

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	10 January 2025
Title:	English Devolution White Paper
Report From:	Director of Hampshire 2050 and Deputy Chief Executive

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Purpose of this Report

1. The purpose of this report is to set out the next steps for the County Council in its response to the Government's English Devolution White Paper published on 16 December 2024 and subsequent communications from the Minister of State for Local Government and English Devolution.

Recommendation

2. It is recommended that Cabinet agrees that:
3. The County Council is committed to the creation of a Combined Authority across the wider region incorporating Isle of Wight Council, Portsmouth City Council and Southampton City Council, in accordance with the expression of interest submitted to the Deputy Prime Minister on 30 August 2024.
4. The County Council will request to be included in the Devolution Priority Programme (DPP) as a fast track to delivering devolution for our area.
5. As a consequence of joining the Devolution Priority Programme the County Council is committed to delivering Local Government Reorganisation across our area. Local Government Reorganisation proposals will be submitted to Government by Autumn 2025.
6. As a consequence of joining the Devolution Priority Programme the County Council will request to Government a 12 month postponement of the County Council elections due to take place in May 2025 to provide a necessary stable platform on which devolution proposals can progress at pace in 2025 to ensure the benefits of devolution for the area are realised as quickly as possible.

Executive Summary

7. This paper sets out the next steps for the County Council in its response to the Government's English Devolution White Paper published on 16 December 2024.

8. The paper summarises the background to the County Council's devolution journey over recent years including the previous submitted devolution proposals under the last Government's County Deal programme.
9. The paper sets out the key aspects of the new English Devolution White Paper published on 16 December, including the Government's vision to deliver devolution and Local Government re-organisation at pace, through the creation of Strategic Authorities across wider regional geographies. These Strategic Authorities will be made up of larger and more resilient Unitary Councils, which will replace the current two tier local government structure as well as consolidating current small or failing Unitary Councils.
10. The government has set out a timetable for the areas to develop devolution and reorganisation proposals at pace. This includes the offer of a Devolution Priority Programme for areas wanting to move quickly with devolution proposals and Authorities need to confirm this position by 10 January 2025. In these instances, Authorities would prioritise devolution through the creation of a Strategic Authority with Mayoral elections in May 2026. The Local Government Minister has been clear that they will lay secondary legislation and expects Local Authorities to postpone local council elections from May 2025 to May 2026, to help areas deliver reorganisation and devolution to the most ambitious timeframes. This will provide a necessary stable platform on which devolution proposals can progress at pace in 2025 to ensure the benefits of devolution for the area are realised as quickly as possible. Areas that require local government reorganisation to unlock devolution quickly can also postpone elections in 2025 and will require re-organisation proposals by May 2025.
11. Irrespective of the inclusion or not on the Devolution Priority Programme, all areas are expected to produce local government re-organisation plans by Autumn 2025 which will replace the current landscape of two tier authorities and small or failing Unitary Councils with larger and more resilient Unitary Councils.
12. Given the significant devolution benefits articulated in the White Paper and the positive submission of a joint Expression of Interest with neighbouring Unitary Authorities earlier this year, it is recommended that the County Council requests to be included in the Devolution Priority Programme (DPP) as a fast track to delivering devolution for the area. It is proposed that this proactive approach will give the County Council the best opportunity to self determine and shape both devolution and reorganisation proposals in the best interests of our residents and communities.
13. As a consequence of joining the Devolution Priority Programme the County Council will request from Government a 12 month postponement of the County Council elections due to take place in May 2025, and Local Government Reorganisation proposals will be submitted to Government by Autumn 2025.

Background

14. The principle of devolution is nothing new in terms of central government devolving power, funding and responsibilities currently held in Whitehall departments or central government bodies, down to local areas. To date

devolution has been principally facilitated through the creation of new Combined Authorities as an additional tier of government under the democratic accountability of an Elected Mayor. These arrangements have been well established primarily in City Regions such as the Greater London Authority, Greater Manchester Combined Authority and West Midlands Combined Authority.

