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Policy Insight and Communication

## **Levelling Up and Devolution**

### **Purpose**

- 1.1 In January 2022, the Government published its long-awaited White Paper on Levelling Up, a significant set of proposals representing a step forward in addressing geographical disparities in funding, productivity and growth across England. As officers continue to assess the broader implications for Derby, this report presents some emerging opportunities for Council Cabinet to consider.
- 1.2 Further to initial discussions held with Government in Autumn 2021, Derby City Council and Derbyshire County Council were recognised in the White Paper as national 'Levelling Up' leaders, securing a County Deal. It was hoped that the deal would bring extra investment to the area, alongside the transfer of specific powers in areas like transport, bus services, housing, and skills from central Government to a local level, giving greater autonomy to local leaders over decision making and funding; however the scope and implications of any deal remain subject to negotiation and clarification.
- 1.3 In light of the new devolution framework published in the White Paper, the Council alongside Derbyshire is now exploring options with Nottingham and Nottinghamshire ('D2N2 authorities') to more fully exploit the opportunities provided by Levelling Up. This could involve the formation of a combined authority subject to agreement by all respective councils, along with new governance arrangements, which are also being explored.
- 1.4 As a Council, we are committed to working with regional and local partners to ensure that Derby secures greater resources and flexibilities through Levelling Up, thereby maximising the opportunities to improve outcomes for citizens in our city.

### **Recommendations**

- 2.1 To note the opportunities arising from the Levelling Up White Paper through the devolution framework, which could benefit local communities through greater investment and flexibilities for our area.
- 2.2 Subject to discussions with Government and the D2N2 authorities, to note a further report will be brought to Council Cabinet and Full Council, on the proposed governance model for any future devolution deal with Government.
- 2.3 To note alignment between the 12 missions contained in the White Paper and the Council Plan 2022-25, as shown in Appendix 1.

## Reasons

- 3.1 The context in which the city operates has never been more challenging. The impact of COVID-19 will be serious and long lasting in terms of our economic resilience and financial sustainability. The Council needs to explore opportunities created by Government to secure funding, freedoms and flexibilities to achieve the best possible outcomes for its citizens.
- 3.2 We have seen regions such as London, the North West and the West Midlands benefit from the introduction of directly elected mayors and combined authorities, with increased influence at Government level, opportunities to leverage funding and greater flexibility in terms of decision making at a local level. The East Midlands has undoubtedly 'missed out' as a result of not having access to the same level of funding and freedoms, and whilst joint strategic working has been explored informally within recent years, it has not come to fruition. This is being revisited in light of the new devolution framework.
- 3.3 It is important that our goals as a Council, align with the Government's missions, if we are to access funding and collectively tackle deep seated inequalities through Levelling Up policy.

## Supporting information

- 4.1 The Government published its [Levelling Up White Paper](#) in January 2022. The paper is based around five pillars:
  - Pillar One: The Government is setting 12 medium term missions to achieve by 2030 – as shown in **Appendix 1** (mapped to Council Plan 2022-2025 outcomes).
  - Pillar Two: Decision making - Central government decision making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.
  - Pillar Three: Empower local decision makers - A new framework will extend, deepen, and simplify local devolution in England.
  - Pillar Four: Government will transform its approach to data and evaluation - The Office for National Statistics' Subnational Data Strategy aims to improve the UK's subnational data, mapping local economic geographies and helping improve transparency and accountability to the public. The Government is making available interactive tools and maps to facilitate this process.
  - Pillar Five: Government will create a new regime to oversee its levelling up missions. There will be a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council. The Council will support Ministers by advising on the design, delivery, and impact of levelling up policy.

4.2 The devolution framework, as shown in **Appendix 2**, is based on four principles:

- **Effective leadership** – to secure devolution there needs to be defined structures and leadership for clear and strong local decision making i.e. with a leader and cabinet where there is a large local authority. When there are a group of authorities, and they are a combined authority, there needs to be an appropriate institution. Where a group of authorities are seeking a non-mayoral combined authority, there needs to be clarity on how decisions will be made – for instance, by majority vote.
- **Sensible geography** – new devolution deals are based on geographies that are locally recognisable in terms of identity, place and community, as well as being sensible economic areas that join up where people live and work. On that basis, to access more powers, any future devolution deals should be agreed over a sensible FEA (functional economic area) and/or a whole county geography, with a single institution in place across that geographic footprint. The involvement of district authorities will be encouraged, but deals will only be agreed with county and unitary local authorities. No authority will have a veto over the progress of neighbours who are prepared to move quickly and adopt strong governance models.
- **Flexibility** – the framework sets out three tiers to define a clear and consistent set of devolution pathways. Devolution deals will be tailored to each area, with not every area necessarily having the same powers.
  - Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area.
  - Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area.
  - Level 1 – Local authorities working together across a FEA or whole county area e.g., through a joint committee.
- **Appropriate accountability** – devolution will give areas more powers and funding flexibility, but these need to be used appropriately to support local and national priorities. Local leaders and institutions will need to be transparent and accountable, working closely with local businesses, seeking the best value for taxpayer's money and maintaining strong ethical standards.

