

Report to: Cabinet

Date of meeting: 9 January 2025

By: Chief Executive

Title: Devolution and Local Government Reorganisation.

Purpose: To consider the Council's response to the Government's letter asking for a clear commitment to devolution and reorganisation by 10 January including whether to request the postponement of County Council elections.

RECOMMENDATIONS:

The Cabinet is recommended to approve that the Leader writes to the Minister of State for Local Government and English Devolution:

- 1. Confirming the Council's clear commitment to devolution and local government reorganisation as part of the Devolution Priority Programme, based on a proposal for the devolution of powers to a new combined authority for the Sussex area covering the areas of the three upper tier authorities.**
 - 2. Confirming the Council's commitment to developing a proposal for unitary government in East Sussex.**
 - 3. Inviting the Government to postpone elections in May 2025, for a year, to enable the proposals for Local Government Reorganisation to be developed and the early implementation of the proposed devolution arrangements.**
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1. Background Information

1.1 The County Council provides vital services for the residents, communities and businesses of East Sussex. What is provided directly and commissioned through others, combined with strong partnership working, has a fundamental impact on the quality of life in the County. The County Council has strong governance and robust business planning processes to ensure we are well run and deploy our excellent staff and resources to best effect, using a robust local evidence base and guided by the four priority outcomes in the Council Plan.

1.2 The County Council works directly and with others to ensure the best possible public service in East Sussex and best use of public money. The funding available to tackle the significant increases in demand and costs (detailed in the Reconciling Policy, Performance and Resources reports to Cabinet and Council) has provided significant challenges in recent years and, as will be considered in the budget reports later in January and February 2025, the County Council faces very tough choices about planning for 2025/26 and beyond. It is therefore important to consider all avenues and to evaluate them both in the short and medium term.

2. English Devolution White Paper

2.1 The Government's English Devolution White Paper was released on 16 December 2024 and represents wide ranging and ambitious reform and reorganisation of local government structures in all two tier areas and public services more widely. It also strengthens the previous Government's direction of travel to Mayoral Combined Authority based local devolution. The White Paper is expected to be turned into legislation early in 2025.

2.2 The primary and urgent issue for consideration is whether the County Council applies, with relevant neighbouring upper tier authorities, to join the Devolution Priority Programme (DPP) with local government reorganisation. The Government has requested that the Leaders of those Councils who wish to join the DPP write with a clear commitment to devolution and reorganisation aims, confirming their intention to join the programme by 10 January 2025.

2.3 The English Devolution White Paper makes 4 fundamental changes to the previous approach:

- Introduction of Mayoral Combined Authorities to all areas of England and associated move to unitary government replacing two tier local government where it exists.
- Clarity about the powers available and the conditions for accessing them replaces a deal based negotiation.
- Greater clarity about the size of the units of governance (unitary councils of at least 500,000 population with few exceptions and Mayoral Combined Authorities with minimum of 1.5m population).
- Clarity about the role of a Mayor in relation to current local government responsibilities for Strategic Planning and Housing and also, in time, for wider public services including Police, Fire and Rescue, Probation, skills and employment support, environment and climate change, business support and health and health inequalities.

3. Devolution

3.1 The Council has demonstrated a genuine and practical commitment to the importance of joint working with other councils, the wider public sector, business and voluntary, community and social enterprise (VCSE) sectors. This commitment is clearly demonstrated through our joint work, including integration, with the NHS; through Team East Sussex our Growth Board and through Partnership Plus our focus for working with the VCSE. As well as working within the County, ESCC has a strong track record of working across wider boundaries, when that best serves the needs of our residents, including through Orbis, South East 7, SELEP and Partnership for People and Place (the only County Council to have been chosen to participate in the Government project). A clear focus on the key role transport and connectivity plays in the south east and particularly in East Sussex led to the formation of the well regarded and Government funded Transport for the South East.

