The Independent Commission on Economic Growth and the Future of Public Services in

NON-METROPOLITAN ENGLAND

DEVOLUTION TO NON-METROPOLITAN ENGLAND: SEVEN STEPS TO GROWTH AND PROSPERITY

FINAL REPORT OF THE NON-METROPOLITAN COMMISSION

FINAL REPORT | MARCH 2015

FOREWORD

Non-metropolitan areas account for roughly half of England's economy and population, meaning their economic contribution and growth potential is as significant for the nation as that of big cities.

I am therefore pleased to present this report, which explores the unique characteristics and drivers of these non-metropolitan economies, as well as discussing what more could be done to promote growth and improve public services, delivering a better economic and social future for their residents.

This is the right time to do that: the current English devolution debate is top of mind, and a range of moves towards a more localised and devolved approach to promoting growth and delivering services has been undertaken since the last election.

As the next General Election approaches, now is the time to review the role non-metropolitan areas will play in future growth, and set out proposals for policy change where it is needed.

The recommendations in the report derive from what we have heard during our meetings and learnt from the submissions we received. We hope that the many people who responded to our call for evidence – and we are hugely grateful to all of them – accept that we have made an effort to reflect their comments and input.

It is already clear that it is time to think about the reform that will make a real difference to England's non-metropolitan communities, and improve the quality of life and public services for everyone in the country.

The Commission has made seven specific recommendations for reform to shape the way economic growth and public service transformation are supported in the future. These recommendations are as applicable to city regions as they are to non-metropolitan areas and a new government can take and implement them early in its term in order to give the country a further boost along the road to economic recovery.

Finally, speaking personally, I am very grateful to my fellow commissioners for their invaluable and committed work, and the hard working team of officials and support staff at the LGA.

Sir John Peace
Chair, Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England

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EXECUTIVE SUMMARY

The imminent general election gives the next British government a unique opportunity to transform the landscape of local government and its economy by saying yes to devolution to the non-metropolitan areas (NMAs), which cover the district, county and unitary council areas outside the major metropolitan cities. Outside of London, the evidence is clear: the NMAs are the most economically productive regions of the national economy, driving growth, Foreign Direct Investment (FDI), competitiveness and employment.

Freeing the NMAs will be the catalyst to deliver investment, tax revenue and jobs at a time when central government is seeking to boost economic recovery and further cut spending. The NMAs can be part of the economic solution, capitalising on existing growth as well as helping fund the regeneration of struggling urban economies outside of London.

In a Britain, where the downward pressure on public spending will continue for years ahead, there is an urgent political and economic imperative for devolution, as our NMAs face a funding crisis and growing demand for services, infrastructure and housing.

The Scottish referendum last year awakened a desire across England for power to be devolved to local level in both NMAs and city regions. Our report depicts an emerging consensus that the status quo is no longer an option and that NMAs should be given the same opportunity for growth as their urban neighbours. With many of our recommendations having equal significance for our major cities, we see a transformation of local authorities from dependants on a finite pot of central funding into entrepreneurial economic zones.

Today, UK Plc is a global economy and, outside of the capital, the NMAs are the real engine-room of growth and competitiveness. As well as being the bedrock of Small and Medium Enterprises (SMEs), England's NMAs have attracted investment from FTSE 100 companies and multinationals like BMW, Airbus, Honda and Tata. They are home to heavy manufacturing, the car industry and engineering together with new industries such as life sciences and tech start-ups.

Further growth requires serious capital investment in housing, infrastructure and communications.

To clarify what decisions are best taken at a central or local level, we propose a review of the decision making process and funding for capital projects to help achieve a better central/local balance. This review could give consideration to the establishment of a new Infrastructure Investment Bank to fund such projects in both NMAs and city regions at a cheaper rate.

We are proposing a better balance of decision making and resources between Whitehall and local government. We recognise the need for centres of excellence. We advocate that high level skills need national strategies. Yet these national strengths become weaknesses without strong local choice for businesses and residents. The principle of subsidiarity must be applied more fairly in England.

While acknowledging the good work done by the Department of Business Innovation and Skills (BIS) and United Kingdom Trade and Investment (UKTI), and the continuing need for a strategic approach to inward investment, we also propose new Foreign Direct Investment units to be set up within local authorities to attract more multinationals and new jobs into their areas. Both initiatives will capitalise on the NMAs' strengths and boost national competitiveness.

Housing, transport, skills, broadband and public services are the building blocks of a local economy. Local authorities are best placed to judge the needs of their local economies, so it makes sense to devolve responsibility for these policies to grassroots level.

The Commission proposes a move towards combined authorities driven at grassroots level that will oversee a devolved policy-making landscape for planning, housing, skills and transport. The proposed combined authorities would encompass partners including Local Enterprise Partnerships (LEPs), health and wellbeing boards and the police, with co-terminous boundaries. This is something that must be dealt with urgently to avoid a one size fits all structural solution being imposed from above.

More powers demand more accountability. Local authorities will need to transform themselves from organisations that spend central money and provide services directly, to ones that manage and grow their budgets through new revenue streams as well as delivering services in the most cost effective way whether through private, not for profit, or public sector.

Lastly, as our local economies become ever more interlinked and spread over wider geographic areas, local authorities will need to cooperate to provide seamless services based on a sense of place or functional economic area.

Since 2010, local government has seen its budget reduced by 40 per cent under the austerity drive; more than any other part of the public sector. It has responded with valiant efforts to cut costs and increase efficiencies thus far. With billions of pounds more in cuts still to come, the time has arrived for bold solutions.

Our Commission proposes a strategy for national growth based on seven key recommendations that will clear the path for capital investment in housing, infrastructure, skills and digital connectivity. It will support jobs and labour movement.

These are the lifeblood of our economy and global trade. Devolution represents the best way to deliver future investment in our NMAs. Failure to invest in NMA economies will be a failure to invest in the future of UK Plc.

RECOMMENDATIONS

The Commissioners are convinced that the way we take decisions in England is holding us back. Non-metropolitan areas are the spearhead of England's competitiveness. We need to build on the strengths of these areas and enhance their powers and governance and there are lessons here for all of local government.

Central government needs to be energised by stronger local governance.

The Commissioners share a long-term vision that England's non-metropolitan areas should be able to invest in their residents and business through locally raised budgets with the ability to drive public service reform beyond Whitehall departmental silos.

While this is our long-term vision, we are proposing some very practical steps that can easily be achieved by the end of the next Parliament.

RECOMMENDATIONS...

Prosperity

Skills

Give local partners the responsibility for managing and commissioning local skill services in the interests of local learners and businesses, including:

- devolving the skills funding still managed nationally to local level (including 16-19 provision)
- managing college mergers or closures, and facilitating market entry by new providers such as University Technical Colleges
- developing much better local evidence on the value of courses to help learners decide on the option that gives them the best chance of a job.

Foreign direct investment

Encourage further investment in non-metropolitan areas by encouraging locally-led promotion of Foreign Direct Investment in local areas that complement and add value to the existing UK-wide approach.

RECOMMENDATIONS...

Infrastructure

Planning and transport

Take decisions on spatial and transport planning at the level of the economic area through the groupings of boroughs. This requires further devolution of transport powers to localities from Whitehall, including:

- bringing all capital and revenue funding for transport into a single pot
- transferring bus subsidies and bus service operators' grant to groupings of councils and giving councils the option of franchising services
- greater local influence over rail franchising
- co-producing plans for strategic roads with the successor to the Highways Agency.

Housing

Establish council-led local development corporations to own land, fund and provide infrastructure, plan and commission the construction of significant housing developments.

Digital connectivity

Adopt a strategy for future digital infrastructure which radically overhauls the current model of funding and commercial viability. Make the investment case to a multiple of private sector providers and developers for the economic benefits of extending broadband infrastructure even further into rural England.

Investment in infrastructure

Conduct an urgent review of the decision making process and funding for capital projects with the aim of revitalising investment in local infrastructure. The review should identify the infrastructure investment that is best delivered centrally and that which should be delivered locally to achieve a better central/local balance.

RECOMMENDATIONS...

Governance

Public sector governance

Strengthen future governance arrangements in non-metropolitan areas to reduce duplication, strip out any bureaucratic waste and length in decision making which can hold back growth and public service reform.

Governance arrangements must be relevant and appropriate to each area; one size will not fit all. It should be recognised that all three main political parties support combined authorities and stronger collaboration between groupings of councils. We would agree that greater devolution requires stronger collaboration and stronger governance. If two tier local government is not able to come forward with the proposals that will meet these requirements then it is possible that government will intervene with structural solutions.

In order to be effective this requires not just local government reform, but central government to examine the geography and structure of sub-regional delivery. Boundaries of LEPs, Police and Crime Commissioners as well as health and wellbeing boards must work in unison within a new local government geography.

Strengthened governance and geography should be used to forge greater links between health and wellbeing boards and the wider health economy in order that the commissioning and delivery of health and care services are truly integrated and reflect local community needs.

THE COMMISSION

The Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England has been tasked by the Local Government Association to seek ways to stimulate economic growth regionally, create new jobs and help people live their lives better.

The Commission has undertaken to:

- review the economic, social and demographic trends facing non-metropolitan areas
- assess their strengths and challenges, and identify in particular where their most powerful potential for future economic prosperity lies
- review steps taken so far by businesses and the public sector to meet those challenges and promote growth
- and make recommendations about the most effective further steps which business and the public sector could take to promote growth, jobs, and improvements in people's lives.

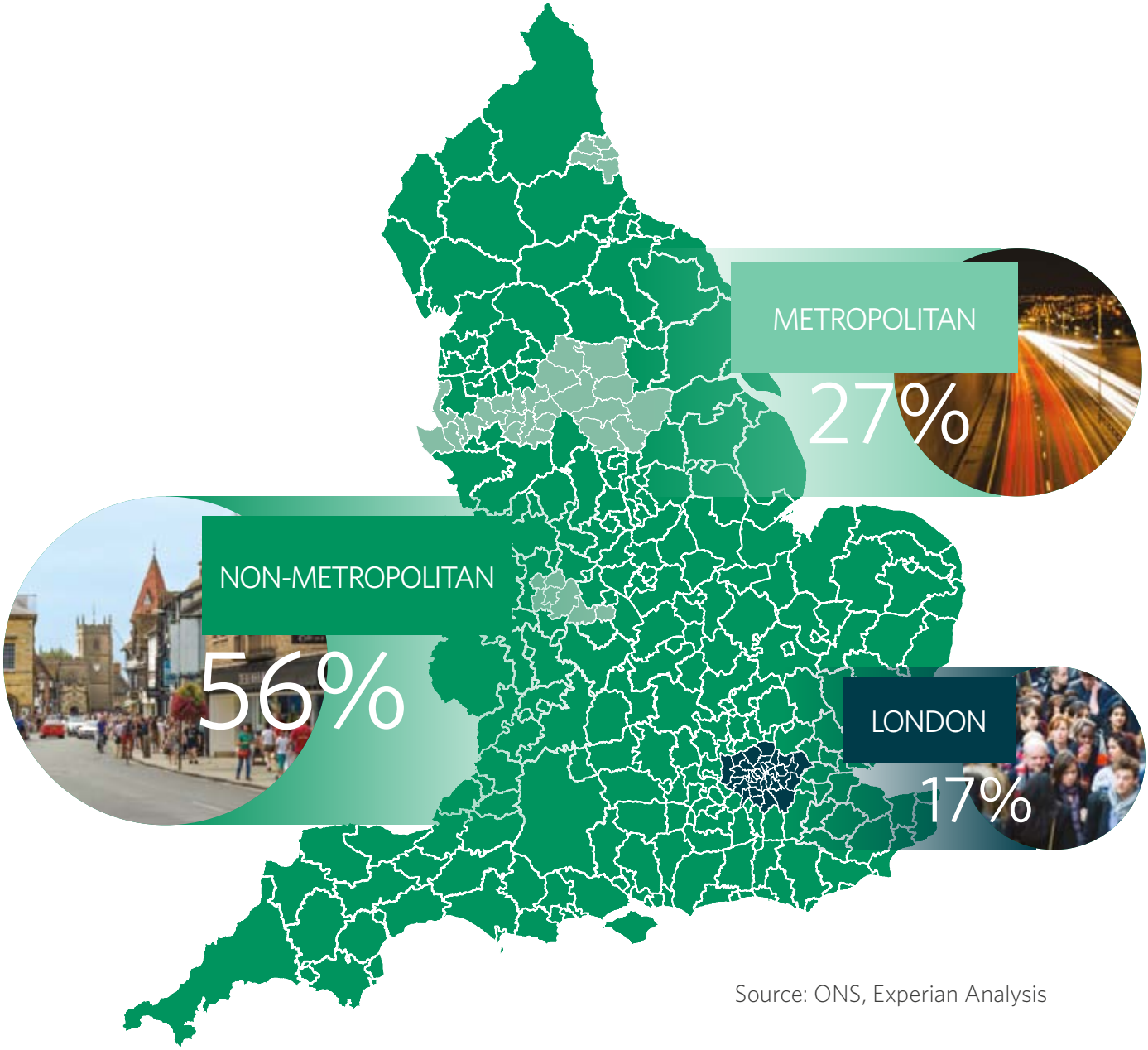
WHAT DOES "NON-METROPOLITAN" MEAN?

