

County Deals: options for governance, powers and funding

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Contents

Section	Page
Executive Summary	4
Introduction	11
Analysis: Geography	18
Analysis: Governance	23
Analysis: Powers	42
Conclusions and Recommendations	55
Appendix	62

Executive summary

Executive summary

Introduction

The government has placed economic recovery and levelling up at the centre of its plans to build back better as the country emerges from the COVID-19 pandemic. It is an agenda that the government has committed to delivering via a place-based approach. One that is grounded in empowering local government and enabling strong local leadership. A central tenet of this approach is the creation of County Deals. These deals will build on the government's support of high streets, towns and local infrastructure, by offering longer-term devolution across larger geographies.

In order to facilitate the process of developing these deals the Government has set out a number of high-level 'guiding principles' around strong local leadership, devolution across 'sensible' economic geographies, appropriate governance, the joining up of services, the need for innovation and the delivery of financial and administrative efficiency. These principles signal a new and distinct approach to devolution in non-metropolitan England.

The purpose of this report, therefore, is to build from these principles and provide support to both county authorities and central government, through wider analysis and insight around the core issues of geography, governance and powers. In doing so, the report has given careful consideration as to how County Deals can be practically delivered at pace.

With 46% of England's population, 47% of its homes and 47% of its businesses county authorities are the places where people live and work. They are also often the traditional centres of heritage, culture and community. All of which means the County Deals have the potential to be a critical policy lever in delivering levelling up – this report seeks to help make that a reality.

The report presents our findings from this work across three core areas: geography, governance, powers and funding.

Defining a sensible economic geography

In considering what constitutes a 'sensible' economic geography there are four key considerations:

- **Economic scale:** that ensure there is sufficient scale of wealth generation, employment, growth potential and efficiency potential to optimise the benefits of unified strategies and policies.
- **Historical and cultural ties:** that builds on historic and cultural relationships as well as local identity and therefore help to ensure that there is public support for and engagement with what is proposed.

- **Administrative service delivery:** that leverages existing delivery boundaries across the public sector and minimises the impact of existing devolution deals and proposals from neighbouring areas.
- **Political alignment** that facilitates delivery and reduces complexity.

Based on these considerations, and looking through the lens of county geographies, it has been possible to identify five broad geographical 'types'. These are:

County Unitary – perhaps the simplest geography and should lend itself well to a County Deal. With no other local authorities to co-ordinate with, there should be minimal challenge to the county acting in a leadership role. For this geography town and parish councils become more important as partners.

County and Districts - the county footprint is the standard two-tier council configuration and this remains a relatively simple geography that should be conducive to a County Deal with the county council remaining the natural source of leadership on the county footprint. The key challenge will be the extent to which the district councils are willing to co-operate and to what extent the county needs consent or support from them to proceed.

County and Adjacent Unitary (or unitaries) - this is a more complex economic footprint that includes the county (unitary or two tier) and one or more adjacent unitary councils. This remains a workable model, but the inclusion of multiple top-tier authorities will need potentially conflicting interests and divergent strategies to be aligned.

The Doughnut - this geography is similar to that of the county and adjacent unitary and shares many of its characteristics. The key difference is that the relationship with the county in terms of economic relevance and historic and cultural ties may be more closely interlinked. It is likely that a credible deal would need to incorporate the central unitary in order to form a sensible economic geography.

Multiple Unitaries - a geography with multiple unitary councils and no two-tier authorities will need to balance the strategic priorities of each unitary council. Unlike with the other models, the natural leadership of a county unitary may be less clear cut in terms of administrative boundaries, historic and cultural links and economic dependencies.

Executive summary (cont'd)

Establishing appropriate governance models

Governance will be key to the successful creation and implementation of County Deals. It is the mechanism by which multiple local authorities and other stakeholders are able to develop a joint strategy, make collective decisions, and discharge the delegated or devolved powers. More significantly, effective leadership, governance and decision making will be crucial to ensure that County Deals ultimately deliver benefits to local-residents and ensure the efficient use of public money in the longer term.

The key objectives of the governance model is to provide a framework to ensure that:

- the decisions made are in line with statutory requirements and obligations.
- there is a legal basis underpinning any decisions taken.
- all parties are clear on what has been agreed and what their respective roles and responsibilities are in the process.
- decisions can be scrutinised and challenged effectively by key stakeholders.
- decisions are made transparently so that all stakeholders, including the government and the public can get assurance that value for money is being delivered.

Through research and analysis four principal categories of governance model which could be applied to a County Deal have been identified, each of which has a large number of potential variants around structure and decision making. These are:

Option 1: Mayoral Combined Authority

Provides leadership via a directly elected mayor who is directly accountable to the local electorate. In this model powers are typically split between those vested directly in the mayor and those vested in the corporate body of the combined authority – both of which are legal entities in their own right. This enables decisions to be made autonomously in the line with the powers and funding devolved to them.

Option 2: Leader and Cabinet Model Non-Statutory Board

Leadership is provided via the leader of the dominant political grouping in the county or unitary council. The leader appoints a cabinet or executive who play a key role in monitoring the delivery of services and strategy. The leader also chairs the non statutory board with membership made up of representatives of the member organisations. In this model existing powers remain with the respective member organisations and newly devolved powers would sit with the county authority and the leader.

Decisions would be informed by majority vote of the non-statutory board members and there are a range of options on the extent to which members are able to influence decisions in the absence of the board having direct decision making powers in regard to the devolved powers.

Option 3: Directly Elected County or Unitary Leader with Non-Statutory Board

The governance model is very similar to Option 2, except that the county or unitary council leader receives a strengthened political mandate through a direct public vote. As such they become the clear public representative for the devolution deal in their own right and as chair of the non-statutory board, while retaining executive leadership of the county council.

Option 4: Multi-Authority Statutory Board

Provides leadership through the chair of the board whose legitimacy and mandate comes indirectly from their election by other board members. In this model, while the chair is likely to be accountable to other board members for performance, there is a greater emphasis on collective leadership. As a result decisions are generally collective and made by majority vote amongst members. Some powers can be vested in the board as a corporate body but more often they remain vested in the member organisations.

Evaluation

In considering the relative suitability of these models it is important to assess both:

- **strength of governance** – defined by the range and relative strength of the capacity to set a vision, the ability to demonstrate a clear political mandate and manage multiple competing priorities, while also providing clear leadership in line with the principles for County Deals.
- **deliverability** – defined by the complexity of the model to deliver in terms of legislation and timing, the likely level of opposition and resistance from partners and the public, and the additional costs and bureaucracy that could result from it.

In order to compare the relative suitability of the models across the five County Deal geographies identified, we have assessed what the success factors might be. This evaluation method provides eight equally weighted measures across the two categories outlined above, which can be used to assess and compare the various options in terms of an overall score for feasibility. Overleaf, we provide a summary of this assessment.

Executive summary (cont'd)

The table below reflects the overall feasibility score for each option across five basic geographies. This is calculated from the total score for the 'Deliverability Risk' indicators deducted from the total score for the 'Strength of Governance' indicators. Where the score is negative and flagged as red, this means the benefits of the model for 'Strength of Governance' are outweighed by a high risk to 'Deliverability' in that geography. Where the score is positive and flagged as green, this indicates a relatively strong model for that geography. Amber ratings indicate that the model could be feasible if there are favourable conditions within the local geography. In some cases, the model is not applicable (NA) to that geography. Further information on the scoring methodology is set out on pages 33 to 40.

<i>Critical Success Factor – Composite Score</i>	<i>Single County Unitary</i>	<i>Simple County and Districts</i>	<i>County & adjacent Unitaries</i>	<i>County & Unitary 'Doughnut'</i>	<i>Multiple Unitaries</i>
Option 1: Mayoral Combined Authority	NA	-4	+1	+1	+4
Option 2: Leader and Cabinet with Non-Statutory Board	+8	+6	+3	+3	-3
Option 3: Directly Elected County Leader and Non-Statutory Board	+5	+4	+1	+1	-4
Option 4: Multi-Authority Statutory Board	NA	+1	+2	+2	+2
Highest Scoring Option	Option 2	Option 2	Option 2	Option 2	Option 1

Taken together this analysis shows:

Option 1: The Mayoral Combined Authority Model.

This model is not likely to be appropriate for simpler geographies with the advantages to governance being offset by the barriers to delivery. It remains feasible for geographies that need to align the interests of county and unitary councils, but there may be other more appropriate alternatives. It remains a good model where the interests of multiple unitary authorities need to be aligned.

Option 2: Leader and Cabinet with Non-Statutory Board

This model is well suited to simpler geographies such as a single county unitary or a simple county and districts and this scores highest overall when all geographies are considered. It could also provide a viable option for more complex geographies where a county council or county unitary needed to work alongside one or two other smaller unitary authorities, although this is likely to require a good degree of existing political and strategic alignment. The model is unlikely to be suitable for geographies with multiple unitary councils as the non-statutory board and leadership from a single county or unitary council are unlikely to assure other partner authorities that their interests and priorities would be adequately safeguarded.

Option 3: Directly Elected Leader and Cabinet with Non-Statutory Board

This model has a very similar profile to Option 2, being more suited to simpler geographies. It offers a viable alternative option where a small number of unitaries need to be accommodated but is unsuitable for dealing with a larger group of multiple unitary councils. Even in simpler geographies it may be difficult to deliver, due to resistance from other partners because of the perception that the county council or one unitary council could hold undue influence over the other authorities. It could, however, offer a slightly stronger level of governance than Option 2, arising from the enhanced political mandate, under favourable local conditions.

Option 4: Multi-Authority Statutory Board

This model is viable across all geographies and could be a preferred option in specific circumstances - for example where local conditions, such as low levels of existing political and strategic alignment, adversely affect the deliverability of alternative models. However, the relative lack of a single vision and identity and the potential for decisions being much more reliant on partner consensus is likely to significantly impair the level of innovation and ambition that could be derived from devolution.

Executive summary (cont'd)

The work also identified a number of other considerations for governance around both how power is shared between influential authorities and how people are given a clear stake in what is being done. These considerations include issues such as fixing the term of office, providing the opportunity to rotate the chair and double devolution to name but three. These matters and others like them will be important in: tailoring the specific model to local circumstances and in doing so help mitigate potential challenges; enhancing the strength and stability of the governance model; raising the profile and scrutiny of local leadership; and improving the possibility of gaining stakeholder consensus for a deal.

Asking for the right mix of powers

The starting point for any discussion of powers is the existing devolution deals that government has already agreed. Analysis of these powers highlights a number of principles or foundations on which the County Deal 'ask' can be built. This includes:

- **Parity in terms of the devolution of particular services and their associated funding** with transport, business support, adult education and housing all having a clear and consistent precedent from the existing deals. The more ambitious county authorities will be expected to look towards Greater Manchester and the broadest suit of powers which includes a range of health and social care related powers as well as police and fire services.
- **The granting of associated planning related powers:** such as Compulsory Purchase Order, the creation of Development Corporations and involvement in the planning process (such as call in or consultation rights) to enable the delivery of strategic infrastructure, housing and other assets to support growth and levelling up.
- **Funding to catalyse and support delivery:** this includes a dedicated investment fund as well as other fiscal levers that can support income generation such as business rate retention and supplements.

In light of these principles, and while still at an embryonic stage, the range of powers being explored mirror many of the asks within the existing devolution deals. There are, however, emerging points of innovation and asks that reflect a more ambitious agenda as the county authorities seek to drive forward levelling up within their areas. This includes, but is not limited to:

- Creation of a unified transport body with a range of aligned functions including strategic infrastructure delivery and decarbonization
- The development of a Future Transport Zone
- Flexibility of the apprenticeship levy and Dedicated Schools Grant
- Trialling new approaches to the receipts from right to buy
- Enhanced spatial planning powers
- Powers to levy council tax on unimplemented planning permissions to incentivise development
- Devolution of the Shared Prosperity Fund
- Creation of Community Improvement Districts
- Creation of a new 'Innovation and Challenge Loan' Fund
- The creation of centres of excellence to trail new clear automotive technology, new approaches to energy generation and energy efficiency
- Establishing a Low Carbon/Net Zero investment fund

It was in the area of the environment and sustainability that there was perhaps the most innovation and ambitious thinking and given the priorities around Net Zero at an international, national and local level this is encouraging.

Thought is also being given across many emerging propositions around the power of strategic spatial planning. In a previous report by Grant Thornton, Place-based recovery, we recommended that planning responsibilities should be reviewed with responsibility for strategic spatial planning given to the appropriate scale of authority in the devolution context. We also said that the focus of this review should be on the dual priorities of simplifying the planning process and accelerating delivery. In the context of County Deals, this provides a real opportunity to introduce strategic planning across county, or county and unitary, geographies to bring authorities together and agree priorities for growth and infrastructure investment, and a delivery plan that will see these priorities realised. It will be important to learn from

Executive summary (cont'd)

the models of existing devolution deals in order to understand which model(s) might be best applied to county areas.

Alongside formal powers County Deals also present a number of opportunities for greater collaboration whether in two-tier systems or across neighbouring unitary authorities. This is particularly the case in the areas of planning and housing, economic development, waste management and back office support and administration. If achieved, this would enable County Deals to have played an important role in delivering better service outcomes, improving financial resilience and enhancing the engagement and empowerment of local communities.

In terms of the form and function that the powers 'ask' needs to take in the County Deals there are a range of important considerations emerging that need to be reflected on at both the national and local level. This includes:

- Ensuring that the asks reflect the uniqueness of place and that there is an evidenced based rationale for both why that power should be granted and how it will enable the delivery of both local outcomes and national priorities.
- Setting the right scale innovation in the context of creating a deal that can be delivered on the ground at pace.
- The importance of funding and learning the lessons from the existing funding mechanisms so that County Deals are able to take a more strategic approach to investment.
- The level of priority County Deals have across other government departments and particularly the extent to which other departments outside of the Department of Levelling Up, Housing and Communities (DLUCH) will be willing to devolve powers.
- The potential role that double devolution could play particularly as a means of developing processes that facilitate and expand the community role in the decision making processes.

However, what is starkly obvious is that ambition is a pre-requisite if levelling up is to be delivered.

Recommendations

Through this work a number of recommendations emerge for both local and central government.

Local Government

Geography

- Embrace the broader definition of a sensible economic area through consideration of the functioning economic area alongside the additional and important operational, service and cultural factors that may have been overlooked in previous devolution proposals. The case to government should reflect how these different considerations have played out in the development of the County Deal.

Powers and Funding

- Ensuring there is 'golden thread' in the case made to government that links power asks back to the unique challenges and opportunities of place.
- Ensuring there are the right mix of powers that will genuinely tackle local challenges.
- Striking right balance between level of innovation/ambition and ease of deliverability.
- Considering how powers could be phased to have maximum impact.
- Considering the role that 'double devolution' could play in delivery and how this can help to ensure that County Deals help support the delivery of levelling up.

Governance

- Considering the range of alternatives to the mayoral combined authority model which can provide more appropriate vehicles for county based devolution and are more readily deliverable.
- Carefully assessing the governance model on the large number of local factors.
- The need to be pragmatic and reflect the complexity of local geographies, including political alignment, the quality of existing partner relationships and the number and relative influence of other component councils in the choice of governance model.
- It will be important that County Deals do not isolate unitary authorities within the sensible economic geography and ensure that the chosen governance model facilitates the appropriate level of influence over strategy and decision making for all component authorities.

Executive summary (cont'd)

- Considering how to ensure that district councils are effectively incorporated into devolution and how this should be balanced with an appropriate and proportionate level of influence over decision making in regard to devolved powers. This includes appropriate measures to ensure that the power of veto cannot be used to prevent progress being made by the majority in favour.
- Considering how existing collaboration such as Economic Growth Boards can be evolved to provide an established platform for County Devolution.
- Considering how the interests of other public bodies can be effectively incorporated in the devolution of powers (e.g. PCC powers around Community Safety).
- Considering how the governance model can facilitate connectivity with other evolving devolution arrangements in neighbouring areas and how this might facilitate wider regional devolution in future.

Central Government

General

- Creating a rolling programme of County Deals, that ensures areas beyond the initial 'deals' are also in the position to move forward quickly to negotiate deals whilst preventing areas from being left behind in the context of needing to support the economic recovery.
- Individual deals and the supporting governance arrangements would benefit from a degree of co-design with central government and the Levelling-up Team which will help with the alignment of partners and promote mutual understanding.
- The overarching principles of County Deals should be maintained, including having upper-tier councils as the accountable body and involving districts 'where appropriate' without the need for consensus.
- In order for non-structural reform to be meaningful and effective, it needs a framework around expectations for collaboration and pooled strategic services.

Geography

- Continuing to use the approach on 'sensible economic geographies' based on county geographies as this has provided much needed clarity and has helped to avoid unnecessary protracted debates.
- Providing clarity on how to achieve County Deals where a geography includes more than one top-tier council.
- Providing clarity on what geography would be too small to constitute a 'sensible geography'.
- Recognising that the distinctiveness of places and requires an open and flexible approach to County Deals.

Powers and Funding

- Ensuring that powers won't be restricted to a 'menu' of options as seen in city deals. The Government should maintain an approach that seeks to provide at least parity with the powers and funding available to mayoral combined authorities, while seeking to go further with more ambitious proposals.
- Ensuring that decisions over the future of local government funding consider how to facilitate devolved decision making over the generation of locally sourced revenues such as tourism taxes.
- The Department for Levelling Up, Communities and Housing (DLUCH) should act as a conduit to ensure that there is wider involvement and commitment from other departments particularly the Departments for Business, Energy and Industrial Strategy (BEIS), Digital Culture Media and Sport (DCMS), Education (DfE), Transport (DfT), Department for Environment, Food and Rural Affairs (DEFRA) and Health and Social Care (DHSC).
- Deciding the future of LEPs to enable County Deals to explicitly enable their powers and responsibilities to be adopted by new devolved governance models.
- Supporting collaboration by using funding incentives to bring more people to the table.
- Not limiting County Deals to devolved powers, of equal importance will be new funding.
- Aggregating pre-existing funding and new funding in support of the outcomes and activities agreed through County Deals to ensure optimum efficiency.

Governance

- Government should maintain its commitment to explore alternative governance options as the analysis shows that the Mayoral Combined Authority model is not the optimum model in most cases.
- Providing further guidance on the role of unitary authorities in county based devolution and which alternative governance options are available where agreement cannot be reached for a mayoral combined authority.
- Considering amending legislation to enable combined authorities to be established without the consent of all constituent councils where a case can be made (e.g. in the interests of progressing the devolution agenda and net benefits delivered).
- Considering whether the current restrictions over the configuration and role of existing statutory boards such as Economic Prosperity Boards, Joint Committees and combined authorities could be relaxed, to enable the establishment of more flexible arrangements.

Introduction

Context and approach

Context

The government has placed economic recovery and levelling up at the centre of its plans to build back better as the country emerges from the COVID-19 pandemic.

In July, the Prime Minister's 'levelling up speech' recognised the need to move beyond a narrow focus on the 'north v south divide' and placed a particular focus on county areas in England. He emphasised the importance of a place-based approach to levelling up and devolution, based on empowering local government and strong local leadership.

Our recent Place-Based Growth and Place-Based Recovery¹ reports with CCN had previously underlined the vital role that county authorities play in the successful implementation of economic recovery and growth. County authorities² are both the places in which much of this growth or 'levelling up' will need to occur, as well being central to driving change through their investment, influence, and action.

The government has recognised this in its announcement on its planned approach for County Deals, which will build on the government's support of high streets, towns and local infrastructure, with a longer-term devolution offer across larger geographies. The high-level 'guiding principles' underpinning County Deals therefore signal a new and distinct approach to devolution in non-metropolitan England.

With the government having indicated the importance of county areas in levelling up, in order to make this a reality – on the ground – a new approach is needed in these areas to achieve devolution and strong local leadership, to ensure that this policy priority can be practically delivered.

Developing county deal proposals, particularly governance arrangements, that overcome the previous barriers to delivering devolution deals in county areas, needs careful consideration. Moreover, there is a need to analyse the types of powers and devolved funding each area should seek to prioritise to help tackle the social and economic impacts of COVID-19 affecting their communities.

Approach

Grant Thornton has been engaged by CCN to provide external policy support on county deals and this represents the first detailed analysis of the development of county deals since the policy was announced in July 2021. The objective of our work is to provide an independent perspective on the policy direction to date and analyse the implications of emerging proposals from county authorities.

