



Title	Devolution
Purpose of the report	To make a decision
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Jackie Yates, Chief Executive
Report author	Paul Patterson, Devolution Director (Berkshire)
Lead Councillor	Cllr Liz Terry, Leader of the Council
Council priority	Secure Reading's economic & cultural success
Recommendations	<p>That Council:</p> <ol style="list-style-type: none">1. Endorse the benefits from the proposed devolution of powers and functions set out in the English Devolution and Community Empowerment Bill;2. Approve the joint Expression of Interest (EOI) attached at Appendix 1 be submitted to the Secretary of State, noting that the EOI is designed to proactively position our region for early consideration in the next wave of the Devolution Programme;3. Acknowledge the EOI as an invitation to Government to open dialogue and engagement with the region regarding the potential form and operation of a Strategic Mayoral Authority, and not a decision to establish a Strategic Authority;4. Agree that further update reports be brought back to Council as necessary and prior to any final decision to create a Strategic Authority; and5. Note that the informal Devolution Board will oversee discussions with Government, ensuring robust governance and stakeholder engagement by elected members throughout this process.

1. Executive Summary

- 1.1. This report seeks approval to submit an Expression of Interest (EOI) to Government in response to the Government's devolution policy and proposals set out in the English Devolution and Community Empowerment Bill. It further seeks to position the Thames Valley region in the next round of devolution for the purpose of creating a Mayoral Strategic Authority (MSA).
- 1.2. By submitting the EOI (Appendix 1) the Council is requesting that the Secretary of State engage with the region on devolution of powers and functions for the area. Our aim is to enter dialogue with Government to target inclusive economic growth working within a strategic partnership that focuses on promoting innovation, sustainability and prosperity for our region.

By facilitating collaborative regional governance and providing leadership, this Council can provide a framework to promote inclusive growth for our area for the benefit and wellbeing of our residents.

2. Devolution towards Evolution of Regional Economic Growth

- 2.1. The principle of devolution is well-established, with Government aiming to redistribute political, social and economic power across England. With ambition now focused on universal coverage of Strategic Authorities across England following the English Devolution White Paper and the English Devolution and Community Empowerment Bill, Leaders from across our region have been meeting to explore the opportunity for devolution.
- 2.2. The Government's vision, as set out in the English Devolution White Paper, is for all parts of England to be part of regional Strategic Authorities led by a regional Mayor. These authorities will drive growth, shape public services, and deliver strategic leadership in areas such as economic growth and sustainability, strategic planning, skills, employment, and strategic transport infrastructure.
- 2.3. This move to devolving power to regions signals a significant step change in how UK economic growth will be delivered. It also signals a significant shift in how local government needs to develop and deliver its economic growth strategies. This will shift relations with central government.
- 2.4. It will require council Leaders, supported by their Chief Executives, to form new strategic regional partnerships and work with an elected Mayor through a Strategic Mayoral Authority to drive our ambitions for place based all-inclusive growth.

3. A Thames Valley MSA For Collective Regional Growth

- 3.1. Becoming a Mayoral Strategic Authority represents a significant opportunity for regions in England to drive inclusive growth and prosperity for communities and businesses. With new powers and investment, Mayoral Strategic Authorities can address strategic economic challenges and opportunities, in collaboration with local Leaders, business leaders and investors, with Government and increasingly, with other Strategic Authorities as part of the Council of Regions. This is a new and exciting platform in our regional and local government landscape, creating systems based on collaboration and collective action that can work at scale to make connections, drive innovation and support growth.
- 3.2. Failing to pursue this opportunity carries real risks. Areas that do not adopt an MSA model risk missing out on funding, influence, the ability to set their own strategic direction, and deliver against regional and local priorities. In an increasingly devolved landscape, inaction could result in diminished competitiveness, slower growth, and reduced leverage in regional and national decision-making around investment.

