

Infrastructure and Development Select Committee

Item No: 7

Report Title: A County Deal for Norfolk

Date of Meeting: 15 November 2023

Responsible Cabinet Member: Cllr Mason-Billig (Leader and Cabinet Member for Strategy & Governance)

Responsible Director: Chris Starkie, Director for Growth and Investment

Executive Summary

This paper provides an update on County Deal activity, building on information that was provided to this committee on 12 July 2023.

Devolution offers a generational opportunity to unlock significant long-term funding and gain greater freedom to decide how best to meet local needs and create new opportunities for the people who live and work in Norfolk. Some decisions and funding previously controlled in Westminster will now be decided by Norfolk, for Norfolk.

If the devolution deal is agreed, it will provide Norfolk with new powers, devolved funding and additional investment of over £600m over the next 30 years to help us to boost our economy through jobs, training and development, improve our transport network and support our environment.

A Deal for Norfolk will mean that we can:

- target funding and resources to Norfolk's own priorities, with a new investment fund of £20m per year for 30 years.
- unlock housing and employment sites with an injection of £12.9m capital funding in this Spending Review period and new powers to drive regeneration, housing and development priorities.
- invest in the skills we know we need, with devolution of the adult education budget (of approximately £12m) and input into the new Local Skills Improvement Plans.
- invest in local transport planning and consolidate transport budgets to direct funding to better meet our local needs and priorities. The government has also committed to work with Norfolk to agree an integrated multi-year transport settlement at the next Spending Review. At this point, opportunities for expanding the integrated transport settlement offer will also be explored.
- strengthen the local business voice to inform local decision making and strategic economic planning through the future integration of New Anglia Local Enterprise Partnership.
- have a council leader who is directly elected by the public.
- raise our influence regionally and nationally, enabling our voice to be better heard by Government to shape future policies and funding decisions for the benefit of our County.

Both the Government and Norfolk County Council recognise that devolution is a journey, not a one-off event. This agreement would be the first step in a process of further devolution and will pave the way for future conversations as part of an ongoing dialogue; with the experience from other devolution areas showing that initial deals can open the door to receiving further powers, funding and influence.

Recommendations

The Select Committee is asked to:

- a) **offer thoughts and feedback on activity to date and proposed next steps, as summarised in this report**
- b) **agree that further progress reports are presented to the Committee as appropriate**

1. Background

- 1.1 'County Deals' are part of the Government's levelling up agenda (as set out in the 2022 [Levelling Up White Paper](#)) "to spread opportunity equally across the UK" through greater devolution of powers and funding.
- 1.2 The Government set a mission that, by 2030, every part of England that wants one will have a devolution deal offering powers and funding over issues like transport, skills and economic support and with a strong emphasis on the importance of high profile, directly elected local leadership. Norfolk, along with Suffolk, is one of the areas invited to negotiate a County Deal, when the Levelling Up White Paper was launched in February 2022.
- 1.3 On 8 December 2022 the Secretary of State for Levelling Up, Housing and Communities announced that the Government was "minded to" enter into a County Deal with Norfolk under which the County would benefit from over £600m of new Government investment over the next 30 years and an additional £12.9m during the current Spending Review period to fund local priorities to produce growth. In addition, the deal will also devolve a number of powers as well as provide Norfolk County Council with an additional £1.632m capacity funding over 2023/24 and 2024/25 to support implementation.
- 1.4 The content of the in-principle Deal has been the subject of a formal consultation with other public sector partners including district, borough and city councils, as well as local communities and business. The findings of the consultation were agreed at Cabinet on 5 June 2023, and have been shared with the Secretary of State for the Department for Levelling Up, Housing and Communities.
- 1.5 As this is a Level 3 deal, Norfolk County Council would be required to change its governance model to that of a directly elected leader. Elements of the deal such as the Investment Fund, the Brownfield Housing Fund and the Integrated Transport Settlement are only available at Level 3.
- 1.6 The full Deal for Norfolk can be found on the Government's website, here: [Norfolk devolution deal - GOV.UK \(www.gov.uk\)](#).

2. Introduction

- 2.1 This report builds on the previous report to the Infrastructure and Development Committee on 12 July 2023, to provide an update on further activity to date and planned next steps.
- 2.2 Since the signing of the in-principle deal, Norfolk County Council has continued to negotiate enhancements to the deal in order to secure the best possible outcome for residents. This has included a face-to-face meeting between the Leader of the County Council and the Rt Hon Michael Gove MP, the Secretary of State for Levelling Up, Homes and Communities.
- 2.3 These negotiations remain ongoing but include the potential for additional funding for projects to support jobs and growth, as well as the opportunity to immediately start negotiations on further devolved powers and funding if the initial deal is agreed.

