Report to	**Cabinet**	**Item**
	13 January 2016	5
Report of	Executive head of service for regeneration and development	
Subject	Devolution update	

KEY DECISION

Purpose

To provide an updated position on the Norfolk – Suffolk combined devolution bid that was previously reported to cabinet on 7 October 2015. It sets out the current national policy context and details the outcome of the challenge session that was held with Government on 4 November 2015. The latest version of the Norfolk – Suffolk devolution proposal is included at appendix 1.

Recommendation

To continue support for the formal engagement by the leader of the council and the chief executive with government to help secure Norwich's interests through the development of a powerful and persuasive New Anglia Devolution proposal.

Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city

Financial implications

Ward/s: All Wards

Cabinet member: Councillor Waters - Leader

Contact officers

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Background documents

None

Report

Background

1. To date the government has signed devolution deals with the following city-regions across the country: Manchester, Greater Sheffield, Merseyside, North East, Tees Valley, West Midlands and Cornwall.

2. The scale and scope of each deal varies between each area, with Manchester securing the most extensive deal to date, whilst the Cornwall deal is more limited in terms of its scope (e.g.it does not include provision for an elected mayor).

3. There are some common elements and ‘asks’ which run through the approved deals including:

   a) A devolved and consolidated local transport budget, with a multi- year settlement to be agreed at the spending review.

   b) Responsibility for franchised bus services, which will support the combined authority’s delivery of smart and integrated ticketing across the combined authority.

   c) Powers over strategic planning, including the responsibility to create a single statutory city region framework, a mayoral development corporation and to develop with government a land commission and a joint assets board for economic assets.

   d) Control of an annual funding allocation over 30 years (for city regions, typically around £30 million pa. For a smaller/ semi-rural area it is likely to be less), to be invested in a combined authority single investment fund, to unlock the economic potential of the area.

   e) Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.

   f) Joint responsibility with the government to co-design employment support for the harder-to-help claimants.

   g) More effective joint working with UK trade and investment to boost trade and investment, and responsibility to work with the government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.

   h) An agreement to support or fund a range of other projects or public policy reforms specific to that region.

4. One of the key features that has predicated the signing of these deals is reaching agreement about a focussed governance and delivery structure - including the option of a single elected mayor.

5. The signing of the deals is not a one off event, but forms part of an ongoing negotiation with government. For example, the Manchester deal has gone through a series of iterations, each step including a further devolution of power.

Most recently, this has involved agreement by government to devolve funding for the city region's £6 billion health budget, with a view to enabling better coordination between health and social care services at a Greater Manchester level.

6. Government is now discussing the content of future devolution deals with a number of combined county areas including Norfolk and Suffolk.

Norfolk and Suffolk bid - current position

7. The key themes in the Norfolk and Suffolk bid proposal covers:-

   a) Productivity and business support

   b) Coherent housing and planning

   c) Local autonomy and proactive use of assets

   d) Education, employment and skills

   e) Health and care redesign

Finance and local self sufficiency

8. At a meeting of the Leaders and LEP Chairman on 14 October, it was agreed that the proposal needed to include more work on:

   a) A demonstration of a better understanding of financial implications surrounding the bid as a whole and to define whether certain elements could be afforded

   b) Given the Chancellor's announcement that only devolved areas with a Directly Elected Mayor would be able to charge an Infrastructure Surcharge on business rates, whether the absence of a directly elected Mayor for Norfolk & Suffolk would be financially too constraining;

   c) More detail around how strategic transport related matters would be covered, not only for road & rail infrastructure but over bus franchising and passenger transport including through ticketing and concessionary fares;

   d) A definition as what is meant by "double devolution" of certain powers and finances to a more local level of clusters of districts and how it could operate (taking examples from models in operation in the two counties) within the context of a wider Combined Authority (with/without a directly elected mayor);

   e) A clear and concise explanation as to what the key benefits of a combined authority could deliver if powers and budgets were devolved from central government over and above what it is possible to deliver at the moment;

f) An explicit statement that, whilst it is felt that the Norfolk & Suffolk Combined Authority bid was credible, it would be strengthened, especially in the context of strategic transport and for the promotion of local economic growth, if Cambridgeshire and Peterborough were to join in due course noting the global economic and academic leadership in key industrial sectors in the three counties.

9. Work is continuing in these areas. The latest version of the devolution proposal is attached as appendix 1.

10. Government held a 'challenge session', led by Lord Heseltine, for Norfolk and Suffolk to present their ambition for the devolution deal on the 4th November. The Leaders group nominated a smaller challenge team to present the ambition to Lord Heseltine comprising Andrew Proctor (Broadland) George Nobbs (NCC), Alan Waters (Norwich CC) ;Colin Noble (SCC); David Ellesmere (Ipswich BC), Jenny Jenkins (Baeburgh BC) and Mark Pendlington chair of LEP.

11. Informal feedback received after the meeting confirmed this had been a positive step forward and the bid had been favourably received.

