



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

7 APRIL 2022

Report of the Managing Director

Levelling Up White Paper and County Deals

(Strategic Leadership, Culture, Tourism and Climate Change)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is not a key decision.

3. Purpose

3.1 To provide an update on proposals set out in the Government's recent Levelling Up White Paper and to outline the latest position in respect of securing a County Deal for Derbyshire and Derby.

4. Information and Analysis

2.1 Background

On 9 September 2021, Cabinet approved Vision Derbyshire Phase 4 implementation proposals as part of wider ambitions to take forward a collaborative programme of non-structural reform, aimed at securing improvements in outcomes for local people and places across the county.

The report to Cabinet also outlined ambitions to position Derbyshire at the forefront of any national developments, including securing a

potential devolution deal and maximising additional resources into the county, in light of the Prime Minister's announcement of plans to level up and a move towards the creation of County Deals.

In July 2021, county councils were asked to submit expressions of interest to secure a County Deal for their areas, in advance of the publication of the proposed Levelling Up White Paper. Derbyshire and Derby expressed an interest at that time and have since been working on the development of proposals in anticipation of the White Paper publication.

Work has also been underway to progress Vision Derbyshire Phase 4 proposals, particularly in respect of standing up the Vision Derbyshire Joint Committee, which will hold its first meeting on 4 April 2022 and creating a dedicated resource comprising a programme team tasked with taking forward the delivery of activity to achieve agreed outcomes.

On 2 February 2022, the Government published its long-awaited Levelling Up White Paper, setting out plans to transform the UK by spreading opportunity and prosperity to all. The report to Cabinet outlines the key proposals set out in the White Paper and the implications for Derbyshire and Derby in taking forward County Deal proposals.

2.2 Levelling Up White Paper

The Levelling Up White Paper is focused around twelve national levelling up missions to be achieved by 2023, which will seek to shift Government focus and resources to Britain's left-behind communities. The twelve missions, further details of which can be found in Appendix 2 to this report, are focussed around the following areas:

- Living standards
- Research and development
- Transport Infrastructure
- Digital Connectivity
- Education
- Skills
- Health
- Wellbeing
- Pride in Place and Culture
- Housing
- Crime
- Local Leadership

The White Paper seeks to bring together a variety of policies under a single Government agenda and is a policy programme containing a mixture of previous and announcements, promises and intentions.

2.2 New Devolution Framework and County Deals

A key focus and one of the twelve missions anticipated by the County, is an outline of how Government will empower local leadership and extend and deepen devolution across England by:

- Setting out the UK Government's new devolution framework to provide greater clarity on the devolution offer across England; and
- Seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only.

The White Paper also outlines proposals to secure an increased number of devolution arrangements across England, including devolution deals across several county areas. Nine areas have been invited to agree new County Deals with the aim of agreeing 'a number of these deals' by Autumn 2022.

- Cornwall
- Derbyshire & Derby
- Devon, Plymouth and Torbay
- Durham
- Hull & East Yorkshire
- Leicestershire
- Norfolk
- Nottinghamshire & Nottingham
- Suffolk.

The new devolution framework has been designed to create a clear and consistent set of devolution pathways for places, enabling them to widen and deepen their devolved powers subject to meeting certain pre-conditions. The framework is underpinned by the following four principles which will guide future devolution deals in England:

- Principle one: Effective leadership - Strong local leadership is essential for delivering better local outcomes and more joined up public services. It provides a focal point for innovation and local collaboration with local accountability.

The White Paper outlines that those authorities with stronger decision-making structures will secure greater powers. Different governance and decision-making models can be grouped into three levels, with each level having different sets of powers. The top level requires as a directly-elected mayor, lower levels relax this condition with options for a directly elected Leader or a joint committee. This provides a flexible set of governance options, but with clear incentives to move towards a model with a directly-elected mayor.

- Principle two: Sensible geography - Any future devolution deals should be agreed over a sensible functional economic area (FEA) and/or a whole county geography, with a single institution in place across that geographic footprint.

The White paper sets out that 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. To ensure decisions are taken over a strategic geography, for any tier of devolution, the council or group of councils seeking devolution must have a combined population of at least 500,000.

- Principle three: Flexibility - The tiers set out in the framework 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. The framework is designed to enable areas to deepen devolution over time recognising that, as institutions mature, they can gain additional powers.
- Principle four: Appropriate accountability - In providing areas with more powers and funding flexibility, powers will need to be used appropriately to support local and national priorities. This means having local leaders and institutions that are transparent and accountable, work closely with local businesses, seek the best value for taxpayer's money and maintain strong ethical standards. To achieve this, mechanisms are needed to strengthen local accountability. Accountability measures for devolution deals will sit with the broader Local Government Accountability Framework.