Our analysis has drawn on our previous reports with CCN on Place-Based Growth and Place-Based Recovery². We have considered the context of previous approaches to devolution and how the lessons learnt from this can be applied to county deals. We have analysed the powers and funding currently devolved to existing devolution areas in England and the current legislative requirements for devolving to different governance models.

This has been supplemented by a wide range of primary and secondary research, alongside socio-economic indicators, to provide context and insight to our analysis. A particularly important part of our research has also been to engage with ten county authorities involved in developing county deal proposals.

This report presents our findings from this work across three core areas:

- **Geography:** we have analysed the geographical factors influencing the development of county deals, based on the government's principles underpinning county deals. This includes a shift away from defining devolution deals within the context of functional economic areas, moving to what is being termed a 'sensible economic geography'. Looking specifically at five different county deal geography models, we have assessed the key considerations for county authorities when developing a proposal.
- **Governance:** we have analysed the current statutory and non-statutory governance options that could form the basis of a county deal. Drawing on the principles underpinning county deals and a wide range of evidence, we have identified four core governance models that are most applicable to County Deals. We have evaluated the advantages and disadvantages of each and provided an assessment of the critical success factors across different potential County Deal geographies based on the strength of governance model and the likely deliverability factors.
- **Powers & Funding:** the governance model used in a County Deal will provide new devolved powers and funding. We have considered the current relevant policy environment and analysed the potential powers available to county areas. Drawing on our engagement with county authorities, we outline the scale of powers and funding county areas are seeking as part of their proposals, alongside the opportunities through County Deals for more joined up and collaborative delivery of existing powers and resources at a county-wide level in two-tier areas.

Based on our analysis the report concludes with a set of insights and recommendations for both local and central government to consider as part of the next stages in the development of County Deals, the Levelling Up White Paper, and the wider economic recovery agenda.

Acknowledgements

We would like to thank the representatives of county authorities who have taken time to engage with us during the course of our research.

¹[Place-based growth: Unleashing counties' role in levelling up England \(grantthornton.co.uk\)](#)
²[Place-based recovery.pdf \(grantthornton.co.uk\)](#)

²The word 'County authorities' is used in this report to refer to both the county council and unitary authorities in membership of CCN that reside in county areas

Why levelling up and devolution in county areas matters

A first step in understanding why devolution matters in county authority areas – particularly in terms of its role in helping to deliver levelling up – is to understand the economic context. Our previous work on Place-based growth demonstrated the significant scale and growth in county areas which is not seen in other authority types. It is a scale that has profound implication on service delivery, infrastructure provision and budgets and therefore underlines the importance of devolution at the county level.

Economic scale

With a geographic coverage that covers much of England (Figure 1), county authority areas are well placed to be the geography through which devolution is delivered. As Figure 2 shows, they are the places where people live and work: accounting for 46% of England's population, 47% of its homes and 47% of its businesses. Furthermore, for many county authorities they are the traditional centres of heritage, culture and community.

Spatial inequalities and the uniqueness of place

Our previous Place Based Growth report demonstrated that across a broad range of indicators related to business environment and living standards, there is notable variation in county authority performance, which is reflective of entrenched regional disparities that exist across county authority areas. For example, of the 36 county authorities analysed, only six areas had productivity levels (GVA per job) above the national average. These differences are in part a reflection the unique characteristics of county authority areas, each with their own particular strengths, challenges and opportunities. It is, however, a variation that underlines the need to narrow the gap in spatial inequality to 'level up' the country.

Perhaps of greater significance is the spatial inequalities that exist *within* county authority areas. Again, our previous work showed significant disparities within county authority areas on factors such as deprivation, life expectancy, earnings and housing affordability. These differences underline the danger of a 'one size fits all' approach to devolving powers within county authority area. Rather, it requires a combination of an intimate knowledge of place, a joined-up approach to delivery and freedom and powers to make decisions across a broader county scale.

COVID-19 Economic vulnerabilities

Many of the challenges that county authorities face have also been exacerbated by COVID-19 and have deepened long-standing inequalities. In particular, our previous analysis showed that the sectoral make-up of county authorities presents a significant place-based vulnerability for county authority areas. Figure 3 shows that 53.5% of employees in county authority areas work in 'at risk' sectors, compared with 43.8% in Core Cities and 37.8% in London boroughs. Our analysis also highlighted that the level of risk can vary hugely within individual county authority areas, highlighting the need to coordinate recovery at scale to work across areas of lower and higher risks within a county geography.

Figure 1: Map of county authorities



Figure 2: Scale - % of England totals



Figure 3: Employment in 'at risk' sectors



Taken together, this analysis highlights the importance of levelling up and devolution in county areas.

Previous approaches to devolution

Before considering the principles underpinning County Deals, it is important to outline the key aspects of previous policy approaches to devolution. The policy principles outlined below, and the differences to the approach on County Deals, have critical implications for our analysis and the likely progress of the County Deals agenda.

There have been a number of underlying policy principles informing the approach of successive governments to devolution since 2015, in headline terms, these include:

- A clear prioritisation of city regions as the engines of economic growth and agglomeration of surrounding ‘hinterlands’.
- Defining the geography of non-metropolitan devolution on the basis of ‘functional economic areas’, with an emphasis placed on the role and geography of Local Enterprise Partnerships (LEPs).
- The creation of combined authority elected metro-mayors as the preferred model of governance and a prerequisite condition for securing the most comprehensive devolution deal.
- ‘Bottom up proposals’ with local areas coming forward with devolution proposals – some times multiple from each area and competing – for bespoke negotiation rather than as part of a clear process supported by a defined policy framework.
- The consideration of locally-led, bottom up, proposals for local government reorganisation (LGR) which did not require local consensus via a sunset clause in the Cities & Local Government Devolution Act 2016.

Since the first city region devolution deals were announced in 2015 alongside passing of the Cities & Local Government Devolution Act 2016, the progress of devolution based on the above set of principles has been severely limited in non-metropolitan England. Only three county authorities in CCN membership have secured a devolution deal, despite a number of areas outside of city regions bringing forward proposals in 2015. These include: Hampshire; Lancashire; Dorset; Gloucestershire; Cheshire and Warrington; Cumbria; Leicestershire; North and East Yorkshire; Surrey and Sussex; Greater Essex; Devon and Somerset; Derbyshire and Nottinghamshire; Norfolk and Suffolk; and Greater Lincolnshire.

Previous research³ on behalf of CCN identified some of the reasons why these proposals did not progress:

- **Elected Mayor:** in most cases problems centred on local reactions to the creation of directly-elected mayors.
- **Geography:** achieving agreement about the appropriate geography for combined authorities has also been challenging for many areas. In some instances, district councils have chosen to align with authorities outside of their country boundaries. Other propositions have collapsed due to a perceived lack of integrity in the economic geography.

- **Type of integration:** with the addition of a combined layer of strategic government, devolution deals have attempted to join-up strategies and service delivery between metropolitan authorities with the same powers. However, in two-tier counties integration has centred on the creation of a ‘third tier of government’ operating between authorities with different powers, responsibilities and resource capacities.
- **System of Governance:** combined authorities, to which powers have been devolved, must have a workable system of governance. In practice this has often involved granting each member one vote. But this may be unworkable where large counties and small authorities are given equal voting power despite the more extensive powers, expenditure and capacity of upper-tier councils.

Since 2017, successive governments have retained a commitment to further devolution. However, this has resulted in little progress in county areas or other geographies, partly as a result of a perceived de-prioritisation of devolution due to other government priorities, rather than a change in the underlying principles.

During this time there has been a commitment to publish what was first termed a ‘devolution framework’ and then a ‘Devolution & Local Recovery White Paper’. It was expected that this would provide, for the first time, a framework in which to deliver the 2019 Conservative Manifesto commitment to ‘full devolution’ in England.

In developing the White Paper last year Ministers explicitly linked LGR to the devolution process as a pre-condition to the creation of combined authorities in non-metropolitan areas. This followed the implementation of reorganisation proposals in Dorset, Bournemouth and Poole (2019), and in Buckinghamshire (2020).

The clear emphasis placed on LGR in the lead up to the planned publication of the Devolution & Local Recovery White Paper, alongside active discussions with a number of county areas, resulted in a resurgence of interest in proposals for structural reform. This was linked to the revived commitment to devolution, but most importantly, as part of the response to continuing financial challenges and service improvement agendas post COVID-19.

Following the government’s decision in July 2021 to take forward unitary proposals in three further areas - Cumbria, North Yorkshire and Somerset - a Ministerial statement confirmed that LGR would not be a condition of devolution proposals and would be based on locally-led proposals.

It was subsequently confirmed earlier this year that the Devolution & Local Recovery White Paper would be incorporated into a new Levelling Up White Paper.

³ ResPublica - Devo 2.0: The Case for Counties (2017), p. 20 <http://www.countycouncilsnetwork.org.uk/download/1243/>

Lessons from previous approach to devolution in non-metropolitan England

Through our previous research with CCN on placed growth and recovery and our latest engagement on County Deals, we have identified a number of enablers and barriers to delivering county devolution proposals in the content of previous government approaches identified above. These provide important context for the analysis that follows.



Enablers to County Deals include:

- **Clarity around the negotiation process:** a more open, transparent and structured approach to devolution would enable county authorities to respond to local growth challenges whilst delivering more effective services. Our previous reports recommended delivering this through devolving significant budgets and powers shaped around existing county authorities and local leadership but recognising the additional complexity in two-tier areas.
- **Clearly defining the geography:** there is a necessity within the context of non-metropolitan England to define the basic geographical building blocks for devolution. County authority areas are an ideal lens through which to examine issues related to place-based growth and how the UK needs to recover from COVID-19. This is not only due to economic scale but their place as traditional centres of heritage, culture and community. At a very simple level they are the 'places' individuals identify with.
- **Strong local leadership:** is vital for creating a clear – and importantly – shared vision for a place which enables partners to work together in a single direction.
- **Quality of relationships:** is particularly important where politics may differ. These relationships are therefore built on a combination of maturity and trust. It is a combination that enables individuals to put place before organisational or political agendas. Uncoupling devolution from local government reorganisation in two-tier areas can improve relationships.
- **A partnership approach with governance structures that facilitate joint working:** where it worked well, places pointed to effective partnership working across health, education, police, LEP's and districts. Avoiding duplication and additional layers of governance in an already complex landscape was seen as critical.
- **The creation of joint strategic plans:** attempting to align the long-term spatial priorities with economic, environmental and infrastructure priorities on a county geography.
- **Clear communication:** all of the above actions were also strengthened though clear communication. This was particularly the case where there were a large number of local partners as communication was seen as a key influencing tool.



Barriers to County Deals include:

- **Disputes over geography:** the very nature and diversity of county areas in itself presents a significant challenge to delivering a defined geography for devolution which can often lead to disputes amongst partners, from the need to consider poly-centric economies, to the need to make decisions around maximising opportunities or responding to local challenges or issues.
- **The complexity of a two-tier structure:** the variation in powers and responsibilities between county and district authorities was seen by many to introduce a complexity that made delivering devolution deals and associated governance more time-consuming and less efficient.
- **The relationships with LEPs:** relationships with LEPs varied across county areas from those which were very strong through to those for whom the LEP simply 'passported' funding. The lack of clarity over responsibilities with the skills agenda and business support were both cited as challenges.
- **The number of partners that needed to be engaged:** three challenges in particular were identified. The first was the time it can take to engage and involve all relevant partners; the second was the confusion it created, particularly when consulting with central government; and the third was the challenge of ensuring all partners agree on the vision and priorities for a particular place.
- **Local politics:** in some instances, local politics often trump place priorities either through a desire of particular councils to retain control or a lack of overall control delaying decision making and preventing action or driving single local issue agendas.
- **Engagement with central government:** conversations around devolution and place-based growth often require engagement with at least three different central government departments which only added to the complexity and time consuming nature of delivery. It was also noted that there was a perception that central government is often geographic centric with policies and investment felt to favour particular regions or geographies.

County authorities as place-leaders

Building on the enablers and barriers, our previous reports also highlighted that county authorities play a vital place-shaping and place leadership role in economic growth and recovery through the influence that they exert. We have identified seven core ways in which county authorities act as place-leaders. The importance of these has only increased further in the content of a new approach to devolution and strong local leadership through County Deals.



Investor

In delivering growth, investment is critical and – despite significant other financial pressure – it is clear that county authorities have continued to make a significant contribution to growth related spend at the local level: accounting jointly for 58% gross revenue and capital expenditure across the 36 areas in CCN membership.



Convenor

County authorities regularly take the lead in bringing together different parties and stakeholders to create and then deliver the strategic vision for a place. This convening role is increasingly being formalised, be that through a place-based vision or through governance structures such as Growth Boards. By convening partners, county authorities have been able to leverage resources and ensure a shared focus on action.



Facilitator

Closely linked to the convening role, county authorities have often facilitated delivery by removing particular barriers to growth. This has generally occurred through local leadership or through strategic investment. For example, facilitating activity by taking a head-lease, unlocking or releasing land around a strategic investment or facilitating conversations with Central Government around a particular opportunity or investment.



Communicator

County authorities have often played the lead role in communicating about the place. Be that in terms of investing time to engage and communicate with Members about individual projects; or leading on the discussion with Government around investment; or promoting the strengths and opportunities that exist within a particular place; or communicating place-based visions to communities and businesses. County authorities have also led on communicating with and learning from other county authorities.



Capacity

County authorities have also provided additional capacity around delivery. For some this is around providing resources (people and time) to support the development and delivery of key projects and programmes. For others it is drawing on the personal and political networks of key members to support engagement with Central Government or to build relationships and consensus across different stakeholders.



Seed Funder

As noted above under facilitation, county authorities have often used their limited financial resources to enable strategic leaderships by using capital programmes to fund projects, release wider opportunities or unlock latent potential. While relatively small sums of money are involved, the catalytic nature of this investment is much greater as it either helps realise other sums of investment, or it provides confidence to the market, or it aids commercial viability for key projects.



Vision-Setter

A clear and unified place-based strategy is increasingly seen as important to driving place-based growth. County authorities are frequently taking the lead role across multiple partners in establishing this vision/clarity of purpose. These visions are place focused as opposed to organisation focused and are taking a longer-term view that seeks to look beyond the short-term financial pressures. It is a process that requires clear place-based leadership alongside boldness and creativity. Longer-term visions established in local authorities provides an invaluable framework against which strategic priorities can be set and investment decisions made. The vision provides a roadmap for the place bringing partners and budgets together.

County deals principles

In advance of the publication of the levelling up white paper the government has developed a set of broad guiding principles in relation to County Deals. These are distinct from previous approaches to devolution, learning from many of the enablers and barriers identified above. They are the core principles underpinning the analysis that follows in the rest of this report.

The guiding principles of county deals

In his speech on levelling up on 15 July 2021, Prime Minister Boris Johnson announced the government's plans for county deals. He made it clear that county authorities – and county deals – will have an essential role to play in levelling up, while also outlining a distinctly new approach to the principles underpinning devolution in non-metropolitan areas.

The then Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) followed this up by setting out in a letter to all councils in England the guiding principles of county deals. These were:

- **Powers and flexibilities:** the proposed governance structure will impact on the nature of the deal and the types of powers and flexibilities provided in a deal. Powers that unlock the delivery of key outcomes are of greater interest than a list of new funding.
 - **Geography:** County Deals will be based around local identity and operate on a sensible economic geography that does not isolate neighbouring areas and prevent them accessing devolution opportunities.
 - **Structures:** proposals should reflect the local situation. It is envisaged that County Deals will typically cover a county council together with any associated unitaries across the county area. Or in a single tier area, with the unitary council. In the former, the county council would be expected to work with district councils as appropriate to most effectively deliver the powers being provided. It is recognised that some unitary authorities are too small to sustain devolution on their own and that others may wish to combine with their neighbours to reflect economic ties.
- Strong local leadership is fundamental. Directly elected individual leaders can provide a single point of accountability, but we will consider other governance proposals that increase stability and strengthen local leadership.
 - County devolution should operate across a sensible economic geography of a suitable scale and one based on local identity.
 - The nature and appropriateness of governance structures will impact on the nature of the deal and the types of powers and flexibilities provided.
 - The expectation of demonstrable improvements in governance, efficiency and local services being more joined up.
 - The expectation of significant reform proposals, including greater financial efficiency, administrative streamlining and / or more joined up services.
 - Local government (unitary) reorganisation is not a prerequisite, but is an option where there is strong local support.

Subsequent engagement with government has provided further clarification highlighting the following:

- **Innovation and deliverability:** those places with the clearest, most innovative and readily deliverable proposals that support levelling up will be prioritised. Innovation could include new ways of working on specific services or policy areas.
- **Governance and leadership:** there is not a single specified structure or governance model for County Deals and the consensus requirements will depend on the governance model adopted and the detail of the deal. County Deals which do not involve combined authorities are expected, in most cases, to be with a lead upper tier authority, working with districts as appropriate to most effectively deliver the powers devolved.

The Prime Minister's recent Cabinet reshuffle and the creation of the Department of Levelling Up, Housing and Communities (DLUHC) has emphasised the importance of delivery of the government's levelling up agenda. We understand that the new Secretary of State remains an advocate of County Deals and the principles underpinning the approach remain in line with that set in July 2021.

Response from county areas

The announcement of a broadening of the levelling up agenda through County Deals has been welcomed by county authorities. Many county authorities have subsequently engaged with government, including submitting expressions of interest. A recent survey of county authority leaders conducted by CCN showed that some 59% of those surveyed have submitted an expression of interest, demonstrating the appetite for a revived and renewed approach to devolution.

County authorities viewed the principles underpinning County Deals as encouraging, recognising they need to be 'bold and ambitious' to bring forward proposals with their local partners capable of providing strong local leadership to access devolved powers and funding.

The remainder of this report considers the different options for developing proposals across geography, governance, powers and funding.

Analysis: Geography

There has been a shift by government away from defining devolution deals on the basis of 'functional economic areas', moving to what is being termed a 'sensible economic geography'. This section of the report looks at what this means in practice before identifying five different County Deal geography models and assessing the key considerations for county authorities when developing a proposal in relation to each of these models.

Defining a sensible economic geography

Functional economic areas vs a sensible economic geography

Functional economic areas were a key consideration for councils given that previous rounds of devolution and proposals were often developed to prioritise economic growth considerations, at the expense of other factors – such as service administrative boundaries, political alignment and cultural identities. In many cases, while the economic theory was sound in principle, it was these other factors that would ultimately determine whether the plans could be viable.

A functional economic geography was difficult to define but was traditionally built around characteristics such as:

- Economic interdependence and the sources of labour, employment and skills.
- Defined sources of economic growth (growth corridors) such as technology hubs, industrial centres and city centres.
- Transport links and alignment to major road and rail links, airports and ports.

The government has however indicated a shift away from functional economic area to a 'sensible economic area' and that devolution should operate across a sensible economic geography of a suitable scale and one based on local identity, bringing local partners together and with powers exercised at the right level to make a difference for local communities.

Defining a sensible economic geography

In seeking to define what constitutes a sensible economic geography – and giving particular thought to what will enable devolution to be delivered on the ground – consideration should be given to the following features:

- **Economic Scale;**
- **Historic and cultural ties;**
- **Administrative service delivery; and**
- **Political alignment.**

Economic scale

The economic geography must contain sufficient scale of wealth generation, employment, growth potential and efficiency potential to optimise the benefits of unified strategies and policies. Based on the guiding principles of County Deals, this scale should be considered as a county (or 'county plus') geography.

Historical and cultural links

It will be important that the geography should be built on historic and current relationships. Often historic and cultural links will go hand in hand with the economic drivers, for example, where urban areas are the economic engine for employment and wealth generation in the wider county.

Local identity is likely to be an important factor in getting public support and engagement, which is particularly important for any changes in governance.

A simple litmus test of whether this criteria is being met might be that when travelling, where do people say they are from? In this, the county footprint (alongside those of the major cities) have a significant advantage. For example, is not a test that could be met at sub-county level.

Administrative service delivery

Administrative service delivery should leverage existing service delivery boundaries across the public sector: local government, health, police and fire.

When considering their economic geography, county authorities will also have to consider the extent to which the County Deal is affected by existing devolution and proposals from neighbouring areas. In particular, is there an opportunity to co-ordinate or redefine the proposal in the wider regional context.

Political alignment

The benefits of having political alignment has been another feature of discussions around existing County Deal proposals, and resonates with some of the lessons from previous rounds of LGR, in that this can help significantly when attempting to align partners when agreeing a deal locally. While not necessarily a barrier to making progress, gaining alignment between leaders of different local authorities in the same geography – potentially across party politics – is a key factor to consider.