15. The previous Government sought to further catalyse devolution through the principle of County Deals, recognising the opportunity gap in areas across England without a devolution deal. The County Deal approach was formulated in the February 2022 White Paper which committed to establishing a new model of Combined Authority that would enable devolution deals to be agreed by County Councils and/or Unitary Councils. Within the White Paper the Government announced nine Wave 1 areas which were to be negotiated first.
16. In response to the February 2022 White Paper the County Council, working collaboratively with Districts and Borough Councils, neighbouring Unitary Authorities, the NHS, Businesses, Further Education, Higher Education and the National Parks, submitted a Level 3+ proposal to Government in October 2022. This proposal was well received by Government in early 2023, but not taken forward due to a lack of consensus with neighbouring unitary authorities regarding the red-line geography for any future Combined Authority. At the time there was a very clear Ministerial position requiring a size and scale of Combined Authority encompassing the whole of the County Council alongside Portsmouth, Southampton and Isle of Wight.
17. Following the election of a new Government, in July 2024 the Deputy Prime Minister and Secretary of State for Local Government wrote to all Local Government Leaders setting out the new Government's ambition to widen and deepen devolution across the Country. This included a subsequent request from MHCLG for Expressions of Interest from Upper Tier Council Leaders regarding preferred geographies and initial views on adopting mayoral models. Since July 2024 there has been significant discussions with neighbouring Upper Tier Leaders and District and Borough Council Leaders, and agreement was reached with Portsmouth, Southampton and the Isle of Wight to submit a joint EOI at the end of August 2024 for the combined area of the four upper tier authorities included as Appendix A.

The English Devolution White Paper

18. On 16 December 2024 the Government published the English Devolution White Paper setting out a programme of devolution and Local Government reorganisation across England.
19. The vision outlined by Government is that all parts of England are to be part of regional Strategic Authorities that have a regional Mayor. These Strategic Authorities, working in a similar way to existing Mayoral Combined Authorities will have responsibility for driving growth and shaping public services across wider regional geographies covering strategic leadership of key place shaping responsibilities such as economic regeneration and growth, strategic planning, skills and employment and strategic transport.
20. The proposed Strategic Authorities will belong to one of three levels:

- **Foundation Strategic Authorities:** these include non-mayoral Combined Authorities and Combined County Authorities automatically. In exceptional circumstances, the Secretary of State will have the power to designate an individual Local Authority as a Foundation Strategic Authority.
 - **Mayoral Strategic Authorities:** the Greater London Authority, all Mayoral Combined Authorities and all Mayoral Combined County Authorities will automatically begin as Mayoral Strategic Authorities.
 - Those who meet specified eligibility criteria may be designated as **Established Mayoral Strategic Authorities**. This unlocks further devolution, most notably an Integrated Settlement.
21. The government's strong preference is for partnerships that bring more than one Local Authority together over a large geography. In exceptional circumstances the Secretary of State will have the power to designate an individual Local Authority as a Foundation Strategic Authority only. The Government's ambition remains for all parts of England to ultimately have a Mayoral (and eventually Established Mayoral) Strategic Authority. The Government will also legislate to ensure that Strategic Authorities can change structure should local government reorganisation take place, for example, changing from a Combined County Authority to a Combined Authority when a two-tier area becomes single-tier.
22. The White Paper sets out that Strategic Authorities should meet the following principles:
- **Scale:** Strategic Authorities should be of comparable size to existing institutions. The default assumption is for them to have a combined population of 1.5 million or above, but accepted that in some places, smaller authorities may be necessary.
 - **Economies:** Strategic Authorities must cover sensible economic geographies with a particular focus on functional economic areas, reflecting current and potential travel-to-work patterns and local labour markets. It is likely that where travel to work areas are small and fragmented, Strategic Authorities will cover multiple travel to work areas.
 - **Contiguity:** Any proposed geography must be contiguous across its constituent councils (either now or with a clear plan to ensure contiguity in the future through agreed local government reorganisation).
 - **No 'devolution islands':** Geographies must not create devolution 'islands' by leaving areas which are too small to go it alone or which do not have natural partners.
 - **Delivery:** Geographies should ensure the effective delivery of key functions including Spatial Development Strategies, Local Transport Plans and Get Britain Working Plans.
 - **Alignment:** The government will seek to promote alignment between devolution boundaries and other public sector boundaries.

- **Identity:** A vital element of successful devolution is the ability for local residents to engage with and hold their devolved institutions to account – and local identity plays a key role in this.
23. The White Paper is clear that strong councils are the building blocks of Strategic Authorities and will facilitate a programme of local government reorganisation for two tier areas.
 24. The Government therefore expects all two tier areas and smaller or failing Unitary Councils to develop proposals for reorganisation taking into account where reorganisation can unlock devolution. These re-organisation proposals are required by May 2025 or September 2025.
 25. New unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas this will mean creating unitary councils with a population of 500,000 or more. The Government is clear that reorganisation should not delay devolution and plans for both should be complementary and with an expectation that all councils in an area are to work together to develop unitary proposals that are in the best interests of the whole area, rather than developing competing proposals.

