Devolution; Update on Progress and Next Steps

Report of the Chief Executive
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1. Introduction

1.1. The issue of devolution was discussed at a previous Council meeting on 21 September 2015. At that meeting the Leader reported that authorities in Norfolk & Suffolk had expressed an interest to Government in discussing devolution of powers and finances in advance of a deadline for submissions of interest on 4th September 2015.

1.2. This report provides an update on that work.

2. Current Position / Findings

2.1. Leaders from Norfolk & Suffolk met at Easton College on 22nd September to discuss the general approach to devolution and how a small ‘Challenge Session team’ might represent the interest of Councils and business to Government. Local officials were asked to develop a proposal to Government examining how a number of service areas might be devolved, what the financial implications might be and how collectively, the additional devolved powers might drive the economy forward.

2.2. At a meeting of the Norfolk and Suffolk Leaders, with the Chairman of the New Anglia Local Enterprise Partnership on 14 October, the next steps, on how to move forward and potential negotiations with Government on devolution for Norfolk and Suffolk was discussed. Attached as Appendix One is the paper outlining the approach and following up on the actions of 22nd September.
2.3. From this meeting, the appendix as attached, was agreed as a general basis for moving forward subject to the inclusion of a further six points that it was agreed by the Leaders, needed to be included in the paper to strengthen it, prior to the challenge session with Government on 4 November.

2.4. These six points are summarised below:

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

2.4.2. Given the Chancellor’s announcement at the Conservative Party Conference 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;

2.4.3. 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;

2.4.4. 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);

2.4.5. 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;

2.4.6. 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.

2.5. It was agreed that the Appendix One (attached to these papers) having been satisfactorily enhanced with the 6 areas listed above would be circulated in good time amongst local authorities & the LEP before a scheduled meeting by the ‘negotiating team’ with Lord Heseltine in London on November 4th.

3. Proposals

3.1. It is proposed that, South Norfolk Council at this stage agrees the way forward prior to submission of the next steps for devolution to the Challenge Panel on 4 November. (The original date of 21 October has now been moved to 4 November.)

4. Recommendation

4.1 Council is asked to resolve:

4.1.1 That the Council agrees the next steps for devolution as outlined in Appendix One, with the additional points as laid out in paragraph 2.3 adequately covered, and the Chief Executive and the Leader of the Council authorised to progress this approach, on the understanding that any formal commitment to devolution would be subject to further Council resolution.
The Rising East: A Devolution for Deal Norfolk and Suffolk - Two counties’ ambition and contribution to the devolution revolution.

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 keen to do much more.

2. Beyond a simple transfer of powers, we are looking 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, unlock the full potential of Norfolk and Suffolk and establish a more joined up, sustainable means of delivering public services that enable our people to live as positively, independently and successfully for as long as possible.

3. We need a devolution deal that takes into account what makes our counties great and how best to tackle the root causes where traditional public service models have historically failed to fully unlock the potential of our people and places.

4. 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.

5. Norfolk and Suffolk 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. But our ambition and vision does not stop there. We are clear that devolution also offers the opportunity to unlock barriers that have restricted public service efficiency and their ability to enable the potential of local people and places to be unlocked.

6. Our strengths are diverse and powerful:
   a) National hubs for key business sectors that need to be nurtured to become magnets for global inward investment such as:
      o An all-energy coast at the centre of the world’s largest market for offshore wind that is worth about £994 million per annum,
      o Globally-leading research in life sciences worth £1.3 billion across Norfolk and Suffolk
      o agri-tech – a fast growing sector with huge commercial potential worth £2.2 billion GVA per annum almost 10% of Norfolk-Suffolk GVA
      o pioneering technical innovations in ICT research and development worth £1.3 billion with 1, 400 companies employing around 10 300 people.
      o The UK’s busiest container port
      o A fast-growing creative digital sector, recently recognised by Tech City UK
7. We are proof that cross border collaboration can work. We already have an Enterprise Zone with sites in both counties, a cross border 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 the LEP including local councils and businesses.

8. We have a track record of prioritising outcomes over organisational boundaries, including where this means going beyond our county borders. For example, we have worked flexibly with partners in the Greater Cambridge economic region with its strong influence on the west of the county.

9. 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.

10. 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.

11. Growing the economy and improving productivity, underpinned by public service reform (particularly around the transformation of health and social care), 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

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

13. More widely, 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 for our people and places and delivering a more efficient public sector that influences better outcomes.

14. 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 Suffolk residents to keep them safe, healthy and cared for.

