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## Minutes of the Overview and Scrutiny Committee 19 January 2016

### Present:

Councillor A.E. Friday (Chairman)

### Councillors:

S. Capes	I.T.E. Harvey	A. Neale
R. Chandler	A.T. Jones	H.R.D. Williams
K. Flurry	J.G. Kavanagh	
N.J. Gething	S.C. Mooney	

**Apologies:** Councillors D. Patel, O. Rybinski and B.B. Spoor

### In Attendance:

Councillor D. Saliagopoulos, Cabinet Member for Economic Development and Fixed Assets

### In Attendance for Item 5. – Presentation on Proposals for Devolution

Councillors S.A. Dunn, C.M. Frazer, R.W. Sider BEM and H.A. Thomson

### 9/16 Minutes

The minutes of the meeting held on 10 November 2015 were agreed as a correct record.

### 10/16 Disclosures of Interest

Councillor K. Flurry disclosed a personal interest in agenda item 7. Performance Review of Contracts due to his being an employee of the Council's grounds maintenance contractor: VPS Lotus Landscapes Ltd. He would remain in the Council Chamber to take part in the discussion on this item.

### 11/16 Call-in of Cabinet decisions

No Cabinet decisions had been called in for review.

### 12/16 Presentation on proposals for devolution

The Committee received a presentation from David McNulty, Chief Executive of Surrey County Council and Robert Cayzer, SCC Senior Policy Manager on the Three Southern Counties (3SC) proposals for devolution.

He explained that the 3SC (East Sussex, West Sussex and Surrey) authorities were pursuing a devolution deal with government to improve outcomes for local residents and businesses through economic growth, enhanced productivity and a transformation in public service delivery. The 3SC were taking advantage of the government's commitment to devolving powers and resources to a local level, allowing authorities to make collective decisions about key services affecting the whole area.

Mr McNulty said that the economy of the 3SC had a combined GVA (Gross Value Added) of £74 billion, bigger than Wales or Greater Manchester, making a significant net contribution to the national exchequer. However, the area's future economic performance, and the quality of life of local residents, was at risk because of creaking infrastructure and the challenges that businesses faced in recruiting and retaining staff.

The 3SC substantive devolution proposition comprised 6 workstreams: infrastructure; housing and planning; skills; public service transformation; fiscal devolution; and governance.

The 3SC was seeking a devolution deal with government, to enable it to grow its contribution to the national economy by:

- Agreeing a long-term infrastructure strategy to improve capacity on the rail and road networks and develop the digital infrastructure;
- Action to accelerate housebuilding and improve the range of housing available;
- Greater engagement with business, education and others to ensure employers have access to the skills they need and address barriers to employment for people with lower skills;
- Public service transformation to meet the needs of residents at less cost.

Central to its proposition was a commitment to greater collaboration across the 3SC, enabling rapid progress on infrastructure improvements, house building, skills development and public service transformation.

To ensure the new governance arrangements were fit for purpose, the 3SC planned to:

- Establish a mechanism for collective binding decision making across the 3SC area;
- Create a clear point of accountability for the local delivery of their devolution deal.

Mr McNulty also referred to plans for 'double devolution', which could be progressed with or without the 3SC proposals. This would be progressed by way of discussions between the 3 Counties and 23 boroughs and districts to decide what powers can be devolved from County level to borough and district level. The boroughs and districts would be the place leaders for these discussions so, ultimately, the result of 'double devolution' would look different in different parts of the County. He said that the driver for the decisions on

'double devolution' would be, 'can we demonstrate better value for residents by doing things a different way'.

Mr McNulty concluded by saying that the 3SC was confident that, if it agreed a devolution deal on this basis, in five years' time it would have delivered:

- Accelerated housing delivery to 2020 to increase the supply of housing in the 3SC area;
- A firm programme for improving crucial transport corridors;
- A reduction in hard to fill vacancies and skills gaps;
- A proven shift to preventative activity with a consequential reduction in costs.

Members of the Committee and other councillors in attendance asked questions of Mr McNulty on his presentation.