Geographic models

Through our analysis and consultation with county authorities five different geographic models have emerged, each of which have their own strengths and weaknesses in relation to devolution. The remainder of this section looks in turn at each of these models.



County Unitary

The county unitary footprint is the simplest geography and should lend itself well to a County Deal. With no other local authorities to co-ordinate with, there should be minimal challenge to the county acting in a leadership role. Town and parish councils become more important as partners. The challenge may be whether the county unitary is of sufficient scale to provide the required economic geography.

Positives

- ✓ Dealing with fewer local authorities
- ✓ Clear and established single vision built around a clear identity
- ✓ Coterminal with other partners (ICC, PCC)

Negatives

- ↓ The county unitary footprint can be of a smaller scale than the existing geographic footprints of the current devolution deals
- ↓ Interdependence with neighbouring areas
- ↓ Can have multiple economic centres



County and Districts

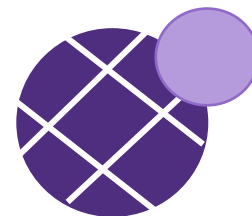
The simple county footprint is the standard two-tier council configuration. The county council remains the natural source of leadership on the county footprint. This remains a relatively simple model that should be conducive to a County Deal. The key challenge will be the extent to which the district councils are willing to co-operate and to what extent the county needs consent or support from them to proceed.

Positives

- ✓ County in a natural position to lead offering economic scale and identity
- ✓ Build on existing collaborative working
- ✓ Clear delineation of existing powers and remit

Negatives

- ↓ Possible friction around powers and share of benefit
- ↓ Can have multiple economic centres
- ↓ Wide range of priorities and political agendas



County and Adjacent Unitary (or Unitaries)

This is a more complex economic footprint that includes the county unitary or two tier and one or more adjacent unitary councils. This remains a workable geography, but the inclusion of multiple top-tier authorities will need potentially conflicting interests and divergent strategies to be aligned. As part of this, the number of partners, their relative scale and political alignment become important factors. This could be made more complicated if the neighbouring unitaries have cultural or economic ties with other neighbouring councils or regions.

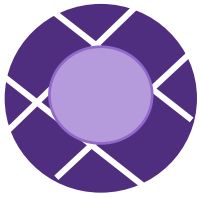
Positives

- ✓ Recognises economic interdependence and offers economic scale
- ✓ Opportunity for shared services and resources
- ✓ Mutual benefit from joint strategies

Negatives

- ↓ Challenges around leadership
- ↓ Risk that partners become peripheral
- ↓ Difficult to broker governance
- ↓ Interdependence with neighbouring geographies

Geographic models (cont'd)



Doughnut

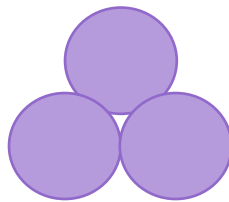
The 'doughnut' geography is similar to that of the county and adjacent unitary and shares many of its characteristics. The key difference is that the relationship with the county in terms of economic relevance and historic and cultural ties may be more closely interlinked. It is likely that a credible deal would need to incorporate the central unitary in order to form a sensible economic geography. The alignment of interests and strategy would therefore be key, and the difference between urban and rural priorities would need to be reconciled.

Positives

- ✓ Recognises economic interdependence and offers economic scale
- ✓ Opportunity for shared services and resources
- ✓ Strengthens development of joint strategies

Negatives

- ↓ City likely to be crucial to success (growth engine)
- ↓ Challenges/risks of political fractures
- ↓ Likely to require share of power (equal?)



Multiple Unitaries

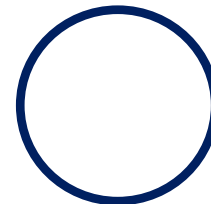
A geography with multiple unitary councils and no two-tier authorities will need to balance the strategic priorities of the member councils. Unlike with the other models, the natural leadership of a county unitary may be less clear cut in terms of administrative boundaries, historic and cultural links and economic dependencies. Leadership may therefore become more dependent on relative scale and there may be a greater expectation that decision making would be shared. This geography is similar to that of the majority of the existing devolved regions.

Positives

- ✓ Opportunity for shared services and resources
- ✓ Mutual benefit from joint strategies
- ✓ Services and regional priorities somewhat aligned

Negatives

- ↓ No clear centre of influence and leadership
- ↓ Challenging to get consensus and shared vision
- ↓ Difficult to broker governance



Overlaying factors

Within these main types are a number of other factors that make an economic geography unique. It is important to note that each County Deal footprint will require a unique governance solution.

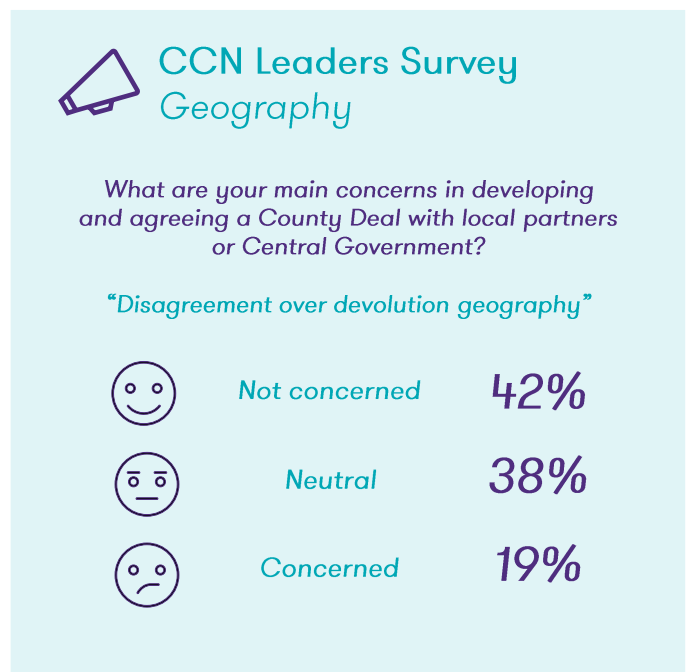
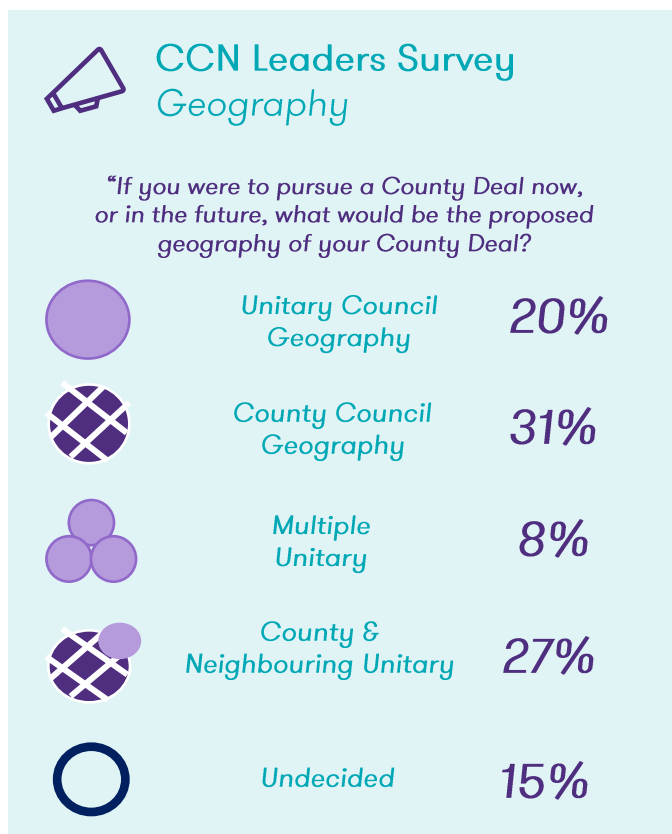
Therefore, when we start to overlay other factors on top of the basic geography, we can start to define what we mean by 'complex geography', this includes the:

- Diversity of political affiliation of partners;
- Number of partners;
- Relative influence/importance of other partners to success;
- Diversity of strategic priorities of partners;
- Extent of economic growth potential outside of county control; and
- Complexity of relationships with other stakeholders (eg Police and Crime Commissioners (PCC), Integrated Care System (ISC), LEP)

The leadership view from the ground

The approach taken to defining non-metropolitan devolution through the lens of county geographies and ‘sensible economic scale’ has facilitated a clearer understanding of County Deal geographies early in the process. The results of the CCN survey show that only 15% of county authorities are undecided on their proposed County Deal geography. Moreover, the survey suggests that by clearly defining geographies it is less likely to lead to protracted debates with local partners over defining the most appropriate geography; a factor that characterised previous approach to devolution in non-metropolitan England. Positively, only 19% of county authorities are concerned that disagreements over geography will lead to a challenge in developing a proposal.

As highlighted above, there are a number of benefits particularly around economic scale, local identity, administration efficiency and political alignment which different County Deal geographies can potentially benefit from.



Analysis: Governance

This section begins by looking at the objectives of the governance model in the context of devolution and goes on to briefly look at existing governance models currently being used to deliver devolution deals. It then looks at key governance structures and their characteristics in more depth, starting with the Leader and Cabinet Model, and moving on to look at standard models that can be used for collaboration between councils that might be suitable platforms for devolution governance. The section ends by identifying four key options for governance and evaluates them based on the strength of governance and deliverability across the five geographic models set out in the previous section.

Governance overview

The governance model is the mechanism by which multiple local authorities and other stakeholders are able to develop a joint strategy and make collective decisions, relating to the discharge of delegated or devolved powers.

Objectives of the governance model

The key objectives of the governance model is to provide a framework to ensure that:

- the decisions made are in line with statutory requirements and obligations;
- there is a legal basis underpinning any decisions taken;
- all parties are clear on what has been agreed and what their respective roles and responsibilities are in the process;
- decisions can be scrutinised and challenged effectively by key stakeholders; and
- decisions are made transparently so that all stakeholders, including the government and the public can get assurance that value for money is being delivered.

A strong governance model will be a crucial component of any application to government for the devolution of powers under a County Deal.

More significantly, effective leadership, governance and decision making will be crucial to ensure that County Deals ultimately deliver benefits to local-residents and ensure the efficient use of public money in the longer term.

Overview of existing governance models

There are a number of existing governance models that have been used to implement local government devolution.

The Greater London Authority (GLA) was set up in 2000 and was the first modern example of powers being devolved on a regional basis using a Mayoral model.

Although the GLA was set up on a unique legislative basis it provided a prototype for further regional devolution that led to the establishment of the Greater Manchester Combined Authority which was the first of the new wave of regional devolution that followed the passing of the Localism Act 2011.

The devolution deals implemented to date are in most cases further examples of Mayoral Combined Authorities which group together metropolitan unitary councils into a single footprint under a directly elected Mayor. These include:

- Greater Manchester
- Liverpool
- Sheffield/South Yorkshire
- Tees Valley
- West Midlands
- West of England
- West Yorkshire
- North of Tyne

Exceptions to the standard model

Although the dominant governance model for the first round of devolution was the Mayoral Combined Authority, there were a number of variations in the previous round that are useful to consider, when looking at the applicability of models to County Deals.

Examples of different governance models or variations on the Mayoral Combined Authority model include:

- Cornwall Council
- Cambridgeshire & Peterborough.
- North-East Combined Authority (NECA) – Joint Transport Committee with North of Tyne.

An overview of each of these three models is set out on the following page.

Existing alternative models

The following are examples of different governance models or variations on the Mayoral Combined Authority model currently being used as a vehicle for devolved powers.



Multi-tier Combined Authority

Cambridgeshire and Peterborough Combined Authority

Cambridgeshire and Peterborough is the only combined authority (CA) to incorporate different types of councils (a county, 5 districts and a unitary) under a single metro mayor. The governance arrangements are characterised by:

- Adoption of the directly elected mayoral model.
- The mayor chairs the CA board.
- Each member of the board, including the mayor, has one vote on the CA board decisions. Most decisions require a majority decision (with some exceptions under the constitution).
- However, in order for a decision to carry the mayor (or his/her deputy) must vote in favour.



Leader & Cabinet Model

Cornwall Council

Cornwall are unique in that they have secured a devolution deal based on a single county unitary footprint. The governance arrangements are characterised by:

- Adoption of a Leader-Cabinet model.
- The constitution sets out that the Leader may provide decision-making functions to the cabinet as a whole, committees, individual members, officers, area committees, joint partnerships or another local authority.
- Portfolio Holder delegation enables decision making without having to report to Cabinet.
- Have adopted a Local Enterprise Partnership that incorporates Cornwall and the Isles of Scilly.



Non-Mayoral Combined Authority

North-East Combined Authority (NECA)

NECA is currently the only non-mayoral combined authority, and consists of unitary authorities (Durham, Gateshead, South Tyneside and Sunderland). It should be noted that NECA has not received devolved powers in its own right but does share responsibility for the North-East Joint Transport Committee arrangement with the North of Tyne Combined Authority. Governance arrangements are characterised by:

- Chair and Vice Chair of the board elected annually by leadership board members.
- Constitution sets out aim for decisions to achieve a consensus but failing that a majority vote (with some exceptions under the constitution).
- Speculation that NECA may be further integrated with North of Tyne – following the joint transport arrangement that is already in place.

Governance structures

Council governance models

There are two permissible ‘executive’ models of council leadership: the ‘leader and cabinet model’ (also referred to as the strong leader model) and the elected executive mayor model.

The executive generally refers to a person or a group of persons (e.g. a cabinet) having administrative responsibility for functions in a local authority. Generally executive functions are all of those that are not specified as being Council functions in law (such as the setting of Council Tax).

The alternative mayoral model allows for a directly elected mayor, as an alternative to a Leader being appointed by the majority party who form a council’s administration. A council is able to adopt this executive model under the Local Government Act 2000 (amended 2007) without the need for a referendum and via a vote at full council.

It is important to recognise, therefore, that this is not the same as the combined authority mayoral model, which grants the mayor executive powers across the boundaries of its member authorities. The executive mayoral model may be useful as a legislative reference point for the concept of a directly elected county leader, but otherwise, it does not have additional value as a model for devolution in its own right.

In addition, councils may also use a committee system. However, it is unlikely that the committee system would be an appropriate vehicle for devolution due to the way that powers and accountability are divided between committees and committee chairs as a result of the focus on distinct areas of service.

For the purposes of this report, we have focused on the leader and cabinet model at upper tier authorities, as it is by far the most common model adopted by county authorities. This forms a basic component of the governance of individual authorities who will be the constituent parts of any devolved governance model.

Service level collaboration

There are a wider range of other service level collaborations between local authorities and other partners that will also have a role to play in any future devolved system. These can either be a statutory board (e.g. Health and Wellbeing Boards, LEPs) or non-statutory (e.g. Growth Board).

For the purposes of local government devolution, service level collaborations are by definition narrow in their remit and do not therefore provide a viable option for managing a wider range of devolved powers in themselves.

They can, however, provide a useful basis for good relationships that can be carried forward into any new devolution focused governance arrangements. They can also be co-opted into any new arrangements, providing continuity and support to the new devolved governance structure.

Regional collaboration

A key feature of devolution governance is the mechanism by which the various partner organisations are represented in strategy development, decision making and the exercise of powers. In this report we look a range of governance options that enable the interests of all partners to be considered.

When we look at wider area based or regional collaboration there are other complimentary governance mechanisms that emerge from consideration of existing devolution governance.

There are three key models that are generally used alongside the leader and cabinet model based arrangements of the collaborating councils to provide leadership across this wider footprint. These are:

- Non-Statutory Board;
- Statutory Board; and
- Mayoral Combined Authority

We examine the leader and cabinet model and these three complimentary collaboration models in more detail on the following pages. We separately consider the potential use of Directly Elected Leader as a County Deal governance model in our evaluation further on, recognising that this is a variation of the leader and cabinet model under consideration by Government.

Characteristics of a governance model

In order to facilitate comparison between these different governance mechanisms, we have defined each one using a number of simple, standardised ‘key characteristics.’ These are defined as follows:

- **Leadership** – who sets the vision and agenda for strategic decision making and the extent to which leadership is shared.
- **Accountability and Challenge** – how are decisions and the use of public money scrutinised safeguarded.
- **Where powers sit** – who is legal custodian of the devolved powers and how is this split.
- **How decisions are made** – what is the decision making process and how do the various partners influence decisions.
- **Legislative framework** – what is the legal basis underpinning the governance arrangements.
- **Funding of the governance arrangements** – what is the cost of governance and how is it funded.

Leader & Cabinet Model

Leader and Cabinet model

The leader and cabinet model is the most common form of governance within local government bodies. It is a key foundation on which wider governance structures are built. In regard to County Deals, all proposed governance structures will need to accommodate the leader and cabinet model in operation at their constituent councils, and in the case where the County Deal is agreed with a lead upper-tier council, they will act as the accountable body and single point of accountability.

Leadership

Leadership is provided by the Leader of the dominant political grouping, receiving their own mandate from direct election by local residents within their division. The Leader acts as the recognisable ‘public face’ of the council. The Leader appoints a cabinet or executive, from among the members of the council from leading members of the majority party unless the council has no overall majority, where a coalition will form the cabinet. Each cabinet member is responsible for a service portfolio.

Accountability and Challenge

The cabinet play a key role in monitoring the delivery of services and strategy, and includes an opportunity for peer challenge and to hold senior and statutory officers to account. Statutory Officers including the Chief Executive, S151 Officer and Monitoring Officer have statutory responsibilities to make sure legal responsibilities are met.

In terms of broader governance structure, accountability and challenge comes directly through an Overview and Scrutiny Committee (and its sub-committees) and Audit and Governance Committee, or their equivalent. These are commonly augmented by the inclusion of members and the appointment of chairs, outside of the majority party. These committees also act as a channel for independent review including from internal and external audit. The quality and depth of scrutiny and challenge can vary and committee members need to be supported by training and access to good information.

Where powers sit

Executive powers are vested directly in the Leader but can be delegated to the cabinet/executive under the council’s constitution.

Some powers, those legally defined as Council functions, are vested in the council as a corporate body comprising its full membership (full council).

Legislative framework

The standard legislative framework for county and unitary councils would apply, including the Local Government Act (1974, 2000) and subsequent amendments, and the Localism Act (2011).

How decisions are made

Key decisions are framed by the council leader in consultation with cabinet and put to the vote in full council. Some decisions are made directly by the Leader and cabinet through appropriate delegation of authority via the council constitution.

Funding

The cost of administration is absorbed as part of county council or unitary council support services.

Definition of the ‘Strong Leader’

The ‘Strong Leader’ model generally refers to a variant of the Executive Leader model, whereby powers remain directly vested in the person of the council Leader, rather than being delegated to other members of the executive or cabinet.

In the context of devolution, the Strong Leader could enable the Leader of the county or unitary council to make decisions with a high degree of autonomy when representing the council as a member of a Statutory or Non-statutory board. This is particularly relevant where devolved powers are vested in the county council as a corporate body and therefore in the person of the Leader.

Non-Statutory Board

Non Statutory Boards

Non-statutory boards are commonly used alongside the internal governance of existing local authorities for regional collaboration in areas such as economic growth.

Non-Statutory boards, encompass joint committees, advisory boards, leaders boards, and other voluntary strategic collaborations where there is limited delegated decision making power. It is not a legal entity in its own right and therefore exercises powers through its members. They confer many of the benefits of a Statutory Board, without the need for a legal entity to be created.

Leadership

The leadership structure of non-statutory boards and committees can be very similar to that of the statutory boards, again provided by the chair with the membership made up of representatives of the member organisations (usually elected members in the case of local authorities). These are often supported or complimented by a board of senior officers, who are often charged with executing the decisions of the leadership board.

The membership of the board is likely to include a wide range of partners, including district councils and other public sector agencies. Under a less complex geography (e.g. where the County is the only top tier authority), it may be easier to accommodate these as non-voting members representing the full range of member bodies and stakeholders.

Accountability and Challenge

Governance is provided by a scrutiny function or equivalent committee. Typically made up of other members of the Non-Statutory Board, which will need to include other members, representatives of other public bodies and potentially, end users of the relevant services. An Audit Committee would not usually be required as the board would not be a corporate body in its own right.

Where powers sit

Existing powers would sit with the respective member organisations and their Leaders. New devolved powers would sit with the county council or unitary council in line with the government's key principles. within the context of a County Deal could non statutory boards could provide the opportunity for the double devolution of powers or strategic collaboration over existing services and powers (non-structural reform).

