

NORTH LINCOLNSHIRE COUNCIL

CABINET

DEVOLUTION UPDATE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To note the start of the six week consultation process for the Scheme for the establishment of the Greater Lincolnshire Mayoral Combined Authority (GLMCA) and to consider the proposals in the Proposed Further Devolution to GLMCA document ('Devo 2').
- 1.2 The key points in this report are:
 - The consultation on the Scheme for Devolution was formally launched on Monday 27 June
 - The Joint Committee have approved a 'Devo 2' package that is under discussion with Government

2. BACKGROUND INFORMATION

- 2.1 Cabinet and Council have endorsed various documents that have led to taking forward the devolution agenda in Greater Lincolnshire. The initial expression of interest by the ten constituent councils was approved in September 2015. Council subsequently approved the Interim Governance proposal.
- . 2.2 The Greater Lincolnshire Devolution Agreement was signed by the ten leaders and government ministers in March 2016, and formally announced by the Chancellor of the Exchequer in the budget on 16 March 2016. Council and the Leader, as Cabinet Member for Devolution, have subsequently approved the Governance Review and the draft scheme for the Greater Lincolnshire Mayoral Combined Authority. The latter document is out for public consultation from 27 June to the 8 August.
- 2.3 The Greater Lincolnshire Joint Committee have proposed the 'Devo 2' document (Appendix A) that sets out the aspirations for further devolution and seeks early engagement with Government to progress and implement further devolution of powers, responsibilities and funding.

3. OPTIONS FOR CONSIDERATION

The following options are suggested for consideration

- 3.1. Option 1 – That cabinet supports the consultation process and considers the proposals in ‘Devo 2’.
- 3.2 Option 2 – That cabinet notes the consultation but that no further work is undertaken.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 – The consultation has been undertaken by all ten councils in Greater Lincolnshire area. All households in North Lincolnshire have received an information flyer outlining the Devolution agreement and signposting the council website to complete a short questionnaire. There are also paper copies of the questionnaire at all council local links, libraries, well-being hubs and receptions. This allows the maximum opportunities for residents to comment.

The contents of ‘Devo 2’ build on the negotiations with Government. We have been encouraged by Government to develop further areas for devolution that will meet the aims to accelerate economic growth and to take decisions on key issues more locally. These issues are being progressed by Chief Executives with Civil Servants and reported back to council leaders via the formal Joint Committee arrangements. Some progress is being made.

- 4.2 Option 2 – This is not the preferred option as we would be losing the opportunity to develop the benefits of the devolution process and lose out on the additional funding in the agreement. Also the proposal in ‘Devo 2’ could lead to further additional funding. The Secretary of State has confirmed that devolved areas will be at an advantage in the Single Local Growth Fund 3 submissions process with more flexibility and opportunities to develop programmes rather than projects.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The resource implications are dependent on the next stages of the development of the devolution process. Most will involve the use of existing officer time and resources. Cabinet is being asked to approve carry forward of underspend of £20,000 as this council's contribution to costs and any further financial requirements will be met from existing budgets.

6. OUTCOME OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 Not applicable.

7. OUTCOMES OF CONSULTATION & CONFLICTS OF INTEREST

- 7.1 The draft scheme is out to consultation with a closing date of 8 August. The results of this Greater Lincolnshire wide consultation will be reported back to council and the Secretary of State.
- 7.2 No conflicts of interest have been identified.

8. RECOMMENDATIONS

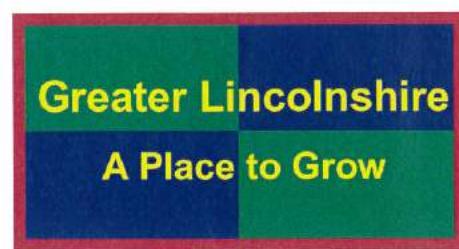
- 8.1 The consultation is noted and that consideration is given to supporting the new areas for devolution outlined in the attached appendix (Proposed Further devolution to the Greater Lincolnshire Mayoral Combined Authority).