Regional Economy

- 3.3. The Thames Valley economy is one of the most dynamic and globally connected in the United Kingdom, contributing billions in Gross Value Added to the national economy each year. On a per-person basis, it ranks second only to London, a reflection of the area's powerful concentration of high-value industries and skilled workforce.
- 3.4. The Region's prosperity has its roots in knowledge and innovation, driven by digital technology, communications, life sciences, biotech, and health including, creative and professional service sectors, that have flourished thanks to the regions connectivity and proximity to London and Heathrow Airport. Global companies have long chosen to locate in the region with recognised hubs for technology and business services. This includes fast growing sectors in pharmaceuticals, manufacturing, and digital.

- 3.5. The region's economy has a critical mass of science, learning, talent, intellect and inspiration. The region also has a culture of pushing boundaries, redefining leading edge, pioneering and entrepreneurship. The universities are powerhouses of knowledge and beacons of experimental excellence as indeed are many of the businesses located across Berkshire and the wider Thames Valley.
- 3.6. The intellectual capacity of the region and talent emerging from the universities is driving the establishment of spin out businesses and the scale up of growing ones, contributing to an environment that promotes and nurtures commercialisation; a driving force for a new, science and knowledge led industrial revolution.

Regional Risk of Economic Decline

- 3.7. Despite a track record of success, the Thames Valley economy has not been immune to the decline in productivity across the UK in recent years, suffering from underinvestment and increased global competition. In addition, continued prosperity brings challenges, including housing affordability, infrastructure constraints, and uneven growth across localities.
- 3.8. There are considerable challenges in generating a future proof transport infrastructure for residents and businesses that supports the region's economic growth and increased demand. Education and skills need to be developed on a regional collaborative basis to power capacity for economic growth.
- 3.9. This means we collectively need to take a lead in ensuring sustainable housing and transport, promoting green technology, repowering the economy, developing the regional connectivity and attracting inward investment. The advantages generated through strategic growth planning and collaboration at a regional scale could see greater benefits than those that can be currently delivered by individual councils.
- 3.10. Without a Strategic Authority the Thames Valley is under threat of seeing economic decline as businesses and inward investment risks diverting to regions that have clear joined up regional Growth Plans and unfragmented governance arrangements, selling their regions benefits to sectors and investors.
- 3.11. Areas that can deliver regional transportation connectivity, housing growth and other business support infrastructure such as skills training and wellbeing are better placed to secure investment.

The Opportunity

- 3.12. There are substantial benefits in seeking devolution of powers. Devolved control over adult education and skills budgets allows authorities to better align training provision with the needs of local industries from digital technology and life sciences to creative industries, helping retain talent and businesses whilst ensuring inclusive access to opportunities.
- 3.13. Devolved powers and responsibility over strategic transport, strategic housing and spatial planning will support planning at a wider regional level enabling authorities to better target investment in deprived or underperforming areas, address housing affordability, promote green infrastructure and ensuring growth benefits reach all communities. A regional transport strategy would future proof the regions rail links, while improving access to Heathrow and London. Coordinated investment in rail, bus, and sustainable transport would reduce travel times, improve productivity and support the net zero agenda.
- 3.14. An enhanced ability to attract private investment and innovation partnerships would support the development of the innovation ecosystem and key sectors such as IT to stem the current exodus of UK innovation overseas and help to attract more overseas investment to the region. A science partnership could form a knowledge-intensive growth region with a stronger national and international identity capable of competing with major European economic clusters.

- 3.15. As a key driver of the UK economy, an MSA has the potential to scale up rapidly and deliver significant regional and national economic growth. Establishing an MSA will function as catalyst for growth to target funding and skills programmes where they are needed most, helping to reverse productivity decline and remove barriers to economic development.
- 3.16. Stronger coordination through an agreed MSA regional growth plan, influenced and led by local authorities, will stimulate a larger, integrated economy that can carry more weight in negotiations with Government, securing devolved funding and national infrastructure investment. It would also present a more compelling 'investment ready' proposition to global investors seeking a region that combines cutting-edge research with commercial capability.