Emerging changes to the Cities and Local Government Devolution Bill

12. The Cities and Local Government Devolution Bill completed its journey through the House of Commons on 7 December and has been returned to the Lords for consideration of amendments. The proposed amendments included empowering the Secretary of State to approve the creation of a Combined Authority in the absence of agreement of one or more constituent councils. In more detail, Amendments 7 and 8i) give the Secretary of State power to remove more than one non-consenting council from the existing area of a Combined Authority (the Bill originally provided for only one non-consenting authority to be removed). Other Amendments (25 – 29) are complex but in summary give powers to the Secretary of State to:

a) Allow districts and counties to join or form a Combined Authority without the consent of the other;

b) Impose a Combined Authority in an area - even if not all of the partners consent; and

c) Move transport and growth powers from the county council and instead place these in the districts, where it has been decided that districts are to join a Combined Authority without the consent of the county council. This would be on condition that the receiving district councils ported to power to the Combined Authority.

d) In certain circumstances, remove powers from a district and transfer them to a county.

13. The Lords consideration of amendments has been confirmed for 12 January 2016. Royal Assent will therefore be mid-January at the earliest

Next steps

14. The meeting of Norfolk and Suffolk Leaders and the LEP Chair on 7 December 2015 reaffirmed the continued joint commitment to work towards a devolution deal and a Combined Authority.

15. Work continues with DCLG to develop a deal proposal and an early draft of a deal proposal document should be available as an agenda item for the next leaders meeting (18 January)

16. There will be further reports on the development of the emerging Norfolk – Suffolk devolution deal as work progresses in early 2016. Once finalised, the proposed Norfolk -Suffolk deal document will be brought back to a future meeting of the Council for agreement before submission to Government.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with completing the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	13 January 2016
Head of service:	Dave Moorcroft – Executive head of regeneration and development
Report subject:	Devolution update
Date assessed:	
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	x			The precise funding details are unknown at this stage
Other departments and services e.g. office facilities, customer contact	x			
ICT services				
Economic development		x		There are significant potential benefits associated with devolution. These include support and devolved government funding to encourage economic growth and infrastructure provision
Financial inclusion		x		
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x			
S17 crime and disorder act 1998	x			
Human Rights Act 1998	x			
Health and well being	x	x		
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	x			

	Impact			
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☐	☒	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☒	
Natural and built environment	☐	☒	☐	As above
Waste minimisation & resource use	☐	☒	☐	As above
Pollution	☐	☐	☒	As above
Sustainable procurement	☐	☒	☐	As above
Energy and climate change	☐	☒	☐	As above
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☐	☐	

Recommendations from impact assessment
Positive
The report will result in positive economic benefits for the council and the city
Negative
Whilst there are some negative impacts from development, the quality of development will minimise environmental impacts
Neutral
Issues

APPENDIX 1

The East – Releasing the Potential for Norfolk and Suffolk: A Devolution Deal

A. Why Devolve to Norfolk and Suffolk?

1. We are ready. We are delivering and being ruthlessly focussed on what's best for local people, we're ambitious to do much more.

2. Our shared assets and distinct geography mean that we are uniquely placed as a non-metropolitan, southern area to offer a devolution proposal that will unlock productivity and provide a model of devolved arrangements for other non-metropolitan areas, without unitary local government.

3. We are determined to exploit our strengths to increase our contribution to UK growth and establish our position as a global leader in the 3rd industrial revolution with a unique contribution to:
   - feed the world's population through our expertise and cutting edge agri-tech sector;
   - help the world connect, building on our established leadership of and track record in research and innovation in technology; and
   - Ensure sustainable global energy supply through the exploitation of our natural assets and a leadership role in the country's energy future.

4. Our Devolution Proposal is broad and ambitious. It makes the links between people, their health, wellbeing and safety; and Places, the infrastructure, housing and connectivity which is essential to Productivity. Achieving this requires a commitment to a new long-term relationship between central and local government and a joint approach to long-term investment which provides the confidence for local businesses to deliver the growth we need in Suffolk and Norfolk, and more generally for the benefit of UK plc. Our contribution to the devolution revolution can be characterised by:
   - A new relationship between central and local government
   - Increased productivity in both the private and public sectors
   - Maximising the potential of our people and places
   - Helping the UK become a global economic powerhouse

5. We share a unique geography – close to but very distinct from London with a firm focus beyond our borders both within the UK - to Cambridgeshire westwards and Essex to our south and internationally, with our Europe facing world class energy coastline and the UK's largest container port. We have a mix of urban, rural and coastal communities, which means a diversity of opportunities and challenges that emphasise the need to tailor to local circumstances – a demographic best suited to devolved arrangements.