CHIEF EXECUTIVE

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Background Papers used in the preparation of this report:

Greater Lincolnshire 'The Place to grow faster than anywhere'
Greater Lincolnshire Devolution agreement, Governance review and Draft Scheme



Proposed
Further devolution to the Greater
Lincolnshire Mayoral Combined Authority

Introduction

1. The Greater Lincolnshire devolution agreement was concluded between HM Government and the ten Local Authorities in the area on 15 March 2016. It identifies a range of devolved powers for a Greater Lincolnshire elected Mayor and Combined Authority. The arrangements to put this agreement into operation are the subject of an Implementation Plan which envisages the Combined Authority coming into being on 1 January 2017 and elections for the Mayor taking place on 6 May 2017.
2. In the meantime, the Greater Lincolnshire Authorities wish to seek devolution of a further range of powers in order that the Mayor and Combined Authority commence operation with the greatest possible opportunity to pursue economic growth and transform public services in the area.
3. This document sets out the aspirations for further devolution and seeks early engagement with HM Government so as to secure these aspirations and enable their speedy implementation.

Geographic limitations on progress

4. In two important areas, the aspirations of the Greater Lincolnshire Authorities are impeded by boundaries introduced in the 1970s which do not reflect those of the emergent Combined Authority, constructed as it has been with regard to the functional economic life of our communities. The governance and operational arrangements for both policing and for the commissioning of NHS services are based upon these outdated administrative boundaries and it has not proved credible to bring forward truly transformational proposals for enhancing these services for the Greater Lincolnshire (GL) area on the basis of these boundaries. With regret, therefore, we have had to accept that such proposals must feature in a 'phase 3' of devolution, or even later.
5. For now, we wish to seek agreement from the Home Office and the Department of Health respectively to work with us in reviewing Police and NHS boundaries with a view to removing the impediments that they currently represent.
6. In the following areas, we believe immediate progress and improvement is possible and our proposals are as follows:
 - a) Housing
 - b) Public Protection
 - c) Investment in Infrastructure
 - d) Advanced Food Manufacturing
 - e) Environmental Management
 - f) Business Rates retention

a) Housing

7. Initial work undertaken within the Housing theme by our Housing Delivery Group has focused on the steps necessary to ensure housing growth of 25,000 over the next five years and 100,000 over 20 years. The Group is also building up its programme to deliver starter homes and homes of other tenures required to accelerate delivery and meet local housing needs. As such the areas identified for negotiation as part of this deal have focussed on activities to support these aims. In brief, the key issues are:
8. Devolution of housing investment funds – We seek to have future Homes and Communities Agency (HCA) funds ring fenced for the GL Partnership and to work collaboratively with the HCA to streamline processes, with devolved decision making in order to speed up local delivery and to create a programme of housing delivery which links all the support available. In addition we would wish to maximise the commitment of non –financial resources and support from the HCA to assist in the delivery of our ambitious programmes and help build capacity and skills at the local level.
9. Devolution of procedural powers – There are a series of procedural issues which could be simplified to accelerate housing delivery which include compulsory purchase, planning powers as well as the processes connected with utility companies support for housing delivery on strategic sites.
10. Devolution of housing delivery – Information available to the Housing Delivery Group indicates that the current models of affordable housing delivery are unlikely to meet all housing needs within GL. The Group is keen to be an early adopter of the starter homes concept and is already in active discussion with the HCA to pursue this. The Group is keen to explore the flexibilities and opportunities that could arise from piloting different models of delivery, including the potential to determine the numbers of starter and low cost home ownership properties on strategic sites together with the ability to set requirements for the delivery of other tenure options.
11. Devolution of Housing Revenue Account powers – – the Greater Lincolnshire Mayoral Combined Authority (GLMCA) is seeking the ability to apply the receipts from the sale of high value properties and right to buy to support investment towards the achievement of housing delivery targets within GL. The GLMCA would welcome the opportunity to work with the government as regulations and guidance are prepared to give effect to the provisions of the Housing and Planning Act, to explore flexibility based upon the characteristics of local housing markets in Greater Lincolnshire, in order to accelerate delivery. Separately, we are seeking the freeing up of HRA rules to allow greater borrowing flexibility, the ability to transfer existing borrowing capacity with the GL partnership and the ability to set rents locally to reflect both the local market and the need for investment.