4. Expression of Interest Thames Valley Vision

- 4.1. The EOI emphasises the region's strengths in innovation and productivity and its readiness to enter discussions with Government regarding the possible creation of an MSA. Devolution via a MSA will drive inclusive growth and unlock significant opportunities for local communities and the UK more broadly.
- 4.2. The Thames Valley EOI highlights:
 - **Economic rationale:** The region has national excellence and/or international excellence in at least 5 of the 8 key business sectors highlighted in the Modern Industrial Strategy. The Strategic Authority would provide the framework that allows businesses to leverage those sectors across a wider geography and create jobs. Our intent is to restore growth to pre-Covid levels of prosperity.
 - **Collaborative governance:** There is a commitment to partnership working across constituent councils, with clear terms of reference and for the EOI to mark the start of wider stakeholder engagement across the region.
 - **Strategic powers and funding:** Powers over transport, skills, housing, and economic development and the ability to provide these within a business ecosystem will lead to greater investment.
 - **Place-based leadership:** Greater local control to deliver national policy objectives at local level has been shown to be successful in other established Strategic Authority areas. Adapting powers and functions to meet local needs strengthens local identity, accountability, and the ability to deliver tailored solutions for residents.
- 4.3. The EOI is about facilitating a dialogue with Government. It does not bind any Council to an MSA, but it does indicate our readiness to engage and explore the implications further.
- 4.4. It is intended that oversight of the discussions with Government and the development of future proposals will be through an informal 'Devolution Board' made up of elected representatives from each participating Council. Details of the governance structure and Terms of Reference will be reported to a future meeting of the Council

Next Steps

- 4.5. **Submission of the EOI** (subject to approval) to Government by 19 December 2025, followed by further engagement and refinement based on feedback from Leaders, Chief Executives, and stakeholders.
- 4.6. **Ongoing governance and oversight** via the Devolution Board, with regular updates to Council and Policy Committee and public consultation as the process evolves.
- 4.7. **Build the proposal** through regular engagement, agreeing our geography and the size and scale of the MSA based upon criteria set out in the Devolution White Paper as follows:

- Scale: Strategic Authorities should be of comparable size to existing institutions. The default assumption is for them to have a combined population of 1.5 million or above.
- Economies: Strategic Authorities must cover sensible economic geographies with a particular focus on functional economic areas, reflecting current and potential travel-to-work patterns and local labour markets. It is likely that where travel to work areas are small and fragmented, Strategic Authorities will cover multiple travel to work areas.
- Contiguity: Any proposed geography must be contiguous across its constituent councils (either now or with a clear plan to ensure contiguity in the future through agreed local government reorganisation).
- No ‘devolution islands’: Geographies must not create devolution ‘islands’ by leaving areas which are too small to go it alone or which do not have natural partners.
- Delivery: Geographies should ensure the effective delivery of key functions including Spatial Development Strategies, Local Transport Plans and Get Britain Working Plans.
- Alignment: The government will seek to promote alignment between devolution boundaries and other public sector boundaries.
- Identity: A vital element of successful devolution is the ability for local residents to engage with and hold their devolved institutions to account – and local identity plays a key role in this.

4.8. **Stakeholder engagement** with residents, businesses and public sector partners to explore devolution for our region.

4.9. **Finalise proposal** with further decisions made at key points by Council.

5. Analysis and consideration of alternative options

- 5.1. The English Devolution and Community Empowerment Bill is at its report stage and is about making provision for Strategic Authorities. The Government will also legislate for a Ministerial Directive, which will enable it to directly create Strategic Authorities in places where local leaders in a region have not been able to agree how to access devolved powers. Therefore the “do nothing” option could mean Government directing what happens in our area.
- 5.2. Opting to begin further discussions with Government on devolution would allow the Council to lead the definition of the MSA for our region. This will provide choice over the geography and the ability to determine the key priorities for our area. As well as ensuring we are not left behind.
- 5.3. Should this Council consent to an MSA at a future meeting, it would have representation on the MSA as well as at the Council of Nations and Regions influencing government policy and ensuring our local community voice is heard.

