

SURREY COUNTY COUNCIL**CABINET****DATE: 26 APRIL 2022**

REPORT OF CABINET MEMBER: **REBECCA PAUL, DEPUTY CABINET MEMBER FOR LEVELLING UP AND TIM OLIVER, LEADER OF THE COUNCIL**

LEAD OFFICER: **MICHAEL COUGHLIN, EXECUTIVE DIRECTOR FOR PARTNERSHIPS, PROSPERITY AND GROWTH**

SUBJECT: **A DEVOLUTION DEAL FOR SURREY**

ORGANISATION STRATEGY PRIORITY AREA: **GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES**

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| Purpose of the Report: |
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This report outlines the key implications of and opportunities within the Government's Levelling Up White Paper for Surrey, particularly in relation to the devolution framework and a Surrey County Deal.

It sets out the initial ideas being explored and developed in partnership with others that will form proposals within a County Deal and considers how devolution for Surrey would positively contribute to the council's overarching ambition of No One Left Behind.

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| Recommendations: |
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It is recommended that Cabinet:

1. Support the approach set out to develop a Devolution Deal for Surrey, to accelerate and better enable work to tackle inequalities in Surrey.
2. Reaffirm the Council's commitment to ensuring No One is Left Behind and note the strong alignment to the Government's Levelling Up agenda.
3. Endorse the approach and plan for further engagement with local partners and key stakeholders to support development of a devolution proposal for Surrey.
4. Support the intention to engage with the Surrey Delivery Board as a key stakeholder group in developing and shaping a comprehensive devolution deal for the benefit of Surrey's residents, communities, and businesses.
5. Delegate authority to the Executive Director for Partnerships, Prosperity, and Growth to lead engagement with the Department for Levelling Up, Housing and Communities on the devolution proposal following consideration by Cabinet, and to take other necessary steps in consultation with the Leader of the Council and the Deputy Cabinet Member for Levelling Up.

Reason for Recommendations:

The Government's Levelling Up White Paper presents a rare opportunity for the council to pursue a devolution deal for Surrey that will bring new powers, freedoms and flexibilities, better enabling the council to deliver for residents against its organisational priorities and work towards its ambition of No One Left Behind.

Executive Summary:

Background

1. On 2nd February 2022 the Government published its Levelling Up White Paper which laid out an agenda for tackling inequality across the country. It outlined the future landscape for devolution in the UK and provided a blueprint for improving opportunity and outcomes in education, the economy, infrastructure, transport, and health by 2030.
2. The Government is focused on what it refers to as the '6 Capitals' driving levelling up. These are:
 - a. Physical Capital (infrastructure, machines, housing),
 - b. Human Capital (Skills, Health and Experience of Workforce),
 - c. Intangible Capital (Innovation, Ideas and Patents),
 - d. Financial Capital (Resources supporting Finance of Companies),
 - e. Social Capital (Strength of Communities),
 - f. Institutional Capital (Local Leadership).
3. These capitals are part of the Government's long-term aim to look beyond financial capital and economic activity as the sole measure/driver of growth and success. The different types of capital listed above represent a more comprehensive approach toward improving people's lives and increasing social mobility. This national strategy on tackling inequalities aligns with the council's primary mission to ensure that No One is Left Behind in Surrey.
4. To help drive a whole system approach to Levelling Up across government departments, the wider public sector, the private sector, and the public, the government has outlined '12 Missions of Levelling Up' (see Annex A). It aims to achieve these missions nationally by 2030 and will be legally required to report progress annually. The 12 missions are framed around four objectives:
 - a. Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
 - b. Spread opportunities and improve public services, especially in those places where they are weakest.
 - c. Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 - d. Empower local leaders and communities, especially in those places lacking local agency.
5. In delivering the fourth objective ("Empower local leaders and communities") the White Paper sets out a framework for devolution (see Annex B), which is designed to support "every part of England that wants one, [to] have a devolution deal with powers at or approaching the highest level of devolution". The framework includes three levels of functions available to local areas, dependent upon governance and accountability models.
6. Overall, there is a clear emphasis within the White Paper about investment being directed outside of London and the South-East, and limited references to new

funding or policy initiatives aimed at supporting places like Surrey. The key opportunity for Surrey to take advantage of exists through the devolution framework and securing a devolution deal that brings greater powers and responsibilities to the county-level to empower our local institutions to deliver change and improved outcomes more effectively for residents in Surrey.

