

## DISCUSSION PAPER

### DEVOLUTION UPDATE AND OPTIONS FOR HEREFORDSHIRE

In July, the Deputy Prime Minister wrote to all Council Leaders and Chief Executives who do not have a deal in place to invite them to partner with the Government to deliver a new programme of devolution in England. The previous government had indicated it expected all councils to be in a devolution deal by 2030.

The Government approach is to widen and deepen economic growth through devolved powers over transport, skills, housing, planning, employment support and integrated funding settlements.

#### **1. What we know – so far**

From the letter we have received from Ministers, Local Government updates and Officer discussions with the Ministry of Housing, Communities and Local Government's Director General for Devolution and Cities and Local Growth Unit we understand:

- The fiscal position is extremely tight across government. The Autumn budget will take place on 30th October and confirm the outlook for the economy and public finances.
- In England, ministers are currently prioritising supporting areas with a mayor. Mayoral Combined Authorities (MCA's) are the preferred structure/size of the institution to take forward delivery of additional services such as a democratic, accountable body and develop local growth plans.
- A new Council of Nations and Regions is expected to be established involving directly elected Mayors of devolved areas, the Prime Minister, the Deputy Prime Minister and First Ministers.
- Devolution agreements will be tailored to sensible economic geographies, taking into account available data such as travel to work and advanced travel to work areas.
- To date, there has been no mention of the inter-relationship with Health and the Darzi review currently being undertaken into the state of the NHS and due to report early in 2025.
- There is no reference to the role of Police and Crime Commissioners (PCC) or Fire Authority's which are features of the Greater Manchester Combined Authority. York and North Yorkshire and West and South Yorkshire also have PCC powers.
- A White Paper is expected (*timetable to be confirmed*) setting out a new Devolution framework that defines precisely the powers and flexibilities available to areas entering into an agreement. These will be put into legislation via the English Devolution Bill which is expected to be introduced in the first session of Parliament.

#### **2. How Devolution has been working to date – a brief history**

In November 2014, the Government announced the first devolution deal with Greater Manchester, followed by a deal with Cornwall in July 2015. At this point, the Government also invited proposals from local areas as part of the 2015 Spending Review. It asked them to submit their proposals by early September 2015. The Government received 34 bids from local areas.

Of these, 12 were brought forward initially for negotiation and 11 areas signed devolution deals. At the time, many of the unsuccessful areas felt they lacked a clear response from Government

as to why their proposals were not taken forward. There was also concern that the criteria for success was not transparent enough or focused too heavily on the need for a directly elected mayor.

In February 2022, the Government published the Levelling Up White Paper. This set out a new devolution framework, extending devolution beyond metropolitan areas for the first time. The framework sets out a flexible, three level approach to devolution recognising that a one-size fits all model would not be suitable, with different powers and functions for each devolution level.

The three levels set out in the devolution framework are:

- Level 3 – a single institution or County Council with a directly elected mayor (DEM), across a functional economic area (FEA) or whole county area;
- Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area; and
- Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee.

### 3. Devolution deals across England

There are currently 12 areas with Mayoral Devolution in England:

- Greater London,
- West Midlands,
- Greater Manchester,
- Liverpool City Region,
- West Yorkshire,
- South Yorkshire,
- Cambridgeshire and Peterborough,
- Tees Valley,
- West of England,
- York and North Yorkshire,
- East Midlands, and
- The North East.

### 4. New devolution deals being considered - the frontrunners and the emerging picture

The latest position was set out on 21 September, 2024 where the government announced that it is prioritising four areas for new arrangements and agreements for regional mayors. These will be in Greater Lincolnshire and in Hull & East Yorkshire; aiming also to establish combined county authorities in both Devon & Torbay and Lancashire.

- **For Greater Lincolnshire and Hull & East Yorkshire**, new agreements will give local leaders the power to make decisions in matters relating to transport, adult education<sup>1</sup>, housing, and economic growth within their devolved geographies. The new arrangements are expected to commence alongside mayoral elections in Greater Lincolnshire and Hull & East Yorkshire from May 2025.
- **For Devon & Torbay and Lancashire**, combined county authorities will be established in an anticipated timeframe of early 2025. Devolved powers will include responsibility for adult education, however, the Government is encouraging local leaders to deepen their devolution options to also include establishing mayoral arrangements.

<sup>1</sup> The government will devolve non-apprenticeship adult skills functions and grant funding to eligible institutions. This is subject to the implementation of the trailblazer deals in GMCA and WMCA and the institution satisfying readiness criteria. Experience and learning based on the operations and activity within WMCA highlighted how further education colleges and employers could be incentivised, using the devolved adult skills budget, to collaborate to deliver locally required skills and training.

- **For Cornwall Council, Buckinghamshire Council, Warwickshire County Council, and Surrey County Council:** Four non-mayoral 'Level 2' Single Local Authority devolution agreements are being considered. These will be subject to further statutory tests being met<sup>2</sup>. The government is also encouraging these areas to continue working to explore the next steps towards deeper and wider devolution.
- **For Norfolk and Suffolk County Councils:** The government will not proceed with the mayoral deals agreed with the previous Conservative government in December 2022. It intends to continue discussions over devolution in Norfolk & Suffolk.
- **Mayoral Combined Authorities not confirmed:** East Riding (with City of Hull), North Yorkshire (with City of York), Durham and Northumberland (with Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland councils).

