

Brighton & Hove City Council

Cabinet

Agenda Item 123

Subject: Devolution Update

Date of meeting: 9 January 2025

Report of: Leader of the Council

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Ward(s) affected: All

Key Decision: Yes

Reason(s) key: It is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

Exempt from call in

Note: Reasons for urgency

Due to the special circumstances outlined below, and in accordance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, compliance with the requirement to provide 28 days' notice has not been possible. The urgency of the matter has been agreed upon by the Chair of the relevant Overview and Scrutiny and it is deemed necessary to consider this item without delay, to enable the Council to respond to the Government by its set deadline of 10 January 2025.

1. Purpose of the report and policy context

- 1.1 Devolution is a key plank in the Government's Plan for Change. The aim is to redistribute political, social and economic power across England and enable everyone, everywhere to realise their full potential through local economic growth.
- 1.2 Devolution and Local Government Reform are an opportunity to reset local government and recover from years of financial instability. Devolved powers and an integrated financial settlement to fund local priorities unlocking transport, housing, local jobs, economic growth and net zero supports our mission to create a better Brighton and Hove for all.

2. Recommendations

- 2.1 Cabinet agrees to submit to Government their request to take part in the Devolution Priority Programme, by the 10 January 2025, alongside East

Sussex County Council and West Sussex County Council, seeking a Mayoral Combined Authority on a Sussex footprint and local government reorganisation for Sussex in line with the criteria set out in the Government White Paper.

- 2.2 Cabinet notes that further reports will come to Cabinet and Scrutiny through the period of the Priority Programme to ensure full engagement and consideration of options and impacts on the form of the Mayoral Combined Authority and Local Government Reform.

3. Context and background information

- 3.1 The Deputy Prime Minister, Rt Hon Angela Rayner MP, wrote in the summer to the Leaders of all Upper Tier Authorities across England and invited any interested areas to submit an Expression of Interest (EOI) in devolution by 30 September 2024 (Appendix 1)
- 3.2 Following initial discussions with neighbouring authorities and other stakeholders, Brighton & Hove City Council submitted an EOI for devolution on an initial preferred geography of pan-Sussex, to include Brighton and Hove, East Sussex and West Sussex (Appendix 2).
- 3.3 On 16 December 2024, the Government published its English Devolution White Paper, setting out its new approach to English devolution. The White Paper outlines a significant shift in governance, aiming to decentralise power from Westminster to new Strategic Authorities. A revised devolution framework will ensure authorities share consistent powers across England, driving economic growth, better public services and more localised decision-making.
- 3.4 New Strategic Authorities will be either a Foundation Strategic Authority, which is a non-mayoral combined authority/county combined authority, or a Mayoral Strategic Authority which will include all Mayoral Combined and Mayoral Combined County Authorities. 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.
- 3.5 The Government has committed to a simplified funding landscape for Strategic Authorities, 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 The White Paper sets out that the default assumption is to have Mayoral Combined Authorities with a population of 1.5 million or above. Areas must cover a sensible economic geography with a focus on functional economic areas, travel to work patterns and local labour markets. The area must make sense to communities in terms of identity and be contiguous across its

constituent councils. The Government's "strong preference" is for more than one Local Authority to form a partnership over a large geography.

- 3.7 For the most ambitious places, keen to move forward with devolution, the Government has invited areas to express interest in joining the Devolution Priority Programme. These areas will receive the full support of Government to establish Mayoral Strategic Authorities by May 2026 and new Unitary Authorities by April 2027, for elections to take place in May 2027.
- 3.8 The Government has invited areas to submit applications for the Priority Programme by 10 January 2025 (Appendix 3).
- 3.9 Within the Devolution White Paper the Government has set out areas of competence, this will be where Strategic Authorities will have a mandate to act strategically to drive growth as well as supporting the shaping of public services, where strategic level coordination adds value. The list is not exhaustive and may be expanded:
 - 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
- 3.10 New statutory functions and governance arrangements for each level of Strategic Authority will be put into legislation. The aim is to introduce a more consistent, transparent and effective set of voting arrangements. Mayors will be expected to work in partnership with local authorities and key stakeholders. In Mayoral Strategic Authorities, a majority vote which includes the mayor's vote will be required to approve decisions on the use of most functions.
- 3.11 The Government is also committed to carrying out local government reorganisation for two-tier areas. Brighton & Hove City Council is a unitary council. Unitary councils have been highlighted in the Devolution White Paper as leading to better outcomes for residents, saving significant finances and improving accountability by delivering a comprehensive range of services.
- 3.12 However, the Government is clear that unitary councils must be the correct geographical size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas, this will mean creating new unitary councils with a population size of approximately 500,000, although the White Paper is clear that the Government believes there is some flexibility around this and will judge proposals for new unitary authorities on a case-by-case basis. Brighton & Hove has a population of circa 280,000 and so it is likely that local government reorganisation will lead to the formation of a new unitary authority, to include Brighton and Hove.