b) Public Protection

12. Greater Lincolnshire's aim is to create a whole system approach to criminal justice, which includes out of court disposals, restorative justice, community and custodial rehabilitation, with a truly effective re-integration policy to tackle social exclusion by supporting and encouraging people into work and productive lives.
13. We ask HM Government to work with the GLMCA to understand the needs of local offenders to improve commissioning of services for local Lincolnshire offenders in the community and in prison. Recognising Greater Lincolnshire's ambitions and ideas, HM Government will ensure ongoing engagement between relevant agencies (particularly the National Offender Management Service) and Greater Lincolnshire to better understand Greater Lincolnshire's position with regard to prison estate and related services and identify opportunities for collaboration, whilst ensuring provision for Greater Lincolnshire offenders is in line with current national prison reform plans.
14. We ask HM Government to work with the GLMCA and the Police and Crime Commissioners (PCC's) to form an accountable body, the Greater Lincolnshire Criminal Justice Executive Board ("the Executive Board") as the means by which entry and re-entry of Greater Lincolnshire children, young people and adults to the Criminal Justice System (CJS) will be minimised.
15. This Executive Board will replace the existing Lincolnshire Crime & Safety Partnership and the Local Criminal Justice Board and will comprise all public sector organisation and partners involved in criminal justice system and social care recognising the complex issues faced by both victims and perpetrators. This Board will focus will be on reducing the prison population by tackling the complex social issues that drive offending and re-offending. The Board will hold to account these organisations to deliver tangible reductions in offending and re-offending rates.
16. We ask HM Government to devolve to GLMCA, the following powers and financial resources: -
 - a) the under-18 imprisonment budget,
 - b) operating budgets for HMP Lincoln and HMP North Sea Camp,
 - c) 50% of the regional office and HQ overhead costs for those establishments.
 - d) the budget, and commissioning responsibilities, for the Greater Lincolnshire element of the CPA4 Purple Futures contract,
 - e) the budget for the Greater Lincolnshire element of the National Probation Service,
 - f) the budget for the Greater Lincolnshire element of youth justice in the area (including specifically the budget for Sleaford secure children's home)
 - g) the budget for the Greater Lincolnshire element of community and offender mental health services
17. We ask HM Government to work with Greater Lincolnshire to review the findings of the Youth Justice Review and consider options for further devolution of powers and resources to create a more effective youth justice system.