4.3 The benefits of securing some form of devolution include:

- being able to respond to the real and systemic challenges and opportunities resulting from the impacts of COVID-19 and Britain's exit from the EU;
- address years of under-investment in the East Midlands, particularly on transport infrastructure;
- improve the lives and prospects of our people, our places and our economy: truly delivering levelling-up in action and addressing long standing inequalities;
- improve the efficiency and effectiveness of local government and our ability to work with partners.

- 4.4 In anticipation of the Government's proposals around devolution, the Council, alongside Derbyshire County Council, entered into initial conversations with Government in Autumn 2021 regarding a County Deal (which now aligns with Level 1 and 2 of the devolution framework). It is positive that the White Paper confirmed that Derby and Derbyshire is one of 9 local areas identified as pathfinders for a potential County Deal, however it is now apparent that a county deal may not deliver the full benefits that devolution can offer.
- 4.5 The proposed County Deal discussed with Government includes provision for the transfer of powers for employment and skills, transport, housing, planning, business support and investment. It was based on considerable joint work already underway including shared plans on HS2 growth, waste and minerals, and transport and could enable the creation of a multi-year, 'single pot' investment fund to support economic development and regeneration. It was also proposed that collective decision making at a local level would be discharged through a Joint Committee constituted for this purpose.
- 4.6 Since the publication of the White Paper, the Council alongside Derbyshire is also exploring options with Nottingham and Nottinghamshire to fully exploit the opportunities provided by Levelling up through the devolution framework (i.e. Level 3). It is worth noting that there has been previous exploration of a combined authority for the East Midlands with a directly elected mayor, as well as a 'strategic alliance' across upper tier authorities to achieve common goals. These discussions did not come to fruition but there is now substantial appetite from D2N2 authorities in light of the potential 'prize' on offer through the devolution framework. Regions such as West Midlands and North West have secured significant gains through agreed devolvement of powers with Government, with greater investment and improved voice and influence.
- 4.7 Negotiations are continuing with the D2N2 authorities at pace and it is expected that the D2N2 proposals may be amongst the first to be discussed with Government. It is likely that workstreams will be formed around the key outcome areas to develop business cases. Consideration will also be given to developing appropriate governance arrangements across the four authorities, including the option of an elected mayor. Officer resource is being secured to support the process.
- 4.8 Ultimately any set of devolution proposals will be presented to Full Council for approval before a devolution deal is secured. At this stage timescales are unclear.

## **Public/stakeholder engagement**

- 5.1 Group leaders have been updated regarding the early discussions around county deals. Councillors and partners will be briefed regularly on progress in securing a potential devolution deal.

## **Other options**

- 6.1 The Council could choose not to pursue any aspect of devolution however this would fail to maximise the opportunities in terms of investment and flexibilities that would benefit local communities, hence it is not considered a viable option.

## Financial and value for money issues

- 7.1 A number of funding streams have been identified in the White Paper, both new and existing, the Council are still being notified of the specific budget allocations.
- 7.2 The Council will be required to contribute officer resource to develop the devolution proposals. It is proposed to use an existing budget that was established to examine the options for local government reform (£50k for 2021/22 – a request will be made to carry forward some element into 2022/23). As such, there are no additional financial commitments at this stage. Should any such commitments arise, this will be reported as appropriate.

## Legal implications

- 8.1 Any form of devolution would require a clear constitutional framework which sets out the extent to which devolved powers are transferred from central government to either a county deal or combined authority, and how those functions are exercised and monitored at a local level. This will be developed with Government in due course and brought to Full Council for approval.

