

Subject: Devolution Opportunities for Norfolk and Suffolk

Report to: Council 15 October 2015

Report by: Gordon Mitchell, Chief Executive Officer

SUBJECT MATTER

The devolution of decision- making to local areas has become a central policy focus nationally, Greater autonomy over such strategic issues as transport, economic development, housing, flood defence, strategic planning would support the councils ambitions for Norfolk and for Great Yarmouth.

This report updates Members about the devolution agenda in Norfolk and Suffolk. It details some of the benefits and opportunities that the current Devolution agenda offers in areas such as economic development, skills, transport, infrastructure, housing, health and social care and outlines the next key milestones.

Council is asked to:

- Note and comment on progress to date
- Agree the principle of a Norfolk and Suffolk Combined Authority
- Agree that the Leader and Chief Executive continue to play a full part in discussions, representing the best interests of Great Yarmouth residents.

1. Background

- 1.1. The devolution to local areas of responsibility for economic development and public service reform is a central plank of the current Government's policy and is considered to be a key contributor to deficit reduction and increasing productivity.
- 1.2. In his first speech of the new Parliament, the Chancellor underlined the Government's approach to devolution. Since then, rapid steps have been taken to introduce legislation to permit the devolution of powers over functions such as economic development, housing, transport, planning and policing.
- 1.3. So far 'deals' between the Government and local authorities have tended to focus on English cities and large urban areas. More recently Cornwall has been the first rural area to agree a devolution deal after submitting proposals. The Cornwall devolution proposal covers a range of key areas including

transport, employment and skills, EU funding, business support, energy, health and social care, public estate, heritage and culture. The Government has also agreed to work with agencies in Cornwall on a number of proposals to improve employment and skills opportunities. These include reshaping training and learning provision, developing new apprenticeship opportunities and improving careers advice for young people.

- 1.4. Alongside the bidding and local development processes, the government is bringing forward further legislation to enhance the scope of devolution and to address some issues of governance. The Cities and Local Government Devolution Bill is scheduled to have its second reading in the House of Commons on 14 October.
- 1.5. Currently across the country many two-tier areas are keen to take part in the discussion and in July the Chief Executive set out for members attending the Transformation Board and transformation briefing a progress report on preparatory work being undertaken by Norfolk Councils led by the Chief Executives. This paper updates Members on preparation, recent developments and next steps.

2. Expression of interest

- 2.1. An expression of interest (EOI) was submitted to Government by all Norfolk councils to meet the 4 September deadline. Members have previously seen the covering letter which set out the scope of the devolution expression of interest.
- 2.2. The purpose of the EOI is to open a dialogue between the Government and local public sector partners to explore what policy and budget areas might be advantageous to both if they were to be devolved to more local control.
- 2.3. There are significant potential benefits associated with devolution. These include support and devolved government funding to encourage economic growth and infrastructure provision, better use of public funds in areas such as health and wellbeing allowing cross sector investment to reduce demand on services and more coordinated decision making in respect of a major issues such as strategic housing and infrastructure delivery. These points are made within the EOI.
- 2.4. A key focus for Government is scale of a prospective deal, and feedback from

civil servants is that a Norfolk only devolution option is not seen by government as a viable option. We were strongly encouraged to consider a joint Norfolk, Suffolk and LEP bid and were given a very short window in which to put together a joint position.

- 2.5. A Norfolk and Suffolk devolution deal will require a new form of governance based around a 'Combined Authority' model, and discussions about the remit for a Combined Authority are taking place between council leaders in Norfolk and Suffolk and the New Anglia LEP. The Combined Authority proposal could include a 'Double Devolution' approach, which sets out functional clusters of districts, and this is currently being considered.
- 2.6. Subsequently a note was developed which seeks to describe an integrated expression of interest from Norfolk, Suffolk and the LEP. This was requested by officials and served as a basis for discussion at the joint meeting of leaders and the LEP on the 22 September. This note is attached (Appendix 1).
- 2.7. Public sector partners, the LEP and higher education organisations have recognised potential benefits of achieving devolved powers and budgets and also in developing closer and more effective working between public sector bodies.
- 2.8. The Norfolk and Suffolk offer document invites the Government to enter into discussions about these additional powers and the governance arrangements that would be necessary to operate them. The expression of interest focuses on the benefits of this approach including:

For Growth

- Delivering economic growth and productivity
- Physical asset and infrastructure
- Employment and skills
- Coherent planning and housing
- Action on flood risk
- Finance

For wider public sector reform

- Education
- Health, Care and Safety

3. Next steps

- 3.1. This is very much the first stage in the process and if taken up by Government

then much more work will need to be undertaken with partners to develop for example, a more integrated approach to health and social care.