The Chairman thanked Mr McNulty for his presentation and said that the Council looked forward to working with the 3SC on double devolution.

**Resolved** to note the presentation on The Three Southern Counties proposals for devolution.

### **13/16 Corporate Project Management update**

The Committee received an update from the Head of Customer Services on progress with the Council's priority projects and the Towards a Sustainable Future (TaSF) programme. She reported on the progress being made with various aspects of the Knowle Green Programme and the 13 corporate projects.

She explained there had been a delay in the structural review under TaSF, to allow Management Team to fully appraise the new Leader of their plans and allow the political administration an opportunity to reflect and confirm its corporate priorities. This would ensure the new structure was aligned to help deliver those priorities.

**Resolved** to note the progress report on:

1. the Towards a Sustainable Future programme and work stream updates
2. the status of the Corporate Projects dashboard and Spelthorne projects map and
3. the work the Corporate Project Team was undertaking to promote good practice and support project managers.

### **14/16 Performance Review of Contracts**

The Committee received a report giving details of the performance monitoring arrangements for the Council's top spend contracts, which included: grounds maintenance; vehicle supply – contract hire of street cleansing and refuse collection vehicles; Leisure Centres; provision of monitoring and maintenance services of CCTV, Knowle Green cleaning contract;

management of Staines-upon-Thames market; processing of recyclables and 'meals-on-wheels' supply of vehicles and food.

The Principal Solicitor advised the Committee that the performance monitoring provisions of all the contracts were carefully considered to ensure they were appropriate to the goods/works/services being provided and to ensure contract managers could undertake effective monitoring. Where they could be appropriately measured, key performance indicators and systems of service credits were used. To achieve added value from the contractor, long term contracts centred on a 'partnership' approach rather than arbitrary enforcement. This had been demonstrated to achieve better results.

**Resolved** to note the report on the performance review of contracts.

### **15/16 Treasury Management half-yearly report**

The Committee received the Treasury Management half-yearly report on treasury performance for the first six months of the financial year to the end of September 2015. The Council had invested substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The report covered the council's treasury activity and the associated monitoring and control of risks.

The Principal Accountant advised the Committee that the overall average annualised rate of return on investment for the first six months was 2.25%. This was 0.42% higher than for the equivalent period last year. This improved performance was due to the continued positive performance of the Council's current pooled funds and bond investments and also the usage of newly identified investment opportunities when possible, to maximise return.

The Committee commended the Chief Finance Officer and his team on their treasury management strategy.

**Resolved** to note the Treasury Management half-yearly report to the end of September 2015.

### **16/16 6-month Capital Monitoring Report**

The Committee received the Capital Monitoring report covering the period April to September 2015.

The Committee noted that for the period ending September 2015, capital expenditure including commitments was £428k (22%) of the original budget (excluding the Knowle Green and Housing Opportunity projects) and 21% of the revised budget.

The projected outturn showed that the Council was anticipating spending £1.736m which represented 85% of the revised budget.

**Resolved** to note the current capital spend position.

#### **17/16 6-month Revenue Monitoring Report**

The Committee received the Revenue Monitoring Report providing the net revenue spend figures to the end of September 2015.

The Committee noted the forecast outturn at net expenditure level was £14.525m against the revised budget of £14.536m; which was a projected favourable variance of £11k. The Committee noted that after taking into account the use of carry forwards, the net overall position was approximately £9k favourable variance.

The Principal Accountant highlighted the fact that there was a forecast £232k adverse variance on bed and breakfast expenditure for the current financial year due to increased demand. Officers were working on options to mitigate further increases in demand.

**Resolved** to note the current net revenue spend and forecast position.

#### **18/16 Leader's Task Groups update report**

The Committee received updates on progress with the work of the Leader's Sub-Task Groups for Assets and Regeneration in relation to Knowle Green and all other assets.

**Resolved** to note the work undertaken to date by the Leader's Task Groups.

#### **19/16 Cabinet Forward Plan**

The Committee considered the current Forward Plan of Cabinet items.