3.2 The White Paper sets out the Government's ambition of overseeing a rebalancing of power from central government, placing more emphasis and power on visible local leadership and accountability, with a stated intention to establish Strategic Authorities (SAs). These will be either a Foundation Strategic Authority which is a non-mayoral combined authorities or non-mayoral county combined authorities; or a Mayoral Strategic Authority which will include all Mayoral Combined or Mayoral Combined County Authorities.

3.3 The Government's clear preference and ambition is for all parts of the country to eventually have a Mayoral Strategic Authority. Having established the Council of Nations and Regions and the Mayoral Council, the Government's policy places Mayors "front and centre" as fundamental partners to the Government. The White Paper contains a Devolution Framework summary table which sets out the differences in powers and functions between the Foundation and Mayoral status. This is set out in Appendix 1 to this report. In two tier areas the Government will establish Combined County Authorities but not Combined Authorities. District and borough councils will not be constituent members although the Government expects that constituent members would work collaboratively with districts and boroughs.

3.4 In the White Paper the Government sets out in detail a proposed list of areas of competence where Strategic Authorities should have a mandate to act strategically to drive growth and provide support on shaping public services. These include:

- Transport and local infrastructure
- Skills and employment support
- Housing and Strategic Planning
- Economic development and regeneration
- Environment and climate change
- Health, wellbeing and public service reform
- Public safety

3.5 The Government has committed to a simplified funding landscape for SAs with Mayoral strategic Authorities receiving a consolidated funding pot covering: local growth, place, housing and regeneration; non apprenticeship adult skills; and transport. Foundation Strategic Authorities will have less flexibility receiving dedicated local growth allocations decided by formulae.

3.6 In terms of the area covered by SAs, the White Paper sets out that the default assumption is for SAs to have a combined population of 1.5 million or above. The areas must cover a sensible economic geography with a focus on functional economic areas, travel to work patterns (which may include multiple areas) and local labour markets. The area must also be contiguous across its constituent councils and the Government's "strong preference" is for more than one Local Authority to form a partnership over a large geography.

3.7 On this basis, and following discussion with our partners in BHCC and WSCC, it is therefore proposed that a SA be established which comprises the area of Sussex, covering the administrative areas of West Sussex County Council, Brighton and Hove City Council and East Sussex County Council, with a combined population of about 1.7 million. It is considered that this meets the criteria set out by the Government in the White Paper.

3.8. The Government will seek to promote alignment between devolution boundaries and other public sector boundaries. The proposed area would be coterminous with Sussex Police and the Integrated Care System (ICS.) The White Paper emphasises that a vital element of a successful devolution will be the ability of local residents to engage and hold the SA to account. The three upper tier Councils in Sussex have strong relations and a proven record of partnership working, particularly over recent years through the Orbis partnership and the improvement partner relationship between East and West Sussex.

3.9 While it is possible to discuss proposals with other upper tier authorities across the region this is not recommended at this time, bearing in mind the criteria set out in the guidance and the natural limits to the benefits devolution being exercised across a wider geographical area.

4. Local Government in East Sussex

4.1 The six principal councils of East Sussex (the County Council, Eastbourne and Hastings Borough Councils and Lewes, Rother and Wealden District Councils) have a strong track record of working well together at all levels.

4.2 Although politically varied and serving very different and often contrasting communities all the councils have invested time, effort and funding to make two tier work effectively. This has been true not only between the councils but with wider partners including parish and town councils, VCSE, businesses and wider public sector. This approach is underpinned by a range of partnerships and a strong local evidence base. The strength of these relationships has been recognised at all tiers by Peer Reviews and external assessors. There are, of course, varying views about problems and solutions but the work is rooted in respectful relationships and joint ambition for our residents. Having regard to the previous Government's policies, the authorities kept under review whether to move to a unitary arrangement, but it was not considered to be the best solution for East Sussex. It was considered more advantageous to put time and resource into ensuring good partnerships exist between the different tiers for the benefit of the residents and business of the County.

4.3 It is however clear that the direction of travel is now towards unitary status for two tier authorities. The Government 's stated expectation is that all two tier authorities will develop proposals for reorganisation. The White Paper sets out that the Government will work closely with authorities to understand what support is needed to develop robust proposals and implement new structures. The stated expectation is that for most areas this will mean creating councils with a population size of 500,000 or more. The population of East Sussex is 560,000.

