

Devon and Torbay Combined County Authority – Draft Proposal

This document has been prepared by Devon County Council and Torbay Council.

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Executive Summary

The proposed Devon and Torbay devolution deal was announced by the Secretary of State for Levelling Up, Homes and Communities on 25 January 2024. The proposed devolution deal includes:

- The formation of the Devon and Torbay Combined County Authority (CCA), including the creation of a leadership group led by a nominated chair, to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.
- New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of Adult Education functions and the core Adult Education Budget, and the opportunity to provide input into Local Skills Improvement Plans.
- £16 million of new capital funding in this Spending Review period to support the delivery of local housing priorities, drive Net Zero ambitions, support green skills and accelerate wider low carbon business transition across the Devon and Torbay area. This investment is subject to agreement of the relevant business cases.
- Greater collaboration between the Devon and Torbay CCA and Homes England to reduce the barriers to affordable housing delivery, regeneration and housing growth – with a particular focus on rural and coastal communities. By combining skills and capacity, Devon and Torbay CCA and Homes England will develop a shared development pipeline, underpinned by a clear action plan, and explore ways to support the delivery of that pipeline via current and future national housing programmes. Devon and Torbay CCA have also secured agreement from government to discuss the recommendations of the Devon Housing Commission.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising subject to approval from the Secretary of State for transport, and control of appropriate local transport functions e.g. responsibility for an area-wide local transport plan.
- Subject to funding, policy and delivery considerations at the next Spending Review, UK Shared Prosperity Fund (UKSPF) planning and delivery at a strategic level from 2025/26.
- The integration of the functions of the Heart of the South West Local Enterprise Partnership held by Devon County Council and Torbay Council into the Devon and Torbay CCA, alongside the provision of a strong and independent local business voice which informs local decision making and strategic economic planning.
- A commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation with the Police and Crime Commissioner (PCC).
- A clear role for Devon and Torbay in local resilience and civil contingency planning, preparation and delivery.

Introduction

Devon and Torbay is a special place with enormous potential in its businesses, people and places. Forming the heart of the south west, with a rich history, culture and dynamic economy, the area is known for its stunning natural environment, supporting a world renowned food and drink sector, an increasing reputation as a centre for international environmental science, and making it a destination of choice to visit, learn and invest.

Devon and Torbay has a long standing entrepreneurial and trading history; from its wool merchants and guilds in the middle ages, through to its maritime and fishing heritage along both its coastlines, to today's excellence in defence and advanced manufacturing, photonics and agritech. From the English Riviera to its rural market towns and the city of Exeter, to Northern Devon's Atlantic Coast; the area is typified by a sense of enterprise, innovation and ambition, whether in meeting the demographic challenges of tomorrow, welcoming its 30 million visitors a year, or driving forward net zero opportunities through its leading universities and businesses.

On 25 January 2024 the Secretary of State for Levelling Up, Housing and Communities announced the proposed Devon and Torbay devolution deal.

With a population of 953,000 residents and a GVA of over £17 billion, Devon and Torbay offers enormous potential. It has nearly 50,000 businesses providing around 473,000 jobs. It is a coherent economic area and has significant sectors with potential for growth, including advanced manufacturing and engineering, environmental technologies, data and clean industries; digital business, electronic and photonics activity; health and pharmaceutical manufacture and wider defence industries, as well as traditional strengths in areas such as tourism and agritech and food production.

But Devon and Torbay also face challenges which impact on productivity levels and the ability to grow. Productivity lags behind the UK average overall within the area, requiring a 30% increase to close the gap, and public spending per person has historically trailed the rest of the UK. Rural, urban and the coastal areas of Devon and Torbay area suffer from nationally significant levels of poverty, with parts of Torridge and Northern Devon amongst the bottom 5% worst affected areas of England, and West Devon and Torbay having the lowest and second-lowest workplace-based wages of any authority in the country. Social mobility and youth aspiration and progression are particular areas of concern, with around 40% of all young people leaving the area due to a lack of available housing and lack of attractive employment opportunities in many communities. The area faces significant challenges with skills and educational performance, with pockets of nationally significant educational need and some of the lowest Level 4 achievement rates in the country across its urban, rural and coastal areas.

The Government's devolution framework places a strong emphasis on robust local governance and joint working across sensible and coherent economic geographies. The local authorities of Devon and Torbay are seeking a historic Level 2 devolution deal which will provide powers and funding to enable Devon and Torbay to unleash its economic potential and in doing so level up, raise living standards for its communities and make a greater contribution to the UK economy. The Proposal shows how levelling up can be done in practice – with clear alignment to the 12 headline Levelling Up missions and the long-term, devolved funding underpinning it.

Combined County Authorities (CCAs) are a new model of devolution, outlined in the Levelling-up and Regeneration Act 2023. Establishing a CCA is a formal, legal step, allowing upper tier councils across the region to work more closely together in a more structured way. A CAA for

Devon and Torbay would be a new statutory authority created to lead collaboration between councils and would act as the recipient of powers and funding from Government.

The creation of the proposed Devon and Torbay CCA (DT CCA) would not result in the merger or take-over of councils in the area nor would it require individual councils to give up their powers, except in the limited area of transportation where some specific powers would be transferred from the upper tier authorities to the CCA. The DT CCA would work as one democratically accountable body on key priorities such as economic development, housing and transport, enhancing the investment capability of the CCA area and individual authorities to support growth.

The DT CCA will become the Local Transport Authority (LTA) for the new combined county authority area and take on a strategic coordination role and accountability for associated responsibilities and local public transport powers. There may be some areas where functions are delegated to the constituent councils (i.e. Devon County Council and Torbay Council) where local decision making on specific matters is more appropriate.

