



Exeter City Council

An **EXTRAORDINARY MEETING OF THE COUNCIL** will be held at the **GUILDHALL, HIGH STREET, EXETER** on **THURSDAY 21 MARCH 2024**, at 6.00 pm, at which you are hereby summoned to attend.

If you have an enquiry regarding any items on this agenda, please contact Mark Devin, Democratic Services Manager on 01392 265477.

The following business is proposed to be transacted:-

- | | Pages |
|--|---------|
| 1 Response to Consultation on the proposed Devon and Torbay Devolution Deal | |
| To consider the report of the Chief Executive. | 3 - 48 |
| 2 Allocation of Capital funding for the MRF | |
| To consider the report of the Director Finance. | 49 - 54 |
| 3 Public Questions | |
| Details of questions should be notified to the Democratic Services Manager at least three working days prior to the meeting - by 10am on Monday 18 March 2024. | |
| Further information and a copy of the procedure with details about speaking at Council can be found here: Public Speaking at Meetings . | |
| 4 Questions from Members of the Council Under Standing Order No. 8 | |
| Details of questions should be notified to the Democratic Services Manager by no later than 10am on Wednesday 20 March 2024. | |

Date: 13 March 2024

Bindu Arjoon
Chief Executive

Civic Centre, Paris Street, Exeter, EX1 1JN	Committee.services@exeter.gov.uk	Council Website
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REPORT TO EXTRAORDINARY COUNCIL

Date of Meeting: 21 March 2024

Report of: Chief Executive

Title: Response to Consultation on the proposed Devon and Torbay Devolution Deal

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 A proposed Devon and Torbay devolution deal was announced by the Secretary of State for Levelling Up, Homes and Communities (DLUHC) on 25 January 2024. A copy of the proposed deal, published by DLUHC is attached at Annex A.

As the two Constituent Councils of the proposed Combined County Authority (CCA) that would be formed as part of the deal, Devon County Council and Torbay Council are seeking views on the proposal by 24 March 2024. Details of the deal and the consultation are available at: www.devontorbaydeal.org.uk

This report provides members with detailed information on the proposed deal and seeks approval of a response to the consultation.

Next steps

The anticipated timetable for the next steps is:

- 12 February 2024 to 24 March 2024 –public consultation on the draft proposal for the establishment of DT CCA and proposed devolution deal;
- April 2024 – Cabinet (Monday 22 April) and Council (Monday 29 April) consideration of the results of the public consultation and final proposal and, subject to Council's decision, submission of final proposal for the DT CCA to Government;
- May 2024 – Government decision on proposal;
- June 2024 - Statutory Instrument to create the DT CCA finalised;
- July 2024 - Review by Joint Committee on Statutory Instruments;
- Autumn 2024 – Devon and Torbay Councils formally consent to the Statutory Instrument;
- Autumn 2024 – Statutory Instrument laid in Parliament;
- Autumn 2024 – Statutory Instrument comes into force;
- Autumn/Winter 2024 – Launch of the DT CCA and establishment of the Team Devon Joint Committee.

2. Recommendations:

It is recommended that Council notes the proposed Devon and Torbay devolution deal and formation of the Devon and Torbay Combined County Authority and submits the following response to the consultation:

1. Voting rights and governance

The council notes that the Government rejected the proposed amendment by the House of Lords to allow district councils to be constituent members of the new Combined County Authorities. We contend that this creates a democratic deficit for all district councils, and we look forward to this being rectified in Devon.

More specifically, from the perspective of Exeter and its residents and communities, with a population of more than 130,000, the city is one of two major urban areas south west of Bristol, and the main growth hub for the South West, with specialisms in science, tech, big data, and significant assets, such as the University of Exeter and Exeter College, which are vital to skills generation, innovation, and productivity growth. There are over 35,000 people who commute into the city to work but nearly half a million who travel-to-work within Greater Exeter.

The capacity for future development and growth could be markedly improved with vital investment to:

- accelerate green growth and improve economic productivity;
- increase private sector employment particularly in transformative sectors where higher skills, higher levels of research and development and deep technology in climate sciences and health are predicted;
- grow, retain, and attract a better skilled workforce and invest in employment, education, and skills plans;
- provide better digital connectivity;
- deliver high-quality, sustainable new neighbourhoods incorporating a pipeline of housing sites on brownfield land across the city, unlocking 12,000 green homes;
- retrofit a further 4,000 council houses to reduce carbon footprint and tackle fuel poverty;
- improve public transport connectivity, promote active travel choices, tackle congestion, and improve accessibility to the city centre;
- expand and secure the city's future green energy supply, including new renewable sources.

The ambitions and purported benefits of the CCA mirror these challenges and it is imperative that Exeter's democratically elected representatives have direct input to decisions on prioritisation and allocation of funding and resources as constituent members of the CCA. With a population of around 136,00 and three constituent members of the CCA, Torbay is afforded disproportionate and inequitable democratic input, which would be more accurately and reasonably allocated if the governance arrangements were represented by Devon's urban, rural, and coastal communities, with three seats to reflect this balance.

2. Local Government Restructuring

The Council notes that DLUHC's published deal and the background text for the consultation are silent on the impact of the devolution and CAA on local government restructuring. The Council also notes the following statement in the Constituent Councils' press release of 25 January 2024: "The Government has chosen Devon and Torbay as one of only a small number of local authority areas in the country to form a Combined County Authority (CCA), that will not require an elected Mayor or changes to the current structure of local councils." The Council looks forward to receiving a record of the CCA's formal endorsement of this position following its inception.

3. District Council Common Issues

In common with other district council colleagues across Devon, we recognise the potential benefits of a CCA, in giving Devon and Exeter a voice in government and attracting funding to support our ambitions. We want to work collaboratively with our Devon colleagues and government to address concerns in a number of specific areas:

- UK Shared Prosperity Fund (UKSPF) – we expect this (or its successor) to continue to be devolved to districts within Devon to deliver. We note that there is currently no certainty about any future rounds of the UKSPF programme. However, in line with the Government's commitment to replace lost EU funding, we would expect the shared prosperity fund, or equivalent replacement funding streams in future, to be devolved from the CCA to district level by default. With the remaining CCA remit being to broker conversations about strategic commissioning of countywide (generic) business support activity, to maximise the effectiveness of local investment aligned to the economic activity newly returning to the county council as part of the winding down of the Local Enterprise Partnership (LEP). However, since the LEP failed on both its democratic mandate and local relevance to businesses, we would wish the CCA to set off firmly on the right foot by committing to retain local delivery methods for business support where this is currently in place via districts.
- Housing empowerment – we expect the CCA to enable and accelerate delivery with and through districts and local housing associations. Much is made of the potential for a shared strategic investment pipeline with Homes England, and while we recognise the potential for shared investment and the need for strategic conversations to deliver this, we would wish to make it clear that districts expect existing housing functions and groupings to be utilised – such as the Devon Housing Task Force, which covers the whole of the Devon and Torbay area (and which is currently chaired by a District Council Leader). The aims of the CCA should be to build on best practice and expertise; to provide a stronger platform and empower the excellent work being done across the Team Devon landscape, not to duplicate or add extra bureaucracy. We understand that this is the intention, however we would wish to be involved more fully in the discussions around 'operationalising' the CCA.

3. Reasons for the recommendation:

3.1 To ensure that the council's position and concerns regarding the devolution deal and CCA are registered as part of the consultation.

4. What are the resource implications including non financial resources

4.1 The proposed CCA will be funded by the two Constituent Councils. Funding has been secured as part of the deal from central Government to cover the financial years 2024/25, 2025/26 and 2026/27. In addition, the proposed CCA would consider whether to seek the power to borrow and explore the extent of these powers.

In practice it is expected that the running costs of the proposed CCA will be met by either continued central Government support or with funding from the Constituent Councils. The proposed CCA will not have the power to raise a precept. That means it will not be able raise money through increasing Council Tax.

Member and officer time will be required to participate in the various groups that form the CCA but, initially, this is not expected to exceed the time spent on current arrangements, including Team Devon and the Local Enterprise Partnership. This commitment will continue to be reviewed following inception of the CCA.

5. Section 151 Officer comments:

5.1 At this stage there are no immediate financial implications for Council to consider. There may be opportunities for Exeter to benefit from some of the additional resources, however some future funding streams will be diverted to the CCA, which have previously been awarded to individual Councils (e.g. UK SPF).

6. What are the legal aspects?

The Levelling-up and Regeneration Act (LURA) received Royal Assent on 26 October 2023. Part 2 (Local democracy and devolution) Chapter 1 (Combined County Authorities) of the Act provides for the formation of Combined County Authorities (CCAs) as corporate bodies.

The proposed Devon and Torbay devolution deal was announced by the Secretary of state for Levelling Up, Homes and Communities on 25 January 2024. If approved by the Secretary of State, secondary legislation will be made to set up the Devon and Torbay Combined Authority. The consultation period for the proposed CCA commenced on 12 February 2024 and will close on 24 March 2024.

Section 46 of LURA sets out the requirements in connection with establishment of a CCA. The Secretary of State may make regulations establishing a CCA for an area only if:

- (a) The Secretary of State considers that to do so is likely to improve the economic, social, and environmental well-being of some or all of the people who live or work in the area,
- (b) The secretary of State considers that to do so is appropriate having regard to the need-
 - (i) To secure effective and convenient local government, and
 - (ii) To reflect the identities and interests of local communities,

- (c) Where a proposal for the establishment of the CCA has been submitted and a public consultation has been carried out and provided to the Secretary of State, then the Secretary of State may constitute a CCA by Regulations.

Devon County Council and Torbay Council have sought a Level 2 devolution framework. The authority will have wide ranging powers relating to governance, finance and investment, skills and education, housing and land, transport, net zero and climate change, culture, and tourism, 'digital', innovation, trade and investment, sector development, public service reform and resilience and public safety.

The report to Devon County Council's cabinet on 2 February 2024 stated that 'Whilst the DT CCA would be a separate body from the existing councils [i.e., Devon and Torbay], it would be led by members of those councils. The DT CCA would take responsibility for devolved powers and functions that are not currently subject to direct local democratic control'.

A CCA can be established in areas with two-tier local authorities and unitary authorities. The Act provides for CCA constituent membership to consist solely of upper-tier local authorities. Governance of the CCA will lie primarily with the two constituent councils, Devon County Council and Torbay Council. Each authority will appoint three of their elected members to the CCA. District Councils are accorded 'non-constituent' member status and will be nominated by the District Councils within Devon. Membership is limited to two Districts in accordance with the proposals put forward by Devon County Council and Torbay Council. Non-constituent members of a CCA are non-voting members unless the voting members resolve otherwise. The 'Devon and Torbay Devolution Deal' document states that of the four non-constituent members, '...two will be members nominated by the District councils within the Devon area to act as District representatives' There will be no individual representation for the eight Devon District Councils. There will also be two associate members who will be decided by the CCA. They will, for example, represent '...the voice of business and another the skills/education sector'. In addition, there will be four non-constituent members, two of which will be members nominated by the District Councils within Devon. They will '...act as District representatives.

The report goes on to state:

'The district councils in Devon will be empowered to nominate two members to represent their interest on the CCA. Devon County Council and the eight district councils have worked together to agree system of nominations, it has been agreed that a Team Devon joint committee will be established under section 101 to 103 of the Local Government Act 1972 and all other enabling legislation, members of the Team Devon joint committee will include representatives of Devon County Council; the City, District and Borough Council in the Devon area; the National park Authorities and the Devon Association of Local Councils. The terms of reference of the Team Devon joint committee will enable it to have a voice and establish a collective position in the CCA'. This does not appear to include voting rights to the proposed Team Devon joint committee.

There is limited information on broader decision making. The draft proposal states that *'[t]he CCA will determine how it will deal with voting and decision-making between the CCA's membership on general matters, for example local policy and strategy making, as part of its broader Constitution'.*

The proposed devolution arrangements also provide for an Overview and Scrutiny Committee and Audit Committee which also allow for non-constituent council representation.

Section 18 of the LURA 2023 enables the Secretary of State to make regulations to *'...provide for a function of a county council or a district council that is exercisable in relation to an area which is within a CCA's area to be exercisable by the CCA in relation to the CCA's area...if the Secretary of State considers that the function can appropriately be exercised by the CCA'*.

Section 18 also provides for regulations to allow for County and District functions to be exercised by a CCA concurrently or jointly with a County or District council or continue to be exercised by the Council alone. However, such Regulations can only be made by the Secretary of State with the consent of the constituent councils. The [Table of Functions](#) sets out those powers which the Constituent Councils propose are to be exercised by the CCA on the basis that the Constituent Councils consider those functions *'...are needed to enable the CCA to deliver the purposes outline in [the] proposal'*. Members will note from the Table of Functions that the powers sought by the Constituent Councils are extensive. The 'Devon and Torbay Devolution Deal' document states at paragraph 27:

'No local authority functions are being removed from any local authority in the area, other than transport functions as agreed with the constituent councils. Where other local authority functions are conferred on the CCA they will be held concurrently with the local authorities in the area to ensure joined up decision making. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the CCA and the constituent councils as appropriate'.

Section 19 of the LURA 2023 provides for other public authority functions to become functions of the CCA. Section 19 does not apply to County or District Councils.

Sections 47 and 48 of the Act set out the requirements for changes to existing arrangements relating to CCAs which provide for the secretary of state to make changes to the CCA arrangements where proposals are submitted by the CCA, County Council or Unitary Council provided that the Section 48 criteria are satisfied.

The Devon and Torbay Devolution Deal published by the Department for Levelling Up, Housing and Communities (DLUHC) states in its introduction that:

'Government recognises that devolution is a journey, not a one-off event, The agreement is the first step in a process of further devolution, As institutions mature, they can gain greater responsibility, and Devon and Torbay will be able to deepen their devolution arrangements over time, subject to Government agreement. The Government will also continue to work with Devon and Torbay on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities, rural and coastal areas whilst tackling the climate emergency on our journey to 2050'.

7. Monitoring Officer's comments:

7.1 Given that this report recommends Exeter City Councils' response to the consultation the Monitoring Officer has no comment to make but Members attention is particularly drawn to the legal aspects highlighted in paragraph 6 above.

8. Report details:

In summary, based on the published documentation, the proposed devolution deal includes:

- The formation of the CCA, including the creation of a leadership group led by a nominated chair, to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.
- New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of Adult Education functions and the core Adult Education Budget, and the opportunity to provide input into Local Skills Improvement Plans.
- £16 million of new capital funding in this Spending Review period to support the delivery of local housing priorities, drive Net Zero ambitions, support green skills and accelerate wider low carbon business transition across the Devon and Torbay area. This investment is subject to agreement of the relevant business cases.
- Greater collaboration between the Devon and Torbay CCA and Homes England to reduce the barriers to affordable housing delivery, regeneration, and housing growth – with a particular focus on rural and coastal communities. By combining skills and capacity, Devon and Torbay CCA and Homes England will develop a shared development pipeline, underpinned by a clear action plan, and explore ways to support the delivery of that pipeline via current and future national housing programmes. Devon and Torbay CCA have also secured agreement from government to discuss the recommendations of the Devon Housing Commission.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising subject to approval from the Secretary of State for transport, and control of appropriate local transport functions e.g., responsibility for an area-wide local transport plan.
- Subject to funding, policy and delivery considerations at the next Spending Review, UK Shared Prosperity Fund (UKSPF) planning and delivery at a strategic level from 2025/26.
- The integration of the functions of the Heart of the South West Local Enterprise Partnership held by Devon County Council and Torbay Council into the Devon and Torbay CCA, alongside the provision of a strong and independent local business voice which informs local decision making and strategic economic planning.
- A commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation with the Police and Crime Commissioner (PCC).
- A clear role for Devon and Torbay in local resilience and civil contingency planning, preparation, and delivery

9. How does the decision contribute to the Council's Corporate Plan?

9.1 There is no direct link to the corporate plan.

10. What risks are there and how can they be reduced?

The council's response identifies and seeks to mitigate the negative impact of the democratic deficit.

The published deal is silent on the subject of local government restructuring but does state at paragraph 38 that *"This deal does not rule out in principle any future options for further local alignment and joint working."* Coverage of this subject is included in the recommended response to the consultation.

Paragraph 134 of the published deal states that "The Devon and Torbay CCA and its members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities."

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation, and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies, and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage, and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact on equality of decisions, policies and practices has been identified on people with protected characteristics because the legal duty and impact assessment is the responsibility of the Constituent Councils of the CCA.

12. Carbon Footprint (Environmental) Implications:

12.1 Net zero and climate adaptation are identified as a priority in the Devolution Deal and the Constituent Councils have stated:

"We will unlock Devon and Torbay's huge green economic potential, with more investment in green business growth and attracting inward investment to the area. Our transition to a net-zero economy will be accelerated, capitalising on our area's world-leading expertise in green science and technology."

Local leaders are well placed to engage with all part of their communities and to understand local policy, political, social, and economic nuances relevant to climate action in the area.

From the £16 million of new Government funding which the CCA will receive, funding will be made available to invest in green jobs, homes, skills, and business growth, accelerating Devon and Torbay's transition to a net-zero economy, and capitalising on our area's world-leading expertise in green science and technology, in this spending review period."

Council members and officers will engage with the CCA and seek to ensure that Exeter's Net Zero ambitions are duly prioritised and delivered by the CCA.

13. Are there any other options?

13.1 The proposal is defined by the Constituent Councils and the options are prescribed by legislation.

Chief Executive, Bindu Arjoon

Author: Bindu Arjoon and Bruce Luxton

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

- Devon and Torbay Devolution Deal (DLUHC 2024)

Contact for enquires:
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Room 4.36
01392 265275

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Devon and Torbay Devolution Deal

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including the consent of all councils affected and parliamentary approval of the secondary legislation implementing the provisions of this deal.



Department for Levelling Up,
Housing & Communities



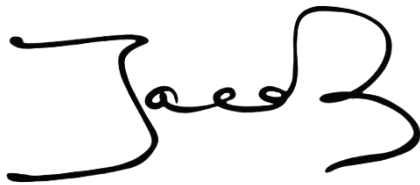
TORBAY COUNCIL

Signature Page

A handwritten signature in black ink that reads "Michael Gove". The letters are cursive and fluid.

The Rt Hon Michael Gove MP

Secretary of State for Levelling Up, Housing and Communities

A handwritten signature in black ink that reads "Jacob". The letters are cursive and stylized.

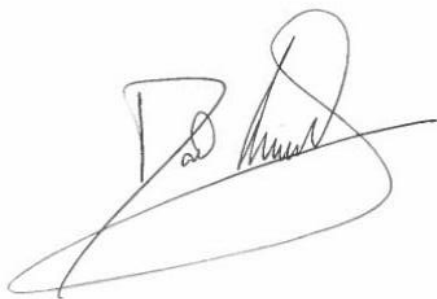
Jacob Young MP

Minister for Levelling Up

A handwritten signature in black ink that reads "John Hart.". The signature is written in a cursive style and is underlined with a single horizontal line.

Cllr John Hart

Leader of Devon County Council

A handwritten signature in black ink that reads "David Thomas". The signature is written in a cursive style and is underlined with a single horizontal line.

Cllr David Thomas

Leader of Torbay Council

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Introduction

1. Devon and Torbay is a special place with enormous potential in its businesses, people and places. Encapsulating the majority of the ceremonial county of Devon, located within the heart of the south west, the area has a rich history, culture and dynamic economy, with a world renowned food and drink sector, an increasing reputation as a centre for international environmental science, and – with its stunning natural environment – a deserved status as a destination of choice to visit, learn and invest. Devon and Torbay has a long standing entrepreneurial and trading history; from its wool merchants and guilds in the middle ages, through to its maritime and fishing heritage along both its coastlines, to today's excellence in defence and advanced manufacturing, photonics and agritech. From the English Riviera, to its rural market towns and Exeter, to Northern Devon's Atlantic Coast, the area is typified by a sense of enterprise, innovation and ambition, whether in meeting the demographic challenges of tomorrow, welcoming its 30 million visitors a year, or driving forward net zero opportunities through its leading universities and businesses.
2. The government has set itself a mission that, by 2030, every part of England that wants a devolution deal will have a devolution deal with powers at, or approaching, the highest level of devolution, with a simplified, long-term funding settlement. The 2022 Levelling Up White Paper makes clear the case for devolution as the engine room of improved productivity and reduced regional disparities. Devolution will be critical to delivering our twelve headline levelling up missions by strengthening local leadership to act more flexibly and innovatively to respond to local need, whether on transport, skills or regeneration.
3. In the Levelling Up White Paper, the government published for the first time a devolution framework, which set out a clear menu of options for places in England that wish to unlock the benefits of devolution. This framework places a strong emphasis on the importance of high profile, directly elected local leadership, strong local governance, and joint working across sensible and coherent economic geographies. The most comprehensive package is a Level 3 deal, for areas with a single institution over a sensible geography, with the strongest and most accountable leadership, such as a mayoral combined authority (MCA) or a mayoral combined county authority (MCCA) covering a functional economic area or the whole county geography with a directly elected mayor. The Level 2 offer is for devolution to single local government institutions without a directly elected mayor, such as a combined authority or combined county authority covering a functional economic area or the whole county geography. The Level 1 offer is for local authorities with looser joint working arrangements, such as a joint committee model.
4. This document sets out the terms of an agreement for a Level 2 devolution deal between the government and Devon County Council and Torbay Council ("Devon and Torbay"), subject to ratification of the deal by the councils and the statutory

requirements for making the secondary legislation implementing the deal. This document describes both the offer of functions and funding from the government, and the reforms and measures that Devon and Torbay will need to deliver. The statutory requirements for implementing the deal include public consultation, the councils consenting to the secondary legislation implementing aspects of the deal, and Parliament approving it. Once this legislation is approved and made, the devolution deal will be confirmed.

5. With a population of 953,000 residents and a GVA of over £17 billion, Devon and Torbay offers enormous potential. It has nearly 50,000 businesses providing around 473,000 jobs. It is a coherent economic area and has a number of significant sectors with potential for growth, including advanced manufacturing and engineering, environmental technologies, data and clean industries; digital business, electronic and photonics activity; health and pharmaceutical manufacture and wider defence industries, as well as traditional strengths in areas such as tourism and agritech and food production.
6. The area of Devon and Torbay benefits from encapsulating a broad and varied economic geography. Home to the city of Exeter, with its knowledge led and high value economy, and the towns of Torquay and Paignton, which bring together high value electronics and healthcare technologies with traditional strengths across the visitor economy, the area brings together a range of nationally significant businesses and assets, from Harland and Wolf to the Met Office. It also benefits from 2 world class universities and four nationally significant technical colleges which provide research and training excellence. The area is also famous for its broader rural and coastal geography, with the majority of its population living within the stunning Devon landscape which incorporates two national parks of Dartmoor and Exmoor. Home to around 30% of the UK's dairy industry, with Brixham being one of England's largest fishing ports by value of catch, the County is famous as an agricultural and food production hub
7. But Devon and Torbay also face challenges which impact on productivity levels and the ability to grow. Productivity lags behind the UK average overall within the area, requiring a 30% increase to close the gap¹, and public spending per person in the South West has historically trailed the rest of the UK². Rural, urban and coastal areas of the Devon and Torbay area suffer from nationally significant levels of poverty, with parts of Torridge and Northern Devon amongst the bottom 5% worst affected areas of England, and West Devon and Torbay having the lowest and second-lowest workplace-based wages of any authority in the Country. Social mobility and youth aspiration and progression are particular areas of concern, with around 40% of all young people leaving the area due to a lack of available housing and attractive employment opportunities in many communities. The area faces

¹ [Regional gross value added \(balanced\) per head and income components - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

² HM Treasury, Country and Regional Analysis: 2022, 16 November 2022

significant challenges with skills and educational performance, with pockets of nationally significant educational need and some of the lowest Level 4 achievement rates in the country across its urban, rural and coastal areas.

8. Greater local powers are needed to level up, to tackle the challenges facing the Devon and Torbay area, to harness its huge economic opportunity for the benefit of the people of the area and for the whole of the UK. In recognition of this, the Government has already invested £64.7 million through the Levelling Up Fund to the area, with local authorities across the Devon and Torbay area have also been allocated a three-year total of £14.8 million UK Shared Prosperity Fund (including Multiplier programme funding).
9. The local authorities of Devon and Torbay with Government have agreed a historic Level 2 devolution deal which will provide powers and funding to enable Devon and Torbay to unleash its economic potential and in doing so level up, raise living standards for its communities and make a greater contribution to the UK economy. The Devon and Torbay Devolution Deal shows how levelling up can be done in practice – with clear alignment to the twelve headline Levelling Up missions and long-term, devolved funding underpinning it.
10. Government recognises that devolution is a journey, not a one-off event. This agreement is the first step in a process of further devolution. As institutions mature, they can gain greater responsibility, and Devon and Torbay will be able to deepen their devolution arrangements over time, subject to Government agreement. The Government will also continue to work with Devon and Torbay on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities, rural and coastal areas whilst tackling the climate emergency, on our journey to 2050.

Summary of the Devolution Deal between the Government and the Local Authorities within the Devon and Torbay area.

The Government and the constituent councils are minded to agree a devolution deal which will provide the Devon and Torbay area with new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements.

A Devolution Agreement is contingent upon the constituent councils proceeding through the steps necessary to meet the governance criteria required for a Level 2 devolution deal.

The Devolution Agreement includes:

- The formation of the Devon and Torbay Combined County Authority (CCA), including the creation of a leaders group led by a nominated chair, to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.
- New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of Adult Education functions and the core Adult Education Budget, and the opportunity to provide input into Local Skills Improvement Plans.
- £16 million of new capital funding in this Spending Review period to support the delivery of local housing priorities, drive Net Zero ambitions and support green skills, and accelerate wider low carbon business transition across the Devon and Torbay area. This investment is subject to agreement of the relevant business cases.
- Greater collaboration between Devon and Torbay CCA and Homes England to reduce the barriers to affordable housing delivery, regeneration and housing growth – with a particular focus on rural and coastal communities. By combining skills and capacity, Devon and Torbay CCA and Homes England will develop a shared development pipeline, underpinned by a clear action plan, and explore ways to support the delivery of that pipeline via current and future national housing programmes. Devon and Torbay CCA have also secured agreement from government to discuss the recommendations of the Devon Housing Commission.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising subject to approval from the Secretary of State for transport, and control of appropriate local transport functions e.g. responsibility for an area-wide local transport plan.

- Subject to funding, policy and delivery considerations at the next Spending Review, UK Shared Prosperity Fund (UKSPF) planning and delivery at a strategic level from 2025/26.
- The integration of the functions of the Heart of the South West Local Enterprise Partnership held by Devon County Council and Torbay Council into the Devon and Torbay CCA, alongside the provision of a strong and independent local business voice which informs local decision making and strategic economic planning.
- A clear role for Devon and Torbay in local resilience and civil contingency planning, preparation and delivery.

More detail on these commitments is given in the main body of the document below.

Once the CCA has been established, further devolved powers and consolidated funding may be agreed over time and included in future legislation. This will be subject to the area's status as a Level 2 devolved area.

Governance

11. The constituent councils of Devon and Torbay have a history of working well together, having originally come together, along with other local authorities, to explore the potential for devolution and improved local leadership in 2016. This led to the creation of the Heart of the South West Joint Committee in 2017, providing a joint body to take forward shared activity and opportunities across the Devon and Somerset area.
12. To complement this approach, local authority partners within Devon came together in 2018 to form the Team Devon partnership. The County Council, Devon's district councils (East Devon District Council, Exeter City Council, Mid Devon District Council, North Devon Council, South Hams District Council, Teignbridge District Council, Torridge District Council and West Devon Borough Council), and wider county stakeholders (including Devon's two national parks and the Devon Association of Local Councils which represents Devon's town and parish councils) formed an informal partnership which allowed for the pursuit and discussion of shared matters.
13. These approaches have culminated over the past 18 months in a renewed appetite for devolution, with the two constituent councils, Devon's districts and wider partners all coming together to work upon a single devolution deal, building on existing partnership working.
14. In order to ensure clarity and unity around devolution to achieve this next step, the two constituent councils (working closely with Devon's district councils, business, education and university partners) have agreed six core principles for future governance to be applied to the delivery of this devolution deal:
 - **Partnership** – Each member (i.e. constituent, non-constituent and associate members) of the CCA will have the ability to influence devolved activity and have a say in what the CCA does.
 - **Accountability** – The constituent councils will develop a constitution and assurance framework that will confirm, clarify and formalise the intention of institutions and local leaders to continue to be transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money and maintain strong ethical standards.
 - **Inclusivity** – The CCA will operate inclusively in pursuit of its agreed outcomes.
 - **Additionality** – Members of the CCA will work together to deliver things that add value, they will only pool or collaborate on existing activity where there is shared agreement that that should be done.
 - **Subsidiarity** - The CCA will not create an additional layer of governance, but bring the national level governance to the Devon and Torbay area: much closer to businesses and communities. Place making functions will be delivered

through existing local planning authority arrangements for which they are statutorily responsible.

- **Collaboration** – Members of the CCA will collaborate and cooperate to ensure that activities are delivered and actions taken as required, both within the CCA and with other partners across the region. Members will share information, experience, materials and skills to learn from each other and develop effective working practices. This includes joint working with wider peninsula partners, including neighbours in Plymouth, Dorset, Cornwall and Somerset.

Devon and Torbay Combined County Authority

15. As part of this deal, the constituent councils intend to adopt the CCA model which is provided for in the Levelling-up and Regeneration Act 2023 (“LURA”).

16. A key advantage of the CCA model is its capacity to provide for joint governance arrangements between authorities around key growth levers such as transport, skills, economic development, housing and regeneration, creating a shared structure through which strategic prioritisation can be taken forward across an area and integrated policy goals better pursued. A CCA also offers additional accountability and improved line of sight for Government around local delivery and commissioning.

17. As a Level 2 area, the Devon and Torbay CCA is to be one of the first in the country not to feature a mayor or directly elected leader. Instead, the CCA will be led by a group of local leaders who will act as its Executive, with one of this leadership group acting as the Chair of the Devon and Torbay CCA’s Board. In line with the provisions of the Levelling Up White Paper, this streamlined group of Leaders will provide the accountability and line of sight required by Government for the successful devolution of activity.

18. As such, the Devon and Torbay CCA will comprise the following membership:

- Six constituent members appointed by the two constituent councils (Devon County Council and Torbay Council), with each constituent council appointing three of their elected members. Each constituent council will appoint one Lead Member (normally the Leader) and two further members nominated by the Leader of each constituent council.
- Four non-constituent members, of which two will be members nominated by the District councils within the Devon area to act as District representatives.
- Two associate members as decided by the CCA. One of these members will represent the voice of business and another the skills/education sector.
- The Devon and Torbay CCA, in partnership with Government, will ensure that the Devon and Cornwall Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an associate or non-constituent member. This will ensure close collaboration and productive joint working between the CCA and PCC.

19. Though the CCA will be made of up of constituent and non-constituent members, decision making will be split between reserved and general matters. Decisions on reserved matters will be for constituent members only and will require a simple majority of constituent council members to vote in favour.
20. Matters reserved for the constituent councils will include:
- Membership and governance (including voting rights) of the CCA
 - The election of the chair of the CCA;
 - Agreement of the annual budget of the CCA;
 - Policy Framework;
 - Associated scrutiny arrangements, including membership;
 - Major investment decisions; and
 - All Transport Functions
21. Of those matters reserved for the constituent councils, the following will require both Lead Members to vote in favour:
- Approval of the CCA's budget, including significant financial decisions.
 - Approval of and significant amends to the Constitution
 - Appointment of the Chief Executive;
 - Approval of the policy framework, which will include:
 - i. Corporate Strategy;
 - ii. Economic Growth Strategy;
 - iii. Skills and Employment Strategy;
 - iv. The Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plan (LCWIP);
22. The CCA will determine how it will deal with voting and decision-making between the CCA's membership on general matters, for example local policy and strategy making, as part of its broader Constitution.
23. To provide leadership of the CCA Board, the CCA will also appoint one of the Leader Members to act as Chair of the Board. This role will be subject to nomination and approval on a biennial basis.
24. In bringing forward the Devon and Torbay CCA, Government and constituent councils are aware that the CCA institutional model as set out through the LURA only provides opportunities for upper tier authorities to be formal constituent members. Both parties, however, place high importance on the CCA working collaboratively with the eight district councils across the Devon area and ensuring that they have a voice within the CCA.
25. The district councils in Devon will be empowered to nominate two members to represent their interests on the CCA. Devon County Council and the eight district councils have worked together to agree a system of nominations. It has been agreed that a Team Devon joint committee will be established under Sections 101 to 103 of the Local Government Act 1972 and all other enabling legislation. Members of the Team Devon joint committee will include representatives of Devon County Council; the City, District and Borough Councils in the Devon area; the

National Park Authorities and the Devon Association of Local Councils. The terms of reference of the Team Devon joint committee will enable it to have a voice and establish a collective position in the CCA.

26. Functions contained in this deal document will be devolved to the Devon and Torbay CCA but subject to Parliamentary approval.

27. No local authority functions are being removed from any local authority in the area, other than transport functions, as agreed with the constituent councils. Where other local authority functions are conferred on the CCA they will be held concurrently with the local authorities in the area to ensure joined up decision making. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the CCA and the constituent councils as appropriate.

28. The Devon and Torbay CCA will be given powers in relation to:

- Economic development and regeneration functions
- Adult education and skills functions
- Housing supply, regeneration and placemaking functions; and
- Transport

29. Where existing functions or resources currently held by the constituent councils are to be shared with the CCA, this must be agreed by constituent councils/District councils as relevant.

30. The following decision will require the consent of the Lead Member of the relevant constituent council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the CCA;
- The exercise of Homes England compulsory purchase power will also require the consent of the relevant planning authority;
- Any decision by the CCA that could lead to a direct financial liability falling upon a constituent council;
- Such other matters as may be contained within the CCA constitution

31. For the Overview and Scrutiny Committee and Audit Committee, at least two members will be nominated from each constituent council for each committee. In addition, there will be non-constituent council representatives on the Overview and Scrutiny Committee and the Audit Committee. There will be a requirement for political balance on the Committees which will reflect the political balance of the constituent councils. The constituent councils will also consider how best to ensure that wider relevant partners (Business, Education and University, Community) are represented effectively on the Overview and Scrutiny and/ or Audit Committees. The Audit Committee will include at least one independent person.

32. The chair and vice chair of the Overview and Scrutiny Committee will be appointed by the CCA, following a proposal put to them by the Overview and Scrutiny Committee in question. The chair and vice chair shall not be a member of a registered political party of which their respective constituent Lead Member of the CCA is also a member. The CCA will determine how it enhances and develops wider engagement with all elected members in the CCA area on key issues.
33. As a local government institution with devolved powers, Devon and Torbay CCA will be subject to the English Devolution Accountability Framework ('the Framework'). The Framework applies to all English institutions with devolved powers. In line with the Framework, the Government, Devon and Torbay CCA and other areas with devolution deals will work together to put in place mechanisms to ensure that local leaders and institutions are transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money, and maintain strong ethical standards.
34. Devon and Torbay CCA should also have regard for the government's Scrutiny Protocol, which develops the standards and best practice to make sure that scrutiny committees in areas with devolution deals can meet this unique challenge. This is to empower local residents and provide them with the confidence that devolution is leading to improvements in their area.
35. The proposals in this devolution deal are subject to ratification by each constituent council. This will include consultation on the proposal with the local community and business, and the submission of the outcomes of the consultation to the Government. Implementation of the deal is subject to the Secretary of State being satisfied that the required statutory requirements have been met and the consent of each constituent council has been provided, and parliamentary approval of the required secondary legislation being provided.
36. Government and partners within Devon and Torbay recognise that Devolution is a journey, not a one-off event. This agreement is a first step in a process of further devolution, with the potential for areas to evolve and grow over time with the Devon and Torbay CCA, ensuring that devolution is maximised for the benefit of our residents.
37. Whilst this Deal therefore provides the basis for the creation of a CCA for the areas of Devon and Torbay, it will remain open to additional councils to apply to join the CCA as a full constituent member at a later date, should they wish to do so, subject to the statutory process and in accordance with section 23 of the LURA.
38. This deal does not rule out in principle any future options for further local alignment and joint working.

LEP Integration

39. The Levelling Up White Paper announced the Government's intention to support the integration of Local Enterprise Partnership functions and roles into local democratic institutions. On 4 August 2023 Government confirmed its previous 'minded to' decision to withdraw central government support (core funding) for

Local Enterprise Partnerships from April 2024 and transfer their functions to local and combined authorities. This deal confirms the integration of LEP functions into the Devon and Torbay CCA, subject to the agreement of the integration plan by the constituent councils and its endorsement by Government.

40. Devon and Torbay CCA will be supported to take on relevant functions and roles of the Heart of the South West LEP in line with published guidance and with any agreed interim arrangements. In doing so, all parties will work together to ensure the independence of the local business voice is maintained, with the business voice to be represented within Devon and Torbay, and with advisory boards representative of the geographies and composition of their local communities. Devon and Torbay CCA will ensure that any business advisory board or equivalent structure is meaningfully involved in local decision making, maintaining a culture of constructive challenge and scrutiny with the Devon and Torbay assurance framework.
41. Government funding for integrating LEP functions will be subject to future spending decisions by individual departments and business planning.

Finance and Investment

42. The constituent councils will create a fully devolved funding programme covering all budgets for devolved functions accountable to the Devon and Torbay CCA.
43. The Devon and Torbay CCA will have the flexibility to secure private and public sector leverage as appropriate. As per local government guidance, the Devon and Torbay CCA will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives.
44. The costs of establishing the CCA will be met from the overall resources of the CCA. To support the Devon and Torbay CCA in its early stages of this deal, the government will provide £250,000 of Capacity Funding in 2024/25, £500,000 in 2025/26 and £250,000 in 2026/27. This will be provided on the basis that the establishing legislation has been made and an Assurance Framework confirmed with the government. Any future capacity funding will be subject to Spending Review, in line with arrangements for all other devolution deals.
45. Subject to funding, policy and delivery considerations at the next Spending Review, the Levelling Up White Paper sets out the government's expectation that delivery responsibility for the UK Shared Prosperity Fund will be aligned with devolution deal responsibilities. This would mean that Devon and Torbay CCA could have such responsibilities from 2025/26. In carrying out this role, the CCA will need to engage constituent councils, district and borough councils and other local partners to ensure that the needs of residents can be effectively addressed.
46. The government understands that Devon and Torbay currently has, and will in the future have, interest in applying for funding and other opportunities made available. This includes but is not limited to the Levelling Up Fund. This deal does not preclude participation in such processes where the Devon and Torbay CCA meets the relevant criteria.
47. As part of their joint working, the constituent councils have agreed that they will work together so that no area should be worse off as a result of the creation and work of the Devon and Torbay CCA. As far as possible, the Devon and Torbay CCA will also seek to work with Government to ensure parity with other Level 2 areas around resources and funding as Devolution evolves, and seek to ensure that the additional funding and resources brought forward through this Deal are sustained and will reoccur through future spending review and other funding processes.

Skills and Education

Adult education

48. Whilst the number of people qualified to Level 2 and Level 3 within Devon and Torbay is above the national average, those qualified to a degree level remains 5% below the national average, with retention of both graduates and young people remains a significant challenge for the area, with only around 35% of all local graduates staying within the area, and only 60% of those below the age of 25 remaining after leaving tertiary education. Such attainment and retention issues also vary dramatically across the area's eleven authorities, with degree level attainment within Torridge District amongst the lowest in the UK at just 21.9%.
49. The demographics of Devon and Torbay's workforce are similarly challenging. Whilst centres like Exeter benefit from greater proportions of higher skilled young people, the area's population overall is currently aging faster than the rest of the UK, with the population over the age of 65 due to increase by around 45% by 2030. Unlike other areas, this population includes a significant number of the individuals who underpin the area's higher skilled industries, notably within engineering, health and construction. Whilst replacement and upskilling amongst younger people has accelerated over the past 5 years, the rate is still estimated to be too slow to allow for a like for like replacement by 2030 without further action. Challenges around retention and social mobility across large areas of the Devon and Torbay area also continue to contribute to issues around multigenerational economic inactivity and a sustained number of individuals with complex barriers to employment.
50. The Government will fully devolve the Adult Education Budget (AEB) to the Devon and Torbay CCA from academic year 2026/2027 subject to readiness conditions and Parliamentary approval of the required secondary legislation conferring the appropriate functions. Funding for Free Courses for Jobs (FCFJ) will also be devolved and will be ring-fenced.
51. Prior to devolution of the AEB, the Government will however work with the Devon and Torbay CCA to support their preparation for taking on the relevant functions and will make implementation funding available for Devon and Torbay, subject to the availability of appropriate central funding included in the next Spending Review.
52. Upon devolution, the Devon and Torbay CCA will be responsible for making allocation to providers in accordance with the conditions imposed on them, including ministerial directions, and setting the outcomes to be achieved. The Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices.

53. The government will inform Devon and Torbay on which basis the existing methodology operates to calculate the size of the grant to be paid to the CCA for the purpose of exercising the devolved adult education functions.
54. The government will discuss with Devon and Torbay CCA, and other areas which are planning to secure devolved adult education functions, in a timely manner and before decisions are made, any proposed changes to its methodology for calculating devolved areas' grants.
55. In order to proceed with devolution, the Government needs to be assured of the following readiness conditions:
- a. The Secretary of State for Education and appropriate accounting officer are assured that Devon and Torbay CCA is operationally ready to administer the Adult Education Budget and is satisfied the required statutory tests have been met.
 - b. Parliament has legislated to enable transfer to Devon and Torbay CCA of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.
 - c. Agreement to a memorandum of understanding between the Department for Education and Devon and Torbay CCA that provides appropriate assurance that the named parties will work together to ensure the future financial stability of the provider base, including for sharing financial risk and managing provider failure.
 - d. Learner protection arrangements are agreed between parties.
56. As part of the devolution of AEB to Devon and Torbay, the CCA will also consider the risk of adding additional burdens on college providers across the wider area when making changes to AEB policies.
57. The Department for Education will continue to work with Devon and Torbay to commission a local programme of Skills Bootcamps, to be informed by future spending agreements.

Skills and Employment

58. Local Skills Improvement Plans (LSIPs) will set out the current and future skills needs of the area and how local provision needs to change to help people develop the skills they need to get good jobs and increase their prospects. LSIPs will build a stronger and more dynamic partnership between employers and further education providers and allow provision to be more responsive to the skills needs of employers in local labour markets.
59. Working with the designated Employer Representative Body, and utilising and sharing the local labour market intelligence and analysis developed, Devon and Torbay CCA will support and provide input into the LSIP for the area. Government

will consider the current LSIP boundaries in 2025 at the end of the funding period, with the aim of maximising alignment across boundaries where possible.

Career Education and Advice

60. The Government recognises the significant unique opportunities that are developing across Devon and Torbay and that, to ensure maximum benefit of the AEB allocation and the area's economic growth, a more place-based and industry led approach to careers education is developed for both adults and young people. Ensuring access to high quality careers, advice and guidance is a crucial element of the Government's long-term ambitions around social mobility, raising aspiration and ensuring we are able to secure the future workforce our economy needs.
61. In support of this objective, the Heart of the South West LEP and Local Authority partners have hitherto worked closely on the development of the Heart of the South West Careers Hub. With the folding in of relevant LEP functions as announced in August 2023, the Government and partners within the Devon and Torbay CCA wish to ensure that there remains a shared focus on careers education and advice for young people. This is particularly crucial given the specific challenges faced in Devon and Torbay around education aspiration and confidence, with progression into higher education and higher level technical skilled careers often lower than amongst comparator areas. The Department for Education will therefore seek to work with DLUHC, Devon and Torbay CCA, and other relevant partners to support the continuity of activity within the Careers Hub.
62. To ensure a more place-based and joined-up approach to careers education locally, the government supports Devon and Torbay CCA to work with local stakeholders to align careers provision with devolved AEB activities.

Employment

63. Devon and Torbay CCA and the Government recognise the crucial link between local skills, education, health and workforce development activity in the region and the work of the Department of Work and Pensions.
64. The Department for Work and Pensions, through regional Jobcentre Plus and Partnership teams, and the Devon and Torbay CCA will work together on shared strategic employment priorities through a place-based approach.
65. Devon and Torbay CCA will work in partnership with local and regional work and health stakeholders, including all local authorities in the region with responsibility for UKSPF until 2025, as well as Department for Work and Pensions and other parts of UK Government to ensure effective and coordinated strategic planning and delivery of local employment, health and skills provision, that meet local needs and complement national employment provision.

Housing and Land

66. The Government and partners within Devon and Torbay recognise the specific pressures faced across local communities around housing affordability and availability. Such issues are particularly acute amongst younger people within the area, where challenges around affordability, accessibility and availability of suitable housing create barriers to progression, retention and community growth. For the Devon and Torbay economy, this then generates wider issues around workforce availability, talent attraction and local productivity. Too often it is also those furthest from the market and independence, such as those who have experienced care or those with a health or mental health need who find it hard to secure local, good quality homes.
67. As local authorities, the constituent councils already have access to a broad range of powers and tools allowing them to collectively work together to acquire land, develop new homes and act more generally to improve local housing conditions. Constituent councils are, with partners, also already working together through the Devon Housing Task Force to explore potential areas for additional progress, from joint housing policy approaches to alignment of development activity.
68. The Government and the constituent councils believe that devolution at Level 2 now offers an opportunity to better align this work within the Devon and Torbay area, seeking to accelerate housing delivery as well as promote wider measures that enhance availability and affordability locally. The Government and the constituent councils will therefore seek to work together to explore further opportunities to improve housing delivery across the next period through the CCA.

Working with Homes England

69. The constituent councils and Homes England are committed, with the support of the Department for Levelling Up, Housing and Communities (DLUHC) to working collaboratively on this basis – combining their skills and capacity to reduce the barriers to affordable housing delivery, regeneration and wider housing growth through the development of a shared development pipeline for the region. This will be underpinned by a clear action plan setting out workstreams, timescales and milestones, as well as respective roles and responsibilities.
70. Homes England and DLUHC will explore the potential for investing in the delivery of this pipeline – in support of Devon and Torbay wider strategic ambitions for enhancing the affordability and accessibility of housing locally – through current and future funding streams, including the Affordable Homes Programme. Through taking a co-design approach with Homes England, the Devon and Torbay CCA will seek to enhance the impact of any funding allocated within the area over the next five years.
71. As part of this approach, partners within Devon and Torbay will seek to further align their own resources and capacity alongside the work of the CCA, working closely

with Government to maximise the impact of joint programmes such as the One Public Estate through the use of their land and wider capital assets.

Rural and Coastal Housing

72. Recognising the specific challenges involved in increasing housing availability and affordability in small rural and coastal communities for those with the highest needs, Homes England, DLUHC and the constituent councils will also collectively explore how wider measures – including facilitating greater Community Land Trust-led delivery – could better support Devon and Torbay CCA's plans to increase much needed rural and coastal affordable housing delivery, especially across small sites.

Investment

73. From the £16m capital commitment from Government, funding will be made available over the next two years to support the development of a small sites Green Homes investment programme. This funding will be subject to the development of a detailed business case but will offer communities and local partners an opportunity to fast track the development of relevant high quality, green homes across the Devon and Torbay area.

Homelessness

74. The Government and the Devon and Torbay CCA will seek to work together with lead local authorities, including District and County authorities, to explore additional solutions for individuals who are homeless within hotspots across the area.

Differentiated Housing Challenges

75. The Government and constituent councils recognise the differentiated nature of local housing markets and look forward to reviewing the outputs from the Devon Housing Commission, chaired by Lord Best and supported by the University of Exeter. As part of this approach, constituent councils will also work closely with Government around the implementation of new housing policy approaches, as well as on DCMS' recent consultation on a registration scheme for short term lets.

Compulsory Purchase Powers

76. The Devon and Torbay CCA will also have access to additional land assembly and compulsory purchase powers for housing, regeneration and growth purposes, subject to the agreement of the Devon and Torbay local authority constituent member where the relevant land is located and to the consent of the Secretary of State for Levelling Up, Housing and Communities.

Second homes and short term lets

77. Devon and Torbay have specific challenges around second homes and short-term lets. Between 2019 and 2002, available private rented stock across the Devon and Torbay area fell by over 50%, whilst the number of registered second homes increased 2% year on year in the same period. In two districts, South Hams and West Devon, second homes made up over 10% off the total available stock in 2022, with average prices increasing to over 11 times the average local salary in the same period.

78. Government has introduced powers through the LURA to enable local councils to apply a council tax premium of up to 100% on second homes.

79. The Government is also taking steps to address concerns about the impact of short-term lets on local communities and housing markets. For instance, the Government recently held a consultation on the design of a registration scheme for short-term lets in England, which it committed to introduce through the LURA, and another on the introduction of a planning use class for short-term lets and associated permitted development rights. The Government is now analysing the responses to both consultations. The Government will look for opportunities to work with Devon and Torbay as any national measures are taken forward.

Transport

Powers of the Local Transport Authority and Local Transport Plans

80. The Devon and Torbay CCA will become the Local Transport Authority (LTA) for the new combined county authority area and take on a strategic coordination role and accountability for associated responsibilities and local public transport powers. There may be some areas where functions are delegated to the constituent councils where local decision making on specific matters is more appropriate.
81. As part of becoming the LTA, responsibility for an area-wide Local Transport Plan (LTP) will be conferred on the Devon and Torbay CCA. The Devon and Torbay CCA will develop a provisional area-wide LTP by March 2025 to be finalised by the Devon and Torbay CCA once established. Spending Review is expected in 2024; in developing its case for local transport investment DfT will be engaging the local transport sector. As such, we will look to draw on any emerging evidence base and strategy the Devon and Torbay CCA is able to make available by that time. The Devon and Torbay CCA will be expected to ensure its LTP aligns with best practice in transport planning including any revised LTP guidance, and to update their LTP as necessary.
82. The above focus on local transport planning will allow Devon and Torbay CCA to design and deliver a pipeline of transport interventions, aligned with both DfT's and Devon and Torbay's wider strategic priorities including local growth, improving the transport user experience, decarbonisation and reducing environmental impact. The development of such strategies will be in partnership with the constituent councils who will also support Devon and Torbay CCA with local leadership in the preparation of transport investment bids, design and delivery of the infrastructure to meet the aims and objectives of the transport plan.
83. The Devon and Torbay CCA, in its LTA role, will be accountable for receipt and allocation of Government local transport funding to the constituent councils. Highways funding will go directly to the constituent councils as highways authorities. Government acknowledges the desire for longer-term certainty around transport funding to accelerate the planning and delivery of infrastructure and will continue to explore options for all local transport authorities, including Devon and Torbay CCA, as part of the next Spending Review.

Local and Regional Partnership Working

84. The Government recognises that local and regional level organisations are best placed to deliver practical changes to meet shared strategic objectives on local economic growth and decarbonisation, ensuring that local communities and businesses are engaged. Peninsula Transport Sub National Transport Body (STB) will develop its Regional Centre of Excellence, which will offer bespoke capability and tools to support to all Local Authorities in the STB area. Drawing upon the evidence base and emerging strategic plan for Peninsula Transport STB, this

provides the opportunity for Devon and Torbay CCA to work with the STB to establish if Devon and Torbay CCA would benefit from capability support.

85. As set out in the National Electric Vehicle Strategy, the Government recognises the aspirations of Devon and Torbay CCA and the current joint working of the constituent councils to improve public electric vehicle charging infrastructure, which would increase the uptake of electric vehicles and reduce carbon emissions by supporting all motorists in making the switch. Devon and Torbay CCA can also access support from their Sub-National Transport Body, Peninsula Transport, which has received Government funding to develop a regional Electric Vehicle Charging Infrastructure strategy. This EVCI strategy will provide a robust plan of charging needs in Devon and Torbay and can be used to underpin any public sector funding proposals including applications for the Local Electrical Vehicle Infrastructure ('LEVI') Capital Fund. It will also help local authorities in Devon and Torbay to develop their own strategies to scale up the rollout of public charge points in their areas. The constituent councils within Devon and Torbay have also received £8,025m in capital funding from Government's Local EV Infrastructure Fund and a further £991,000 revenue funding to increase their capability to plan and deliver public, on-street EV infrastructure. Through the LEVI Fund, Devon and Torbay CCA will be able to utilise the LEVI support body for further assistance and upskilling of EV officers.

Local Highway Networks

86. Unless otherwise agreed locally, all operational responsibility for highways will remain with the constituent councils. However, where practical we would expect the Devon and Torbay CCA to build on existing work towards streamlining contractual and delivery arrangements across the region. The Devon and Torbay CCA should consider how highways across the region are managed, which may include developing a single strategic asset management plan for local highways in the area, in partnership with constituent councils.

87. Devon and Torbay CCA will be able to enter into agreements with Government, other local authorities and National Highways, including to determine shared priorities for its strategic route network roads.

88. The Highway Authorities within the Devon and Torbay CCA will receive a proportion of the £2.8 billion funding to fix potholes in the South East, South West and East of England announced as part of Network North.

Buses

89. As the Local Transport Authority, the Devon and Torbay CCA will be responsible for:

- Bus Service Improvement Plans
- Enhanced Partnerships
- Subsidised bus services
- Concessionary fare schemes

And will, where practical, streamline engagement with bus operators and seek efficiencies in their contractual and delivery arrangements across the combined area.

90. The Devon and Torbay CCA will work with constituent councils to deliver against the existing Bus Service Improvement Plans (BSIP). Devon and Torbay CCA must work towards integrating the existing BSIPs in the area.
91. If Devon and Torbay CCA concludes that bus franchising is likely to deliver better outcomes, the Government will consider conferring franchising powers under the Transport Act 2000 to Devon and Torbay CCA where it demonstrates they have the capability and intention to deliver their chosen franchise model, and that franchising will deliver better services than their Enhanced Partnership without needlessly delaying benefits to passengers.

Active Travel

92. To ensure consistency in the quality and safety of schemes, Active Travel England (ATE) will provide support to ensure walking and cycling schemes are designed and delivered to high standards, including compliance with Local Transport Note 1/20 (LTN 1/20). The Devon and Torbay CCA team responsible for design and delivery of schemes will work with ATE to improve the design quality of all active travel schemes funded by Government and those that are locally funded. All cycling and walking schemes funded by Government must be approved by ATE as complying with LTN 1/20.

Net Zero and Climate Adaptation

93. As part of its Net Zero Strategy and Net Zero Growth Plan, the government recognises that devolved administrations and local government can play an essential role in meeting national net zero ambitions. Local leaders in the Devon and Torbay area and elsewhere are well placed to engage with all parts of their communities and to understand local policy, political, social, and economic nuances relevant to climate action. This is why the devolution framework grants places the opportunity to adopt innovative local proposals to deliver action on climate change and the UK's net zero targets. As well as net zero commitments made by the constituent councils, public sector partners are working with local businesses and communities to deliver the ambitious Devon Carbon Plan and Devon, Cornwall and Isles of Scilly Adaptation Plan.
94. From the £16m capital commitment from Government, funding will be made available over the next two years to support business to invest in green business transition activity. This funding will be subject to the development of a detailed business case, but will offer Devon and Torbay's business community an opportunity to both modernise and decarbonise activity at a faster rate, improving both efficiency and supporting the UK's journey towards net zero.
95. The Local Net Zero Forum, chaired by the Department for Energy Security and Net Zero is cross-Government and brings together national and local senior officials. Through representative organisation on the forum – The Local Government Association (LGA), Association for Public Service Excellence (APSE), Core Cities and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) – Devon and Torbay will get the opportunity to discuss local net zero policy and delivery issues in the round.

Energy system

96. The government recognises the need to increase Devon and Torbay's electricity network capacity to meet future electricity demand. Achieving net-zero and the associated growth opportunities requires investor confidence at the local level, as recognised in the Devon Carbon Plan. Government is committed to ensuring that devolved regional institutions such as combined authorities, including the Devon and Torbay CCA, have a meaningful role in planning our future energy system for net zero, alongside other local areas as appropriate.
97. The government is considering the role of local energy plans, including their role in supporting strategic network investment, working closely with Ofgem as part of its ongoing governance review into local energy institutions and its proposals on energy system planning.

Heat networks

98. The government has confirmed its intention to establish heat network zoning in England. Under the zoning proposals, Zoning Coordinators within local government will be able to designate areas as heat network zones where heat

networks are going to be the most cost-effective way to decarbonise heating and hot water within the zone. Local authorities will have powers to require certain buildings to connect to heat networks within the zones. This will enable the Devon and Torbay CCA to assume the role of heat network Zoning Coordinator for its locality and play a key role in the delivery of heat decarbonisation infrastructure. The government is committed to have heat network zoning in place by 2025.