"Non-metropolitan" is a deliberately imprecise term, embracing deeply rural areas as well as the suburban areas around great cities; whole historic shires and emerging alliances between places with economic links. It includes some cities with a non-metropolitan setting – Cambridge and Oxford fall within our scope, as well as the city of Ely with its population of 20,000 people, but so does Cornwall's or Shropshire's mix of market towns, villages and rural hinterland.

We have labelled these areas "non-metropolitan areas": areas that are not conurbations, and where local government is expressed as county, unitary and district councils working together. While major metropolitan cities have important common features, what distinguishes this other half of the country is its extraordinary variety.

The Commission starts from an insight that diversity is itself a competitive advantage. But there are also particular challenges presented by the non-metropolitan mix of businesses, by areas of less dense population, of more diffuse transport networks, of market towns, green belts and small cities, and of often-complex governance. The provision of housing and infrastructure – from fixed and wireless broadband to public transport – to facilitate growth can be expensive and difficult.

Non-metropolitan areas driving England's economic output



Source: ONS, Experian Analysis

INTRODUCTION

Devolved power to the English non-metropolitan areas (NMAs) is an idea whose time has come and with a General Election due in May, there is an imperative for change to happen now – both politically and economically.

In post-Scottish referendum Britain, with greater powers to be devolved north of the border, and in Wales, voters across England are demanding a greater say in their own communities. A recent BBC poll showed 80 per cent of people support more powers being devolved to local areas.[1] The clamour to move power closer to the people is growing in the NMAs too and we ignore this at our peril.

Since 2010, local government funding has suffered the deepest cuts in generations, with more than 40 per cent axed from local authority budgets under the Government's austerity drive to cut the national deficit. Local authorities have already made £10 billion in savings through efficiency gains, according to the Local Government Association (LGA) research.

But the funding gap is growing at a rate of £2.1 billion a year and is expected to be £12.4 billion by the end of the decade; £6 billion in non-metropolitan areas alone.

This is set against a backdrop of rising demand at a local level for housing, infrastructure and transport as well as basic services such as health and social care. With neither the government nor local authorities able to bridge the funding chasm under the current system, the time has come for fresh solutions and a new approach to governance.

Devolution will free non-metropolitan areas to tailor services to the needs of their communities in the core areas of: skills and employment, transport, housing, broadband and social services. It will allow them to anticipate changing needs of the community and plan ahead, thereby saving money and delivering the best outcomes for local people.

1 http://www.bbc.co.uk/news/uk-england-29880995

The evidence our Commission has received makes it clear the status quo is not an option. Current policies are failing to generate the tailored solutions needed at the local level to boost growth and jobs. Evidence submitted to the Commission demonstrated that the current system is failing to provide cheap and sustainable investment at the local level for the major capital projects needed to take NMA economies to the next level.

Just as economic devolution is seen to be the answer for the cities, so it must be the answer for our NMAs. Freeing the NMAs will be the catalyst to deliver investment, tax revenue and jobs at a time when central government is seeking to boost the recovery. The NMAs can be part of the solution, not the problem, capitalising on existing growth to help fund the regeneration of weaker urban economies outside of London. Let us examine the case for a new economic paradigm for our NMAs.

Strong, competitive and lasting economies are built on stability. That means stable funding, stable governance and enduring relationships between all stakeholders. Today, UK Plc is a global economy attracting investment and multinationals from around the world. Yet the strength of the UK lies in strong sub-regions. We are not talking just about London, now a truly world class metropolis, nor even the major cities of Great Britain, but the vibrant and diverse economies of the non-metropolitan areas in England. The NMAs represent half of England's economic output and population. This is the real engine-room of UK Plc, driving communities as well as Britain's competitiveness in the global marketplace.

During the worst recession since the 1930s, the NMAs helped pull people out of unemployment by creating 543,600 jobs between 2009 and 2013, at a time when the public sector was contracting sharply.

Non-metropolitan areas creating jobs

From 2009-2013, non-metropolitan areas created a net increase of over half a million jobs in the private sector. This is a stronger performance than London, and three times the private sector job creation of metropolitan areas.

Growth in total employees, 2009-2013 (000s)

Source: ONS, LGA analysis

The NMAs account for 56 per cent of England's economic output, compared to London's 17 per cent and the metropolitan areas' 27 per cent contribution (ONS/Experian Analysis). The top five performing sectors' Gross Value Added (GVA) are manufacturing, accounting for £83 billion; wholesale and retail trade at £82 billion; real estate at £67 billion; professional services at £41 billion and financial services at £36 billion. (ONS/Experian).

As the national economy starts to recover, now is the time to unlock the full potential of the NMA-based economy by empowering communities to create more jobs, cut costs, plan infrastructure more effectively and roll out economic growth strategies further. Non-metropolitan devolution can deliver a rapid growth dividend and raise tax revenues at a time when public finances are in desperate need of reform and new streams of funding. The NMAs can help rebuild the public revenue base.

To take our sub-regional economies to the next level of the growth cycle and maintain our position in the global economy, we need a skills base tailored to employer needs, improved transport, communications connectivity, social services and affordable housing. Together, these form the bedrock of a strong local and national economy.

If Britain's economy is to maintain its global edge and attract investment not just to London but all parts of the country, empowered local economies are the answer.

We live in a world where companies are free to invest in any economic zone that provides the most growth-friendly environment for their money to thrive. Our rivals abroad recognise this by freeing up not just their cities but also their non-urban areas to attract foreign investment. NMAs can become trading partners in their own right, provided they are unshackled from centralised constraints.

Of all the OECD nations, the UK has the most centrally controlled public finances. Professor Tony Travers of the London School of Economics said according to OECD data, UK local government taxation accounted for only 1.7 per cent of GDP, compared to 3.7 per cent in the US, 6 per cent in France and 16 per cent in Sweden.

Other countries have shown that devolved economic powers can transform the sub-regions, delivering lower costs to government, more jobs and higher taxes. But local growth requires stable funding and powerful sub-regional governance.

The imminent election provides a unique opportunity for the next government to transform the landscape of local government and its economy by saying yes to devolution to the NMAs. This is where we stand now. Our report will explore where we should be in the future.

Centralisation of UK tax and spending

Tax set at each level of government as a % of GDP	LOCAL GOVT	STATE/ REGIONAL GOVT	LOCAL + STATE/ REGIONAL	GENERAL GOVT	SOCIAL SECURITY	TOTAL
Canada	2.9	12.3	15.2	12.9	2.9	30.7
France	6.0	0.0	6.0	14.9	24.3	45.3
Germany	3.1	8.1	11.2	11.8	14.4	37.6
Italy	7.4	0.0	7.4	23.4	13.5	44.4
Spain	3.2	10.6	13.8	7.4	11.6	32.9
Sweden	16.2	0.0	16.2	22.3	5.7	44.3
United Kingdom	1.7	0.0	0.0	26.6	6.8	35.2
United States	3.7	4.9	8.6	10.3	5.4	24.3
OECD (2011)	3.9	5.2	9.1	20.3	8.4	34.1

All figures related to 2012, except the OECD totals which are for 2011. Source: Travers, Prof. T. for the LGA (2012), data from the the OECD

WHERE WE SHOULD BE IN THE LONG TERM

The Commissioners are convinced that the way we take decisions in England is holding us back. Non-metropolitan areas are the spearhead of England's competitiveness. We need to build on the strengths of these areas and enhance their powers and governance so they can deliver better outcomes for their residents and promote thriving local economies.

The Commissioners share a long-term vision that England's non-metropolitan areas should be given the freedom to invest in their residents and economy. That means giving the NMAs the powers and funding to make capital investment in major infrastructure, more power through locally raised budgets and the ability to drive public service reform that is tailored to local needs, rather than driven by the Whitehall silos.

The County Councils' Network (CCN) of 37 County and Unitary Councils that serve county areas said:

> "To secure a sustainable recovery, policymakers need to look at supporting those areas which provide the greatest potential for the creation of new enterprises and future growth. The facts demonstrate that county economies and other non-metropolitan areas outperform other parts of the UK on most scales. Assigning a greater role for counties in driving growth and rebalancing our economy is not only desirable, but a necessity."

In the wake of the Scottish referendum, the Smith Commission was established to look at what further powers should be devolved north of the border. The LGA said in a statement in November 2014 that the NMAs should receive the same powers:

> "All the evidence shows that the economic benefits of devolving powers to local areas in England are simply too big to ignore. Across a wide range of issues, there is compelling evidence that taking decisions closer to the people affected achieves better results and saves money.
>
> "Giving local areas greater control over skills funding could reduce youth unemployment by half. Freeing councils to invest in housing, create land trusts and work with developers could create an extra 500,000 homes. Fully integrating funding for health and social care would help people live independently at home longer into their older years and save almost £4 billion."

Analysis of the projected savings from a locally led, more joined-up way of working across the public sector in non-metropolitan areas could save the taxpayer £12 billion over five years.[2]

2 Analysis of 'Whole Place Community Budgets: a review of the potential for aggregation', Ernst & Young, January 2013

In addition, in **Our Plan for Government**, the CCN argued for a range of devolved powers, budgets and fiscal freedom's through a 'Core Settlement'. They said:

> "We need central government to grant us the power to know together skills, training, and employment schemes and investment strategies so that all activities are aligned to local economic priorities. Investment in new homes must be matched with new strategic planning powers, infrastructure and transport links, tied to the needs of local enterprises. Alongside this we need a new settlement on fiscal devolution, to ensure economic growth and vital services are sustainable."

In **'Investing in our Nation's Future; the First 100 Days of the Next Government'** the LGA pointed out that if the next government has the courage and is bold enough to put in place a radical and devolved model of public services, local government could amongst other things commit over the course of the next parliament to:

- Build half a million more homes
- Halve the number of unemployed young people and reduce long term unemployment by a third
- Inject £1 billion a year into a programme to address the pothole backlog and improve the transport infrastructure by investing 2p a litre from fuel duty
- Work to reduce the burden on the NHS budget by:
  - supporting people to live independently at home
  - helping three and half million overweight or obese children by reinvesting a fifth of VAT on soft drinks, fast food and confectionary
  - tackling the harm caused by smoking and excessive drinking.

Reinvesting a fifth of the VAT on soft drinks, fast food and confectionary and a fifth of the existing tobacco and alcohol duty would conservatively deliver a saving to the public purse of £1 billion

Overall by implementing the range of policies in this document the LGA considers £11 billion could be saved on the cost of the public sector.

The Non-Metropolitan Commission recognises these arguments and our long-term vision, firstly, is to build on the economic strengths of the NMAs by giving them the tools to invest in their future. England's non-metropolitan areas should be able to invest in their residents and businesses through locally raised budgets with the ability to drive public service reform beyond Whitehall departmental silos.

Whilst this is our long-term vision, we are proposing some very practical steps that can easily be achieved by the end of the next Parliament.