3. Norfolk Investment Fund

- 3.1 Investment funds, sometimes referred to as gainshare or earn back, are long-term grants agreed by government with 13 UK localities as part of City Deal, Growth Deal and Devolution Deal programmes, such as Norfolk's County Deal.

- 3.2 Norfolk's Investment Fund is £600m over 30 years, consisting of 40% capital and 60% revenue, offering Norfolk a significant set of benefits, which include:
- Local control over how economic policy is implemented and the flexibility to prioritise what is right for the county (e.g., Net Zero projects to address challenges of Norfolk being on the front line of climate change).
 - Direct investment to address the needs and meet the demands of Norfolk's businesses and people – enabling us to be agile and responsive.
 - Long term funding is available without the need for costly and resource intensive bidding to Government. In addition, it does not preclude Norfolk's local authorities from accessing other funds that are currently or will become available.
 - Funding can be used to draw additional investment through matched funding – for example, the Greater Manchester combined authority has leveraged approximately £1.1bn in private sector funds. It also enables NCC to borrow against the revenue element of the fund (£13m) to grow the pot of money.
 - The NIF can also be used to leverage in tens of millions of pounds of other funding streams from sources such as the National Lottery Heritage Fund, Sport England or the National Infrastructure Bank.
 - For example a relatively modest amount of local funding levered in £10m of National Lottery funding for the Winter Gardens in Great Yarmouth.
 - The Investment Fund enables stakeholders across all sectors to work together to shape investment projects, helping to move Norfolk forward in partnership.
 - Investment outcomes are direct and highly visible for residents and businesses, contributing to better outcomes and offering pride of place.
- 3.3 The Investment Fund is ringfenced for the purpose of economic growth and is subject to 5-year independent gateway review to assess the impact investment funds have made in the local area on economic growth and trigger the release of the next 5-year tranche of funding.
- 3.4 In line with the ethos and policy of devolution, Norfolk will have the autonomy to shape the Investment Fund in order to address Norfolk's Investment priorities for economic growth. This provides Norfolk stakeholders, including district councils, a real opportunity to shape Norfolk's future and provide a shift change in employment, sustainable growth, productivity, and skills.
- 3.5 Activity to date includes:
- Research around best practice use of Investment Funding to help shape the design of our Fund. For example:
 - To reflect the 5-year gateway process we will focus on a £100million pot.
 - 6-7 funds will provide a workable number where impact will not be diluted.
 - Other areas with a fund are using a blend of grants, loans and equity.
 - The targeting of funds should complement other funds within the funding landscape.
 - Application pipelines are a critical success factor.
 - Presentations and workshops to Norfolk County Council's Member Engagement Working Group and Cabinet, as well as to Norfolk Leaders' Group and Norfolk Chief Executives. These meetings, which have received positive feedback, have proved a useful forum to engage stakeholders, receive constructive challenge and evolve the model.

- Developing a potential model, with feedback sought from members and district stakeholders to co-develop fund design, using the first £100 million to create different funding pots. Funds that have been proposed include:
 - **A Feasibility and Business Case Fund** - to support studies where there is potential to identify future projects that will have economic impact and ensure a steady pipeline.
 - **A Place based Fund** - to identify, understand and address barriers to economic growth and prosperity; capitalising on sector specific opportunities, enabling growth within a geography.
 - **A Growing Norfolk Business Fund** - to support business growth and investment in Norfolk.
 - **A Skills Fund** - to target the Skills agenda and complement control of the adult education budget to deliver projects outside of traditional scope.
 - **A Financial Instruments Fund** - The Norfolk and Suffolk Economic Strategy highlights the importance of, identifying opportunities to build on current public sector equity and loan schemes for businesses to provide a full range of green finance options for our businesses including investment in early stage and high risk innovation.
 - **A Commissioning Fund** - to be used where a project has a clearly defined need but there is no lead organisation coming forward to address the need, using the skills and expertise of a broad range of stakeholders to help identify gaps in provision and develop solutions.

3.6 Next steps will involve:

- Continued development of proposals for fund design (as above) and governance with a timeline for adoption of these recommendations aligned to devolution activities.
- Recruitment of staff to ensure sufficient levels of resource available to meet devolution timeframes.
- Ongoing engagement with members and district councils to ensure transparency and collaboration as investment fund concepts and plans evolve.
- Further development of an assurance framework for the fund, that will sit within an accountability framework that is required by central government for devolved areas.
- Development of prioritisation, assessment, and assurance processes for each investment fund.
- Development of pipelines for each investment type.

