require dedicated and additional work. This would be subject to a further Cabinet report at the appropriate time.

3. Natural Environment, Climate & Ecology Implications

As indicated in the report, there is scope for a Devolution Deal for Dorset to support and accelerate the council's aspirations in respect of climate

and environmental sustainability as set out in the Council Plan and detailed in the council’s Making it Happen action plan.

There is a strong precedent for environmental and climate considerations to be built into these deals, especially given that there are often strong economic and social outcomes from the transition to a low carbon economy.



4. Well-being and Health Implications

As indicated in the report, there is scope for a Devolution Deal for Dorset to support the council’s aspirations in respect of promoting health and well-being of the community in line with the Council Plan and Health and Wellbeing Strategy.

5. Other Implications

As indicated in the report, there is scope for a Devolution Deal for Dorset to support the council’s aspirations in respect of promoting economic growth in Dorset in line with the Council Plan and Health and the Economic Development Strategy.

6. Risk Assessment

6.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk:
Residual Risk:

7. **Equalities Impact Assessment**

As the report is concerned with the principle of progressing a Devolution Deal for Dorset an EqIA is not considered necessary at this stage. However, if this work progresses it is likely an EqIA will be required to consider the impact on national/local protected characteristics.

8. **Appendices**

Appendix 1 : The Government's Devolution Framework

Appendix 2 : Accessible Impact Assessment

9. **Background Papers**

No background papers.