In the short term we wish to see the Smith Commission deal for Scotland available to the NMAs. We would also like to see some tools made available to local authorities immediately, including a financial settlement for the parliamentary term, with less ring-fencing. Lastly, they should be able to retain a greater share of taxes derived from local growth.

We know that, although non-metropolitan areas have a relatively highly-skilled population, they also face skills gaps that are holding back economic growth and restricting people's life chances.

Research by the Centre for Economic and Social Inclusion (CESI) shows a gross "skills gap" (the mismatch between skilled workers and vacancies requiring those skills), in non-metropolitan areas, of 2.1 million.

The Commission estimates that, allowing for underlying hiring rates, temporary work, and an economically stable rate of unemployment, 900,000 permanent skilled positions in non-metropolitan areas remain vacant due to inefficient decision-making over skills and training.

The Commission's analysis shows that the average Gross Value Added[3] per person in non-metropolitan areas is £39,000, and CESI has estimated that up to 25 per cent of output could be lost if we do not bring skills up to the levels expected by employers. In addition, the 900,000 skills gap (the mismatch between skilled workers and vacancies requiring those skills) in non-metropolitan areas represents a loss of £8.7 billion to the UK economy.

The Commission recommends devolving responsibility for skills funding to a sub-regional level, particularly for post-16 funding within schools, which are a vital part of the skills and training landscape for employers. With devolved powers, local areas can determine the provision of careers advice and guidance in schools, helping to equip children for the workplace.

3 Workplace based

They will also work with local businesses to ensure training and skills meet local employment requirements.

Second, to champion the NMAs as investment zones in their own right, we propose new Foreign Direct Investment (FDI) bodies being set up within those councils who want them to push for jobs and overseas investment to come to their area. While we recognise the good work of both BIS and UKTI to promote inward investment at a national level and the need for this to continue, current trade policy does not enable enough locally-led partnerships to be brokered, which fails to capitalise on local growth opportunities. For example for over two decades, Essex County Council has forged links with the Chinese province of Jiangsu. This patiently fostered relationship is now reaping economic rewards, and much more could be done if this approach was extended across non-metropolitan areas.

Just as emerging economic super-powers are pushing their own regions as entrepreneurial zones, Britain should showcase its own NMAs to foreign investors.

Our report shows the NMAs are already home to some of the biggest multinationals in the world: Airbus, Tata, Honda, to name a few. A NMA-based network of FDI promotion offices makes sense at a time when Britain's foreign embassies are under pressure to cut costs abroad. Local foreign investment arms could complement efforts at national level and we challenge Government to grasp the opportunity to energise local FDI by, for example, co-commissioning work at a local level.

Local areas should be able to command decisions on local spatial and transport planning for their functional economic area. They must take the lead on housing development to meet the current shortage of homes in England.

To revitalise investment in local capital projects – whether in housing, tourism, transport or communications – the Commission proposes an urgent review of decision making and funding for capital projects looking at national and local needs and an analysis of funding sources for those projects.

The review might find, for example, that the establishment of a new local Infrastructure Investment Bank could reinvigorate capital investment. Such a bank could offer cheaper borrowing costs to councils, shift responsibility for capital projects to the local level, tackle head-on the lending failures of the private banking sector in a post-crash economy and offer local companies a source of world-class financial expertise and advice. The review would need to consider what impact if any such a bank might have on the national balance sheet.

An infrastructure bank could be a pragmatic way forward to address the NMAs' investment needs if there is no prospect of the next government moving towards fiscal devolution in the next Parliament. The Bank could evolve from the existing Municipal Bonds Agency.

A fruitful review of the processes behind and sources of capital funding and the FDI initiatives discussed above could transform the NMAs from dependants on a finite pot of central money into entrepreneurial economic zones.

Delivering a devolved set of powers and funding requires a new efficient system of governance and public services being based on local need rather than the centralised Whitehall silo approach.

The Commission believes a cross-party political consensus is emerging in favour of combined authorities working together. Growth and reform will require councils to join together to get the best possible result for their community.

We favour proactive bottom-up reform through groupings of councils. All the political parties are advocating devolution to councils that work seamlessly together. This involves a shift towards a framework of "one place, one budget". The issue of local government structures is one that must be dealt with urgently at grassroots level in order to avoid a structural solution being imposed from above.

In order to be effective, this requires not just local government reform but central government to examine the geography and structure of sub-regional delivery. Boundaries of LEPs, Police and Crime Commissioners as well as health and wellbeing boards must work in unison.

Local areas have led in the way in reshaping themselves to meet current challenges; central government must help them to go further by reforming its sub-regional geography.

We are already seeing some non-metropolitan areas re-shaping their governance structures to ready themselves for the challenges of the future. This means cutting waste and duplication and speeding up decision-making.

The Commission believes the solution must be customised to each non-metropolitan area instead of a "one size fits all" policy. Ultimately, this could perhaps lead to all partners participating in the new local authority structure becoming legal members of the authority. This group could be legally accountable for the nationally-funded budgets for NHS commissioning as well as LEP activity in the area.

PROSPERITY

Half of the wealth of the UK economy comes from England's NMAs. Outside of London, it is the NMAs that are the engine driving forward UK growth, competitiveness, trade and jobs. For this reason, it is essential that the next government free the NMAs to invest in their future prosperity and build on existing strengths.

Economic growth depends on a number of interlocking policy areas. This section of the Commission's report examines how new powers and initiatives can unlock the NMAs' growth potential.

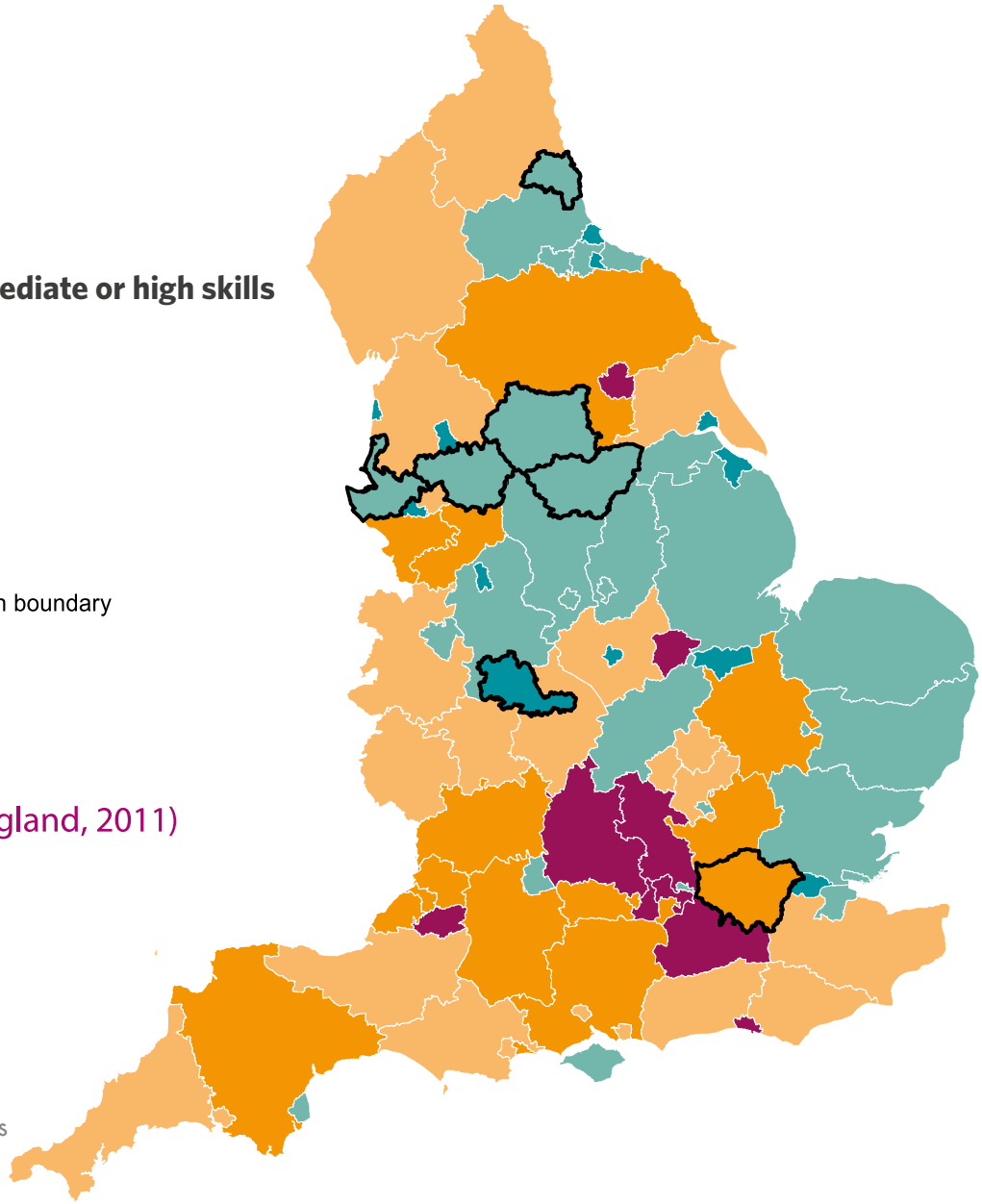
Skills

The non-metropolitan areas have a highly skilled employment base that is key to growth prospects. The 2011 Census figures[4] showed that 30 per cent of non-metropolitan workers were highly skilled and 39 per cent had intermediate skills. But almost one third or 31 per cent were low skilled.

A highly skilled workforce is one of the distinctive comparative advantages of non-metropolitan areas. Nevertheless, their businesses continue to suffer from a national skills shortage. Businesses highlight both the need for "work ready" young jobseekers and a supply of globally competitive, high-end skills. At the same time, young people have been hit worst by the economic downturn and are losing faith in the centralised political system. While recognising the need for national strategies and and for high level skills, there needs to be a way of marrying the needs of local employers with their future workforce: schoolchildren aged 16 and above. The principle of subsidiarity needs to be applied more fairly in England.

4 Residence based

Non-metropolitan areas are rich in skilled workers



Skills level (England, 2011)

Source: 2011 Census

"The country still faces substantial challenges and opportunities for sustainable economic growth. National issues such as productivity, youth and long term unemployment, salary growth and the mismatch in skills provision and market needs exist both in city and county areas. These need to be addressed in all areas of the country through devolution."

CCN

This requires local authorities and businesses to work closely with employees to address the skills gap. In January 2015, the LGA reported in a statement that councils warned one million unemployed people were "falling through cracks in national work schemes that are failing to reach some of the most vulnerable jobseekers".

The LGA said councils are being left to pick up the pieces to prevent more vulnerable people slipping further into long-term unemployment and disengagement.

Councils are warning that they cannot afford to continue resolving the failings of these national schemes in their communities without the appropriate funding. The LGA is calling for the next government to commit to devolving all nationally-run, education, skills and employment schemes to local areas so councils can join up services to support their most vulnerable residents.

Specifically the CCN said:

"The country still faces substantial challenges and opportunities for sustainable economic growth. National issues such as productivity, youth and long term unemployment, salary growth and the mismatch in skills provision and market needs exist both in city and county areas. These need to be addressed in all areas of the country through devolution."

A report published in January by the National Institute of Economic and Social Research (NIESR), commissioned by the LGA, explores in detail how a sample of councils across the country have provided a safety net for their most vulnerable and hardest to reach residents.

Working with employers, charities and voluntary groups, schools, colleges and housing associations, local schemes have provided one-to-one mentoring, training, work placements and apprenticeships.

In 2008 regions with a higher proportion of level four skills tended to have higher productivity levels (Office of National Statistics Economic and Market Review Feb 2011).

At a time when employment is recovering the UK is ranked sixth for productivity amongst G7 nations. In the third quarter of 2014 productivity in the UK as a whole was 1.8 per cent below the level of six years before (quarter one 2008).

Notwithstanding that productivity in the non-metropolitan areas is above the average of metropolitan areas, the need to boost skill levels in England as a whole is clear.