The types of powers and functions that will be considered by the Government for each devolution level are set out in a Framework which links potential powers and functions on offer to required governance arrangements that would need to be in place in the areas concerned. The Framework identifies three devolution levels:

- | | |
|---------|--|
| Level 1 | Local authorities working together across a Functional Economic Area (FEA) or whole county area e.g. through a joint committee. |
| Level 2 | A single institution or County Council without a directly Elected Mayor, across a Functional Economic Area or whole county area. |

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

The Framework is designed to be dynamic so that it can evolve and be informed by devolution deal discussions over coming years with the suggestion that levels are not minimum offers and that some powers may only be available to certain authorities or geographies. Government also suggest that there is scope to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities as part of the negotiation process with local areas.

The White Paper suggests that local government reform can be a route to meeting the devolution principles which underpin the Framework, however it emphasises that this could distract from the implementation of improved local government services and outcomes and delay the agreement and implementation of devolution deals. The White Paper therefore explicitly states that the Government will not impose top-down restructuring of local government. Reorganisation they suggest, will remain a locally-led avenue available where there is broad local support but will not be a requirement for a deal.

2.3 Derbyshire Announcements in the White Paper

There are a number of additional key announcements of significant relevance in the White Paper. The following are particularly relevant to Derbyshire:

- British Business Bank Regional Investment Funds - The White Paper pledges to extend the geographical reach of the British Business Bank partnership model with £1.6bn of Government investment in the next generation of Regional Investment Funds. This includes an allocation of £400m for the Midlands Engine Investment Fund.
- Local Transport – Bus Transformation - The White Paper also sets out details of how the Government will fund plans to improve transport connectivity in areas where it is needed the most, including plans for bus improvements in Derbyshire.
- Education Investment Area - The White Paper identifies 55 cold spots of the country where school outcomes are the weakest, to target investment, support and action that will help children from all backgrounds and areas to succeed at the highest levels. These areas include Derbyshire and Derby.

2.4 Implications for Derbyshire and Derby

The invitation to be one of the first nine county deal pathfinders presents a significant opportunity to secure powers and funding for the delivery of enhanced outcomes for the people of Derbyshire and Derby. The county and the East Midlands as a whole have seen previous attempts at securing a Devolution fail which has led to underinvestment and the area falling behind its neighbours in Greater Manchester, South Yorkshire and the West Midlands. The Deal is likely to be first stage on potential journey in securing much needed additional powers, flexibilities and funding into the county and city and the wider geographical footprint.

The letters of invitation from Rt Hon Michael Gove and the Department for Housing Levelling Up and Communities (DHLUC) outline proposals to enter into negotiations based on the expression of interest submitted by the Council. Feedback suggests that the Council's expression of interest met the conditions of readily deliverable proposals that support levelling up and the principle of sensible economic geography. The letter also noted innovative proposals in regard to efficiency savings and service transformation included in the expression of interest including through Vision Derbyshire.

The devolution framework presents Derbyshire and Derby with the option to pursue a Level 2 deal (with a directly elected leader). However, to achieve Level 3 powers and flexibilities, which provide access to greater levels of potential investment, the area would need to progress governance through a directly elected mayor.

As outlined above invitations to be one of the first nine areas to progress a County Deal have also been extended to Nottinghamshire and Nottingham and Leicestershire. This provides the opportunity to pursue a wider Combined Authority deal at a regional level.

Level 2 and Level 3 powers and flexibilities as set out in the Devolution Framework on offer at this stage do not match all the ambitions set out in Derbyshire and Derby county-deal proposals. However, negotiations will provide the opportunity to explore the potential for inclusion of other activity.

2.5 Recent Developments

The Government has started negotiations to ensure that a number of County Deals are agreed by Autumn 2022. All nine areas have met with central Government and were requested to submit a template by 25 March 2022. The template asks areas to identify the powers and flexibilities they would wish to pursue under a devolution deal and the

indicative devolution level sought. The information gathered from the template will support negotiations and will also enable Government to assess the level of ambition in the nine identified areas.