**Resolved** to note the Cabinet Forward Plan.

#### **20/16 Work Programme**

The Committee considered the work programme for the remaining meeting in the current Municipal Year.

The Chairman advised that there was insufficient development activity which had reached the levy stage, for a review of the operation of the Community Infrastructure Levy to come before the Committee at its March 2016 meeting but that the topic would come to a future meeting.

In its place he suggested a report on small/medium enterprise and job creation which had been raised by the Committee as a topic of interest at its July 2015 meeting.

A member of the Committee also requested a report on agile working to be noted on the work programme for a future meeting.

**Resolved** to note the work programme for the remainder of the municipal year subject to the inclusion of:

1. a report on small/medium enterprise and job creation for the March 2016 Committee and
2. a report on agile working for a future meeting.

## 3SC FAQs – January 2016

### **1. Who makes up the 3SC?**

The 3SC covers the county areas of East Sussex, West Sussex and Surrey, with a population of over 2.5 million. The economy of the 3SC has a combined GVA of £74 billion, bigger than Wales or Greater Manchester.

The devolution proposition is being developed by: 3 County Councils; 23 District and Borough Councils; 3 LEAs; businesses; 12 CCGs; 2 police forces and 2 PCCs; one Combined Fire Authority; South Downs National Park; and other wider public sector partners.

### **2. Why are 3SC pursuing a devolution deal?**

The councils in the 3SC area are pursuing a devolution deal with Government and their partners to improve outcomes for local residents and businesses through economic growth, enhanced productivity and a transformation in public service delivery. This seeks to create more jobs, improve infrastructure and boost skills within 3SC. Achieving this requires a greater influence and control over infrastructure and skills provision which is central to our devolution proposal.

Therefore, we are taking advantage of the Government's commitment to devolving powers and resources to a local level, which allows authorities to make collective decisions about key services which will benefit the whole area.

### **3. What have we asked for from Government?**

Government has an important part to play in enabling the 3SC to maintain and grow its contribution to the national economy through a devolution deal. In particular the 3SC are seeking: the pooling of relevant national funding streams locally; the ability to share the financial benefits of growth; Government support to help develop new relationships with key national agencies; speedier release of public land; exemptions from a number of regulations; and Government involvement in the co-design of public services.

### **4. Will this undermine SE7? The Councils involved have worked hard to establish SE7 as a brand so why aren't we just focusing on that?**

SE7 is a great success and we'll continue to build on that. From the outset we agreed that within the SE7 there would be different groupings, "coalitions of the willing", that made sense for different aspects of our collaboration. The 3SC area makes sense as an area with economic integrity, and which shares many issues arising from its proximity to London and previous growth on which to base a manageable devolution proposal.

## **5. What is the relationship between county, district and borough councils in this process?**

This is a joint venture between county, district and borough councils. We will jointly explore what might be possible; working differently and taking on powers and resources from the Government. It is about authorities at all levels working together on a sensible strategic geography to enable powers to be devolved from Central Government to Local Government. We will use those new powers to build on the partnerships that work well locally. We are also committed to a parallel programme of double devolution between the country and district councils in each county area.

## **6. Is this taking power from existing councils?**

No. The aim of the 3SC is to bring decision-making closer to communities and businesses. By working together, all the partners in the 3SC will have more influence on the national policy and funding they need to tackle the vital issues facing the area – including a creaking infrastructure and recruitment challenges for business. These are decisions that are best made by councils, not central government.

## **7. Is the area too big?**

No. The scale of the 3SC area puts it in a strong position to act on areas such as skills, infrastructure and public service transformation. It also provides the opportunity to test and quickly scale up work in these areas. The 3SC is the UK's gateway to the rest of the world through its close proximity to Gatwick and Heathrow. The required improvements in rail and road links to fully harness the opportunities this brings cover the whole of the 3SC and are not confined to one small area.

