

Surrey Devolution Framework Agreement

Subject to ratification of the agreement by all partners and the statutory requirements referred to within this document, including the consent of Surrey County Council and parliamentary approval of the secondary legislation implementing the provisions of this agreement.



Department for Levelling Up,
Housing & Communities



SURREY
COUNTY COUNCIL

Signatures

Jacob Young MP

Minister for Levelling Up

Cllr Tim Oliver

Leader of Surrey County Council

Introduction

1. Surrey is a ceremonial, home county located in the south-east of England with around 1.2 million residents. It is best known for its high quality of life, vibrant economy, and beautiful countryside. As a two-tier area, Surrey boasts a diverse local government landscape, with the county council and 11 district and borough councils working strategically alongside partners such as health, businesses, and education to deliver the best outcomes for Surrey residents. Within this partnership, Surrey is guided by its Community Vision 2030 which sets out the county's overarching ambition to ensure no one is left behind.
2. Despite its proximity to the capital, Surrey is a very green county, with Green Belt covering 70% of its land area. Its expansive forests have earned it the title of most wooded county in England, and it is home to world-famous gardens, ancient heathlands, stunning scenic views and beautiful waterways. Within its rich landscape are 45,000 hectares designated as National Landscape or other special landscape designation including the Surrey Hills which are enjoyed every day by residents and visitors alike.
3. Surrey's thriving economy brings great benefits, from high-value jobs for local people, tax income, supply chain services, and investment on economic infrastructure. It is an area of many economic strengths and the second biggest economy outside of London. Within this thriving economic context, Surrey also boasts a highly skilled and productive population; top-quality higher education institutions including University of Surrey, Royal Holloway University and the University of the Creative Arts are situated within the county and a strong further education sector champions diverse pathways for young people to enter the workforce. However, Surrey's high employment and low unemployment creates a tight labour market that puts additional pressure on businesses trying to recruit skills talent. This is exacerbated by high house prices which have negative impacts on local employers' ability to recruit essential workers.
4. While many Surrey residents benefit from relative affluence and wealth, there are significant numbers of people in small neighbourhoods that struggle with poverty, poor physical and mental health, worklessness, alcohol and substance abuse, and domestic abuse. Their experience of these conditions is heightened by being surrounded by the everyday signs and signals of the general prosperity and quality of life others enjoy. Despite its reputation for affluence, at ward level, Surrey has four areas that fall into the 10-20% decile in the Index of Multiple Deprivation.
5. 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.

6. 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 for areas considering devolution for the first time 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 an upper-tier local authority, 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.
7. As an upper-tier local authority covering the functional economic or whole county area, with a leader and cabinet executive governance model, Surrey County Council meets the eligibility criteria for Level 2 devolution. This document sets out the terms of an agreement for a Level 2 devolution framework agreement between the Government and Surrey County Council (“Surrey”), subject to ratification of the deal by Surrey and the statutory requirements for making the secondary legislation implementing the deal. The statutory requirements for implementing the deal include Surrey consenting to the secondary legislation implementing aspects of the deal, and Parliament approving it. Once this legislation is approved and made, the devolution agreement will be confirmed.
8. Surrey and Government have agreed a historic Level 2 devolution framework agreement which will provide powers and funding to enable Surrey 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 agreement shows how levelling up can be done in practice – with clear alignment to the twelve headline Levelling Up missions.
9. Government recognises that devolution is a journey, not a one-off event. This agreement is the first step in a process of further devolution; Surrey will be able to deepen their devolution arrangements over time, subject to Government agreement. The Government will also continue to work with Surrey on important areas of public service reform and infrastructure investment, to support inclusive

economic growth in towns, cities and rural areas whilst tackling climate change, on our journey to 2030.

Devolution Framework Agreement between the Government and Surrey County Council

The Government and Surrey County Council are minded to agree a devolution framework agreement which will provide Surrey with new powers and funding to increase opportunities and living standards.

A Level 2 devolution agreement is contingent upon Surrey County Council meeting the associated governance criteria which principally means they have and will maintain the 'leader and cabinet' form of executive arrangements as set out in the Levelling Up White Paper.

The detail of the framework agreement is set out below.

