

## Executive Board – 19 April 2022

<b>Subject:</b>	Levelling Up and Devolution
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director for Growth and City Development
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Leader of the Council and Portfolio Holder for Strategic Regeneration and Communications
<b>Report author and contact details:</b>	Sajeeda Rose, Corporate Director for Growth and City Development
<b>Other colleagues who have provided input:</b>	James Schrodel, Policy and Performance Team Manager
<b>Subject to call-in:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Key Decision:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Criteria for Key Decision:</b> <b>(a)</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision <b>and/or</b> <b>(b)</b> Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date:	
<b>Total value of the decision:</b> Nil	
<b>Wards affected:</b> All wards	
<b>Date of consultation with Portfolio Holder(s):</b> 24/03/22	
<b>Relevant Council Plan Key Outcome:</b> <div style="display: flex; justify-content: space-between;"> <div>           Clean and Connected Communities            Keeping Nottingham Working            Carbon Neutral by 2028            Safer Nottingham            Child-Friendly Nottingham            Healthy and Inclusive            Keeping Nottingham Moving            Improve the City Centre            Better Housing            Financial Stability            Serving People Well         </div> <div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input checked="" type="checkbox"/>  <input type="checkbox"/> </div> </div>	
<b>Summary of Issues</b> <p>In February 2022, the Government published its long-awaited White Paper on Levelling Up, a significant set of proposals which look to take a step forward in addressing geographical disparities in funding, productivity and growth across England. As officers continue to assess the broader implications for Nottingham this report presents some emerging opportunities for the Council to consider.</p> <p>Further to initial discussions held with Government in Autumn 2021, Nottingham and Nottinghamshire were recognised in the White Paper as pathfinders for a devolution deal.</p> <p>In light of the new devolution framework published in the White Paper, the Council alongside Nottinghamshire is now exploring options with Derby and Derbyshire ('D2N2 authorities') to more fully exploit the opportunities provided by the Levelling Up White Paper. An initial expression of interest has been submitted to Government to explore the opportunities for devolution. This could involve the formation of a combined authority subject to agreement by all respective councils, along with new governance arrangements, which are also being explored.</p>	

The Council aims to work with regional and local partners to ensure that Nottingham secures greater resources and flexibilities through Levelling Up, thereby maximising the opportunities to improve outcomes for citizens in the city. Devolution would entail powers being devolved down central government to the local area and not change any of the existing powers and roles of individual local authorities.

Any devolution deal would be subject to further consultation before a decision is taken.

**Does this report contain any information that is exempt from publication?**

No

### **Recommendations**

1. To note the opportunities arising from the Levelling Up White Paper through the devolution framework, which could benefit local communities through greater investment and flexibilities for our area.
2. Approve continued negotiations with Government about a potential devolution deal.
3. Subject to successful discussions with Government and the other D2N2 authorities, to note a further report will be brought to Executive Board in due course seeking a final decision on any proposed devolution deal and associated governance model.

## **1. Reasons for recommendations**

- 1.1 The context in which the city operates has never been more challenging. The impact of COVID-19 will be serious and long lasting in terms of our economic resilience and financial sustainability. The Council needs to explore opportunities created by Government to secure funding, freedoms and flexibilities to achieve the best possible outcomes for its citizens.
- 1.2 We have seen regions such as London, the North West and the West Midlands benefit from the introduction of directly elected mayors and combined authorities, with increased influence at Government level, opportunities to leverage funding and greater flexibility in terms of decision making at a local level. The East Midlands has undoubtedly 'missed out' as a result of not having access to the same level of funding and freedoms, and whilst joint strategic working has been explored informally within recent years, it has not come to fruition. This is being revisited in light of the new devolution framework.
- 1.3 Where our goals as a Council align with the Government's Levelling Up missions, devolution provides the prospect of access to greater funding and the opportunity to collectively tackle deep seated inequalities across the region.

## **2. Background (including outcomes of consultation)**

- 2.1 The Government published its Levelling Up White Paper in February 2022. The paper is based around five pillars:
  - Pillar One: The Government is setting 12 medium term missions to achieve by 2030 – as set out in **Appendix 1**
  - Pillar Two: Decision making - Central government decision making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- **Pillar Three:** Empower local decision makers - A new framework will extend, deepen, and simplify local devolution in England.
- **Pillar Four:** Government will transform its approach to data and evaluation - The Office for National Statistics' Subnational Data Strategy aims to improve the UK's subnational data, mapping local economic geographies and helping improve transparency and accountability to the public. The Government is making available interactive tools and maps to facilitate this process.
- **Pillar Five:** Government will create a new regime to oversee its levelling up missions. There will be a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council. The Council will support Ministers by advising on the design, delivery, and impact of levelling up policy

2.2 The devolution framework, as shown in **Appendix 2**, is based on four principles:

**Effective leadership** – to secure devolution the government says that there needs to be defined structures and leadership for clear and strong local decision making i.e. with a leader and cabinet where there is a large local authority. When there are a group of authorities, and they establish a combined authority, there needs to be an appropriate institution. Where a group of authorities are seeking a non-mayoral combined authority, there needs to be clarity on how decisions will be made – for instance, by majority vote.

**Sensible geography** – new devolution deals are based on geographies that are locally recognisable in terms of identity, place and community, as well as being sensible economic areas that join up where people live and work. On that basis, to access more powers, any future devolution deals should be agreed over a sensible FEA (functional economic area) and/or a whole county geography, with a single institution in place across that geographic footprint. The involvement of district authorities will be encouraged, but deals will only be agreed with county and unitary local authorities. No authority will have a veto over the progress of neighbours who are prepared to move quickly and adopt strong governance models.