## **8. Why are we just copying Greater Manchester? Isn't this a bandwagon that might not be right in the SE?**

The work started by Manchester deal is pioneering and sets a level of ambition for Local Government that is game changing. Devolution within the UK has however been around a lot longer. Localism has also been a feature of recent Government policy. The early introduction of the Cities and Local Government Devolution Bill in Parliament demonstrates the new Government's commitment and the need for pace if we are to get a fairer deal for the residents, communities and businesses in Sussex and Surrey. It would be a failure of leadership not to explore the learning from Manchester and other examples to understand the potential benefits for our residents.



## **9. This playing games about regional committees, it won't do anything for residents.**

The proposal deals with the important things that matter to residents and the aim is to bring decisions about them closer to residents, involving people who know their areas and what they need. A devolution deal has the potential for the 3SC to bring together what are currently disparate and misaligned sources of funding into coherent strategies to deliver much better results on the ground for individual residents, families and businesses. There are real improvements in value for money, service quality and resident benefit that would follow this was got right and would put residents in the driving seat for 21<sup>st</sup> century services. It's precisely because we see the direct benefits for our residents and businesses that it is so keen to explore these opportunities.

## **10. Does it mean we will have a mayor for Surrey and Sussex? Does it also mean a combined authority proposition? Couldn't we offer a less formal arrangement or a Joint Committee?**

We intend to seek very substantial powers and responsibilities from Central government and national bodies. It is clear that Central Government will want assurance about delivery and accountability in exchange for new powers and funding. The governance arrangements need to be appropriate to both provide the assurance that the Government will want and the accountability we owe to local people.

There will be a governance review as part of the proposal and we are committed to both a mechanism for collective binding decision-making and accountability. This will ensure that decisions on prioritisation are taken collectively.

The 'Governance Review' will examine options for how all 26 local authorities would engage in the planning, approval and scrutiny of collective business to achieve binding decisions at the right level and with due process.

Securing equal representation through scrutiny will reflect the need for transparency and democratic challenge without imposing excessive obstacles to effective decision making. The design principles for effective scrutiny will be: transparency and openness; equality of involvement; and simplicity of process (no new burdens).

## **11 What does it mean for other partnerships?**

We are all involved in range of non-coterminous partnerships and it will need to be worked out how best that landscape evolves. The 3SC believes the focus must be on the difference that can be made first, then ensuring the governance is appropriate rather than starting with structures.

## **12. Sussex without Brighton & Hove CC?**

Brighton & Hove City Council has submitted its own Greater Brighton Economic Board devolution bid. We will work with them where this makes sense, for example, there is already joint work underway on infrastructure, skills and transport.

## **13. So when will all this start to make a difference? Won't it take years?**

We are moving quickly to put a set of concrete proposals together and aiming for a deal with Government by March. If a deal is agreed on this basis, we are confident that, in five years' time, we will have delivered: at least 34,000 new homes; a firm programme for improving crucial transport corridors; a reduction in hard to fill vacancies and skills gaps; and a proven shift to preventative activity with a consequential reduction in costs.

We will also focus on long-term investment in economic capital, including infrastructure, skills and knowledge that will lead to a modern transport system, a world-class digital infrastructure and a highly skilled workforce.

## **14. What happens next?**

Our 3SC Devolution Proposals were discussed with Baroness Williams, Parliamentary Under Secretary of State for Communities and Local Government on 14 January. We are now developing our proposals in more detail through discussions with government officials and partner organisations with a view to discussing a draft devolution agreement at a second Ministerial meeting.

## **15. How will partners be kept involved?**

As part of the 3SC communications and engagement strategy we will produce a regular newsletter that will include headlines, updates on the position of each of the workstreams and upcoming events.

## **16. What is the organisational structure?**

Each workstream will have a Member/LEP champion, CEO sponsor, CEO reference group and Workstream Lead.

## **17. How is this being managed?**

The CEO Sponsor has direct and overall accountability for the workstream. The role of the Workstream Lead is to provide day-to-day leadership for the workstream. There is also a Programme Office team.

## **18. How will all councillors be involved?**

Democratic decision making continues to reside with individual organisations. A 3SC Leaders Group has been established to give a political steer to the work and Leaders will ensure all Members in their Councils are kept up to date with developments.



