

PLYMOUTH CITY COUNCIL

Subject:	A Joint Committee for the Heart of the South West
Committee:	Full Council
Date:	20 th March 2017
Cabinet Member:	Councillor Bowyer
CMT Member:	Tracey Lee, Chief Executive
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Key Decision:	N/A
Part:	I

Purpose of the report:

This report provides an update following the 11 July 2016 'in principle' Council approval to progress negotiations for a Devolution deal, and the establishment of a Heart of the South West (HotSW) Combined Authority. It is subject to a further report being considered and approved during July/August 2017 by the 17 councils in the Heart of the South West partnership.

In light of national policy changes and the lack of response from Government on a Devolution deal, the partnership has reconfirmed its commitment to work together to produce an overarching Productivity Plan, and is proposing a 'lighter touch' governance model that will formalise the current partnership arrangements.

This report therefore also outlines proposals for:

- The preparation and approval of the HotSW Productivity Plan to take forward the HotSW Prospectus for Productivity which was prepared in support of the partnership's aspirations to secure a Devolution deal which was submitted to Government in February 2016.
- The creation of a formal HotSW Joint Committee of the local authorities, national park authorities and partners to take forward the Productivity Plan.

The proposals outlined above are covered by common recommendations in this report that are being considered by all of the councils during February/March 2017. The recommendations in this report are subject to a further decision being brought to all councils in July/August 2017.

A HotSW Productivity Plan Green Paper was published at the end of January 2017. The Council is working on a range of responses to this, and to the associated Government Industrial Strategy Green Paper which was published at around the same time.

In addition to Plymouth's own response to the Productivity Plan, the Council is developing a joint response with South Hams and West Devon Councils based on the Plymouth 'travel to work/functional economic area' and Joint Local Plan geography, as well working with the Growth Board, the South Coast Marine Cluster and other groups, and separately with Exeter City Council and Torbay Council on joint responses to the Government's Industrial Strategy Green Paper.

The Corporate Plan 2016-19

The Productivity Plan will set out the long term aspirations for the whole of the Heart of the South West. Plymouth's priorities will be reflected in that, in terms of the sector strengths of marine, advanced engineering and nuclear expertise, and in the identification of the shared challenges of connectivity and skills.

Plymouth has taken a lead role in managing the Devolution programme which includes supporting and developing the partnership and the Productivity Plan. As the largest city in the HotSW area it is appropriate that Plymouth has a prominent role in raising the profile of the Heart of the South West with Government to enable the area to compete regionally and nationally.

The joint working with neighbouring councils within the travel to work area builds on the Joint Local Plan arrangements with South Hams and West Devon Council to demonstrate leadership in strategic planning for the city and its wider catchment.

Implications for Medium Term Financial Strategy and Resource Implications:

Including finance, human, IT and land:

1. Financial Implications

Costs associated with the early work on the Productivity Plan preparation largely relates to officer time, most of which is being provided 'in kind' by the authorities and partners. Some of the direct costs are being met by the Local Enterprise Partnership as the Productivity Plan will replace the LEP's Strategic Economic Plan.

The establishment of a Joint Committee provides a low cost option compared to a Combined Authority structure. It is anticipated that the Committee will receive considerable in kind support from partners as has been the case to date. Direct running costs will be limited to potentially providing secretariat officer support for the meetings, if there is insufficient 'in-house' capacity, and the costs of the meeting venues. Meeting costs can be minimised by using council buildings as venues. Secretariat costs are estimated to be a maximum of £40k per annum which would be a shared cost between all constituent authorities.

In addition to the direct costs of administering the Joint Committee there is also the question of an operational budget to fund its work. It is recommended that this should be an early issue for discussion and recommendation by the Joint Committee itself, once established, as this will be entirely dependent on the eventual work programme and at the discretion of councils within the Joint Committee.

2. Legal Implications

Each of the partners' legal teams or Monitoring Officers have been, and will continue to be involved in the development of the detail of the Joint Committee. The details setting out the working arrangements will form part of the report in the summer.