Legislative framework

Non-statutory boards can be established under Section 102 of the Local Government Act 1972 (Joint Committees) and general powers originating from the Localism Act 2011. They are generally subject to the provisions relating to local authority governance.

How decisions are made

The board constitution would encompass majority vote among members to endorse decisions. There are a range of options on the extent to which other members are able to influence the decisions, in the absence of the board having direct decision making powers.

It will be possible for the board to recommend the adoption of strategy and other decisions to their respective organisations. The board constitution could encompass majority vote among members to endorse decisions and the membership could be weighted (for example to enable the county council to have additional members).

Alternatively, the other members could act as an advisory panel only, able to help shape decisions but with no ability to veto.

Funding

Non-statutory boards can operate without an independent budget, with administration provided by members 'in-kind'. However, it is likely that some cost of operations would need to be incurred, this is likely to be funded by the county council or from levies from other members.

Statutory Boards

Statutory Boards

Statutory boards can encompass non-mayoral combined authorities, economic prosperity boards (EPBs) and similar entities. The previous round of devolution deals were dominated by the creation of a new combined authority led by a directly elected mayor.

A statutory board is a legal entity in its own right and can therefore exercise powers devolved to it.

Leadership

Under the most common statutory board model, leadership is provided by the chair of the board or committee, made up of representatives of the member organisations (typically the leader or other elected member). The legitimacy and mandate of the chair and board members comes indirectly, from their election by constituents of their own organisations.

The chair is generally voted for by the other board members, or is subject to rotation under a constitution or other legally binding agreement. Alternatively, the chair can be a fixed appointment where the scale of contribution or influence that their organisation brings is greater than the other members.

The membership of the statutory board may include a wide range of partners, not all of whom are elected, and may include voting and non-voting members representing the full range of member bodies and stakeholders.

Accountability and Challenge

The chair is likely to be accountable to the other board members for performance, but there is a greater emphasis on collective leadership than under the mayoral model.

Generally, decisions of the board as a collective will be supported by portfolio committees and their chairs. Additional governance will need to be provided by a scrutiny function or equivalent committee. Typically these are made up of other members of the statutory board or committee, which can include non-voting members and representatives of other public bodies and end users of the relevant services.

Where powers sit

Some powers can be vested in the board as a corporate body, and this can include joint or pooled services. However, powers often remain vested in the member organisations, including the county or unitary council. Under existing legislation, the scope of powers that can be directly devolved to a statutory board may be more limited than for a combined authority (for example an Economic Prosperity Board does not have Transport Functions).

Legislative framework

The Statutory Board is a legal entity in its own right and able to have powers vested in them, in addition to channelling the powers of individual members. The legal basis is derived from a suite of legislation, including Local Democracy, Economic Development and Construction Act 2009, the Cities and Local Government Devolution Act 2016 and the Local Democracy, Economic Development and Construction Act 2009 (Economic Prosperity Boards).

How decisions are made

Generally, decisions will be made by majority vote among members. Where there is a fixed chair / strong leader in place representing the lead council, voting requirements could be adjusted, subject to local agreement. Powers vested directly in the board can reduce the extent to which decisions have to be ratified by member councils.

Funding

Statutory boards carry a cost of operation which is funded from multiple sources, such as levies from member councils and the top-slicing of grant.

Mayoral Combined Authority

Mayoral Combined Authority

The previous round of devolution deals were based on the creation of a new combined authority led by a directly elected mayor. This model offers a high degree of strength of governance but could be very difficult to deliver in a county setting. A non-mayoral combined authority is also an option.

Leadership

Under the mayoral combined authority model, leadership is provided by a directly elected mayor. The mayor draws their legitimacy and mandate from being directly elected from the population covered by the combined authority. The mayor also acts as the single point of contact and recognisable 'public face' of the combined authority area.

The mayor may appoint a cabinet from among the members of the combined authority, each responsible for a service portfolio and acting as a supporting and advisory function to the mayor and combined authority. Members of the combined authority are typically the leaders or senior members of the constituent councils, and as a result are indirectly elected via their own councils.

The membership of the combined authority may extend beyond the list of cabinet members and may include voting and non-voting members representing the full range of member bodies and stakeholders.

Accountability and Challenge

Mayors are not accountable to or dismissible by their local political party or to other members of the combined authority. Rather, they are ultimately directly accountable to local electors.

However, the decisions of the mayor and cabinet are usually supported by portfolio committees and scrutinised and held to account by a scrutiny committee or equivalent body. Typically these are made up of other members of the combined authority, which can include non-voting members and representatives of other public bodies.

Where powers sit

Powers are typically split between those vested directly in the combined authority mayor and those vested in the corporate body of the combined authority. These powers can include the control of elements of funding. Combined authorities have far reaching powers around economic growth and transport.

Legislative framework

The combined authority and the mayor are both legal entities in their own right and are both able to have devolved powers vested in them. It should be noted that under current legislation, all constituent councils covered by the combined authority area are required by law to vote unanimously to vote in favour of the Combined Authority.

The legal basis is to a large extent derived from the Local Democracy, Economic Development and Construction Act 2009 and the Cities and Local Government Devolution Act 2016. In both cases, statutory approval is required from the Secretary of State.

How decisions are made

A combined authority mayor can make decisions autonomously in line with the powers devolved to them. However, the governance arrangements generally require consultation with cabinet or wider membership on proposed strategies and decisions and these may be rejected under specified majority voting requirements. A non-mayoral combined authority will typically make decisions by majority vote.

Funding

The combined authority and mayor's office carry a significant cost of operations which is funded from a combination of council tax precept, allocation of business rates, levies from member councils and government grant (the latter two sources generally associated with services under specific powers).

Analysis of the governance options for County Deals

Applying governance to County Deals

Building on the mechanisms outlined above, we have identified four principal categories of governance model which could be applied to a County Deal, each of which has a large number of potential variants around structure and decision making. The four main categories are:

- Option 1: Mayoral Combined Authority
- Option 2: Leader & Cabinet Model Non-Statutory Board
- Option 3: Directly Elected County or Unitary Leader Non-Statutory Board
- Option 4: Multi Authority Statutory Board

In each case there are a large number of options around leadership and decision making. Most significant are those options around voting rights, ratification and the right of veto over other local authorities included in the County Deal footprint.

These issues can be reduced down to the relative influence and autonomy that a county council or unitary needs to have over the execution of powers and the development of strategy, in relation to the other partner organisations.

Strong leadership across the devolved footprint is a key principle for County Deals and this places existing county councils and the larger unitaries in a strong position as the recipient of powers in the locality. However, it is important to make a distinction between where the powers sit and how decisions are made around strategy and the execution of those powers.

The premise of a ‘strong leader’ is direct result of the influence that the county or unitary council can bring to bear – generally through the person of its own political Leader who would assume leadership for the devolved footprint. Ultimately the extent to which the Leader can build consensus and overcome dissenting voices in order to make a significant positive impact for local people, will be the acid test of a successful governance model.

In order for the deal to be compelling, and ultimately successful in terms of outcomes, the influence and control that the county or unitary council can exercise must be carefully balanced with the interests and priorities of other partners. Particularly in regard to other local authorities. Also important, is the extent to which the County Deal proposal can demonstrate that it has local support, albeit local support is not a prerequisite for County Deals.

The four main governance categories are explored in more detail on the following pages of this report. It should be noted that although we have discussed a number of points under a single category where it best fits, it is important to be aware that many of these considerations are applicable to some degree across all the options and as such should be reviewed in that way.

Evaluating the Models

In order to compare the relative suitability of the models, we have looked at what the success factors might be. Initially, we have looked at two categories of success factor that relate directly to the choice of model, rather than external factors. This evaluation method provides eight equally weighted measures across the two categories which can be used to assess and compare the various options. These are:

Strength of governance

Under this category we are considering the range and relative strength of the capacity to manage multiple competing priorities, while also providing clear leadership in line with the principles for County Deals. In doing so we have considered:

- **Vision** – establish a single strategic vision
- **Legitimacy** – have a clear public political mandate
- **Consensus** – Ability align strategy and balance interests
- **Identity** – Single public identity, profile and message

Deliverability

As a counterpoint, we have also looked at how complicated the model is to deliver. To do this we have considered:

- **Complexity** – legislative complexity and timing
- **Opposition** – likelihood of opposition from public/stakeholders
- **Resistance** – likelihood of resistance from partners
- **Cost** – additional costs and bureaucracy

However, inevitably the choice of model will also be heavily influenced by the geographical complexity each county is working with and also the scope and level of ambition that the County Deal proposal reflects. Our analysis therefore also reflects how the models might apply differently across the five geographies outlined in the previous section.

Option 1: Mayoral Combined Authority

Leadership

Mayoral combined authority leadership is provided by a directly elected mayor. The mayor also provides a very clear single point of contact and recognisable 'public face' for devolved powers. The mayor appoints a cabinet from among the members of the combined authority providing a strong platform through which leadership can be supported and influenced by the member authorities (typically the Leaders).

A key advantage of this model is that it creates a new upper tier of governance that sits above the Leaders of the individual member authorities with a strong political mandate drawn from being directly elected from the whole population covered by the devolved footprint. This can provide a significant advantage in regard to aligning strategy and progressing an ambitious devolution proposal when the geography includes a significant number of single tier authorities who are powerful and influential in their own right and may have differing priorities. In a two tier setting, this becomes more complex due to the additional need for vertical alignment between the county and districts. This advantage becomes less pronounced as the number of large and influential authorities in the devolved footprint decreases and bilateral or trilateral negotiations may be a simpler route to the successful governance of a devolution deal.

The disadvantage is that the adoption of a regional mayor creates an additional layer of bureaucracy that in some circumstances could slow down or compromise the ability of member authorities to address local priorities. It can also be argued that it can undermine democracy at a local level, by relegating local councillors to a secondary role. For these reasons, the mayoral combined authority can be unpopular, and very difficult to deliver. Some regions have already stated their opposition to this model.

Accountability and Challenge

Mayors are directly accountable to local electorate. However, a combined authority will have constitutional powers to scrutinise decisions and hold the mayor to account publicly.

Where powers sit

The advantage comes from the ability to share powers between the mayor and the corporate body of the combined authority, which gives the member authorities a good level of influence and provides significant flexibility in how the model can be configured to fit the local requirements.

Legislative framework

The Combined Authority and the Mayor are both legal entities in their own right and a relatively complex legal process is required to establish the authority. Without further legislative changes, the establishment of a mayoral combined authority would require unanimous agreement from the constituent local authorities. This can make it very difficult to achieve, particularly where there are other viable alternatives.

How decisions are made

A mayor can make decisions autonomously in line with the powers devolved to them. However, in practice the governance arrangements generally require consultation with cabinet and the wider membership of the combined authority with decisions passed by majority vote. While conducive to building local consensus, it can also lead to more ambitious or specific elements of devolution being compromised in order to maintain that consensus.

Funding

The combined authority and mayor's office carry a significant additional cost of operations which will need to be funded from local resources. The additional cost of bureaucracy will undermine public support for this model unless tangible benefits can be demonstrated.

Strength of governance

The mayoral combined authority model is generally robust and has established a track record of managing governance challenges in the existing combined authority regions.

The mayor provides democratic legitimacy and mandate in addition to a single public identity, profile and message. The model balances strong accountability and challenge with the authority to make decisions, without the need for direct ratification by member councils, and the cabinet and membership model are conducive to building local consensus.

The overarching authority of the mayor means that this model is well suited to situations where there is a complex geography, where all the constituent councils are unitary authorities and/or where devolution proposals are particularly ambitious. For example, in Greater Manchester where the competing interests of a large number of single tier authorities need to be managed.

Difficulty to deliver

The Mayoral Combined Authority model can be very difficult to deliver and has already been rejected outright by constituent authorities and the public in a number of areas. There is a high degree of legislative complexity which can take several years to navigate. The model is highly dependent on achieving consensus between the constituent authorities and there is a high risk of conflict with other regional developments such as local government reform. In addition, it requires a significant additional layer of bureaucracy and cost, particularly in two-tier areas, which may not offer sufficient added value.

Therefore, this model may not be deliverable in some areas due to a lack of stakeholder support and concerns about additional layers of bureaucracy/cost. Other, less disruptive and more readily deliverable options may be more suitable for devolution in less complex geographies or where the devolution proposals are less radical.

Option 1: Evaluation

Evaluation of The Mayoral Combined Authority model against the standard Geographies

We have analysed the mayoral combined authority model using our four Critical Success Factors (CSFs) for strength of governance and a further four CSF's for deliverability, for each of the five core geographies identified earlier in this report.

For simpler geographies, such as the county and district model, the imposition of an additional layer of political bureaucracy would establish two centres of gravity in the devolved region instead of the original one. This is likely to impede the ability to set a clear strategic vision, establish a democratic mandate and have a single identity. While it may still provide a platform for consensus this would be sub-optimal. The model is not applicable in a single county unitary setting as there are no local authority partners to combine with. However, in terms of governance the model is a strong one where other influential authorities within the footprint need to find common strategic ground due to the insertion of the mayor as an overarching tier of decision making and governance. This advantage is less apparent where the interests of county, district and unitary councils need to be aligned.

In terms of deliverability, the legal complexity and the significant additional cost make this model inherently difficult to implement. The likelihood of resistance from one or more authorities and the public is high, particularly in simpler geographies where it may be felt the benefits do not support the level of disruption and effort. This is particularly relevant in the context of needing unanimous agreement from partner authorities in order for the model to be implemented. Opposition from partners and the public is likely to soften for more complex geographies and particularly where the interests of multiple top tier authorities need to be balanced, in which case the mayoral combined authority may be the best route to devolution.

The mayoral combined authority model is not likely to be appropriate for simpler geographies - as indicated by the negative score when the advantages to governance are offset against the barriers to delivery. It remains feasible for geographies that need to align the interests of county council and unitary councils, but there may be other more appropriate alternatives. It remains a good model where the interests of multiple unitary councils need to be aligned.

Critical Success Factors	Single County Unitary	Simple County and Districts	County & adjacent Unitaries	County & Unitary 'Doughnut'	Multiple Unitaries
Strength of Governance					
Vision: Establish a single strategic vision	NA	Med	High	High	High
Legitimacy: Have a clear public political mandate	NA	Med	High	High	High
Consensus: Ability align strategy and balance interests	NA	Med	Med	Med	High
Identity: Single public identity, profile and message	NA	Med	High	High	High
Deliverability					
Complexity: Legislative complexity and timing	NA	High	High	High	High
Opposition: Likelihood of opposition from public/stakeholders	NA	High	Med	Med	Low
Resistance: Likelihood of resistance from partners	NA	High	Med	Med	Low
Cost: Additional costs and bureaucracy	NA	High	High	High	High
Overall CSF Score – Strength of Governance	NA	8	11	11	12
Overall CSF Score – Deliverability	NA	-12	-10	-10	-8
Overall CSF Score	NA	-4	+1	+1	+4

Rank	Score
High	3
Medium	2
Low	1

The evaluation table above reflect an initial assessment of the suitability of each option across the standard geographical types discussed earlier in this report. In practice, individual county councils and unitaries will have to evaluate the models against their own unique Geographical footprint and circumstances.

Note that Strength of Governance has been scored with a positive figure and Deliverability with a negative figure to result in composite score. Where the score is above zero, the benefits to governance outweigh the difficulties of delivery.

Option 2: Leader & Cabinet Model Non-Statutory Board

Leadership

In the case of a County Deal, there could be a strong case for leadership to be provided by the Leader of the county authority. The Leader would be chair of the non-statutory board as a fixed appointment on the basis that powers that come with the deal are channelled through the county or unitary council – in line with the ‘strong leader’ approach.

Normally the county or unitary council Leader is voted in by members of their host council and are conventionally drawn from the leader of the controlling political party. This could make this type of governance arrangement less attractive to other top tier authority partners in a devolved region, particularly where there are multiple authorities with different political alignment.

Under this option, the council would manage the coordination of strategy and the execution of devolved powers through a non-statutory board of service portfolio holders and supporting sub-committees or task groups. Board members would be drawn from appointees of the other local authorities and key partners within the footprint of the devolved geography.

In respect of the new powers, it will be important to co-ordinate with other regional public services such as the NHS, Police and Fire and Rescue. Existing collaborative arrangements could be revised and incorporated into the new governance structure to help achieve this (eg LEP, Community Safety Partnership, ICS etc).

There are a number non-statutory Boards already established on a County footprint, and successful examples could be adapted to provide governance for a County Deal, building on the benefits of established practices and relationships.

Accountability and Challenge

The Board would need to incorporate a scrutiny and challenge function which leverages the membership of the Board. The involvement of other public service partners and stakeholders, including subject matter experts, in a scrutiny role should be considered, and could deliver benefits in terms of cooperation and engagement.

Where powers sit

The devolved powers would sit with the county or unitary council and would be exercised through the council Leader. The non-statutory board will not be a corporate body in its own right and therefore will not be able to have powers devolved to it directly. However, there are strong opportunities depending on the nature of the non-statutory board and involvement of district and unitary authorities for the double devolution of devolved powers and strategic collaboration over exercising service functions.

Legislative framework

The standard legislative framework for Unitary Councils would apply, including the Local Government Act (1974, 2000) and relevant amendments.

How decisions are made

Ultimately, strategic direction would be set by the county or unitary council leader. This makes this model a readily deliverable one under the principles set out for County Deals. However, the non-statutory board members will have a key role in debating and shaping strategy and policy, while in the context of a two-tier setting, ensuring that devolved functions can also be related to lower tier functions. In regard to other public bodies, examples of effective collaboration through Health and Wellbeing Boards and Community Safety Partnerships can be built on.

The constitution of the non-statutory board can adopt a greater or lesser degree of partner veto and voting rights on the decision making process. In two tier areas, and where smaller unitary councils form part of the devolved geography, voting rights could be weighted. The board could also be divided into voting and not voting members. However, as with other governance models, the confidence and willingness of other member bodies to participate will still need to be carefully managed in proportion to their importance in delivering the ambition for devolution and effective outcomes for local residents. The adoption of joint strategies and policies would still be reliant on the agreement of each individual body, however this would not necessarily require unanimous application to be effective under a non-statutory board.

Funding

The leader and cabinet model with non-statutory board can operate without an independent budget, with administration provided by the county council and other members ‘in-kind’.

Strength of governance

The leader and cabinet model with non-statutory board would minimise additional bureaucracy and cost. They can be effective where county councils are the natural centre of regional leadership, with a strong leader and as the responsible body for devolved powers. This allows for greater autonomy of decision making and single public profile and point of contact for government. The model still empowers partners to hold the county council to account, build local consensus and co-ordinate joint strategies.

The leader and cabinet with non-statutory board model should provide a robust platform for devolution, particularly in simpler geographies where the county or unitary council is the sole top-tier authority and can draw on good levels of pre-existing strategic alignment.

Difficulty to deliver

Non-statutory boards are relatively simple to implement, and existing models could be adapted.

In more complex geographies, where there is more than one top-tier authority and there are other influential partners it may be necessary for the county council to compromise on the autonomy of decision making in order to avoid sidelining partners which could undermine more ambitious deals. In this case, a non-statutory board may not provide a sufficient platform for sharing powers and benefits from the point of view of other influential partner authorities within the devolved footprint.

Option 2: Evaluation

Evaluation of Leader & Cabinet with Non-Statutory Board against the standard Geographies

For simpler geographies the leader and cabinet with non-statutory board model scores highly in terms of strength of governance across all four measures, with the presence of district councils adding to the challenge of gaining local consensus, particularly where the districts themselves have differing priorities. For more complex geographies where the devolved footprint includes a county council and / or one or more unitary councils, the ability to align vision, achieve a consensus and establish a single identity become more difficult even where the devolved powers sit with the county council is compromised by the potentially conflicting influences of the other top tier authorities. However, where there is already good political and strategic alignment in the region, the model remains the most viable option, compared to other models. For the most complex geographies with large numbers of top tier authorities, the strength of governance this model offers may not be sufficient to provide an effective platform for devolution.

The model should be comparatively straight forward to deliver across most geographies. However the model may suffer from increasing levels of resistance from partners in proportion to the number of other authorities within the devolved footprint. This is in part due to the fact that the county council's position as the natural regional leader is less clear cut under these circumstances and partners may be concerned that the model does not sufficiently protect their interests and provide adequate access to benefits.