The change of Government has resulted in a situation where most of those with Devolution deals, those without confirmed deals, will be seeking to either amend or agree new arrangements once the framework is published. These early adopters are expected to be agreed in some form over the next few months<sup>3</sup>. The government will publish further details in due course.

#### 5. The position adopted by Herefordshire Council to the Government's Expression of Interest.

- **Eol – Q1: Preferred geography (upper-tier local authorities in the area)**
  - o **The Council's Response:** *Our preference is devolution at a single county level. However, we are open to explore what it means for Herefordshire to work with our neighbours, subject to further information and details about a devolution framework that defines the powers and flexibilities available to areas entering into such agreements and future timescales*
- **Eol – Q2: Initial preference on mayoral / non-mayoral devolution**
  - o **The Council's Response:** *Non-Mayoral Devolution*

This position was informed by discussions with group leaders on the proposals from government, limited as they are at the current time.

#### 6. Herefordshire Council – our starting position in regard to devolution options coming forward

As a general principle – the Council has adopted a position that devolution has the potential to ensure Herefordshire benefits from any additional Government funding that may be available. We are keen to explore what new powers may be devolved to drive economic growth in the City and the market towns across the County and build more affordable homes. It could enable much needed and long overdue investment in our transport infrastructure, drive inclusive growth, create new jobs in growing industries across Herefordshire.

As a County we welcome economic growth and our initial estimates of the Government's new Housing Targets will see a need for up to 20,000 new homes. With that comes the need for new infrastructure, additional employment land, and a skilled workforce to bring in new business and investment. As set out below, we have the plans in place to deliver a significant growth corridor for the City and County and we are investing our own resources to bring forward new housing and employment land.

<sup>2</sup> The Secretary of State must be satisfied that the establishment of a combined authority is likely to "improve the exercise of statutory functions" in the area in question. An existing combined authority may be changed into a mayoral combined authority via a further Order made by the Secretary of State. More information can be found:

<sup>3</sup> Each of these devolution deals will be subject to parliamentary approval and local consent.

When thinking about the devolution deal opportunity we must act positively and progress all the options to ensure that Herefordshire isn't left behind or is the subject of an arranged fit/deal by the Government.

Our starting position is that any devolution deal must strengthen the council's focus on 'Delivering the best for Herefordshire in everything we do' - through our stated Council Plan objectives:

- **People** - We will enable residents to realise their potential, to be healthy and benefit from communities that help people to feel safe and supported
- **Place** - We will protect and enhance our environment and ensure that Herefordshire remains a great place to live. We will support the right housing in the right place and do everything we can to improve the health of our rivers
- **Growth** - We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development along with providing the right infrastructure
- **Transformation** - We will be an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money

## 7. Other key considerations

We are well placed to engage with others and set the framework for a devolution deal, as well as having very clear ambitions to deliver the infrastructure needed. For example:

- **Roads** – The New Road Strategy, adopted by our Cabinet earlier this year, sets out the need for a Growth Corridor for the County, that will open up the land needed to deliver essential new housing and employment land.
- **Rail** – With Government funding, we are delivering a new Transport Hub in Hereford, that will become the gateway for everyone visiting the City by rail, with connectivity to Bus and Active Travel measures. In addition, the Council has set aside funding to develop the Business Case for a new station at Pontrilas (The Golden Valley Parkway) which is an essential new station between Hereford and Abergavenny.
- **Rivers** – You will be well aware of the challenges we have faced due to the level of Phosphates in our rivers which has held back essential development in the north of the county. We have worked with partners across the region, and the Council has delivered the ground-breaking Luston Wetlands. This has freed up several hundred new homes through the Phosphates Credit system, whilst improving the quality of the water in our rivers and protecting the natural environment.

## 8. Herefordshire's Functional Economic Area: potential devolution options going forward

In devolution terms, we also need to consider our functional geographic area; our immediate local partners who share a number of similar challenges, ambitions and opportunities to Herefordshire. Ideally, any devolution deal would allow economic factors with boundaries that ideally reflect the drivers of the local economy and how the local markets operate. For example, businesses operating in Leominster, might look to a skilled workforce that crosses the boundaries into Shropshire and Powys. Similarly, a business operating in Ledbury, might seek its supply chain from into Gloucestershire and Worcestershire. These areas are not defined by administrative boundaries, but follow the natural markets that enable businesses to operate and thrive.