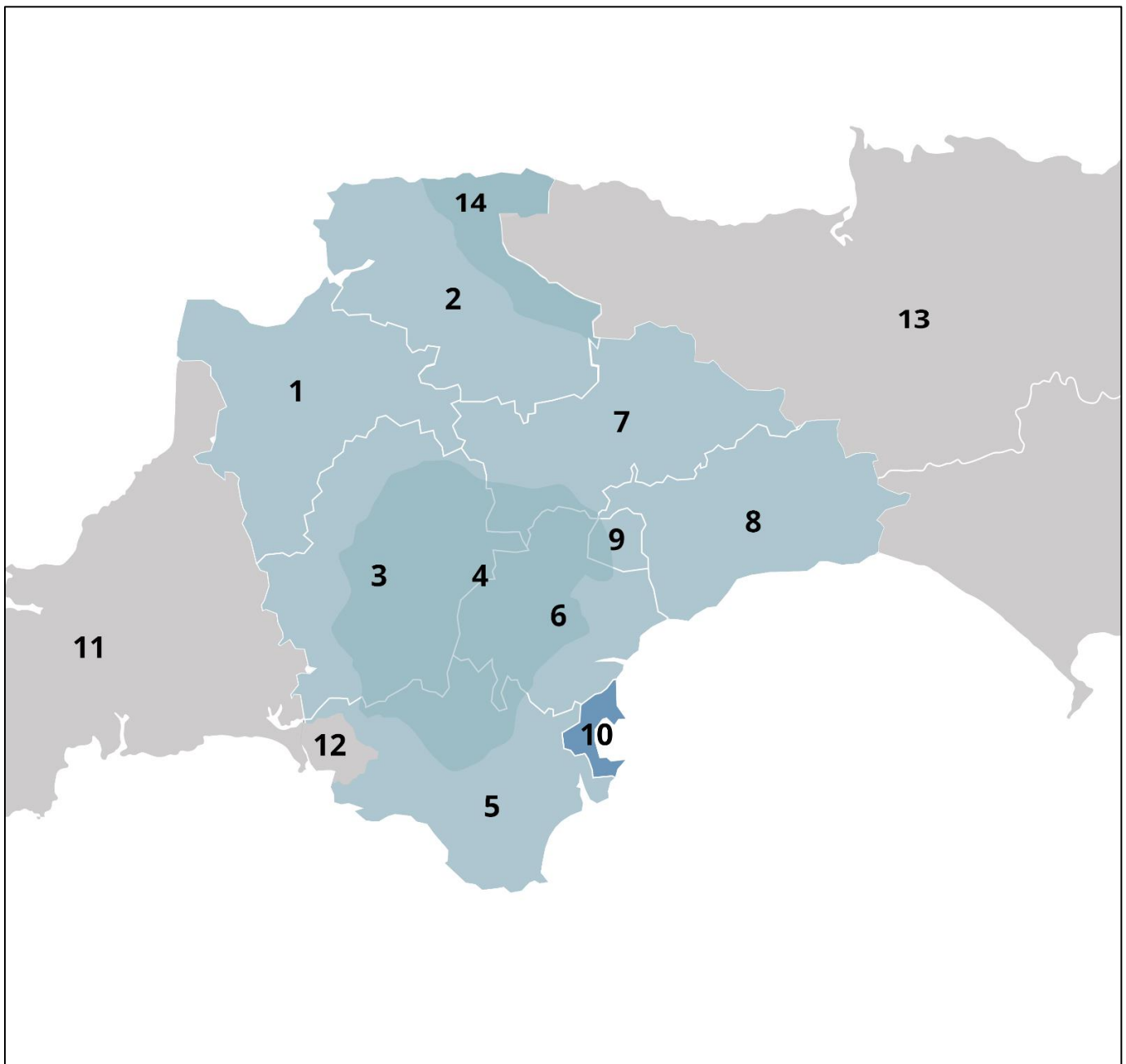
We believe that establishing the DT CCA would enable us as a partnership to make a real difference to people's lives, enabling us to tackle challenges (such as the shortage of affordable housing and a need for more investment to support local businesses) as well as providing Devon and Torbay with a stronger voice in Whitehall and the ability to influence policy for the benefit of our residents, communities and businesses.

Whilst the devolution of power and responsibilities would be to the DT CCA whose constituent members are the two upper tier local authorities, the Proposal respects the importance of the continued role of the district, borough and city councils¹ (shown in Figure 1 below) whose powers and functions remain intact and who can be given voting rights by the constituent members in respect of certain powers exercised by the DT CCA.

¹ East Devon District Council, Exeter City Council, Mid Devon District Council, North Devon District Council, South Hams District Council, Teignbridge District Council, Torridge District Council and West Devon Borough Council

Figure 1 Map of local authority boundaries.

Key to map: 1. Torridge. 2. North Devon. 3. West Devon. 4. Dartmoor National Park. 5. South Hams. 6. Teignbridge. 7. Mid Devon. 8. East Devon. 9. Exeter. 10. Torbay. 11. Cornwall. 12. Plymouth. 13. Somerset. 14. Exmoor National Park



If devolution goes ahead, all local councils in Devon and Torbay will continue to exist as they do now. Councils will continue to have the responsibilities they do now (with the exception of some transport responsibilities currently held by the upper tier councils), providing vital services to their communities and championing their communities.

The devolution partners recognise that devolution is a journey, not a one-off event. This proposal is anticipated to be the first step in the process of further devolution. As institutions mature, they can gain greater responsibility and Devon and Torbay will be able to deepen its devolution arrangements over time, subject to Government agreement.

Background and context

The area of Devon and Torbay benefits from encapsulating a broad and varied economic geography. Home to the city of Exeter, with its knowledge-led and high-value economy, and the towns of Torquay and Paignton, which combine high-value electronics and healthcare technologies with traditional strengths across the visitor economy, the area brings together a range of nationally significant businesses and assets, from Harland and Wolff to the Met Office. It also benefits from two world class universities and four nationally significant technical colleges which provide research and training excellence. The area is famous for its broader rural and coastal geography, with the majority of its population living within the stunning Devon landscape which incorporates two the national parks of Dartmoor and Exmoor. Home to around 30% of the UK's dairy industry, with Brixham being one of England's largest fishing ports by value of catch, the County is famous as an agricultural and food production hub.

This draft Proposal sets out how we can bring about significant changes across our whole area, focusing on growth, inclusivity, and levelling up. By gaining powers and funding from central Government, we can better support our residents, businesses, and communities.

Population

The proposed DT CCA area will cover a population of 0.95 million people, which would be comparable to other areas in the South West region with devolution deals:

- Cornwall Council – 0.57 million
- West of England Combined Authority – 0.95 million

The proposed Deal will play a key role in driving new economic, social and cultural opportunities to ensure the area is better able to compete with other sub-regional economies.

Economy

The proposed CCA area of Devon and Torbay comprises the South West of England's second largest economy, contributing over £17bn per annum into the UK economy overall. Located at the heart of the south west peninsula, and capturing the majority of the Devon functional economic area, the area contains around 17% of the South West's population and 14% of its output, making it larger than the city of Bristol itself, or the economies of Liverpool or Sheffield.