The Three Southern Counties (the 3SC):  
The devolution proposition for  
West Sussex, East Sussex and Surrey

# The case for a 3SC devolution deal



- Rationale
- The prize and its benefits
- Our asks of Government
- Governance arrangements
- Workstreams
- Next steps

# The devolution opportunity



- A number of areas have already secured devolution deals – e.g. Greater Manchester, Cornwall and Sheffield City Region

- 38 areas, including the 3SC, submitted devolution bids to Government by 4 September 2015 deadline.

- It is important for East Sussex, West Sussex and Surrey to take advantage of this opportunity

- Aberdeen
- Cardiff
- Cheshire and Warrington
- Cornwall
- Cumbria
- Dorset
- Gloucestershire
- Greater Brighton
- Greater Essex
- Greater Lincolnshire
- Greater Manchester
- Greater Yorkshire
- Hampshire and Isle of Wight
- Heart of the South West
- Herefordshire
- Hull, Yorkshire, Leeds City Region and the Northern Powerhouse
- Inverness and Highland City
- Leeds City Region
- Leicestershire and Leicester
- Liverpool City Region
- London
- Norfolk
- Northamptonshire
- North East
- North Midlands – Derbyshire and Nottinghamshire
- Oxfordshire
- Sheffield City Region
- Surrey, West Sussex and East Sussex**
- Swindon
- Suffolk
- Tees Valley
- Telford and Wrekin
- West Midlands
- West of England
- Wiltshire
- Worcestershire
- York, North Yorkshire and East Riding

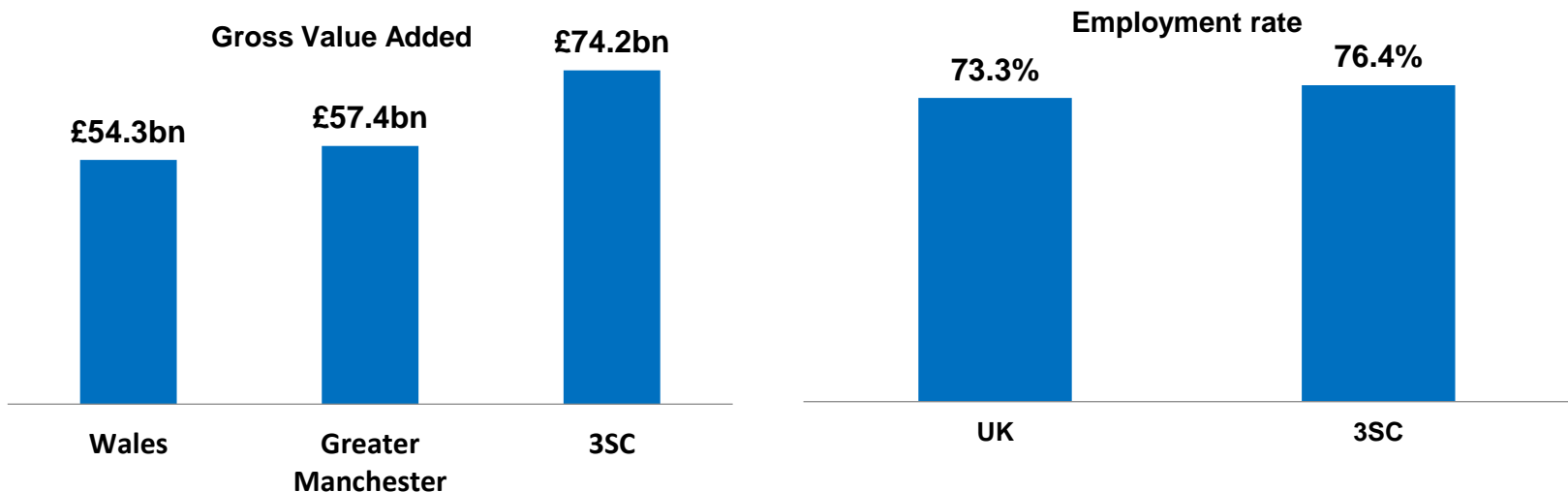
Devolution bids submitted to Government on 4 September 2015

# Why a devolution deal with 3SC?



- An internationally important economic engine:
  - A combined GVA of over £74 billion, more than Wales or Greater Manchester;
  - One of the highest employment rates in the country (76.4%);
  - Significant contribution to national exchequer.