**Flexibility** – the framework sets out three tiers to define a clear and consistent set of devolution pathways. Devolution deals will be tailored to each area, with not every area necessarily having the same powers.

- Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a 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.

**Appropriate accountability** – devolution will give areas more powers and funding flexibility, but these need to be used appropriately to support local and national priorities. Local leaders and institutions will need to be transparent

and accountable, working closely with local businesses, seeking the best value for taxpayer's money and maintaining strong ethical standards

2.3 The benefits of securing some form of devolution include:

- Being able to respond to the real and systemic challenges and opportunities resulting from the impacts of COVID-19 and Britain's exit from the EU;
- Address years of under-investment in the East Midlands, particularly on transport infrastructure;
- Improve the lives and prospects of our people, our places and our economy: truly delivering levelling-up in action and addressing long standing inequalities;
- Improve the efficiency and effectiveness of local government and our ability to work with partners

2.4 In anticipation of the Government's proposals around devolution, the Council, alongside Nottinghamshire County Council, entered into initial conversations with Government in Autumn 2021 regarding a County Deal (which now aligns with Level 1 and 2 of the devolution framework). It is positive that the White Paper confirmed that Nottingham and Nottinghamshire is one of 9 local areas identified as pathfinders for a potential County Deal, however it is now apparent that a county deal may not deliver the full benefits that devolution can offer.

2.5 The proposed County Deal discussed with Government includes provision for the transfer of powers from government to the area for employment and skills, transport, housing, business support and investment. It was based on considerable joint work already underway including shared plans on HS2 growth, waste and transport and could enable the creation of a multi-year, 'single pot' investment fund to support economic development and regeneration. It was also proposed that collective decision making at a local level would be discharged through an Economic Prosperity Committee constituted for this purpose.

2.6 Since the publication of the White Paper, the Council alongside Nottinghamshire is also exploring options with Derby and Derbyshire to fully exploit the opportunities provided by Levelling up through the devolution framework (i.e. Level 3). It is worth noting that there has been previous exploration of a combined authority for the East Midlands with a directly elected mayor, as well as a 'strategic alliance' across upper tier authorities to achieve common goals. These discussions did not come to fruition but there is now substantial appetite from D2N2 authorities in light of the potential scale of the 'prize' on offer through the devolution framework. Regions such as West Midlands and North West have secured significant gains through agreed devolvement of powers with Government, with greater investment and improved voice and influence

2.7 Negotiations are continuing with the D2N2 authorities at pace with an initial expression of interest submitted to Government, and it is expected that the D2N2 proposals may be amongst the first to be discussed with Government. It is likely that workstreams will be formed around the key outcome areas to develop business cases. Consideration will also be given to developing appropriate governance arrangements across the four authorities, including the option of an elected mayor. Officer resource is being secured to support the process. An allocation from Nottingham City Council of circa £100,000 to contribute towards shared D2N2 costs and potentially cover a post within the joint D2N2 directorate is being considered.

- 2.8 Ultimately any set of devolution proposals will be presented to Executive Board for approval before a devolution deal is secured. At this stage timescales are unclear

### **3. Consultation Process**

- 3.1 Group leaders and Executive members have been updated regarding the early discussions around devolution. Councillors and partners will be briefed regularly on progress in securing a potential devolution deal.
- 3.2 If negotiations with Government are successful and as a part of the next stages, it is proposed that a wider consultation with citizens and partner organisations would take place in due course which will detail the implications of any subsequent devolution deal.

### **4. Other options considered in making recommendations**

- 4.1 The Council could choose not to pursue any aspect of devolution however this would fail to maximise the opportunities in terms of investment and flexibilities that would benefit local communities, hence it is not considered a viable option.

### **5. Finance colleague comments (including implications and value for money/VAT)**

- 5.1 A number of funding streams have been identified in the White paper although specific allocations are not yet known. Monitoring arrangements will be put in place to ensure that any commitments can be met within the funding that is made available.
- 5.2. Initially, the Council will be required to contribute towards officer resource to develop the devolution proposals. The Council in conjunction with the D2N2 upper tier authorities will also be jointly commissioning independent support to lead on the development of a joint business case and negotiation with government on a 'deal'. A contribution of £100,000 funded from the financial resilience reserve will be required to support this.

Lisa Kitto – Deputy s151 and Finance Strategic Lead – 24/03/22

### **6. Legal colleague comments**

- 6.1. Any form of devolution would require a clear constitutional framework which sets out the extent to which devolved powers are transferred from central government to either a county deal or combined authority, and how those functions are exercised and monitored at a local level. This will be developed with Government in due course and brought to Executive Board for approval.

Malcolm Townroe - Director of Legal and Governance and Monitoring Officer – 24/03/22

### **7. Equality Impact Assessment (EIA)**

- 7.1 Has the equality impact of the proposals in this report been assessed?

No ☒

An EIA is not required because:

(Please explain why an EIA is not necessary)

The business case for any form of devolved government would include an equality impact assessment as part of its evidence base, to ensure that the needs of all sections of our communities are fully reflected.

Yes ☐

Attached as Appendix x, and due regard will be given to any implications identified in it.

## 8. **Data Protection Impact Assessment (DPIA)**

8.1 Has the data protection impact of the proposals in this report been assessed?

No ☒

A DPIA is not required because:

No data is being processed at this point.

## 9. **Carbon Impact Assessment (CIA)**

9.1 Has the carbon impact of the proposals in this report been assessed?

No ☒

A CIA is not required because:

No new policies are being proposed at this stage.

## 10. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

10.1 N/A

## 11. **Published documents referred to in this report**

11.1 Levelling Up the United Kingdom