

# Corporate Policy and Resources



27 November 2023

<b>Title</b>	Surrey County Deal
<b>Purpose of the report</b>	To make a decision
<b>Report Authors</b>	Cllr Sexton, Chair of Corporate Policy and Resources Committee Daniel Mouawad, Chief Executive
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	
<b>Corporate Priority</b>	Community Affordable housing Recovery Environment Service delivery
<b>Recommendations</b>	<b>Committee is asked to:</b> <b><i>Agree the Position Statement attached at Appendix 1</i></b>
<b>Reason for Recommendation</b>	Surrey County Council announced on 22 November 2023 that they have been asked to engage in discussions with central government on a Level 2 County Deal. This will potentially impact on how services are delivered at a strategic level, but also offers opportunities for closer working. In response, this Council needs to agree a Position Statement which sets out our views at this stage.

## 1. Summary of the report

- 1.1 This report is asking CPRC to agree a proposed 'Position Statement' in response to the recent announcement that Surrey County Council (SCC) have been asked to engage in discussions with central government on a level 2 County Deal (**Appendix 1**).
- 1.2 The report sets out some background for the benefit of new councillors, outlines the elements of the County Deal (no real clarity on detail), and sets out this Council's views on the basis of what little we know at this time.
- 1.3 The Position Statement is clear that this Council will always act in the best interests of our residents, and that we need to retain local control in delivering excellent services. It makes it clear that County need to really listen and work with us to understand the challenges that we face. As such, resource allocation should follow evidence of need, and this will need to address

historic under-investment in the borough (make good on SCC's 'No-one left Behind' Programme). The County also need to ensure that they enter into a proper meaningful two-way engagement process with the Council our residents and our communities in a way which is open and accountable.

## 2. Key issues

- 2.1 For some time, Surrey County Council have been developing a proposal for a County Deal (having moved on from an earlier proposition for a Unitary Authority). For the benefit of new councillors **Appendix 2** sets out the reports considered previously by this Committee, and their content. Committee members need to understand the scope of the areas under discussion in the past when considering how the opportunities at a Level 2 County Deal might play out (for example – waste and recycling, climate change, optimising funding or accommodating housing and homes).
- 2.2 It is also important to understand the only seat Spelthorne Borough has 'at the table' is membership of the Surrey Delivery Board which sits at the lowest governance level.
- 2.3 So, for example, there is only one Chief Executive and one Leader representing all the districts and boroughs across the whole of the County (currently Surrey Heath and Guildford respectively) on the Surrey Growth Board. This is a high-level board where key strategic decisions on direction of travel are made. We therefore currently have limited influence on shaping our future within the wider Surrey landscape.
- 2.4 On 22 November 2023 Surrey announced that they have been asked to engage in discussions with central government on a level 2 County Deal. This is a part of the Government's programme to accelerate and expand devolution across the country. Districts and Boroughs have no say in the matter – we do not have the choice to opt in or opt out. The County Council press release is attached at **Appendix 3**, and their FAQ's at **Appendix 4**.
- 2.5 A level two County Deal does not go as far as a Level 3, so there is no Directly Elected Person (otherwise known as an Elected Mayor), and it excludes certain powers reserved to Mayoral and Combined Authority areas. Instead, certain functions are being devolved to Surrey:

### (1) Strategic role in *delivering* services

- *Host* for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies
- Opportunity to *pool services* at a strategic level,
- Opportunity to adopt innovative *local proposals* to deliver action on climate change and the UK's Net Zero targets,

### (2) Supporting *local* businesses

- Local Enterprise Partnership (LEP) functions including *hosting* strategic business voice

### (3) Investment Spending

- UK Shared Prosperity Fund planning and delivery at a strategic level (w.e.f April 2025: District and Borough Councils will individually have control until then)

#### (4) Local control of sustainable transport

- Ability to introduce bus franchising

#### (5) Giving adults the skills for the labour market

- Devolution of Adult Education functions and the core Adult Education budget
- Providing input into Local Skills Improvement Plans

#### (6) Local control of infrastructure decisions

- Homes England compulsory purchase powers (held concurrently)