18. We ask HM Government to work with GLMCA to explore options for greater involvement in restorative justice programmes in schools to reduce exclusions and prevent young people entering the criminal justice system.
19. We ask HM Government to work with GLMCA to establish a Life Chances Investment Fund, to be operational from April 2017, bringing together funding, including the Families Working Together and the Cabinet Office Life Chances Fund, to enable GLMCA to increase investment in innovative approaches to delivering public services thereby delivering more efficient and effective services.
20. The Executive Board will commission HMP Lincoln and HMP North Sea Camp, alongside the National Offender Management Service, to deliver the Board's objectives. This will not diminish the two prisons' current commitments to support – and to be supported by - national prison policies and operational requirements.
21. We ask the Government to work with GLMCA and the National Offender Management Service (NOMS) to formulate a Memorandum of Understanding to support the process for collaborative working and set out the areas for further detailed work, leading to full implementation in 2017.
22. GLMCA will work with HMP Lincoln, HMP North Sea Camp and Novus to transform education provision in prisons by delivery of an innovative and effective Academy Prison model. This will include the development and introduction of a reflective practice model that will transform the professional practice and workplace behaviours of uniformed prison staff.
23. In addition to the national reconfiguration of electronic monitoring currently underway GLMCA will deliver sobriety tagging as a live community programme to improve supervision of Lincolnshire offenders and to aid rehabilitation.
24. We ask HM Government to work with GLMCA on its agenda to create a modern prison estate including the potential for a new prison on a Lincoln site to amalgamating HMP Lincoln and HMP North Sea Camp to enable more effective and efficient working and release resource. The Government notes that GLMCA has identified a number of potential sites for consideration and discussion.
25. To support the transformation of services we ask HM Government to allow PCC grant funding to be rolled forward to future years and extend greater flexibility over victims services funding to GLMCA by working with the Humberside and Lincolnshire PCCs and the Mayor to revise the grant agreement and expand the interventions eligible for funding.
26. We ask HM Government to recognise GLMCA's approach to providing a whole system approach to criminal justice preventing crime and supporting victims of crime.
27. Greater Lincolnshire notes the Secretary of State for Justice's view that, "Only by changing how prisoners behave - when they're in our care - can we contribute effectively to public safety" but it believes that the answer the challenges posed by crime and anti-social behaviour in our communities cannot be found within the walls of Lincoln prison. Greater Lincolnshire believes that it is in communities – rather than in prison - that offending and re-offending will be reduced. The average length of stay in

Lincoln prison is only 70 days. There is no meaningful change that can be made in such a short period. Indeed, it is a significant challenge to reduce the disruption caused by short periods of imprisonment to health, to families, to employment and to the retention of accommodation.

28. The Secretary of State's innovative creation of Reform Prisons is broadly welcomed, and we wish to reflect his intent in the work that we do within our communities.
29. In commissioning HMP Lincoln and HMP North Sea Camp, alongside the National Offender Management Service, Greater Lincolnshire would therefore commit to prioritising critical services specifically in order to reduce re-offending by Lincolnshire prisoners, in particular:
 - accommodation and support services, including those for prolific offenders and those with complex mental health needs.
 - community mental health services, including assertive outreach to those unable to engage.
 - drugs and alcohol services to ensure continuity of services between prison and the community.
 - children and family services to ensure that both prisons conform to the requirements of section 11 of the Children Act 2004 and that appropriate family intervention and child support is provided whenever a father enters prison.
30. Greater Lincolnshire leaders believe that by re-prioritising services in this way the safety of communities will be improved and the re-offending of short term prisoners reduced.
31. We ask HM Government to work with GLMCA and HM Courts and Tribunals Service (HMCTS) to explore GLMCA's ambitions for greater local input into the provision of court services in Greater Lincolnshire to ensure access to local justice is maintained locally.
32. GCMLA offers, in conjunction with HMCTS and MoJ and with the support of HM Government, to review the business cases for the three Magistrates courts scheduled for closure within the Greater Lincolnshire area with a view to providing multi-faceted local justice service incorporating Magistrates Courts, Tribunal and Coroner's services whilst realising the efficiencies identified in the HMCTS consultation of 2015.
33. GCMLA will work in collaboration with the Magistracy to introduce problem-solving courts in line with the Home Secretary's Modern Crime Prevention Strategy (March 2016) involving diversion from the mainstream Criminal Justice System to deal with drug, mental health and domestic violence issues