15. Our residents don’t care about traditional service boundaries, just that they are as independent as possible and get the right help quickly when they need it. We will reduce service demand and costs by helping people early and enabling them to be resilient, drawing on the community and their support networks. More joined up approaches will help us better align planning to need in a way that enables independence.

16. 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
   d) Education, employment and skills
   e) Health and care redesign
   f) Blue light services
   g) Finance

17. 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 must follow function and therefore, the getting the content of our negotiation right takes precedence over structures; however, we are ready to be radical and agreed 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.

18. There are a number of characteristics and principles that underpin our approach to establish a Combined Authority for Norfolk and Suffolk that will:
   a. provide a value added and streamlined framework and a line of sight for Government and local citizens for any devolution settlement
   b. provide a framework that covers the broad scope (a deal for both Growth and for Wider Public Service reform)
   c. provide a stable and sustainable framework that enables the delivery of our ambitions
d. dovetail with and complements governance arrangements at a county, district and community level.
Appendix 1

e. be the accountable body for the discharge of new devolved powers, functions and resources
f. add value by streamlining, aligning and creating coherent decision making across public services.
g. add value and complement public service reform already underway
h. set the broad strategic framework (“the Plan”) for Norfolk and Suffolk with input from all partners
i. expect partners to discharge their functions, and deploy their resources in general conformity with “the Plan”.
j. build on the success of the New Anglia economy and the LEP
k. provide a framework to share best practice and learning across the two counties
l. elect/appoint a person to be the point of contact for Government (a Leader?) and portfolio holders to deliver specific outcomes (a Cabinet?)
m. have members from and represent all local authorities and the LEP
n. engage other partners as appropriate to ensure outcomes are delivered.
o. exercise some of its functions itself and/or put in place the necessary “devolved” arrangements to optimise outcomes.
p. develop its functions in stages, with a “soft launch” and a period of shadow operation.
q. be flexible and able to expand its functions as agreed
r. work with partners across its geographic and functional boundaries
s. have the “thinnest” governance and management arrangements to “add value”
t. deliver benefits that exceed its costs of operation.
u. adopt the International Framework – Good Governance in Public Services – the established best practice for public services

19. Further detail on governance is provided in the separate governance paper at appendix 2.

20. These arrangements will ensure that the streamlined governance works from the bottom up as well as at 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
21. 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 a different ongoing way of working between central and local partners.

22. 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**

23. **Productivity** - Establish a Productivity Commission 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 Suffolk and Norfolk economy to test and evaluate measures to improve productivity, which can then be transferred to other areas. We are seeking funding from the Local Growth Fund to create a Productivity Fund to implement the Commission’s findings around business support, infrastructure and skills.

24. **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. To support this we ask that Government devolve MAS & Growth accelerator funding into Growth Fund from 2017 (end of existing contract) and that £10m from Local Growth fund is used expand Growing Business Fund and create Productivity Fund – to be matched at least 4:1 by business levering and additional £40m investment.

25. **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.

26. **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 Essex to be included in the first round of science and innovation audits and Government commitment to invest in local assets as a result.

27. **European Structural Funds** – work with Government to identify opportunities to devolve European Structural Funds including granting of intermediate body status for notional allocation.

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

28. **Joint Strategic Plan supported by local delivery plans** - a strategic plan that the Combined Authority would be responsible for which sets out the housing and infrastructure requirements for the Norfolk and Suffolk footprint. This would in effect formalise the work already required in relation to the “duty to co-operate”. The housing numbers in the plan would be aggregated from the local district plans. The allocation of sites for housing would, as now, remain with the local planning authorities (Districts/Boroughs).


30. **Planning reform pathfinder** – The setting up of a Housing Land Commission to play a role which would include: a register of public land; mapping stalled sites and barriers to delivery and pooled sites in order to access national infrastructure funds that are aimed at large scale delivery. To be chaired jointly by the Combined Authority chair and Housing Minister and to include Ministers from other key land-owning departments.
31. Pro-active stimulation of housing delivery – Build on the approach of existing public/private delivery vehicles to drive up the delivery of new homes on publically owned land and stalled sites in private ownership

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

32. Funding - Devolve funding and decision making with a 5-10 year settlement incorporating capital funding (eg, local transport plan and Growth Deal) and revenue support in local transport to enable the development of a modern transport system with a secure future based on local economic priorities including developing employment and housing sites across the counties

33. 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 Agency.