6. We have economic scale and clout on a similar scale to City Regions such as Liverpool and Sheffield, with a much faster growing population. We also have the potential to grow our economy faster, with strengths in key sectors such as: agri-tech, food and health, energy and the digital economy. Our strengths are diverse and powerful including:
   a) National hubs for key business sectors that need to be nurtured to become magnets for global inward investment such as:
      - An all-energy coast at the centre of the world's largest market for offshore wind that is worth about £994 million per annum,
      - Globally-leading research in life sciences worth £1.3 billion across Norfolk and Suffolk
      - agri-tech – a fast growing sector with huge commercial potential worth £2.2 billion GVA per annum almost 10% of Norfolk-Suffolk GVA
      - Pioneering technical innovations in ICT research and development worth £1.3 billion with 1, 400 companies employing around 10 300 people.
      - Felixstowe - the UK's busiest container port
      - A fast-growing creative digital sector, recently recognised by Tech City UK
      - Market-leading food and drink producers.
      - Our first-class cultural heritage mean tourism is worth £4.6bn annually across Norfolk and Suffolk.
      - the A11 corridor from Norwich to Cambridge – a world class destination for advanced manufacturing with already more than 100 automotive engineering and related advanced manufacturing companies in growing clusters
      - the quality of place to attract significant inward investment
   b) City Deals for Norwich and Ipswich that are pioneering successful approaches to increase productivity reduce welfare dependency and deliver the Government's 'Youth Pledge' to support young people into employment such as Norwich for Jobs and MyGo in Ipswich.
   c) Plans to deliver 180 000 homes by 2036
   d) An innovative, collaborative and mature public sector that is willing to be bold in transforming public services
   e) A net contributor to the Treasury
   f) A wealth of local assets including our communities themselves and partners beyond the public sector such as, business and the VCS

7. Although this is a Norfolk and Suffolk proposal we are committed to working with neighbouring authorities – for example building on existing work with Cambridgeshire to maximise economic opportunities.

8. When realised, our economic potential is a key part of the counties' future. We see a strong and stable economy as fundamental to creating successful, self-sustaining

communities. A decent job, home and supportive networks are critical to ensuring that people keep healthy and well.

9. Our economic ambition is inextricably linked to our public service reform ambition that will: increase individual independence, reduce public service demand and, through more local autonomy, enable public services to implement the transformational change needed to redesign and increase public sector productivity.

10. Beyond a simple transfer of powers, we want to re-set the relationship between central government and the local public sector so that we are all better placed to: power economic growth and productivity. To unlock the full potential of Norfolk and Suffolk we need a devolution deal that takes into account what makes our counties great and how best to tackle the root causes that have previously held back our productivity potential and where traditional public service models have historically failed to fully unlock the potential of our people and places.

11. Norfolk and Suffolk have the scale, ambition and leadership to maximise the opportunities offered by additional freedoms and responsibilities. We are clear how devolution can maximise the potential to both grow our economy faster and transform public services to better enable local people to reach their potential.

12. We are proof that cross border collaboration can work. We already have an Enterprise Zone with sites in both counties, a cross boundary Clinical Commissioning Group that, through its joined up out of hospital team has improved patient satisfaction and reduced emergency admissions to hospital by over 10% in its first year bucking the national trend; a Local Transport Body and Skills Board led by New Anglia LEP including local councils and businesses.

13. We have a track record of prioritising outcomes over organisational boundaries, including where this means going beyond our county borders. We have worked flexibly with partners in the Greater Cambridge economic region with its strong influence on the west of the counties, for example in developing the A11 Corridor between Norwich and Cambridge.

14. 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 Enterprise Zone to introduce Local Development Orders on all our sites.

15. However, our ambitions have often been hampered by a lack of ability to influence the economic and social levers which accelerate the pace of growth and improve outcomes for local people. 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.

16. Growing the economy and improving productivity, underpinned by public service reform, provides a framework to improve the opportunities and life chances for the people of Norfolk and Suffolk.

B. The Norfolk and Suffolk approach: Principles and Governance

17. Our goal is to improve outcomes for local people. To do this we must increase our productivity – closing our GVA per head to the national average by 2020. This builds on our clear blueprint for growth as outlined in the New Anglia Strategic Economic Plan which commits us to 95,000 new jobs and 10,000 new businesses.

18. More widely, we want to work more effectively 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 for our people and places and delivering a more efficient public sector that influences better outcomes.

19. Firmly grounded in what's best for local people, Norfolk and Suffolk's approach to devolution is (although not restricted to) cross public sector and cross county with the ambition to both drive growth and public sector reform. Our approach to public sector reform is rooted in: integration and shifting to prevention. We want to create an integrated system that is designed around Norfolk and Suffolk residents to keep them safe, healthy and cared for.

20. We therefore, expect our devolved arrangements to be firmly rooted in the principle of subsidiarity so that the right decisions and delivery are made at the right level. Therefore, beyond transfer from central government to the Combined Authority this could also include transfer between tiers of government within Norfolk and Suffolk – for example from county to clusters of districts, or to districts or district to parish council as locally relevant. This principle is the basis for our approach to double devolution.

21. Together we have the momentum to take our economy to the next level, maximise the potential for local business rate and business rate growth retention, create more effective, joined up public services and secure better outcomes for our people. To do this the Norfolk-Suffolk deal will be focussed on a number of key policy priorities – these have been chosen because in their totality, we know that they will secure more prosperous, healthy, safe and sustainable local communities and places:
    a) Productivity, business support and inward investment
    b) Housing and planning
    c) Assets and Infrastructure (including flood management)
    d) Education, employment and skills
    e) Public sector Productivity: Health, care and safety reform
    f) A new model for Public Sector Finance

22. All of the above will be supported by more locally autonomous, accountable, simpler, joined up governance that brings decision making closer to local people.