Critical Success Factors	Single County Unitary	Simple County and Districts	County & adjacent Unitaries	County & Unitary 'Doughnut'	Multiple Unitaries
Strength of Governance					
Vision: Establish a single strategic vision	High	High	Med	Med	Low
Legitimacy: Have a clear public political mandate	High	High	Med	Med	Low
Consensus: Ability align strategy and balance interests	High	Med	Med	Med	Low
Identity: Single public identity, profile and message	High	High	Med	Med	Low
Deliverability					
Complexity: Legislative complexity and timing	Low	Low	Low	Low	Low
Opposition: Likelihood of opposition from public/ stakeholders	Low	Low	Low	Low	Med
Resistance: Likelihood of resistance from partners	Low	Med	Med	Med	High
Cost: Additional costs and bureaucracy	Low	Low	Low	Low	Low
Overall CSF Score – Strength of Governance	12	11	8	8	4
Overall CSF Score – Deliverability	-4	-5	-5	-5	-7
Overall CSF Score	+8	+6	+3	+3	-3

Rank	Score
High	3
Medium	2
Low	1

The evaluation table above reflect an initial assessment of the suitability of each option across the standard geographical types discussed earlier in this report. In practice, individual county councils and unitaries will have to evaluate the models against their own unique Geographical footprint and circumstances.

Note that Strength of Governance has been scored with a positive figure and Deliverability with a negative figure to result in composite score. Where the score is above zero, the benefits to governance outweigh the difficulties of delivery.

Option 3: Directly Elected County Leader

Leadership

Under this model, leadership would be provided by the directly elected leader supported by a non-statutory board, comprising members and representatives from other authorities. A statutory board could be considered, although this starts to closely resemble the existing mayoral combined authority model. A directly elected leader with responsibility for both the powers of a large county council or unitary and devolved regional powers would embody a level of budget and influence that potentially eclipses that of existing combined authority mayors such as Manchester.

The concept of a directly elected county leader has recently been raised as a potentially viable alternative to a combined authority mayor. It is however currently untested as a governance model for local government in large county unitaries or county councils. It builds on the existing directly elected executive mayor model already in place at a small number of councils, however, in this case the leader would have dual responsibilities for the county council or unitary council and the new devolved powers.

Assuming the mandate from a direct vote was restricted to within the county or unitary boundary, it could still provide some advantages over the traditional leader and cabinet model in terms of political mandate, but the additional benefit would have to be carefully weighed up against the difficulty involved in setting up an executive mayoral model to replace an existing leader cabinet model.

A directly elected county leader could strengthen the democratic mandate and carry a strong public profile. However there are a number of difficulties, including that the leader may be of a different political party to the largest political group on the council, which could undermine the establishment of strong leadership and cause instability in the continuing function of the council. It is also likely to still encounter political resistance both within the council adopting the model, and other local authorities involved in the County Deal.

Accountability and Challenge

The Directly Elected County Leader will need to be able to be held accountable by the other board members for effective performance, in order to meet the government's key principle that the governance must be able to effectively hold the decision makers to account.

Where powers sit

The devolved powers would sit with the county council under the direction of the directly elected leader.

Legislative framework

The legislative basis for a directly elected county leader would use the same framework as is used for executive mayors, however this does not allow for extending the franchise outside of county boundaries. The legislative basis for extending the

franchise to the whole devolved footprint has not been clearly set out by government and there are significant challenges that would have to be worked through for this to be a viable development.

How decisions are made

As for the county leader and cabinet non-statutory board model, strategic direction would be set by the directly elected county leader. However, the other board members will still have a key role in debating and shaping strategy and policy.

Funding

The directly elected county leader and the non-statutory board can operate without an independent budget. However, in order to operate an effective vehicle for devolution it is likely that some additional costs of operations and democratic costs would need to be funded, including the costs of the election itself.

Strength of governance

The directly elected leader coupled with a non-statutory board could provide a strong governance model that is highly compatible with a County Deal. There would be a balance between the ability to set strategy and make autonomous decisions from the directly elected leader, underpinned by their direct political mandate, while also accommodating the priorities of other local authorities within the devolved footprint through the Non-statutory board. This could be well suited to a simpler devolved geography of county and district councils, a single county unitary or potentially, where there are a small number of unitary councils that have a degree of pre-existing strategic alignment that can be built on.

The directly elected leader and non-statutory board model could provide a workable and credible governance platform for a County Deal, where circumstances are favourable.

Difficulty to deliver

The directly elected leader model is untested in two-tier areas. Where there is a more complex devolved footprint, it will be more difficult for the county leader to be able to justify a higher level of autonomy which may steer the arrangement towards a statutory board or a full Mayoral Combined Authority.

There are significant challenges to implementing the directly elected leader and non-statutory authority model, including the marginal benefits to the democratic mandate pitted against some of the difficulties in getting public and partner support, particularly where there are other unitary councils in the devolved footprint.

Option 3: Evaluation

Evaluation of Directly Elected County Leader and Non-Statutory Board against the standard Geographies

This model based is based on the existing executive county mayor model and may have benefits beyond the leader and cabinet model due to the additional electoral mandate, but this would be less impactful as a unifying factor beyond the original county council or unitary council boundary. Overall the additional benefits to strength of governance are not significantly greater than for the Leader and Cabinet with Non-Statutory Authority Model, however, there could be advantages to helping with the alignment of strategy between partners in particular local circumstances.

Under this assumption, the model scores relatively highly for strength of governance across simpler geographies, although the advantages it offers are less clear cut in a multiple unitary scenario. The ability of the model to reach consensus between partner authorities would be impaired where unitary councils with potentially diverging priorities have to be accommodated within the devolved footprint.

This is likely to be a relatively complex model to implement because of the need to change the council constitution and the potential for a public referendum. The model could run in to some resistance from partner authorities may be more resistant due to the perception that the county council could hold undue influence over other authorities, but could also be resisted by existing members in a county or unitary who may view it as disruptive.

There would be limited additional cost of democracy and administration.

Critical Success Factors	Single County Unitary	Simple County and Districts	County & adjacent Unitaries	County & Unitary 'Doughnut'	Multiple Unitaries
Strength of Governance					
Vision: Establish a single strategic vision	High	High	Med	Med	Low
Legitimacy: Have a clear public political mandate	High	High	Med	Med	Low
Consensus: Ability align strategy and balance interests	High	Med	Med	Med	Low
Identity: Single public identity, profile and message	High	High	Med	Med	Low
Deliverability					
Complexity: Legislative complexity and timing	Med	Med	Med	Med	Med
Opposition: Likelihood of opposition from public/stakeholders	Med	Med	Med	Med	Med
Resistance: Likelihood of resistance from partners	Med	Med	Med	Med	High
Cost: Additional costs and bureaucracy	Low	Low	Low	Low	Low
Overall CSF Score – Strength of Governance	12	11	8	8	4
Overall CSF Score – Deliverability	-7	-7	-7	-7	-8
Overall CSF Score	+5	+4	+1	+1	-4

Rank	Score
High	3
Medium	2
Low	1

The evaluation table above reflect an initial assessment of the suitability of each option across the standard geographical types discussed earlier in this report. In practice, individual county councils and unitaries will have to evaluate the models against their own unique Geographical footprint and circumstances.

Note that Strength of Governance has been scored with a positive figure and Deliverability with a negative figure to result in composite score. Where the score is above zero, the benefits to governance outweigh the difficulties of delivery.

Option 4: Multi Authority Statutory Board

Leadership

The multi-authority statutory board is a potentially less divisive alternative to the mayoral combined authority, where there are a number of influential member councils within the devolved footprint. Leadership is provided by the chair of the board or committee, made up of representatives of the member organisations with a democratic mandate of the chair and board members coming indirectly, from their election by constituents of their own organisations. The additional emphasis on collective decision making and power sharing make this a potentially attractive model where a mayoral combined authority is unlikely to be deliverable.

There is considerable local flexibility in the appointment of the chair, who can be voted for by the other board members, subject to rotation. This flexibility can add to its ability to achieve local consensus.

The disadvantage is that the statutory board lacks the clear focus of leadership and the public face compared to all three of the previous models. As a result, the model may be more prone to a compromised vision which could limit the ambition of what could be delivered. It also lacks some of the advantages of autonomy of decision making that could arise from devolved powers being vested in a single council.

To address this risk, the flexibility of the model could extend to the chair being a fixed appointment, where there is a clear case that contribution or influence that their organisation brings is greater than the other members. This may be compatible with county councils who may wish to take a 'strong leader' approach to devolved governance. In this case, voting and other governance arrangements may be needed to satisfy other board members that any imbalances of power do not impinge on the interests of their own organisations.

Accountability and Challenge

The board can be held to account as a collective, and scrutiny or equivalent functions can be build in. Where there is a fixed chair 'strong leader' this becomes more complicated and other members will look to the constitution to provide options in the case of dissatisfaction.

Where powers sit

Devolved powers can be vested in the Board as a corporate body, and this can include joint or pooled services. However, some powers could be vested in one or more member organisations, including the county council via its Leader. Under existing legislation, the scope of powers that can be directly devolved to some forms of statutory board may be more limited than for those of a combined authority.

Legislative framework

The statutory board as defined in this report, covers a range of legal entities that can have powers vested in them including Economic Prosperity Boards and Non-Mayoral Combined Authorities.

How decisions are made

Generally, decisions will be made by majority vote among members. This model is much more reliant on collective decision making which could limit the ambition of what could be delivered or slow down decision making.

The confidence and willingness of other member bodies to participate will need to be carefully managed through clear access to benefits, power sharing arrangements or a 'double devolution' approach where by the county may delegate some powers to other bodies (including the board).

Funding

Statutory boards carry an additional cost of operation which would need to be balanced with the level of benefit likely to be delivered. The cost is likely to be less than that required to fund a mayor's office, under the mayoral combined authority model.

Strength of governance

Statutory boards are a proven vehicle for regional collaboration and can offer robust governance. It supports collective accountability with some authority for the board as a legal entity to make direct decisions, which could help build consensus between partners. This could therefore provide a viable alternative for devolution where there are multiple influential top tier authorities within the devolved footprint, and where the mayoral model is not deliverable. In some circumstances it may be possible to incorporate a fixed chair and strong leader model to help improve the single vision and public profile.

This model should provide a workable platform for devolution in areas where there are a number of top-tier authorities to co-ordinate and where there are good levels of strategic alignment. This may be helped by the option to vest powers in the board or committee rather than in individual councils.

Difficulty to deliver

This model is much more reliant on collective decision making and as a result may be more prone to compromise, which may limit the scale of ambition that can be delivered by a County Deal. Statutory boards require the agreement of a legal framework between partners that could take time to negotiate. It represents an additional layer of bureaucracy and cost and there may also be limitations to the powers that can be directly exercised.

The trade off for gaining the support of partner organisations for the model, is that the ability of the county council to make autonomous decisions may be adversely affected by the need to abide by the collective vote of board members. This could undermine the 'strong local leadership' aspect provided by the county council/chair.

Option 4: Evaluation

Evaluation of Multi-Authority Statutory Board against the standard Geographies

This model offers a good platform on which to build partner consensus that could be applied consistently across all the standard geographies (noting that it is not applicable for a single county geography as there are no other local authorities to align). However, this is achieved at the expense of being able to provide a single strategic vision or a particularly strong political mandate to effect change. It is particularly limited in terms of providing a clear public identity and profile for the devolved region. The result is a flexible model that could offer a solution where other models become difficult to apply because of particular local factors, such as a need to find consensus on strategic priorities where the partner authorities are not otherwise strategically or politically aligned. However, the model does not stand out as a preferred option for any of the geographic models. This is not an applicable model for a single county unitary as there are no multiple unitaries to incorporate.

The model is unlikely to face public opposition and is only likely to prompt resistance from partners where it threatens to over-complicate governance and decision making in simpler geographies, particularly from the point of view of a county council in a simple county and district geography. There is a moderate degree of complexity to deliver and an additional cost of administration which would need to be justified in relation to any benefits the model offers in a local context.

Critical Success Factors	Single County Unitary	Simple County and Districts	County & adjacent Unitaries	County & Unitary 'Doughnut'	Multiple Unitaries
Strength of Governance					
Vision: Establish a single strategic vision	NA	Med	Med	Med	Med
Legitimacy: Have a clear public political mandate	NA	Med	Med	Med	Med
Consensus: Ability align strategy and balance interests	NA	High	High	High	High
Identity: Single public identity, profile and message	NA	Low	Low	Low	Low
Deliverability					
Complexity: Legislative complexity and timing	NA	Med	Med	Med	Med
Opposition: Likelihood of opposition from public/stakeholders	NA	Low	Low	Low	Low
Resistance: Likelihood of resistance from partners	NA	Med	Low	Low	Low
Cost - Additional costs and bureaucracy	NA	Med	Med	Med	Med
Overall CSF Score – Strength of Governance	NA	8	8	8	8
Overall CSF Score – Deliverability	NA	7	6	6	6
Overall CSF Score	NA	+1	+2	+2	+2

Rank	Score	
High	3	<p>The evaluation table above reflect an initial assessment of the suitability of each option across the standard geographical types discussed earlier in this report. In practice, individual county councils and unitaries will have to evaluate the models against their own unique Geographical footprint and circumstances.</p> <p>Note that Strength of Governance has been scored with a positive figure and Deliverability with a negative figure to result in composite score. Where the score is above zero, the benefits to governance outweigh the difficulties of delivery.</p>
Medium	2	
Low	1	

Finding the right model

Matching Governance Models to The Standard Geographies

We have taken the aggregate CSF Score of each model and used this to consider the most applicable models for different standard geographies. It is important to note that in practice, there are many more local factors that would need to be considered which may alter the scoring.

It should also be noted that for the purposes of this analysis a negative aggregate CSF score indicates that the model is unlikely to be appropriate for that particular geography. A score between 0 and +3 indicates that the model is a viable option, but that there may be other alternatives to consider. A score of +4 or above indicates that the model is highly suited to that particular standard geography.

Critical Success Factor – Composite Score	Single County Unitary	Simple County and Districts	County & adjacent Unitaries	County & Unitary ‘Doughnut’	Multiple Unitaries
Option 1: Mayoral Combined Authority	NA	-4	+1	+1	+4
Option 2: Leader and Cabinet with Non-Statutory Board	+8	+6	+3	+3	-3
Option 3: Directly Elected County Leader and Non-Statutory Board	+5	+4	+1	+1	-4
Option 4: Multi-Authority Statutory Board	NA	+1	+2	+2	+2
Highest Scoring Option	Option 2	Option 2	Option 2	Option 2	Option 1

Option 1 - The Mayoral Combined Authority Model.

According to our analysis, this model is not likely to be appropriate for simpler geographies, as indicated by the negative score when the advantages to governance are offset against the barriers to delivery. It remains feasible for geographies that need to align the interests of county and unitary councils, but there may be other more appropriate alternatives. It remains a good model where the interests of multiple unitary authorities need to be aligned.

Option 2 - Leader and Cabinet with Non-Statutory Board

This model is well suited to simpler geographies such as a single county unitary or a simple county and districts and scores highest overall when all the geographies are considered. It could also provide a viable option for more complex geographies where a county council or county unitary needed to work alongside one or two other smaller unitary authorities, although this is likely to require a reasonably good degree of existing political and strategic alignment. The model is unlikely to be suitable for geographies with multiple unitary councils as the non-statutory board and county leadership are unlikely to assure partner authorities that their interests and priorities would be adequately safeguarded.

Option 3 – Directly Elected Leader and Cabinet with Non-Statutory Board

This model has a very similar profile to Option 2, being more suited to simpler geographies. It may offer a viable alternative option where a small number of unitaries needs to be accommodated but is unsuitable for dealing with a larger group of multiple unitary councils. Even in simpler geographies it may be difficult to deliver, due to resistance from other partners because of the perception that the county council could hold undue influence over other authorities. It could, however, offer a slightly stronger level of governance than Option 2, arising from the enhanced political mandate, under favourable local conditions.

Option 4 - Multi-Authority Statutory Board

This model is viable across all geographies (except the single county unitary) and could be a preferred option in specific circumstances – for example where local conditions, such as low levels of existing political and strategic alignment, adversely affect the deliverability of alternative models. However, the relative lack of a single vision and identity and the potential for decisions being much more reliant on partner consensus is likely to significantly impair the level of innovation and ambition that could be derived from devolution.

Other considerations for governance

Within each of the four main governance models there is a wider range of additional considerations that will help tailor the model to local circumstances and mitigate some of the challenges highlighted in our evaluation above. It is possible that these refinements could make the difference in enhancing the strength and stability of the governance model, raising the profile and scrutiny of local leadership and improving the possibility of gaining stakeholder consensus for a deal.

Fixing the Leader's term of office

Another alternative could be to fix the term of any regional county leader's chair-ship of a statutory or non-statutory board for more than one year. The advantage of this would be to provide a period of stable leadership to support multi-year projects and developments. In addition, when statutory or non-statutory board constitutions are drawn up, there could be ways in which partner organisations could exercise some influence for example, via a required endorsement or veto on whether to accept the nominated county leader as the regional leader.

There is an important balance to be struck between the need to provide stability of vision in the medium term, but also guarding against stagnation or lack of challenge.

Above all, there would need to be safeguards that would protect the governance model from reaching stalemate and long periods of inactivity.

Rotating chair

There are existing examples of local authority collaborations such as local growth boards which employ a rotating chair where, for example, the top tier authorities would take turns to lead over a period of time.

This may have advantages in negotiations about leadership and keeping significant parties on-side. However, in the case of county based devolution, it would need to be carefully managed to mitigate the risk of undermining the strength of leadership and the long term vision.

For example, it could result in significant shifts in focus between the priorities of an urban borough and those of the more rural hinterland, rather than promoting a cohesive and inclusive long term strategy.

Vote share

In complex geographies, where a number of influential top-tier authorities are collaborating on a county footprint, it is likely that some form of executive power sharing may be required over decision making. This would apply even where powers were vested in the county council or unitary council.

Voting rights would give some partners a chance to influence, amend or prevent actions being proposed by the county council from taking place. In some cases a unanimous assent may be required which would amount to a veto for individual members.

The relative influence of member organisations should be reflected carefully. The number of votes for each organisation could be weighted, and some representatives could be non-voting members. A strong leader could have a 'super' or 'casting' vote, subject to agreement from the other parties.

Double devolution, power sharing and pooling existing powers

An approach could be taken to devolution where by powers devolved to the county could be further devolved to districts, cities and parishes. This could help strengthen the level of engagement between partners within the county footprint.

Another option could be to share the delegated powers between two top tier authorities/ leaders. This could help alignment of partners but at the expense of a single vision and identity for the deal.

Furthermore, this need not be restricted to new powers and could be expanded to encompass greater pooling of existing powers and funding. This could help make a compelling case for driving cost efficiency without requiring LGR.

Revise Unanimity for CA approval

It may be desirable in specific circumstances to be able to constitute combined authorities and statutory boards without the need for unanimous consent or to enable some authorities to be excluded in the interests of securing agreement.

It is important to ensure that district councils have a voice in governance, in order to access the full potential of local authority devolution. However, it may not be appropriate for their inclusion in a combined authority membership with a parity of influence with other larger upper tier authorities.

There may be circumstances where dissenting district councils could disrupt or veto the progress of a County Deal or the execution of its powers, disproportionately to their relative contribution.

Scrutiny & challenge

There is a clear role for partners to be heavily involved in scrutinising and challenging decisions and proposals made by the county leader and council. This could be particularly useful where partners do not have a strong influence on policy through voting or other means.

The risk that this could be used as a mechanism to disrupt the progress of implementing regional strategies for political or other reasons would need to be managed. However, this is routinely managed within existing councils where opposition parties play a key role in scrutiny and challenge.

Analysis: Powers

This section begins by setting out an understanding the existing devolution deals that government has already agreed, and the core underlying principles of these deals. It then provides examples of some of the emerging power asks that are coming out in draft County Deal proposals and the opportunities for collaboration before outlining a number of important considerations for the new County Deal 'asks'. The section concludes with a summary around the delicate balance that must be struck between level of innovation and alignment with place priorities when setting out new powers.

Existing devolved powers

Understanding the powers that have been devolved to date

The starting point for any discussion of powers is rightly the existing devolution deals that government has already agreed. It considering this, it is important to note that some powers are statutory, some are non-statutory, some are policy commitments, and some – although not all – are associated with the devolution of funds. The table below, (Table 1) provides an overview of the existing powers that have been devolved to date. Analysis of this position highlights a number of principles or foundations on which the County Deal ‘ask’ can be built.