3. HR Implications

None

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

1. Other Implications (including due regard implications)

None identified at this stage, however the whole population within the local authority could potentially be affected by the publication and subsequent delivery of the Productivity Plan. This far reaching Plan will set out a strategic vision to drive economic growth and promote the whole

system public service reform of areas such as careers advice, employment support, and skills and training.

2. Risk Implications

Risk implications will continue to be addressed at all stages of these proposals. The Secretary of State has yet to formally clarify his position on the HotSW Devolution proposals, however the national policy direction seems to be becoming clearer, that Devolution deals are less of a priority to Government at this point in time. In the circumstances the HotSW Leaders feel that the partnership needs to move forward with the priority development of the HotSW Productivity Plan, and that this can best be achieved through the establishment of a formal Joint Committee in place of the current informal governance arrangements. This will put a formal governance structure around the Productivity Plan preparation, approval and delivery so minimising risk to the Council and the other partner authorities. It will give partners the ability to negotiate with Government at pace, particularly on the emerging Industrial Strategy, but without the statutory commitment required to establish a Combined Authority.

Without a Productivity Plan and Joint Committee in place the Council and its partners may be at a disadvantage in negotiating and lobbying Government on a range of policy initiatives including the growth agenda, and there is a risk of missing out on potential funding streams.

Equality and Diversity:

An Equality Impact Assessment has not been undertaken at this stage. The Heart of the South West partnership will develop an Equality Impact Needs Assessment that will inform the development and adoption of the Productivity Plan.

Recommendations and Reasons for recommended action:

That Council:

1. Notes progress toward the Heart of the Southwest Combined Authority / Devolution deal proposals;
2. Approves the proposals for the Heart of the Southwest Productivity Plan preparation and consultation;
3. Agrees in principle to the establishment of a Heart of the Southwest Joint Committee with a Commencement Date of Friday 1st September 2017 in accordance with the summary proposals set out in this report;
4. Agrees that the 'in principle' decision at (3) above is subject to further recommendation and report to the constituent authorities after the County Council elections in May 2017 and confirmatory decisions to approve:
 - a. the establishment of the Joint Committee;
 - b. a constitutional 'Arrangements' document;
 - c. an 'Inter-Authority Agreement' setting out the support arrangements;
 - d. the appointment of representatives to the Joint Committee;
 - e. the appointment of an Administering Authority.

Reasons

The urgent and essential need to improve productivity across the HotSW area is the driver for the recommendations in this report.

The Productivity Plan will replace the Local Enterprise Partnership's Strategic Economic Plan. It will be the key strategic HotSW document for the partners to engage with Government on a range of investment opportunities and powers emerging from the Industrial Strategy, and the National Productivity Infrastructure Fund.

The recommendations also reflect the position reached with the Government on the Combined Authority / Devolution deal matters. With no agreement in sight on either issue the Leaders wish to put in place an alternative formal collaboration arrangement at HotSW level to maintain and take forward the momentum achieved by the partnership.

Without a Joint Committee in place at this time at a strategic level, the HotSW area is likely to find itself disadvantaged in terms of capitalising on Government policy initiatives and new funding opportunities, compared to those areas that have or are establishing formal strategic partnerships. Although a Joint Committee cannot undertake the full range of functions of a Combined Authority, it would provide a mechanism towards the establishment of a Combined Authority if deemed appropriate, including the potential to operate as a shadow Combined Authority at some point in the future.

Alternative options considered and rejected:

1. In July 2016, the Council approved the ‘in principle’ establishment of a Heart of the South West Combined Authority and this could still be considered as an alternative option. This body would have been a recognised legal entity requiring specific paid roles funded by the constituent councils. This was the Government’s minimum standard to secure any kind of Devolution deal. In the absence of a Devolution deal, there is still a desire to formalise the HotSW Leaders’ partnership which has matured and developed over the last 18 months. The Joint Committee will provide clear democratic leadership based on the LEP footprint; a stronger voice to Government; and a platform for further local collaboration both within the partnership, and between the partnership and other areas in the South West.

