

Item 14: Devolution Update – Combined Authority and directly Elected Mayor Proposal for City Executive Board - Thursday 15 December 2016

14. **Devolution Update – Combined Authority and directly Elected Mayor proposal**

The Assistant Chief Executive has submitted a report which updated members on recent developments on devolution and makes a recommendation to Council to support in principle the submission of a devolution bid with a governance model based on the current two-tier structure for local government with a combined authority and elected mayor.

Recommendation: That the City Executive Board resolves to:

1. **Recommend to Council** that it approves the inclusion of the City Council in the submission of a devolution bid to government for a combined authority and a directly elected mayor

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To: City Executive Board
Date: 15 December 2016
Report of: Assistant Chief Executive
Title of Report: Devolution update – Combined Authority and directly Elected Mayor proposal

Summary and recommendations	
Purpose of report:	To update members on recent developments on devolution and consider making a recommendation to Council to support in principle the submission of a devolution bid with a governance model based on the current two-tier structure for local government with a combined authority and elected mayor.
Key decision:	No
Executive Board Member:	Councillor Bob Price; Corporate Strategy and Economic Development
Corporate Priority:	Sustainable Vibrant Economy; Meeting Housing Needs
Policy Framework:	None.
Recommendation: That the City Executive Board resolves to:	
1. Recommend to Council that it approves the inclusion of the City Council in the submission of a devolution bid to government for a combined authority and a directly elected mayor	
Appendices	
Appendix 1	OXFORDSHIRE GROWTH BOARD – 30 NOVEMBER 2016 Growth Board Work Programme Review

Introduction and background

1. Following publication of the studies commissioned by the County, City and District Councils into options for unitary government and further work to consider the options, it is clear that there is no consensus between the Oxfordshire councils on a way forward for unitary government in the county.
2. Advice from DCLG officials and statements from the Secretary of State for Communities and Local Government have made it clear that it will not impose

unitary solutions and that for unitary proposals to progress they would need to demonstrate a broad consensus of support from key local stakeholders.

3. It has become increasingly clear that allocation of investment by government is being directed to those areas that are able to agree strong arrangements for collective governance. This is reflected in those areas that have been successful in securing devolution deals, such as Cambridge and Peterborough, from recent Local Growth Fund allocations (in which Oxfordshire received a disappointing allocation) and from the recommendations of the National Infrastructure Commission's report on the Oxford-Milton Keynes-Cambridge strategy.
4. It is also clear that there is a strong economic case for devolution and investment in Oxfordshire and a window of opportunity in which to make it. The Autumn Statement announced investment in infrastructure, housing delivery and science and innovation that can support productivity. The NICs work on the Oxford-Milton Keynes – Cambridge corridor makes it clear that housing delivery and local transport networks are critical to securing the economic benefits identified. The next phase of the work will look at the governance and delivery arrangements across the corridor and a coherent and collective pitch from Oxfordshire will be critical to securing the best outcomes for our area.
5. Whilst the County Council has continued to pursue its proposal for a single unitary council, the leaders of all the councils agreed to explore how through collaborative working savings and improvements to services can be delivered within existing local government structures. This includes support from all leaders to develop a revised devolution deal proposal based on a combined authority and elected mayor with the aim of securing infrastructure investment for Oxfordshire. This approach was endorsed by the Growth Board at its meetings in September and November (see appendix 1).
6. As part of this work the LEP and council chief executives have had further discussions with DCLG officials to seek clarity about government's policy direction on devolution and local government reorganisation.
7. DCLG officials indicated that they will be producing guidance on the government's policy on both these issues early in the new year and advised that we should wait until the advice is published before submitting proposals either for a devolution deal or a unitary bid. They were clear however that proposals for unitary government would not be a requirement of devolution deals in two tier areas and that the two strands could be considered independently of each other.
8. It was also clearly indicated that a devolution deal of any substance would only be granted with a combined authority and directly elected mayor regardless of whether a unitary or two tier structure is proposed. This builds on very clear statements issued recently by the Chancellor and Secretary of State.
9. In addition to this it was made clear that a pre-requisite of any deal would be a firm commitment from each Council and the LEP in support of the devolution governance principles.