4. Analysis and consideration of alternative options

- 4.1 The White Paper is clear that the Government intends that all of England be devolved by default and is committed to ending the deals-based approach. The Government will also legislate for a ministerial directive, which will enable it to directly create Strategic Authorities in any places where local leaders in that region have not been able to agree how to access devolved powers. Therefore, there is no option to “do nothing” in terms of progressing devolution.
- 4.2 All three Upper Tier Authorities in Sussex submitted an Expression of Interest to government for devolution in September 2024. There is support from the leaders of East and West Sussex that being part of the priority programme is in the best interests of Sussex. Both Authorities are taking similar papers to their Cabinets on 9 January to make a recommendation to join the priority programme.
- 4.3 The options for consideration are:

Option 1 - Join the Devolution Priority Programme.

- 4.4 The devolution priority programme includes: Capacity funding from Government. A Government led consultation strategy that works for our communities. A Mayoral Strategic Authority created by May 2026 (Mayoral Elections May 2026). A Seat at Council of Nations and the Regions and Mayoral Council – influencing government policy and ensuring local community voice across Sussex is heard. Sussex represented on the Mayoral Council. After 18 months of a Sussex Mayor established status and single settlement funding. New Unitary authorities of approximately 500,000 or more across Sussex (with some flexibility as to size of unitary authorities on a case by case basis). Initial LGR proposals for those on priority programme for devolution to be submitted in March 2025 with full proposals by Autumn 2025. LGR means shadow elections for new Unitaries in May 2027 and vesting day in 2028. Longer term ambition to align public authority boundaries across Sussex (Sussex Police, Probation and NHS already aligned future change to Fire). Devolved powers enable the delivery of transport and local infrastructure to unlock housing and economic growth, drive environmental change and build skills and employment opportunities.

Option 2 - Don't join the Devolution Priority Programme but go ahead with Local Government reform.

- 4.5 This option would mean Local Government Reform would happen first and devolution would happen later. It risks delaying the benefits of devolution for our residents and would mean that Sussex would miss out on the capacity/support provided by Government for areas in the Devolution Priority Programme.
- 4.6 Councillors could lose the opportunity to design and deliver devolution of strategic powers using the local democratic authority they currently hold, while a new ministerial directive could mean that we are forced into devolution at a later stage.

- 4.7 Local Government Reform will happen anyway, irrespective of devolution, but we will have less influence on geographies if we don't engage early and delay could negatively impact relationships with our neighbouring authorities.

Option 3 - Do nothing.

- 4.8 The White Paper is clear that the Government intends that all of England be devolved by default and that Local Government Reorganisation should take place regardless of devolution. The Government will also legislate for a ministerial directive, which will enable it to directly create Strategic Authorities in any places where local leaders in that region have not been able to agree how to access devolved powers. It would also mean that the scheduled county elections in East and West Sussex in May 2025 would go ahead, only for local government reorganisation and devolution to follow and change the governance structures to which new local Councillors would have just been elected to.
- 4.9 **It is recommended that Brighton and Hove join the devolution priority programme and a Mayoral Strategic Authority** be established which comprises the area of Sussex, covering the administrative areas of Brighton and Hove City Council, West Sussex County 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.

5. Community engagement and consultation

- 5.1 Devolution is a collaborative process which will require continuous engagement and collaboration with neighbouring Sussex local authorities, public sector institutions including the NHS, Police and Fire Authorities, businesses, and further and high education providers and other key local organisations and businesses.
- 5.2 Devolution is primarily about giving power back to local communities. It is therefore vital that residents are involved at the earliest opportunity to inform and shape the process. It will not be possible to carry out resident engagement prior to submitting an application of interest in the priority programme by 10 January but it is expected that resident engagement would begin soon after this date. The White Paper states that, for those places that take part in the Priority Programme, there will be a government-led consultation strategy, developed in partnership with local authorities, to ensure that it works for our communities across Sussex.

6. Financial implications

- 6.1 Devolution and Local Government Reform offer an opportunity to reset local government finances and create a stronger financial footing for the authorities across Sussex. A Mayoral Strategic Authority for Sussex will lead to devolved powers and an integrated financial settlement.
- 6.2 The whole of local government has struggled with the impact of austerity, the pandemic, the cost of living crisis, with year on year savings

programmes reducing the local services that authorities are able to provide, impacting on the look and feel of our places and the opportunities created for our residents. Devolution and Local Government Reform mark an opportunity to reset this position through efficiencies, transformation and devolved powers.