34. Protecting Communities from Flooding – support from government for: a joined up approach to flood management and coastal defences; a revised framework which addresses investment to support economic development; forging a new partnership with the Environment Agency to pool funding and resources for coastal defences and flood management.

35. Utilities and Energy – shaping and influencing the priorities for utilities to support growth in key locations. We would like to explore a pilot bringing together utility providers with developers and the combined authority to provide upfront funding to overcome blockages to development caused by lack of suitable utility provision.

36. 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. We would like to deliver a pilot with freedoms and flexibilities to test a “total transport solution” realigning the criteria for revenue funding streams that support passenger travel: specifically concessionary fares and home to school travel to ensure it is targeted towards those older and disabled people most in need, those who isolated due to rurality and for young people in apprenticeship. This would be supported by a full smart ticketing solution.

Education, employment and skills: All young people achieve their full potential and are prepared for work; all 16-24 year olds make a successful transition from education to a career and all adults fulfilling their potential and contributing to economic prosperity

37. School Standards and Place Planning – Establish a formal joint entity with the Regional Schools Commissioner (RSC) which enables us to accelerate the pace of improvement by bringing together our expertise and capacity with that of the RSC. 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.
38. **A Post-16 Skills Offer that Drives Productivity** - Develop our post-16 education and skills system to ensure future stability and as a driver for growth through the establishment of business-led Institutes of Technology delivering higher level skills in our priority sectors. To compliment this we will build on our existing local Apprenticeship Services to establish a New Anglia Apprenticeship Hub, aligned to the LEP Growth Hub. To support this we ask Government for the power to develop local outcome based funding agreements coupled with block funding allocations; the ability to invite our highest performing colleges to become Institutes of Technology; a co-investment package of local and national funds including Growth Deal and Apprenticeship Grant; and the extension of the Post-16 Area Reviews to include school sixth forms.

39. **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 continuing integrated services with DWP and a shared investment and risk model for delivery.

40. **In Work Progression** – Develop and test strategies to accelerate in-work progression at part of the Productivity Commission and use the findings to develop a new approach to building peoples’ earning capacity, therefore reducing reliance on benefits. To achieve this we will need extend the existing strong local partnership with DWP and ask Government to agree to a joint review of local public sector estates with DWP to explore different access points for employment services across the local public estate.

41. **Enabling the Hardest to Help to Work** – To seek a commitment from Government to work with us in the longer term to develop a more effective, integrated employment support offer, with housing and health partners, to help those people with the most barriers to improve their employment prospects, building on lessons learnt through the Youth Pledge.

**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**

42. **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.

43. **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 and resource section (paragraph 48).

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

**Blue Light: More joined up, effective support that prevents crisis and enables people to live safely and independently as possible**

45. Firmly rooted in the wider public service reform, the need to collaborate and encourage preventative and early help work to reduce demand are key elements for the ‘blue light’
services in Suffolk and Norfolk. Greater funding certainty and local control over resources along with simpler governance will enhance current direction of travel for our blue light services. Although there are no specific devolution proposals relating to ‘Blue Light’ services themselves, the services are embedded in and will enhance the economic and social benefits that will be realised across the other policy areas.

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

46. Underpinning all elements of the Norfolk-Suffolk proposal, greater local autonomy over resources is absolutely critical to the success of the proposal. 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.

47. We want to work with government to develop this model which will require a new relationship with Government to ensure that the different arrangements for monitoring, presenting and assuring budgets are clear, accountable and manage risk as well as promoting the greatest opportunities for economic growth and long term sustainability.

48. There are a number of areas (some more specific to policy areas) that we would wish to explore in developing the financial model, particularly following the recent announcement by the Chancellor relating to local retention of Business Rates. These include:

a) Work with Government as a trailblazer to develop the model for how 100% local retention of Business Rates can bring maximum benefit and minimise risk for both central and local government in advance of the 2020 universal retention.

b) 100% Retention of Business Rates Growth

c) Freedom to set the Business Rates Multiplier and any discounts

d) Increase referendum limits for Council Tax setting to 5%

e) Freedom to set all discounts and allowances in the Council Tax system

f) Full discretion to set all fees and charges locally

g) Negotiate the continuation of New Burdens funding for those new duties and activities which government may impose on local public services from time to time

h) Certainty over New Homes Bonus

i) Have first rights on central government estates in Suffolk and Norfolk in addition to our health, care and safety proposal for local autonomy over all (including NHS) local public sector estates would provide more opportunity to unlock sites for employment and housing as well as smarter use of public assets