

4th September 2015

The Rt. Hon. George Osborne, MP,
Chancellor of the Exchequer, HM Treasury
And The Rt. Hon. Greg Clark, MP,
Secretary of State for Communities and Local Government,

By email

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Dear Chancellor and Secretary of State,

Greater Essex Devolution – Submission Outline

In March 2015 we wrote to the Rt. Hon Sir Eric Pickles MP registering our interest in developing a devolution deal for Greater Essex (covering the geographic county of Essex comprising the twelve Districts/Boroughs/City councils, the two Unitary councils of Southend and Thurrock and Essex County Council). Since that time, as the fifteen Leaders of these local authorities, we have been meeting regularly to shape an exciting new agenda for our communities, which we believe will provide long-term economic growth, increased productivity, provide greater certainty on housing delivery and world-class, financially sustainable public services. The Greater Essex area has been described as the most complex public service environment in the country. We recognise that challenge and we are now meeting with a renewed spirit of collaboration and partnership on a fortnightly basis to turn the high-level ambitions and proposals set out below into more detailed plans. We are already a major player in the Government's drive for economic prosperity and in ensuring our residents benefit from this. We would welcome continued engagement with you and your civil servants in the development of this next phase of the work, in time to contribute to the Spending Review.

Ambition

Our ambition is for Greater Essex to become the fastest growing UK economy outside London that delivers the opportunity of a high quality standard of living for our residents, with increased and accelerated local and national dividends that are re-invested into world-class public services and infrastructure. We have a strong track record of delivery, for example enabling major port development and expansion at London Gateway and Port of Tilbury in Thurrock; the delivery of the South East's only City Deal and a £20m forward funding for road infrastructure; and a primary school that enabled a stalled housing site of 1,500 homes in N. Colchester to be developed. We have airports which have over 19m passengers a year and ports that provide the throughput for over 40m tonnes of goods. We are ranked third by the Stock Exchange, after London and Manchester, in having the most innovative companies, and in 2013 we saw 10,220 new business start-ups, justifying our reputation for entrepreneurialism.

However we also have untapped potential, where, with the right mechanisms, freedoms and flexibilities in place, we can:

- bring productivity into line with comparable areas;
- accelerate economic growth;

- close the gap between current rates of house building and the level required to meet needs within our communities;
- improve skills levels to better meet the needs of business now and in the future;
- attract foreign investment;
- increase the resilience and robustness of Greater Essex to adapt to economic shocks and shifts in the future;
- and enable strategic planning and investment in infrastructure, including attracting more private sector investment.

Underpinning our devolution approach is a new approach to investment, including attracting private sector investment. Our ambition is to become increasingly self-sufficient of government grant. Greater Essex people and businesses are already net contributors to the Exchequer and our proposals present a real opportunity to significantly increase that contribution. To stimulate increased growth and re-investment in infrastructure, homes, skills and public services we want to enter into a **gainshare agreement** under which the additional revenues generated through local growth would be shared between local and national partners.

We know that given the diverse nature of the Greater Essex economies, a centralised one-size fits all approach will not work. We need an approach which enables and supports our natural economic markets, whether they are rural, coastal, the Thames Gateway, commuter belt or part of the London-Cambridge corridor. That is why we are adopting a bespoke, pragmatic and powerful approach through our strategic growth areas, rather than the City region model which is more relevant in other parts of the country. This understanding will underpin our governance principles.

We believe that a devolution deal will be the spring-board to give us the freedoms, flexibilities and opportunities to deliver a step-change in outcomes, with benefits for the people and businesses of Greater Essex, London and neighbouring areas and, through our increased contribution to the Exchequer, to the wider country. Our ambition is that by 2025, with a devolution deal in place, we will have:

- The strongest economy outside London, increasing our economic output from £33.5bn to £60bn by supporting our economic growth areas to realise their full potential.
- A reputation as an internationally recognised and successful location for inward investment and have doubled the number of our businesses exporting from 7% to 14% in line with UKTI targets to double output by 2020.
- Outstanding connectivity, both transport and digital, that enables our businesses to grow and flourish and strengthens links between key transport hubs, including our airports and ports, with London and neighbouring areas.
- Further improved the rate and reliability of housing delivery to meet local housing plans, by promoting a targeted number of locally identified large-scale developments, including those on garden settlement principles, and utilising brownfield and public land. This will also provide opportunities for science and business parks and inward investment, and utilise SmartCity thinking to provide 'places' designed for healthy living and wellbeing. Due to Green Belt constraints a number of Greater Essex authorities have found it challenging to fulfil their Local Plan targets whilst others who are more ambitious for housing growth are held back by a lack of infrastructure, particularly roads. We seek to work with Government to bring forward schemes and approaches which can address housing need in Greater Essex with greater certainty, quality and pace and ensure that new businesses can locate to our excellent county.

- The most technically skilled workforce in the UK. We will increase by 20% the number of higher apprenticeships completed, focusing upon key growth sectors across the growth areas, such as advanced manufacturing and engineering, health and life sciences, low carbon and renewables, digital and creative industries and ports and logistics.
- Financially sustainable solutions that transform complex public services, focused on supporting sustainable communities, promoting economic wellbeing and healthy lifestyles
- Increased our net return to HMT and through gainshare models which we will be reinvesting in our growth areas and in public services across Greater Essex, to create a virtuous investment circle

Governance

The local authorities of Greater Essex are exploring a combined authority model which captures the cumulative strength and advantage of Greater Essex, but which is based upon our natural economic areas and proposed growth area boards. These arrangements will strengthen the joint public and private sector leadership of growth and, in addition, will strengthen democratic accountability for delivery of our shared ambition and outcomes.

The principles we are developing assume a subsidiarity model where decisions are taken at the most effective level to deliver outcomes with the most impact at the most efficient cost. We see our growth area boards creating an opportunity for strategic localised decision-making and public service transformation through local leadership, shared services and collaboration. The Combined Authority, consisting of leaders of the fifteen authorities, will take decisions and commission activity where there are strategic benefits or gains from economies of scale. We are also exploring the appropriate devolution of powers by County, City, District & Borough councils to lower tier authorities and communities as part of our commitment to ensure all communities gain from the benefits of devolution.

We will ensure that any governance proposals are aligned to the current federated working model within SELEP and that strong business engagement is continued through bodies such as the Greater Essex Business Board, the Growth Partnership for South Essex and the Greater Essex Skills Board.

Our intention is to bring forward a timetable for a formal governance review to support our combined authority proposals.

Next Steps

Our officers have had early discussions with your civil servants and would like to intensify these over the next few weeks, so that we can develop these ideas for the Spending Review. They will be writing to your civil servants with more detailed proposals to explore further. At the same time we will be intensifying our engagement with business leaders, wider public service partners and with our communities. We would also welcome the opportunity to explore some of these issues with you in more detail.

Yours sincerely,

Leaders of :