We are clear that form and resources must follow function and therefore, getting the content of our negotiation right takes precedence over structures; however, we are ready to be radical and agree a Combined Authority across Norfolk and Suffolk would fit with our principles of simpler, joined up, transparent decision making and subsidiarity – the right decision at the right level, which reflects our commitment to double devolution.

23. Building on our successful track record of collaborative governance, Suffolk and Norfolk aim to become the first entirely two tier two county Combined Authority taking what is best about the Manchester model but creating something better for our distinct geography. Our model will provide strong collaborative strategic leadership as well as accountability and a clear line of sight for both the Government and our many local communities. We will create a combined authority comprising 2 County Councils, 14 District and Borough Councils and the New Anglia Local Enterprise Partnership that will build on the strong relationships of trust and confidence that exist and be able to take the right decisions in the best interests of the whole of the two county area.

24. Recognising the need for an individual who can speak for the Combined Authority and who Government can do business with on our behalf, the Combined Authority Chair will be appointed by and enjoy the support of all 17 partners and will hold office for a fixed term to provide stable and focused leadership of the authority. In line with all devolution deals agreed to date, the Chair will have some autonomy and some powers will be reserved to the Combined Authority Board.

25. These arrangements will ensure that the streamlined governance works from the bottom up as well as at a strategic level and assure central government of our ability to deliver and clarify accountability. It will also enable governance models to evolve as implementation becomes clearer and secure best fit with existing governance such as the Health and Wellbeing Boards and New Anglia LEP (which is already cross Norfolk and Suffolk).

C. Core Elements of the Norfolk-Suffolk proposal

26. The following gives an overview of the most significant benefits to be realised and requests of Government across the devolution proposal's policy priorities. These requests are a combination of transferring central control (of assets, funds and decisions) as well as setting a different ongoing way of working between central and local partners.

27. Whilst there is considerable detailed modelling behind the business cases that support each of the priority policy areas for the Norfolk-Suffolk proposal it can be characterised by the following changes in existing policy and benefits that will be unlocked as a result.

Productivity, business support and inward investment: A more productive Norfolk and Suffolk that supports businesses to maximise their potential

28. Norfolk and Suffolk have weathered the economic downturn well compared with other areas, largely due to our diverse economy, which is not reliant on one sector. Employment and GVA figures are at similar levels to pre-recession level and business start-up levels are performing well. Whilst this is positive - the area is still largely a low wage, low skilled economy compared with the East of England an UK as a whole - and our productivity performance needs to be improved. At the same time, the population of Norfolk and Suffolk is forecast to grow substantially over the next few years.

29. We have the potential to grow our economy faster and are seeking a step change to improve GVA as well as attract thousands of new private sector jobs to cater for our growing population.

Therefore, we propose:

30. *Productivity Commission* - Establish a Productivity Commission, chaired by an independent economist, (e.g., from British Chambers of Commerce) to look at improving productivity at the local level by understanding local root causes of poor productivity and implement a clear action plan of rapid change. This would be a national pilot, enabling Government and local partners to utilise the Norfolk and Suffolk economy to test and evaluate measures to improve productivity, which can then be transferred to other areas. It will ensure that the Productivity Fund proposed in the Assets and Infrastructure section is used to maximum benefit.

31. *Business Support* - Build on the success of the Norwich and Ipswich City Deals that created the New Anglia Growth Hub to improve local business support. The Hub will have a key role in coordinating and delivering actions from the Productivity Commission and will offer more integrated, cost effective business support. It will also help improve alignment of economic development resources to maximise the impact of support for businesses.

32. *Exporting and Inward Investment* - Develop the existing positive relationship with UKTI to improve inward investment through a whole system approach (using local assets better as well as working with UKTI). This would result in a coordinated inward investment service for Norfolk and Suffolk focussed on key locations and sectors and support to enable more businesses to maximise their export potential.

33. *Innovation* – continue to invest in and align with national policy the local network of innovation centres and work with Government on an audit of science and innovation to map and better maximise strengths and assets. In return we would want the New Anglia area and neighbours such as Cambridgeshire and Hertfordshire to be included in the first round of science and innovation audits and Government commitment to invest in local assets as a result.

34. *European Structural Funds* – European Structural & Investment Funds –work with Government to improve the delivery system underpinning the performance of the programmes delivered through ESIF, particularly exploring how through increased

local control, programme management and planning we can enhance performance for the region, the UK and the Beneficiary. Devolving intermediate body status would be one enabler for this.

This will deliver:

a. Clarity of what local productivity challenges are and the means (through shared intelligence and resources) to address them
b. More integrated, cost effective and tailored business support
c. A whole system approach to inward investment that mirror the approach in Government's 'Fixing the Foundations' productivity plan.
d. Maximising our strengths in innovation and science and translating research into viable business propositions
e. More productive outputs from EU funding due to more locally sensitive management

Coherent Housing and Planning: More housing, delivered more quickly for local people

35. Sufficient and appropriate housing is vital to ensure people can live healthy and prosperous lives as well as having a major impact on developing the economy. A shortage of homes reduces the mobility of the workforce, increases pressure on public services and fails to meet people's aspirations. Many planning permissions are being granted but the homes are not being built.

