

**Report to:** Cabinet

**Date of Meeting:** 7 September 2015

**Report Title:** Devolution Prospectus for Three Counties South [3SC]

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Director of Operational Services

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### **Purpose of Report**

1. To inform members of work led by East Sussex, West Sussex and Surrey County Councils to develop a proposal for a Combined Authority within the context of devolution in England.
2. To propose that the comments provided by the Leader of the Council to the initial consultation are considered and supported.

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### **Recommendation(s)**

- 1. That Cabinet confirm its support for the comments attached as an appendix to this report**
- 2. That the Council should work to try and ensure that issues of economic and social inclusion form a significant part in the offer finally made to Government around a future Combined Authority.**

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### **Reasons for Recommendations**

To establish a platform on which the Council's participation in the devolution agenda can be based

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## Background

1. Members will be aware that the sovereign debt crisis has resulted in the Government in the UK and other countries adopting a range of austerity measures.
2. In England the Government is committed to working with local areas to redesign public services, with the emphasis upon outcomes of co-operation rather than complex organisational redesign. Different arrangements apply in the development regions and the approach in Scotland should be briefly considered because of the significant difference of approach.
3. The focus in England is on local communities but very much on the basis of functional areas rather than traditional Local Authority, Health Authority or other institutional boundary.
4. The most well-known of these initiatives is in the Greater Manchester area where powers have been devolved to the Greater Manchester Combined Authority followed by devolution of NHS spending. The Queen's speech in 2015 included the Cities and Local Government Devolution Bill to enact and enable action in Manchester and elsewhere. There are now 5 such combined Authorities.
5. The Manchester proposal involves the election of a new Mayor's post that is subject to the Scrutiny of the new Combined Authority. The Mayor will gain control over:-
  - a) A devolved and consolidated transport budget, perhaps followed by operational responsibility for transport in the region.
  - b) Powers over strategic planning, through the new spatial strategy will need the unanimous approval of the Mayor's Cabinet.
  - c) Control of a £300m housing investment fund.
  - d) The current role of the Police and Crime commissioner.
6. The new Combined Authority will get responsibility for business support, apprenticeships and joint commissioning of the work programme with the DWP.
7. A Health and Social Care Memorandum of Understanding proposes a new regional Health and Social Care Partnership Board. One Sub Group of this will be a Joint Commissioning Board through which strategic decisions on spending will be taken by NHS England, Clinical Commissioning Groups and Local Politicians. The budgets contained here are (according to CIPFA) the bulk of the £6bn devolved to Greater Manchester over 6 years.
8. Simple this model is not, and clearly the Combined Authority will have a major job of making these structures work.
9. The Local Government in Scotland Act gave a statutory basis to Scottish partnership working in 2003. There appear to be structures in all 32 Local Government areas and these appear to have a strong correlation with the concept of Local Strategic Partnerships in England. Partners are expected to commit to

"community planning" but there does not appear to be devolution of function from Scottish Government to Localities.

## Local Context

10. The Leaders of East Sussex, West Sussex and Surrey wrote to the Secretary of State for Communities and Local Government in early June to draw his attention to the devolution prospectus that has been developed. Their current proposal does not include Brighton and Hove.
11. The Leader of this Council was consulted by the Leader of East Sussex about Hastings Borough Council's willingness to participate in this process. The East Sussex Leader and Chief Executive Group nominated the Chief Executives of Eastbourne and Wealden to work with other officers across the proposed area.
12. A copy of the draft devolution prospectus is attached. This is the 3rd version of this in a short period and is presented differently and is more extensive than previous drafts. This has made it challenging to respond as comprehensively as I might have wished. Given the requirements to respond to this the Chief Executive of East Sussex asked for responses by 27 August to enable the submission of the prospectus by 4th September.
13. There are two complimentary work streams proposed:
  - i) Economic Growth and Enhanced Productivity
  - ii) Public Service Transformation

The dominant theme is enabling the South's economy to grow in the context of currently inadequate infrastructure and in particular the need for better transport, more housing and new employment. In general the issues are presented in the context of very low unemployment and severe challenges in accommodating population growth and an adaptable workforce. There is little in the document about areas like Hastings and other places (particularly on the coast) where the same conditions do not hold.