4.4 While the current arrangements have worked well there are clear advantages to reorganisation. The public and businesses can be confused about which organisation currently provides which service. There will also be inherent economies of scale that can be better achieved by a single organisation providing upper and lower tier council services, which could help make services more sustainable and provide better value for money. Unitarisation may assist in helping residents access help and support across a range of services in a more cohesive way.

4.5 There will however be inherent challenges in terms of ensuring connections with local communities are maintained and the needs of those communities continue to be understood and represented. Any proposal for a unitary arrangement would need to set out how local connections are maintained. The Local Government Boundary Commission for England Guidance sets out requirements to have a sufficient number of elected members to adequately provide strategic leadership, accountability and community leadership. We would work with the Commission to put in place the appropriate division constituency areas prior to the election. Should this not prove possible we would discuss with the Government the appropriate number of Councillors for an interim period before an appropriate Commission review, as has happened in other places.

4.6 It is therefore recommended, upon receipt of the invitation from the Secretary of State, to develop proposals for unitarisation across the area of the proposed Strategic Authority. It is too early to set out what reorganisation could look like across Sussex, and we will need to wait for the formal invitation from the Government should the request to join the priority devolution programme be accepted. Proposals to be worked up in response to that invitation would be informed by the assessment of community connections, the identity of places and effective service delivery as well as how best to address the need to reconfigure service provision, transfer liabilities and plan funding whilst also creating a new unitary structure for the area. The implications for the three areas of Sussex may be different but the critical issue is collaborative working with partners, stakeholders and communities to secure the best outcome.

4.7 If agreed, the County Council would seek to work closely and in an integrated way with the Borough and District Councils, learning from experience elsewhere, to reorganise in a way which would best serve the communities of East Sussex both in the transition and in future.

4.8 It is proposed that the response to the letter of the Secretary of State includes a commitment to develop proposals for the reorganisation of local government for both East Sussex and Sussex more generally to ensure that the unitary authorities which would comprise the new combined authority to meet the prescribed criteria including population sizes.

4.9 As stated above the letter from the Secretary of State the Government has invited upper tier authorities to request the postponement of the election for a year where needed to make progress with reorganisation and devolution in parallel on the Devolution Priority Programme.

4.10 The decision as to whether to postpone the election will be for the Government. Such a decision is a significant one, and will mean delaying, for one or, depending on progress with the reorganisation plans, two years, the opportunity for the local electorate to determine the make up of the Council. However, this needs to be weighed up against the significant resource and member involvement which will be needed to manage the demands of planning and delivering devolution alongside reorganisation with potential Mayoral elections in 2026 and shadow authority elections in 2027. It would prove significantly more challenging to successfully complete such an ambitious endeavour while at the same time holding County elections and inducting new members who would be standing for election again in less than two years following their election.

5. Next Steps

5.1 The Government has written asking for a response from Council Leaders in relation to the appetite for joining the Devolution Priority Programme (DPP) (appendix 2). The DPP is aimed at places ready to come together under the geographical criteria set out in the White Paper and wishing to progress towards a Mayoral Strategic Authority at an accelerated timescale. Joining the programme will have a number of clear benefits for residents and businesses of the County, these include:

- Having a Mayor elected by 2026, which is the earliest point.
- Having access to the Mayoral strategic authority level of the framework (as set out in the White Paper)
- Taking a seat at the Council of the Nations and the Regions, Mayoral council to feed into national policy making
- Starting the clock on getting to Established status, which requires a Mayor being in place for 18 months, which if reached unlocks the single settlement
- Backing from government, including Ministerial support and engagement to meet timescales for May 2026 and capacity funding to start flowing the year before the election.

5.2 It would be possible to decline the invitation to join the priority programme of devolution proposals but this would delay the devolution to locally elected bodies of the significant strategic powers other English regions currently benefit from and that others will acquire through the priority programme.