These principles include:

- **Parity in terms of the devolution of particular services and their associated funding:** with transport, business support, adult education and housing all having clear and consistent precedent from the existing deals. The more ambitious county authorities will be expected to look towards Greater Manchester and the broadest suit of powers which includes a range of health and social care related powers as well as police and fire services.
- **The granting of associated planning related powers:** such as Compulsory Purchase Order, the creation of a Development Corporation and involvement in the planning process (such as call in or consultation rights) to enable the delivery of strategic infrastructure, housing and others assets to support growth and levelling up.
- **Funding to catalyse and support delivery:** this includes a dedicated investment fund as well as other fiscal levers that can support income generation such as business rate retention and supplements.

Table 1: Powers devolved in existing devolution deals

		Greater Manchester	Sheffield City	Tees Valley	Liverpool City	West Midlands	Camb/Pboro	West of England	Cornwall	North of Tyne	West Yorkshire	North East
Transport	Devolved, consolidated transport budget											
	Bus franchising											
	Joint working with Highways England and NR											
	Local roads network											
Skills, employment, health	Joint working with UKTI											
	Business support services											
	Adult Education Budget											
	Work and Health											
Land and housing	Public land commission / joined assets board											
	Housing Loan Fund											
	Compulsory purchase orders											
	Mayoral development corporations											
	Planning call-in powers											
	Consultation on strategic planning applications											
	Housing grant fund											
Public services	Spatial strategy											
	Health and social care integration											
	Children's services											
	Offender management, probation, prison estate											
	Troubled Families / Working Well											
Finance	Police and Crime Commissioner											
	Fire service											
	Investment fund (per year)	£30m	£30m	£15m	£30m	£36.5m	£20m	£30m		£20m	£38m	£30m
	Pilot retention of 100% business rates revenue											
	Business rates supplement											
	Community infrastructure Levy											

Key

-  Cornwall County Council holds a number of the powers set out here in its capacity as a unitary authority
-  Devolution of police and fire to West Midlands and police to West Yorkshire is under discussion

Source: House of Commons Library (2020)

Establishing the powers within the County Deals

While still at an embryonic stage it is possible to begin to identify the range of powers being explored through the County Deal process. As would be expected, and as illustrated in Table 2 below, many mirror the asks within the existing devolution deals. However it is clear that new powers are being explored as county authorities seek to drive levelling up in a form most suited to its place.

Table 2: Overview of powers identified as part of the emerging County Deals

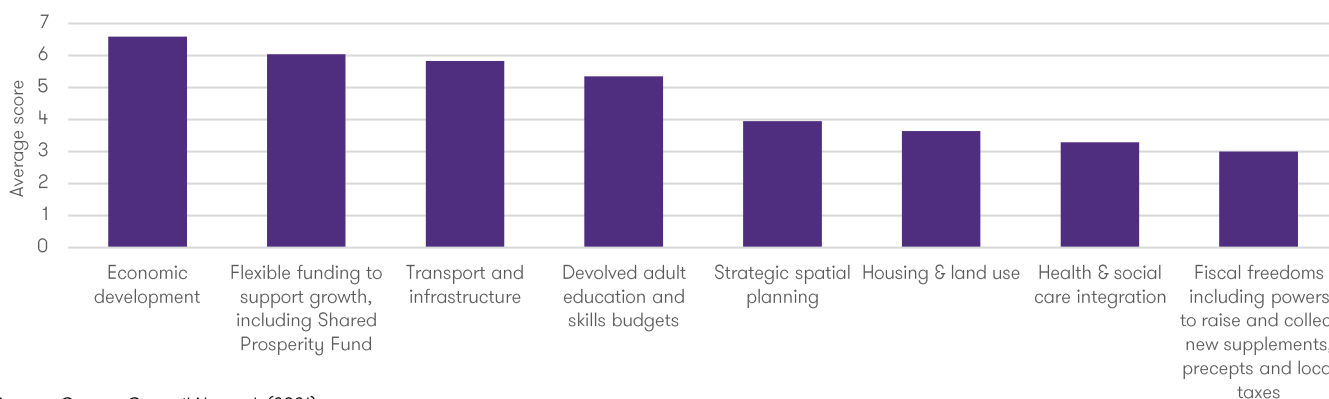
		Key				
		New powers	Parity with existing powers			
		County Authority 1	County Authority 2	County Authority 3	County Authority 4	County Authority 5
Transport	Multi-year funding					
	Integrated public transport					
	Integrated highways network					
	Sustainability/Greener transport					
Skills, Education, Employment	Post 16 and adult training					
	Control over skills funding / levies					
	Alignment training and food production growth					
	Basic need and pupil planning assessments					
Land and housing	Use of DSG to invest in SEND placements					
	Powers over use of council tax / levies					
	Strategic spatial planning powers					
	Development Corporations					
Public services	Refinance council debt for affordable housing					
	Pilot sustainable housing building standards					
	Recyclable infrastructure loans					
	Devolution in defence sector					
Economic Development and Growth	Children's services					
	Integration of health and social care					
	ICS engagement re mental health & wellbeing					
	Digital, Culture, Media growth					
Environment and Sustainability	Joint asset board					
	Growth initiatives and funding					
	Local Business Growth Hub					
	Financial devolution to retain local income					
Finance	Powers to collect new local taxes					
	Socio-economic development and equality					
	Clean energy creation and improved efficiency					
	Sustainable / green infrastructure					
Finance	Waste and recycling					
	Sustainability funding / investment					
	Investment Fund required (across any service)					
	Pilot retention of 100% business rates revenue					
Finance	Infrastructure Levy					
	UK Shared Prosperity Fund					
	Investment for job creation					
	Funding allocated to council for disbursement					

Survey results

In addition, the aforementioned recent survey of county authority leaders by CCN highlights current views on devolution of powers and funding through County Deals.

Figure 4 shows how leaders responded when asked which devolved powers and funding are their priority. The average score is created from survey respondents ranking the eight options available, with 1 being the top priority and 8 being the least. The higher the average score, the higher the priority of each option. Of particular note is the fact that 'Flexible funding to support growth, including Shared Prosperity Fund' had an average score of 6.04 which is only marginally lower than 'Economic development' which had an average score of 6.59. This highlights that funding is a key priority in County Deals and is considered by many to be as important as economic development powers.

Figure 4: Which devolved powers and funding are your priority for securing as part of a County Deal (Average score)



Source: County Council Network (2021)

Establishing the powers within the County Deals (cont'd)

In terms of the detail, the various propositions and proposals that have been prepared begin to outline the nature of the devolution deals county authorities are seeking and the type of powers that they would find most effective for their area. To help illustrate this we have outlined how the powers work in the existing deals alongside some of the emerging power asks that go beyond the existing deals by key theme.



Transport

Transport is one of the most common powers to be devolved across the existing devolution deals. This has generally taken the form of granting responsibility for transport funding and bus franchising within the area. In some deals this has been supplemented with a wider investment in transport activity. For example a £300 million investment in infrastructure related to HS2 in Greater Manchester; or up to £500,000 for the Bradford Station Masterplan and funding for the next stage of development of the Outline Business Case for the Leeds Station redevelopment in West Yorkshire.

Given that the existing responsibility for transport lies with county authorities, the expectation is that a similar transfer of powers would be relatively straightforward.

Emerging asks include:

- Developing a multi-year funding settlement and single transport and highways plan
- Creation of a unified Transport Body – with a wide range of aligned functions including strategic infrastructure delivery and decarbonisation
- Powers and funding to develop a Future Transport Zone (FTZ)



Skills, Education and employment

This has taken a range of different forms within the existing deals. A number of areas (Sheffield, West Midlands, Cambridgeshire and Peterborough, West of England and West Yorkshire) has taken responsibility for adult education powers and monies in order to better shape and tailor local skills provision to local needs. This could include full devolution of the adult skills budget, apprenticeship grants for employers and partnerships to review 16+ education.

Again, given the existing responsibility for education and skills held by county authority the expectation is that a similar transfer of powers would be straightforward. The geographic scale of county authorities provides an good opportunity to think strategically about the commissioning of skills for places.

Emerging asks include:

- More flexibility over the local use of the Apprenticeship Levy
- Flexibility over Dedicated Schools Grant
- Maximise the use of pupil premium for 16–19 year olds
- Providing targeted support to those that need most help to join the labour market



Land and Housing

Land and housing powers are more varied. At one end of the spectrum many of the existing deals have been granted powers relating to public land commissions/joint assets board, compulsory purchase orders and mayoral development corporation. At the other end specific powers and the associated funding vary quite considerably. For example, this includes: a £28 million housing pilot related to homelessness in Greater Manchester, planning 'calling in' powers in Sheffield, Liverpool, West of England and the North East, consultation on strategic planning applications in Liverpool, West of England and the North East, control of a £100 million housing and infrastructure fund in Cambridgeshire and Peterborough and £3.2 million in West Yorkshire to support the development of a pipeline of housing sites across the area.

With responsibility for housing, planning and infrastructure split between district and county authorities these powers will naturally bring more complexity in terms of their form and function in county authority areas.

Emerging asks include:

- Trial new approaches around the flexible use of receipts from right-to-buy and devolved funds such as the One Public Estates Land Release Funds and Housing Infrastructure Funds as a way of increasing the build of social housing and affordable homes for key workers
- Spatial planning powers and enhanced joint working with government agencies and infrastructure providers
- Powers to create a Strategic County Development Plan (non-statutory)
- Powers to levy council tax on unimplemented planning permissions to incentivise development
- Pilot area for new building control standards for future sustainable homes

Establishing the powers within the County Deals (cont'd)



Public services

The devolution of powers related to wider public services has generally been more limited. Greater Manchester has been granted the most significant powers, with powers relating to health and social care integration, children's services, offender management and troubled families. As part of this Greater Manchester received £12 million by way of a mayoral capacity fund. Greater Manchester also have powers relating to the Police and Crime Commissioner and the Fire Service – with devolution of these two services under discussion in the West Midlands and West Yorkshire. West Yorkshire also received a £25 million Heritage Fund to support the British Library in establishing a potential 'British Library North'.

For county authorities the devolution of powers that are already aligned to their existing responsibilities will obviously be easier than those – such as waste collection or leisure – that are in the domain of the districts. However, as shown later on, through County Deals there are opportunities for greater collaboration across these areas.

Emerging asks include:

- Integration of health and social care
- Explore innovative solutions to improve physical and mental health with government and ICSs
- Engagement between Health & Wellbeing Boards and ICSs
- Addressing low wages and inequality through supply chain efficiency



Economic Development and Growth

Economic growth is seen as a core priority for devolution but could take different forms depending on the vision and sector make-up of the place. Some place greater emphases on it than others. For example Tees Valley Combined Authority focus their powers and resources primarily on enabling economic growth. In their deal they agreed that the Tees Valley should have the power to create a locally-accountable Mayoral Development Corporation which would accelerate economic growth by supporting the regeneration of key sites. This illustrates a more ambitious approach, whereas perhaps the more common approach in existing deals has been to bring together local and central business support services into 'growth hubs' and through joint working with the Department of International Trade.

Powers to enable economic growth and development are coming through strongly in the emerging draft County Deal. Asks are varied and innovative, often reflecting the unique characteristics of each area.

Emerging asks include:

- Locally devolved multi-year funding to replace fragmented, short-term competitive bids
- Locally led Development Corporations to deliver strategic growth
- Devolution of the Shared Prosperity Fund
- Powers to designate new sector specific enterprise zones
- Creation of a joint asset board to ensure effective use of public sector assets
- Creation of a new 'Innovation and Challenge Loan' fund, including devolving Innovate UK funding
- Co-design and deliver local business growth an inward investment
- Pilot a modal shift in visitor travel with the objective of increasing capacity for seasonal demand
- Devolution of broadband funding to ensure greater connectivity in rural economies, accelerating full fibre and 5G connectivity
- Creation of Community Improvement Districts (CIDs)



Finance

All existing devolution deals, except for Cornwall, have an Investment Fund to boost economic growth and invest in local services, infrastructure and general regeneration. Alongside the investment fund the majority of existing deals also provide powers to raise, collect and retain local taxes.

Depending on the tax this may prove more challenging given the split in funding, such as business rates, between the tiers. However, there are also the opportunity to use a County Deal to pool existing funding streams at a more strategic level including through government reforms to funding streams such as infrastructure levies.

Emerging asks include:

- Financial devolution in sectors such as transport and housing
- Power to directly invest in local needs from funding streams to maximise leverage
- 100% retention of business rates

Establishing the powers within the County Deals (cont'd)



Environment and Sustainability

In previous devolution deals there has been limited examples of where powers have been focused on bringing about environmental change. However, County Deals come at a time when there is increased recognition of the importance of achieving net zero targets and addressing the climate change emergency. As such there are a range of environmental power asks coming through in the proposed County Deal propositions, many providing opportunity to showcase the innovative work being undertaken to transition towards a zero carbon future.

Emerging asks include:

- The creation of centres of excellence to trial new clean automotive technology
- The pilot of new approaches to energy generation and new programmes around electric charging
- Whole house energy efficiency and investment partnership
- Review of the benefits of single waste collection and management systems across the whole county footprint
- Creation of 'future proofing' investment fund
- Low Carbon/Net Zero investment fund
- Power to agree an investment strategy with regional power distribution and the grid supported by BEIS



Strategic spatial planning

Strategic Spatial Planning has featured in many of the existing devolution deals of combined authority and metro mayor areas, although the approach, model and type of plan produced varies. The different types of plans produced brings different positives and negatives. For example, some plans such as the Greater Manchester Spatial Framework are essentially a larger local plan on the combined authority footprint, which bring together local plans within one document. These can be highly political and complex to produce and as a result, can face long delays and be highly controversial politically and with the public. In other areas, such as West Yorkshire, the plan is an overarching strategic economic or development plan which sets the overall direction for development, which local plans then follow. These overarching frameworks provide more flexibility, are less controversial, and can be pulled together at a quicker pace.

In our previous report, Place-based recovery, we recommended that planning responsibilities should be reviewed with responsibility for strategic spatial planning given to the appropriate scale of authority in the devolution context. We also said that the focus of this review should be on the dual priorities of simplifying the planning process and accelerating delivery while planning responsibilities would remain with district councils. In the context of County Deals, this provides a real opportunity to introduce strategic planning across county, or county and unitary, geographies to bring authorities together and agree priorities for growth and infrastructure investment, and in doing so create a delivery plan that will see these priorities realised. It will be important to learn from the models of existing devolution deals in order to understand which model(s) might be best applied to county areas.

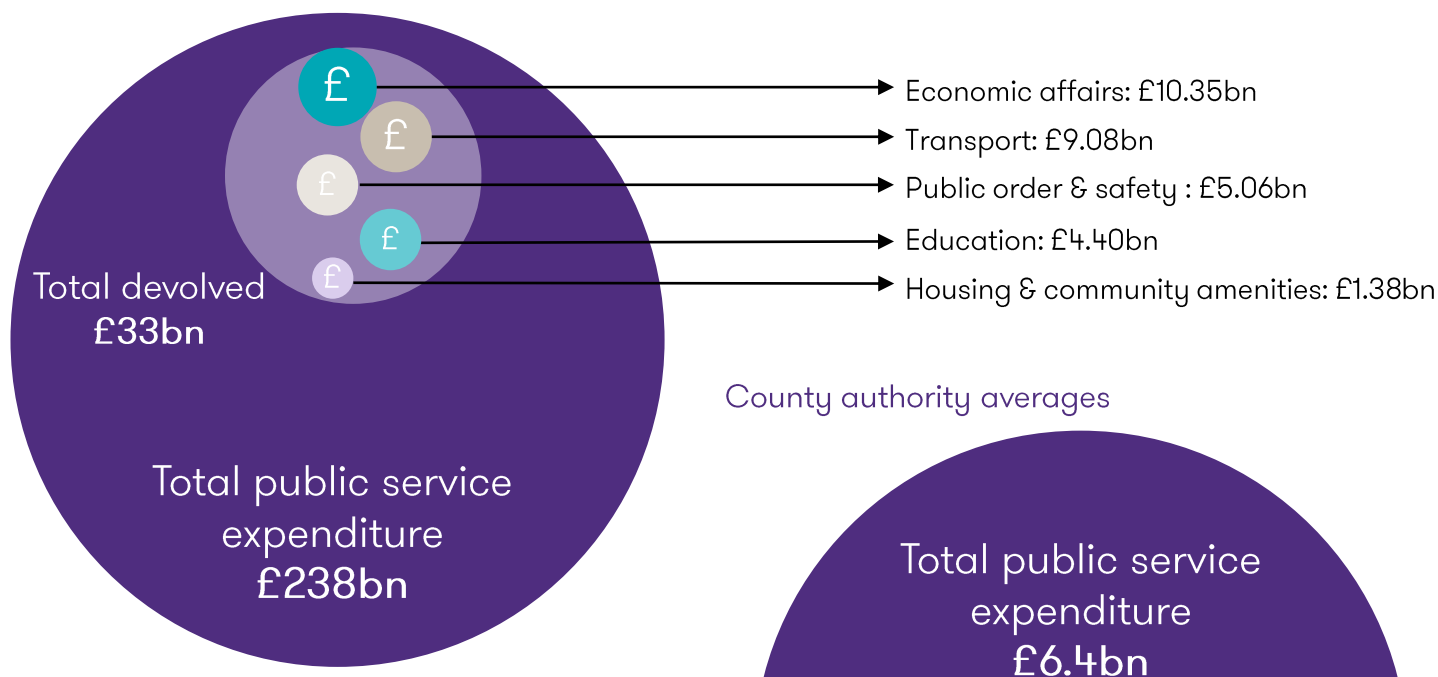
Strategic spatial planning is considered by many to be a highly important area and is already being explored within emerging County Deals. Equally, this is an area that will be important for Government, given the ongoing planning reforms and specifically proposals to replace the duty to cooperate.

Scale of potential devolved funding in county authorities

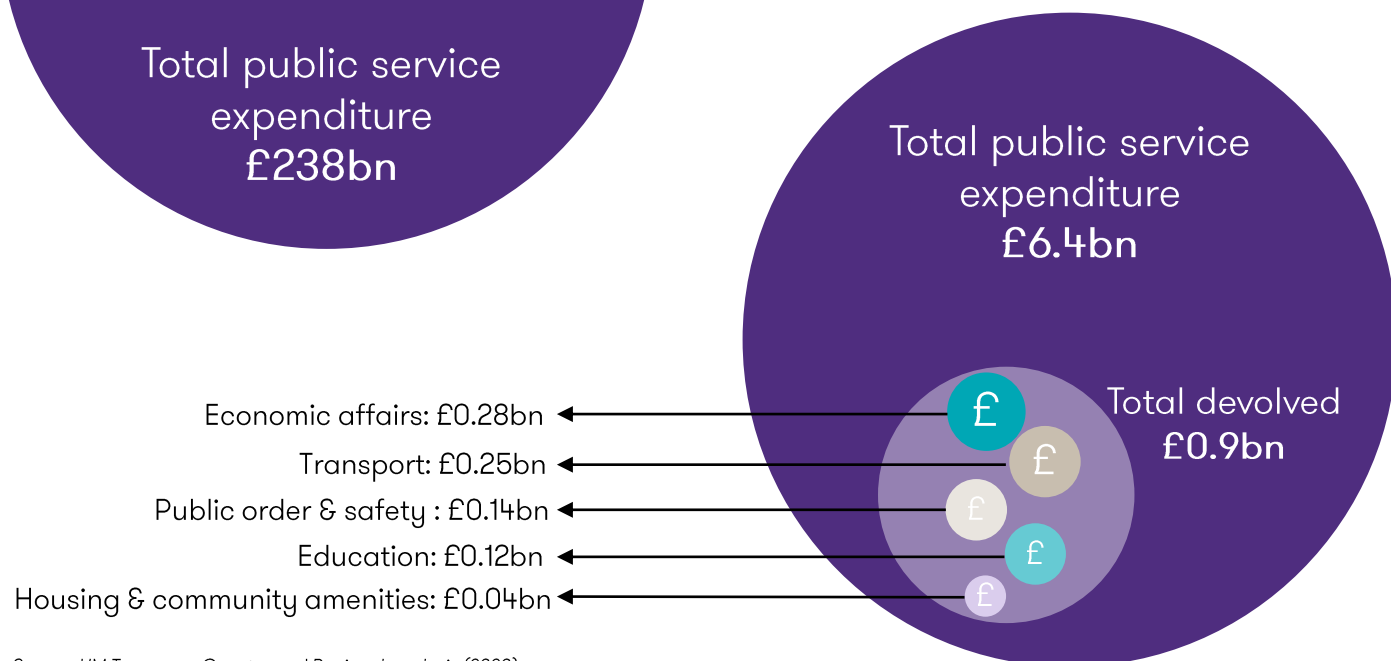
The following analysis seeks to illustrate the scale of potential public service expenditure that could be devolved to county authorities. The following figures would be considered at the upper end of what could be possible.