## Other significant implications

- 9.1 The business case for any form of devolved government would include an equality impact assessment as part of its evidence base, to ensure that the needs of all sections of our communities are fully reflected.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan, Director of Legal, Procurement & Democratic Services	28 Feb
Finance	Simon Riley, Strategic Director of Corporate Resources	28 Feb
Service Director(s)	Heather Greenan, Director of Policy Insight & Communication	28 Feb
Report sponsor	Paul Simpson, Chief Executive	28 Feb
Other(s)	Rachel North, Strategic Director of Communities and Place	28 Feb

Background papers:	
List of appendices:	Appendix 1 – 12 missions aligned to Council Plan 2022-25 Appendix 2 – Devolution framework from Levelling Up White Paper

<b>Levelling Up 12 Missions</b> <b>Derby City Council Plan 2022-25 alignment</b>		
<b>Mission</b>	<b>Alignment to priority theme and outcome (s)</b>	<b>Related must do's</b>
<b>1</b> Raising pay, employment and productivity in every area, each containing a globally competitive city <b>2</b> Increasing investment in research and development outside the south-east by at least 40%	<b>GROWTH</b> Thriving, sustainable economy and business community	<ul style="list-style-type: none"> <li>• Work with partners including Marketing Derby, the D2N2 Local Enterprise Partnership, and Midlands Engine to diversify and broaden the economy</li> <li>• Act as a strategic enabler to create the optimum environment for business growth in the city</li> <li>• Work with the University of Derby and other partners to continue delivery of the Ascend programme, in support of potentially high value-added business start-ups alongside existing businesses</li> <li>• Deliver initiatives to support people into employment</li> <li>• Support and strengthen the existing business base and sectors</li> <li>• Deliver our priority programmes and projects               <ul style="list-style-type: none"> <li>○ NAMRC (Nuclear Advanced Manufacturing Research Centre) Midlands / Infinity Park Derby project</li> <li>○ SmartParc project</li> </ul> </li> </ul>
<b>3</b> Raising transport connectivity across the country to the standard of London	<b>GROWTH</b> Thriving, sustainable economy and business community	<ul style="list-style-type: none"> <li>• Enhance Derby's role as the centre of UK Rail</li> </ul>
<b>4</b> Creating nationwide gigabit-capable broadband and 4G coverage, with 5G for the majority of the population	<b>GROWTH</b> Thriving, sustainable economy and business community	<ul style="list-style-type: none"> <li>• Support Derby's super-connectivity expansion, gigabit fibre connectivity and facilitate the entry of 5G to create the conditions for a smart city</li> </ul>
<b>5</b> Increasing reading, writing and maths standards of primary school children <b>6</b> Significantly increasing skills training in every part of the UK	<b>GROWTH</b> Learning city with access to skills and knowledge for all ages	<ul style="list-style-type: none"> <li>• Deliver our citywide education and skills programme to promote life-long learning (formerly the Opportunity Area programme), by establishing a city-wide education strategy for lifelong learning, working to make sure any impacts of COVID-19 are identified and addressed (for all pupils)</li> <li>• Deliver strategies to promote inclusion in learning and employment</li> </ul>
<b>7</b> Lowering the gap in healthy life expectancy between local areas	<b>RESILIENT</b> Reduced inequalities, with healthier and wealthier residents	<ul style="list-style-type: none"> <li>• Deliver our priority programmes and projects               <ul style="list-style-type: none"> <li>○ Derby Football Hub</li> <li>○ Moorways Sports Village</li> </ul> </li> </ul>

<b>Levelling Up 12 Missions</b> <b>Derby City Council Plan 2022-25 alignment</b>		
<b>Mission</b>	<b>Alignment to priority theme and outcome (s)</b>	<b>Related must do's</b>
<b>8</b> Improving wellbeing in every area of the UK	<b>GREEN</b> Enhancing our green and blue spaces	<ul style="list-style-type: none"> <li>○ Health Inequality Strategy</li> <li>○ Childhood Obesity Strategy</li> <li>○ Contribute to the Poverty Commission</li> <li>● Publish and implement an updated Health and Wellbeing Strategy for Derby alongside an Integrated Care Strategy for Derby and Derbyshire</li> <li>● Meet our statutory requirements for Public Health:               <ul style="list-style-type: none"> <li>○ Work with partners to develop Florence Nightingale Community Hospital</li> <li>○ Work with National Health Service (NHS) colleagues on an Alcohol Care Team</li> <li>○ Increase drug treatment through grant funds</li> <li>○ Commission General Practitioner (GP) locally enhanced services for the child weight management advice</li> <li>○ Enhance health visiting response for asylum seeking families</li> <li>○ Develop a seven-year locally enhanced framework for delivering services for public health, including for sexual health and substance misuse</li> <li>○ Update the delivery of the Healthy Child programme to meet increased need</li> <li>○ Provide leadership to Joined-up Care Derbyshire Health Inequalities Strategy</li> </ul> </li> <li>● Green deprived areas of the city, and make best use of the city's existing parks</li> <li>● Maximise our river areas</li> </ul>
<b>9</b> Increasing pride in place, including satisfaction with town centres and community engagement	<b>RESILIENT</b> Empowered, strong and independent communities  <b>VIBRANT</b> Destination of choice, dynamic and diverse city centre	<ul style="list-style-type: none"> <li>● Work in partnership to streamline our processes implementing a coordinated approach to investing in our voluntary, third and faith sectors (co-production), building our communities and connecting people</li> <li>● Publish a City Centre Plan, which sets out a clear longer-term vision for the re-invention of the city centre</li> <li>● Deliver priority city centre programmes and projects including:               <ul style="list-style-type: none"> <li>○ Becketwell area</li> <li>○ Becketwell Performance Venue</li> <li>○ Project Assemble</li> <li>○ Castleward</li> </ul> </li> </ul>