Whilst the area has, however, outpaced national job growth by around 1% per annum over the past five years, the overall annual gap with UK GVA per head had widened to 29% by 2021, with Torbay amongst the worst performing areas in the country. Whilst centres like Exeter and North Devon have seen stronger performance, the area is typified by a significant intra district and area difference in economic performance across both its rural and urban areas.

Transport and Infrastructure

Overcoming our transport challenges will help us unlock the area's and region's full economic potential, as well as boost its environmental and social wellbeing. Along with the rest of the peninsula, the area relies on a small number of strategic links of variable standards:

- With the M5 ending at Exeter, the two main arterial routes through the area are the A30 and the A38, with the North Devon Link Road (A39/A361) and the A380 through to the South Devon Link Road providing connectivity to North Devon and Torbay respectively.

- There are two strategic rail routes connecting the area with the rest of the UK, but average rail speeds are slower than elsewhere, there is poor mobile connectivity along the routes and branch lines are mainly single track.
- Exeter Airport provides national and international flights, with passenger numbers slowly recovering following the Covid pandemic and acts as a test bed for net zero technologies, such as electric flight. Locally it is connected by the A30 and the M5 with a nearby railway station at Cranbrook and local bus services.

Business and Manufacturing

The proposed CCA area has an employment base of 953,000 people, with 49,535 business including 105 large employers. The area benefits from an incredibly diverse mixture of sectoral strengths, with significant concentration within a range of key sectors and business areas. These include:

- **Advanced Manufacturing and Engineering** – Worth £1.03bn per annum employing around 23,000 and generating £44,767 per worker (slightly below the national average), Advanced Manufacturing and Engineering made up around 7.5% of the local economy in 2021. The sector included production for aerospace, marine and ship building, automotive, wider mobility systems, and robotics applications, with a presence in roughly twenty further subsectors overall. Of particular importance locally is the photonics sector and related electrical manufacture in Torbay, underpinning products as diverse as satellite technologies to broadband infrastructure, as well as the area's broader contribution to the defence sector, playing a crucial role in supporting national significant capacity in Plymouth and the West of England.
- **Environmental Technologies and Industries** – Worth £290m per annum, employing around 2,000 and generating £149,871 per worker (significantly above the national average), Environmental Technologies and Industries made up around 1.8% of the local economy in 2021. Whilst still relatively small overall, the sector experienced growth of around 25% in the five years to 2022, with a further 25%-50% growth anticipated before 2026/7. The area benefits from strong growth around Waste and Land management capacity, financial products and green infrastructure advice and construction capacity. The sector is predominately focused upon Exeter and East Devon, but with growth accelerating in both Torbay, Northern and Southern Devon.
- **Health and Life Sciences** – Worth £111m per annum, employing around 1,630 and generating £67,900 per worker (above the national average), Health and Life Science made up around 0.9% of the area's economy in 2021. Focused almost entirely within North Devon, the area has a significant over-representation of pharmaceutical production capacity when compared with its peers, with significant room for growth. The sector is currently anticipated to grow at roughly twice the speed of the rest of the CCA's economy by 2027.
- **Digital and Creative Industries** – Worth £555m per annum, employing around 12,800 and generating £43,298 per worker (slightly below the national average), the Digital and Creative Industries sector made up around 4% of the local economy in 2021. Principally focused within Exeter and Torbay, but spread widely across our rural and coastal communities, the sector is typified locally by its focus on small innovative businesses working in design, media, cyber security, data management and a diverse range of other digital activity with an average level of

growth. The sector also plays a crucial role in supporting the wider economy, underpinning productivity enhancement and modernisation of operations.

- **Tourism and Leisure** – Worth £907m per annum, employing around 41,357 and generating £21,900 per worker (significantly below the national average), Tourism and Leisure made up around 7% of the area's economy in 2021. One of our largest sectors in terms of employment, the sector remains critical for every community in Devon; with Torbay, Northern and Southern Devon being national significant destination in terms of visitor's numbers.
- **Farming, Fishing and Food** - Worth £578m per annum, employing around 24,300 and generating £23,800 per worker (significantly below the national average), Farming, Fishing and Food Production made up around 4.2% of the area's economy in 2021. Historically, our most important sector, and of key importance still around environmental and land management, the sector is predominantly focused within the area's rural and coastal communities.

In support of these core sectors, Devon and Torbay hosts a range of supporting capabilities and assets. Our two-world class universities (Exeter and Plymouth) and four good and outstanding colleges provide a strong backbone to our innovation ecosystem, reinforced by specialist assets such as Rothamsted Research in North Wyke. These are further supported by key assets such as Exeter Science Park and the Electronics and Photonics Innovation Centre (EPIC) in Torbay, providing dedicated space for sector innovation, workforce development, best practice sharing and development of agglomeration capabilities across and between our sectors.

Commuting and Labour Force

The proposed CCA area is a highly functional economic geography, making up the majority of the previous Heart of the South West Local Enterprise Area. 90% of those who work in the area (around 500,000 residents) live within the area, with Torbay and Northern Devon's districts having significant higher self-containment levels than the national average. Whilst the area is highly self-contained, its growing economy and changing demographic will mean it needs to continue to develop its links with its neighbours as well as develop its housing, training, leisure and employment mix over the next decade to remain attractive to those who live and work in, and visit, the area.

Whilst Devon and Torbay has a large working age population, the proportion of residents who are economically active has both fallen with the impact of the pandemic and ongoing changes due to our aging population, with around 20% of its working age population outside employment. Uniquely however, unemployment is around 1% lower than the national average across the area, with the majority of those outside of economic activity in Devon and Torbay of working age due to long term health conditions and personal preference as opposed to a lack of available opportunities as in other areas.

As such, labour demand in the local area continues to be relatively high when compared with the rest of the UK, with an average of 16,000 jobs per month advertised across the CCA area in the three months to December 2023.

Housing

There is a growing housing affordability problem across the area: the average house price of £321,000 is over ten times the average salary. The private sector long term rental market has collapsed with stock levels falling by around 50% between 2019 and 2021. There has been a significant increase in parts of the area in the number of properties used as holiday lets: there are

particular hot spots that have seen communities hollowed out by second home and holiday accommodation. In late 2021 local authorities across the area declared a housing crisis and in response, formed a member-led Task Force.