 2. Another option would be to maintain the current informal HotSW partnership arrangements. However, formalising the structure into a Joint Committee provides the added benefits of streamlined and transparent decision-making around the Productivity Plan. It will also simplify the relationship between the constituent councils and the Local Enterprise Partnership, and other partners, and is a low risk/low cost solution, comparable with the current running costs for the partnership.
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Published work / information:

[Heart of the South West Productivity Plan Green Paper](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Summary Paper – Appendix I										

Sign off:

Fin	akh1 617. 87	Leg	DVS 2773 1	Mon Off	DVS 2773 1	HR	n/a	Assets	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member: Giles Perritt												Appendix I	
Has the Cabinet Member(s) agreed the content of the report? Yes													

Summary Paper

I. Background

Combined Authority / Devolution Deal update

- 1.1.1** Following the in-principle agreement by Heart of the South West (HotSW) local authorities to move towards a Combined Authority model, the EU Referendum has taken place and the Government has changed. Both of these events have had a significant impact on Government policy and in particular the approach to Devolution.
- 1.1.2** Members will recall that before the change of Government the previous Secretary of State had indicated his support for the establishment of a Combined Authority for the HotSW area and indicated that a Mayor would not be imposed or be a pre-condition of any initial Devolution deal. Although it was made clear that a Mayor was required to achieve extensive funding and powers, the partnership was encouraged to push the limits of an initial deal, with the potential for further deals in the future. At that stage in the early autumn of 2016, the Autumn Statement presented the first opportunity for the announcement of an initial deal. It was also acknowledged that the HotSW LEP would not be penalised in Growth Deal 3 negotiations by not agreeing to a Mayor.
- 1.1.3** These indications were sufficient for the councils to pass resolutions in July / August 2016 to agree to the principle of creating a non-Mayoral Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution deal for the area.
- 1.1.4** Following the change of Government, the new Secretary of State has given a clear indication that a Mayoral Combined Authority is required in order to achieve a Devolution deal.
- 1.1.5** The view of the partnership is that it must maintain the momentum achieved to date by putting in place arrangements across the HotSW area to deliver the key ambition of raising productivity and to avoid the area being disadvantaged compared to its neighbours. Pending any progress being made on 1.1.4 above, and to allow the area to capitalise on the emerging national Industrial Strategy, the Leaders are recommending the following at this stage:
- The creation of a HotSW Productivity Plan to develop the strength of the Heart of South West's economy; and
 - That consideration is given to the creation of a Joint Committee of HotSW partners to drive the development and delivery of the Productivity Plan and be the basis for identifying further public sector reform opportunities for recommendation to the partner authorities.

1.2 HotSW Productivity Plan

- 1.2.1** The report to Council on 11 July 2016 set out that regardless of whether the area entered into a Devolution deal with Government the partnership intended to continue with the development of a Productivity Plan for the area to deliver the aspirations set out in the Prospectus for Productivity agreed by the Councils in February 2016. This remains the priority of the partnership.
- 1.2.2** The Productivity Plan, which replaces the LEP's Strategic Economic Plan, will guide the long term growth aspirations for the area and will be our key strategic document for engaging with Government and our communities on future prosperity. In the absence of a

Combined Authority / Devolution deal at this stage, a mechanism is required to enable the partners to collaborate formally to maximise what can be achieved within existing structures and resources, through new ways of working, as well as continuing negotiations with Government over a range of policy agendas to help deliver the partnership's productivity ambitions.

1.2.3 The latest research from Exeter University confirms that the area has one of the best employment rates in the country. However, too many of those jobs are part-time and low paid. The area significantly lags behind the rest of the UK in terms of its productivity and the key to our future prosperity is to address this disparity

1.2.4 Productivity is defined as: “the amount of goods and services that a person, industry or country produces per hour.” The more good and services that are produced, the more productive – and ultimately wealthy – an economy is. There are 5 drivers of productivity which must all be addressed for productivity to rise:

1. Competition

- Which encourages business to innovate and be more efficient; and
- Access to national and international markets through good infrastructure.

2. Enterprise

- New business opportunities for existing firms and start-ups where competition encourages new ideas and ways of working; and
- Support for businesses and entrepreneurs.