c) Investment in Infrastructure

34. We ask the Government work with GLMCA and Network Rail to establish a Memorandum of Understanding (MoU) for joint working arrangements encompassing strategic property decisions, operational impacts of reciprocal work on road and rail networks, maintenance programmes and local investment
35. Our original devolution bid identified the limitations that some of our inadequate infrastructure places upon our plans for growth, and set out the considerable progress that we could make if these immediate barriers to progress could be addressed.
36. The freedoms offered in our Devolution Deal, together with the Investment Fund that has been agreed will allow us to address these issues, over time.
37. The original contention remains valid, however. We have some immediate infrastructure shortcomings. The quicker we can address these, the quicker we can make the step change in our economic growth. We therefore seek an extension of the fund to permit us to make the following infrastructure improvements within the next four years: -
 - Contribution to Lincolnshire Lakes (£10m) – releases housing and employment land delivering economic growth
 - Local Improvements on A15 (£10m) – improves links to and from ports of Immingham and Grimsby; facilitates growth sites.
 - Pinch point projects; A15/A16/A17 Route Strategies Action Plan (£10m) – can be achieved in the short term (next four years) to improve infrastructure and transport links across the GL area.
 - Haven Banks/Boston Flood Scheme (£1m) – improve protection to a comparable standard to the Boston barrier to homes and business in the area from coastal/fluvial flooding.
 - Grimsby West Housing Infrastructure Enabling Works (£8m) – sustainable development of around 3,500 dwellings together with associated infrastructure
 - Welton A46 roundabout access (£2m) – creating a new access into the village removing the blockage to circa 500 houses coming forward as the scheme is to be funded by developer contributions. Also addresses road safety at a notorious junction.

d) Advanced Food Manufacturing

38. The Greater Lincolnshire Shadow Combined Authority invites BIS and DEFRA to locate the Catapult centre for advanced food manufacturing in our area. Greater Lincolnshire is the right location for an advanced food manufacture catapult because:

- Greater Lincolnshire is recognised within the agri-food sector as being at the forefront of innovation in food production
- Greater Lincolnshire is a location for many of the country's major food production businesses, and the Greater Lincolnshire Food Board brings the MDs of these businesses together on a regular basis
- Greater Lincolnshire already has the National Centre for Food Manufacture, part of the University of Lincoln,
- Greater Lincolnshire's higher education institutes already have a strong relationship with national businesses, and they regularly work in partnership with other HEIs from across the country and the world to provide a joined up service to major businesses

39. The first greater Lincolnshire devolution deal includes a focus on accelerated growth in the agri-food sector. This is predominately concerned with local economic growth.

40. Our proposal for the location of the Catapult centre for advanced food manufacture is concerned with national economic growth, but the location of the Catapult in greater Lincolnshire will have good local benefits too.

National benefit

41. Should we be awarded a Catapult at the University of Lincoln we would grow research and development and productivity for a major industry for the UK which has a lead presence in Greater Lincolnshire. The sector is an £18bn export business. A Catapult centre for advanced food manufacture would develop autonomous systems and robotic solutions, improving food safety and security and enabling the UK industry to take a significantly greater market share of the global food business.

42. This Catapult would enable UK industry to develop new manufacturing techniques to secure export led growth, develop novel high health, safe and sustainable food stuffs and associated supply chains. It will drive productivity for a strategically important UK industry. The impact could be very significant, enabling the UK to secure an increased share of the global food and advanced food manufacturing technology markets. The export potential downstream from a Catapult would be very significant. The current UK food exports are circa. £18bn p.a. but this is tiny when set against the multi £bn global food market.

43. Therefore if we developed our expertise with industry with support from a Catapult we would drive productivity through automation and robotics, enhance food security and safety and grow the UK's share of the global food business, leading the way on technological innovation in a sector that desperately needs it. The Catapult would

provide a world leading centre of excellence for advanced food manufacturing in the UK, directly in the devolved Greater Lincolnshire County, one of the most important regions for food manufacturing within the UK.

Why Greater Lincolnshire?