36. To deliver sustainable development, a significant proportion of committed growth is formed by major sites, which require upfront infrastructure provision and are planned to be built out over a number of years. There is now a need to look towards investing in those which can be delivered as well as providing for a greater range of sites to encourage SMEs to build and to stimulate supply.

37. Through the Combined Authority we will significantly increase housing delivery through four inter-related elements:
    1. expanding our direct involvement in development activity, building capacity in the private sector especially SMEs, and through planning reform;
    2. establishing a Land Commission to drive development on publically owned land;
    3. develop a Strategic Plan to provide a single coherent vision that will address future challenges to stimulate growth, overcome blockages, identify strategic growth opportunities, provide better integration and free up resources at local level to focus on delivery, and
    4. embedding utility providers in the formation of strategic and investment plans

Therefore we propose

38. To deliver at least 180, 000 new homes by 2036

39. To go further by supporting an ambitious target for an increase in new homes, to be determined through the process of producing a Strategic Plan for Norfolk and Suffolk using the new statutory planning powers we are seeking, in return for our 5 year land supply being calculated on the basis of objectively assessed housing need.

40. In the short term guarantee to increase delivery by 15% year on year to 2020 through delivery on sites within local authority control through our own investment of approx. £150m

41. By 2020 annual delivery will exceed required annual delivery rate to meet local plan commitments

42. In the medium to long term we will continue to increase delivery through the locally managed Housing Investment Fund (£150m match funding from government) utilising publicly owned land identified through the new Land Commission; a new relationship with the HCA; providing support and assistance to SME's to increase delivery on allocated sites; using new strategic planning powers to identify and bring forward strategic sites including new settlements/garden cities/urban extensions.

43. Production of a single Strategic Plan to enable targeting of investment in infrastructure to support growth and delivery; enabling faster delivery of local plans working within an agreed strategic framework; better engagement with utility providers. Districts or clusters of districts, such as in Greater Norwich being responsible for producing Local Plans and determining where the new homes will go.

44. Becoming a Planning Reform Pathfinder to consider and pilot recommendations from the Planning Reform Review Panel; local plan process; planning fee regime; faster decision-making.

This will deliver

a) ***At least*** 180,000 homes by 2036.
b) A joined up and strategic approach to spatial planning ensuring needs are met and investment in infrastructure is better aligned to future development so that it is enabling not reactive but linked directly to local and neighbourhood plans' needs.
c) Efficiencies achieved by: developing a shared evidence base and sharing skills (demography, economy, housing, viability, and delivery),
d) A single point of contact and information for the private sector;
e) A stronger and more diverse range of house builders many with a local connection and locally skilled employees to deliver
f) More proactive investment e.g., infrastructure - as a result of greater certainty and flexibility on funding (such as Housing Revenue Account borrowing) we will be able to stimulate housing growth
g) Accelerated delivery of new homes by both private and public sectors, and jobs growth in a planned and coordinated way
h) More effective planning to deliver long term sustainable growth and the alignment of strategic investment priorities
i) Address public concerns that infrastructure cannot cope with the growth through accessible local investment plans

j) Nationally significant energy infrastructure enables the wider growth and infrastructure opportunities to be maximised.
k) Better use of constrained resources creating capacity to better focus on delivery on the ground
l) Opportunity to pilot different methods of working in a positive and collaborative environment
m) Incentives for developers to work in partnership to achieve smarter outcomes
n) Upskilling, building and maintaining an appropriate skills base at local level
o) New opportunities to support emerging parts of the development industry such as custom build sector
p) Decisions on housing numbers and locations being taken at the appropriate geography reflecting our commitment to engaging our distinctive communities.

Assets and Infrastructure: Enabling growth, unlocking potential and protecting communities through more local autonomy and influence and proactive use of our assets

45. To maximise our growth and productivity potential we must improve the use of our assets and ensure delivery of excellent infrastructure. Currently key infrastructure projects that will bring forward housing and jobs growth are not shovel-ready because of the funding uncertainty. This lack of certainty means that other ways of raising funding – e.g. through borrowing against the future stream present excessive risk to councils. In the current system there is also considerable disconnect between Government investment and local priorities with too many centrally held pots that would be more efficiently utilised if devolved.

46. There is currently no spatial plan for the economic area (the LEP) and our economic geography is not bound by county boundaries – it stretches west (working with Cambridgeshire and GCGP LEP) and south (working with Essex and the SE LEP). Currently there is no mechanism to properly consider and plan for big strategic issues, such as the ongoing growth of Greater London and Cambridge, which will continue to impact on the local economy, and affect planning of transport and other infrastructure.