3. Investment in physical capital

- Machinery, equipment, buildings and infrastructure. More capital generally means that more can be done, better and quicker; and
- Infrastructure and somewhere to ‘set up shop’ are essential, and investment capital must be available.

4. Skills

- Skills are needed to take advantage of investment in new technologies and ways of running a business; and
- Skills alone can determine productivity but so do good management, creativity and investment.

5. Innovation

- The successful exploitation of new ideas: technology, products or ways of working boost productivity, for example as better equipment works faster; and
- Research and development and general support for innovators is essential.

1.2.5 Our Prospectus for Productivity confirms our commitment to increasing productivity across the Heart of the South West to ensure a successful future economy. We know the new Secretary of State for Business, Energy and Industrial Strategy, who is developing the Industrial Strategy, is keen to hear and reflect the local narrative in his strategy. The Productivity Plan will provide the platform for the area to engage with Government on this agenda with a view to delivering our collective aspirations for growth in the Heart of the South West.

1.2.6 The Productivity Plan will be developed through an evidence base produced by the LEP's Future Economy Group and engagement with stakeholders and the community. In developing the Plan a range of issues will be explored:

- Productivity in the public and private sector
- Understanding how the local economy works and interventions required to guide investment decisions
- Bringing together local government, business community, public, the universities and other groups
- The need to build an inclusive economy with growth for all.

1.2.7 Work to create the Productivity Plan is intended to be a fully inclusive process involving all stakeholders and will include public consultation. It will take the form of several stages as follows:

- **W/c 23 January – 10 March 2017** – A 'Green Paper' was published setting out some of the emerging challenges for Heart of the South West's productivity identified by the LEP's Future Economy Group. The results from engagement on this discussion paper will form the basis of a formal consultation paper on the vision and priorities for a Productivity Plan.
- **June 2017** – A formal consultation 'White Paper' will be released to all Councils and stakeholders. This will be a public consultation to directly inform the content of the Productivity Plan.
- **September 2017** – The Productivity Plan will be considered for formal adoption.

1.3 HotSW Joint Committee Proposal

1.3.1 Members of all councils will be aware of the work on developing the Combined Authority proposal for the HotSW area. This work was suspended following the change of government focus outlined elsewhere in this report. The partnership decided that until we have clarification locally from the Secretary of State of the criteria for moving forward on devolution, it would take forward a less risky and more cost effective short term option of forming a HotSW Joint Committee to oversee and own the development and delivery of the Productivity Plan. Although the Joint Committee would not have the statutory status of a Combined Authority and cannot therefore deliver the full range of benefits that a Combined Authority can, it has the potential to provide cohesive, coherent leadership and formal governance to agree and oversee delivery of the Productivity Plan and bring forward other pan-HotSW proposals for recommendation to the constituent authorities, as desired and necessary. Its role will focus on collaboration, negotiation and influencing with full delegated decision making responsibilities limited to agreeing and overseeing the implementation of the HotSW Productivity Plan. All other matters where a decision is required will be referred back to the constituent authorities for approval.

1.3.2 Ultimately the aims of the Joint Committee through delivery of the Productivity Plan will be to:

- Improve the economy and the prospects for the region by bringing together the public, private and education sectors;
- Increase our understanding of the economy and what needs to be done to make it stronger;
- Ensure that the necessary strategic framework, including infrastructure

requirements, is in place across the HotSW area to enable sub-regional arrangements to fully deliver local aspirations; and

- Improve the efficiency and productivity of the public sector.