Skills, training and education are core local issues that are interlinked and vital to expanding growth opportunities and attracting the right investors into the NMAs. It is also vital to keep existing investors and encourage them to invest in further local expansion.

The Commission's feedback shows a clear consensus on the need to build the skills base in non-metropolitan areas and address the problems of skills shortages in certain sectors of the economy.

This is a job best tasked to local leaders, business and educational institutions that are well placed to assess the skills deficit and how to bridge the gap against the background of a national strategy. How great a challenge is the skills deficit to future growth?

Here is a sample of the responses to the Commission:

"Some 40 per cent of the employers interviewed in the Marches Business Survey reported that they were facing skills shortages. Employers need greater support to access apprenticeships and to reduce onerous paperwork which discourages take up."
The Marches LEP

"Skills shortages are particularly prevalent... These skills demands are already putting pressure on key employers and sectors in the area and we anticipate that these pressures will become more pronounced due to demographic shifts over the lifetime of the plan."
Durham County Council

"The lack of a suitably skilled workforce is a key issue for many employers in the Borough, and skills gaps are linked to poor economic performance and lack of growth opportunities."
Allerdale Borough Council

Buckingham Business First said the current system was failing business – both large and small and was "not fit for purpose". What is needed for sustainable growth is flexible skills and local targeted solutions to employers' needs.

Despite repeated reforms emphasising demand – for example by putting buying power in the hands of learners and employers – evidence shows the supply side has not responded adequately.

The District Councils Network (DCN), a member-based network of 200 district councils, agreed this was a major challenge to economic growth. The rising ageing population meant attracting young families to the NMAs was crucial. That means offering strong local economies and jobs. It also means offering affordable housing for young families starting out – an issue raised later in our report.

The skills gap and low educational attainment in some local areas was creating a "vicious circle for the wider local economy and preventing more highly paid businesses locating to the area," said DCN.

In turn, this leads to highly skilled local workers commuting elsewhere for work that further diminishes the local talent pool.

This underscores the need for employers, local authorities and educational institutions to work together as they are interdependent for future prosperity.

The DCN said:

> "Universities and higher/further education institutions need to be linked with local businesses, to enable them to commercialize the research and drive innovation. Schools and colleges need to be willing to engage with businesses and adjust their courses to deliver the skills businesses need."

Burberry outlined its own company's initiative to bridge its skills shortage:

> "We are also committed to developing our workforce through the provision of training and development programmes. In addition to a formal apprenticeship scheme, we have established a training school at Castleford with capacity for 30 full-time trainees. Its aim is to nurture future talent in the local area, ensuring we create the next generation of skills required for specialised apparel production – answering both our own needs and those of the industry more broadly. More than 50 young people have graduated from the school since 2011."

> "While the establishment of the school reflects our broader commitment to developing and retaining traditional manufacturing skills in the UK, it was also a response to the challenges that we have faced in recruiting suitably-qualified local workers in recent years."

The CEDOS/ADEPT (Chief Economic Development Officers' Society/Association of Directors of Environment, Economy,Planning and Transport) joint submission noted that the non-metropolitan areas provide approaching 70 per cent of England's university institutes outside London, including some of the most prestigious seats of learning and research in the country and indeed the world. These are natural partners for raising the bar on skills in the NMAs.

It also suggested better alignment of agencies such as the Homes & Communities Agency, JobCentre Plus and the Department for Work and Pensions to meet the needs and opportunities of local areas and sub-regions.

Recommendation:

Give local partners the responsibility for managing and commissioning local skill services in the interests of local learners and businesses, including:

- devolving the skills funding still managed nationally to local level (including 16-19 provision)
- managing college mergers or closures, and facilitating market entry by new providers such as University Technical Colleges
- developing much better local evidence on the value of courses to help learners decide on the option that gives them the best chance of a job.

"As a global company, we are proud to connect consumers around the world to the unique British heritage that defines our label. Our activities and relationships outside the major cities of England have long played an important part in this and will continue to do so."

Burberry

Trade

The NMAs today spearhead England's global competitiveness and economic devolution could drive home that advantage. In his recent report, **"No Stone Unturned"**, Lord Heseltine called for all parts of the UK to be allowed to pursue their economic destiny in order to make sure Britain retains that global cutting edge.

UK Plc is a global brand and our strong NMAs are home to some of the biggest consumer names with markets from the Americas to Asia. Burberry's submission to the Commission:

> "As a global company, we are proud to connect consumers around the world to the unique British heritage that defines our label. Our activities and relationships outside the major cities of England have long played an important part in this and will continue to do so."

Burberry has a major manufacturing presence in Yorkshire, with its success driven by export as well as domestic demand. But as its business grows, it will need help in order to expand.

But the NMAs are also attracting major inward investment from foreign multinationals in industries as diverse as aerospace, the motor industry to pharmaceuticals and tech industries.

Foreign direct investment (FDI) into the NMAs should be further built upon to drive forward their economies.

The Department for Business Innovation and Skills (BIS) and UK Trade and Investment (UKTI), which encourage and support overseas companies to see the UK as the best place to set up or expand their business, are effective at promoting the UK on national basis. This needs to continue, but the Commission considers we now need to add a local dimension to this work to champion the NMAs as investment zones in their own right. We therefore propose councils being able to set up new Foreign Direct Investment bodies when they want to push for jobs and investment to come to their region.

Essex County Council has forged links with the Chinese province of Jiangsu. This patiently fostered relationship is now reaping economic rewards. The council recently secured agreement from China's largest publisher to set up its UK headquarters in Essex.

Essex is following the example of other major economies that treat their regions as entrepreneurial economic zones with the aim of

boosting FDI into different parts of the country. Greater FDI into the NMAs would translate into direct economic benefits for UK Plc.

Just as emerging economic super-powers are pushing their own regions as entrepreneurial zones, Britain should showcase its own NMAs to foreign investors. Our report shows the NMAs are already home to some of the biggest multinationals in the world: Airbus, Tata, Honda, Toyota to name a few. Why not more?

A NMA-based network of FDI promotion offices makes sense at a time when Britain's foreign embassies are under pressure to cut costs abroad. Local foreign investment arms could complement efforts at national level and work alongside LEPs.

An Oxford Economics report commissioned by the LGA, **Past and Future Trends in Trade and Investment**, said that "stronger inward investment patterns would be desirable both directly and through their beneficial impact on exports and R&D and innovation, more generally."

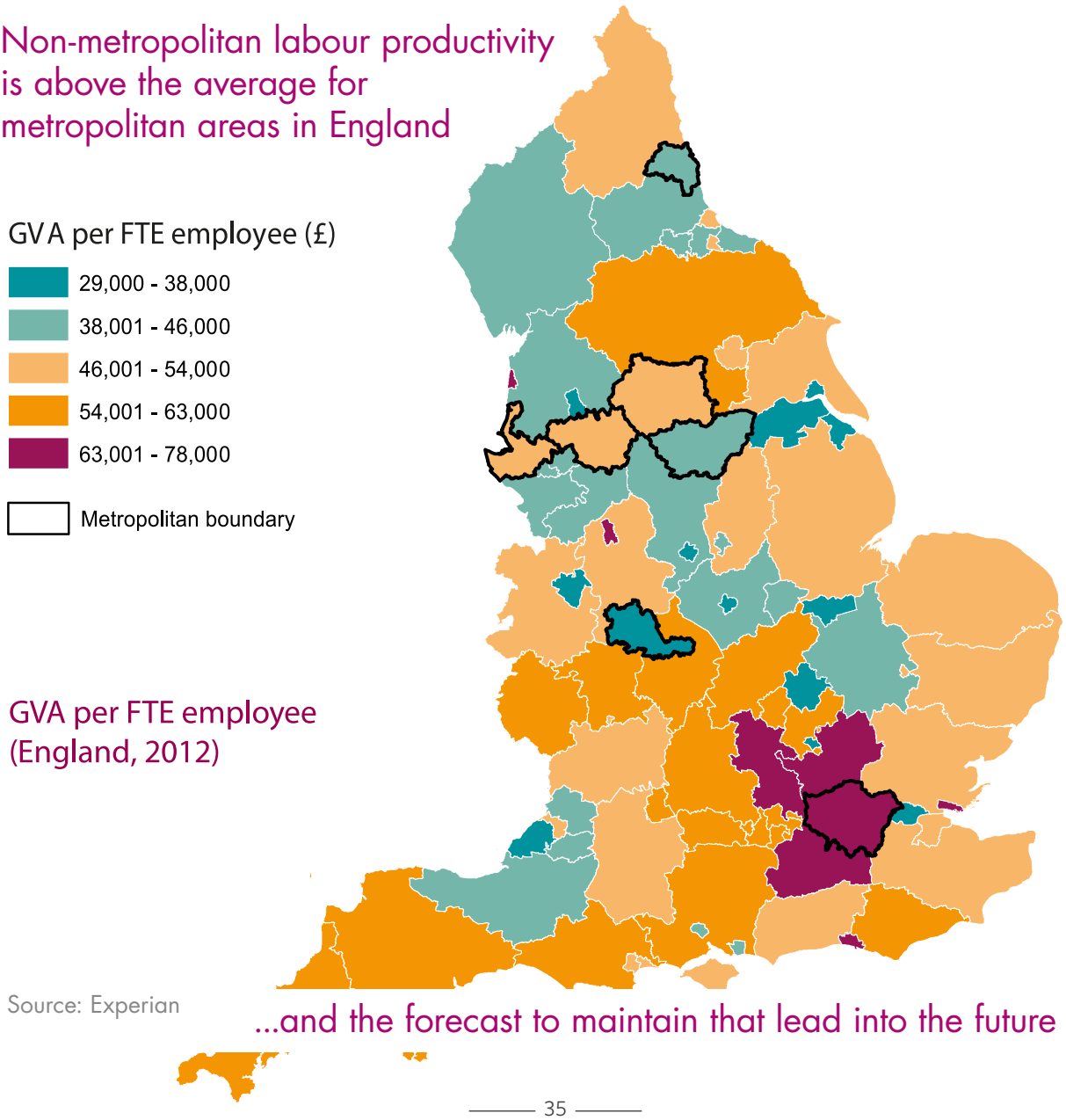
While there is no official data available on the level of FDI specifically into the NMAs, it is clear that these non-urban areas are a popular investment choice for foreign companies because of the attractions of lower costs, larger premises, a skilled workforce and a diverse economic base.

The Oxford Economics report supports the idea that FDI is a "powerful source of economic growth, as well as exports" for the UK economy. Major foreign investors coming in are likely to boost the local economy by using local suppliers or service industry providers. Therefore, a major FDI investment acts as a fillip for local companies and start-ups, said the report.

In 2013, inward investment into the UK rose 15 per cent, the highest among European countries, mostly focused in London and the South East of England.

Outside of these two regions, inward investment fell by 20 per cent. This shows there is scope for improvement into attracting FDI into other parts of the NMAs in England.

Non-metropolitan labour productivity is above the average for metropolitan areas in England



GVA per FTE employee (England, 2012)

Source: Experian

...and the forecast to maintain that lead into the future

Here is the economic case for the NMAs as an investment destination:

Output: NMAs accounted for 56 per cent of economic output in England. (ONS/Experian)

Jobs: NMAs created 543,600 jobs between 2009-13 versus 185,800 jobs in metropolitan areas and 525,500 jobs in London. Research for the County Council's Network has underlined this, showing that areas covered by county councils contain over 46 per cent of England's population and 43 per cent of jobs, have the same proportion of workers in knowledge intensive jobs as the country as a whole, and generate over 50 per cent of this country's Gross Value Added (GVA) outside London.

Productivity: Non-metropolitan productivity is above the average for metropolitan areas in England and is forecast to maintain that edge into the future, according to Experian analysis.

Multinationals: Global companies overwhelmingly choose non-metropolitan areas if they decide not to be based in London. FTSE 100 companies also choose to locate their headquarters in NMAs, including: BAE Systems in Rushmoor, BG Group in Reading and Whitbread in Central Bedfordshire. The same is true for large family owned companies such as JCB and Dyson. These are world-class companies choosing world-class destinations to do business. There is no reason why others will not follow if the right business climate is nurtured. Freedom to make decisions on transport, digital communications investment, housing and training will all lure new investors into the NMAs.