The Council's initial discussions with the Government alongside Derby City Council, Nottinghamshire County and Nottingham City Councils have been taking place since mid-February 2022. Discussions to date have been very positive, with the Government keen to explore proposals and options to extend the wider level 3 tier powers to the area through a potential mayoral Combined Authority (MCA). Further discussions to progress negotiations will take place over forthcoming weeks and it is likely that the negotiation process will progress at pace.

Indications are that a smaller number of the nine pathfinder areas will be progressed in a first wave to conclude their deals by Autumn/ November 2022. A decision from Government on the areas it wishes to progress in the first instance is critical in understanding timescales for taking forward proposals for Derbyshire and Derby and the wider region.

The opportunity to be included in the first phase of areas to secure a deal is vital as areas not progressing during the first phase are unlikely to secure a deal until later in 2024.

2.6 Next Steps

The Council, working with Derby City, Nottinghamshire County and Nottingham City Councils, will continue to explore opportunities to maximise the powers, flexibilities and funding available, including the potential to secure a deal on a wider geographical footprint as first wave councils to be agreed by the Autumn. Immediate next steps will also include:

- Ongoing exploration of the preferred footprint for a county/devolution Deal to maximise resources into the county and city
- Work with Vision Derbyshire councils and all other Derbyshire district and borough councils to support the development of proposals
- Developing an on-going dialogue with central Government as negotiations progress
- Work with other key stakeholders such as the Derbyshire Constabulary, Police and Crime Commissioners Office, Derby University, FE Colleges, the LEP, Chamber of Commerce, and Health Services to support the Deal development
- Engagement with key stakeholders such as MPs to ensure support for the pursuit of a Deal

- Development of implementation plans and a stakeholder plan to take into account proposed timescales of an Autumn 2022 Deal agreement

Confirming its position as a first wave pathfinder, will be a significant opportunity for the Derbyshire, however this will only be the first step in translating ambitions into reality. The Council will need to identify additional resources to those already in place and stand up a team to support and develop the anticipated programme of work at the earliest opportunity. Funding to meet the costs of the programme team will be met from the Council's £2m Feasibility Reserve, which is subject to consideration of a further report at this meeting. A business case will be required setting out the necessary resources required before drawdown from the reserve is approved by either the Managing Director or the Leader of the Council.

Should the Council be successful in progressing as a first wave pathfinder then negotiations on the content and governance arrangements will be required.

In addition to progressing County Deal proposals, work to understand other potential options at the Council's disposal, should current devolution proposals not progress, will also be required. The Council will also need to consider its broader response to proposals set out in White Paper as further detail emerges over forthcoming months including:

- Identifying potential opportunities (resources and actions) to support key Derbyshire and Derby wide projects and programmes
- Considering the Council's broader role in levelling up linking to the ambitions and priorities for the county
- Identifying the Council's contribution towards the twelve levelling up missions
- Understanding the implications of wider proposals such as the development of a wider set of performance measures to measure progress on the twelve mission which is likely to impact on the Council over future years.

It is recommended that a further report on progress be brought to a future meeting of Cabinet setting out key actions to support the levelling up agenda alongside an update on progress on the development of a County Deal for Derbyshire and Derby.

5. Consultation

- 5.1 A stakeholder communications and engagement plan has been developed to ensure that there is a broad understanding of the proposals set out in the White Paper. This has included briefings with District and Borough Councils, all Derbyshire Councillors and partner agencies such as the Police, Fire Service, and Clinical Commissioning Group.

The plan will continue to be developed to take account of progress. Should the Derbyshire and Derby be successful in securing a County Deal then further work will be required to engage and involve partner agencies in the development of proposals over forthcoming months.

6. Alternative Options Considered

- 6.1 An alternative Option – is to reject the Government’s invitations to progress a County Deal for Derbyshire and Derby. This option is not desired as the opportunity to pursue additional powers, flexibilities and funding would be lost. In addition, this would not match the ambitions of the Council as set out in the Council Plan which have consistently sought to secure a devolution deal for Derbyshire and the wider geographical footprint, recognising the benefits that this would bring to people and places across the county.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Vision Derbyshire - Phase 4 Implementation Proposals - Cabinet Report 9 September 2022
- 8.2 Levelling Up the United Kingdom - White Paper
- 8.3 Levelling Up – Delivering for all parts of the UK
- 8.4 Levelling Up the United Kingdom – Missions and Metrics Technical Annex

9. Appendices

- 9.1 Appendix 1 - Implications
- 9.2 Appendix 2 – Levelling Up White Paper – Twelve Missions

9.3 Appendix 3 – Levelling Up White Paper Devolution Framework Powers and Functions

10. Recommendations

It is recommended that Cabinet:

- a) Notes the proposals set out in the Government's recent Levelling Up White Paper as outlined in the report and the implications of proposals for Derbyshire and Derby.
- b) Approves progressing work to secure a County Deal for Derbyshire and Derby including the immediate next steps through negotiations with central Government.
- c) Notes the process for funding of the programme team.
- d) Receives a further report setting out key actions to support the levelling up agenda alongside an update on progress on the development of a County Deal for Derbyshire and Derby in due course.