4. Capital funding for homes – Brownfield Housing Fund

- 4.1 The Brownfield Housing Fund was set up by the Department for Levelling Up, Housing and Communities to support the national housing agenda. Profiled over 5 years (2020/21 – 2024/25), it has the aim of creating more homes by bringing more brownfield land into development.
- 4.2 The Fund contributes to the levelling-up agenda helping to ease the viability issues that brownfield projects face, alongside supporting wider interventions aimed at economic development.
- 4.3 It is worth noting that this programme is separate to the One Public Estate programme, to which all councils continue to have access to under the terms of the programme.
- 4.4 As part of Norfolk's devolution deal we have been offered c.£7m funding via this existing fund to deliver 455-583 new homes. For future spending reviews, we would be treated the same as other devolved areas.

- 4.5 The fund sets a number of conditions, so projects proposed must:
- Be “green book” compliant with a BCR floor of 1.
 - present the best possible Value for Money opportunities.
 - have an evidenced market failure.
 - satisfy that they could not happen without financial support from the fund.
 - offer the highest additionality.
 - start on site before 31 March 2025.
- 4.6 Local authorities wishing to participate must have up to date Local Plans. As the accountable body for the Deal, Norfolk County Council must satisfy the necessary monitoring and reporting requirements to be outlined by the Department for Levelling Up, Housing and Communities.
- 4.7 As a reminder to the Committee, to date, the Brownfield Housing Fund has only been available to those areas with a devolution deal, who have received significant investment to unlock housing. For example, £120m of funding for brownfield land was awarded to 7 combined authorities on 2 February 2022, to deliver 7,800 homes on brownfield land, with a further £30 million funding to regenerate brownfield sites across West Midlands, Greater Manchester and the Tees Valley Combined Authorities and build another 2,500 new homes.
- 4.8 A brownfield site is an area that has been used before and tends to be disused or derelict land. For Norfolk, having the opportunity to participate in this Fund constitutes a significant opportunity to unlock housing sites that would otherwise remain undeveloped.
- 4.9 Activity to date includes:
- Engagement with Homes England to begin to shape a strategic partnership and align plans to national objectives.
 - Liaison with Norfolk’s councils to discuss the fund and opportunities it offers.
 - Individual meetings held with all Districts to provide clarity around brownfield land regeneration funding criteria and collate local priorities.
 - Submissions from all districts received and a possible 800+ sites identified to create a long list of projects for Norfolk.
 - Procurement activity undertaken to appoint a skilled, specialist contractor to complete rigorous evaluation of proposed sites to ensure that these meet BLRF criteria.
- 4.10 Next steps will involve:
- Appointment of a specialist evaluator who will create the assessment framework to ensure proposals meet deliverability criteria.
 - Evaluation of sites completed to create a pipeline of projects.
 - Ongoing engagement with Districts to inform them of progress against plans.
 - Submission of the pipeline to government to access funding.
 - Setting up a number of legal agreements between the Department for Levelling Up and Norfolk County Council, and Norfolk County Council and Developers as needed.

5. Adult Education budget

- 5.1 As mentioned in the last report to the Committee, the draft deal gives Norfolk new powers and funding to shape local skills provision to better meet the needs of the local economy and local people, to target funding where it is needed and to ensure that delivery is aligned

to Norfolk's skills strategy. This involves the devolution of the adult education budget (that is funding for the 19+provision), currently c.£12m, to Norfolk County Council.

- 5.2 Under current plans, the budget will be devolved in 2025, and providers who wish to deliver to learners will need to discuss funding arrangements directly with Norfolk County Council.
- 5.3 The deal also gives Norfolk County Council the opportunity to contribute to the development of our Local Skills Improvement Plan, for which the responsible body is the Norfolk Chamber of Commerce. Local Skills Improvement Plans are key documents which outline priorities and changes in that area to make post-16 education more responsive to the needs of the local labour market.
- 5.4 Activity to date includes:
- Submission of a successful bid to the Department for Education to secure implementation funding for the Adult Education Budget devolution (there is a clawback clause for deals that do not proceed so spending is being limited prior to a vote on the Deal).
 - Continuing research and learning sessions with the Department for Education and other devolved authorities to define best practice and shape Norfolk County Council's activities to prepare for devolution.
 - Coordinating resource across internal departments to begin to define and shape processes in areas like finance, procurement, digital, compliance and legal, in order to comply with the readiness conditions laid out by government, that need to be met by 31 May 2024.
 - Work proceeding with the development of a Strategic Skills Plan to inform and shape the use of the Adult Education Budget in Norfolk and to meet readiness condition requirements.
 - Ongoing engagement with Norfolk stakeholders from industry, education, voluntary sector, Department for Work and Pensions, and local government to shape and guide an understanding of skills requirements.
- 5.5 Next steps include:
- Attendance at Department for Education knowledge transfer sessions by relevant officers from across departments to prepare to meet readiness conditions.
 - Ongoing engagement with local stakeholders to inform and steer work in this area, including districts, adult education providers and industry.
 - Analysis of the Norfolk Adult Education data pack, once provided by DfE, to inform an evidence-based approach.
 - Completion of a Strategic Skills Plan for Norfolk.
 - Further defining and developing processes to the required level to successfully meet readiness condition requirements by 31 May 2024.

