

Central Area Growth Board

14.02.2023

Devolution Deals

1.0 Levelling-Up White Paper

- 1.1 In February 2022 the Government published the Levelling-Up White Paper. This set out the Government’s ambition to reduce spatial disparity by developing a long-term plan of action to tackle differences in infrastructure, skills, innovation financial resources and the strength of communities.
- 1.2 One of the key policies set out in the White Paper was the aim to empower decision makers in local areas with a new framework to deepen and simplify local devolution in England. The aspiration is that by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution with a simplified long-term funding settlement.
- 1.3 The White Paper set out an initial **devolution framework**, indicating the types of powers that will be considered at each devolution level. It was further stated that these are not minimum offers. Some powers may only be available to certain authorities or geographies. There will also be scope to negotiate further powers, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities – for example, the improvement of health and social care outcomes.

Devolution Framework

Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a Functional Economic Area (FEA) or whole county area

Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area

Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	Yes	Yes	Yes
	Opportunity to pool services at a strategic level	Yes	Yes	Yes
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK’s Net Zero targets	Yes	Yes	Yes

Supporting local businesses	LEP functions including hosting strategic business voice		Yes	Yes
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		Yes	Yes
	Defined key route network*			Yes
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			Yes
	Ability to introduce bus franchising		Yes	Yes
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			Yes
Investment spending	UKSPF planning and delivery at a strategic level		Yes	Yes
	Long-term investment fund, with an agreed annual allocation			Yes
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		Yes	Yes
	Providing input into Local Skills Improvement Plans		Yes	Yes
	Role in designing and delivering future contracted employment programmes			Yes
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			Yes
	Devolution of locally-led brownfield funding			Yes
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			Yes
	Homes England compulsory purchase powers (held concurrently)		Yes	Yes
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			Yes
	Clear defined role in local resilience*		Yes	Yes
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			Yes
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax			Yes
	Ability to introduce supplement on business rates (increases subject to ballot)			Yes

* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities

1.4 The White Paper states the powers and functions set out in the Table above represent progress in devolving decisions and funds. This framework is designed to be dynamic and be informed by devolution deal discussions over the coming years.

2.0 Recent Devo deals and what they have secured for their areas

2.1 All recent Devolution deals have used the framework set out in the White Paper. They have seen the Local Authorities involved agreeing to a democratically elected mayor - a level 3 devolution agreement.

2.2 Government has confirmed discussions will take place to identify potential candidates for the next set of new devolution deals starting in early 2023. It will likely prioritise areas which are interested in exploring a democratically elected Leader/Mayor (level 3), and it is uncertain what appetite there will be for level 1 and 2 deals.

3.0 LEP Integration

3.1 At the end of March 2022, government wrote to set out two future pathways for integrating LEPs into Combined Authorities or other institutions with devolved powers. The government wants to ensure that businesses are still able to access the support, insights and representation that LEPs currently provide. Central Area leaders have previously expressed support for the idea of LEP functions being under local democratic control.

3.2 For an area where there is currently no Combined Authority or Devolution Deal under negotiation, LEPs continue to operate. Once a devolution deal is agreed, measures are then put in place to integrate the LEP Board with the Combined Authority. LEP functions and roles should complement and add value to the wider powers devolved to local leaders.

3.3 A Combined Authority would have the flexibility to preserve the current LEP Board as a sub-board or merge the LEP board into an existing or new internal business board. Local leaders will be able to adjust the membership of the newly integrated business board including by inviting the participation of local economic partners outside the business community and can re-brand as necessary. The Business Board should be consulted on all relevant economic decisions.

4.0 Consequences for SEMLEP

4.1 SEMLEP will shortly be setting a budget for 2023/24 and the next couple of years during this period of transition, whilst any devolution deal is negotiated. SEMLEP, like all Local Enterprise Partnerships, is currently waiting for a decision from Government on funding for 2023/24. It seems unlikely at this stage that the Government will increase the funding for LEPs compared with 2022/23. This, together with the loss of other sources funding such as European Funds, means that SEMLEP will need to consider the size and structure of the organisation going forwards.

4.2 The SEMLEP Board, taking account of the advice from Government, has proposed that in future, the work of the LEP will focus on three areas:

- Supporting businesses to strengthen resilience and success;
- Securing skills for productive employment; and
- Providing evidence and analysis for strategic growth.

5.0 Recommendations

- That Central Area Leaders note the above update on the Devolution agenda and the future of the LEP
- That officers in Central Area authorities investigate and seek clarity on the government's Devolution agenda in line with the Central Area's priorities