11. Reasons for Recommendations

- 11.1 The White Paper set out significant policy intentions and announcements and developing a shared understanding of the implications of proposals will be critical in ensuring the Council is able to effectively respond.
- 11.2 To ensure the latest position in respect of County Deal negotiations is shared and to enable Cabinet to understand the likely next steps in taking work forward in advance of the Autumn/November timescales for agreeing first wave pathfinders.
- 11.3 To ensure funding is available to adequately resource the progression of County Deal proposals once known. It is vital the Council continues to progress discussions and appropriately resource the programme to increase the chance of securing a deal and access funding to improve outcomes for people and place in Derbyshire.
- 11.4 Further detail on the proposals set out in the White Paper are likely to emerge over forthcoming months. Developing appropriate plans to take forward key actions will be important in maximising any potential benefits.
- 11.5 Negotiations on County Deals will progress rapidly over forthcoming weeks and keeping Cabinet abreast on the latest position will be crucial.

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Implications

Financial

- 1.1 The White Paper provides detail about both existing and new policy intentions a number of which have funding streams attached. As further detail emerges, the financial implications of proposals will emerge.

In order to progress the securing of a County Deal for Derbyshire and Derby by Autumn/November 2022 a programme team will be required. Funding to meet the costs of the programme team will be met from the Council's Feasibility Reserve, further details of which are set out in the report.

Legal

- 2.1 The White Paper indicates that the Government will be seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only as part of the new devolution framework. In the event that the development of proposals in negotiation with central Government result in the creation of a combined authority; this would therefore be subject to new legislation which would need to be passed through Parliament.
- 2.2 The devolution of powers from government, whether level 1, 2 or 3 would require a clear governance framework which would need to set out how functions are exercised and monitored at a local level. This would be developed with central Government as negotiations progress and would be the subject of a future report for approval by the council in due course.

Human Resources

- 3.1 Developing a programme of work to progress County Deal proposals is likely to require additional resources in respect of a programme team. However, the Human Resource implications of taking forward proposals are not yet fully known. Further reports outlining detailed plans and resourcing requirements will be brought to Cabinet in due course.

Information Technology

- 4.1 The Levelling Up White Paper sets out the Government's in relation to Mission 4 aimed at creating nationwide gigabit-capable broadband and

4G coverage, with 5G for the majority of the population which will be critical for Derbyshire communities.

Equalities Impact

- 5.1 The Levelling Up White Paper seeks to level up those areas and communities across the country that have fallen behind and as such this will have an impact on local people and communities in the county. As further details of proposals emerge over forthcoming months, work will take place to understand the impact and relevance for Derbyshire.

Corporate objectives and priorities for change

- 6.1 Delivering devolution and the levelling up agenda is a headline initiative within the Council Plan refresh 2022-23, with key deliverables identified to progress work on the development of a County Deal for Derbyshire and Derby.

Levelling Up White Paper – 12 Missions

Mission	
Mission 1	Raising pay, employment and productivity in every area, each containing a globally competitive city
Mission 2	Increasing investment in research and development outside the south-east by at least 40%
Mission 3	Raising transport connectivity across the country to the standard of London
Mission 4	Creating nationwide gigabit-capable broadband and 4G coverage, with 5G for the majority of the population
Mission 5	Increasing reading, writing and maths standards of primary school children
Mission 6	Significantly increasing skills training in every part of the UK
Mission 7	Lowering the gap in healthy life expectancy between local areas
Mission 8	Improving wellbeing in every area of the UK
Mission 9	Increasing pride in place, including satisfaction with town centres and community engagement
Mission 10	Increasing first-time home buyers and cutting non-decent rented homes by 50%
Mission 11	Cutting homicide, serious violence and neighbourhood crime
Mission 12	Giving every area that wants one a devolution deal, with powers approaching the highest level and a simplified, long-term funding settlement

Appendix 3

Devolution Framework – Powers and Functions

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