6. Consolidated transport budget and Local Transport Plan

- 6.1 Norfolk County Council is already responsible for transport planning and delivery and will continue to exercise these functions and powers.
- 6.2 From 2024/25, Norfolk County Council would be offered a devolved and consolidated integrated local transport budget for the area of Norfolk. Initially this will consist of the local highways maintenance funding (both the Pothole Fund and Highways Maintenance Block) and the Integrated Transport Block.
- 6.3 The integrated transport settlement will be available to Norfolk following the first directly elected leader election in May 2024, for the final year (2024/25) of the current Spending

Review period. This single fund will give Norfolk greater flexibility to use funding on locally determined priorities and plans.

- 6.4 Government will also work with Norfolk to agree an integrated multi-year transport settlement at the next Spending Review, at which point opportunities for expanding the integrated transport settlement offer will also be explored. This will enable longer term predictability and security of funding.
- 6.5 Norfolk currently has a Local Transport Plan, which is part of the Council's policy framework. It is expected that we will update our existing area-wide local transport plan by March 2024 (to be finalised by the elected Leader) to include quantifiable carbon reductions in line with guidance from the Department of Transport. To carry out this work, Norfolk will be provided with an additional £250,000 in revenue funding in both 2023/24 and 2024/25.
- 6.6 Finally, if the deal is agreed, Norfolk will be able to explore a local, more strategic partnership with Great British Railways to shape and further improve local rail services.
- 6.7 Activity to date:
- There is ongoing engagement with the Department of Transport to get early sight of the guidance to be published, which will in turn shape the work that needs to be done to update the current Local Transport Plan.
 - Next steps will be determined by what is required to deliver the above.

7. Stakeholder Governance

- 7.1 A governance model for the Deal will form the foundation of an Assurance Framework, as required by Government, that will set out the arrangements for Norfolk County Council, as accountable body for the Deal. This must satisfy the Government's tests of strong local leadership, joint working, accountability and deliverability, but most importantly, how the Deal is delivered and overseen must ensure that the best possible outcomes for the people of Norfolk are achieved.
- 7.2 Whilst the County Deal is an agreement between Government and Norfolk County Council, the involvement of district councils and other key partners including business, is pivotal to the success of the Deal.
- 7.3 Activity to date:
- Development of a model, with key partners, to address how we work together with partners to get the best outcomes from the Deal for Norfolk, using existing governance arrangements and partnerships, wherever possible, to do so.
 - The proposed model looks to establish a series of boards to engage partners, as expert advisors, to inform and steer decision-making in the Investment Fund and other areas of the County Deal and the integrated LEP. These include:
 - **A Norfolk Leadership Board** – building on the Norfolk Public Sector Leaders' Board, and evolved to include wider representation of local leaders, to consider issues of strategic importance to Norfolk where collectively we can have the greatest impact. The Board will promote the ongoing benefit to Norfolk from devolution, shaping recommendations on the development of future County Deal strategies and reviewing annual progress of the Deal.
 - **A Norfolk Investment Board** – membership could include the Directly Elected Leader, an additional member from Norfolk County Council and all District Leaders. The Board will focus on shaping and endorsing the structure and criteria of the Norfolk Investment Fund and its funding streams, as well as assessing proposed projects and proposals to be funded through the Norfolk Investment Fund, and recommending them to the Norfolk County Council Executive.
 - **Norfolk Business Board** – a partnership between business, education and local government to enable sustainable growth in Norfolk with a membership that could

include Business Leaders (including those who represent micros, small and medium sized enterprises), local authority leaders (county and district) and education representatives (FE and HE). The Board will focus on the provision of business support (including the Growth Hub), inward investment, innovation, sector and supply chain development. The Board is a requirement from Government as part of the LEP integration plan, which is separate from the implementation of the County Deal, and will build on the successes of the existing LEP Business Board.