6. Contribution to Strategic Aims

- 6.1. Council agreed on 28 January 2025 that the Leader of the Council be authorised to work with other local authority leaders to develop a proposal for a Strategic Authority, and that these discussions should, in principle, assume an elected Mayor for the new Strategic Authority, in order to secure the best outcomes and investment for residents and businesses of Reading.

- 6.2. The Council Plan includes an objective to maximise the benefits available to Reading from opportunities from the Government's plans to devolve power and funding to local areas, with a project to work in partnership to secure devolution for Reading and the wider area through a new Mayoral Strategic Authority.
- 6.3. This report and the recommendations progress the above.

7. Environmental and Climate Implications

- 7.1. There are no immediate environmental and climate implications arising from these decisions. Government has indicated it will give strategic authorities a meaningful role in planning for our future energy system, establishing heat network zoning in England and leading on local nature recovery. The detail of these various policies are to follow as the English Devolution and Community Empowerment Bill proceeds through Parliament.

8. Community Engagement

- 8.1. The EOI was developed collaboratively, with input from local authority Leaders and Chief Executives.
- 8.2. The EOI is a strategic step to initiate formal discussions with Government, with public and stakeholder engagement planned should the Government accept the Council onto the devolution programme.
- 8.3. Devolution is a collaborative process which will require continuous engagement and collaboration between local authorities and with residents, public sector institutions including the NHS, Police and Fire Authorities, businesses, and further and high education providers and other key local organisations and businesses.
- 8.4. It is also vital that residents are involved at the earliest opportunity to inform and shape the process. It will not be possible to carry out resident engagement prior to submitting an EOI but it is expected that resident engagement would begin after Government agrees to further discussions.

9. Equality Implications

- 9.1. There are no immediate equalities implications arising from this report. However, the purpose of forming an MSA is to bring an all-inclusive growth strategy to the Thames Valley Region. A strategy that ensures no one is left behind in the ambition to further economic growth.
- 9.2. The expected benefits of devolution are to drive growth, enabling Leaders to place more focus on inequality and living standards. An Equalities Impact Assessment will be developed against the different elements of devolution, as proposals progress.

10. Legal Implications

- 10.1. The report seeks Council approval to submit an EOI to open discussions with Government on devolution for our region.
- 10.2. The English Devolution White Paper sets out the Government's intention that where the geographies of new Mayoral Strategic Authorities align with Police and Crime Commissioner and Fire and Rescue Authorities, Mayors will, by default, be responsible for those services. Where those boundaries do not currently align Government has said that it will look to align public sector boundaries to Strategic Authority boundaries.

- 10.3. Through the English Devolution Bill, the Government will introduce a new bespoke duty for Strategic Authorities in relation to health improvement and health inequalities. Strategic Authorities will support partners in driving public service reform and the new devolution framework will set clearer expectations for Mayors' roles in local health systems and in improving population health.
- 10.4. Michael Graham, Monitoring Officer and Assistant Director, Legal and Democratic Services, has cleared these Legal Implications.

11. Financial Implications

- 11.1. There are no direct financial implications arising from the submission of the Expression of Interest. As discussions with Government proceed the opportunity will arise to explore how growth in our economy could create significant social and economic uplift for our area and indeed, for the whole country. The Thames Valley is a positive contributor to Treasury.
- 11.2. Devolution and Local Government Reorganisation offer an opportunity to reset local government finances. In this context, the EOI submission seeks discussions with Government on developing innovative fiscal solutions to support investment into the Thames Valley Region. This reference to investment funding will also look to develop inward investment through the private sector and funding institutions, as part of any regional investment strategy.
- 11.3. As the work develops, there will be a requirement for additional resource supporting the development of a MSA and its strategic purpose. Therefore, a proposed resource plan will be prepared and submitted in due course, subject to the EOI submission.
- 11.4. Risks are considered in the report.
- 11.5. Darren Carter, Director of Finance and S151 Officer has cleared these Financial Implications.

12. Background Papers

- 12.1. There are none.

Appendices

1. Expression of Interest (EOI)