- 1.3.3** The creation of a single strategic public sector partnership covering the HotSW area will: facilitate collaborative working; help us to remove barriers to progress; and will provide the partnership with the formal structure to engage with Government at a strategic level to maximise the opportunities /benefits available to the area from current and future government policy. It will also enable the constituent authorities and partners to have discussions with neighbouring councils / combined authorities / LEP areas on South West peninsula priorities and issues as well as the ability to move swiftly towards a devolution deal and Combined Authority model in the future if the conditions are acceptable.
- 1.3.4** A Joint Committee will also provide a formal mechanism for the constituent authorities to engage effectively with the LEP across common boundaries and agendas. The LEP is in the process of adopting a new assurance framework as part of new government requirements which require improvements in the LEP's transparency and accountability. The direct involvement of the LEP in the Joint Committee on many common agendas will provide a mechanism to enable the councils to have a more direct involvement in and greater influence over the activities of the LEP.
- 1.3.5** The detail of the proposed functions of the Joint Committee and how it will operate will be set out in a draft 'Arrangements' document which will be presented to the constituent authorities for approval in the summer. The current report only seeks an 'in principle' approval to the creation of a Joint Committee at this stage. The final decisions to establish the Joint Committee will be sought from all authorities in July / August with a view to the Committee being established on the 1st September 2017.
- 1.3.6** The proposed functions of the Joint Committee are as follows:
- (a) Develop, own and implement the HotSW Productivity Plan in collaboration with the LEP.
 - (b) To identify and develop proposals (for recommendation to constituent authorities / partner agencies as necessary) in response to policy opportunities presented by the Government to secure functions and funding for the benefit of improving productivity. Examples include Industrial Strategy, Brexit, and Devolution.
 - (c) Develop and make recommendations to the constituent authorities / partner agencies for actions emerging from the work of the Brexit Opportunities and Resilience Task Group.
 - (d) Continue discussions / negotiations with the Government / relevant agencies to secure delivery of the Government's strategic infrastructure commitments, eg, strategic road and rail transport improvements.
 - (e) Identify opportunities for rationalising / improving existing public sector governance arrangements and make recommendations to the constituent authorities/partners.
 - (f) To work with the LEP to identify and deliver improvements to the LEP's democratic accountability and to assist the organisation to comply with the revised (November 2016) LEP Assurance Framework. This includes formally endorsing the LEP's assurance framework on behalf of the constituent authorities as and when required and before it is formally approved by the LEP's Administering Authority.
 - (g) To ensure that adequate resources (including staff and funding) are allocated by HotSW partners to enable the objectives in (a) to (f) above to be delivered.

1.3.7 In addition to the functions set out above, the Joint Committee Arrangements document will set out in detail:

- (a) Membership arrangements: based on one Authority, one Member (including the 2 National Park Authorities where this would normally be the Leader of the Council / Chairman of the National Park Authority), one named substitute member, and one vote. Partner organisations such as the LEP and the Clinical Commissioning Groups will also have non-voting membership of the Joint Committee
- (b) Standing Orders / Rules of Procedure: An Administering Authority will be identified to support the operation of the Committee and it will be recommended that the Standing Orders and Rules of Procedure of the Administering Authority will apply to the operation of the Committee. This will include the usual Access to Information rules which apply to local authority meetings.
- (c) Provisions to enable a Constituent Authority to formally withdraw from the Joint Committee and for the Joint Committee to be dissolved.
- (d) Appointment of a Chairman and Vice-Chairman on an annual basis.
- (e) The ability for the Joint Committee to appoint sub-committees or establish working groups as required.

1.3.8 A draft Inter-Authority Agreement will accompany the 'Arrangements' document for approval in the summer. This will detail how the Joint Committee will be supported and set out the obligations on the constituent authorities.

In particular this document will set out the Administering Authority functions in support of the operation of the Committee including the provision of financial, legal, constitutional and administrative support to the Committee.

The Agreement will also include:

- (a) The cost sharing agreement setting out how the costs of running the Joint Committee will be met by the constituent authorities
- (b) The roles and responsibilities of the constituent authorities in support of the Joint Committee
- (c) The roles and duties of the Chief Executives' Advisory Group that will support the Joint Committee
- (d) Accounts, Audit, Insurance arrangements
- (e) Confidentiality, Equal Opportunities, Data Protection provisions
- (f) Dispute Resolution provisions.

1.3.9 In addition to the Arrangements and Agreement documents, as part of the summer approval recommendations, the constituent authorities will also be asked to confirm nominations for Joint Committee membership; and appoint an Administering Authority to support the Committee.