The devolution framework

7. The White Paper has established a new devolution framework (see Annex B) as a mechanism to support Government in offering a devolution deal to every part of England that wants one. County geographies are seen as the appropriate strategic level to devolve functions to, and the White Paper establishes upper tier councils (e.g. Surrey County Council) as being the core vehicle to deliver devolution to a county area and will work with them to negotiate and develop deals.
8. The framework includes three levels of devolution available to local areas that wish to pursue a devolution deal. The levels are based upon the leadership and governance models that areas agree to, with the top level being made available to areas pursuing a directly elected leader model.
9. For a county area like Surrey, without a directly elected leader, the devolution framework would allow the council to access functions under both Level 1 and Level 2, which includes:
 - a. A host for government functions best delivered at a strategic level involving more than one local authority, for example Local Nature Recovery Strategies **(Level 1)**
 - b. The opportunity to pool services at a strategic level **(Level 1)**
 - c. The opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets **(Level 1)**
 - d. LEP functions including hosting strategic business voice **(Level 2)**
 - e. Ability to introduce bus franchising **(Level 2)**
 - f. UK Shared Prosperity Fund planning and delivery at strategic level **(Level 2)**
 - g. Devolution of Adult Education functions and the core Adult Education Budget **(Level 2)**
 - h. Providing input into Local Skills Improvement Plans **(Level 2)**
 - i. Homes England compulsory purchase powers **(Level 2)**
10. The White Paper also indicates that there is scope for areas to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities.

Our strategic context: No One Left Behind

11. The council's ultimate ambition is No One Left Behind, and this helps to drive and shape the work of the council and underpins our four strategic objectives: growing a sustainable economy, tackling health inequality, enabling a greener future, and empowering communities. At the core of the government's Levelling Up agenda is a commitment to tackle inequality, which strongly aligns to the council's own work.
12. Whilst Surrey is a great place for many to live and work, inequality is prevalent in the county. The most recent Index of Multiple Deprivation data showed that four areas in Surrey are within the 20% most deprived areas nationally. The number of people living in these areas has increased by almost 350% since 2007, to over 6,000 in 2019. The onset of the pandemic since then is likely to have worsened these figures.

Health inequalities are prevalent in the county, with adjacent wards experiencing a difference in life expectancy of up to 10 years.

13. Much of the council's work aims to tackle these inequalities and contribute to the goal of No One Left Behind. For example, the action being taken to tackle poverty via the child poverty action plan; work to improve productivity through partnerships with business via the One Surrey Growth Board; the No One Left Behind network's work to identify and tackle the challenges faced by those furthest from the labour market; and the partnership work to tackle the mental health crisis in Surrey. These are just a few examples of the breadth of activity underway to ensure that No One is Left Behind in Surrey.
14. Securing a devolution deal will be a crucial mechanism to accelerate and better enable this work to tackle inequality in Surrey and achieve the No One Left Behind ambition, by bringing greater powers, freedoms and flexibilities to the council.