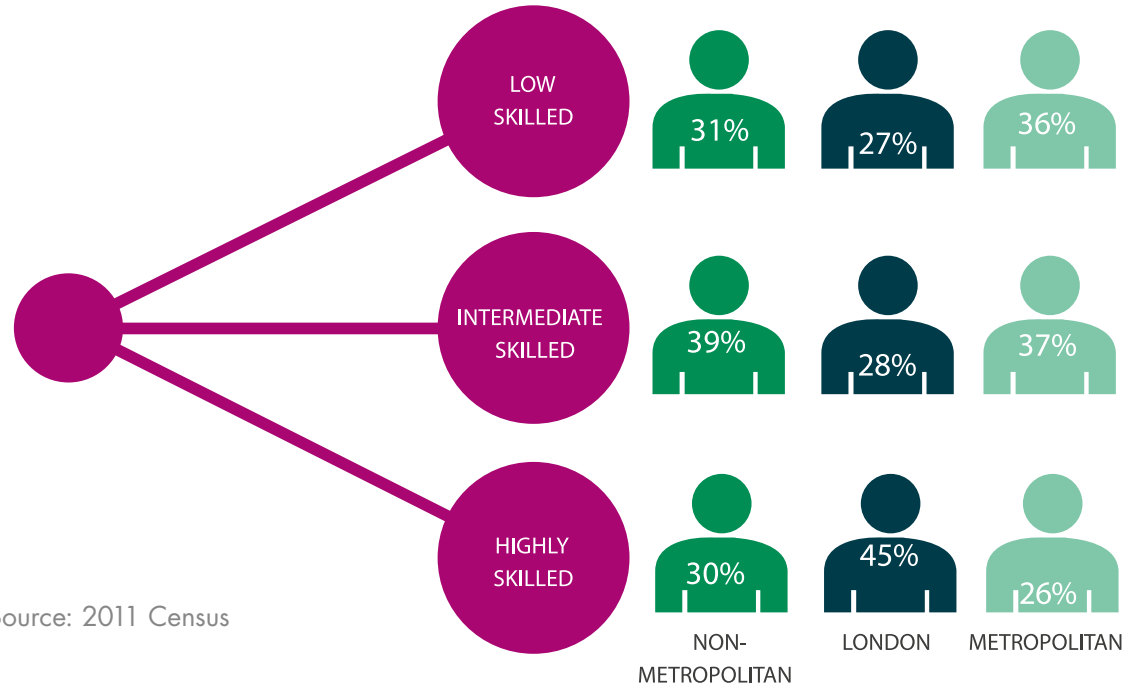
Skills: generally, the workforce in the NMAs is more highly skilled than the England average, according to the 2011 Census.

Diverse economic base: NMA economies are diverse and often include industries that are vital for Britain's global position in the export market. Research from the County Councils Networks (CCN) shows over half of employment comes from manufacturing, construction, the motor industry and agriculture, with key growth coming from sectors like pharmaceuticals, science R&D, biotech, aerospace and machinery.

"Within some non-metropolitan areas there are towns or groupings of towns that demonstrate the characteristics of cities and compete not just with cities in the UK, but on an international level."

Surrey County Council

The non-metropolitan workforce is higher-skilled than the England average



Source: 2011 Census

Nottinghamshire County Council's evidence to the Commission cited agri-production as a key growth sector, with employment in agriculture rising by 50 per cent in the four years to 2012. Low carbon energy production, manufacturing and tourism are other key economic sectors.

These wide economic bases and their rapid growth potential are evidence of sophisticated and evolving economies:

Surrey County Council said:

> "Within some non-metropolitan areas there are towns or groupings of towns that demonstrate the characteristics of cities and compete not just with cities in the UK, but on an international level. For example, Woking and Guilford form part of the 14th largest labour market in the UK and are home to high tech companies such as Electronic Arts, Allianz, McLaren and SAB Millar."

In the areas of aerospace, automotive industry and life sciences, the UK has a leading position in global markets. Here are some examples of why the NMAs are the growth engine driving UK Plc:

Cambridgeshire - life science and healthcare, IT, electronics and communications, advanced engineering, agri-tech, food and drink.

Cheshire West and Chester - advanced manufacturing, automotive, aerospace energy as well as chemicals and processing;

Cornwall –digital businesses in the areas of search engine optimisation, software, animation, enterprise and cloud management. It is estimated that the digital economy will make up 10 per cent of the county's GDP within a decade;

Dorset –defence related advanced engineering and manufacturing, with an emphasis on aerospace and marine engineering;

Wiltshire – defence industry with a national defence science and technology laboratory at Porton Down and private companies in cyber security, defence logistics and rocketry, as well has having world-leading advanced manufacturing companies;

Worcestershire - agri-tech, advanced manufacturing and engineering and a key role in the cyber security sector linked to Government's national cyber security strategy and training programme[5].

Other key sectors in which the non-metropolitan areas have a vital role include:

- the energy industry including offshore renewables, nuclear, wave energy, biomass,

5 Examples sourced for Joint CEDOS/ADEPT evidence submission

solar farms, biomass or energy from waste in for example Cumbria, the Humber estuary, Cornwall and Suffolk.

- tourism and the visitor economy, which was estimated as being worth around £127 billion in 2013 for the UK as a whole, equivalent to 9 per cent of UK GDP. For England alone tourism and the visitor economy is worth around £106 billion and 2.58 million jobs[6].

Until now, too much focus has been placed on the super-metropolis of London and the other major city centres. CEDOS/ADEPT warns in its response to the Commission that such myopia has consequences for the whole country:

> "In our judgement, the economic importance of England's non-metropolitan areas must be given equal recognition. Throughout the country, both metropolitan and non-metropolitan areas must be treated fairly and with proper recognition of their important economic contributions. Failure to do so will result in increased inequality between local areas and increased regional imbalance, which will hold back economic growth both locally and nationally."

Finally, what are the advantages for business to locate in NMAs? Growth sectors as listed above, lower cost premises, diverse skills and employment base, higher quality of life, high productivity and well positioned for exports.

Taking one example alone, the pharmaceuticals sector, we know that one eighth of the world's most popular prescription medicines are developed in the UK according to the Association of British Pharmaceuticals Industry report in 2014. This shows how the NMAs, when well run and freed, can be a springboard to global markets.

Recommendation:

Encourage further investment in non-metropolitan areas by encouraging locally-led promotion of Foreign Direct Investment in local areas that complement and add value to the existing UK-wide approach. These would work alongside LEPs, as important partners in the local economy, to drive investment and exports.

6 Tourism: jobs and Growth, Deloitte and Oxford Economics, November 2013

INFRASTRUCTURE

Infrastructure is central to economic growth and development. In this section the Commission addresses how we build on existing efforts and make cross-boundary spatial and transport planning the norm. Devolution from Whitehall is necessary to enhance a bottom-up approach to addressing future infrastructure needs, whether it is housing, transport or digital connectivity.

Housing

Britain faces a national housing shortage, which, in turn, has led to dramatic house price inflation and rent rises over recent decades. While house building has been stepped up, not nearly enough homes are being built. This is a major challenge to non-metropolitan areas – after all, quality and affordable housing stock is needed for a socially adhesive society and a strong economy.

Non-metropolitan areas are in control of large supplies of land that can be used to meet this pent-up demand. But the responsibility does not end there. Affordable and quality housing that can attract workers to the NMAs must also be supported by adequate infrastructure. Transport, communications links, social services provision are all part of the picture that makes up a thriving local community and economy.

Put simply, the NMAs must offer a quality of life that attracts skills and businesses and customers into their area. It appears, quality affordable housing creates a virtuous circle, in turn, promoting employment and growth.

At a neighbourhood level, good quality affordable housing contributes to sustainable and cohesive communities enabling people to get a foot on the employment ladder[7].

Yet, the Commission finds the current planning system makes it difficult to take strategic decisions across local council boundaries and that hinders investment and is exacerbating the housing shortage in England.

If economic devolution to the NMAs is to be workable, local planning must be improved not just to deliver on the housing shortage in the NMAs but also provide joined up thinking on the supporting infrastructure. If these foundations are in place, they will provide the right base for building the local economy.

In the LGA's report **"Investing in Our Nation's Future: the first 100 days of the next government"**, it said the next incoming national government should:

> Announce an immediate removal of the Housing Revenue Account borrowing cap, which it estimated would lead to another 80,000 homes being built over five years.

It also called for the creation of council-led local land trusts to pool surplus publicly owned land for housing or dispersal. Such trusts could be in charge of delivering affordable housing quickly and release capacity for another 140,000 homes over the next parliamentary term.

Last, the LGA report suggested incentivising councils to use their unallocated reserves for housing investment, creating an additional 4,700 new homes.

7 Housing Corporation (2007): Shared Places – A Community Cohesion Strategy: London, Housing Corporation

Many respondents to the Commission linked the issue of local housing with economic growth:

A survey conducted for the National Housing Federation found that nearly four in five employers say the lack of affordable housing is stalling economic growth in local communities, with 70 per cent warning it would affect their ability to attract and keep workers. Four in five (79 per cent) of managers say building more homes will stimulate the local economy, three in four (73 per cent) say it will bring business to the area and 72 per cent say that it will bring more customers to the area. It appears clear that there is a link between house prices and the demographic make-up in rural areas.
National Housing Federation

'The lack of access to affordable housing to meet local need will have a significant economic impact in low paid service sectors like social care where it will become difficult to secure labour outside larger towns and cities to support people living at home.'
Hampshire County Council

There is indeed a direct correlation between the housing market and the macro economy, says Dr Tim Brown, Director of De Montfort University's Centre for Comparative Housing Research (CCHR) which conducts research projects on housing for government, councils and housing associations.

He suggested in his response to the Commission that weak housing supply causes wider economic instability by hindering labour market flexibility.

"If housing supply had been more responsive to market demand between 1994 and 2002, GDP would have increased by between £140 and £620 per household [Source : Baker K (2003): Review of Housing Supply – Interim Report: London, HMSO.] ," said Dr Brown.

Further, the impact of changes in the housing market contributed to approximately a third of the fall in GDP between 2007 and 2009, according to Regeneris Consulting & Oxford Economics (2010): **The Role of Housing in the Economy: London, Homes & Communities Agency**.

Growing economies require flexible labour and that is backed by research from both analysts and business:

> A quarter of CBI members and businesses that responded to a survey in 2003-2005 in the South West commented that the lack of affordable housing was detrimentally impacting on recruitment and retention of workers. Over 50 per cent commented that it would have an impact between 2005 and 2010.
> **South West Housing Initiative and CBI (undated): Survey of Business Needs and Affordable Housing: Bristol, SWHI & CBI**

In our discussions, the Commission has developed the view that something is missing from the way decisions are taken about housing. Under the current system, it is difficult for councils to take a joined-up view about how housing in one area might fit with developments in another, or to join up decisions about housing with plans for the roads, railways, or reservoirs that will be needed.

Businesses are frustrated that they cannot influence those decisions more, even with LEP arrangements in place.

The District Councils Network also suggested action to tackle land banking and technical starts, which is part of the problem of under-supply.

"Ensuring new homes are built requires action from the government to tackle land banking and technical starts. Contrary to the government's view, planning authorities are not the barrier to development. Planning authorities are granting planning permission, but have no method to guarantee that this will lead to building activity. Planning authorities need to have more power to pursue a minimum level of completions or level of activity per year above and beyond basic maintenance. This would avoid developers undertaking a technical start but then stopping work and land banking. The DCN would also like to see a revised Local Plan process with more certainty for district councils throughout the process."
DCN

The CCHR makes the point that while the UK, along with the rest of Europe and North America, is focused on economic regeneration in cities and the NMAs, the housing dimension to this debate has been relegated in England. It has to be put at the heart of local government policy for economic renewal. Its submission states:

- Only eight out of 39 local enterprise partnerships include housing as a priority.
- There is a consensus that there is a long-term problem over the undersupply of housing (especially affordable homes). But there has been a reluctance to consider alternative approaches from other countries to boost supply.