- 2.6 The italics have been added for emphasis, and it is important to understand what these words could mean. *'Hosting'* for example is often defined as bringing budgets, staffing and ICT systems 'under one roof' through a lead authority, but with services delivered on the ground locally. The option of *'pooling'* could imply more of an equal partnership between the various Councils where resources and expertise are shared.
- 2.7 The list of six areas has been re-ordered slightly from the one issued by central government. The first three areas could potentially mean that services are 'moved up' to a strategic level and delivered in a different way or we receive/do not receive funding that currently comes to us. They all have the potential to have an adverse impact on local sovereignty, decision making and the level of resourcing we receive. Particular attention should be paid to these to ensure this Borough's interests are protected.
- 2.8 The second three are areas that are 'dropping down' from central government to county level – and are effectively new powers. They all have the potential to have a beneficial impact on the borough if as an authority we choose to engage with Surrey to positively influence resourcing and decision making. This Council's approach to these areas may well be different to the first three areas above.
- 2.9 Surrey have not given any indication of what this strategic role for delivering services might look like, nor the County Deal as a whole. They have made it clear they are looking to work in partnership with stakeholders (other councils, business, education, skill and health).
- 2.10 The County Deal will undoubtedly have an impact on how Spelthorne Council looks in the future, and what services it delivers. But the extent of that impact will depend on the strategic steer this Committee makes. Whatever decision this Committee make it is worth noting that we are at an early stage on the process (with imperfect information). It will therefore be necessary to caveat any decisions to safeguard this Council's position in case our view alters further down the line.
- 2.11 To assist new members of this Committee in their decision-making, this report sets out some examples (not exhaustive) of where working with Surrey County is not currently working for us, and where things are not happening but should be happening:
- 1) Grass verges were taken back by County on 1 April 2023 without any effective discussion before the decision was made. The quality and level of service is now much poorer.

- 2) On street parking was taken back by County on 1 April 2023 without any effective discussion before the decision was made. There has been a noticeable decrease in the serving of penalty notices and more indiscriminate parking.
- 3) Surrey have developed a Housing Strategy even though they are not responsible for delivering a housing function (this sits with Spelthorne). It can only seek to influence and has no official status at borough level.
- 4) There is no evidence that Surrey are serious about implementing the actions in the above strategy within their control - increasing affordable housing. We have been advised that whilst we will get first refusal on any site disposals, the very clear expectation is that it will have to be highly commercial and able to demonstrate best value. Affordable housing has effectively been ruled out of the equation.
- 5) Surrey have developed a Climate Change Strategy which this Council has acknowledged. However, as a Council we have our own Climate Change Strategy which has more focused action and deliverable outcomes. The County rely on our team to provide the data and implement their actions in our borough.

### **3. Options analysis and proposal**

#### Agree the Position Statement – Preferred Option

- 3.1 Even at this relatively early stage in the County Deal process, it is suggested the Council 'sets out its stall' so communities, residents, businesses and partners are clear on what are thoughts are. It should be noted that the Position Statement reflects the situation as of now, and is based on imperfect information and knowledge. The lack of clarity on what the County Deal actually means is a cause for concern, and until this is bottomed out a precautionary approach is the most sensible one to take.
- 3.2 Whilst there may be changes on some more detailed elements as we move forwards in discussion with Surrey, there are a number of high level principles which we do not anticipate will change. These set out our approach, and what we are committing to for our communities.
- 3.3 **Appendix 1** sets out the proposed Position Statement in full, but it is worth setting out below the headlines for the 10 key points:
  - 1) Work in the best interests of residents
  - 2) Local services retained where we deliver best
  - 3) Consider opportunity for new services
  - 4) Surrey to truly listen, engage and consult
  - 5) Work in partnership for our communities
  - 6) Maximise existing benefits
  - 7) Need for clarity from Surrey on what is proposed
  - 8) Decision based on evidence
  - 9) Resource allocation to follow evidence
  - 10) Use existing local governance structures for decision making

### Agree an amended Position Statement

- 3.4 Having read the statement, the Committee could decide:
- 1) There are some elements they wish further emphasis added to (for example, is the need to retain local control sufficiently strong and clear?)
  - 2) There are elements which need to be taken out (for example, the Committee do not wish to deliver skills in the labour market locally?)
  - 3) There are some completely new points which need to be added in (for example, we want to set out now the Council's approach to a specific service area which may fall within a strategic level function?).
- 3.5 If this is the case, the Committee will need to set these out for discussion and agreement at the meeting.