- 6.3 The implementation of local devolution options will be a major undertaking requiring significant resources and expertise to create the proposed combined authority and new or expanded unitary authorities. This could involve everything from creation of new accounting entities to management of staffing changes to major IT system implications as well as democratic implications including potential boundary changes and elections. However, capacity funding is expected to be made available by government from the priority programme to assist the implementation.
- 6.4 As noted in the report, not opting for the priority programme not only has implications for the democratic process in existing county authorities but may also lead to longer term uncertainty in the region with concomitant impacts across Sussex authorities such as recruitment and retention issues and further financial uncertainties. Conversely, early adoption could bring financial advantages including integrated financial settlements to fund local priorities through a combined authority together with the anticipated financial benefit of devolved single tier authorities providing local service delivery.

Finance officer consulted: Nigel Manvell Date consulted: 28/12/24

7. Legal implications

- 7.1 The report seeks Cabinet approval to submit a request to join the Devolution Priority Programme. The Cabinet is entitled to discharge the function of the formulation of the council's overall policy objectives and priorities. Full Council approval will be required at future stages of the process. The legal framework for formal approval of the arrangements will be set out in the English Devolution Bill which is intended to establish a simpler and consistent process for establishing new Combined Authorities and aligning this, where appropriate, with Local Government re-organisation.

Name of lawyer consulted: Elizabeth Culbert Date consulted 31/12/24

8. Equalities implications

- 8.1 There are no immediate equalities implications arising from this report. Expected benefits of devolution are that it will redress inequality, improve living standards and drive economic growth in all regions of England. An Equalities Impact Assessment will be developed against the different elements of devolution, as proposals progress.

9. Sustainability implications

- 9.1 Making Britain a clean energy superpower is one of the government's five defining missions. As part of this mission, Great British Energy will be tasked

to work with local government through the Local Power Plan to support the roll out of small-medium renewable energy projects at the local level. This is expected to provide support for Strategic and Local Authorities (as well as community energy groups) to deploy up to 8GW of additional power from small-medium sized generation projects by 2030, and to help Strategic and Local Authorities to build their own pipelines of successful projects.

- 9.2 As previously agreed, funding for warmer homes and greener buildings will form part of the Integrated Settlement for 2025/26. The schemes currently in scope are the Warm Homes: Local Grant, the Warm Homes: Social Housing Fund, and the Public Sector Decarbonisation Scheme. The Government will extend this approach to other Established Mayoral Combined Authorities over the course of this Parliament, beginning with a transition period that enables areas to build capacity and capability and demonstrate a strong track record of retrofit delivery.
- 9.3 The government will give Strategic Authorities a meaningful role in planning for our future energy system. The National Energy System Operator will engage with them as it develops Regional Energy Strategic Plans and provide a transparent route for local insights to inform energy system planning. The Government has also said it is committed to establishing heat network zoning in England. Zoning coordinators within Strategic Authorities will be able to designate areas as heat network zones, enabling the most appropriate level of local government to assume the role of heat network zoning coordinator and play a key role in the delivery of heat decarbonisation.

10. Other Implications

Crime & disorder implications:

- 10.1 The English Devolution White Paper sets out the Government's intention that where the geographies of new Mayoral Strategic Authorities align with Police and Crime Commissioner and Fire and Rescue Authorities, Mayors will, by default, be responsible for those services.

Public health implications:

- 10.2 Through the English Devolution Bill, the Government will introduce a new bespoke duty for Strategic Authorities in relation to health improvement and health inequalities. It will also introduce an expectation that Mayors are appointed to Integrated Care Partnerships and are considered for the role of Chair or Co-Chair. Mayors and Strategic Authorities will support partners in driving public service reform and the new devolution framework will set clearer expectations for Mayors' roles in local health systems and in improving population health.

11. Conclusion

- 11.1 Devolution presents an opportunity to drive significant economic and social benefits. The Sussex region stands to gain enhanced powers, financial

resources, greater strategic control and improved infrastructure, as well as the ability to deliver more responsive public services helping Brighton and Hove to address some of our critical challenges including delivering homes, economic growth and improved transport.

Supporting Documentation

1. Appendices

1. Letter from Rt Hon Angela Rayner MP, Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government (July 2024)
2. Brighton & Hove City Council's Expression of Interest to Government for devolution (30 September 2024)
3. Letter from Jim McMahon OBE MP, Minister of State for Local Government and Devolution (16 December 2024)

2. Background documents

1. English Devolution White Paper (16 December 2024)