Benefits of Devolution

26. The benefits of Devolution have been considered by Cabinet over recent years, and well-articulated in previous devolution proposals submitted to Government as well as recent devolution asks developed with neighbouring Unitary Councils following the submission of the Expression of Interest. These benefits include the significant potential to strengthen economic recovery and growth across the wider region through securing substantial new functions, powers, and resources to enhance place-based leadership at regional, sub-regional and local levels for the benefit of local residents, including leveraging significant investment funding from Government and the private sector.
27. The 2024 White Paper sets out a strengthening of such arrangements, including an updated Strategic Framework of Powers, Functions and Funding summarised on Pages 86 – 90 of the White Paper. In particular the Framework references:

- **Funding and investment**

- Access to a multi-departmental, long-term integrated funding settlement,
- Long-term investment fund, with an agreed annual allocation, Ability to introduce mayoral precepting on council tax,
- Consolidation of local growth and place funding in a single pot.

- **Strategic leadership**

- A statutory duty to produce Local Growth Plans
- Membership of the Council of Nations and Regions
- Membership of the Mayoral Data Council.

- **Transport and local infrastructure**
 - Local Transport Authority and public transport functions, including bus franchising and responsibility for an area-wide Local Transport Plan.
 - Simplification and consolidation of local transport funding. Removal of certain Secretary of State consents, e.g. on lane rental schemes.
 - Duty to establish a Key Route Network on the most important local roads.
 - Mayoral Established Mayoral Power of Direction over use of constituent authority powers on the Key Route Network
 - Priority for strategic rail engagement (including mayoral partnerships) with Great British Railways
 - Statutory role in governing, managing, planning, and developing the rail network
 - An option for greater control over local rail stations
 - A 'right to request' further rail devolution
 - Priority for support to deliver multi-modal ticketing
 - A clear, strategic role in the decarbonisation of the local bus fleet
 - Active Travel England support for constituent authority capability
 - Formal partnership with National Highways

- **Skills and employment support**
 - Joint ownership of the Local Skills Improvement Plan model, with Employer Representatives
 - Devolution of the core Adult Skills Fund
 - Devolution of non-apprenticeship adult skills functions through a consolidated skills funding pot
 - Central convening of youth careers provision including greater flexibility for Careers hubs
 - A clear role in relation to 16-19 education and training
 - Responsibility for developing local Get Britain Working Plans
 - Devolution of supported employment funding
 - Co-design of future employment support that is additional to core Jobcentre Plus provision
 - Delegated delivery or commissioning of employment support that is additional to core Jobcentre Plus provision
 - Alignment of Jobcentre Plus boundaries with Strategic Authorities

- **Housing and strategic planning**
 - A duty to produce a Spatial Development Strategy

- Strategic development management powers (once the Spatial Development Strategy is in place)
 - Ability to raise a Mayoral Community Infrastructure Levy to fund strategic infrastructure (once the Spatial Development Strategy is in place)
 - Ability to make Mayoral Development Orders
 - Ability to establish Mayoral Development Corporations
 - Homes England compulsory purchase powers (held concurrently)
 - Devolution of wider grant funding to support regeneration and housing delivery
 - Ability to set the strategic direction of any future programme to support affordable housing provision in their area
 - Strategic Place Partnership with Homes England
 - Support to establish a public sector land commission
- **Economic development and regeneration**
 - Partnership working with Department for Science, Industry and Technology and UK Research and Innovation to explore opportunities for closer long-term collaboration in strengthening local research and innovation capacity
 - Develop joint innovation action plans with Innovate UK to shape long-term strategies and investments
 - Embed UK Research and Innovation lead points of contact for enhanced collaborative working on innovation with Mayoral Strategic Authorities that are committed to work collaboratively on innovation
 - Responsibility as the accountable body for the delivery of Growth Hubs
 - Devolution of Growth Hubs funding
 - A Strategic Partnership with the Department for Business and Trade focused on domestic growth, exports, investment, and delivery of local growth priorities.
 - Partnership working with Department for Culture, Media and Sport Arm's Length Bodies to maximise culture, heritage, and sport spending in place.
- **Environment and climate change**
 - Devolution of retrofit funding this parliament subject to a successful transition period
 - Heat network zoning coordination role
 - Coordinating local energy planning to support development of regional network energy infrastructure
 - Green jobs and skills coordination role