10. Following this feedback, the LEP Board confirmed at its meeting on the 6th December that it wished to prioritise securing a devolution deal with government at the earliest opportunity. It confirmed LEP support for a revised submission to government for a devolution deal based on combined authority and elected mayor model and the current county, city and district councils. The leaders of the county, district and city councils were asked to seek a commitment from each of the councils to support this approach and enable rapid and collective progress on a serious proposal to government.
11. CEB will be mindful that the City's Scrutiny Committee commissioned a Devolution Review Group in September 2016 to examine the way forward on devolution in Oxfordshire. The Review Group has now completed its work and is due to report back to Scrutiny Committee in January. Though the report is still being finalised, the indications are that it will conclude that a securing a devolution deal with government is critical to addressing the underlying challenges that are increasingly holding Oxfordshire back from achieving its full growth potential and that securing a devolution deal with government should therefore be a priority for the City Council. Indications are that its recommendations will endorse developing a governance model based on existing councils, a combined authority and directly elected mayor.
12. CEB is therefore asked to consider making a recommendation to Council to approve the City councils' inclusion in the submission of a devolution bid with a governance model based on the current two-tier structure for local government with a combined authority and elected mayor.
13. The details of the powers and functions of the combined authority and mayor need to be considered in detail before a final proposal could be agreed. Based on the experience of those areas who have successfully secured a devolution deal and from the work carried out on the previous devolution submission for Oxfordshire, the strategic functions of the combined authority which being explored by the officer working group are:
 - Infrastructure
 - Strategic planning
 - Strategic housing strategy
 - Highways and transport
 - Skills and Business Support

Alternative options

14. The Council could determine not to support a devolution deal but this is likely to mean Oxfordshire will be unable to secure the investment in infrastructure that is essential to tackling challenges of transport congestion and housing delivery and to securing the areas' economic potential.
15. The Council could seek to support a deal without an elected mayor but again this is unlikely to lead to a deal with any substantial funds or powers being devolved.

Financial implications

16. There are no additional financial implications arising directly from this report. The financial implications of a devolution deal will be fully examined as part of the process of developing the proposals.

Legal issues

17. Proposals for the functions and powers of a combined authority and mayor will need to be developed in accordance with the provisions of the Cities and Local Government Devolution Act 2016.

Level of risk

18. In the absence of consensus on collective governance arrangements it is unlikely that Oxfordshire will secure infrastructure investment that will make a direct contribution to the achievement of the City Councils' corporate plan priorities.
19. There remains a risk that the County Council will submit a unitary bid and that this could negatively impact on the ability to achieve consensus in support for a devolution deal.

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Background Papers: None

Appendix 1

OXFORDSHIRE GROWTH BOARD – 30 NOVEMBER 2016 Addenda to Item 7, Growth Board Work Programme Review

Oxfordshire Councils' Chief Executives have been considering the best way forward following the resolution of the Growth Board in September:

Following the publication of the PwC and Grant Thornton reports on local government in Oxfordshire it is clear that there are several areas where joint working may help us realise significant savings and improvements of public services. A working group should be established including Chief Executives and Leaders of local authorities, CCG and LEP to explore how these transformational changes can be progressed in areas including, but not exclusively: infrastructure, skills, economic development, strategic spatial planning, public assets, business rates, health and social care. The working group will investigate, but will not be restricted to reviewing the future function of the Oxfordshire Growth Board and to consider the feasibility of establishing a combined authority for Oxfordshire.

There have been two externally facilitated half day sessions with Chief Executives and progress has been made on identifying joint projects where savings and better outcomes could be gained by joint work. There is a shared commitment to take this forward.

It has been agreed that joint work should proceed in a number of areas:

- Strategic Infrastructure Planning
- Children & young people
- Influencing proposals for investment in Oxford – Cambridge Corridor
- Future of health services
- Housing and Care
- Future of the Growth Board

In addition discussions are underway regarding a devolution deal for Oxfordshire. All council leaders have expressed support for working up proposals for a mayoral combined authority model. In addition, the Cambridgeshire and Peterborough Devolution deal will be examined in detail. The Autumn Statement commitment to infrastructure and housing investment and to the National Infrastructure Commission's Oxford to Cambridge strategy will shape our ask from government in any deal.

The LEP chief executive is co-ordinating an inter authority working group to refresh our infrastructure investment priorities and the funding models available. Further discussions are now required with DCLG and a meeting for Chief Executives and civil servants has been set up in early December. Council Leaders and partners will consider progress at the earliest opportunity following this meeting. A further report will be made to the next meeting of the Growth Board.

Oxfordshire Chief Executives November 2016

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