Using data published by HM treasury we have analysed UK identifiable expenditure by service function per head at a regional level and then applied population weightings to estimate the expenditure at a county authority level. At the top level this showed that total expenditure on public services including welfare payments in county authority areas was £238 billion. However, some of this will relate to existing local government expenditure (e.g. local roads and waste management) or possibly will not be going towards public expenditure (e.g. social security). We have also excluded other areas such as police, health and other major public services that are unlikely to be in the scope for devolution initially (for full detail on what expenditure lines have been included or excluded please see Appendix A). Therefore once these have been removed the total estimated expenditure that could be devolved in county authority areas is £33bn. Of this total an estimated £10.35 billion would be related to economic affairs, £9.08bn on transport, £5.06bn on public order and safety, £4.40bn on education and £1.38bn on housing and community amenities.

County authority totals



County authority averages



Source: HM Treasury – Country and Regional analysis (2020)

NB: Transport excludes 'local roads'; Public order and safety excludes 'Police services', Education excludes 'Pre-primary and primary education' and 'Secondary education', Housing and community amenities excludes 'Housing development' and 'Street Lighting'

Opportunities for greater collaboration

Opportunities collaboration

County Deals present an opportunity for greater collaboration between county, districts and neighboring unitary authorities. Not only will they enable more close and continued dialogue which will continue to strengthen relations, but they also provide opportunities for more services to be joined up and resources pooled. This would create a more efficient and collaborative landscape across the County Deal areas that will help to accelerate the delivery of priorities, such as increased efficiency to meet on-going financial challenges, levelling up, economic recovery and climate change.

Where are the opportunities for collaboration?

In order to understand the collaboration opportunities that could arise through County Deals it's important to firstly understand how powers and responsibilities are currently split between county, district and unitary authorities.

Two-tier areas of local government have service responsibilities split between a county council and district (or borough or city) councils. Examples of how these responsibilities are allocated are set out in Figure 5. Generally, the county council is responsible for the more strategic functions and services such as education and social care whereas the districts provide more local services. Some functions are shared between county and district. This split of service responsibility can lead to a lack of cohesion at a county-wide level.

Previous research for the CCN⁴ has identified a number of areas in which greater collaboration could be achieved, whether within the two-tier system, or potentially across neighbouring unitary authorities.

- **Planning and housing:** where the two tiers work together on strategic plans, and where the county will need to comment on strategic infrastructure aspects of planning applications that are determined by districts. Whilst Section 29 of the Planning and Compulsory Purchase Act 2004 does enable a county council to have a strategic planning role by working with their districts through joint committees, they can be timely to set up and cannot be created if there are both county councils and unitary authorities involved in the plan-making partnership.
- **Economic development:** where the county has strategic responsibility for growth on a county-wide basis, and districts focus on creating conditions to encourage investment and employment for their localities. Connections between the two levels, and across neighbouring unitary authorities, are essential for creating an approach that is coherent for the area and skills catchments that often cut across district and unitary boundaries. Good economic development relies on coherent links between policy and delivery in areas such as housing, transport, road infrastructure and schools.
- **Waste management** - where districts liaise with the county council about the waste they collect for the county to deal with disposal. Greater collaboration would include consolidating contracts across some or all districts, and potentially unitary areas, to run as a single operation integrated with waste disposal. This would lead to reduced contract spend and oversight; allow some efficiencies in fleet and route planning and enable a more strategic approach to reduce costs of waste disposal and improve recycling.
- **Back office support and administration:** shared back office is a well-established principle in local government. But there is a patchwork of arrangements. There is an opportunity to make this more systematic within a county area, and to improve county, district and unitary sharing. If pursued with a transformational vision, non-structural reform could also encourage councils to review all administrative arrangements in parallel.

⁴PwC. *Non-structural reform in English two tier local government (2018)* <http://www.countycouncilsnetwork.org.uk/download/3858/>

Figure 5: Overview of the different powers in two-tier areas*

Unitary Authorities (58) Metropolitan (36)



* Unitary authorities and Metropolitan districts have all of the above responsibilities

Opportunities for greater collaboration

What are the potential benefits of collaboration through County Deals?

Non-structural reform, that facilitates more joined up collaborative working across the areas identified above, is an important element of the proposed County Deals. Under this scenario there would be redistribution and consolidation of 'strategic' and 'place-based' services across the county, district and borough councils or between upper-tier authorities. This is based on the assumption that there are advantages to delivering strategic services at scale, and place-based services within smaller localities. There are therefore a number of benefits and opportunities that could be achieved through non-structural reform with County Deals.

Better service outcomes

By fully integrating services, councils could use their collective resources and capabilities across the area to offer significant improvements in service delivery and outcomes for local residents by adopting best practice. The key benefit of this model would be to reduce duplication across the organisations and work closely together to deliver more streamlined services. It would also provide an opportunity to rethink and redesign services innovatively. A simpler and more coherent experience for service users could be achieved through greater collaboration and reduce the frustration that service users experience where they have to deal with two or more organisations.

It could be quicker to implement when compared with structural reform which is often subject to lengthily delays whilst parliamentary orders are passed. However, it would require buy in from most, if not all, authorities to realise financial and non-financial benefits.

Improved financial resilience

It is likely that there would be financial savings achieved through the streamlining of services such as planning, housing and waste services at a county-wide level.

Improved decision-making and place-based leadership

Service redistribution may have the added advantage of aligning strategic functions across the county footprint, which will provide a more coherent and integrated approach to service delivery. Likewise, some place-based local services could be better provided at a local level.

Improved influence over local economic growth and prosperity

Given that the levers of growth in a county area are in different 'hands', with approaches to planning and housing delivery often disconnected from transport and infrastructure plans, the ability of individual councils to achieve economic growth is often outside of their individual control. However, a more collaborative approach at the county scale would overcome some of these challenges and increase influence over economic growth in the area.

Empowerment of and engagement with communities

A collaborative approach would allow for each council to uphold their local voice with a continuation of the existing relationships with local communities. It would also have a greater ability to represent local people with a stronger single voice which would raise the profile and influence of the county and its residents. This may also support more local responsibility on behalf of residents and facilitate a turning point for the social contract by encouraging communities to do more for their local area.

What is needed to realise the potential for collaboration through County Deals?

Collaboration and the sharing of some functions is already prevalent across local government, in particular shared service arrangements.

However, the pattern of collaboration is highly variable, with few examples of collaboration at a county scale across the services highlighted previously. The variation within a county area reflects the difficulty that can be experienced in agreeing a common approach between the county council and all the districts. The patchwork of current collaboration is therefore currently preventing the sharing of risk and opportunity in a way that encourages innovation.

Previous research for the CCN⁵ has highlighted a number of areas that need to be considered if non-structural reform is to be achieved, many of which remain relevant for County Deals:

- To deliver radical change councils in county areas will need to commit resource in order to develop a structured programme, supported by a business case and dedicated governance. For example, consideration will need to be given to a number of conceptually challenging questions, such as finding agreement on spending and associated benefits, when the beneficiary council may not be the one providing incurring the expenditure.
- To support such collaboration the government should consider the development of a coherent cross-departmental policy framework outlining government expectations for non-structural service collaboration linked to on-going reform agendas, such as the government's waste and planning reforms.
- The government should also consider a review of legislative barriers preventing or inhibiting non-structural reform, including the balance of statutory powers between county and district tiers.

⁵ PwC. *Non-structural reform in English two tier local government (2018)*
<http://www.countycouncilsnetwork.org.uk/download/3858/>

Key considerations in asking for more power

Having looked at the existing powers and those that are emerging through the County Deal propositions, a number of questions emerge around the form and function that the powers ‘ask’ need to take in the County Deals. These will be important considerations for both central government and the county authorities themselves.

Reflecting the uniqueness of place

By 2041 28.2 million people will live in county authority areas. This will have profound implications on services, infrastructure provision and budgets. It is a scale of growth that is not seen in other authority types. However, this growth is not uniform across county authority areas, and whilst some areas will be focused on how best to plan and adapt to an imminent increase in population, for others it will be the changing demographics (eg an increasing elderly population) that will require a greater focus.

The challenge of housing and keeping pace with growth is a significant pressure on county authority areas, particularly when balanced against the increasing focus being placed on protecting the national environment. Analysis of population growth versus dwelling stock growth in our previous Place Based Growth report highlighted that there is a mixed picture emerging across county authority area with some seeing dwelling stock outstrip population growth and other seeing it lag significantly behind. There is also wide recognition that housing delivery is not and cannot just be a ‘number game’. It is about delivering well-designed housing settlements supported with appropriate infrastructure which together bring wider social and environmental benefits.

Alongside this, emerging macro trends – related to technology, sustainability and changing work patterns – will mean that growth will look different to what has gone before.

They therefore offer a broad reflection on different experiences, from those at the heart of driving economic growth through to those facing significant socioeconomic challenge. For example, productivity levels (as measured by GVA per job) can range from as high as £78,921 down to £48,274. Often this is reflective of the unique sectors that define county authority areas. At a very simple level this puts county authorities at the heart of – and critical to the delivery of the levelling up agenda.

They are however not a homogenous group. Each county authority, while sharing some similar traits and characteristics, is also different and unique. Different in both the opportunities it has and the challenges it faces.

County Deals and the powers granted therefore need to reflect an intimate knowledge of place. One that translates into a strong and evidenced-based rationale for both why that power should be granted and how it will enable the delivery of both local outcomes and national priorities.

Setting the right scale of ambition and innovation

Closely linked to the uniqueness of place is the issue of ambition and innovation.

With a clear precedent set through the existing deals one of the challenges facing county authorities is the extent to which they seek to extend their deal and powers requested beyond those that already exist.

It is a headline challenge that comprises a number of supplementary issues:

‘Existing powers’ can be complex to implement and establish

Experience from combined authorities would suggest that even those powers where there is extensive precedent (such as bus franchising) can involve complex negotiations and a significant investment of senior officer time – this is particularly likely to be the case with the two-tier dynamic and the fact that some powers may require pooling at a more strategic level. Therefore, there is an underlying concern to limit the ambition around powers to those where precedent exists. To establish a credible and functional County Deal and then explore opportunities to devolve more powers over time.

How committed are all Government departments to devolving power

The answer to this question is currently unclear to county authorities. With regard to the level of ambition, the uncertainty around a wider commitment across Whitehall is currently creating a cap. With a number of authorities consulted explicitly noting that there was an unwillingness to seek a broader range of powers without further clarity from government.

Questions also remain as to whether these are truly ‘devolution deals’ or much more limited ‘City deals’ – something which is discussed more in the next section.

Key considerations in asking for more power (cont'd)

Innovation carries risk

Innovation in all sectors comes with the risk of failure – at worse – and the emergence of unintended consequences. Therefore, in the context of the County Deals it is only natural that there is a nervousness around pushing the level of ambition and innovation in the ask for new powers too far.

Add into this decision making the awareness of the complexity of implementing “existing powers” and an uncertainty around the level of commitment from all Government departments and the conditions. Coupled with the resource limitations and the pressures of COVID-19 that exist within county authorities and the conditions are not currently ones that will foster innovation.

Therefore, there is a clear need for central government to provide clarity around the expectations for ambition and innovation and to provide the space – and potentially the capacity (either people or funding) – to explore the potential around new powers.

The importance of funding

The availability of funding is of course a key aspect of the granting of powers to county authorities. It is seen as a pre-requisite to enabling delivery and driving change at a local level.

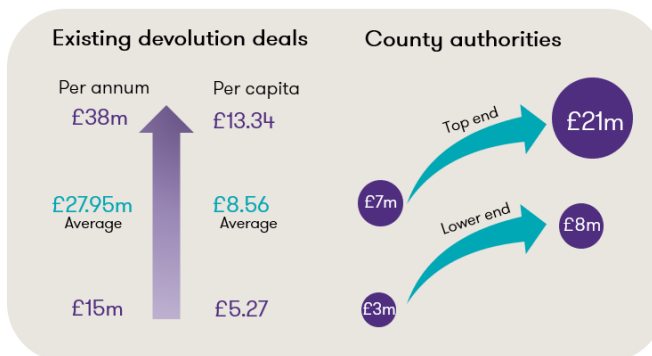
The ‘existing powers’ providing funding in two broad ways:

- The devolution and granting of control of an existing budget line with examples including adult skills in Sheffield Greater Manchester, the West Midlands, West Yorkshire and West of England or transport in Cambridgeshire and Peterborough and Tees Valley.
- The provision of specific monies or funds. With all existing deals (except Cornwall) including the provision of an investment fund element. Greater Manchester and West Yorkshire have also received additional funding pots for specific projects such as HS2 infrastructure, transforming cities, housing and homelessness and mayoral capacity in Greater Manchester and transforming cities, housing, heritage, station infrastructure, flood management and digital skills in West Yorkshire.

Figure 6 shows that the investment funds within the existing deals range from £15 million to £38 million per annum with an average of £27.95 million. Per capita the range is £5.27 to £13.34, with an average of £8.56.

Translating this per capita range to the county authority footprint would result in investment funds ranging from c£7 million to c£21 million if it was as the top end of the range and c£3 million to c£8 million at the lower end.

Figure 6: Investment funds in existing deals and estimated county equivalent



Capacity funding to support the development of County Deals will be important. For example, the Towns Fund capacity funding was crucial for supporting the process of developing good Town Investment Plans. Funding was allocated according to population size, using the ONS categorization of small, medium and large towns and ranged by local authority from £604,038 down to £140,000. Similarly, for the Levelling up Fund, a flat figure of £125,000 of capacity funding was given to all eligible local authorities which were the 93 local authorities in category 1 of the index of priority places, of which 44 fell within county authority areas. This equates to £5.5 million in capacity funding across county authority areas.

Importance of funding to achieving levelling up

Funding is also seen by county authority leaders as being key to achieving the ambition to level-up the ‘left behind’ parts of their county. This is evidenced in a recent survey by CCN which shows that extra funding for the county each year was considered almost equal in importance to devolved powers.

Our previous Place Based Growth report showed that there has historically been disparity in the allocation of funds between county authorities and non-county authorities. Looking at four specific funds (including EU funding and Innovate UK grant) we found that the total funding received by county authorities was £11,262m whilst for non-county authorities the total was higher at £14,001m. This is equivalent to £438 per head of population in county authority areas and £463 per head in non-county authority areas.

Devolving funding directly to upper-tier authorities will help to build capacity to deliver strategic growth priorities. Of particular importance will be devolving the Shared UK Prosperity Fund (SPF) to county areas which could help to tackle some of the entrenched regional disparities that impact counties.

Key considerations in asking for more power (cont'd)

Learning from existing funding

Through existing funding mechanisms (and their associated guidance) such as the Towns Fund and Levelling up Fund alongside the review of the Green Book (at the end of 2020) it is clear that place is playing an increasingly important role in shaping activity and funding around local economic development.

It's clear from the guidance for these funds that place has to set the strategic agenda. It creates the golden thread that needs to flow through bids and investment plans. Alongside this community and stakeholder buy-in is essential, with deliverability critical.

Each of these factors – a focus on place, ensuring community and stakeholder buy-in and enabling delivery – are present in the County Deal process.

County Deals therefore provide a valuable opportunity for government to further embed these principles through the Levelling Up White Paper and beyond. County Deals also offer the potential to create a mechanism to simplify funding processes, reducing the administrative burden on both central and local government from different competitive bidding processes. Furthermore, County Deals provide an opportunity to take a more strategic approach to the investment of the other funds moving forward.

The level of priority across government departments

As identified above uncertainty currently exists around the extent to which devolution is a priority within Central Government. This uncertainty is generally expressed in two main ways:

- Are County Deals effectively city deals with a governance overlay or is there a genuine desire to devolve power to county areas in order for them to deliver growth and change in their places?; and/or
- Will powers and devolution be limited to those in the sphere of control of the Department for Levelling Up, Communities and Housing (DLUCH) or will there be wider involvement and commitment from other departments particularly the Departments for Business, Energy and Industrial Strategy (BEIS), Digital Culture Media and Sport (DCMS), Education (DfE), Transport (DfT) and Health and Social Care (DHSC), Environment, Food and Rural Affairs (DEFRA).

Providing clarity around these points will therefore need to be a key component of the discussions between county authorities and central government as it will drive the level of ambition and ensure that County Deals are fit for purpose in terms of contributing to the delivery of levelling up. The recommendations at the end of the report seek to enable this.

The role of double devolution

Further consideration should also be given to the role that 'double devolution' could play in delivery and how this can help to ensure that County Deals help support the delivery of levelling up.

It is an area that is already being developed in a number of the early County Deals, with 'double devolution' seen as an effective means of enabling county authorities to develop and expand the extensive work already undertaken in supporting and enabling community led initiatives and – perhaps more significantly – enabling processes to develop that facilitate and expanded the community role in the decision-making processes around their place.

If this can be achieved across all County Deals it would help to make County Deals a key policy lever in enabling government to achieve its objective of more effectively empowering local communities.

The balance between ambition and place priority

Ambition is a pre-requisite if levelling up is to be delivered

The need to ensure that County Deals are ambitious and innovative is of particular importance if they are to help to deliver the government's objectives around levelling up.

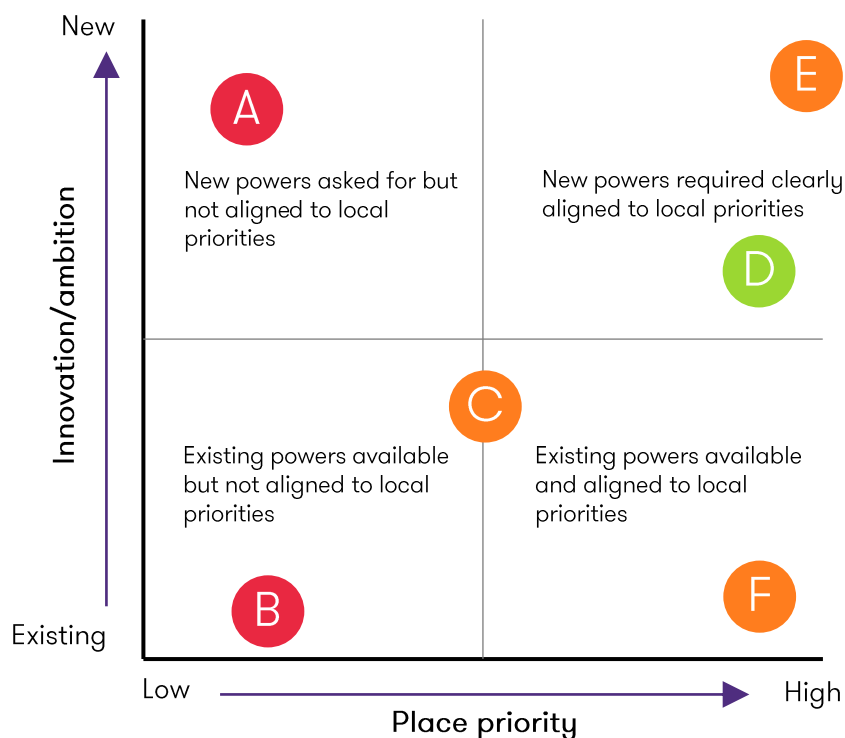
If the County Deals are to genuinely empower local leaders and communities then they need to have the powers to tackle the issues that matter to their places. For some issues, such as ensuring that communities are better connected to opportunities or creating effective and coordinated skills pathways that enable young people to access the employment opportunities and that local businesses have the talent pool they require to grow the "existing power" mix does provide the levers to begin to deliver change.

However, for others such as raising living standards, creating flourishing, safe and future-proofed town centres and improving public services requires a broader mix of powers – along with adequate time.

Levelling up at its heart is about addressing multi-variate and multi-generational challenges. An easy fix will simply not be possible.

The diagram below (Figure 7) seeks to visualise the tension between these two emerging issues – the uniqueness of place and the scale of ambition and innovation. Using six hypothetical County Deals, the diagram seeks to articulate where the challenges and the balance may need to lie between ambition and deliverability with those deals to the left-hand side (A, B and C) are simply not aligned to the priorities of the place; with F not ambitious enough and E not deliverable.