A Devolution Deal for Surrey

15. The devolution framework offers a genuine opportunity to secure greater powers and responsibilities for Surrey and support the council with local partners in more effectively delivering improved outcomes for residents.
16. In developing a devolution deal, the council will seek to align proposals against the Government's 12 missions and incorporate some of the underlying metrics into existing performance mechanisms to support how progress is measured locally and demonstrate to government how Surrey is supporting the levelling up agenda within the county.
17. It is hoped that a devolution deal would bring a range of benefits to Surrey, including but not limited to:
 - j. Greater autonomy and agility for local people and leaders to make the right decisions for the county at the right level, based on local knowledge, partnerships, and residents' priorities.
 - k. The tools and freedoms required to meet our ambitious climate targets, deliver on our greener futures objectives and ensure that Surrey is a sustainable place to live for years to come.
 - l. Unleash greater economic opportunity for residents and ensure that our towns and high streets are equipped to be excellent places to live, work, and do business.
 - m. A better aligned and strategically coordinated funding and investment landscape to make it as easy as possible to conduct business in Surrey.
 - n. The local powers and tools to spearhead the council's approach to tackling health disparities and reduce the gap in healthy life expectancy that exists in the county.
 - o. A cohesive and consistent understanding and response to skills and training needs across the county to ensure that Surrey's young people have the best start in life and help people become equipped for the changing needs of the workplace throughout their careers.
 - p. Facilitate conditions for 'double devolution' to empower local partners and communities at the most effective level to deliver improvements in quality of life, resourcefulness, and social value.
18. Work is underway to consider and develop specific proposals against the Level 1 and Level 2 functions outlined by government in the devolution framework, which are

aimed at a County Council without a directly elected leader across a whole county area. The initial ideas currently being explored cut across the council's four strategic objectives:

19. Growing a sustainable economy

- q. Streamlining and simplifying the business support and funding landscape across a Surrey-wide footprint will be crucial in helping to unleash Surrey's potential and ensure that economic growth delivers to the parts of Surrey that need it the most.
- r. A key focus of the White Paper is on developing and supporting local 'economic clusters' as part of delivering against the Levelling Up agenda. A devolution deal could support the council to deliver a new model of partnership working across the public, private, voluntary and university sectors, linked to Surrey's unique economic strengths, whether that is in Professional Services, AI/Digital (including creative and gaming), Aviation/Aerospace, Health, and advanced engineering.
- s. The devolution framework offers areas the opportunity to have greater local control of the education and skills sector. This would ensure local knowledge is utilised at a strategic level to better support a more active approach to tackling skills gaps, developing employment pathways, and retraining to meet the recruitment challenges in Surrey's priority sectors. The new powers available could support the development of a Surrey-wide skills offer based on the council taking on control of Adult Education functions and the core Adult Education Budget, as well as having a role in providing input into Local Skills Improvement Plans.

20. Tackling health inequality

- t. Reducing health inequalities is a major focus for the council and local partners. The White Paper indicated government's appetite to consider innovative local proposals to address specific local challenges, "for example, the improvement of health and social care outcomes".
- u. The council and key stakeholders are considering the ways a devolution deal could support a more system-wide approach to accelerate work to tackle the wider determinants of health, whether that is education and employment, transport, or housing.

21. Enabling a greener future

- v. The council has ambitious climate targets for Surrey and a well-developed and costed strategy and delivery plan. Using the devolution framework, the council will pursue innovative and ambitious proposals to improve coordination and collective ability to respond to climate change across the public sector, business, residents, and communities.
- w. A key aspect being explored is the opportunity to tackle the fragmentation and duplication across local partners in working towards net zero and consider the ways that devolved functions and funding at a county level will help drive this forward more effectively.

22. Empowering communities

- x. A consistent theme running through the White Paper was on the government's plans to empower communities and improve pride in place across the UK, which closely aligns with the ambitions of the council.
- y. A strong emphasis was placed on piloting new approaches, which is welcomed and an area that the council will explore. For example, new models of community partnership such as Community Covenants (agreements between councils, public bodies, and communities). A covenant approach would see local authorities and communities work together to take a holistic look at the health of local civic and community life.