5.3 The Government has asked for a response by 10th January 2025 giving a clear commitment to devolution and reorganisation, including a request from those Council's whose election is to be postponed. Following receipt of the response the Government will take a decision, as to whether to postpone the election for a year to May 2026.

5.4 A formal invitation to submit reorganisation proposals will be issued to all authorities in January. In January the Government will also launch consultations on mayoral devolution with a view to Ministers taking a decision on whether statutory tests have been met and start the legislative process work to establish a Combined County Authority. It is anticipated that a consultation will run for 6 to 8 weeks.

5.5 In March 2025 areas will submit indicative reorganisation plans.

5.6 The results of the devolution consultation will be assessed in the Spring 2025 following which a Ministerial decision will be taken as to whether to proceed with a Mayoral Combined County Authority (MCCA). The Spending Review will then confirm future mayoral investment funds for new mayoral areas.

5.7 In the Autumn 2025 areas will submit new unitary proposals. At this time relevant legislation will be laid before Parliament in relation to MCCA areas.

5.8 At the end of 2025 and in early 2026 Ministers will consider unitary proposals and delivery phasing with statutory consultations being undertaken on the first tranche of proposals.

5.9 In March notice of mayoral elections will be given for a Mayoral election in May 2026.

5.10 Timelines for the remainder of the reorganisation process will be subject to the proposals received. It is anticipated that elections for a shadow authority will be in May 2027 with new

unitaries going live in 2028, at which point MCCA's would be converted to Mayoral Combined Authorities.

6. Financial Implications

6.1 There will be financial implications in relation to the resources required to develop detailed proposals, which will be met from existing resources. Should the Council be successful in gaining a place on the Devolution Priority Programme this will be reviewed and we will need to take advantage of the Government's offer of capacity funding which will flow from the year prior to the mayoral election.

6.2 Any postponement of the election would mean that the costs of the scheduled election, estimated by the District and Borough Councils to be £1.63m, will not have to be met until at least 2026, and should acceptable progress on reorganisation be made, elections would take place in 2027, which coincides with when the District and Borough (except for Hastings) elections would have taken place.

6.3 It is important to recognise that the White Paper does not bring any specific commitments to new funding beyond support and capacity for the set up of the MCA and for reorganisation for those councils in the DPP. The areas identified in the White Paper will, in time, provide significant opportunities to work across councils and the local public sector to tackle more effectively, as at local level, the drivers of demand and the ability to align efforts across organisations.

6.4 Local Government is subject to a Funding Review which, despite best efforts to provide evidence of the relative needs in East Sussex, will not necessarily result in greater funding. The development of proposals for unitarisation will be the mechanism by which the funding impact of creating new councils out of the existing will be understood in detail but initial analysis suggests that, although clearly opportunities for some efficiencies and new ways of working given the pressures of social care, temporary accommodation and homelessness and needs driven by deprivation, it is unlikely to result in significant revenue savings.

6.5 The primary financial benefits of moving into the new configuration of unitaries and MCA would be the access to funding and flexibility of use of an integrated pot that an MCA would bring.

7. Conclusion and Reasons for Recommendations

7.1 It is recommended that the Council responds to the Government's invitation by expressing a commitment to work with partners to develop proposals for a mayoral strategic authority for the area of Sussex, and to seek to take advantage of the benefits of participating in the Devolution Priority Programme. It is also recommended that the letter to the Government includes a commitment to reorganisation, with a view to taking advantage of the benefits that offers, and to ensure that we are aligned, and consistent with, the other upper tier local authorities in the proposed strategic authority.

7.2 The development and delivery of the proposed devolution and reorganisation will require significant commitment and resource. It is therefore proposed that the Government be invited to postpone the County Council elections, scheduled for May 2025, for a year to help enable

detailed proposals for a Strategic Authority and local government reorganisation to be developed, with a view to helping manage the demands of devolution alongside reorganisation.

BECKY SHAW
Chief Executive

BACKGROUND DOCUMENTS

English Devolution White Paper