Addressing Productivity, Skills and Pay

Improvements in productivity can help to lift wages and provide high quality jobs across all parts of the Country. Across the Devon and Torbay area however there has been a long-standing gap in productivity per head when compared to England as a whole.

Despite a rise in per head productivity of around 50% since 2004, the gap with GVA per head has widened over the past 10 years by around 5%, to 70.7% of the national average in 2021. This gap is most notable within Torbay and West Devon, where GVA per head is now amongst the lowest in the Country. However, the area is typified by high levels of variability around productivity, with the GVA per head of Exeter roughly twice that of its peers, and broadly aligned with the national picture.

The skills and pay picture within the Devon and Torbay area is similarly diverse. On average, those qualified to both NVQ Level 2 and Level 3 was broadly aligned with the UK average, though the area does trail on the number of individuals holding a degree by around 4%.

Similarly, average weekly pay in Devon and Torbay in 2023 was roughly 10% lower than the national average, but broadly aligned with the averages for other regions and CCA areas outside of London (broadly equivalent to Manchester and West Midlands). However, within the area, Devon and Torbay includes some of the most significant intra-area disparities within the Country. Weekly pay within East Devon for example was approximately £100 higher per week than within Torbay in 2023, whilst the number of people with a Level 4 qualification in Torridge in 2022 was just 21.9% compared to 49% in Exeter.

As a devolved administration, the CCA will seek to support local areas and businesses with this challenge, seeking to enhance skills and qualification performance, improve workforce participation and skill levels, assist with business productivity and efficiency, and seek to contribute to improved earnings and standards of living across our communities.

2 Reducing Wider Inequalities

The proposed CCA area is extremely varied in terms of deprivation.

Whilst overall only 8% of its neighbourhoods are within the bottom 20% of the most deprived neighbourhoods in England, this rate increase to 27% within Torbay and 14% in Northern Devon. This includes 17 areas in the bottom 10%, and one (within Torbay) in the bottom 200 places in the Country (out of over 36,000).

On a district level basis, Torbay is within the bottom 10% of all districts in the county, with North Devon within the bottom 20%.

The Devon and Torbay area also features highly amongst individual deprivation measures, with several of the Country's most difficult locations in terms of access to services within our rural and coastal communities, significant challenges in North Devon and Torridge around educational performance and progression, and ongoing challenges around housing affordability and availability across the entire area.

Our Ambitions

We want the people who live and work in Devon and Torbay to be better connected, more competitive, and more prosperous.

We want to create more learning opportunities, construct new homes, foster local business growth, and improve our public transportation system and roads.

The benefits of the proposed Devon and Torbay Devolution Deal

We aim to achieve the following benefits for our residents and the DT CCA area as a whole:

- Ability to address the shortage of affordable housing
- Creation of new training and re-training opportunities
- Improved co-ordination of public transport
- More investment to support local business and green jobs
- Decisions taken locally by people who know their areas best
- A stronger voice to influence policy and investment decisions at a national level
- An increase in productivity and pay

Our Priorities

We propose to use devolution to build upon Devon and Torbay's substantial strengths in delivering benefits for our residents. The focus will be on the following priorities and the establishment of a case for potential further devolution deals in the future.

1. Maximising our economic potential

We will make sure we have the skilled workforce our local economy needs for the future. We'll work to secure new investment to help create additional high value jobs.

With a population of 953,000 residents and goods and services worth over £17 billion produced every year, Devon and Torbay offers enormous potential. We are home to nearly 50,000 businesses that provide around 473,000 jobs.

Across the area there are a range of significant sectors with potential for growth:

- advanced manufacturing and engineering, environmental technologies, data and clean industries;
- digital business, electronic and photonics activity;
- health and pharmaceutical manufacture; and
- wider defence industries.

This is on top of our traditional strengths in areas such as tourism and agritech and food production.

But we know that we face challenges which impact on our productivity levels and the ability to grow. We believe that this Proposal will help us to maximise our potential in the following areas:

Skills and Education

The CCA will have direct control of adult education with the ability to create up to 50,000 new training and retraining opportunities by 2030. Through Local Skills Improvement Plans, Devon and Torbay councils will work with business and education leaders to create a stronger, joined up relationship between employers and schools, colleges and universities to provide the skilled workforce our local economy needs for the future.

- The Deal would devolve the budget for adult education to the Devon and Torbay CCA. The CCA would be responsible for making funding allocations to adult education providers meaning we would have the flexibility to tailor provision to local needs and priorities.
- Funding for Free Courses for Jobs will also be devolved and ring-fenced.
- The CCA will work with the Devon and Plymouth Chamber of Commerce providing input to and supporting the development the Local Skills Improvement Plan for the area. The Plan will help build a stronger and more dynamic partnership between employers and further education providers.
- The Department for Education will continue to work with Devon and Torbay to commission a local programme of Skills Bootcamps.
- We want to ensure that we retain a shared focus on careers education and advice for young people. The Government will work with the CCA and other partners to continue the work within the Careers Hub.
- The Department for Work and Pensions, through the Job Centre Plus and the Partnership teams, will work with the CCA on shared strategic priorities recognising the crucial link between local skills, education, health and workforce development.

Supporting local business

Over the past decade we have worked in close collaboration with Government, businesses, universities and colleges, and wider public and private sector partners to successfully secure new investment and create a range of additional high value jobs.

We want to sustain this approach through the new arrangements. We want to accelerate delivery of our ambition for our most promising sectors.

As a priority, we want to explore opportunities to support regional research and innovation strengths in the environmental intelligence and clean marine sectors.

- The CCA will take on the relevant functions and roles of the Heart of the South West Local Enterprise Partnership (LEP) in line with published guidance. We will work together so that the business voice is represented with Devon and Torbay.
- The Government will work closely with the CCA to make it easier for businesses to access the information, advice and support they need. This will draw on the Department for Business and Trade's global and sector offer.
- With the Department for Science, Innovation and Technology and UK Research and Innovation we will explore opportunities for closer long-term collaboration to strengthen Devon and Torbay's research and innovation capacity.

- We will look to make the most of the opportunities for further joint working around farming, fishing and coastal matters, building upon local good practice and programmes around farm resilience, aquaculture and renewable energy policy and practice.
- Exploratory conversations will be held between the CCA and the Department for Digital, Culture, Media and Sport and its Arms Length Bodies on the region's appetite and capacity for partnership working across the culture, heritage, sport, communities and visitor economy as applicable.
- We will have regular engagement with the Government on the digital connectivity delivery plans for the region, particularly where they involve hard to reach rural and coastal areas.