Strategic Growth Levers

10. A Level 2 devolution agreement will enable Surrey, working closely with district councils, to take responsibility for services that are best delivered at a strategic level, and in doing so, is a first step towards giving local leaders more control and influence over the levers of local growth.
11. 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 (UKSPF) will be aligned with devolution deal responsibilities. This would mean that Surrey County Council could have such responsibilities from 2025/26.
12. Subject to Government endorsement of an integration plan and the agreement of Surrey, Local Enterprise Partnership (LEP) functions will be integrated into Surrey County Council. Surrey will be supported to take on relevant functions and roles currently delivered by the Enterprise M3 and Coast to Capital LEPs in line with published guidance.

Trade and investment

13. The Government is committed to supporting places to realise their entrepreneurial potential, underpinned by an ambitious package of reforms set out in the Levelling Up White Paper and, more recently, at Budget 2023.
14. As part of this framework agreement, Department for Business and Trade (DBT) will continue to work closely with Surrey to make it easier for businesses to access the information, advice and support they need, drawing on the DBT global and sector offer to strengthen partnerships and increase economic growth across these regions and the UK.

Skills and Education

Adult Education Budget

15. The Government will fully devolve the Adult Education Budget (AEB) to Surrey from 2026/27 subject to readiness conditions and Parliamentary approval of the required secondary legislation conferring the appropriate functions. Prior to devolution of the AEB, the Government will work with Surrey to support their preparation for taking on the relevant function. Funding for Free Courses for Jobs will also be devolved and will be ring-fenced.
16. Prior to full devolution taking place, the Government will work with Surrey to support their preparations for taking on the relevant functions and will make implementation funding available for Surrey in 24/25 and 25/26, subject to the availability of appropriate central funding including in the next Spending Review.
17. The Department for Education will continue to work with Surrey to commission a local programme of Skills Bootcamps, to be informed by future spending agreements.

Skills

18. Working with the designated Employer Representative Body, and utilising and sharing the local labour market intelligence and analysis developed, Surrey will support and provide input into the Local Skills Improvement Plan (LSIP) for the area. Government will consider the LSIP boundaries in 2025 at the end of the funding period, with the aim of maximising alignment across boundaries where possible.
19. Surrey will be considered alongside other areas with a Level 2 or 3 devolution deal at future Spending Reviews with regard to the devolution of skills funding.

Employment

20. Surrey and the Government recognise the crucial link between local skills, education, health and workforce development activity in the county and the work of the Department for Work and Pensions (DWP).
21. DWP, through regional Jobcentre Plus and Partnership teams, and Surrey will work together on shared strategic employment priorities through a place-based approach.
22. Surrey County Council will work in partnership with local and regional work and health stakeholders, including all local authorities in the county with responsibility

for UKSPF until 2025, as well as the DWP and other parts of UK Government to ensure effective and coordinated strategic planning and delivery of local employment, health and skills provision, through funding streams such as UKSPF and Adult Education Budget, that meet local needs and complement national employment provision.

Careers Education and Advice

23. The Government recognises the significant unique opportunities that are developing across Surrey 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.
24. In support of this objective, the Enterprise M3 and Coast to Capital LEPs and Local Authority partners have worked closely on the development of the Surrey's Career Hub, which Surrey County Council assumed responsibility for in September 2023. With the folding in of relevant LEP functions as announced in August 2023, the Government and partners within Surrey wish to ensure that there remains a shared focus on careers education and advice for young people. The Department for Education will therefore seek to work with the Department for Levelling Up, Housing and Communities (DLUHC), Surrey and other relevant partners to support the continuity of activity within the Careers Hub.
25. To ensure a more place-based and joined-up approach to careers education locally, the Government supports Surrey to work with local stakeholders to align careers provision with devolved AEB activities.

Housing and Land

26. Surrey County Council will have access to additional land assembly and compulsory purchase powers for housing and regeneration purposes, subject to the agreement of the relevant local planning authority (the district council) and the consent of the Secretary of State for Levelling Up, Housing and Communities.