Figure 7: Uniqueness of place vs. scale of ambition/innovation



County Deal A ●

Deal identifies new innovative powers but does not make a compelling case for local priorities.

County Deal B ●

Deal uses existing powers but does not align these to local priorities.

County Deal C ●

Deal identifies some new powers which are broadly aligned to local priorities but question whether ambitious enough.

County Deal D ●

Deal identifies a number of new and innovate powers which align strongly with local priorities and need.

County Deal E ●

Deal identifies new and ambitious powers which align strongly with local priorities but question whether too complex to deliver.

County Deal F ●

Deal uses existing powers which are strongly aligned to local priorities but lacks innovation and ambition.

Conclusions and recommendations

How councils are approaching County Deals

We have spoken to a number of county authorities as part of our research, and there has been a lot of work undertaken already to formulate preliminary plans. A number of important reflections are emerging from these early discussions to inform the next stages in the development of County Deals.

Embracing a new approach

The majority of the draft proposals we reviewed had embraced the Government's change of approach to devolution through County Deals in terms of defining the geography, moving away from enforcing the Mayoral Combined Authority model and looking at devolving powers directly to upper-tier councils.

Links to strategic outcomes

Most of the draft proposals we have discussed focused strongly on outcomes, and in particular the benefits to the public from devolution. Given that the creation of new governance models and the political negotiations to reach a deal will take time and effort, and incur some cost, it will be important to clearly set out what the outcomes will be. This will support local consensus building, as well as setting out a strong case to government.

Phasing the roll out of powers

A feature of a number of current proposals is the initial ambition to create a platform for devolution that can be built on over time. Therefore there are choices on which devolved powers to seek as part of an initial County Deal, anticipating further possible powers in later years. Some authorities have recognised that some powers will be harder to implement than others, for example, health and social care integration. However, these county authorities also recognise opportunities for relatively quick wins, such as adult education which would come with its own discrete funding.

The counter view to this is that there may be benefits to making the changes with a single step – for example, it may be an advantage to set out an ambitious and compelling argument for a County Deal from the outset. This also reduces the risk that devolution happens at too slow a pace with at too high a cost.

Regional connectivity

A number of county authorities recognised the importance of linking their County Deal proposals to those of other applicants, or with existing devolution deals, with a view to acknowledging how County Deals contributes to regional devolution. In some cases, this is combined with a phased approach, so that the initial phase would be to focus on powers within the county boundary, but with a second phase that looked to link with others to deliver devolution on a regional scale.

Double devolution

A number of proposals discuss the idea of 'double devolution' where some powers are cascaded down to districts, towns and parishes. This has advantages relating to the engagement and investment of other partners in the devolution plan.

Incorporation of other partners

Most proposals we have seen focused on powers from the point of view of traditional county authority services. However, in some cases engagement with other partners such as the Police and Crime Commissioner had resulted in the ask for powers including those linked to community safety. This approach could substantially add to the level of ambition being demonstrated to government.

Building on existing collaboration

One of the strongest themes was the desire to build on existing governance architecture – such as Growth Boards and other collaboration arrangements. The uncertain future of LEPs also fed into this thinking, as they were key members of many of these boards. The economic and regeneration focus of these boards means that significant adaptation may be required to broaden the membership to accommodate a wider range of powers and priorities. However, the major benefits of developing existing good relationships were recognised.

Focus on proven models and innovation

There was a lot of commonality on the powers being asked for via the draft County Deal proposals, and it is clear that existing devolution deals were a key reference point for what could and could not be successfully devolved. However, some proposals went a stage further in asking for devolved powers around net zero emissions, including new approaches to energy generation and creation of centres of excellence.

Efficiencies and joint working

County authorities are conscious of the County Deal principles and the subsequent messaging from government. As was the case with previous rounds of LGR, devolution is expected to bring with it greater financial efficiency. Where this was explored in the proposals it tended to be in the form of high level aspirations, but it will be important for future proposals to set out clearly and in more detail where cost efficiencies will come from.

The influence of LGR

Some county and district authorities are still considering LGR proposals within their geographical footprint and this remains a possibility under the County Deals principles, with County Deals seen as a component of this or as a next step after the establishment of new county unitaries. Other authorities are taking lessons from past attempts to implement LGR that ran into difficulties and have acknowledged the need to re-build relationships with district councils and neighbouring unitary councils.

Finding the appropriate governance model

Finding the right governance model for a particular County Deal proposal is not something that can be easily prescribed, and will involve careful consideration of a wide range of factors. We have undertaken the following analysis to demonstrate how some of these considerations come together to influence the choice of model.

In the diagram below (Figure 8) we have plotted the relative level of ambition of the County Deal against the relative complexity of the economic geography. This is to illustrate the level of difficulty of delivering a County Deal proposal that is sufficiently ambitious to attract a deal in the first place, but that is also a realistic proposition in terms of deliverability.

The attempt to measure ambition and geographical complexity is highly subjective, however for the purposes of this analysis we have considered the following elements:

Scale of ambition

- Scope and breadth of powers
- Level of innovation
- Speed of delivery
- Impact on outcomes

Geographical complexity

- Political and strategic alignment
- Ability to build on mature collaborative frameworks
- Co-terminosity of key public sector agencies
- Number of key partners

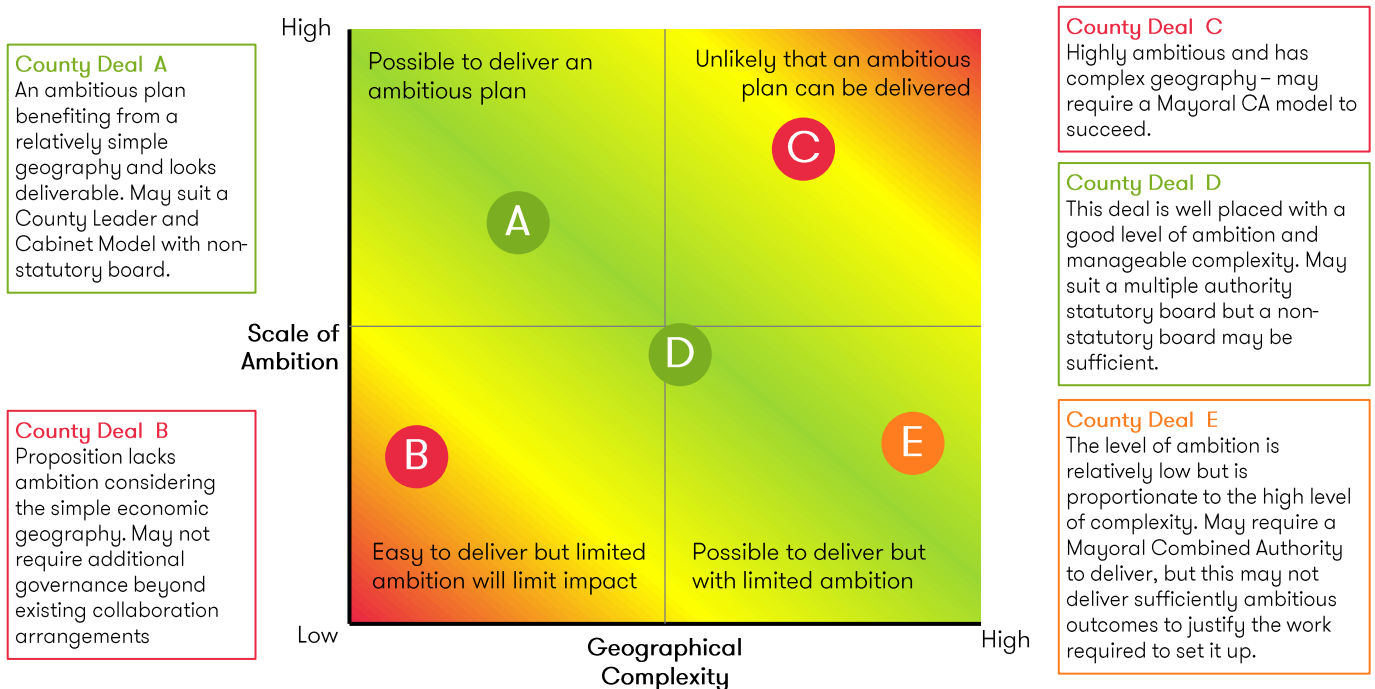
The resulting 'heatmap' illustrates where the level of ambition is low and the geographical complexity is also low, a proposal in this space is unlikely to be sufficiently compelling to attract a County Deal.

Conversely, where the scale of ambition is high but the geographical complexity of the county area is also high, the deliverability of the proposal is called into question.

The overall result is a green 'sweet spot' running from the top left to bottom right of the chart where a deal should be achievable.

We have then plotted a number of potential County Deals onto the heatmap and considered what the appropriate governance model might be. It is important to note that a high level of ambition and geographical complexity is also likely to require a strong form of governance.

Figure 8: Heat chart – level of ambition v geographical complexity



The dialogue with government

Reflections on the white paper

The government's planned white paper on levelling up is likely to be high level and leave plenty of freedom for councils to develop their own vision.

It is doubtful that government will want to get embroiled in local disputes and conflicting plans. We have seen with previous rounds of devolution, LGR and police-fire governance reform that government is unlikely to back coercive measure or force change upon unwilling participants – even deals do not require the consent of partners to proceed.

Our analysis shows that the expectation that powers will be devolved to existing county authorities, as opposed to other bodies, provides a degree of control and the platform to deliver more readily deliverable governance models. However, in order to maximise the benefits, it is likely that County Deals will require a degree of local consensus to optimise the level of success and ambition achieved.

Depending on broader geographies, some County Deals may be expected to include neighbouring unitary councils who would otherwise be at risk of being excluded from the devolution agenda. There is no indication yet that devolution deals for isolated small to medium unitaries will be offered in future and it is hard to see how this might work. Unitaries with larger geographical footprints, or who may have the option of grouping together with other unitaries, could of course create sufficient economic scale to attract a devolution deal in their own right.

Do these deals reflect true devolution?

It will be important that County Deals reflect genuine devolution and are comparable to those given to existing Combined Authorities, rather than being closer to area based funding with new governance arrangements (such as the more limited City Deals). For this to be the case, forms of fiscal devolution may be necessary, however it is not clear the extent to which government will be prepared to support this.

Will these deals help levelling-up?

Ultimately, if County Deals are going to have a genuine impact on levelling up they will require access to significant new investment. However, the government's guidance to date has been clear that the focus should be on new powers, rather than new funding. The uncertain future of LEPs could open up the possibility of a greater role for county authorities to access the levers of economic growth, and it will be important for county authorities to put forward a compelling case as to how a County Deal can be used to drive strong economic growth to support levelling up.

There will be a variety of approaches

There are a number of different strategies that councils are adopting when considering a County Deal, and our discussions around the early proposals covered a range of approaches:

Early Adopters

We know that a number of county authorities are keen to be in the first wave, with these early adopters acting as pilots to the County Deal approach.

First Followers

A number of other county authorities are likely to wait until the first wave to have been confirmed, with the intention of taking learning from the early adopters to help inform their proposals.

Second wave

Some county authorities are preparing themselves to be ready to be part of a second wave, and have not yet significantly invested in developing their proposals. They can benefit from the learning from earlier implementers and will have time to refine their proposals. However, they may suffer from further delay as a backlog develops and opportunities for government investment may diminish.

Wait and see

Some county authorities are prepared to wait and see how the County Deals policy develops, particularly where they are currently involved in other strategic regional initiatives such as LGR or discussions concerning the development of existing combined authorities.

Recommendations: Local government

We set out below the key actions required from local government, based on the results of our research and analysis. Councils seeking a County Deal must bear in mind the ‘guiding principles’.

Geography

- Embrace the broader definition of a sensible economic area through consideration of the functioning economic area alongside the additional and important operational, service and cultural factors that may have been overlooked in previous devolution proposals. The case to government should reflect how these different considerations have played out in the development of the County Deal.

Powers and Funding

- Ensure there is a ‘golden thread’ in the case made to government that links power asks back to the unique challenges and opportunities of place.
- Ensure there are the right mix of powers that will genuinely tackle local challenges.
- Strike right balance between level of innovation/ambition and ease of deliverability.
- Consider how powers could be phased to have maximum impact.
- Consider the role that ‘double devolution’ could play in delivery and how this can help to ensure that County Deals help support the delivery of levelling up.

Governance

- County authorities should consider the range of alternatives to the mayoral combined authority model which can provide more appropriate vehicles for county based devolution and are more readily deliverable.
- The choice of governance model is highly dependent on a large number of local factors and will need to be carefully assessed on a case by case basis.
- The choice of governance model should be pragmatic and reflect the complexity of local geographies, including political alignment, the quality of existing partner relationships and the number and relative influence of other component councils.
- It will be important that County Deals do not isolate unitary authorities within the sensible economic geography and ensure that the chosen governance model facilitates the appropriate level of influence over strategy and decision making for all component authorities.
- County authorities will need to consider how to ensure that district councils are effectively incorporated into devolution and how this should be balanced with an appropriate and proportionate level of influence over decision making in regard to devolved powers. This includes appropriate measures to ensure that the power of veto cannot be used to prevent progress being made by the majority in favour.
- Consider how existing collaboration such as Economic Growth Boards can be evolved to provide an established platform for County Devolution.
- County councils and unitaries should consider how the interests of other public bodies can be effectively incorporated in the devolution of powers (e.g. PCC powers around Community Safety).
- Consider how the governance model can facilitate connectivity with other evolving devolution arrangements in neighbouring areas and how this might facilitate wider regional devolution in future.

Recommendations: Central government

We set out below the key actions required central government, based on the results of our research and analysis. The government should confirm and embed the “guiding principles” of County Deals.

General

- Government should have a rolling programme of County Deals, that ensures areas beyond the initial ‘deals’ are also in the position to move forward quickly to negotiate deals whilst preventing areas from being left behind in the context of needing to support the economic recovery.
- Individual deals and the supporting governance arrangements would benefit from a degree of co-design with central government and the Levelling-up Team which will help with the alignment of partners and promote mutual understanding. This may extend to help with brokering a deal where there is differing political leadership among the partners.
- Government should ensure that the overarching principles of County Deals are maintained, including having upper-tier councils as the accountable body and involving districts ‘where appropriate’ without the need for consensus.
- In order for non-structural reform to be meaningful and effective, it needs a framework around expectations for collaboration and pooled strategic services.
- Decisions over the future of local government funding should consider how to facilitate devolved decision making over the generation of locally sourced revenues such as tourism taxes.
- The Department for Levelling Up, Communities and Housing (DLUCH) should act as a conduit to ensure that there is wider involvement and commitment from other departments particularly the Departments for Business, Energy and Industrial Strategy (BEIS), Digital Culture Media and Sport (DCMS), Education (DfE), Transport (DfT), Department for Environment, Food and Rural Affairs (DEFRA) and Health and Social Care (DHSC)?
- Decide the future of LEPs to enable County Deals to explicitly enable their powers and responsibilities to be adopted by new devolved governance models.
- Government should support collaboration by using funding incentives to bring more people to the table.
- County Deals should not just be limited to devolved powers, of equal importance will be new funding.
- The Government should take every opportunity to aggregate pre-existing funding and new funding in support of the outcomes and activities agreed through County Deals, to ensure optimum efficiency.

Geography

- Government should continue to use the approach on ‘sensible economic geographies’ based on county geographies as this has provided much needed clarity and has helped to avoid unnecessary protracted debates.
- Government needs to provide clarity on how to achieve County Deals where a geography includes more than one top-tier council.
- Government to provide clarity on what geography would be too small to constitute a ‘sensible geography’.
- The Government should fully recognise the distinctiveness of places and accept that in doing so, the variability between places will require an open and flexible approach to County Deals.

Powers and Funding

- Government must ensure that powers won’t be restricted to a ‘menu’ of options as seen in much more limited city deals. The Government should maintain an approach that seeks to provide at least parity with the powers and funding available to mayoral combined authorities, while seeking to go further with more ambitious proposals.

Governance

- The analysis shows that the Mayoral Combined Authority is not the optimum model for County Deals in most cases and the Government should maintain its commitment to explore alternative governance options outlined in this report. Our analysis shows these provide a number of viable and readily deliverable governance models that have the potential to exercise powers on the scale of existing devolution deals.
- Government should provide further guidance on the role of Unitary authorities in county based devolution and what alternative governance options are available where agreement cannot be reached for a mayoral combined authority.
- Consider amending legislation to enable combined authorities to be established without the consent of all constituent councils where a case can be made.
- Consider whether the current restrictions over the configuration and role of existing statutory boards such as Economic Prosperity Boards, Joint Committees and combined authorities could be relaxed, to enable the establishment of more flexible arrangements.

About us and contacts

Grant Thornton UK LLP

Grant Thornton UK LLP has a well established market in the public sector and has been working with local authorities for over 30 years. We are a leading provider of advisory, consulting and audit services, counting over 40% of English upper-tier local authorities as clients.

Our approach draws on a deep knowledge of local government, combined with an understanding of wider public sector issues. We have significant insight, data and analytics capabilities which supports our advisory and consulting work with local government. Our team comprises consultants, analysts, researchers and developers with a range of backgrounds which includes operational roles in the sector. Much of our work is underpinned by our national insight, data and analytics, which help to shape location and customer strategies.

We are backed by a wider firm that offers 3,500 specialists across a wide range of business advisory services working from 27 UK offices.

We have a deeply collaborative approach, and we work effectively across systems and with organisations from the public, private and third sectors. Our people, have a strong public service ethos, who are proud to be part of our client's improvement journeys including through the implementation stage.

If you have any questions about this report or would like to find out more about our approach to working with local government please contact:

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County Councils Network

Founded in 1997, the County Councils Network (CCN) is the voice of England's counties. A cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.

In total, the 23 county councils and 13 unitary councils that make up the CCN represent 26 million residents, account for 39% of England's GVA, and deliver high-quality services that matter the most to local communities.

The network is a cross party organisation, expressing the views of member councils to the government and within the Local Government Association.

General Enquiries:

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Appendix

Appendix A

Scale of potential devolved funding in county authorities – Methodology

The source data for this analysis is derived from HM Treasury data published in 2020 which provides statistical estimates for the allocation of identifiable public service expenditure between the UK countries and 9 English regions. To create estimates for county authority areas we took the expenditure per head figures for each region and multiplied this by the population of the county authority area in order to get a total estimated figure for each county authority area. These were then aggregated up to obtain a total figure for all county authority areas. The overall average figure is simply an average of all county authority figures.

Totals were adjusted to account for the fact that some of this spend will relate to existing local government expenditure (i.e local roads and waste management) or possibly will not be going towards public expenditure (i.e social security). We have also excluded other areas such as police, health and other major public services that are unlikely to be in the scope for devolution initially. For full details on what expenditure lines have been included or excluded please see the table below.

	Lines included	Lines excluded	Total (£ billions)	Average (£ billions)
Education	Post-secondary non-tertiary education; Tertiary education; Education not definable by level; Subsidiary services to education; R&D education; Education n.e.c.	Pre-primary and primary education; Secondary education	4.40	0.12
Transport	Transport of which national roads; of which local public transport; of which railway; of which other transport	Transport of which local roads	9.08	0.25
Economic affairs	General economic, commercial and labour affairs; Agriculture, forestry, fishing and hunting; Fuel and energy; Mining, manufacturing and construction; Communication; Other industries; R&D economic affairs; Economic affairs n.e.c.;		10.35	0.28
Housing and community amenities	Community development; Water supply; R&D housing and community amenities; Housing and community amenities n.e.c.	Housing development (of which: local authority housing, of which: other social housing); Street lighting	1.38	0.04
Environment protection	Waste water management; Pollution abatement; Protection of biodiversity and landscape; R&D environment protection; Environment protection n.e.c.	Waste management	0.96	0.03
General public services	General services; Basic research; R&D general public services; General public services n.e.c.	Executive and legislative organs, financial and fiscal affairs, external affairs; Foreign economic aid	1.67	0.05
Public order and safety	Fire-protection services; Law courts; Prisons; R&D public order and safety; Public order and safety n.e.c.	Police services (of which: immigration and citizenship, of which other police services)	5.06	0.14
Social protection	n/a	All	n/a	n/a
Recreation, culture and religion	n/a	All	n/a	n/a
Health	n/a	All	n/a	n/a
Defence	n/a	All	n/a	n/a
TOTAL			32.90	0.89



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