2. Addressing our housing pressures

In partnership, we will deliver investment in affordable housing schemes for local people, reducing homelessness. Greater Community Land Trust-led delivery will support rural and coastal affordable housing delivery.

Devon and Torbay is made up of mix of urban, rural and coastal communities, with the majority of its population living within the stunning Devon landscape which incorporates the two national parks of Dartmoor and Exmoor. Our local communities face specific pressures around housing affordability and availability. This is particularly acute amongst younger people within the area, where these challenges create barriers to progression, retention and community growth.

We already have a range of powers that allow us to work together to improve local housing conditions. We are working with partners through the Devon Housing Task Force to explore potential areas for additional progress.

We believe this Deal will deliver a stronger partnership with Homes England, capitalising on the Affordable Housing Programme and Brownfield Infrastructure and Land Fund to create a shared investment pipeline of affordable housing schemes for local people.

- The CCA will work with Homes England, with the support of the Department for Levelling Up, Housing and Communities, to combine our skills and capacity to reduce the barriers to affordable housing delivery, regeneration and wider housing growth. We will develop a shared development pipeline which will be underpinned by a clear action plan.
- There will be potential investment through current and future funding streams, including the Affordable Homes Programme and Brownfield, Infrastructure and Land Fund.
- The CCA will explore, collectively with Homes England and the Department for Levelling Up, Housing and Communities, how wider measures, such as facilitating greater Community Land Trust-led delivery, could better support our plans to increase much needed rural and coastal affordable housing delivery, especially across small sites.
- Part of the Government's capital commitment to the CCA will be available to support the development of a small sites Green Homes investment programme.
- The Government has recognised the differentiated nature of local housing markets across Devon and Torbay and work that is underway by the Devon Housing Commission.
- The CCA will have access to additional land assembly powers for housing, regeneration and economic purposes. It will work in partnership with the Government on additional solutions for individuals who are homeless and on the challenges around second homes and holiday lets.

3. Improving local transport

We will strengthen our joined-up approach as equal partners, helping to improve the efficiency and co-ordination of public transport. Shared responsibility for strategic transport will support economic growth.

Devon County Council and Torbay Council have a long history of working well together on transport issues with a Joint Devon and Torbay Local Transport Plan already in place. As the upper tier authorities on the new CCA, we will strengthen this joined up approach as equal partners, taking shared responsibility for strategic transport functions to support economic growth.

We will work to improve the efficiency and co-ordination of public transport including providing a single ticketing system for travellers and investment in services to provide greater access to public transport.

We believe that this will give Devon and Torbay a stronger voice within Government on future investment and policy that is vital to the prosperity of our communities.

- The CCA will become the Local Transport Authority for Devon and Torbay taking on the strategic coordination role and accountability for the associated responsibilities and local public transport powers.
- As the Local Transport Authority, the CCA will develop an area-wide Local Transport Plan. The Department for Transport will use this Plan as a basis for future local transport investment.
- The CCA will design and deliver a pipeline of transport interventions which align with Devon and Torbay's wider priorities including local growth, improving transport user experience, decarbonisation and reducing environmental impact.
- The CCA will be accountable for the receipt and allocation of Government local transport funding to Devon County Council and Torbay Council, whilst highways funding will go directly to those councils as highways authorities. The operational responsibility for highways will remain with constituent councils.
- Peninsula Transport Sub-National Transport Body (STB) will develop its Regional Centre of Excellence, which will offer bespoke capability and tools to support to all LTAs in the STB area.
- As the Local Transport Authority, the CCA will be responsible for:
 - Bus Service Improvement Plans
 - Enhanced Partnerships
 - Subsidised bus services
 - Concessionary fare schemes

Where practical, the CCA will work towards streamlining Devon and Torbay's engagement with commercial bus operators and coordinate existing separate arrangements into a single Enhanced Partnership. If the CCA considers that bus franchising is likely to deliver better outcomes, Government will consider conferring franchising powers to the CCA.

The CCA will work with Active Travel England to improve the design quality of all active travel schemes funded both by the Government and locally.

4. Meeting our net zero ambitions

We will unlock Devon and Torbay's huge green economic potential, with more investment in green business growth and attracting inward investment to the area. Our transition to a net-zero economy will be accelerated, capitalising on our area's world-leading expertise in green science and technology.

Local leaders are well placed to engage with all part of their communities and to understand local policy, political, social and economic nuances relevant to climate action in the area.

From the £16 million of new Government funding which the CCA will receive, funding will be made available to invest in green jobs, homes, skills and business growth, accelerating Devon and Torbay's transition to a net-zero economy, and capitalising on our area's world-leading expertise in green science and technology, in this spending review period.

It will help unlock Devon and Torbay's huge green economic potential, with more investment in green business growth, creating hundreds of new jobs, skills and thousands of training opportunities.

- Part of the Government's capital commitment to the CCA will be available to support business to invest in green business transition activity. This will offer Devon and Torbay's business community an opportunity to both modernise and decarbonise activity at a faster rate.
- The capital commitment will also enable the CCA to support the development of green skills capacity building within the further and higher education sector.
- The CCA will work with Government on planning our future energy system for net zero.
- The CCA will become the heat network Zoning Co-ordinator, playing a key role in the delivery of heat decarbonisation infrastructure. The Government will support the CCA to take forward heat network zoning in collaboration with the private sector to utilise all available low carbon heat sources.
- The CCA will work with the Government to explore the benefits of and design options for a place-based approach to delivering retrofit measures.
- We will be provided with opportunities to work with the South West Net Zero Hub to explore sources of funding for projects within our area.
- The CCA will work with Government on local environment policies to support the delivery of England's new Environmental Improvement Plan. Devon and Torbay will be considered as a test-bed geography for future policies such as new carbon codes for soils and the restoration of marine habitats.

5. Delivering investment in Devon and Torbay

There will be local democratic accountability for big investment decision in the local economy. Business and skills representatives will have a strong voice and a direct route to locally-elected decision-makers.

The proposed Deal promises to bring greater local control over decisions which impact our businesses and residents. It also transfers new and existing Government funding to Devon and Torbay to help tackle key local priorities.