Working with Homes England

27. Surrey and Homes England are committed, with the support of DLUHC to working collaboratively with local partners – 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 county.
28. Homes England and DLUHC will explore the potential for investing in the delivery of this pipeline – in support of Surrey's wider strategic ambitions for enhancing the

affordability and accessibility of housing locally – through current and future funding streams.

29. As part of this approach, Surrey will seek to further align its own resources and capacity alongside the work of local partners, 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.

Transport

30. As the Local Transport Authority, Surrey County Council is already responsible for transport planning and delivery for the county and will continue to exercise these functions and powers, including the statutory duty to develop and deliver a Local Transport Plan (LTP). In developing its case for local transport investment at the next Spending Review, the Department for Transport (DfT) will be engaging the local transport sector. As such, Government will look to draw on any emerging evidence base and strategy Surrey is able to make available by that time. Surrey 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.

31. Surrey County Council has implemented an Enhanced Partnership to deliver high quality bus services as part of an integrated local transport system.

32. If Surrey conclude that bus franchising is likely to deliver better outcomes, the Government will consider conferring franchising powers under the Transport Act 2000 to Surrey 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.

33. To ensure consistency in the quality and safety of walking and cycling, Active Travel England (ATE) will provide support to ensure schemes are designed and delivered to high standards, including compliance with Local Transport Note 1/20 (LTN 1/20). Surrey will work with ATE to improve the design quality of all active travel schemes, particularly in a rural setting, funded by Government and those that are locally funded. All walking and cycling schemes funded by Government must comply with LTN 1/20.

Net Zero and Climate Change

34. 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. Through representative organisations on the Local Net Zero forum, chaired by the

Department for Energy Security and Net Zero, Surrey will get the opportunity to discuss local net zero policy in the round.

Energy system

35. The Government recognises the need to increase Surrey's electricity network capacity to meet future electricity demand. Government is committed to ensuring that local areas, such as those with a devolution deal, have a meaningful role in planning our future energy system for net zero, alongside other local areas as appropriate.

36. The Government is considering the role of local area energy planning in delivering net zero and supporting efficient network planning, working closely with Ofgem as they develop regional energy planning roles across Great Britain to improve local energy planning and speed up the transition to net zero.

Buildings

37. 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.

38. This work will involve inviting Surrey 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

39. Through the Green Jobs Delivery Group, the Government is working to ensure that workers, business and local areas, including Surrey, are supported through net zero transition. Surrey 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.

Nature Recovery

40. Surrey County Council has been appointed by the Secretary of State for Environment, Food and Rural Affairs, as the responsible authority for the Surrey Local Nature Recovery Strategy (LNRS) area and has confirmed planned funding of £254,844 for financial years 2023/24 and 2024/25.

41. Government will work with Surrey to ensure that relevant local environmental, climate mitigation and adaptation policies, including Surrey's Local Nature

Recovery Strategy (LNRS) and existing and potential plans for protected landscapes, support the delivery of England's Environmental Improvement Plan.

42. Government will work with Surrey to support opportunities for strategic leadership in planning, advising and coordinating action on climate and environment matters for the county. The longer-term aim is to bring together Surrey's objectives and requirements in its environmental and other relevant local strategies/plans/statutory duties (e.g. on water quality, nature recovery, flood risk management, etc.) under one framework (a local Environmental Improvement Plan or 'local EIP'). The local EIP's objective would be to support joined up delivery of these local objectives and delivery of the Government's Environmental Improvement Plan (EIP), and its net zero and climate adaptation ambitions. This process would enable Surrey to:

- a. Work more closely with e.g. other local authorities, utility companies, government agencies.
- b. Identify relevant public plans in the area and propose a means of aligning and coordinating these under one consistent framework e.g. the local EIP (this will be over a locally appropriate timeframe to match resourcing) so that links can be made, duplication reduced, conflict managed and opportunities realised.
- c. Work with key partners to identify, map and assess relevant public (and potentially private) spending in the area.
- d. Establish governance to help prioritise action, support implementation and monitor progress.