- A strategic role on net zero in collaboration with government, including on Great British Energy's Local Power Plan and Warm Homes Plan
- Responsibility for coordinating delivery and monitoring of Local Nature Recovery Strategies
- **Health, wellbeing and public service reform**
 - A bespoke statutory health improvement and health inequalities duty
 - Mayors engaged during the Integrated Care Boards chair appointment process
 - Established Mayors as members of local Integrated Care Partnerships, and consideration for position of chair or co-chair
 - A role in convening partners and driving cross-cutting public service reform, including looking at areas such as multiple disadvantage
- **Public safety**
 - Mayors accountable for the exercise of Police and Crime Commissioner functions where police force and mayoral boundaries align
 - Mayors accountable for the exercise of Fire and Rescue Authority functions where fire and rescue service and mayoral boundaries align
 - A clear and defined role in local resilience, working with the Local Resilience Forum to embed resilience into broader policy and delivery

Impact on Elections

28. The information in the White Paper and subsequent communications is clear that reorganisation should not delay devolution. Plans should be complementary, with devolution remaining the overarching priority. Given this priority, the Government is asking for areas to be included on the Devolution Priority Programme, aimed at places ready to come together under the criteria set out in the White Paper and wishing to progress devolution to an accelerated timescale.
29. For areas included within the Devolution Priority Programme the Minister has been clear they will lay secondary legislation and expects Local Authorities to postpone local council elections from May 2025 to May 2026, to help areas deliver reorganisation and devolution to the most ambitious timeframes. While it is acknowledged that the delay would have a significant democratic impact, it provides a necessary stable platform on which devolution proposals can progress at pace in 2025 to ensure the benefits of devolution for the area are realised as quickly as possible. Areas who are included on Devolution Priority Programme, will also be invited to submit reorganisation proposals to Government by Autumn 2025.
30. For any area where elections are postponed, the Government will work with areas to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation. The Government will also legislate to ensure that Strategic Authorities can change structure should local government reorganisation take

place, for example, changing from a Combined County Authority to a Combined Authority when a two-tier area becomes single-tier.

Next Steps

31. Following the publication of the White Paper the Minister for Local Government and Devolution wrote to all Leaders of Upper Tier Councils on 16 December which are in scope for a joint programme of devolution and local government reorganisation, to set out a clear process and key milestones. This letter and subsequent briefings with MHCLG officials and the Parliamentary Under-Secretary of State at the Ministry of Housing, Communities and Local Government has provided clarity on next steps.
32. If the County Council wants to take advantage of unlocking the benefits of devolution quickly, it will need to put itself forward for the Devolution Priority Programme by 10 January 2025 in accordance with the joint Expression of Interest submitted alongside Isle of Wight, Portsmouth City Council and Southampton City Council. In doing so it would request a delay to County Council elections in May 2025. Reorganisation proposals would then be submitted to Government in Autumn 2025 and Mayoral Elections would take place in May 2026. New Unitary elections would take place in May 2026 or May 2027, with expected shadow periods of operation.
33. If the County Council chooses not to put itself forward for the Devolution Priority Programme by 10 January 2025, there are two scenarios:
 - If re-organisation is seen as necessary to unlock devolution quickly, proposals will be submitted to Government by May 2025 with the May 2025 elections postponed for 12 months.
 - Areas not on the Devolution Priority Programme or not requiring a quicker timetable of reorganisation, will still be required to submit reorganisation proposals by Autumn 2025. Therefore, irrespective of the devolution timetable, Government is clear that reorganisation plans in accordance with criteria set out in the White Paper are required by Autumn 2025. In this scenario scheduled County Council elections would therefore take place in May 2025. Mayoral elections are therefore unlikely in May 2026, with reorganisation and/or Mayoral elections taking place in May 2027 or beyond.