44. Food manufacturing is the most significant industry within the devolved region and is a key sector for the Greater Lincolnshire Local Enterprise Partnership (GLLEP), with a GVA of £2.5bn and directly employing 56,000 staff. The GLLEP region is a nationally important centre for food manufacturing both in industrial capacity but also innovation. Developing the innovation and skills base of the food industry is a cornerstone of the GLLEP economic development plan.
45. The UK has an international reputation for food science, technology and innovation. The lead centre of innovation is The University of Lincoln which already has a significant critical mass in this discipline that a Catapult centre could build upon.
46. The University in partnership with the industry and our business partners has won research funding in excess of £14m over the last 2 years. A key strength is the University's link to industry, this includes working with high tech SME's to large processors and manufacturers (Bakkavor, Cranswick etc), multiple retailers (Tesco, Marks and Spencer, ASDA) as well as artisan food manufacturers, farmers and producers. Some examples of key innovations being developed at the University of Lincoln at present are automation and robotic applications such as large scale robotic cooking, processing and packaging systems and advanced cooking and cooling technologies, energy efficient refrigeration for large food stores and technological solutions for reducing bacteria in food processing and storage.
47. The agri-food sector in Greater Lincolnshire has good links to producers in other parts of the UK. The relationship with East Anglia is particularly strong, with Higher Education and Business to Business relationships already in place. Greater Lincolnshire MCA is committed to playing a strong role in Midlands Engine, one of whose priorities is increased productivity through innovation. Locating the Advanced Food Manufacture Catapult in Greater Lincolnshire will assist the Government in meeting its ambitions for Midlands Engine.
48. The University and the devolved authority with the GLLEP industry also has a close alignment to the technical capability of the existing Catapult centres, especially the High Value Manufacturing, Energy and Digital Catapults and other regional centres. The Greater Lincolnshire food board has visited the Institute of Food Research, Norwich, which has world leading fundamental science capability which would link as part of the Catapult. The food board's visit identified a number of potential collaborations focused on higher level skills and on technology.

e) Environmental Management

50. GLMCA wishes to build further the responsibilities and ambitions for water management set out in the first devolution deal.
51. We ask Government and the Environment Agency to work with GLMCA to develop the existing programme of transferring lower consequence watercourses to the management of local bodies. Principally we wish to explore transferring financial and in-kind resource along with the responsibility for such watercourses themselves in order to achieve an improved level of maintenance and more efficient allocation of resources.
52. This will progress further GLMCA's existing commitments to explore the extension of IDB boundaries, local prioritisation of resources and the alignment of capital and revenue programmes at national and local level.
53. We ask Government to work with GLMCA to explore further opportunities for promoting business investment in water efficiency and water management. GLMCA, with Government, will develop a robust and demonstrable business case for the benefits to HM Treasury and the local economy of extending existing tax incentives from schemes backed by national capital funding to include those where the funding is entirely locally derived.
54. We ask Government to work with GLMCA to explore how such a business case could be implemented within the Greater Lincolnshire area.
55. We ask Government to work with GLMCA to develop opportunities to harness the potential of the heat generated from the Energy from Waste (EfW) facility to create an energy and heating source to surrounding sites, both existing and proposed.
56. This will ensure that the growth of the area provides for exemplar new development, new technology and will have a positive impact on fuel poverty.
57. We ask Government to devolve funding matching the GLMCA ERDF funding proposals.
58. We ask Government to work with GLMCA to overcome the challenges associated with connecting to the local electricity network.
59. We ask Government to work with GLMCA to explore the creation of carbon management fund augmented by ringfencing a proportion of the existing DECC/EU funding programme.
60. We ask Government to work with GLMCA to assist in removing barriers currently presented by local assets and port infrastructure which limit the growth potential of renewables in the GL area.
61. We ask Government to work with GLMCA to explore opportunities for a low carbon management programme to establish a carbon investment & infrastructure fund and low carbon enterprise zones with appropriate tax breaks

f) Business Rates Retention

62. We ask the Government to work with GLMCA to discuss the proposed business rate reforms and how it will affect the GL area.
63. We ask Government to work with GLMCA to explore how the current Safety Net mechanism can be adapted for GLMCA so as to protect GLMCA from the risk to income in generating growth in the tax base
64. We ask Government to work the GLMCA to discuss the business rates appeals system and general appeals process with the GL area to help ensure GLMCA is prepared for ongoing developments within the Business Rates system.
65. We ask Government to work with GLMCA to develop a scheme, with no detriment to GLMCA, which will enable GLMCA to retain all business rate growth that would otherwise have been paid to government, above an agreed baseline, for an agreed period.