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# Why a devolution deal with 3SC?



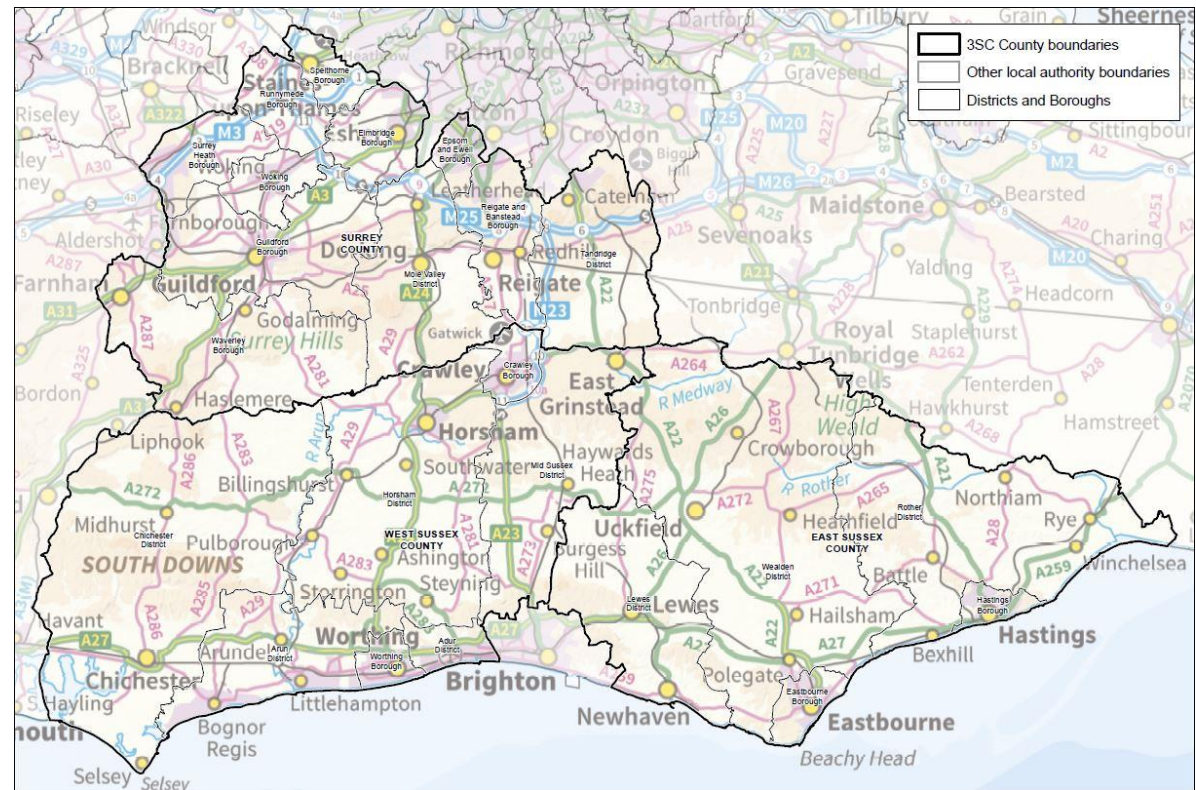
- Action needed to sustain and grow the economy:
  - Infrastructure beginning to creak;
  - Growing demands on public services;
  - Businesses facing recruitment challenges requiring action on housing and skills;
  - Parts of the area with unfulfilled economic potential.



# Why West Sussex, East Sussex and Surrey?



- Scale
- Relationship with London and Brighton







# What's our track record?

- Track record of partnership working through SE7;
- Effective collaboration with the 3 LEPs;
- Proven delivery capability;
- Orbis, Waste Collection in East Sussex, shared services (youth offending, fire control, procurement, assets);
- Close collaboration with CCGs on Better Care Fund and integration of health and care;
- Public service transformation work on troubled families and blue light.



