

**By:** Mark Dance - Cabinet Member for Economic Development  
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**To:** Growth, Economic Development and Communities Cabinet Committee - 19 July 2016

**Subject:** Devolution in Kent and Medway

**Classification:** Unrestricted

**Past pathway of paper:** None

**Future pathway of paper:** None

**Electoral Division:** All

### **Summary**

In recent years, the Government has encouraged groups of local authorities to come forward with proposals for taking additional devolved powers. Earlier this year, Kent and Medway Leaders agreed to progress a devolution proposal: following this, a prospectus was developed outlining a series of potential measures to support infrastructure, skills and innovation, linked with proposed governance changes.

Given current policy uncertainty at national level, the Leaders have decided not to submit the devolution proposal to Government at this time. However, there is scope to take forward many of the actions proposed within it, within existing governance arrangements.

This paper introduces Kent and Medway's proposals for devolution, sets out how they may be progressed and outlines potential next steps.

### **Recommendations**

The Cabinet Committee is recommended to consider and note this report.

## **1. Introduction: The 'devolution' agenda**

### *The recent national picture*

- 1.1. For over a decade, there has been an increasing policy focus on the potential for transferring specific central Government powers and budgets to city and county regions. This has been driven by a growing consensus that government

in England is excessively centralised and by a widespread view that devolved powers and accountability can have positive effects on economic growth<sup>1</sup>.

- 1.2. Since 2010, the Government has adopted an incremental, 'deal' based approach, inviting groups of local authorities to come forward with proposals for devolution, linked with commitments to stronger sub-regional governance. To date, this has resulted in the Government concluding 'devolution agreements' with 11 areas<sup>2</sup>. Initially, these focused on the major metropolitan city regions, with the first agreement concluded in 2014 with Greater Manchester. More recently, these have been followed with agreements in non-metropolitan areas, with deals concluded in Cornwall, Lincolnshire and East Anglia.
- 1.3. Although each devolution agreement is, in principle, locally negotiated, there are strong similarities between them, with a focus on infrastructure, skills and business support and (in some cases) health and social care integration. At the same time, all of the devolution agreements that have been concluded to date include proposals for extensive governance change. In all but one case, this has involved the creation of a statutory sub-regional Combined Authority and an elected mayor. The Government has been clear that it considers governance change – including an elected mayor – to be a condition for future devolution agreements, a position that has been reinforced by the 2016 Cities, Local Government and Devolution Act.

#### *Challenges and opportunities*

- 1.4. The Government's approach to devolution has presented both challenges and opportunities. Separate deals with different places has led to a tension between local proposals and a desire from Whitehall for national consistency. The geography of devolution is often confusing, and the roles of different bodies (such as Local Enterprise Partnerships) are unclear. In particular, the Government's emphasis on elected mayors and new Combined Authorities has made devolution agreements difficult to progress, especially outside the major cities where the case for a mayor is less compelling.
- 1.5. However, there is still a broad consensus in support of decentralisation in England, which has been reinforced by further devolution to Scotland and Wales. There is some evidence that where devolution agreements are in place, Government investment has been easier to secure. Over the longer term, should the current, limited, decentralisation prove successful, there may also be a stronger argument for the transfer of further powers.

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<sup>1</sup> See IPPR (2014), *Decentralisation Decade: A plan for economic prosperity, public service transformation and democratic renewal in England*; RSA City Growth Commission (2014), *Unleashing Metro Growth: Final recommendations of the City Growth Commission*; IPPR (2015), *Empowering Counties: Unlocking county devolution deals*

<sup>2</sup> These are: Cornwall, East Anglia, Greater Manchester, Lincolnshire, Liverpool City Region, North East, Sheffield City Region, Tees Valley, West of England (Bristol City Region) West Midlands, West Yorkshire

## **2. Developing proposals for devolution in Kent and Medway**

- 2.1. Kent County Council has supported the concept of devolution to city and county-regions for many years: the Council originally set out a 'blueprint' for far-reaching devolution in *Bold Steps for Radical Reform*, published in 2009. However, KCC has taken the view that a devolution proposal for Kent and Medway is only viable or desirable if it is with the support of Medway Council and the Kent Districts as well as KCC, and it has been important that any devolution proposal is developed by consensus.
- 2.2. Earlier this year, the Kent and Medway Leaders agreed to progress a devolution proposal, based on both devolution from central Government to Kent and Medway and decentralisation within the county to the sub-county groups in East, West and North Kent. This led to the preparation of a draft devolution prospectus – *Growth, Productivity, Accountability: Strong relationships, new solutions* - attached as Annex 2.
- 2.3. The draft devolution prospectus set out some 21 specific proposals for discussion with Government, with the long term aim of enabling Kent and Medway to deliver planned growth and increase productivity to the UK average by 2031. To support these objectives, the prospectus focused on:
  - a) Housing and infrastructure, including proposals for transport devolution, the development of a strategic spatial plan for Kent and Medway and a Government-backed infrastructure finance review;
  - b) Employment and skills, including commissioning powers at Kent and Medway level over 16-19 funding and a better coordinated approach to careers services; and
  - c) Innovation and growth, including further Enterprise Zone designation and better integration of the range of support products offered by universities, local authorities and other partners.
- 2.4. Recognising the strong view of Leaders that a mayoral model is not appropriate for Kent and Medway, the prospectus proposed a simpler governance model based on a Kent and Medway Devolved Powers Board (KMDPB), constituted as a local authority joint committee under Section 101 of the 1972 Local Government Act. It also provided for an increased role for the three sub-county partnerships as mechanisms for the better coordination and pooling of local government services.