<b>Levelling Up 12 Missions</b> <b>Derby City Council Plan 2022-25 alignment</b>		
<b>Mission</b>	<b>Alignment to priority theme and outcome (s)</b>	<b>Related must do's</b>
	<b>WORKING SMARTER</b> Improve communication and engagement with our residents, to shape sustainable services for the future	<ul style="list-style-type: none"> <li>○ Derby Riverside</li> <li>○ Market Hall</li> <li>• Complete our review of Tourism and Place, to develop our place management and marketing</li> <li>• An agreed plan to support transforming our city around the Market Place – the heart of the city that encompasses Derby's varied portfolio of cultural assets</li> <li>• Improve communication and engagement with our residents, to shape sustainable services for the future</li> </ul>
<b>10</b> Increasing first-time home buyers and cutting non-decent rented homes by 50%	<b>GROWTH</b> Decent, sufficient and affordable housing  <b>VIBRANT</b> Destination of choice, dynamic and diverse city centre  <b>RESILIENT</b> Empowered, strong and independent communities	<ul style="list-style-type: none"> <li>• Deliver the Housing Strategy to modernise, improve or build specialist accommodation to ensure people are safe and connected to their communities.</li> <li>• Continued delivery of the South Derby Growth Zone project</li> <li>• Deliver priority housing developments including:               <ul style="list-style-type: none"> <li>○ Bute Walk Conversion</li> <li>○ Butterfly Project</li> <li>○ The Knoll Redevelopment</li> <li>○ Former Aida Bliss Factory Site</li> <li>○ Housing Revenue Account (HRA) Capital programme</li> </ul> </li> <li>• Implement new models of 'housing' and intervention to improve conditions and suitability of existing housing, with a particular emphasis on the homes of vulnerable people and those living in the private rented sector</li> <li>• Implement a proactive 'enabler' approach to facilitate investment to 'repurpose' buildings for both housing and employment uses</li> <li>• Facilitate a range of housing that meets the city's needs and provides suitable accommodation for the vulnerable through the delivery of our Housing Strategy 2020 – 2029, the Tenancy Strategy and the Homelessness and Rough Sleeping Strategy 2020 - 2025</li> </ul>
<b>11</b> Cutting homicide, serious violence and neighbourhood crime	<b>RESILIENT</b> A safe city, where those that need support can access them at the right time for them	<ul style="list-style-type: none"> <li>• Implement our Place-based Risk Strategy</li> </ul>



<b>Levelling Up 12 Missions</b> <b>Derby City Council Plan 2022-25 alignment</b>		
<b>Mission</b>	<b>Alignment to priority theme and outcome (s)</b>	<b>Related must do's</b>
<b>12</b> Giving every area that wants one a devolution deal, with powers approaching the highest level and a simplified, long-term funding settlement	<b>WORKING SMARTER</b> An insight led Council that delivers value for money	<ul style="list-style-type: none"> <li>Seek further devolution of freedoms and flexibilities from Government to pursue options for local area decision making and accountability, including the delivery of a County Deal.</li> </ul>

**Table 2.3 Devolution Framework**

**Level 3** – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

**Level 2** – A single institution or County Council without a DEM, across a FEA or whole county area

**Level 1** – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
<b>Strategic role in delivering services</b>	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	✓	✓	✓
<b>Supporting local businesses</b>	LEP functions including hosting strategic business voice		✓	✓
<b>Local control of sustainable transport</b>	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
<b>Investment spending</b>	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
<b>Giving adults the skills for the labour market</b>	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
<b>Local control of infrastructure decisions</b>	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
<b>Keeping the public safe and healthy</b>	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align*			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
<b>Financing local initiatives for residents and business</b>	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

\* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities