Written evidence submitted by the Cornwall and Isles of Scilly Leadership Board [PDE 014]

Executive Summary

This submission by the Cornwall and Isles of Scilly Leadership Board (CIoSLB) outlines the progress of Cornwall's devolution deal. The Leadership Board serves as a powerful alliance of Cornwall and the Isles of Scilly's strategic leaders providing strong and collective governance for the area. The Board's membership includes the political leadership of Cornwall Council and the Isles of Scilly Council, Chairs of the statutory strategic partnerships (C&IoS Local Enterprise Partnership, C&IoS Local Nature Partnership and Cornwall Health and Wellbeing Board), Devon and Cornwall Police and Crime Commissioner, Chairman of Kernow Clinical Commissioning Group, President of Cornwall Chamber of Commerce, Chairman of the Cornwall Association of Local Councils and representation from Cornwall's MPs.

This joint submission outlines the significant progress that has been made in implementing the Cornwall Deal since it was signed in 2015 – the first rural deal to be signed by government. This progress in delivery has resulted in significant achievements for the people and businesses of Cornwall across a number of sectors, as detailed below – from levering in £17m of private investment in public transport and the launch of contactless payments, through to energy efficiency improvement measures that are reducing heating costs for 1,000 vulnerable households in Cornwall every year, establishment of a £40m investment fund, and support to over 11,000 businesses through our nationally celebrated Business Growth Hub and Better Business for All programmes. The response also outlines our future aspirations as outlined in our *New Frontiers* prospectus to support a local economy that works for everyone, build global industries, grow skills and wages, and protect our heritage and environment. This plan outlines how we aspire to contribute to national challenges and opportunities, including supporting the Industrial Strategy, tackling care system challenges, climate change, and supporting spatial rebalancing.

Cornwall has proven its ability to fully utilise the powers afforded to it through the Cornwall Deal and has been recognised nationally as one of the most advanced authorities in delivering its original commitments. Never has there been a time more pressing that requires government to recognise that local authorities are in a stronger position to manage and deliver services and drive growth and productivity, whilst meeting the needs of its local communities. The devolution framework is an opportunity to break away from the default position of requiring a Combined Authority mayoral model, and see that, as is the case with Cornwall, alternative models can deliver whilst meeting the requirements of being accountable and transparent.

1. Introduction

1.1. In July 2015 the Rt Hon Greg Clark, Secretary of State for Communities and Local Government signed the Cornwall Devolution Deal with Cornwall Council, Cornwall and Isles of Scilly Local Enterprise Partnership (CIoS LEP) and NHS Kernow Clinical Commissioning Group. The agreement was historical in that it was the first deal agreed with a rural authority and the first awarded without a mayoral governance structure.

1.2. Since then we have delivered significant achievements, securing the freedoms to design local policy solutions to the place-specific challenges of our rural and peripheral communities. Our local features, from our dispersed settlement pattern, to our small and micro business base, have prompted a set of locally-led, tailored solutions that devolution has been vital to delivering.

This progress in delivery has resulted in significant achievements for the people and businesses of Cornwall across each area of the deal – from levering in £17m of private investment in public transport and the launch of contactless payments, through to energy efficiency improvement measures that are reducing heating costs for 1,000 vulnerable households in Cornwall every year, and support to over 8,000 businesses through our celebrated Business Growth Hub.

1.3. Cornwall offers an alternative model to the Combined Authority Mayoral model which government has consistently fallen back to in recent years in pursuing deals. The cross-organisational Cornwall & Isles of Scilly Leadership Board is responsible for considering both progress in delivering the current deal, and in seeking further devolved powers and funding from Government. In depth progress is monitored and scrutinised by the Devolution Monitoring Board – a sub-group of the Leadership Board – with regular programme reporting. This strong rural alternative governance model has enabled robust, transparent and successful delivery of the Cornwall Deal which has been nationally recognised as being one of the most advanced authorities in devolution delivery.

2. The success and scope of the Cornwall Deal

2.1. Using our understanding and knowledge of what works locally and Cornwall's unique challenges and opportunities we have been able to deliver improved services for the people of Cornwall, invest in new innovative sectors such as deep geothermal, and prioritise areas that we know matter to local communities. The Cornwall Deal Impact Assessment[1], published in January 2019, provides the fullest statement on how the impacts of devolution are helping Cornwall to reach our longer term outcomes of reducing health inequalities and funding gaps, and ensuring our communities thrive and prosper.

2.2. Driven by an officer-managed programme approach that involves a wide range of local partners, our deal encompasses infrastructure projects worth hundreds of millions. Our progress has been acknowledged by senior civil servants in our latest 'Annual Conversation', who stated that we were one of the most advanced areas for delivery of our devolution commitments. An LGA Peer Review recognised how our Deal had served as a catalyst for wider reforms and our approach and learning in areas such as transport and energy should be shared nationally.

2.3. The high level outcomes for the Cornwall Deal have been largely based around the principle of 'closing the gap,' placing emphasis on the economic, health, sustainable public services and fairer funding 'gaps' that characterize Cornwall's position vis-à-vis national averages, or the general affordability of public services. These five outcomes are: Thriving places, reducing health inequalities, responsive and sustainable public services, increased prosperity, and fairer funding.

2.4. An audit of the Cornwall Deal was carried out in Autumn 2018, reviewing the original agreement signed in 2015 and the work that has been carried out to date. A number of work streams have delivered on all or most of their areas with many aspects of the deal now embedded within services that deliver them as part of business as usual and other areas establishing strategic boards or forums to develop and deliver local priorities. Some aspects of the original deal have developed and changed due to changes in local need and developments nationally, such as Brexit, and these changing requirements have also been captured in our future aspirations set out within our 'New Frontiers' prospectus. Work is currently underway to develop a formal close down process with Government, with Cornwall being the first area to get to this stage.

2.5. The scope of the deal is set out in appendix 1.

3. The geography of existing deals

3.1. To date, whilst there is no clear North-South divide in the current deals, there is a clear urban-rural split – with Cornwall remaining the only wholly non-metropolitan area with a deal. This is in

[1] https://www.cornwall.gov.uk/media/36590228/cornwall-deal-impact-assessment-final.pdf

spite of the recognition by Defra of devolutions role in improving productivity[2], and the fact that over half of proposals submitted to Government by the September 2015 deadline were by rural County areas.

3.2. Given the power of devolution as an enabler for local areas, it is vital – especially in the context of EU Exit – that it is fully utilised to support the development of non-metropolitan places that feel 'left behind'. Moreover, given the shortcomings of existing national approaches to rural proofing, these areas are especially short-changed by centralised, place-blind approaches that can both limit the ability to innovate and tailor policy to local contexts. Yet devolution could be a vital ingredient in supporting non-metropolitan areas to tackle key common strategic issues, such as ageing demographies, connectivity, or productivity challenges and to enable their areas to thrive as full contributors to a sustainable and resilient national economy.

3.3. Devolution deals – especially for Combined Authority authorities with metro mayors – have served as a gateway to further devolution rounds, funds, and voice and influence at the national level. It is vital that if the UK is to truly level up and realise the full potential of non-metropolitan areas, these full range of benefits must be extended beyond existing Combined Authorities.[3] An asymmetrical and largely metropolitan-focused approach would, otherwise, risk exacerbating existing disparities.[4] As such, devolution should be a core pillar of rural and regional policy, with the push for non-metropolitan decentralisation given strong and aligned leadership across HMT, CLGU, Defra.

3.4. The success of the Cornwall Deal has been underpinned by our relatively simple institutional geography characterised by co-terminosity, a strong history of partnership working, and a distinct geography and sense of place. This has enabled a single voice to articulate a common agenda, clear roles and responsibilities, and a clarity of purpose for delivering tangible benefits based on evidence-based priorities. But non-metropolitan areas are very diverse, and insofar as other such areas may not necessarily share these attributes, future deals should be able to accommodate the often requisite horizontal and vertical partnerships required in such contexts.

3.5. For this to occur, the national approach to devolution must itself be adequately rural-proofed in respects of the approach to governance and accountability, measures of success, the targeting and empowering appropriate sub-regional geographies, provision of bespoke support, timescales and process for partnership building, and appreciation of delivery capacity needs in the context of rural delivery costs. In particular, it must be recognised that the mayoral approach is only likely to be effective in some places, as depends upon local economic geography, identity, governance structures, or public appetite. As Cornwall's experience demonstrates, alternatives that are more nuanced but no less accountable and transparent are possible.[5] Moreover, the content of deals themselves must ensure they are supporting non-metropolitan ambitions; enabling fairness of opportunity both those areas which act as hinterlands, and those more peripheral from major cities.[6]

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[2] Devolution was highlighted by Defra as a key point in their 2015 plan, *Towards a one nation economy: A 10-point plan for boosting productivity in rural areas*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/454866/10-point-plan-rural-productivity-pb14335.pdf

[3] The Public Adminstration and Constitutional Affairs Committee's June 2018 report, *Devolution and Exiting the EU,* explicitly called upon Government to draw up plans to extend decentralisation to rural England.

[4] For discussion of the promise of devolution for non-metropolitan areas, see the reports of the LGA's Post-Brexit England Commission: https://www.local.gov.uk/devoforall

[5] And indicative menu of options are outlined in Cox, Ed & Hunter, Jack (2015) *Empowering Counties: Unlocking County Devolution Deals,* IPPR.

[6] Rural upper tier local authority areas without major cities are particularly disadvantaged by existing metropolitan-weighted policy approaches more broadly, yet could make a significant contributions to a sustainable and resilient national economy. A new coalition of local authorities, 'Britain's Leading Edge', is aiming to reframe the story about these areas. For discussion, see https://www.themj.co.uk/A-vital-new-

4. Further powers

4.1. Given the significant benefits of devolution to Cornwall, we are committed to go further. That's why we are driving forward our 2018 *New Frontiers* partnership vision, which provides a framework for negotiation with Government for enabling Cornwall and the Isles of Scilly to form new partnerships, gain additional powers and also articulate our economic, social and environmental aspirations in a single document.[7]

4.2. Further illustrating the success and accountability of our model of Governance, New Frontiers was developed collaboratively with extensive input from partners, and formally approved through the governance arrangements of each of the constituent members of the Cornwall and Isles of Scilly Leadership Board, before being collectively endorsed and launched in April 2018.

4.3. As New Frontiers evidences, we consider further devolution to be one of the vital tools that will help shape our future economy and prosperity. It contains proposals for devolved powers and funding that enable us to improve health outcomes for our rapidly ageing population, provide more affordable homes for local people, ensure a fully integrated public transport system, strengthen our environment and distinctive culture and heritage, and secure fiscal freedoms and fair funding to support essential local services.

4.4. New Frontiers has been fully adopted by the Cornwall and Isles of Scilly Leadership Board nonetheless it is important to recognise the unique characteristics and requirements of our two neighbouring authorities. This is especially pivotal with regard to fiscal arrangements, for example, where business rate retention would be inappropriate as an enhanced funding mechanism for IOS.

5. Government's commitment and Whitehall's capacity to promote and monitor

5.1. As a direct result of signing the Cornwall Deal, Cornwall Council and its partners has been able to work more closely with Government departments. BEIS requires annual monitoring submissions by devolved authorities to evidence progress, with which Cornwall has continually engaged. The CLGU have also played a key role in representing government locally through engaging with our Devolution Monitoring Board and Leadership Board.

5.2. In the pursuit of new asks within *New Frontiers,* and against a backdrop of a Government heavily distracted by Brexit, the level of engagement we have secured at Ministerial and senior levels has been strong – and within the past 12 months we have had 6 asks formally approved. A clear and consistent steer is that Government is not currently in a position to have a conversation leading to a single deal comparable to Cornwall's 2015 Devolution Deal. Instead, CLGU will facilitate a series of separate conversations focussed on individual components, which would reshape and sequentially 'add' to our existing deal.

5.3. Despite positive discussions, there are however a number of other areas where Government has not ultimately supported our ambitions and – strengthening the points in section 3 – with a common theme to the feedback citing the shape and nature of our place, as a highly rural non-metropolitan area, as a main reason.

6. Governance and accountability

6.1. Whilst recognising the uniqueness of the Cornwall Deal, it was widely accepted that alongside the agreed implementation plans with CLGU, a robust monitoring and evaluation framework was needed, alongside appropriate local governance and reporting structures to assess impact. Cornwall offers an alternative model to the CA mayoral model, which government has consistently fallen back to in recent years in pursuing deals.

6.2. The cross-organisational Cornwall & Isles of Scilly Leadership Board is responsible for considering both progress in delivering the current deal, and in seeking further devolved powers and funding from Government. In depth progress is monitored and scrutinised by the Devolution Monitoring

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voice-from-the-edge/214246 or https://www.cornwall.gov.uk/leadingedge

[7] https://www.cornwall.gov.uk/newfrontiers

Board – a sub-group of the Leadership Board – with regular programme reporting and a common risk register. This strong rural alternative governance model has enabled robust, transparent and successful delivery of the Cornwall Deal which has been nationally recognised as being one of the most advanced authorities in devolution delivery. Recognising the successful delivery of the Cornwall Deal to date, Cornwall is proof that devolution can work in an area that has an alternative governance structure to a Combined Authority Mayor.

6.3. Cornwall's evaluation framework has been developed to provide a programme-level approach to measure, report, and transparently communicate progress and the impact the deal is delivering. The framework is not aimed at creating another layer of targets, but as a retrofit to measure and communicate impact and direction of travel, and to enable further negotiations to be framed in a recognisable framework.

6.4. As part of the ongoing monitoring of the Deal, a series of 'governance wheels' were also created which transparently outline governance to workstream level.[8] These enable visible and accountable leadership and transparent governance for residents and partners. This work to ensure public engagement and transparency is further supported through the establishment of a clear public-facing website incorporating animations, workstream case studies, and a plain English guide.[9]

6.5. Measurement of impact could be further strengthened for all deals if there was provision of suitable resource and data. For example, we lack resource to undertake in-depth counter-factual evaluations on all or a number of workstreams, and have instead focused on clear workstream deliverables.

7. The impact of new sources of income

7.1. Cornwall was the first rural council to pilot 100% Business Rate retention. Due to Government austerity measures and proposed funding reforms, the Council's aim is to become self-sufficient in the medium to long term by making the necessary investment now in the local economy and infrastructure that is capable of sustaining local services.

7.2. The pilot is considered to have been a very successful and positive experience which has been readily integrated into the wider national funding settlement. It has generated significant operational and financial gains of c£8m per annum; equivalent to c£24m over the three years (see below). However this has been achieved without adversely impacting on any of the local business rate payers. The additional resources that have been generated from undertaking the pilot have been used to fund both additional capital investment in the local economy and to support the Council's overall budget. This has helped the Council respond to the Government's austerity programme and protect services from further significant cuts which, without doubt, would have fallen on vital council services within Children's and Adult Social Care and impacted the most vulnerable residents in Cornwall.

7.3. As a strong advocate of devolution and an authority recognised as setting best practice, Cornwall has freely and positively shared information about the pilot with interested stakeholders including the Cornwall Chamber of Commerce, the Rural Services Network, the Association of Public Service Excellence (APSE), the Cornwall Federation of Small Businesses and through a peer review with other local government representatives.

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[8] See Appendix 1 in the Cornwall Deal Impact Assessment: https://www.cornwall.gov.uk/media/36590228/cornwall-deal-impact-assessment-final.pdf

[9] http://www.cornwall.gov.uk/devolution

7.4. By working closely with MHCLG, in the development and continued monitoring of the pilot, we have established closer relationships with the department which have been to our mutual benefit. For example, this has included the sharing of information during numerous MHCLG site visits, and also through our responses and participation in regular government studies - most recently with an evaluation by Warwick Economics and Development. This has not only enabled MHCLG to closely monitor the impact of the 100% Business Rate pilot, but has also helped the department with the testing of impacts on local government system requirements and developed cross departmental conversations.

7.5. Cornwall Council remains committed to devolution, and the possible further continuation of 100% Business Rate retention in Cornwall. Indeed the existing agreement confirms that Cornwall Council's 100% Business Rates retention shall remain in place and *'expire on the national introduction of **full** business rate retention'.* It is therefore reasonable to assume that the Council's pilot should continue beyond 2019/20. Unfortunately, in the absence of any certainty around forthcoming Business Rate reforms and most importantly the full reset, it is impossible at this time to be certain of the likely gains or risks to Cornwall Council by extending the 100% retention pilot further into 2020/21.

7.6. Cornwall supports and seeks positive assurance of the continued 'roll in' of (DfT) highways capital grants. This has proven to be a highly valued element of the pilot scheme as it offers significantly greater flexibility of the way in which resources can be applied locally to the greatest effect. As a result of the flexibility, Cornwall Council has been able to increase the amount of highways inspections and routine maintenance works that it has been able to carry out e.g. emptying gullies, fixing minor defects, sweeping and general maintenance. This has offered better value for money by using asset management principles that identify and rectify problems early, maximising the life of the County's highways and avoiding the need for more extensive and expensive capital works. Ultimately this provides for a safer and more resilient highways network.

7.7. There remains considerable scope for further fiscal devolution, provided that suitable no detriment safeguards are in place to ensure that such devolution doesn't exacerbate spatial disparities. LGA commissioned research, for example, found that in England in 2016/17 for £23.5bn of planned government growth expenditure, that 48% of areas with devolution deals had very little or no local influence over half of the funding streams.

7.8. More broadly, implementation of further agreed devolved powers must of course be sustainably resourced – especially in the context of ongoing sector cost-pressures. This is especially true in the context of unfair funding for rural authorities, with it a necessity that Government understands the role of greater rural delivery costs in implementation.[10]

8. The potential scope of a devolution framework

8.1. The way in which devolution has apparently stalled at the national scale – particularly for most non-metropolitan areas – suggests a need for the emerging framework. Whilst the currently non-prescriptive approach formally provides welcome freedom in designing locally-tailored bespoke deals, a framework would enable a clear articulation of Government's implicit expectations, whilst also ensuring cross-departmental coherence. This needn't entail abandoning bottom-up approaches with a 'one size fits all' model, or exclude flexibility to local needs and relationships. It would, to the contrary, help counter the risk that unarticulated expectations may already constitute an implicit restrictive menu of options that accidentally embed biases – with such transparency thereby enabling more robust rural-proofing into the process.

[10] Shared Intelligence (2016), *Is the grass greener…? Fragmented Funding for Growth 2016/17*

8.2. A framework can explicitly accommodate diverse purposes for a deal, with a sensitivity to attendant variations in measures (and timescales) of success. It could also outline flexible options on indicative powers, governance, scale, process, and programme or policy areas which are on the table, such as to accommodate diverse complexity in local economic and institutional geographies. This could retain considerable choice and flexibility for local areas, whilst articulating often unspoken conditionalities.

Appendix 1:

The scope of the deal includes the following areas:

- Transport: The deal enabled significant improvements to our transport infrastructure, allowing us to lead the way towards a unified public transport system. Our devolved budget of £126m, alongside £17m private investment, is enabling us to mould services to better serve local need, including delivering a new 41-strong bus fleet. Contactless and smart ticketing is being rolled out for buses and trains, alongside infrastructure improvements with rail depot, signalling and, sleeper services. We've also installed real time information displays, upgraded bus shelters and introduced an online journey planner and app. This has already driven a 7% increase in rail passenger growth and a 6% growth in bus passengers, totalling around 1.4m additional journeys annually.

- Intermediate Body status: IB status has enabled local decision-making on the allocation of European grant funding, ensuring that money is spent on local priorities. We have established and manage the National IB Network whose membership includes 11 areas across the UK, accounting for nearly 50% of the UK's GVA and around 40% of its population.

- Business support & investment: The deal has also enabled substantial support for local businesses and our workforce, facilitating the launch of a nationally recognised Growth & Skills Hub which provides critical support for growth, innovation and productivity improvements of our small and micro businesses. Over 11,000 businesses have been supported through the Growth Hub and Better Business for All programmes. The Cornwall and Isles of Scilly LEP has also launched a £40m Investment Fund to provide loans and equity investments to local businesses to fill a market gap that our businesses had told us was required.

- Energy: The deal is also a crucial part of our strategy for tackling our higher-than-average levels of fuel poverty. We have piloted an approach to overcome the shortcomings of traditional energy efficiency programmes for our local housing stock of rural, solid wall and off-grid homes. Linking in with the Warm Homes Fund and SSE through their ECO obligation, our £8m energy efficiency programme is utilising the Flex Eligibility secured through devolution to target vulnerable householders for home improvements, with an ambition to make 1,000 vulnerable households cheaper to heat annually. The deal has also enabled us to harness our deep geothermal natural resources through a £18.6m clean energy pilot, which with our marine enterprise zone will set us on the path to self-sufficiency as a major energy producing region.

- Flood resilience: The flood resilience aspect of the Deal has also enabled us to drive a more collaborative approach with the Environment Agency, South West Water and others through the creation of a Strategic Resilience Board. Consequently, we're developing evidence-based plans for flooding and coastal resilience, supporting communities to develop Local Flood Risk Profiles and developing a joined-up 25-year investment plan.

- One Public Estate: The deal has been a catalyst for public sector cooperation more broadly, empowering us to progress savings against the costs of our large, disjointed estate to deliver £2.3m of savings. We've established integrated 'blue-light' services to facilitate joined-up emergency service responses, including creation of the UK's first 'tri-service' officer, trained as a police officer, firefighter and paramedic. Co-locating Job Centre Plus with Council offices in towns such as Helston and reviewing library provisions is enabling multiple services within a single location, and simplifying access for service users.

- Business Rates Retention: Cornwall is one of only a handful of regions to retain all generated business rates through our 100% Business Rates Retention pilot, providing £2m of funding to help protect local services.

- Skills: The deal has supported progress on raising skills levels and supporting entry to the labour market, with a refreshed our Employment and Skills Strategy – including our Apprenticeship Strategy –which has now supported up to 5,400 apprenticeships a year and delivered over 1,600 NVQ+ courses. We've established a Skills Access Hub to connect business to skills and training as well as a Careers Hub, published the 'Cornwall Careers Offer', and successfully secured funds for Enterprise Co-ordinators to work with schools through our Enterprise Adviser Network.

- Building local partnerships: Devolution has underpinned the development of local partnership working for key strategic issues. Our Shaping our Future Programme is laying the foundations for the integration of health and social care, with partners collaborating to drive health improvements and achieve sustainable systems through a greater focus on prevention. And our Heritage Kernow Board has been established to promote, conserve and manage Cornish culture and heritage, driving its support and recognition, and it continues to play a core role in our local economy as a driver of tourism. We've completed a cultural distinctiveness study with partners to inform development of the Heritage Kernow Strategy.

- Double devolution: Vitally, devolution for Cornwall has never just been about greater powers for the Council and partners – our commitment to 'double devolution' has driven the transfer of power over community assets to local communities – securing greater local leadership of more resilient community assets. Over 300 assets have now been devolved to local communities, with major packages for towns such as St. Austell changing the shape and nature of locally owned service provision. Devolved highways funding of £1m annually over 4 years to community networks has enhanced local decision-making, alongside support for over 100 communities to gain planning powers through Neighbourhood Development Plans.

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