## **3. The current position**

- 3.1. Following the result of the recent EU referendum and in view of the forthcoming change in the Government's leadership, the Leaders decided in June that **the**

**draft devolution proposal will not now be submitted to Government.** While recognising the benefits of a transfer of powers from central to local government, the Leaders considered that devolution is unlikely to be an immediate priority for the Government and that a reorganisation of local governance arrangements is likely to be a significant distraction from delivery.

- 3.2. However, the Leaders resolved to continue working within existing powers and structures to progress increased joint working at sub-county level, defend residents from further cuts to council budgets and strongly make the case for those major infrastructure priorities that are vital to the future of the economy. A statement setting this out has been published and is attached at Annex 1.

#### **4. Next steps**

- 4.1. Following on from the Leaders' decision, work is continuing on improved joint working within Kent and Medway. The draft prospectus also contained a number of proposals which can either be taken forward locally without Government involvement, or which can be progressed with Government on an individual basis.
- 4.2. It may be helpful to revisit these over the coming months to establish which proposals are priorities for Kent and Medway, and whether – in the light of a changed Government focus - there are additional asks that KCC and its partners may wish to pursue.

#### **5. Recommendations**

- 5.1. The Cabinet Committee is recommended to consider and note this report.

#### **Contact details**

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#### **Annexes:**

Annex 1: Statement on devolution from Kent Council Leaders

Annex 2: *Growth, Productivity, Accountability: Strong relationships, new solutions* – Kent and Medway draft prospectus for devolution

## **ANNEX 1: STATEMENT ON DEVOLUTION FROM KENT COUNCIL LEADERS**

At a meeting of the Kent Council Leaders (the partnership of County, Unitary and District Council Leaders for Kent and Medway) on 27 June 2016, there was unanimous agreement that now was not the appropriate time for Kent and Medway to submit a devolution bid to the Government.

Leaders were of the opinion that whilst a transfer of powers and freedoms from Central to Local Government was highly desirable and might eventually bring great benefits to local residents, the current pressures on Government, not least from the need to focus upon EU exit negotiations, means that devolution is unlikely to be a priority for it in the medium term. Kent Councils are wholly focussed on the delivery of good services to the communities they serve and feel strongly that reorganising local government at this time could be a significant distraction, particularly if resources and support from Government were limited.

In any event, Kent Council Leaders believe that many of the services they provide can be delivered smarter, and more efficiently, within the existing local government framework.

They have resolved to

- Continue to build on the joint working and trusted relationships that have developed whilst working on the devolution agenda. In particular, joint working between clusters of authorities in East, West and North Kent will continue without any formal devolution agreement and will have a particular focus on improving the efficiency and effectiveness of existing services. Kent County Council and the District and Borough Councils will share more, collaborate more and work harder to minimise duplication and waste. The success of joint working lies not in any structure or administration but in the delivery of better and more efficient services that are popular with residents, are common sense and reliable.
- Continue to defend the residents of Kent and Medway from further cuts to council budgets and make clear that our councils have already delivered significant savings and that further reductions would be entirely counterproductive to the county's continued economic growth.
- Continue to support major national infrastructure projects in Kent and Medway, such as the construction of a Third Lower Thames Crossing and the Operation Stack Lorry Park. These major infrastructure projects are vital to improving both the quality of life for Kent and Medway residents but also to support economic growth at a national level. Any reductions in infrastructure spending would be short-sighted and counterproductive to the national and local interest.

4 July 2016

***Signed by Kent Council Leaders:***

Paul Carter (Chair), Leader of Kent County Council

David Jukes (Vice-Chair), Leader of Tunbridge Wells Borough Council

Gerry Clarkson, Leader of Ashford Borough Council

Simon Cook, Leader of Canterbury City Council

Jeremy Kite, Leader of Dartford Borough Council

Paul Watkins, Leader of Dover District Council

John Cubitt, Leader of Gravesham Borough Council

Fran Wilson, Leader of Maidstone Borough Council

Alan Jarrett, Leader of Medway Council

Peter Fleming, Leader of Sevenoaks District Council

David Monk, Leader of Shepway District Council

Andrew Bowles, Leader of Swale Borough Council

Chris Wells, Leader of Thanet District Council

Nicolas Heslop, Leader of Tonbridge & Malling Borough Council