## Investment in Infrastructure Skills and Knowledge

14. It is proposed to set up a 3SC Infrastructure Strategy stretching to 2050 (linked with London's infrastructure plan) and the Combined Authority would direct policy in relation to population movement, housing needs, local road and rail, community infrastructure and public service requirements. This is envisaged as unlocking other forms of devolution and a potential investment agreement within these arrangements would be made to recycle the "growth divided" within the new Combined Authority area.
15. Specific propositions on Housing and Planning, Infrastructure delivery in conjunction with the national agencies and indicating the wish for
  - a) Improved retention of Business Rates
  - b) Retention of Business rate growth

c) Receipt of stamp duty received within the local area.

16. This would join streams of local funding to form the basis of a pool of funding to be used across the 3SC area.

17. The proposal outlines concerns about both road and rail investment and seeks a strategy for rail development, greater influence over franchise commissioning and an agreement with National Rail and DFT over the planning of investment. The major road transport projects are identified as:

M23/Brighton Main Line

SW Quadrant of the M25

The A27

A3/M3

The absence of the A21, road links to Hastings/Bexhill and the east of this county is mentioned in our response to the draft.

18. There are proposals for world class digital infrastructure including the roll out of superfast broadband and the establishment of "SMART places" with enhanced Wi-Fi connections and 5G technology. This is linked to public service transformation via digital access to services. Surrey University 5G innovation centre will lead a regional pioneering of new 5G technology.

19. There are a number of actions proposed to achieve and retain a highly skilled workforce in particular the devolution of responsibility to skills and training.

i) All skills and employment programmes for 14-25 year olds relating to the work programme

ii) Apprenticeships

iii) School curriculum development

iv) Working with schools on an enhanced information and guidance service

v) Skills and employment board involving the LEPs

iv) Adult Skills

It is impossible to assess at this stage how such a structure would impact on Hastings.

20. In terms of Housing it is acknowledged that the delivery of housing is significantly below planned targets and that the challenges in terms of green belt/environmental designation are substantial. The following principal actions are proposed:

i) Identification of land for starter/affordable homes with council releasing land in return for capital rents for registered providers

ii) More effective release of Government land

iv) Duty of co-operation agreement with the Homes and Communities Agency

iv) Flexibility regarding borrowing to finance housing developments

21. A number of "growth centres" have been identified but it is not clear where these will be.
22. Ports and Airports are identified for future development of employment space, but also as important for trade and tourism elsewhere in the region.

## Public Service Transformation

23. It is proposed that the functions of the Sussex and Surrey emergency services are paired up in a variety of ways including fast response and call handling. It is suggested firefighters could be enlisted to provide medical help. The proposal also includes prevention and community safety and it is not yet clear what this might involve.
24. The latest revision is less specific in its proposals regarding Health and Social Care and the issues of the aging population. The difficulties in recruiting and retaining quality staff is identified. However, the proposal for Government appears to be a transformation fund with an expectation that savings for Government and its agencies would be shared with 3SC members.

## Governance

25. The proposal seeks a wide ranging Transformation Deal delivered through a new structure.
26. This structure isn't clear and it is accepted that consultation with Councils, MPs, LEPs, clinical commissioning groups etc needs to take place. However, there is an initial approach to the principles of governance. One paragraph of this is of particular interest:

"Internal governance of the constituent authorities for functions outside the ambit of the devolution offer will continue, but there will be a commitment to effective alignment between these constitutional arrangements and those of 3SC"

It is unclear precisely how this might impact (say in terms of Planning, Housing or Community Safety) and if this would potentially change the role of the Council.