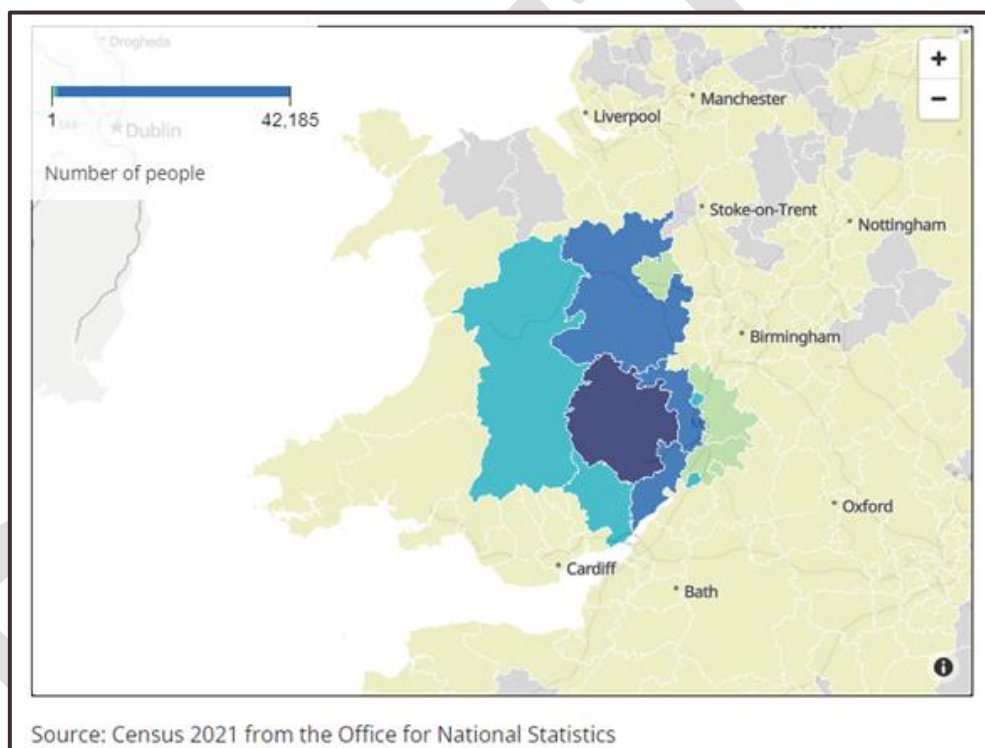
## Devolution based upon existing adjacent County inter-dependencies.

The map below highlights inter-dependence of workforce across our geographic area. Those living in one county and working in another - commuting into Herefordshire from neighbouring counties.

This shows that the highest numbers of people commuting into the county for work are from:

- Shropshire (circa 1,500 likely to be south Shropshire area)
- Worcestershire district of Malvern Hills (circa 1,300) and
- Gloucestershire district of the Forest of Dean (circa 1,000).

### Map 1: Workforce across our geographic area, living in one county and working in another



### What about the Marches Forward Partnership?

The Marches Forward Partnership is a unique collaboration of Shropshire and Herefordshire Councils and Powys and Monmouthshire County Councils and partners. With a clear functional cross-border geography covering over 80% of the border of the English and Welsh border, and a population of 750,000, the four local authorities have come together to identify and address the key challenges and opportunities facing the region to unlock its full potential as a place to live, work and invest.

Leaders and Chief Executives from the four Local Authorities met with the Ministry for Housing, Communities and Local Government Director General to secure government support for the Marches Partnership as an alternative model to devolution. Discussions are also taking place

in tandem with the Welsh government officials to build support for a new long-term partnership model for the Marches and the opportunity for an integrated capital and revenue funding programme and the ability to undertake strategy and service delivery collectively.

In response, the Government has been clear that in return for capital funding and additional responsibility for the delivery of services locally, there would need a democratic, accountable body that brings partners together. They are not aware of a legal basis on which this could be based or established on a cross-border geography. In the absence of a legal entity the Government has recommended using the general power of competence to come together and act without financial support from the Government. This is the easiest most immediate route to continuing the work of the Marches Forward Partnership across England and Wales.

MHCLG Officials did suggest that Herefordshire and Shropshire could form a Combined Authority on the English side of the border and explore how to create a non-constituent role for Powys and Monmouthshire Councils with the support of the Welsh Government.

## 9. Immediate next steps for Herefordshire

Start informal discussions with Council leaders from possible devolution partners and assess the appetite and opportunities for joint working and the potential for developing a deal together. To do this we intend to;

- a) Establish a cross-party Devolution Deal Task Group to develop the Herefordshire strategy and work programme with our devolution partner/s.
- b) Engage with the Herefordshire public sectors (Police, Fire and Health), NMiTE and Herefordshire Colleges, community/voluntary sector and local businesses to broaden and deepen the thinking.
- c) Brief Herefordshire MP's on progress and secure their support
- d) Continue to engage with Government Officials following the EOI the Council submitted at end of September.

### Estimated timeframes for the non-frontrunner authorities:

- Expressions of Interest to be submitted by end of September – **complete**
- Further details will be set out in the White Paper – **timings awaited** – but could reasonably be estimated as follows: –
  - o Proposal submitted to Government – Summer 2025
  - o Consultation of proposal – Autumn / Winter 2025
  - o Government approval of Deal – Spring 2026

**Paul Walker**  
**Chief Executive**