Developing a proposal and partner engagement

- 23. Ahead of publication of the White Paper, the Government requested that local areas submit expressions of interest to be considered as pilot areas in the first phase of County Deal negotiations. The council submitted an expression of interest in August 2021, and as part of that engaged with local partners to start considering what a devolution deal for Surrey could mean. This included Leaders of Surrey District and Borough councils, Surrey MPs, and the One Surrey Growth Board.
- 24. Since publication of the White Paper, engagement with local partners has continued to consider potential implications of the White Paper and explore the opportunities that a devolution deal presents for Surrey. This has or will involve wider County Council members, other Surrey local authorities (including Town and Parish Councils), health partners through informal discussion at the Health and Wellbeing Board and across the Integrated Care System, including the Integrated Care Partnership board and stakeholders through the Greener Futures Board, the One Surrey Growth Board and Surrey Business Leaders forum. A cross-council officer task group has also been set up to develop and refine proposals being put forward as part of a devolution deal.
- 25. Following approval of this report by Cabinet, a new phase of further partner engagement will commence. Input from partners will be crucial in developing and shaping a comprehensive proposal that will deliver an effective deal for Surrey. The scope and ambition of the proposals included will in a large part require the collective support of partners, including Surrey's District and Borough Councils, who will play a key role in supporting delivery of certain aspects of any deal. The Surrey Delivery Board is a key stakeholder group that will support both development and delivery of a devolution deal in Surrey. The Board exists to bring together, in partnership, representatives of all tiers of local government in Surrey (including Town and Parish Councils) and will provide the mechanism by which all local authorities in Surrey can come together to help shape a comprehensive proposal that will benefit Surrey's residents, communities, and businesses.

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| Consultation: |
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- 26. As noted within the report, the council has engaged with a range of local partners including, Surrey District and Borough councils, health partners at the Health and Wellbeing Board and Integrated Care Partnership board, the One Surrey Growth Board, the Surrey Business Leaders forum, and Surrey MPs.

27. An all-Member Development Session was delivered on 4th March 2022 that explored the impact of the Levelling Up White Paper for Surrey and explained the devolution framework together with next steps to be taken to develop a devolution proposal for Surrey.

28. Further consultation with stakeholders will follow as a devolution proposal is developed.

Risk Management and Implications:

29. While specific impacts of a final devolution deal are not known at this stage and will be subject to the outcome of negotiations with government on a devolution deal, there will likely be local impacts for district and borough partners. Active engagement with districts and borough partners through the Surrey Forum, Surrey Delivery Board and Surrey Chief Executives group will be maintained during the development of devolution proposals.

Financial and Value for Money Implications:

30. No direct financial implications are known at this stage, however there may be opportunities through devolution to deliver future efficiencies. These will be explored in the development of a draft devolution proposal.

31. Future development of proposals and opportunities are currently planned to be managed internally, through existing networks, forums and boards. There is currently no planned direct expenditure linked to these proposals.

Section 151 Officer Commentary:

32. Although significant progress has been made to improve the Council's financial position, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

33. The Section 151 Officer supports the next steps outlined in the paper to develop proposals for a devolution deal for Surrey in response to the recently published Levelling Up white paper. We will continue to explore opportunities to realise efficiencies through this work and any emerging impacts on our budget and funding.

Legal Implications – Monitoring Officer:

34. The proposed arrangements for County Deals set out in the levelling up White paper are set out in the body of the report. There are no further specific legal implications at this time and further support will be provided as a proposal is developed.

Equalities and Diversity:

35. A Devolution deal for Surrey is one mechanism to help deliver the council's ambition of No One Left Behind. It will accelerate and enable work to tackle inequalities within

the county, therefore a devolution deal is anticipated to produce net positive impacts on equality, diversity and inclusion.

36. Where relevant, Equality Impact Assessments will be completed for individual proposals of the devolution deal.

What Happens Next:

37. Once a draft devolution proposal has been developed, it will be presented to Cabinet for approval, and will be the basis of negotiations with government.

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Annexes:

Annex A: The Twelve Missions of the Levelling Up White Paper

Annex B: The Government's Devolution Framework

Sources/background papers:

Levelling Up White Paper

Metro-Dynamics: Assessment of Surrey's economy