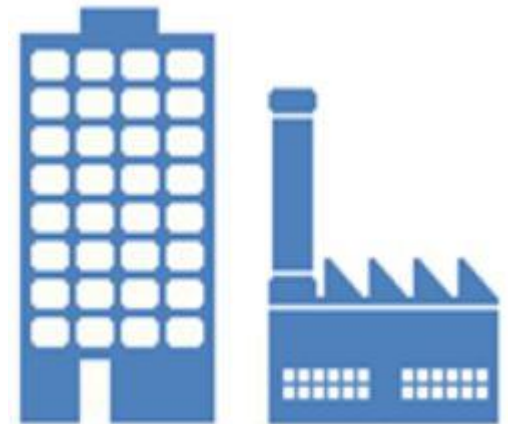
# What's the prize?

- Sustained economic growth, strengthening our contribution to national economy and exchequer;
- Releasing full economic potential of the area;
- Significant benefits for local residents;
- Making the 3SC area an even better place to do business and live in by:
  - A long term shared infrastructure strategy;
  - Accelerated house building;
  - Short and long term action on skills;
  - Smart specialisation in pioneering sectors such as 5G
  - Public service transformation.



# Who will benefit?

- Residents
  - More housing for people to live closer to their work.
  - Less road and rail congestion, improved journey times and reliability.
  - Job creation.
  - Improved digital infrastructure.
  - Public services delivering better outcomes and improved value for money.
- Business
  - Improved transport and digital connectivity.
  - A more skilled, adaptable and flexible workforce.
  - Enhanced trade and inward investment by improving connectivity to our international links (ports and airports).
  - Strengthened support for business.





# What's our offer?

- Positive planning for a better mix of housing delivery;
- Pool resources (eg an investment pot) and share expertise to achieve maximum impact;
- Robust prioritisation of devolved resources;
- Build on relationships with businesses, colleges and universities to fill skills gaps;
- Test new approaches – e.g. to speed up house building or to tackle troubled families;
- Double devolution.



# What are our asks of Government?



- Pooled and devolved resources to enable local prioritisation, with a long-term (10 year) commitment;
- Greater level of influence over national skills and employment activities and budgets;
- An ability to retain the benefits of growth;
- New relationship with key national agencies;
- Freedoms and flexibilities to enable action on infrastructure, housing and skills.
- Government involvement in the co-design of public services.