99. The government will support the Devon and Torbay CCA alongside other local authorities across England to take forward heat network zoning, including collaboration with the private sector on developing heat networks within zones and to help capitalise on unique local opportunities to utilise all available low carbon heat sources, including geothermal energy.

Buildings

100. The government commits to explore the potential benefits of and design options for a place-based approach to delivering retrofit measures, as part of the government's commitment in the Net Zero Strategy to explore how we could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change.

101. This work will involve inviting the Devon and Torbay CCA to work with the government through the relevant representative organisations to consider if such an approach could accelerate the meeting of net zero goals and provide better value for money.

Green Jobs

102. Through the Green Jobs Delivery Group, the Government is working to ensure that workers, business and local areas, including Devon and Torbay, are supported through net zero transition. Devon and Torbay CCA now has the opportunity to deliver green skills interventions at a local level through having a greater role in delivering the Adult Education Budget and the UKSPF.

103. From the £16m capital commitment from Government, funding will be made available over the next two years to support the development of green skills capacity building within the Further and higher education sector. This funding will be subject to the development of a detailed business case, but will offer education partners and employers an opportunity to fast track the development of additional green skills capacity across the area, building upon the success of the Skills Development Fund and Skills Bootcamp Programmes within the Devon and Torbay area.

Net Zero Infrastructure

104. The UK Infrastructure Bank (The Bank) will increase infrastructure investment across the UK by partners with the private sector and local government to help tackle climate change and support regional and local economic growth. The Bank's advisory service, when launched, could offer advice and support to local actors,

including the Devon and Torbay CCA, to help deliver on their objectives, including driving investment into Net Zero Infrastructure and innovative local projects. It can also act as a convenor, bringing together local actors for collaborative projects, and where appropriate identifying where projects can be aggregated to achieve greater impacts.

105. Government will provide opportunities for Devon and Torbay to work with the South West Net Zero Hub to explore opportunities for relevant sources of funding for projects identified in their plans, noting that for fully commercial projects the Government would expect the private sector to identify project development capital in the first instance.

Nature Recovery

106. Government will work with Devon and Torbay to ensure that local environment policies, including the relevant Local Nature Recovery Strategy and existing and potential protected landscapes, support the delivery of England's new Environmental Improvement Plan. Government recognises the ambition of Devon and Torbay to pilot innovative climate mitigation and adaptation initiatives linked to nature recovery and will consider Devon and Torbay as a test-bed geography for future policies such as new carbon codes for soils and the restoration of marine habitats.
107. Government will ensure the new environment land management schemes are implemented in line with local needs and priorities, including those of Devon and Torbay which has identified the need for more coordinated specialist business support for the farming and wider rural community to foster rural business resilience; sustainable new market opportunities; and environmental gains.
108. Government welcomes Devon and Torbay CCA's ambitions to be a leader in adapting to climate risks and in making its area more climate resilient, including through contributing to the relevant Local Nature Recovery Strategy and Environment Land Management scheme. Defra looks forward to further understanding the proposals by Devon and Torbay CCA for an adaptation programme as they develop. Government would recommend that Devon and Torbay CCA engage with the Local Authority Climate Service pilot, which is currently being established by Government and the Met Office. This will enable Devon and Torbay CCA to access climate information for its area, and help it develop a climate report summarising key results for awareness raising.
109. Government will also seek to work with Devon and Torbay CCA and wider local partners around wider forthcoming opportunities and policy development linked to nature recovery, reinforcement of local environment management and agricultural development, and the development of relevant coastal habitat opportunities and challenges. As a predominantly rural and coastal area, Government recognises that there may be opportunities for further joint working around such matters,

building upon local good practice and programmes around farm resilience, aquaculture and renewable energy policy and practice.

Culture and Tourism

110. Devon and Torbay and a subset of DCMS Arm's Length Bodies ('ALBs'), supported by DCMS, will hold a series of exploratory conversations to explore the region's appetite and capacity for partnership working across (some or all of) culture, heritage, sport, communities and the visitor economy (as applicable). If there is agreement to undertake any partnership working, this would focus on the region's particular priorities and potential opportunities for the ALBs to help the region achieve these where they align with ALBs' own priorities for the region.
111. Insofar as appropriate this will lead to recommendations that the ALBs and/or place can act on if they wish to. This does not prejudice ALB decisions around national grant funding processes or their national priorities. ALBs will also seek to use any partnership to deliver their national priorities, which will remain paramount. The scale of each ALB's involvement in any partnership will be dependent on the specific context and degree of alignment identified between individual priorities.
112. These exploratory conversations will take place over a six month period that will start at a time agreed on by the region and relevant ALBs. DCMS will be involved in discussions as appropriate.
113. VisitEngland and Devon and Torbay will work with the accredited Local Visitor Economy Partnership for the region to help further develop the region's visitor economy. This collaborative work, across those areas set out in the Government's Tourism Recovery Plan, could include harnessing the region's potential to grow domestic and international visitor spend, and encouraging visits throughout the year rather than just during the traditional tourist season.

Digital

114. The Government is committed to supporting Devon and Torbay's digital connectivity ambitions, including through the Wireless Infrastructure Strategy, which was published in April 2023 and sets out a strategic framework for the development, deployment and adoption of 5G and future networks.
115. As set out in the National Cyber Strategy 2022, the Government is committed to strengthening the capability of local authorities such as Devon and Torbay CCA to buy and use connected places technology securely. In May 2021, the National Cyber Security Centre published the Connected Places Cyber Security Principles, a foundational step in supporting the cyber security of the UK's connected places. Since then, the Government has continued to develop its support of local authorities deploying and managing connected places technologies and in 2022 the Department for Science, Innovation and Technology (DSIT) published the Secure Connected Places Playbook. The Playbook was designed in collaboration with local authorities and helps them to get their cyber security foundations right whilst setting a strong cyber security culture. The Government hopes to continue to work with local authorities such as Devon and Torbay CCA to support the secure and sustainable adoption of connected places technologies. Bolstering the UK's Cyber Ecosystems remains a high priority for the Government.
116. The Government recognises that high quality digital connectivity is crucial for future economic growth and productivity in the region. The private sector will continue to lead on the rollout of broadband and mobile infrastructure, with DSIT supporting delivery in less commercially viable areas. The Government is committed to achieving nationwide coverage of gigabit capable broadband by 2030 and to ensuring that rural and coastal areas are not left behind including in Devon and Torbay. Procurements covering Devon and Torbay launched in 2023, and regular Project Gigabit programme updates will be provided demonstrating progress in delivering for communities across the area.

Innovation, Trade and Investment

117. The government is committed to supporting places to realise their entrepreneurial and innovation potential, underpinned by ambitious measures set out in the Levelling Up White Paper.
118. The Department for Business and Trade (DBT) will work closely with devolution deal areas, including Devon and Torbay, to make it easier for businesses to access the information, advice and support they need, drawing on DBT's global and sector offer.
119. The Department for Science, Innovation and Technology and UK Research and Innovation (UKRI) will work with Devon and Torbay to explore opportunities for closer long-term collaboration in strengthening their local research and innovation capacity. Devon and Torbay have identified the area's key priority is to explore opportunities to support regional research and innovation strengths in the environmental intelligence and clean marine sectors.

Sector Development

120. Devon and Torbay benefits from a range of significant sector opportunities with the potential to transform its local economy. Working in close collaboration with Government, the area's local authorities, businesses, universities and colleges, and wider public and private sector partners have been successful over the past decade in securing substantive new investment and creating a range of additional high value jobs.

121. The Government and partners within Devon and Torbay recognise the importance of sustaining this approach through new arrangements, with the transition from the Local Enterprise Partnership offering an opportunity to continue to work closely with the business community, universities and colleges, and wider partners around accelerating the area's ambitions for its most promising sector opportunities. As such, Government and the Devon and Torbay CCA will seek to maximise the impact of the area's core sectors through:

- Continuing to align activity around the area's High Growth Opportunities. This includes around the area's emerging offer within the Marine sector, building upon the potential of the area's concentration of marine manufacturing in Northern Devon, specialist innovation assets and the potential of the Plymouth and South Devon Freeport; and the photonics sector within Torbay and Southern Devon, with over 100 companies coming together to support wider manufacturing, defence and digital supply chains.
- Seeking to maximise opportunities linked to Floating Offshore Wind development in the Celtic Sea off the Northern Devon Coast, as well as the area's wider expertise in Environmental Intelligence and Environmental Technologies.
- Ensuring that opportunities within the area's Advanced Engineering and Manufacturing sector, notably around Smart Aviation and defence, are fully realised, with an emphasis on clean mobility, digital systems and AI integration, and new materials and fuels innovation.
- Working closely with the Department for Environment, Food and Rural Affairs around the agritech and fishing sectors, a vital foundation of the local economy, but also areas of growing expertise around regenerative farming, net zero land management and aquaculture.
- Exploring the potential of the small but nationally significant health and life sciences cluster with Northern Devon, including placing a greater focus upon its pharmaceutical manufacture and research capacity.

122. From the £16m capital commitment from Government, funding will be made available over the next two years to enable the development of crucial coastal and marine energy infrastructure to allow for the transition to low carbon shipping. This will seek to complement existing investments planned through the Levelling Up

Funding in Northern Devon and Torbay, seeking to support innovation and investment across a crucial growth sector for the area.