ANNEX A – GOVERNANCE ARRANGEMENTS

43. In implementing this agreement, Surrey County Council will maintain their current governance arrangements of a leader and cabinet executive governance model. Surrey County Council elections will continue to take place on the same cycle, with the next scheduled elections due in May 2025. Subsequent elections will continue to take place every four years thereafter. The electorate will be local government electors in the area of Surrey County Council.
44. The full council will elect a leader from amongst its councillors. The leader will choose between two and nine other members of the council to form a cabinet. The leader and cabinet take decisions to deliver a business plan, within the budget and policy framework as set by the full council.
45. Subject to statutory processes and consents, the Government will devolve to Surrey County Council the following functions:
- Adult education and skills functions.
 - Land assembly and compulsory purchase powers (subject to the consent of the local planning authority affected by the exercise of the function).
46. Voting arrangements in respect of devolved functions will be as set out in legislative provisions and/or the council's constitution. This will include the procedure under the leader and cabinet executive governance model.
47. Surrey County Council will be scrutinised and held to account for their Level 2 devolution deal by the Council's appropriate Overview and Scrutiny Committee. The Chair and Vice-Chair of the Overview and Scrutiny Committee will be appointed by a method as determined by Surrey County Council's constitution. Surrey County Council is undertaking a review of overview and scrutiny to ensure arrangements are appropriate for the additional functions and funding being devolved to Surrey.
48. As a local government institution with devolved powers, Surrey County Council 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, Surrey County Council 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.
49. Surrey County Council should also have regard for the Government's Scrutiny Protocol, which develops the standards and best practice to make sure that

overview and 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.

50. Surrey County Council shares the Government's view that engagement and consultation with public sector partners, including city, district and borough councils, as well as local communities, voluntary sector and business, allowing for feedback on the powers and funding being devolved will be pivotal to the success of the agreement.

51. The proposals in this agreement are subject to:

- The acceptance of the proposed deal by Surrey County Council.
- The Secretary of State for DLUHC being satisfied that the required statutory requirements as set out in sections 16 and 17 of the Cities and Local Government Devolution Act 2016 (including amendments made by the Levelling Up and Regeneration Act) have been met.
- The consent of Surrey and Parliamentary approval of the required secondary legislation.

52. If at some point in the future Surrey County Council was to propose to change its governance model from the current leader and cabinet executive governance model to an alternative governance model specified in the proposed section 9NC(8), it must follow the applicable procedure as set out in the Local Government Act 2000 (including amendments made by the Levelling-up and Regeneration Act). Such procedure requires the Council to notify the Secretary of State, who will consider whether to amend or revoke the secondary legislation which confers the Level 2 devolution agreement functions onto the Council.

ANNEX B – UNDERPINNING CRITERIA

LEP Integration

53. In taking on relevant functions and roles of the Enterprise M3 and Coast to Capital LEPs, all parties will work together to ensure the independence of the local business voice is maintained, with the business voice to be represented within Surrey, and with advisory boards representative of the geographies and composition of their local communities. Surrey 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 Surrey framework.
54. Government funding for integrating LEP functions will be subject to future spending decisions by individual departments and business planning.

Adult Education Budget

55. Upon devolution, Surrey will be responsible for making allocation to providers and the outcomes to be achieved, consistent with statutory entitlements. 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.
56. The Government will inform Surrey on which basis the existing methodology operates to calculate the size of the grant to be paid to Surrey County Council for the purpose of exercising the devolved adult education functions.
57. The Government will discuss with Surrey County Council, and other areas with, or which are planning to secure, devolved adult education functions, any proposed changes to its methodology for calculating devolved areas' grants. Any discussions will be undertaken in a timely manner and before decisions are made.
58. 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 Surrey County Council is operationally ready to administer the AEB and is satisfied the required statutory tests have been met.
 - b. Parliament has legislated to enable transfer to Surrey County Council 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 Surrey County Council 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.

UKSPF

59. As lead local authority for the planning and delivery of UKSPF, Surrey County Council will need to engage district and borough councils and other local partners to ensure that the needs of partners can be effectively addressed.

Surrey's Commitments Underpinning the Agreement

- 60. Surrey will work with the Government to develop a full implementation plan that will set out the steps that Surrey will take to implement and deliver this agreement. 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.
- 61. Prior to the implementation of the agreement, Government will work with Surrey County Council to give the public and stakeholders a clear understanding of the powers and funding that are being devolved to Surrey.
- 62. Surrey County Council will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.