47. Under a devolved arrangement the Norfolk-Suffolk Combined Authority would provide coherent strategic leadership and set the framework for the strategic plan of our geography. By bringing strategic responsibility for key functions such as: transport, housing and spatial planning together the Combined Authority can speak with one voice and offer a simpler and more effective way of unlocking productivity and growth and more effective relationships for public and private sector partners within and beyond our geography.

Therefore, we propose:

48. *Productivity Fund* – We will create a £2.25 billion multi-year productivity fund. This will be funded by local public sector partners, match funded by Government and then matched again by private funding. We will contribute £25 million per year over

the next 30 years from local partners and propose that Government match fund to unlock private investment to create an investment pot of £2.25 billion. This will enable the Combined Authority to invest in larger projects that will deliver a step change in growth. Our target is that every £1 invested by the productivity fund pot at least a further £4 of economic growth will be unlocked

49. *Funding -* Devolution of funding and decision making for investment with a longer term multi-year settlement incorporating all of the capital funding streams from a range of current and proposed new government programmes (e.g. Integrated transport and maintenance blocks, Growth Deal, science capital) and revenue support (e.g. for highway maintenance and local transport). This would be matched by local funds to create an Investment Fund and would align with the concept of the National Infrastructure Commission at a micro level. We want to explore options for such an Investment Fund to be managed by the Combined Authority to allow flexible use for bringing forward priority based investment for maximum impact. This would help unlock the development of stalled employment and housing sites across the counties, support increased productivity within growth sectors and existing businesses to enable the development of a modern, integrated transport system with a secure future.

50. *Strategic Transport Networks -* Greater local engagement and influence over planned improvements to the Strategic Road Network, and the development of rail franchises and rail infrastructure programmes of spend. We would want to explore with Government the role that a Combined Authority could take in decision making with key strategic bodies such as Network Rail and the Highways England to improve connectivity, cut congestion and keep the economy moving.

51. *Flood Risk and Coastal Management* – We want government to commit to long term funding settlements and local flexibility to the assessment and allocation of Flood Grant in Aid that will allow existing investment in Flood and Coastal Erosion Risk Management (FCERM) to meet wider economic development objectives and attract additional partnership funding. This will enable us to create a strategic, integrated approach between FCERM and other infrastructure investment to support long term economic growth as well as greater protection from flood and erosion.

52. *Utilities and Energy* – In order to shape and influence the priorities for utilities to support growth in key locations, we would like to form a pilot that makes stronger links between utility companies' (electricity, water supply and treatment and telecoms) business plans and the expected delivery of development. This could include financial mechanisms to reduce uncertainty of costs (through more detailed design work) and even incentivise developers and landowners to deliver (by a supportive investment programme).

53. *Public Transport -* We would like to build on the partnerships we have with public transport operators and adopt a "franchising-lite" network approach to a jointly developed and delivered network of services, across scheduled local bus and rail

services, community based transport and our network of car clubs supported by smart ticketing. We aim to exploit the new opportunities coming forward as part of the Buses Bill and would be asking for franchising powers too, so we have all of the tools available to us to deliver a first class transport system.

54. *Digital Economy* – We would like government commitment to support authorities in meeting public expectations of 100% superfast broadband coverage by 2020, through centralised or devolved funding and consideration of pooled budgeting for infrastructure. This would offer local authorities discretion to evaluate the relative local priority of local infrastructure projects (e.g. transport, broadband, mobile, etc.). We will also demine the right technological solution – fibre based, with mobile, wireless and satellite potentially playing a role. This may well offer less expensive solutions to maximise value for money.

This will deliver:

a. A combined Strategic Planning Framework (see Housing and Planning) covering housing and employment growth and combining the two counties' Local Transport Plans would provide a light touch, robust single coherent vision to stimulate growth, overcome blockages and provide better integration and efficiencies, focussed on delivery.
b. Better value for money by leveraging in more local authority and private sector funding
c. Stronger delivery of growth through better engagement with the market, and better linkages between planning and the delivery of infrastructure
d. Swifter delivery and more efficient projects because of better proactive planning as a result of more local autonomy (and therefore, less time taken responding to funding deadlines)
e. Greater certainty and flexibility on funding (such as Housing Revenue Account borrowing) that will stimulate housing growth through more proactive investment in infrastructure
f. More effective planning to deliver long term sustainable growth and the alignment of strategic investment priorities
g. Better use of constrained resources creating capacity to better focus on delivery on the ground

Education, employment and skills: accelerating workforce productivity to support our growing economy

55. The demand for skills is already outstripping supply at all levels in our economy, including in skilled technical trades such as engineering, logistics and construction, and in the professional fields of computing, creative digital, agri-tech, and health. This situation is likely to worsen without decisive action. We will, therefore, focus to secure the high skilled workforce needed to realise our productivity and growth ambitions.

56. Our proposals build on our successful City Deals, will deliver an ambitious programme to turn around the intractable workforce issues that would otherwise limit growth and productivity. Our solutions are driven by the needs of the economy and

developed with the private sector, giving local businesses the skilled labour they need to grow.

