

Meeting: Council

Date: 7 December 2017

Wards Affected: All

Report Title: Appointment of Heart of the South West Joint Committee

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

Executive Lead Contact Details: Elected Mayor Gordon Oliver, 01803 207001, mayor@torbay.gov.uk

Supporting Officer Contact Details: Anne-Marie Bond, Assistant Director – Corporate Support, 01803 207160, anne-marie.bond@torbay.gov.uk

1. Proposal and Introduction

1.1 In February 2017 the Council gave 'in principle' approval to the establishment of a Heart of the South West Joint Committee, subject to approving the Joint Committee's constitutional arrangements and an inter-authority agreement necessary to support the Joint Committee. This report sets out the necessary documents which, if agreed, will enable the Joint Committee to be formally established.

2. Reason for Proposal

2.1 Working together will deliver better results if we are to help our businesses improve their productivity levels and deliver greater prosperity across the Heart of the South West. By collaborating across local geographies we will strengthen the area's voice to Government and strengthen the actions the area can take to improve productivity.

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

2.3 The HotSW Joint Committee will provide a formal strategic partnership to complement and maximise the ability of individual authorities and sub-regional arrangements to deliver their aspirations. It will provide the formal arrangements for collaboration on productivity.

2.4 Through the Joint Committee the partners can test and improve their ability to work together as a potential precursor to the possible establishment of a Combined Authority at some point in the future. It will also provide a mechanism to further

strengthen democratic input and influence with the LEP and align more effectively with the LEP's new model of governance and accountability.

- 2.5 Without a Joint Committee in place, the HotSW area will continue to struggle to position itself to be able to take advantage of Government policy initiatives and new funding opportunities compared to those areas that have and are establishing formal strategic partnerships.

3. Recommendation(s) / Proposed Decision

- 3.1 That the recommendation of the Heart of the South West's Leaders (meeting as a shadow Joint Committee) to form a Joint Committee for the Heart of the South West be approved;
- 3.2 That the Arrangements and Inter-Authority Agreement documents set out in appendices 1 and 2 for the establishment of the Joint Committee with the commencement date of Monday 22 January 2018 be approved;
- 3.3 That the Elected Mayor (Gordon Oliver) and the Deputy Mayor (Councillor Derek Mills) be appointed as Torbay Council's named representative and substitute named representative on the Joint Committee;
- 3.4 That Somerset County Council be appointed as the Administering Authority for the Joint Committee for a 2 year period commencing 22 January 2018;
- 3.5 That the transfer of the remaining joint devolution budget to meet the support costs of the Joint Committee for the remainder of 2017/18 financial year subject to approval of any expenditure by the Administering Authority be approved;
- 3.6 That an initial contribution of £4000 for 2018/19 to fund the administration and the work programme of the Joint Committee, noting that any expenditure will be subject to the approval of the Administering Authority, be approved;
- 3.7 That it be agreed that the key function of the Joint Committee is to approve the Productivity Strategy;
- 3.8 That the initial work programme of the Joint Committee aimed at the successful delivery of the Productivity Strategy be authorised; and
- 3.9 That the proposed meeting arrangements for the Joint Committee including the timetable of meetings for the Joint Committee as proposed in section 1 of the Background Information be agreed.

Appendices

Appendix 1: Heart of the South West Joint Committee – Draft Arrangements

Appendix 2: Heart of the South West Joint Committee – Inter-Authority Agreement

Appendix 3: Heart of the South West Productivity Strategy and Joint Committee Work Programme

Section 1: Background Information

1. What is the proposal / issue?

On 23 February 2017 (Minute 157 refers) the Council gave 'in principle' approval to the establishment of a HotSW Joint Committee, subject to approving the Joint Committee's constitutional arrangements and an inter-authority agreement necessary to support the Joint Committee. This report sets out the necessary documents which, if agreed, will enable the Joint Committee to be formally established.

The detail of the proposed functions of the Joint Committee and how it will operate are set out in Appendix 1 attached – the Arrangements document. Appendix 2 attached sets out an Inter-Authority Agreement for consideration which details how the Joint Committee will be supported and sets out the obligations of the Council if it agrees to become a constituent member.

The documents detail 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.

At this stage the Arrangements and Inter-Authority documents have been 'scaled' to fit the functions of the Joint Committee and the limited liabilities that each authority faces in signing up to be a Constituent Authority. In the event that the remit of the Joint Committee expands to take on more decision-making responsibilities and functions of the constituent authorities, the Arrangements and Inter-Authority agreement will be revisited to ensure that they remain fit for purpose and proportionate. Any expansion of the functions and responsibilities would require the approval of the Constituent Authorities.