Devon County Council and Torbay Council will create a fully devolved funding programme covering all budgets for the devolved functions of the Combined County Authority (CCA). The CCA will have the flexibility to secure private and public sector funding as appropriate.

As part of our joint working, Devon County Council and Torbay Council have agreed that they will work together to ensure no area should be worse off as a result of the creation and work of the Devon and Torbay CCA.

The costs of establishing the CCA will be met from the overall resources of the CCA. The Government will provide £1 million of capacity funding over three years to support the Devon and Torbay CCA in the early stages of the Deal.

- From 2025/2026, the CCA could have delivery responsibility for the UK Shared Prosperity Fund (or its successor). In doing so, the CCA will engage with constituent councils, district councils and other local partners to make sure that the needs of residents can be effectively addressed.
- £16 million of capital funding will be provided to the CCA from the Government to support local priorities. This will accelerate Devon and Torbay's transition to a net-zero economy. It will help us to capitalise on our expertise in environmental science and technology, with a focus on new green jobs, homes, skills and business growth. Alongside this we will seek to attract additional private sector investment into these areas.
- The CCA would have direct control over £11 million per year of funding for adult education until 2030. This will enable us to create up to 50,000 new training and re-training opportunities.
- There will be democratic control of Local Enterprise Partnership assets and funding.

6. Creating a strong and sustainable local economy

We will support high growth business sectors such as marine engineering, defence, photonics and digital, as well as our traditional strengths of tourism, agritech and food production. Through creating a strong and sustainable local economy, we can increase productivity and pay across Devon and Torbay.

Devon and Torbay benefits from a range of significant sector opportunities with the potential to transform its local economy. Working in close collaboration with Government, the area's local authorities, businesses, universities and colleges, and wider public and private sector partners have been successful over the past decade in securing substantive new investment and creating a range of additional high value jobs.

Partners within Devon and Torbay recognise the importance of sustaining this approach through new arrangements, with the transition from the Local Enterprise Partnership offering an opportunity to continue to work closely with the business community, universities and colleges, and wider partners around accelerating the area's ambitions for its most promising sector opportunities.

- Part of the Government's capital commitment to the CCA will be made available to enable the development of crucial coastal and marine energy infrastructure to allow for the transition to low carbon shipping. This will complement existing planned Levelling Up investment in Northern Devon and Torbay.
- The CCA and VisitEngland will work with the accredited Local Visitor Economy Partnership for the region to help further develop the region's visitor economy, harnessing the region's

potential to grow domestic and international visitor spend and encouraging visits throughout the year.

- The Government and the CCA will seek to maximise the impact of our core sectors through:
 - Aligning activity around our High Growth Opportunities including marine manufacturing, specialist innovation assets and the photonics sector;
 - Maximising opportunities linked to Floating Offshore Wind development;
 - Fully realising opportunities within the Advanced Engineering and Manufacturing sector;
 - Working closely with the Department for the Environment, Food and Rural Affairs around the agritech and fishing sectors;
 - Exploring the potential of the small but nationally significant health and life sciences cluster

Principles

Our Proposal is based on the four principles for levelling up set out in the Levelling Up White Paper:

1. **Effective leadership**

A revised governance model will be established across the CCA area.

2. **Sensible geography**

The CCA area covered by this Proposal has a clear functional economic geography - 90% of workers live in the Area, and around 85% of residents work in the area.

3. **Flexibility**

The Proposal recognises the unique needs and ambitions of the area in its governance and programme.

4. **Appropriate accountability**

The Constituent Councils have committed to developing a Constitution and Assurance Framework that will confirm, clarify and formalise the intention of institutions and local leaders to continue to be transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money and maintain strong ethical standards.

With a further five local principles:

5. **Partnership**

Each member of the CCA will have the ability to influence devolved activity and have a say in what the CCA does.

6. **Inclusivity**

The CCA will operate inclusively in pursuit of its agreed outcomes.

7. **Additionality**

Members of the CCA will work together to deliver things that add value, they will only pool or collaborate on existing activity where there is shared agreement that that should be done.

8. **Subsidiarity**

The CCA will not create an additional layer of governance, but bring the national level

governance to the Devon and Torbay area much closer to businesses and communities. Place making functions will be delivered through existing local planning authority arrangements for which they are statutorily responsible.

9. **Collaboration**

Members of the CCA will collaborate and cooperate to ensure that activities are delivered and actions taken as required, both within the CCA and with other partners across the region. Members will share information, experience, materials and skills to learn from each other and develop effective working practices. This includes joint working with wider peninsula partners, including neighbours in Plymouth, Dorset, Cornwall and Somerset.

Delivering our ambitions

Work is currently underway to define the intended operation and delivery arrangements for the proposed CCA. The proposed CCA would build upon existing structures and expertise to deliver the ambitions we have described.

The constituent councils of Devon and Torbay have a history of working well together including having come together, along with other local authorities in the region, to explore the potential for devolution and improved local leadership in 2016.

To complement this approach, local authority partners within Devon came together in 2018 to form the Team Devon partnership. The County Council, Devon's district councils and wider county stakeholders (including Devon's two national parks and the Devon Association of Local Councils which represents Devon's town and parish councils) formed an informal partnership which allowed for the pursuit and discussion of shared matters.

We recognise that Devon and Torbay is a diverse place and the proposed CCA will deliver our shared vision and outcomes via targeted investment and support that acknowledges our geographic difference and similarities. The needs of Devon and Torbay and the projects to address these needs are not all area-wide.

Some priorities may be focused on our urban areas and/or our market towns and/or our rural areas and/or our coastal areas, recognising that new investment should be able to deliver regional-wide benefits.

Governance

The Constituent Councils have developed a proposed governance structure for the proposed CCA which is true to the principles of the Levelling-up and Regeneration Act 2023, and which would secure effective and convenient local government for the proposed CCA area.



Name and area

The proposed CCA would be formally known as the Devon and Torbay Combined County Authority. It would cover the geographical areas of the Devon County Council and Torbay Council which together would form the Constituent Councils of the proposed CCA.

Membership of the CCA

The proposed CCA would have up to 12 Members in total, comprising:

- Six constituent members – three from Devon County Council and three from Torbay Council;
- Four non-constituent members, which would include two representatives of the Devon district councils; and
- Two associate members to be appointed by the CCA.