# What governance arrangements are required?

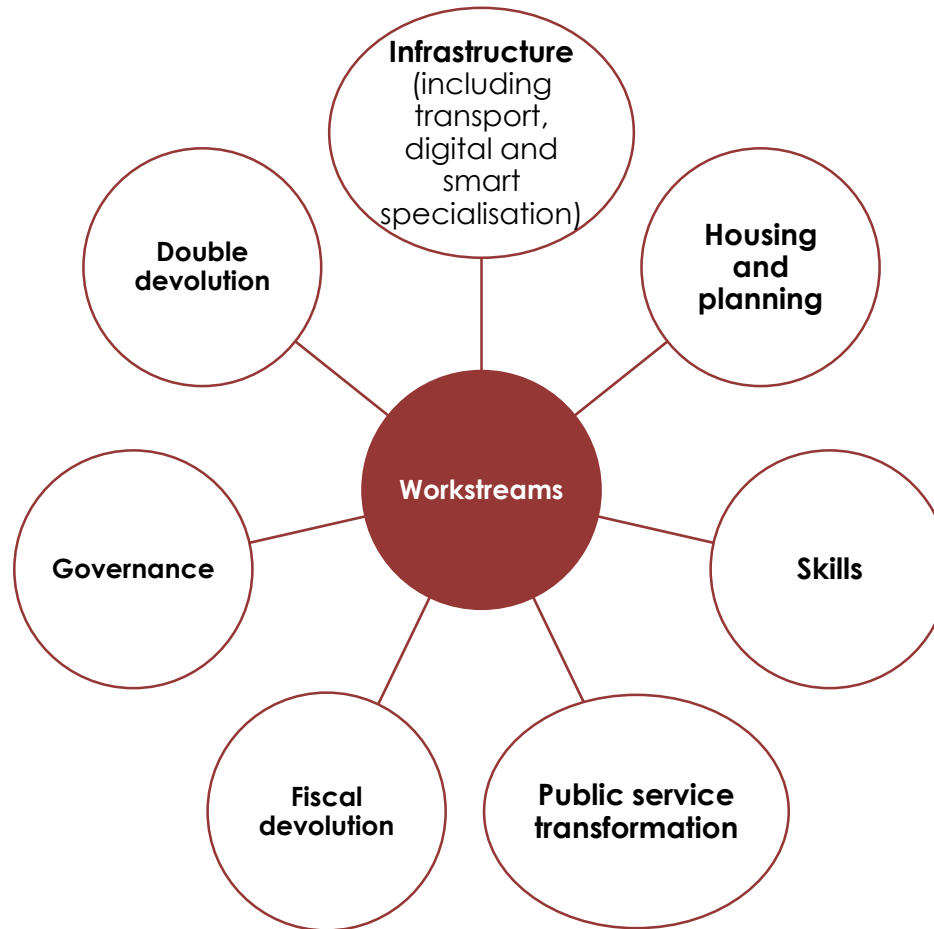


Governance arrangements which provide a mechanism for collective binding decision-making

There will be a governance review, which will involve Members, residents and partners



# What are the workstreams?

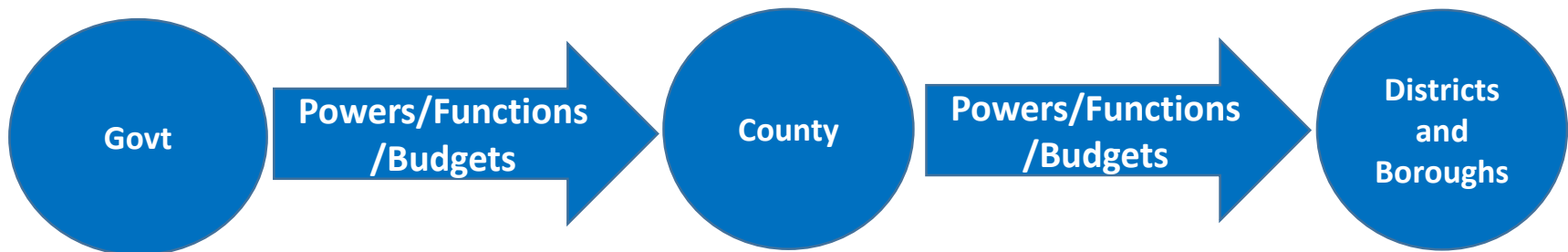


\* Each with a Leader champion, CEO sponsor and workstream lead.

# Double devolution



- The three county areas are committed to exploring “double devolution” in distinctive ways.
- Workstream will run in parallel to the devolution negotiations with Government.
- A new settlement between counties and districts will be crucial in:
  - Achieving a number of objectives from the proposed deal in relation to infrastructure, housing and planning; and
  - Securing public service transformation.
- Different District and Borough groupings are leading this work across the 3SC. Trevor Pugh from Surrey CC is coordinating work in Surrey.





# Ministerial challenge session



- Held on 14 January with Baroness Williams of Trafford.
- Very positive meeting.
- Gave confidence a devolution agreement can be negotiated with Government.
- Good discussions on housing, particularly on use of brownfield sites and surplus Government land and buildings.
- Important to make substantial progress on governance arrangements.





# What next?

- Develop the propositions in more detail with Government.
- All Councils take decisions in accordance with their internal governance requirements to support the 3SC deal.
- Prepare for a Governance review.
- Working towards a second ministerial meeting including:
  - Working with government officials;
  - Further engagement with partners;
  - A further meeting of all council leaders.