- **Norfolk Employment and Skills Board** – a partnership of local government, DWP, voluntary sector, business, and educational provider representatives focussed on developing a portfolio of activity to strengthen skills levels and ensure businesses have the right skills to enable their growth. This Board will replace and build on the existing LEP Skills Advisory Board and sit alongside the Regional Skills Leadership Forum.
- **NB** It is important to note that Norfolk County Council remains the accountable body for public expenditure that supports the Devolution Deal and ultimately decision-making around the delivery of the County Deal, including the Investment Fund, would still rest with the Norfolk County Council Executive and, for those decisions that rest within the policy framework, with the wider Council.

8. Impact of the Proposal

- 8.1 Norfolk has an ambitious vision for enhancing social and economic prosperity and increasing the wellbeing of our communities, as set out in Better Together, For Norfolk 2021-2025.
- 8.2 The Deal for Norfolk contains significant new and devolved powers and funding for Norfolk and represents an opportunity to gain greater local control and influence across a range of issues that directly affect our residents that are currently decided in Whitehall.
- 8.3 It will enable us to invest in areas such as better transport, skills, job opportunities, housing and regeneration, tailored to the specific needs of local people, and will ensure that the County is not disadvantaged as other areas acquire their own devolution deals.
- 8.4 Both the Government and Norfolk County Council recognise that devolution is a journey, not a one-off event. This agreement would be the first step in a process of further devolution and will pave the way for future conversations as part of an ongoing dialogue; with the experience from other devolution areas showing that initial deals can open the door to receiving further powers, funding and influence.

9. Alternative Options

- 9.1 The Deal for Norfolk is contingent upon a County Council resolution to change the current leader and cabinet executive governance model to a 'directly elected leader and cabinet' governance model in December 2023.
- 9.2 If Council do not agree to change the model of governance, then the alternative option would be not to proceed with a Level 3 agreement. In that case all of the elements above, except for the Adult Education Budget would not be available to Norfolk.

10. Financial Implications

- 10.1 On 22 February 2023, Council agreed to allocated £250,000 to support the mobilisation of the County Deal, including the costs of the public consultation and any additional resources required, prior to capacity funding becoming available in December 2023, if the County Deal is approved.

11. Resource Implications

11.1 **Staff:** At the moment, implementation planning is done as part of officers' role. As part of implementation, there may be a need to draw together a programme team to support the delivery and monitoring of activity arising from devolution. Additional resources needed are being identified, and further information will be presented to Committee when it is available.

11.2 **Property:** None at this point.

11.3 **IT:** None at this point.

12. Other Implications

12.1 **Legal Implications:** None at this point

12.2 **Human Rights Implications:** None at this point

12.3 **Equality Impact Assessment (EqIA)** (this must be included):

12.3.1 A comprehensive range of evidence has been gathered and analysed, to enable the Council to develop a sound equality impact assessment about the likely impacts of the Deal on people with protected characteristics. This has involved reviewing data about people and services that might be affected, contextual information and commissioned research about local areas and populations.

12.3.2 The equality impact assessment conducted as part of the public consultation on the County Deal, identified that the Deal has the potential to significantly enhance access for disabled and older people in Norfolk - and equality of opportunity for people with other protected characteristics. This will continue to be relevant to all aspects of the work to implement the County Deal and to inform implementation plans.

12.3.3 The equality impact assessment is included in the Cabinet papers for 5 June 2023, in section 15 below (pages 264 – 271)

12.4 **Data Protection Impact Assessments (DPIA):** N/A

12.5 **Health and Safety implications (where appropriate):** N/A

12.6 **Sustainability implications (where appropriate):** None at this point

12.7 **Any Other Implications:** None at this point

13. Risk Implications / Assessment

13.1 The primary risk is related to set up and implementation costs expended should the Deal not receive formal approval. If agreed, the Deal provides capacity funding to cover these costs. The risk is expected to diminish as council progresses through the Deal agreement process, but the risk is only eliminated upon the legislation being made and the Deal being agreed.

14. Recommendations

14.1 The Select Committee is asked to:

- a) **Offer thoughts and feedback on activity to date and proposed next steps, as summarised in this report.**
- b) **Agree that further progress reports are presented to the Committee as appropriate.**

15. Background Papers

[Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Norfolk Devolution Deal text](#)

[A Devolution Deal for Norfolk - report to Cabinet Extraordinary Meeting 17 January 2023](#)

[Cabinet Agenda 5 June 2023](#) – A County Deal for Norfolk – Public Consultation and Equality Impact Assessment

Officer Contact

If you have any questions about matters contained within this paper, please get in touch with:

Officer name: Ruth Royle, County Deal Programme Manager

Telephone no.: 01603 307701

Email: ruth.royle@norfolk.gov.uk



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