The six constituent members would have full voting rights. In accordance with the Levelling-up and Regeneration Act 2023, the proposed CCA would have the power to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights would rest with the constituent members of the CCA and would be set out in the CCA's constitution. The Levelling-up and Regeneration Act 2023 does not allow associate members to vote.

District Councils

There are eight District Councils within the proposed CCA area. The Districts would be invited to nominate two individuals to represent their interests on the proposed CCA as non-constituent members.

It has been agreed that a Team Devon joint committee will be established under Sections 101 to 103 of the Local Government Act 1972 and all other enabling legislation. Members of the Team

Devon joint committee will include representatives of Devon County Council; the City, District and Borough Councils in the Devon area; the National Park Authorities and the Devon Association of Local Councils. The terms of reference of the Team Devon joint committee will enable it to have a voice and establish a collective position in the CCA.

Business Interests

The voice of business will be a critical component in the proposed CCA, given that a key area of focus would be economy, industry, and business. The proposed CCA will appoint an Associate Member who can represent the views of business on the proposed CCA.

This function of the Heart of the South West Local Enterprise Partnership, insofar it relates to Devon and Torbay, will be integrated into the proposed CCA, through the creation of a Devon and Torbay Growth Board.

The Growth Board would not be a committee of the proposed CCA, but it would be part of the formal governance arrangements and would exist to provide advice to the proposed CCA on all issues of business and economy relevant to the proposed CCA. The proposed CCA would then appoint the Chair of the Growth Board to the proposed CCA as the Associate Member representing the views of business on the proposed CCA.

Skills and education sector

The voice of the skills and education sector is the second critical component in the proposed CCA. The proposed CCA will appoint an Associate Member as a skills representative.

A Skills and Employment Board will be created. It would not be a committee of the proposed CCA but it would be part of the formal governance arrangement and would exist to provide advice to the proposed CCA on skills and employment matters. The proposed CCA would then appoint the Chair of the Skills and Employment Board as the Associate Member representing the views of the skills and education sector.

Resilience and Public Safety

The proposed CCA, in partnership with Government, will ensure that the Devon and Cornwall Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as a non-constituent member. This will ensure close collaboration and productive joint working between the CCA and PCC.

Other Memberships

There would be one remaining potential space for a further non-constituent member. This would be determined by the proposed CCA itself.

The provisions of the proposed devolution deal enable Plymouth City Council to apply to join the DT CCA at some point in the future should it wish to do so.

CCA Functions

On day one the functions of the proposed CCA that will be exercisable include:

- Duty to set a budget for the proposed CCA;
- Duty to prepare an economic assessment of the proposed CCA area;

- Compulsory purchase, land acquisition and disposal and development of land powers (the exercise of compulsory purchase functions is subject to the consent of all the local planning authorities affected);
- Housing supply and regeneration functions;
- Area-wide Local Transport Plan; and
- Incidental powers in relation to its functions (the power to do anything which is incidental to the exercise of its functions).

CCA decision making

The Members of the proposed CCA would be the main decision-making group of the proposed CCA. The proposed CCA will have the power to establish sub-committees to exercise CCA functions.

CCA voting

The proposed CCA would prescribe voting requirements in its Constitution, but the following principles are intended to be applied:

Decision making will be split between reserved and general matters. Decisions on reserved matters will be for constituent members only and will require a simple majority of constituent council members to vote in favour.

Matters reserved for the constituent councils would include:

- Membership and governance (including voting rights) of the CCA;
- The election of the chair of the CCA;
- Agreement of the annual budget of the CCA;
- Policy Framework;
- Associated scrutiny arrangements, including membership;
- Major investment decisions; and
- All transport functions.

Of those matters reserved for the constituent councils, the following will require both Lead Members to vote in favour in addition to a simple majority:

- Approval of the CCA's budget, including significant financial decisions;
- Approval of and significant amends to the Constitution;
- Appointment of the Chief Executive; and
- Approval of the policy framework, which will include:
 - Corporate Strategy;
 - Economic Growth Strategy;
 - Skills and Employment Strategy; and
 - Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plans (LCWIP).

The following decisions would require the consent of the Lead Member of the relevant Constituent Council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the proposed CCA;
- The exercise of Homes England compulsory purchase power will also require the consent of the relevant planning authority;
- Any decision by the proposed CCA that could lead to a financial liability falling directly upon that constituent council; and
- Such other matters as may be contained within the proposed CCA's constitution.

The CCA will determine how it will deal with voting and decision-making between the CCA's membership on general matters, for example local policy and strategy making, as part of its broader Constitution.

Advisory Boards

The proposed CCA may choose to establish advisory boards. Advisory boards would be formally constituted boards which would form part of the operation of the proposed CCA, but which have no formal decision-making powers. The CCA **could** consider establishing:

- **Growth Board** to provide advice and support to the CCA Board on business and economy matters.
- **Skills and Employment Board** to provide advice and support to the CCA Board on skills and employment matters.
- **Housing Task Force** to build on the existing Task Force and partnerships, working jointly with Homes England and our Housing Authorities.
- **Environment/Net Zero Board** building on the work and structure of the Devon climate change and emergency response partnerships and groups.
- **Investment Board** to bring key stakeholders together from across the area to take forward and provide formal advice to the CCA on funding and investment.

The CCA will consider whether additional Advisory Boards focussed on other issues are required. The role of any Advisory Boards established would be to advise the proposed CCA on the exercise of functions in their areas of expertise.

Overview and Scrutiny Committee

The proposed CCA would be required to have an Overview and Scrutiny Committee.

The role of the Overview and Scrutiny Committee is to monitor the decision making of the CCA to ensure that the decision making is appropriately focussed on community needs, and that high quality delivery is taking place for the benefit of the proposed CCA area.

In accordance with the Levelling-up and Regeneration Act 2023 and given the role of the Committee, its membership must involve different individuals than those who are Members of the proposed CCA.

The political balance of the Overview and Scrutiny Committee will reflect the political balance of the Constituent Councils. It will include at least two members nominated from each Constituent Council as well as representatives from the District Councils.

Further, the proposed CCA would consider how to best ensure wider relevant partners (such as from the business, education and community sectors) are represented effectively on the Committee.

The chair and vice chair of the Overview and Scrutiny Committee will be appointed by the CCA, following a proposal put to them by the Overview and Scrutiny Committee in question. The chair and vice chair shall not be a member of a registered political party of which their respective constituent Lead Member of the CCA is also a member.