Legal Considerations

34. The Recommendations in this Report do not constitute a formal proposal for single tier of Local Government in Hampshire, nor do they constitute formal consent to the establishment of a Combined County Authority. The process for these steps will be clarified by the Secretary of State if the County Council is selected for the Devolution Priority Programme.
35. The Recommendation to request a one-year delay of the County Council election scheduled for May 2025 this does not guarantee that the election will be delayed. It is simply a request, and any delay of the Election will require an Order to be made by the Secretary of State. The Secretary of State has indicated that the election will only be delayed if the County Council is accepted onto the Devolution Priority Programme.

Finance

36. Both devolution and local government reorganisation present significant financial opportunities for the efficiency, effectiveness and financial resilience of Local Government in Hampshire, including the additional funding and powers set out within the devolution strategic framework and summarised in paragraph 27 of this report. The recommendations set out in this paper relate to the timing of joining the devolution priority programme which are intended to unlock these opportunities earlier for the benefit of residents and communities across Hampshire.
37. The development and implementation of proposals for both Devolution and Local Government Reorganisation are expected to have one off resourcing implications for the County Council and will be considered in future budget reports. It is noted that irrespective of whether the County Council is included in the priority programme, the White Paper is clear that both Devolution and Local Government Reorganisation proposals are required to be developed in 2025/26.

Conclusions

38. The White Paper sets out Government's vision to deliver devolution and Local Government re-organisation at pace, which presents significant opportunities for our area to proactively self-determine the future structure of Local Government in Hampshire.
39. Given the significant devolution benefits articulated in the White Paper and the positive submission of a joint Expression of Interest with neighbouring Unitary Authorities earlier this year, it is recommended that the County Council requests to be included in the Devolution Priority Programme (DPP) as a fast track to delivering devolution for the area. It is proposed that this proactive approach will give the County Council the best opportunity to self determine and shape both devolution and reorganisation proposals in the best interests of our residents and communities.
40. As a consequence of joining the Devolution Priority Programme the County Council will request from Government a 12 month postponement of the County Council elections due to take place in May 2025, with Local Government Reorganisation proposals to be submitted to Government by Autumn 2025.

Consultation and Equalities

41. The Government has indicated that if the County Council is accepted onto the Devolution Priority Programme it will lead a consultation on the creation of a Mayoral Strategic Authority. Further consultation requirements will be determined before the submission of a formal proposal for a single tier of local government in Hampshire. No equality impacts have been identified arising from the Recommendations set out in this Report.

Climate Change Impact Assessments

42. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects,

policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

43. Both devolution and local government reorganisation are likely to present significant opportunities in relation to delivering climate change commitments for Hampshire. This is expected to be realised through the additional funding and powers set out within the devolution strategic framework and summarised in paragraph 27 of this report and noting the specific reference in the White Paper (and the strategic framework) to environment and climate change. At this stage however a climate change assessment has not been completed and will be considered as further detail is developed and future proposals are put forward.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes/æ
People in Hampshire live safe, healthy and independent lives:	yes/æ
People in Hampshire enjoy a rich and diverse environment:	yes/æ
People in Hampshire enjoy being part of strong, inclusive communities:	yes/æ

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Driving towards economic strength - Report Driving towards economic strength - Decision record	<u>Date</u> 18/10/2022
Direct links to specific legislation or Government Directives	
<u>Title</u> English Devolution White Paper	<u>Date</u> 16/12/2024

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

No equality impacts have been identified arising from the Recommendations set out in this Report



Ministry of Housing,
Communities &
Local Government

Appendix A – Expression of Interest

DEVOLUTION DEAL EOI

<p>Preferred geography (upper-tier local authorities in the area)</p>	<p>Hampshire and Solent UTLA Leaders are exploring opportunities on how we can effectively work together, with a combined authority arrangement, which respects existing boundaries.</p> <p>Elected Leaders have held productive meetings and are keen to take advice from Government on the potential opportunities for this region in order to make the case for regional political agreement.</p>
<p>Initial preference on mayoral / non-mayoral devolution</p>	<p>Hampshire and Solent UTLA Leaders want to achieve the best outcome for the region. We would like to understand the additional powers and funding which come with a Mayor, in order to make the case for regional economic benefit through regional political agreement.</p>
<p>Contact details (political and officer level)</p>	<p>Leader: Nick Adams-King (nick.adams-king@hants.gov.uk)</p> <p>Chief Executive: Carolyn Williamson (carolyn.williamson@hants.gov.uk)</p> <p>Deputy Chief Executive: Gary Westbrook (gary.westbrook@hants.gov.uk)</p>