The Joint Committee has a much more limited role than a Combined Authority. It does not have the statutory or legal status of a Combined Authority and cannot deliver the full range of benefits that a Combined Authority can, but it does have the potential to provide cohesive, coherent leadership and a formal governance structure. Its role will focus on collaboration, negotiation and influencing with full decision making responsibilities limited to developing and agreeing the Productivity Strategy. The principle of subsidiarity will apply to the relationship between the Joint Committee, the Constituent Authorities and local Sub-Regional Partnerships with decisions to deliver the Productivity Strategy and decisions necessary as a result of the other functions of the Joint Committee being taken at the most local and appropriate level.

The aim of the Joint Committee through the delivery of the Productivity Strategy will be to:

- Improve the economic prosperity of the wider area by bringing together the public, private and education sectors;
- Work together to realise opportunities and mitigate impacts resulting from Brexit;

- Increase understanding of the local economy and what needs to be implemented locally to improve prosperity for all;
- Ensure 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. This work will be supported by a Joint Committee budget based on an agreed work programme.

The creation of a single strategic public sector partnership covering the HotSW area will: facilitate collaborative working; help us to remove barriers to progress; as well as provide a formal structure to engage with Government at a strategic level on major areas of policy. It also has the potential to enable the Constituent Authorities and partners to have discussions with neighbouring Councils / Combined Authorities / LEPs on South West peninsula priorities and issues as well as the ability to move swiftly towards a Combined Authority model in the future (by potentially acting as a shadow Combined Authority) if the conditions are deemed acceptable to the Constituent Authorities.

Critically, the Joint Committee will also provide a formal mechanism for the Constituent Authorities to engage effectively with the LEP across common boundaries and agendas. District Council partners, in particular, might view this as an opportunity to engage more effectively with the LEP. The LEP, which will sit alongside the Joint Committee, has recently adopted new governance requirements to ensure greater transparency and accountability and wishes to further improve its democratic accountability in discussion with HotSW partners. The Joint Committee will provide a formal structure to take these discussions forward and for the Constituent Authorities to have greater influence over the activities of the LEP on our common agendas.

In terms of the proposed meeting arrangements for the Joint Committee, it is recommended:

- (a) That the Joint Committee should meet formally immediately after the LEP Board meetings to assist with engagement and co-operation between the bodies and allow co-ordination of the respective work programmes.
- (b) That the following dates are reserved for meetings of the Joint Committee in 2018:
 - Friday 26th January
 - Friday 23rd March
 - Friday 25th May
 - Friday 20th July
 - Friday 28th September
 - Friday 30th November
- (c) That the Joint Committee meetings should start at 10am with the venues rotated throughout the HotSW area. The assumption will be that the host authority for that meeting will provide appropriate accommodation and facilities 'in kind'.

	<p>Details of the Heart of the South West's Productivity Plan and the Joint Committee Work Programme are included at Appendix 3.</p>
<p>2.</p>	<p>What is the current situation?</p> <p>Since August 2015, Devon and Somerset County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks, the Local Enterprise Partnership (LEP) and the three Clinical Commissioning Groups have worked in partnership to progress towards securing a devolution deal for the Heart of the South West (HotSW) area focusing on delivering improved productivity. Since that time the partnership has continued to progress its objectives in spite of policy shifts at a national level.</p> <p>The General Election has further shifted the national policy position. On the 13 October 2017 representatives of HotSW (from the Somerset, Devon, Plymouth and Torbay upper tier authorities) met Jake Berry MP, Minister for Devolution to clarify the position of the Government and the HotSW Partnership on the devolution issue. The meeting was very positive and although no agreements were reached at the meeting, the partnership's representatives were given a clear message that the Government would welcome a bid from the partnership to progress our productivity ambitions by identifying areas where we can work together with Government. Importantly the Minister indicated that there would be no requirement to have an elected mayor for Devon and Somerset as a condition of any deal. This statement has removed one significant blockage to moving our ambitions forward and we now need to agree what we want from this initiative and then find practical ways to work with the Government on delivery.</p> <p>There is now no doubt that the Government is keen to engage with wider areas that can demonstrate:</p> <ul style="list-style-type: none">• Unity, clarity of purpose and a shared, ambitious vision built on local strengths• Strong partnership between business and the public sector with solid governance arrangements that provide assurance in capacity to deliver• Compelling ideas that can help to deliver Government objectives• Clarity about the offer to Government in terms of savings and is prepared to take hard decisions based on a robust analysis of risk and benefits. <p>The Joint Committee will provide the ideal governance framework at this stage to take forward this dialogue with Government.</p> <p>The key role of the HotSW Joint Committee is to develop, agree and ensure the implementation of the Productivity Strategy. This can only be achieved by working, where appropriate, in collaboration with the individual constituent authorities and the LEP. The Strategy will agree a common vision for increased prosperity through economic growth informed by a local evidence base and engagement with local stakeholders. It will also link to Government policy initiatives, particularly in relation to the Industrial Strategy, and will form the basis for developing our collective 'ask' of Government.</p>