There is also an argument that a focus at regional level on housebuilding would jump-start local economies, creating a win-win.

"Building 100,000 new homes would result in 228,000 new jobs in construction and an equivalent number in other sectors ."
Savills and Oxford Economics (2010): The Case for Housing: London, Savills

For every £1 spent on housebuilding, £1.40 is generated across the economy as a whole in gross output terms.
Oxford Economics (2010): Economic Impact of Social Housing Cuts: Oxford, Oxford Economics

It seems clear that tackling the housing shortage is a central part of the economic growth story in the NMAs and efforts need to be made to put this at the heart of any development strategy to ensure fluidity of labour. This must be supplemented by interlinked planning for support infrastructure for new developments.

Lastly, on the issue of more effective use of publicly-owned buildings and land, the Commission believes the public estate has so far lagged behind public services in collaborating more closely to reduce duplication and wastage.

The challenge, therefore, is to make better use of public assets to serve the communities and release assets where necessary to free up funds for frontline service provision and investment in core areas that boost the economy

This process is already underway under the national One Public Estate (OPE) programme. The report, **One Public Estate: Transforming property and services**, said:

"The total value of local government land and property was estimated by the Audit Commission to be almost £170 billion in 2012/13. In the same year, Councils spent £5.6 billion – about four per cent of all revenue spending – on premises-related expenditure."

In recent years, particularly under the OPE initiative, LGA has worked with central government to rationalise the asset portfolio, save costs and reinvest the gains in frontline services and infrastructure.

The OPE programme has run 12 pilot projects since 2013 and it has seen £88 million in capital receipts, £21 million in costs savings, £40 million in long term cost benefits to local economies, 5,500 new jobs and 7,500 new homes.

At a time when local funding is set to shrink further in the coming years leaving a funding gap and with greater demand for land and premises for businesses to expand to facilitate growth, it makes sense to roll this out further to finance economic regeneration and new homes.

Recommendation:

Establish council-led local development corporations to own land, fund and provide infrastructure, plan and commission the construction of significant housing developments. The corporations should ensure funding and planning of infrastructure supports new housing development.

Planning and transport

Good planning and good transport links go hand in hand. The Commission believes it is vital that we better align local decision making on planning, transport development and housing at spatial level. Devolution of planning for transport and local housing is unlikely to be workable unless there is greater cohesion in governance and more account taken of the business perspective. This requires local authorities and other involved stakeholders to work together, across boundary lines, to serve the community with a joined up policy framework for rail, roads, housing and future planning decisions. There needs to be coherence at the level of Functional Economic Area. Equally potential investors in infrastructure need a route into the discussions.

Why is this issue so important?

Transport and local planning is the lifeblood of communities and economies. It is key to the future economic prosperity of the NMAs. Almost all evidence received by the Commission raised transport planning as a core issue that needed to be decided upon at the local level. Non-metropolitan areas face the particular challenges of dispersed housing settlements that are harder and costlier to link up, ageing or overloaded infrastructure networks and the

need to maintain close links not just with urban neighbours but also global trade routes.

Good transport links – whether by road, rail, sea or air – are needed by growing businesses, from SMEs to multinationals. It is necessary for swift, efficient and cost effective travel of goods and labour.

Fast links can help an investor decide whether to expand an existing base in the NMAs and add jobs or start up a new investment in an area. With so much of Britain's wealth coming from England's NMAs it would be a mistake for the government to focus solely on major infrastructure links between the major cities. At present the big city transport debate is at risk of dominating the political debate and funding pot.

In our discussions, the feedback has been clear: transport infrastructure funding and planning is vital not just to the wellbeing of the local communities and small business but to global competitiveness too. We needed a joined-up strategy that connects road, rail, regional airport and port infrastructure with both business and labour. Free flowing movement of goods and labour is essential for export growth, productivity levels and building on the NMA economy.

Ports are one major consideration for expanding global trade. Given Britain's maritime history, it has one of the largest port industries in Europe. It is vital for our international trade. In the 12 months ending March 2014 492 million tonnes of freight went through our ports (Department for Transport) and over 95 per cent of imports/exports passed through our national ports, many of which are in England (British Ports Association)

PWC's 2014 report, **The Local State We're In**, said:

> "When we asked local authorities about barriers to economic growth, lack of investment in infrastructure overwhelmingly topped the table with 80 per cent agreeing that it is a significant barrier to growth."

DCN asked its district council membership what the main barriers to growth were and they cited: limited and overloaded transport infrastructure, traffic congestions on major roads and in town centres and poor connections for commuters. Lastly, they wanted more capacity on A roads. DCN also emphasised the vital importance of rural transport for skills development, access to employment and for our ageing population.

The South East is a national economic gateway – A major factor in the South East's economic success is our role as the UK's main gateway to the rest of the world. UK businesses rely heavily on routes through the South East to help them access overseas markets and supply chains.

South East England Councils

"Overall, there is no doubt that maintaining and improving both transport and digital infrastructure is critical to enabling the non-metropolitan areas to capitalise on their economic advantage and realise their full potential for economic growth."
CEDOS/ADEPT

Sometimes, poor links or expensive fares can prevent local labour from taking work opportunities in nearby areas. This can entrench unemployment for a section of the community.

South East England Councils offered another specific example in its response:

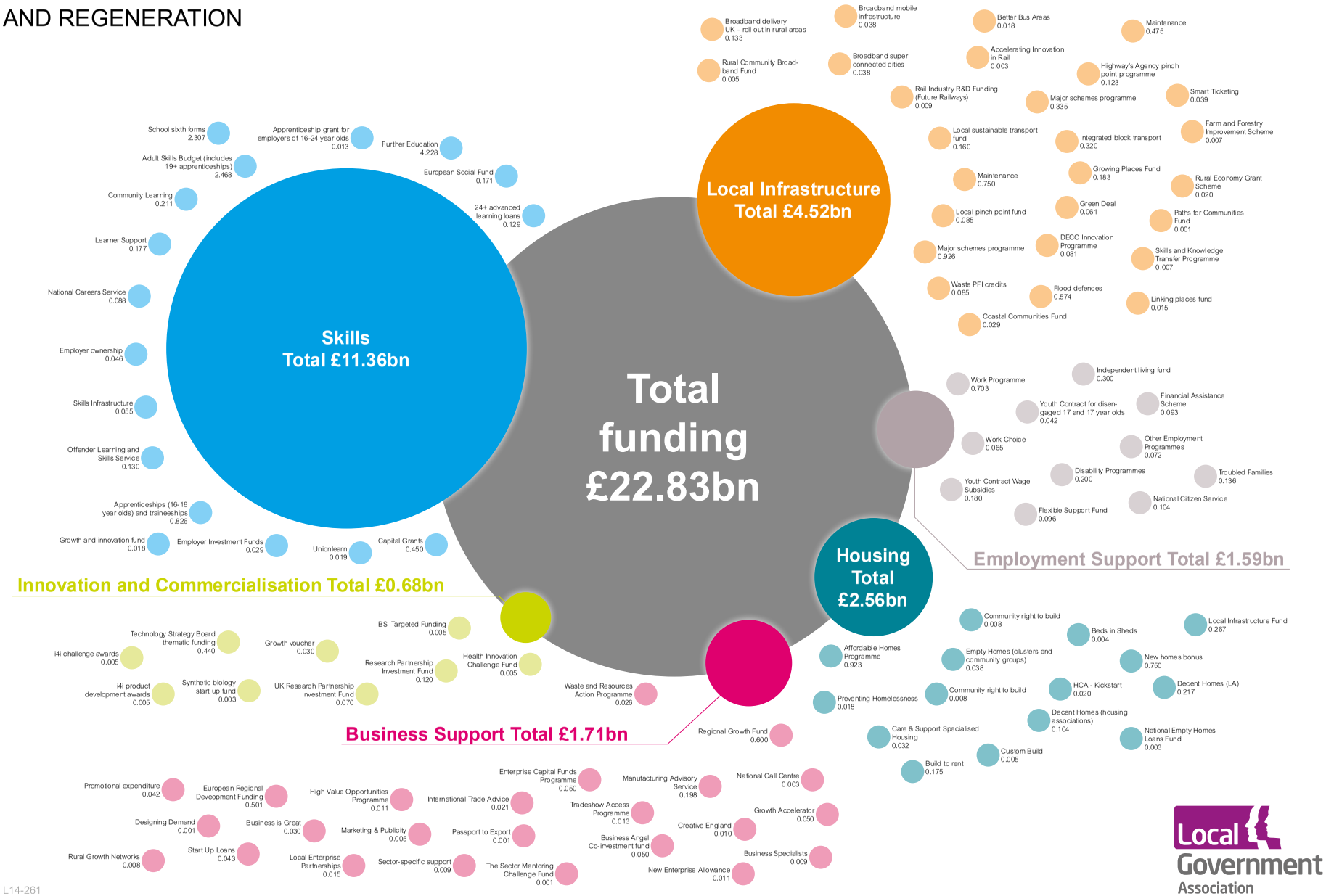
"The South East is a national economic gateway – A major factor in the South East's economic success is our role as the UK's main gateway to the rest of the world. UK businesses rely heavily on routes through the South East to help them access overseas markets and supply chains."

SEEC has this stark warning on the strains in the system as it stands: "...growing demand has put much of this ageing infrastructure under significant pressure. Many parts of the network are operating at or beyond capacity. The lack of local resources, national funding and devolved financial powers to tackle these challenges risks businesses moving overseas to get the globally-competitive transport links they need."

"While employment growth is reasonably strong within Warwickshire, we do struggle with public transport accessibility. This is a particular problem for young people and those on low incomes, where transport costs can take a disproportionately high. We have numerous examples of areas of high unemployment just 10 mile away from business parks with large numbers of vacancies, but which are effectively inaccessible because of transport issues. Initiatives we run either directly (supporting apprenticeships) or through partners (graduate placement programmes) to help young people into local businesses are struggling because of the accessibility problems."
Warwickshire County Council

In the LGA 2013 report, **The Road to Growth**, it said transport and growth are inextricably linked in building a post-recession recovery. In the past, this has meant private money investing in canals and railways:

FRAGMENTATION OF FUNDING FOR LOCAL GROWTH AND REGENERATION



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Local Government Association

"This facilitated Britain's leadership during the Industrial Revolution, and the great Victorian appetite for engineering and enterprise created essential infrastructure such as the London Underground."

However, the report noted that in 1870 over 90 per cent of local authority income (both capital and revenue) was raised locally. Very different from today, as OECD figures showed earlier in the report.

HM Treasury figures show that the total amount of public expenditure on transport for England in 2010-11 was £12 billion. However, much of this is held centrally, with the Highways Agency alone receiving £2.5 billion. Local authorities currently spent well over twice their £1.2 billion transport grant allocation on transport provision as a necessary part of maintaining the network.

Then there is the lack of a streamlined decision making structure for local transport decisions. Funding and responsibility for transport is split, primarily, between the Department for Transport (DfT), central agencies and bodies such as the Highways Agency and Network Rail, and local authorities. London has separate arrangements, managed by Transport for London on behalf of the Mayoralty, while in some areas Integrated Transport Authorities or combined authorities carry out the duties, which elsewhere are retained by upper tier local authorities. The LGA's analysis of this shows just how fragmented funding for transport and infrastructure is.

Solutions floated by Road to Growth included a 'single pot' approach to infrastructure spending. Also, to join up the various local transport funding schemes at local level; creating a National Infrastructure Bank to finance transport projects and amending tax rules to encourage use of bonds by councils. It also suggested moving regional rail from central control and look at a local-based future for the strategic road network with greater input from local authorities.

The Commission's view is the government needs to devolve more transport funding decisions to sub-regions and groupings of boroughs. But this needs to be accompanied by:

- investment appraisal rules that properly consider the impact on global connectivity and developments at the urban periphery
- a better understanding and valuing of the role of regional airports, ports and roads in global trade and tourism that can underpin greater local influence

Better inter-linking of transport infrastructure and housing development planning.