Audit Committee

The proposed CCA would be required to have an Audit Committee. The role of the Audit Committee is to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting, and other related areas to ensure that the financial and governance decision making position of the proposed CCA is sound.

As with the Overview and Scrutiny Committee, this means that at least two members of the Audit Committee would be nominated from each Constituent Council of the proposed CCA. At least one member would be nominated by the District Councils.

There would be a requirement for political balance on the Committee to reflect the political balance of the Constituent Councils.

There is a requirement for the Chair of the Audit Committee to be an independent person, who is not otherwise involved in the proposed CCA. Again, the Levelling-up and Regeneration Act 2023 requires that members of the Audit Committee must not be the same individuals as those representatives who are members of the proposed CCA.

The proposed CCA will ensure that the Audit Committee has the right people to ensure effective oversight of the adequacy of the proposed CCA's overall assurance arrangements, and scrutiny of financial decision making by the proposed CCA.

Funding of the CCA

If the decision is taken by the Secretary of State to establish the proposed CCA then the Establishment Order will indicate that the proposed CCA will be funded by the two Constituent Councils. Funding has been secured as part of the deal from central Government to cover the financial years 2024/25, 2025/26 and 2026/27. In addition, the proposed CCA would consider whether to seek the power to borrow and explore the extent of these powers. In practice it is expected that the running costs of the proposed CCA will be met by either continued central Government support or with funding from the Constituent Councils. The proposed CCA will not have the power to raise a precept. That means it will not be able raise money through increasing Council Tax.

The general powers the proposed CCA is intended to have around finance and funding are expected to be substantially the same as local authorities enjoy generally.

Members Allowances

The statutory instrument (SI) which may create the proposed CCA will set out the position on members allowances. The Department of Levelling Up, Housing and Communities (DLUHC) have indicated that the SI will provide that allowances will be payable as follows:

- Members of committees who are not elected members of a Constituent Council may be paid an allowance, the amount to be recommended by an independent remuneration panel;
- Members of Overview and Scrutiny Committees and/or Audit Committee (whether or not also elected members of a Constituent Council) may also be paid an allowance, the amount to be recommended by an independent remuneration panel; and
- Otherwise, members may only be paid allowances for travel and subsistence, paid in accordance with the proposed CCA's published policy.

Consultation

To gain feedback on the Proposal and to inform the decision as to whether to proceed to advance the Proposal (with any potential amendments) to the Secretary of State, a six-week consultation is planned to be undertaken between 12 February 2024 and 24 March 2024.

The consultation methods will include:

- an online survey with alternative options provided on request to meet the needs of participants (translations, paper copies and easy-read versions);
- stakeholder engagement with businesses, the voluntary sector, and other stakeholders identified; and
- events to engage residents and stakeholders of the proposed CCA area.

Active steps will be taken to encourage participation and to ensure that the consultation is accessible to all (including, for example, the digitally disadvantaged, those with protected characteristics and high intensity users of affected services). A draft equality impact assessment has been completed to inform engagement undertaken by Constituent Councils.

A detailed plan of communications will be created to identify the best method of promoting the consultation in their local areas, including a list of frequently asked questions (FAQs).

The data shared and collected through the consultation process will be held, processed and stored correctly, and held for no longer than is necessary.

Findings from the consultation will be analysed and published in April 2024. These will support consideration of the final Proposal by Devon County Council and Torbay Council.

The Deal

The Devon and Torbay Devolution Deal can be viewed here:

<https://www.gov.uk/business-and-industry/city-deals-and-growth-deals>

More information is available here:

<https://www.devontorbaydeal.org.uk>

Next Steps

It is important to note that transition to the proposed CCA is dependent on a number of factors:

- this Proposal being accepted by Devon County Council and Torbay Council following public consultation;
- this Proposal then being accepted by Government; and
- the approval by Parliament of the necessary secondary legislation implementing the Proposal.

The transition to a formal CCA during Autumn/Winter 2024 is planned to be in three stages:

- **Stage 1: Establishing transition arrangements**
- **Stage 2: Working as a shadow organisation**
- **Stage 3: Formal establishment of the CCA**

Any transitional arrangements would only be considered following decisions by the Councils to progress advancing the Proposal for the establishment of a CCA to the Secretary of State for consideration.

Stage 1: Establishing transition arrangements

If it is decided to submit a proposal, then this stage will involve:

- ensuring collaborative leadership from Leaders of Constituent Councils to enable decisions to be made;
- consolidating a programme team to operate as the 'engine' of the shadow CCA – drawing on staff from Constituent Councils, other stakeholders, and professional advisors;
- defining a resource plan so that individual authorities can take decisions about their financial and time commitments;
- developing an engagement plan to ensure that key partners, including District Councils and the business community are involved in the development activity;
- putting in place the necessary arrangements to begin developing plans for priority areas such as transport, skills, and employment; and
- starting to consider the practical arrangements for shadow and combined authority working and decision making, including the role of districts and Team Devon joint committee.

In this and subsequent stages, the relationship between the future CCA and existing local authorities (and other stakeholders) will be developed to ensure effective and constructive governance.

Stage 2: Working as a shadow organisation

In this stage, the focus will be on working as a shadow organisation and making preparations for the formal CCA. It is important to note that this shadow organisation will not be a new legal entity and therefore any activities (such as employing people or financial accountability) will be done by the existing local authorities.

Functions at this stage will involve:

- preparing functional plans ready for the formal CCA to pick up if it is established;

- designing and confirming important aspects of the formal CCA, such as the future management structure and resources to enable delivery of the objectives;
- developing and designing a constitution for the CCA to ensure effective governance arrangements; and
- planning the integration of the functions of the LEP (insofar as they relate to Devon and Torbay) into the CCA, ensuring it is ready for delivering functional responsibilities if the formal CCA is established.

Stage 3: Formal establishment of the CCA

In this stage, which would follow the laying of the necessary Statutory Instrument, the constituent councils will begin to formally meet as a Combined County Authority, informed by the preparation and planning undertaken in the previous two stages.

It will begin to deliver on the objectives and ambitions of this proposal:

- begin the process of appointment to Statutory Roles to manage the CCA's operations;
- delivering on functional plans to begin delivering CCA responsibilities and achieving outcomes for the area;
- scaling up the enabling competencies in order to allow the organisation to operate as required;
- implementing the governance model for the CCA, including establishing the various committees; and
- continuing to enable the CCA to operationally evolve as is required.