57. While we still face the challenge that the skills of local people are not keeping pace with the needs of our rapidly changing economy there is good evidence that our recent actions are starting to have impact. We have made good progress in improving education outcomes and will continue to focus relentlessly on our goal that every child should be able to attend a good or outstanding school. We have used the new opportunities of City Deal, Growth Deal and European Funding to make significant strides in strengthening our skills and employment offer and have demonstrated our ability to innovate and deliver in partnership with Government, through projects such as the MyGo Youth Employment Service

Therefore, we propose:

58. *Excellence in Education* – Government commitment to an Education Board. This would discharge the strategic functions on behalf of both the Regional Schools Commissioner and the Combined Authority to accelerate the pace of improvement by bringing together our expertise and capacity. Through this approach we are also seeking to agree a joint Education Infrastructure Plan to enable us to collectively meet the demands of our growing population within available resources.
59. *Skills that Drive Productivity and Growth* – Undertake An Area Review for West Norfolk and West Suffolk in 2016, chaired locally and including school sixth form provision, and an agreed timetable for further area reviews. Outcomes of these reviews will enable us to explore a plan for Institutes of Technology linked to our ambition.
60. *New Anglia Youth Pledge* – Build on the success of the MyGo Youth Employment Project to deliver the Government's Youth Obligation through a local Youth Pledge that ensures every young person aged 16-24 is earning or learning. To achieve this we will need Government to agree to integrate JobCentre Plus resources into the Youth Pledge offer.
61. *Apprenticeships* – Responsibility for the Apprenticeship Grant for Employers (and any successor schemes) to transfer to the Combined Authority enabling more locally appropriate investment, targets and support.
62. *Adult skills* – Devolved responsibility for Adult Skills Funding to cover the Adult Skills Budget, AGE and community learning from 2017 along with a commitment to a three year block allocation.
63. *Local Employment Service* – Agree a shared long term investment model with the DWP and Combined Authority for localised employment support services and agree a One Public Estate strategy that would explore collocating Job Centre Plus and skills provision to create a single skills and employment resource.
64. *Enabling the Hardest to Help to Work* – To design a public sector reform pilot bringing DWP, local partners together to find more effective, integrated employment support to help those people that find it hardest to secure work

This will deliver:

a. 10, 000 apprenticeships by 2026

b. More integrated and cost effective ways of achieving the best possible standards in schools and bring together expertise to identify underperformance and intervene with struggling schools before they reach crisis point.
c. A stable and vibrant post 16 education and skills system which is closely aligned to the local economy and providing clear, high quality academic and technical routes to employment and the high level skills valued by employers in our key industries.
d. Deliver the Government's Youth Obligation through a New Anglia Youth Pledge - building on the success of the MyGo and Norwich for Jobs Youth Employment Projects
e. 'Work pays' – reducing reliance on benefits
f. Help individuals to stay in employment and where appropriate, encourage them to increase their earnings
g. Help those that find it hardest to secure work

Health and care redesign: People are able to live as healthily, safely and independently as possible for as long as possible and if needed, receive early and joined up public sector support

65. The current system does not adequately support people to live as positive and independent lives as possible. This is bad for our people and offers poor value for money. The current system is not financially sustainable both in terms of public service spending and demographic pressures facing Suffolk and Norfolk. We want to shift financial incentives and planning towards activities that maintain health rather than just treat ill health.

66. If we succeed we will not only have stemmed the increasing demand for high end in patient services but actually reduced it. We are seeing significant increases in hospital activity this year, we think we can turn this trend around to a 3% reduction in 5 years, achieved through working on two fronts, preventing people from becoming ill as well as treating illness earlier and better, out of hospital. With proper join up we could crack delays for people who are ready to go home, designing sensible services that enable people to live as independently as they can having a significant positive impact on delayed transfers of care across the county

67. We want to continue to develop an integrated system that is designed around our residents to keep them safe, healthy and cared for and through our economic ambition offer more opportunity to unlock their potential to live independently and well for as long as possible. Our residents don't care about traditional service boundaries, just that they are as independent as possible and get help when they need it and this remains our biggest priority to deliver

Therefore, we propose:

68. *Funding* – Optimise resources across the local system through a more integrated, medium term approach to financial planning that enables a shift to models of prevention and early help to enable independence and reduce demand. This would require Government to devolve multi-year settlements for health, care and safety.

69. *Estates* – local control over public service estates and capital assets including NHS and police to unlock assets across local public services. To do this we would want first rights on central government estates in Suffolk and Norfolk as highlighted in our finance section.

70. *Changing model of support* – explicit support from Government departments, inspectorates and regulators to enable longer term systemic shifts in service delivery

This will deliver:

a. Fiscal neutrality (we need freedoms not more funding) and a public service that is more sustainable and in the longer term cheaper
b. Greater demand reduction
c. Quicker and broader integration and more effective and efficient use of resources as a result
d. Greater economic growth and increased productivity as health and wellbeing improves and public assets are more effectively maximised
e. the NHS Forward View more quickly
f. Accountability and simpler decision making
g. Better use of resources across the local system including a more integrated workforce that will increase productivity and efficiency as highlighted in the Carter Review
h. Better public sector productivity as highlighted in the summer budget's accompanying command paper 'A country that lives within its means'

Finance: a radically different approach to local public service funding, where greater local autonomy creates a system that is more locally self-sufficient

71. Underpinning all elements of the Norfolk-Suffolk proposal is greater local autonomy over resources. We are seeking a radically different approach to local public service funding, where greater local autonomy creates a system that is more locally self-sufficient. This certainty and increased local autonomy would enable more rational, creative and medium term planning across local public resources. More flexibility and significantly longer term funding support is required to deliver our ambitions and manage the risks we are taking on.