27. It is clearly important for Hastings not to be "left out" of the discussion about emerging devolution agenda. It is also crucial that more efficient models for the delivery of major services are commissioned to meet pressures of demography, increased expectations and budget reductions.
28. District Councils are small individual players in this exercise. In Staffordshire and Stoke on Trent partners undertook a study of the total expenditure within the public sector. This showed a total budget of £7.2 billion between the Councils, NHS, DWP and others. The 8 District Councils total between them was £0.46bn (the biggest was DWP pension and benefit spending followed by the NHS, then the upper tier Councils). It is important because of this to have some perspective of how the whole move towards devolution in 2 tier areas may move in the medium

term. It does not seem conceivable that devolution deals will not lead to questions of service reform and current trends seem to indicate devolution from England is accompanied by the establishment of regional rather than local approaches. As yet there does not appear to be a debate about the role of "place" which urban district councils in particular often represent. There is an largely unexplored case for devolving some County functions to District/Borough level while others are invested in a Combined Authority.

29. The Government stresses the significance of the role Local Government can have in stimulating growth. In a very affluent proposed region there must be concern about the comparatively few areas where growth is difficult to stimulate within a broader picture of success. In this context it isn't clear how the 3SC structure would marry or not with existing LEP structures where East Sussex is partnered with Kent, Essex, Southend, Thurrock and Medway. The Hastings area has a great deal in common with similar communities on the Kent and Essex coast. It is not clear if this could be replaced by work with towns in West Sussex with which there is very little historical context (this would be even more true of Surrey).
30. Set against these questions is the clear need for some kind of sub regional structure to look at major transport issues, the care of the elderly and the provision of housing/infrastructure particularly in relation to the growth of London. Strategic planning of all kinds cannot be done at a parochial level and there is an undoubted need to look at the economies of scale that can come from better joint work. A response to some of the proposed areas for inclusion in the devolution proposal is included in the appendix to the report.
31. The New Local Government Network Chief Executive recently distributed a presentation which I believe reflects the depth of change needed in Councils to respond to the emerging devolution and financial structure. Places, collaboration, leadership as performance, growth and digital by design are identified as crucial. In participating in the debate over the shape of the proposed Combined Authority the Council may wish to make sure it focuses on these outcomes rather than just the detail of future structures. The focus should be how these structures would show practical benefits to residents in terms of better and/or cheaper services or in taking forward the renaissance of the Borough. It is not clear yet how the impact of the proposed Combined Authority will be felt by residents at a practical level.

## **The Way Forward**

32. There will be a requirement for all Local Authorities to take a view on this proposal if it is to be agreed. It is essential therefore that the Council plays as active a role as possible in order to ensure that the new structure and its programme pay attention to the particular conditions here and in other places currently outside the high wage/cost economy of most of the South East. The Governance issue is a key concern.
33. Additionally, Hastings Borough Council may wish to support the initial views of West Sussex District Councils that:
  - a) Boroughs/District Councils cannot be financially disadvantaged by proposals
  - b) Borough/District Councils must be seen as equal partners

c) There should be appropriate Borough/District representations inside Combined Authority structures and this should include their involvement in the negotiation of the devolution prospectus with Government

## Policy Implications

34. The implications both of expenditure reductions and a Combined Authority are likely to be very wide and will need to be explored as the shape of the actual proposals become clearer - they do not arise from this specific report with one exception.
35. Issues of poverty should not be lost and any future agreement should include action to address poverty as a key desired outcome. This touches upon economic growth, the provision of care services and the skills agenda in particular. This will be potentially challenging in a region where many of the issues are caused by the pressures of economic growth on infrastructure rather than the challenge of kick starting sustainable growth from a low base as is faced in Hastings.

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## Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

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## Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	Yes

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## Additional Information

Draft Devolution Proposal - Attached  
Hastings response for inclusion in the 3SC Devolution Proposal - Attached

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## Officer to Contact

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