- 3.2. The next steps, which are already underway, involve defining more precisely the functions and resources that could be devolved from central government as part of a combined authority. Currently officers are meeting with officials to explore in detail aspects of proposals. This is to inform the development of a proposal which would provide benefit to Norfolk and Suffolk, and which is able to be agreed by Government.
- 3.3. On 22 October there is a Government Challenge process regarding content and Governance in the negotiation document ahead of final discussions in November. It is anticipated that announcements of those areas selected to enter final negotiations will be made as part of the Autumn Statement on 25 November.
4. Recommendations
- 1) Note and comment on progress to date
 - 2) Agree the principle of a Norfolk and Suffolk Combined Authority
 - 3) Agree that the Leader and Chief Executive continue to play a full part in discussions, representing the best interests of Great Yarmouth residents.

FINANCIAL IMPLICATIONS:

LEGAL IMPLICATIONS:

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

RECOMMENDATIONS

Does this report raise any legal, financial, sustainability, equality,	Issues	
	Legal	
	Financial	

Crime and Disorder or Human Rights issues and, if so, have they been considered?	Risk	
	Sustainability	
	Crime and Disorder	
	Human Rights	
	Every Child Matters	
	Equality	
	EqlA Form completed	

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Appendix 1

DRAFT for Norfolk & Suffolk Leaders and BIS/CLG meeting 22nd September 2015

1) Devolution Deal for Growth in Norfolk and Suffolk

Devolution offers an exciting opportunity for greater local decision making and influence to power economic growth and productivity and unlock the potential of Norfolk and Suffolk. The two counties have the scale, ambition and leadership to maximise the opportunities offered by additional freedoms and responsibilities. We also have the potential to grow our economy faster, with strengths in key sectors such as agri-tech, food & health, energy and the digital economy.

Norfolk and Suffolk also bring geographic and economic scale and clout, creating an economic entity on a similar scale as City Regions such as Liverpool and Sheffield, with a much faster growing population. Our proposals bring a strong voice for our largest economic centres of Greater Norwich and Ipswich, while also reflecting the role of our other major towns and their economies, our market towns and rural areas.

Our strengths are diverse and powerful:

- National hubs for key business sectors, eg financial industries, that need to be nurtured to become magnets for global inward investment
- An all-energy coast at the centre of the world's largest market for offshore wind
- Globally-leading research in life sciences and agri-tech, and pioneering technical innovations in ICT research and development.
- The UK's busiest container port, in Felixstowe
- A fast-growing creative digital sector, with Norwich recently recognised by Tech City UK
- Market-leading food and drink producers
- Our first-class cultural heritage attractions mean tourism is worth £4.6bn annually across Norfolk and Suffolk.

The economies and sector strengths of our two counties are similar, and are stronger by working together - we are proof that cross border collaboration can work. We already have an Enterprise Zone with sites in both counties, an innovative and effective Clinical Commissioning Group across Gt Yarmouth and Waveney, two City Deals for Norwich and Ipswich, a Local Transport Body and Skills Board led by the LEP, both County Councils and business.

Our Enterprise Zone in Great Yarmouth and Lowestoft has consistently been one of the country's best performing zones, creating more than 1,300 jobs by May 2015 and £29m of private sector investment. We were the first EZ to introduce Local Development Orders on all our sites.

However, our ambitions have often been hampered by a lack of ability to influence the economic levers which accelerate the pace of growth. Our employment figures are among the best in the country, but our skills and productivity levels are below the national average. We need to tackle this problem head on, if we are to shift our economy to the next gear and compete and win on a global stage.

Growing the economy and improving productivity, underpinned by public service reform (particularly around the integration of health, care and safety), means that we feel devolution provides a framework to improve the opportunities and life chances for the people of Norfolk and Suffolk.

We want to work more effectively together with Government to achieve a radically re-set relationship between central and local public services and local people. One that is enabling and responsible; one that is adaptable and progressive and one that works in driving growth, enabling opportunity and delivering a more efficient public sector that influences better outcomes.

2) For Growth, the Norfolk and Suffolk devolution deal is focused on:

a) *Economic Growth & Productivity* - For example, building on the existing architecture to:

- i) Develop a network of rural Enterprise Zones focussed on: agri-tech, food and health and digital economy that link our beacons of innovation Norwich Research Park and Adastral Park in Ipswich;
- ii) Better connecting our universities with our businesses to drive innovation and productivity
- iii) Enhance the New Anglia Growth Hub;
- iv) Create a joined up approach to attract inward investment;
- v) Create a Productivity Commission to help tackle root causes of our productivity gap
- vi) Devolve decision making over EU funding programmes

b) *Physical Assets & Infrastructure* - For example:

- i) Devolution of funding and decision making for investment in a modern transport system with a secure future, based on local economic priorities that will develop employment and housing sites across the two counties
- ii) Offering a single integrated transport strategy for Norfolk and Suffolk, in return, for greater certainty and influence over transport funding (with a 5-10 year settlement for local transport schemes). (powers to manage the local road network
- iii) Greater influence over the rail franchise and capital programme
- iv) Shaping and influencing the priorities for electricity and water supply investment, to support key locations in anticipation of planned growth
- v) Roll out of the city-based broadband connectivity voucher system to SMEs in rural areas
- vi) Working with Government to tackle the challenge of poor mobile network coverage in both counties

c) *Employment & Skills* – ensuring that our residents are able to use the full potential of their skills in driving productivity and growth. For example by:

- i) Designing a new local employment service that helps people to progress into work and reduces dependency on benefits and can deliver Universal Credit
- ii) Devolved responsibility for the Apprenticeship Grant and successor schemes
- iii) Co-commissioning with Government all post 16 education and skills provision and the next round of the Work Programme

- iv) As part of the New Anglia Youth Pledge deliver the Youth obligation building on the MyGo service (first established in Ipswich as part of its City Deal) financed through a shared investment model with government
- v) Extend the adult loan system to include 19-23 year olds within the existing funding envelope so that adults skills training is open to all who can benefit

d) *Coherent Planning & Housing* – developing a housing offer that maximises growth and better supports people’s health and wellbeing by:

- i) Creating a joined up Strategic Plan which aligns and integrates all the different strategies, supported by local delivery plans – so that decision making on developments can be made closer to the communities they are part of
- ii) Establishing an Investment Fund for Growth, to drive infrastructure to support growth and move money quickly to where it’s needed.
- iii) Working with Government to identify new settlements/garden cities in conjunction with the Homes and Community Agency, using its powers and resources to plan and deliver
- iv) Certainty over New Homes Bonus allocations to allow increased borrowing and infrastructure investment
- v) Influence over the investment plans of significant utilities – currently investment in utilities is often out of step with and holding back both local employment and housing developments with no mechanism for local engagement or influence
- vi) Greater CPO powers to overcome barriers to land assembly, tackling stalled sites and challenging land banking
- vii) Becoming a “Planning Reform Pathfinder” to work government and the sector to radically re-think the local plan process to maintain an up to date land supply, provide certainty for developers and reduce the necessity for systematic local plan reviews.

e) *Action on Flood Risk* – for example by:

- i) Creating a fully integrated approach to flood and coastal management in order to deliver additional economic growth (and address the fact that 1 in 5 Norfolk properties are at risk of flooding)
- ii) Devolution of the flood and coastal erosion risk management (FCERM) functions in Norfolk and Suffolk
- iii) Increased support from government for a more locally joined up approach to flood management and coastal defences

f) *Finance* – We want to establish a different relationship with Government, where greater local autonomy creates a system that is more locally self-sufficient than reliant on central grants. This should be enabled by:

- i) More flexibility to deliver our ambitions and manage the risks we are taking on.
- ii) Exploring Business Rate retention options

- iii) First rights on central government estates and local autonomy over public sector estates (including NHS) to unlock sites for employment and housing as well as smarter use of public assets

3) For Wider Public Service Reform the devolution deal for Norfolk and Suffolk will focus on:

- a) *Education* – it is vital that young people have access to excellent education and training to help them realise their ambitions and be well equipped to be successful adults. We are seeking a long term devolution programme delivered in partnership with government that will use every possible lever to raise education standards by:
 - i) Flexibility to agree local priorities with the Regional Schools Commissioner regarding effective school performance for all children
 - ii) Greater freedoms to dispose of surplus school sites (including playing fields) so we can reinvest the capital receipts to secure enough school places in our growing communities.
 - iii) Flexibility to set local policies for school transport and the power to require a financial contribution where changes to school times/term dates result in increased transport costs so we can meet our rural challenges and prioritise vulnerable and low income families.
 - iv) An extension in the scope of the proposed Post-16 Area Review process to include school sixth form provision to enable us to strengthen our A' Level offer in the context of greater demand for STEM skills and diminishing resources/rurality.
- b) *Health, Care and Safety* – we want people to be able to live as healthily, safely and independently as possible for as long as possible and if needed, that they receive early and joined up public sector support. To do this, we need the following to be different:
 - i) Devolved multi-year settlements for health, care and safety
 - ii) Freedom from centrally prescribed performance reporting and freedom to set unified, locally appropriate, outcomes based measures across the system and negotiate with national inspectorates and regulators.
 - iii) Local control over local public service estates and capital assets, including NHS and police to unlock assets across Suffolk's public services.
 - iv) Explicit and specific support from Government departments that provides mandated authority from Whitehall to the local public sector.
 - v) More local control over skills funding to enable better, joined up workforce development and attract the best health, care and teaching professionals also boosting our economy
 - vi) Flexibilities to support better integrated IT across public sector organisations

Public Sector reform is an essential element of our Devolution Deal and will need to be progressed by the two counties, either together or separately as circumstances dictate.

Subsidiarity and ‘Double Devolution’

At the heart of our devolution proposal is the principle of subsidiarity – the devolution of powers and decision making to the most appropriate level of government and geographic area. The importance of meaningful double devolution based on District Council, district clusters and pairings or City Deal areas will be addressed in the development of the arrangements for the Combined Authority.

The content of the double devolution will be appropriate to local county circumstances and each area will look at specific powers, decision making and funding streams which could be addressed. This work will commence now and proceed in parallel with the work on growth and wider public sector reform.