Recommendation

Take decisions on spatial and transport planning at the level of the economic area through the groupings of boroughs. This requires further devolution of transport powers to localities from Whitehall, including:

- bringing all capital and revenue funding for transport into a single pot
- transferring bus subsidies and bus service operators' grant to groupings of councils and giving councils the option of franchising services
- greater local influence over rail franchising
- co-producing plans for strategic roads with the successor to the Highways Agency.

Digital connectivity

Digital infrastructure is now a basic utility for all and provision should be universal in the same way as the postal service.

"Broadband sits alongside electricity in its importance to rural areas," as one council chief executive said in the 2014 LGA report, Transforming Local Public Services.

Its value to all non-metropolitan areas is impossible to exaggerate: allowing people in rural areas to access information on care services or claim their benefits online; from enabling tourism businesses to communicate with customers worldwide, to attracting investment from the growing tech sector to maintaining regions' competitive edge in traditional industries like manufacturing.

It is also becoming an increasingly vital tool for delivering public services and healthcare at a time when central funding cuts deepen and there is pressure to rationalise the public estate and utilise savings elsewhere.

The Government is moving towards digital by default services and the launch of a new online-only Common Agricultural Policy (CAP) application process provides a timely example of the Government's digital-by-default strategy.

In its report, **'Rural broadband and digital-only services'**, MPs on the Environment, Food and Rural Affairs Committee warn that a minority of UK citizens have little or no ability to use key government services, which are primarily delivered via the internet.

Anne McIntosh MP, Chair of the Committee, said people living in the hard-to-reach five per cent:

> "need the same access as the rest to online and digital services".
>
> "There is a risk in the current approach that improving service for those who already have it will leave even further behind the rural farms, businesses and homes who have little or none," she stated.

Large and small businesses alike rely on online connectivity to communicate with customers and suppliers, win sales online and reach out to a new customer base. The NMAs' connection to the web is its shop window to the world. More reliable broadband communications will help build existing businesses, encourage start-ups and boost jobs as well as growth. Here is one county council's perspective:

> "Digital connectivity has become essential to growth in modern economies, with businesses across the economy depending on broadband to communicate with customers, suppliers and partners. Key growth sectors such as ICT and the creative industries are particularly dependent on high speed connections. Yet poor broadband connectivity has become a major obstacle to economic growth in Suffolk, identified by Suffolk's businesses as their most important infrastructure issue, and a key factor deterring expansion."
> **Suffolk County Council**

The issue of connectivity will only become more of a priority in the coming years. Yet our national digital communications strategic plan has still not delivered full penetration, particularly in rural areas. This places those people at a social and economic disadvantage.

It also hinders delivery of public services and information online which is part of the future reform of the public sector. Therefore, the Commission sees a real need for a shift from planning-led development of digital communications to innovation and enterprise led development where business leads the way.

Where once private money was willing to take risks in pursuit of the economic potential of networks – from Victorian railways to 3G mobile – the broadband story has required the taxpayer to step in because business has not envisaged an adequate market return from investing in rural areas which are spread out and costly to link up. But at the same time, the model adopted is reinventing a new form of telecoms monopoly that took a generation to dismantle.

BT remains dominant. A previous LGA submission to the EFRA Committee said:

> "BT Openreach is run separately to the rest of the BT Group, and manages the local network or "last mile" between the local BT exchange and the phone socket, or fibre termination point in a home or business. This matters because it means BT Openreach controls access and pricing of the fixed infrastructure required to extend access to superfast broadband..."

BT's wholesale competitors have to use its physical infrastructure and the pricing for access it too high making it hard for rivals to make a decent profit.

> "BT's dominant position is further strengthened by the fact that broadband customers need to have an active BT landline and pay line rental, thus tying in new customers to a combined phone and broadband package. There is no technical reason for this requirement and it is a significant barrier to local efforts to close the digital divide."

Clearly addressing BT's dominance will aid competition and assist in rolling out more comprehensive coverage at cheaper prices. More competition should also facilitate innovation in this sector, keeping Britain in line with its global competitors.

So where do we stand now?

Despite the UK having a high take-up and coverage of superfast broadband among leading European economies, lack of adequate coverage continues to hinder, especially in rural parts of the country. Digital exclusion makes is harder for those people to access government services through digital channels, as well as penalizing them economically.

"The challenge in non-metropolitan areas is the access to fast, reliable and affordable broadband connectivity, an absolute essential for entrepreneurs and small businesses."
Buckinghamshire Thames Valley

A House of Commons Library briefing note[8] in December 2014 outlined the current position:

"The Government's ambition is to provide everyone in the UK with access to broadband with a download speed of at least 2 megabits per second (Mbps) and to provide 95 per cent of the UK with broadband speeds of at least 24 Mb/s ('next-generation access') by 2017.

The Government allocated £530 million to do this with a strategy, Britain's superfast broadband future (December 2010) which seeks to incentivise the deployment of broadband through a variety of technologies. It also set up Broadband Delivery UK (BDUK) to manage the delivery of this strategy and the roll-out of broadband in rural areas."

On 7 August 2014, DCMS published figures showing that the programme had extended superfast broadband to more than 1 million homes and businesses across the UK and was on course to extend superfast broadband to 95 per cent of UK homes and businesses by 2017. But it is not fast enough."

8 Library of the House of Commons – Fixed Broadband: Policy and Speeds (2015)

The LGA outlined the need to aim for 100 per cent penetration for broadband in its evidence to the EFRA Committee on Rural Broadband and digital services in November 2014.

It concluded that access to fast and reliable broadband is as important a strategic consideration as electricity, planning, housing and transport for living and doing business in the world today.

But some local authorities are unhappy with the lack of speedy progress, saying that action is needed now to meet the 100 per cent target if the regions are to retain their competitive position. South East England Councils said to the Commission that the region's high tech and knowledge/creative based industries was depending on this being achieved. Not only did it wish to see the meeting of existing targets expedited but a clear timetable for rolling out the next generation of high speed broadband to keep pace with international competitors.

DCN noted:

> "A lack of, and slow, broadband, especially in rural areas, was highlighted strongly. District councils highlighted that it meant rural and home-based businesses struggled to take advantage of social media to promote their business and communicate with customers."

In December 2014, DEFRA laid out its policy briefing document **"How increased connectivity is boosting economic prospects of rural areas"**.

It sees that importance growing as home working becomes more common and Britain seeks to build its knowledge based industry in the NMAs.

What is at stake is future productivity through better, cheaper and faster communications; job creation and increased output for NMA economies. Then there is the issue of the strong migration flow from urban to NMA regions– an issue that is in stark contrast to many other OECD nations.

It can be expected to drive increased spend and economic activity in rural areas, not least as those relocating to rural areas tend to be relatively wealthier.

"A lack of, and slow, broadband, especially in rural areas, was highlighted strongly. District councils highlighted that it meant rural and home-based businesses struggled to take advantage of social media to promote their business and communicate with customers."

DCN

OECD figures show that 16.7 per cent of workers in England's rural areas work from home compared to 7.5 per cent in urban areas.

Connectivity also leads to an increase in transfer of innovation of knowledge between rural and urban businesses – this in turn, fuels growth.

A study commissioned by DCMS suggested that the government's initial investment to achieve 90 per cent coverage could result in annual gains of £6.3 billion by 2024, with £3.3 billion of these accruing to rural areas. With the extension to 95 per cent superfast coverage and potentially beyond, the benefits will be greater and a larger share of benefits could be expected to accrue to rural areas.

Last, the Commission recognises the importance of digital connectivity for members of the local community: for tackling rural isolation, allowing remote access to social and public services information, for social engagement within the community.

Today, digital connectivity is part of our social wellbeing and engagement. Our local community is also our online community and local authorities should ensure both the old, young, infirm, those on low incomes are plugged into it. No part of the local community should be left behind.

"Like poverty and deprivation, loneliness and social isolation in rural areas can be hidden. However, both exist and older people are particularly vulnerable because of their low incomes, lack of local services and higher costs of living. Ensuring communities are connected through an effective telecommunications infrastructure is a key issue for areas like Suffolk. The transformation of the way in which our customers access public and other services places these communities at a strict disadvantage and through the Suffolk Better Broadband scheme, we have great hopes that the information age can eventually bring new opportunities to our most isolated communities."
Babergh and Mid Suffolk District Councils

So it is clear, now is the time to act.

The Commission's view is government, local authorities and business need to work together on the next generation of digital connectivity as an urgent priority. We should not only aim to urgently meet the 100 per cent penetration target but prepare and anticipate new developments.

Also, given BT's dominance, we need to improve competition in local areas to encourage new players to enter the market and invest. The current structure prices competition out of the market.

Recommendation:

Adopt a strategy for future digital infrastructure that radically overhauls the current model of funding and commercial viability. Make the investment case to a multiple of private sector providers and developers for the economic benefits of extending broadband infrastructure even further into rural England.

Move towards an industry and innovation-led approach to digital connectivity, instead of a planning approach fixed within rigid timeframes.

Investment in infrastructure

Our global competitors have shown that devolved economic powers can transform the regions, delivering lower costs to government, more jobs and higher taxes. But local growth requires stable affordable funding and a powerful regional partner that can bring in all stakeholders in a local economy for the common good.

Britain's tax system is one of the most centralised in the world and our local regions have among the lowest level of tax and spending powers among all the OECD nations. Yet fiscal powers are the key levers of regional growth and having them kept out of reach is hindering the NMAs' potential. The status quo fails to provide clarity to either taxpayers or investors.

"This makes it very hard to justify tax levels to taxpayers who do not know what their money is to be used for. So local decision-makers – in business and in the public sector – are poorly incentivised to invest in economically productive infrastructure and grow the tax base."
Oxfordshire County Council

The only solution is to liberate NMAs to find new ways of raising revenue and become more self-sustaining.

In his 2012 report **"No Stone Unturned"** Lord Heseltine outlined his own vision for growth in cities and shires across the UK. He bluntly stated: "Big Government does not work" and added "growth is everyone's business" not just the cities. Heseltine's report concluded that fiscal devolution was vital for the future growth of UK Plc itself. The only solution is to liberate regions to find new ways of raising capital and become more self-sustaining.

Right now, housing and infrastructure rely on funding from a disparate variety of sources that councils need to apply to the government for. This means LEPs, councils and others are wasting too much time submitting bids to Whitehall and being embroiled in red tape instead of focusing on the urgent and particular needs of their community which may need rapid interlinked strategic action on issues such as transport, housing, social care and telecoms.

This time and effort slows down the process of delivering capital projects that are necessary for growth. The existing system is bureaucratic and lacks certainty that is required for investment.

"The funding environment for new development remains challenging and unless sufficient funding is secured to support growth ambitions there is a risk that this could impact on the pace and scale of growth. The reduced funding from Government and the fragmented approach to funding for new infrastructure means that the challenges are becoming more acute particularly for strategic infrastructure such as for example transport and new secondary schools."
Cambridgeshire County Council

To revitalise investment in local capital projects – whether in housing, transport or communications – the Commission proposes a review of decision making, funding and operational planning for capital projects.

There needs to be a better local/national balance with greater responsibility for capital projects shifted to the local level, and a new look at the sources and provision of capital.

The Commission considers that the lending failures of the private banking sector in a post-crash economy should be tackled head-on. Local companies need a source of world-class financial expertise and advice. A review could lead to the

establishment of a new regional Infrastructure Investment Bank.

Such a bank could form a single central source of funds for local capital projects. We propose the various funding streams available to local authorities be centralised on deposit at the bank. Like the Municipal Bonds Agency, the bank would also be able to source additional loan funding from the global capital markets at cheaper rates than are currently possible as well as from other third party sources such as banks pension funds and insurance companies.

It is for consideration that the bank could be available to service not just local authorities but any company involved in local infrastructure capital projects. The review would need to consider the impact such a bank might have on the public balance sheet and how any impact could be mitigated.

In Germany the KfW development bank dates back to 1948 and is jointly owned by the national government and states. It provides 90 per cent of borrowing needs for local capital projects, via the capital markets. Backed by the German government, borrowing costs are cheaper than commercial banks.