Public Service Reform

123. The government supports the Devon and Torbay area in its ambition for public service reform, including a focus on creating safe, healthy, resilient communities. The government commits to working with the region and partners to explore initiatives to improve delivery of public services, such as how best to support residents with multiple complex needs. Where appropriate, and as part of its levelling up agenda, the government will also consider devolving further powers to the Devon and Torbay CCA to support public service reform, in relation to the statutory duties held by its constituent councils.
124. Good quality data is essential for understanding local need and the place-specific issues affecting people in an area. As set out in the Levelling Up White Paper and the Government Statistical Service's Subnational Data Strategy, the government is working to improve the dissemination of subnational statistics to empower local decision makers, including in Devon and Torbay to use data-led evidence to respond to local priorities.
125. The Devon and Torbay CCA will work with the government to understand the existing barriers to data sharing and better use of data in their area, and explore where improvements to the quality of, or access to, data could support them in achieving Devon and Torbay's local ambitions. As part of this, the Spatial Data Unit (SDU) will work with the CCA to help support data capability, including in data science, and will engage with the CCA to further understand its needs and priorities.
126. The Government, Devon and Torbay recognise that certain proposals in this deal will have an impact beyond Devon and Torbay. Devon and Torbay will work with the relevant public bodies and other partners in Southwest England to support the effective implementation of these proposals and to promote opportunities for regional co-operation and collaboration where appropriate.

Resilience and Public Safety

127. In line with the commitment set out in paragraph 18, the Devon and Torbay CCA, in partnership with Government, will ensure that the Devon and Cornwall Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an associate, or non-constituent member.
128. The Devon and Torbay CCA will work with Devon and Somerset Fire and Rescue Authority (FRA) to agree an appropriate arrangement to ensure close collaboration and productive joint working on public safety between the CCA and FRA.
129. The UK Government will work to significantly strengthen Local Resilience Forums by 2030, as described in the UK Government Resilience Framework. This will include considering a clear role for Devon and Torbay in local resilience and civil contingency planning, preparation, and delivery, in support of whole society resilience.
130. This is subject to the conclusion and full consideration of the Stronger Local Resilience Forums pilot programme in 2025/26, and Devon and Torbay having a strong working relationship with the Devon, Cornwall and Isles of Scilly Local Resilience Forum.

Devon and Torbay's Commitments Underpinning the Deal

131. The constituent councils will work with the Government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan must be approved by the Government prior to delivery. Any issues of concern with the subsequent delivery of this deal will be escalated to ministers and leaders to resolve, in keeping with the letter and spirit of devolution.
132. As part of the implementation of the deal, the Devon and Torbay CCA and Government will agree a process to manage local financial risk relating to the deal provisions.
133. Prior to the implementation of the deal, Government will work with the Devon and Torbay CCA to give the public and stakeholders – including Parliament – a clear understanding of: the powers and funding that are being devolved to the CCA, where accountability sits as a result of this deal; and how decisions are made.
134. The Devon and Torbay CCA and its members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

REPORT TO EXTRAORDINARY COUNCIL

Date of Meeting: 21 March 2024

Report of: Director Finance

Title: Allocation of Capital funding for the MRF

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To approve the allocation of funding to enable the MRF capital project to proceed.

2. Recommendations:

2.1 That Council approve the allocation of £6 million from the CIL infrastructure fund to enable the project approved in December 2023 to proceed.

3. Reasons for the recommendation:

3.1 Subject to the identification of sufficient capital receipts to finance the whole project, the original report approved by Council on 12 December 2023 delegated the final decision to the Director Finance in consultation with the Leader, relevant Portfolio Holder and Director of Net Zero and City Management. It is unlikely that the Council will be able to generate sufficient capital receipts in a timely manner, however there are sufficient funds available in the CIL infrastructure pot. The scale of the CIL required is so significant that a decision from Council is considered necessary.

4. What are the resource implications including non financial resources

4.1 The resource implications are set out in detail in the report. The allocation of £6 million from CIL will use up virtually all the available CIL. However further CIL is projected to be received over the next few years.

5. Section 151 Officer comments:

5.1 The delivery of the project to enhance the MRF is critical to both the delivery of the Service now and will also futureproof the operation for further housing development in the future.

6. What are the legal aspects?

6.1 Section 216 of the Planning Act 2008 places charging authorities under a duty to apply Community Infrastructure Levy funds to "*funding the provision, improvement, replacement, operation or maintenance of infrastructure*". This duty is restated in Regulation 59 of the Community Infrastructure Levy Regulations 2010 (the

"**Regulations**") which requires a charging authority to "apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area".

6.2 The Government's Planning Practice Guidance ("**PPG**") states that: "*The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities [...]. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their relevant plan (the Development Plan [...]). [...]*"

Local authorities must spend the levy on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed."

The PPG states that: "*the levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.*"

Since 2019 Local Authorities have been required to produce an infrastructure funding statement on an annual basis. Regulation 121A of the Regulations states that such infrastructure statement will include: "*a statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL.*" The PPG states that it should identify "*infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used*". The City Council's most recent Infrastructure Funding Statement was recently published in December 2023.

The PPG states further on how decisions on future spending priorities are made: "*The infrastructure funding statement should set out future spending priorities on infrastructure and affordable housing in line with up-to-date or emerging plan policies. This should provide clarity and transparency for communities and developers on the infrastructure and affordable housing that is expected to be delivered. Infrastructure funding statements should set out the infrastructure projects or types of infrastructure that the authority intends to fund, either wholly or partly, by the levy or planning obligations. This will not dictate how funds must be spent but will set out the local authority's intentions.*"

7. Monitoring Officer's comments:

7.1 The CIL levy can be used to fund a wide range of infrastructure, including transport, flood defences, play areas, open spaces, parks, and green spaces, cultural and sports facilities, healthcare facilities, district heating schemes and police stations and other community safety facilities.

Local authorities must spend the levy on infrastructure needed to support the development of their area, and they decide what infrastructure is needed.

The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure if that is necessary to support development. Clearly investment of

CIL in this way will increase its capacity ensuring the operation is protected against future housing growth within the City.

8. Report details:

8.1 The report approved on 12 December 2023 increased the budget to £8 million for the works at the MRF following receipts of tenders for the equipment required in the MRF. As the project was significantly focused on the replacement of equipment, this meant that the revenue allocation to support the existing approved borrowing was insufficient given the fact that the equipment had a useful life of 15 years, rather than the normal 50 years for property enhancement. Given the challenging interest rates and in order to protect the revenue position of the Council, the maximum borrowing that is affordable to the Council is £2 million. Therefore, alternative sources of funding were required to deliver the project in full.

8.2 Subject to the identification of sufficient capital receipts to finance the whole project, the original report approved by Council on 12 December 2023 delegated the final decision to the Director Finance in consultation with the Leader, relevant Portfolio Holder and Director of Net Zero and City Management. However, an allocation of £6 million from the CIL infrastructure fund is necessary to enable the project approved in December 2023 to proceed. The scale of the CIL required is so significant that a decision from Council is considered necessary.

8.3 At present the Council holds £10 million of CIL receipts that have not yet been spent. However, there are a number of commitments against this pot, which have been approved by Council These are :

ECC Revenue Spend	160,000
Cycle route between Monkerton and City Centre	375,000
Northbrook Wild Arboretum	222,615
Play Areas	741,994
Pinhoe Community Hub	1,222,710
Heavitree Paddling Pools	25,000
St Thomas Splashpad	100,000
Habitat Mitigation	265,000
Total £M	£3,112,319

8.4 There is therefore £6,477,681 uncommitted. The Council will need a further £160,000 for the 2025-26 budget to deliver maintenance to its infrastructure, but that can be covered from the resources left.

8.5 As Members will recall from the earlier paper, this project will not only ensure the MRF's continued operation for the next 15-20 years, it will also increase capacity ensuring the operation is protected against future housing growth within the City. Alongside this, associated works will allow the rollout of the food waste project to be completed.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 The allocated funding will support the Council's aspirations around becoming a net zero carbon City.

10. What risks are there and how can they be reduced?

10.1 The allocation of funds at this stage will allow the Council to formally sign a contract with the successful bidder. Failure to agree funding will result in a failed tender and a new procurement exercise will have to be undertaken.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation, and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies, and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage, and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report is to allocate funding for a specific approved scheme that impacts the City as a whole.

12. Carbon Footprint (Environmental) Implications:

12.1 The Waste Strategy for England 2007 and the Environment Act 2021 outline the Governments ambition to work towards a zero-waste economy, in which material resources are reused, recycled, or recovered wherever possible and only disposed of as the option of last resort. This means reducing the amount of waste produced and ensuring all material are pushed up the waste hierarchy. The benefits will be realised in a healthier natural environment and reduce the impacts on climate change.

12.2 Exeter City Council has declared a Climate Emergency. Waste management is a key service provided by the authority and as a predominantly logistical exercise contributes significantly to carbon emissions through transportation.

12.3 Collecting and processing recyclates is one of the key contributions towards the environmental agenda. This project will ensure that there is a sustainable outlet for the

material that we collect and will give us better control of both the materials that we are able to process and the final destination of these materials.

12.4 The proposed investment will substantially enhance the Council's recycling ability by reducing burden on raw materials and allow for greater opportunities in promoting circular economy innovation. There have been numerous examples of successful circular economy projects over the years such as the sea kayaks and carrier bags into bin liners and this investment will increase those opportunities.

12.5 The collecting and processing of recycling benefits from the recent commissioning of the Council's solar farm. The energy this generates contributes further to reducing the carbon footprint of the service.

13. Are there any other options?

13.1 The Council could continue to wait for sufficient capital receipts to become available, however this will likely take a couple of years to materialise. Alternatively, the Council could determine it will borrow and identify the approximately £700,000 of revenue reductions that would be required to fund the borrowing costs.

Director Finance, David Hodgson

Author: Director Finance, David Hodgson

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

- Future Investment at MRF and Exton Road – Executive 28 Nov 2024, Council 12 December 2024

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