### Do not agree a Position Statement

- 3.6 Alternatively, the Committee could decide that agreeing a position statement this early on runs too great a reputational risk, particularly if the Council then had to change its stance down the line.
- 3.7 A suggested way of dealing with this concern is to caveat the Position Statement so it is clear that it applies at a certain date and on the basis of the only information we have at this current time (Surrey's press release set out in **Appendix 3**). This would sufficiently protect the Council's position should it alter in any way in the future.

## **4. Financial implications**

- 4.1 The first point to make is that the County Deal does not involve any more or new money. Resourcing will either move 'down' from central government, 'across' from the Local Enterprise Partnership (LEP) or potentially 'up' from the Districts and Boroughs (e.g. Shared Prosperity Fund).
- 4.2 At this early stage, with so little detail, it is difficult to quantify the financial implications in any meaningful way. This is in large part because conversations have not yet started with Surrey on how they see the County Deal working, and the level of active engagement they wish to have with districts and boroughs.
- 4.3 The financial implications could range on a sliding scale from none (e.g. work in collaboration as we do now across projects or areas of work) through to significant (e.g. Surrey 'hosts' strategic services which could involve resources moving across to them, or Surrey provides more resources to address needs and these are then delivered at a local level).
- 4.4 What we do know, is that these decisions will almost certainly be made over the period of the Council's Medium Term Financial Strategy. This Committee therefore needs to always be aware that the strategy, and this Council's budget, are likely to be subject to fluctuation.
- 4.5 The Committee will be made aware of these implications as soon as there is any certainty over what the County deal changes will look like financially.

## **5. Risk considerations**

- 5.1 The Committee will be aware that this authority has a Corporate Risk Register which went to Audit Committee on 27 July, and this Committee on 11

- 5.2 Risk category 9 headed “working arrangement across local government tiers” identifies the risks around the County Deal, current control actions and current mitigating actions. These will need to be developed further as the County Deal progresses. The risk score is currently 9, with a ‘Likelihood’ of 3 (likely) and an ‘Impact’ of 3 (major). The ‘amber’ score rating requires planned management action.
- 5.3 The first score will change to 4 (almost certain) once the County Deal is in place. This will move the score up to 12 and moves it into the ‘red’ score rating which requires prompt planned management action.
- 5.4 In the future decisions will need to be made at a strategic level by this Committee on the level of resource that may need to be diverted to address the matter.

## **6. Procurement considerations**

- 6.1 There are no immediate procurement considerations. These will be addressed on an individual basis if and when collaboration and partnership opportunities arise and may result in joint procurement in some cases.

## **7. Legal considerations**

- 7.1 There are no immediate legal considerations. These will be addressed on an individual basis if and when collaboration and partnership opportunities arise.

## **8. Other considerations**

- 8.1 Any other considerations will be taken into account and addressed on an individual basis if and when collaboration and partnership opportunities arise.

## **9. Equality and Diversity**

- 9.1 Individual Equality Impact Assessments will be undertaken if and when collaboration and partnership opportunities arise to ensure appropriate service delivery is maintained.

## **10. Sustainability/Climate Change Implications**

- 10.1 Detailed assessments of sustainability and climate change implications will be undertaken if and when collaboration and partnership opportunities arise to ensure any service delivery aligns with the Council declaration of a climate emergency and our Climate Change Strategy.

## **11. Timetable for implementation**

- 11.1 The announcement from government was only made on 22 November. Surrey have been asked to engage in discussions with central government on a level 2 County Deal. No firm dates have been given by central government or the County in their press release and FAQ’s on when any County Deal might come into effect.

## **12. Contact**

- 12.1 Daniel Mouawad, Chief Executive [dcm.cex@spelthorne.gov.uk](mailto:dcm.cex@spelthorne.gov.uk)
- 12.2 Lee O’Neil, Deputy Chief Executive [l.oneil@spelthorne.gov.uk](mailto:l.oneil@spelthorne.gov.uk)
- 12.3 Terry Collier, Deputy Chief Executive [t.collier@spelthorne.gov.uk](mailto:t.collier@spelthorne.gov.uk)

**Background papers: There are none.**

**Appendices:**

**Appendix 1 - Spelthorne Borough Council Position Statement October 2023**

**Appendix 2 – Surrey County Deal – to date**

**Appendix 3 – Surrey press release – County Deal**

**Appendix 4 – Surrey FAQ's**