<p>3.</p>	<p>What options have been considered?</p> <p>There are two options and alternatives that Members might consider:</p> <p>Option 1 – Do nothing and continue with informal arrangements within the Partnership. The feedback from Government is they prefer to work ‘at scale’ and are looking more favourably at areas that have a unity of vision and purpose.</p> <p>Option 2 – move to a Combined Authority. The Partnership now need to review the option of establishing a Combined Authority at some point following the indication from the Minister that there will be no requirement to have an elected mayor in order to pursue our ambitions. Establishing a Combined Authority requires a substantial lead in time to allow for the Parliamentary approval process and would inevitably require the creation of a shadow Combined Authority to test and confirm the concept. The potential benefits of moving to a Combined Authority model will have to be judged against the implications of doing so, including the cost implications. The Joint Committee has the benefit of allowing the Partnership to move relatively quickly to establish a Combined Authority if that is the wish of the partners.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>The ambition within the proposed Productivity Strategy is to double the size of the Heart of the South West economy in 18 years. The aim is for businesses across the region (in each place and sector) to realise the benefits of becoming more productive. This in turn will lead to increased prosperity for our communities.</p> <p>This fits with the ambitions of Torbay Council’s Corporate Plan of creating a prosperous and healthy Torbay.</p> <p>By being part of the Joint Committee, Torbay Council will have a voice amongst the other local authorities all seeking to improve prosperity.</p>
<p>5.</p>	<p>How does this proposal contribute towards the Council’s responsibilities as corporate parents?</p> <p>Creating a prosperous Torbay within a prosperous Heart of the South West will benefit all of our communities and create opportunities for our children and young people.</p>
<p>6.</p>	<p>How does this proposal tackle deprivation?</p> <p>Creating a prosperous Torbay within a prosperous Heart of the South West will benefit all of our communities and create opportunities within and for our deprived wards.</p>

	<p>There is a strong correlation between economic prosperity and health of the population. Public Health specialists will be key stakeholders within the consultation process and will be asked to advise on ways in which the Productivity Strategy could be connected to public health strategies to maximise the benefits to our communities.</p>
7.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Members, partners and the public have been kept informed of developments of the HotSW Devolution Partnership and the Productivity Strategy through press releases, newsletters, presentations, workshops and publications. This information flow will be maintained by the Joint Committee. In addition, all of the Authorities within the Partnership have taken formal decisions as required during the various stages of consideration of devolution proposals and the proposed creation of the Joint Committee.</p>
8.	<p>How will you propose to consult?</p> <p>Other than discussions with the Leaders and Chief Executives within the Heart of the South West Partnership, it is not proposed to consult on the proposal to establish a Joint Committee.</p> <p>However, a draft Productivity Strategy has been released for public consultation . To complement the on-line consultation there will be; Council-based briefings and targeted key stakeholder events through 6 sub-regional roadshows held in Plymouth, Northern Devon, Cullompton/Exeter, Torbay, Taunton/Bridgwater and Yeovil/Shepton Mallet. The consultation will end on 30 November 2017 and feedback will influence the final strategy which is due for approval in early 2018.</p>

Section 2: Implications and Impact Assessment

9.	<p>What are the financial and legal implications?</p> <p><u>Financial Implications</u></p> <p>The costs associated with the early work on the Productivity Strategy preparation largely relate to officer time which is being provided ‘in kind’ by the authorities and partners. Specifically the LEP has met some direct costs.</p> <p>Although the Joint Committee is a cost-effective formal structure, some provision needs to be made to meet the support costs of what will be a fully constituted local authority joint committee. It is proposed that Somerset County Council (who have provided the lead for the governance workstream of the devolution project over the last two years) takes on the support role (with the option of rotating the role after 2 years of operation), to provide the financial, legal, democratic support to the Joint Committee from 22 January 2018.</p>
----	--

There is currently the remainder of the joint devolution budget raised from an initial contribution from all Authorities and the LEP in 2015. It is recommended that the remaining funds from this budget - £42,000 - are transferred to the Administering Authority and the budget is used to support the costs of the Joint Committee for the remainder of 2017/18 financial year and for some of 2018/19.