72. We want to work with government to develop this this model which will require a new relationship with DCLG/Treasury to ensure that new arrangements for funding can operate successfully in combined Norfolk/Suffolk authority.

73. A number of our fiscal 'asks' are around local taxation so it is probably worth setting this in context. Land and Property taxes (i.e. Council Tax, Business Rates, and Stamp Duty) are tied to a place and so the devolution of such taxes to combined authorities does not distort the system in the same way as income tax would (London Finance Commission May 2013). Land and Property taxes also play a much smaller role than Labour taxes, accounting for around 11% of total tax take at the national level. At the geography of the New Anglia LEP which broadly covers

Norfolk and Suffolk this amounts to about 12.5% but if Stamp Duty is removed then this would fall to 11.3%.

74. However what our devolution proposals will seek to do amongst other things is to increase the economy taxes (i.e. Labour, Land and Property, Consumption and Capital) which in turn will contribute to bringing down the deficit or avoid further unpalatable ‘cuts’.

Therefore, we propose:

75. Fundamental to our financial model are two key proposals:
    a. Work with Government to shape and influence the design of the new Local Government finance system based on the 100% retention of business rates in advance of its universal introduction in 2020.
    b. 100% Retention of Business Rates Growth

76. Work with Government *to shape and influence the design of the new Local Government finance system based on the 100% retention of business rates* in advance of its universal introduction in 2020. Issues to be considered in any new system will include:
    i) Redistribution mechanism to reflect different needs of different authorities
    ii) An extended system of top-ups and tariffs based on a reset of the system to reflect needs and resources
    iii) A review of the current 80:20 split in the two tier areas to reflect exposure to risk and take account of potential new responsibilities
    iv) Consideration of the responsiveness of the system to changes in relative needs and resources whilst retaining a strong incentive for authorities to grow their economies
    v) The timing of futures ‘reset’ arrangements and the 2017 revaluation.
    vi) Safety nets to protect authorities against significant falls in income and how it is funded
    vii) The funding of reliefs
    viii) How decisions to changing the rates multiplier will be made in two tier areas above the national multiplier
    ix) The ability of an elected mayor to set a higher business rates multiplier, likely to be capped at 2p to invest in infrastructure
    x) Implications of phasing out RSG and rolling other grants into business rates
    xi) Fiscal neutrality and what further powers and functions are passed down to local government to be met from business rates
    xii) The impact of any changes to the appeals system
    xiii) Timing of implementation unlikely to be before 2018/19 as any changes would require primary legislation
    xiv) The continuation of New Burdens funding for those new duties and activities which government may impose on local government from time to time.

77. 100% retention of Business Rates Growth

i. Need to agree a baseline from which to measure the growth. The current pooling arrangements have their baseline set in 2013 which would be more beneficial than other starting points.
ii. Under existing baselines, i.e. April 2013 we would generate £18m (100%) growth using pooling arrangements but if we are forced to use a 2015/16 baseline, as the Manchester/Cambridge deals imply, it would probably be nearer £10m and could be less depending on how the year is progressing.
iii. However, historically the rateable value has increased by an average of 0.5% over the last 5 years which if this continued in the short term is equivalent to £3m in growth per annum,
iv. The negotiations would also need to establish a model which incorporates some protection against the rest of the system in 2020, safeguards against appeals, levy payments and compensation for centrally mandated changes to the system.

78. Other financial ‘asks’ that we would like to explore with Government are:
   i. *Council Tax* - Increase the referendum limits for Council Tax setting to 5%
   ii. *Use of Bonds* - the general power of competence will be endowed to Combined Authorities through the Cities and Local Government Devolution Bill. Until then, its ultra vires and borrowing can only be undertaken by LA’s.
   iii. *One Public Sector Estate* - To agree to a joint review of the local public sector estate (to include DWP and NHS in particular) and enable local partners to retain a proportion of any cost savings that are created to reinvest in local employment and skills provision and to unlock sites for employment and housing

This will deliver:

a) More funding certainty (if the risks can be mitigated).
b) Local discretion to fund infrastructure and essential development to promote housing and economic growth.
c) Enable more integrated public services across Norfolk and Suffolk particularly the Health and Social Care Agenda.

Conclusion

79. The totality of this proposal demonstrates the depth and breadth of our ambition in the East. It makes the links between people, their health, wellbeing and safety; and Places, the infrastructure, housing and connectivity which is essential to Productivity. To do this, we are need a commitment from Government to a new long-term relationship between central and local public services and a joint approach to long-term investment which provides the confidence for local businesses to deliver the growth we need in Suffolk and Norfolk, and more generally for the benefit of UK plc.