In addition, the Joint Committee will need a budget to undertake its work programme in order to oversee the implementation of the Productivity Strategy. The overall budget required to support the Joint Committee and enable it to undertake its work programme will be dependent, to an extent, on the level of 'in-kind' officer resources provided to the Committee by the constituent authorities. The Administering Authority will review the in-kind support which has been provided for the devolution project in consultation with the constituent authorities and bring forward revised budget figures as part of a budget and cost sharing agreement as necessary in due course to the Joint Committee for consideration and recommendation to the Constituent Authorities. The budget figures set out in this report are therefore provisional at this stage. The initial Joint Committee work programme is set out in Appendix 3.

Through work undertaken by the partners it is estimated that the operating cost of a Joint Committee will be £89,000 in 2018/19 (and to cover the remainder of 2017/18) excluding any in-kind support. This estimate is made up of the following:

- £40,000 for the Administering Authority to undertake its duties. This is seen as a minimum cost and assumes that 'in-kind' officer resource remains in place at the same level; the Joint Committee meeting venues are provided by partners as 'in-kind' contribution
- £25,000 (estimate) for work the Joint Committee would wish to commission
- £24,000 for the Brexit Resilience and Opportunities Group Secretariat.

The Shadow Joint Committee recommends the budget is met by contributions from the Constituent Authorities. This would exclude the LEP and the CCGs from contributing as non-voting partners. As stated above it is estimated there will be a funding carry forward of £42,000 from the 2015 devolution budget. This would leave a shortfall of £47,000 to meet the total estimated budget requirement of the Joint Committee in 2018/19. Using the formula of contributions agreed in 2015 to support the devolution project the contribution requested of each Constituent Authority for 2018/19 is set out below. This assumes that all authorities agree to become members of the Joint Committee and would have to be recalculated should fewer than 19 Authorities become Members.

- County Councils - £10,500
- Unitary Councils - £4,000
- District Councils and National Parks £1,400

Under this formula it is recommended this Council contributes £4000 for 2018/19 as a Constituent Authority. Any expenditure against this budget would be subject to the formal approval of the Administering Authority.

	<p>In coming to their decision about a Joint Committee and whether the potential costs provide good value for money, Members might like to consider the potential cost/impact of not working in this way and the potential loss of influence with the Government and investment to the area. Through recent funding initiatives and policy – including through the recent meeting with the Minister, it is clear that Government is looking for areas to come together and articulate their vision and priorities across footprints wider than their organisational boundary or sub-regional areas.</p> <p>The proposal put before Members sets out a low risk, low cost option to work in a more formal way to capitalise on opportunities arising from future Government strategies, funding announcements and in preparation for Brexit.</p> <p><u>Legal Implications</u></p> <p>Each of the partners’ legal teams and Monitoring Officers have been involved in the development of the Arrangements and Inter-Authority documents set out as Appendices 1 and 2. The documentation also aligns to the LEP’s Assurance Framework.</p> <p>This simple documentation sets out the functions, membership and operations of the Joint Committee and the requirements upon the constituent authorities in supporting it.</p>
<p>10.</p>	<p>What are the risks?</p> <p>The creation of a Joint Committee will place a formal governance structure around the preparation and implementation of the Productivity Strategy. The Strategy will be used as a tool to attract a greater share of Government funding around the Industrial Strategy to mitigate the risk of Devon and Somerset being left behind other areas of the country.</p> <p>Without a Productivity Strategy and Joint Committee in place, the Council and its partners will lack credibility and be at a disadvantage in negotiating and lobbying Government on a range of policy initiatives including the growth agenda and are likely to miss out on potential funding streams.</p> <p>The individual financial risk to the individual Constituent Authorities of establishing the Joint Committee is limited to their financial contributions to the running and operational costs of the Joint Committee. The risk is shared between all of the Constituent Authorities.</p>
<p>11.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable</p>