KfW has been instrumental in regenerating Germany's regions and turning them into economic powerhouses in their own right, spreading wealth and jobs across the country.

The Commission believes such a local infrastructure bank could be a pragmatic way forward to address both the NMAs' and city regions' pressing investment needs if there is no prospect of the next government moving towards fiscal devolution in the next Parliament. A Bank could evolve from the existing framework of the Municipal Bonds Agency, which is in the process of being finalised and which the LGA envisages as an alternative and cheaper source of capital funding for councils to the Public Works Loans Board.

Recommendation:
Conduct an urgent review of the decision making process and funding for capital projects with the aim of revitalising investment in local infrastructure. The review should identify the infrastructure investment that is best delivered centrally and that which should be delivered locally to achieve a better central/local balance.

GOVERNANCE

The origin of local government lies in medieval times, yet it developed into a recognisable form in response to the new urban poor of the Industrial Revolution. Today, Britain is poised on the threshold of another major period of change in how our communities are governed and how our economy evolves.

In a post-Scottish devolution Britain, the national political debate has shifted not just toward awarding greater powers north of the border but moving power closer to the people in England.

An indomitable groundswell of opinion is building in favour of more representative government at local level for the NMAs. The NMAs have long been neglected in this national political and economic debate, despite their economy being the engine driving national growth and global competitiveness. In order to sustain and build on sub-regional growth, the feedback to the Commission is that people want more localised, clearer and streamlined decision-making procedures.

That in turn could lead to greater accountability and value for money – issues that are core to both business and taxpayers' confidence in these straitened times.

The quality of life in the NMAs is largely down to public services. It governs much of the day-to-day details of the way we live in non-urban communities – from health to schools to community facilities.

But in recent years, every family in Britain has faced up to the reality we have lived beyond our means for too long.

Public sector budgets have been slashed. Local authority spending has been cut by 40 per cent and the cuts are set to continue for the rest of the decade to the tune of an estimated £12.4 billion according to LGA projections.

Put starkly, the way public services and their partners work is beginning to change, but has to change further. Service providers have to work together across structural boundaries and combine resources to deliver seamless, more efficient and more cost effective services.

Also, the pressure to find new ways of providing services and raising local funding comes at a time of unprecedented demand due to a rapidly ageing population, as people are living longer. Medical advances have placed an additional strain on the public purse.

Councils need to communicate frankly with the public on the tough choices we all face as well as finding fresh and bold ways to meet the challenges.

> "As councils make an honest appraisal of what the future holds, many are redefining their purpose and role and finding new ways of working. A strong theme that emerges in our survey is a shift in the role of the council away from delivering services and towards facilitating outcomes in collaboration with private and public partners, and citizens themselves, across a place."
> **PwC**

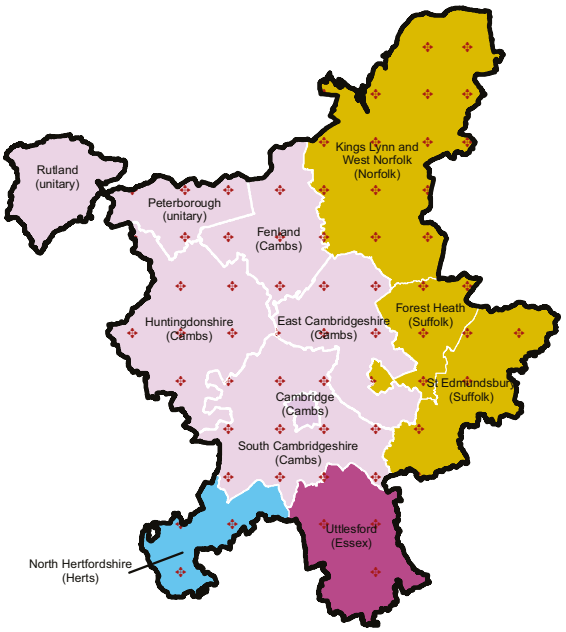
Economic devolution to the regions is an issue whose time has come. Devolution of greater powers on vital matters such as investment and economic development should be extended to all areas that can demonstrate they are fit for the purpose and able to take on these onerous responsibilities.

It will also act as a driving force for change in the structure of local governance, requiring different public bodies to work more closely and integrate to deliver efficiencies in service.

Indeed, a consensus is emerging across political parties that a future government would seek a move towards combined authorities working more closely with their local partners. Growth and reform cannot be achieved within a fragmented governance system. It needs councils and their local partners to come together.

At present, the local governance landscape is highly complicated with a mix of two-tier and unitary authorities in place across England, as well as some administrative authorities overlapping, as economic regions become more inter-dependant and spread-out. This is well illustrated in the area covered by the Greater Peterborough and Greater Cambridge LEP.

Greater Cambridge and Greater Peterborough LEP

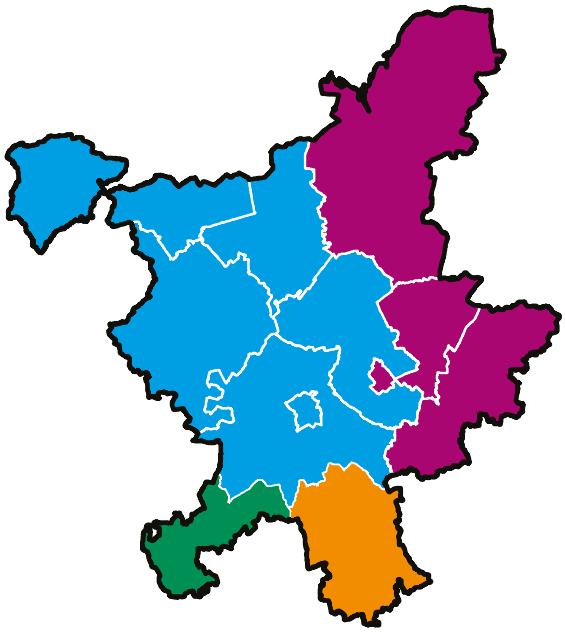


Hertfordshire LEP

New Anglia LEP

South East LEP

East of England contract package area/East Anglia Job Centre Plus district

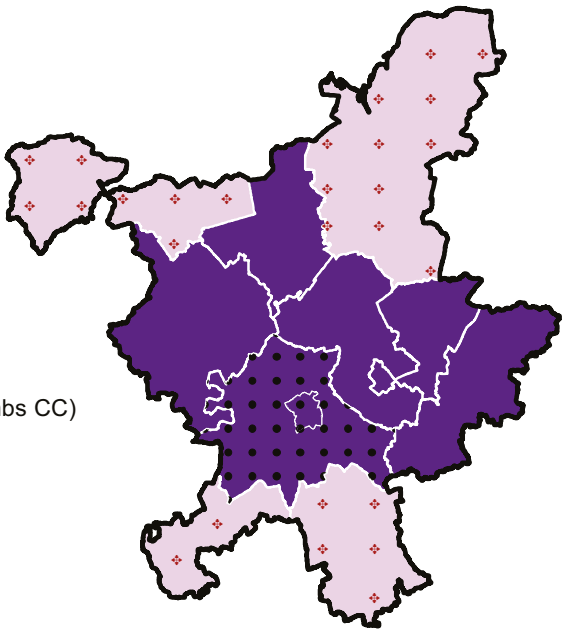


Hertfordshire Local Transport Body

South East Local Transport Body

Norfolk and Suffolk Local Transport Body

Greater Cambridgeshire Local Transport Body



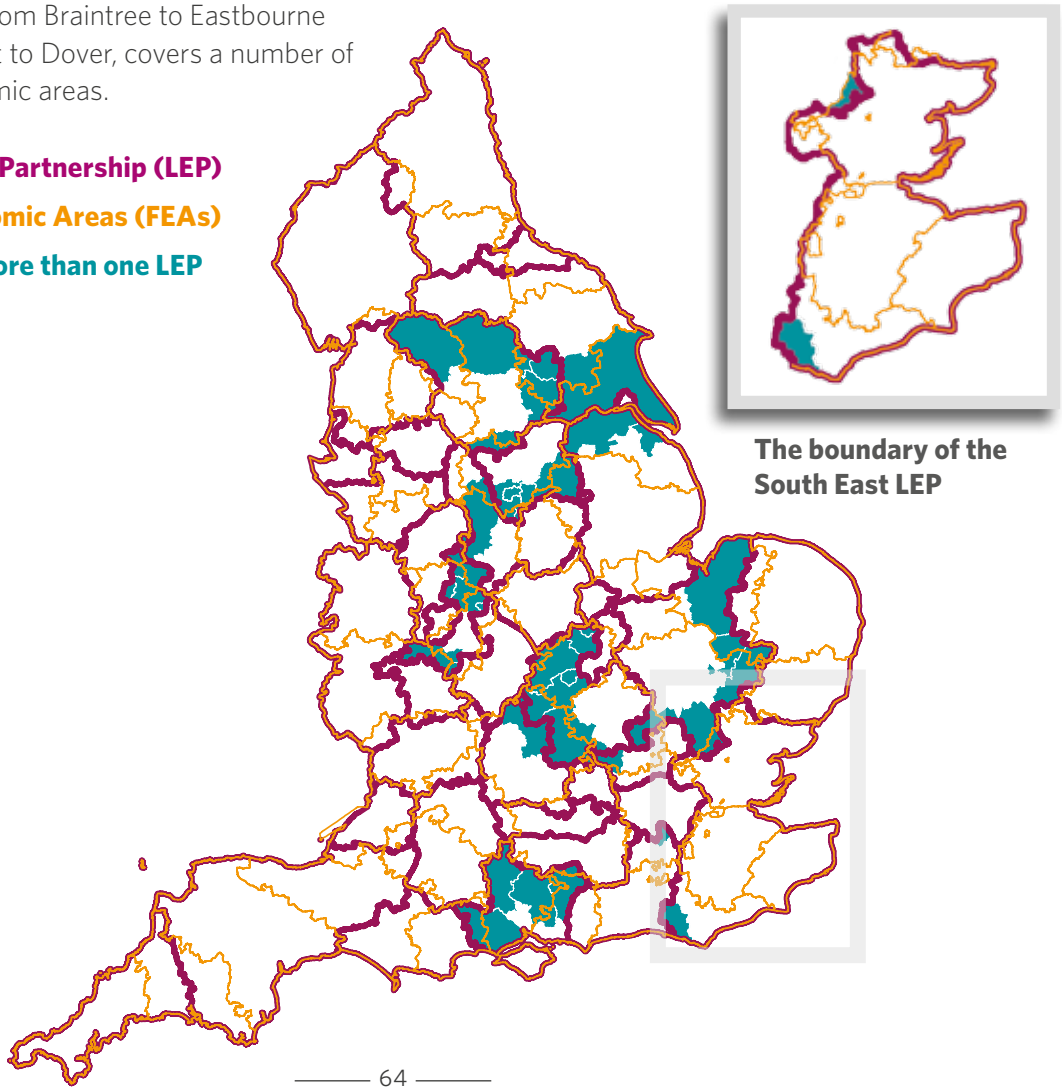
Greater Cambridgeshire City Deal (with Cambs CC)

Cambridge Strategic Housing Market Area

In some cases LEP boundaries overlap and in addition they rarely coincide with the boundaries of functional economic areas. The map below demonstrates, for example, how the South East LEP, which runs from Braintree to Eastbourne and Epping Forest to Dover, covers a number of functional economic areas.

- **Local Enterprise Partnership (LEP)**
- **Functional Economic Areas (FEAs)**
- **Authorities in more than one LEP**

Then there is the issue of the remit of local Police and Crime Commissioners and Clinical Commissioning Groups and the boundaries of their areas of responsibility.



The boundary of the South East LEP

Local governance will need to shift from defined borders to a sense of place. It will also require local authorities and their partners – whether business, public sector bodies like the NHS and police or residents – to work in a more seamless way. A community's economic future is not just dependant on one particular player or issue. It hinges on policy inter-linking of transport, housing, social care, digital connectivity, quality of life and employment.

Sub-regional devolution would free local authorities to make decisions on those issues based on the specific needs of the community, rather than a one-size fits all policy that is also dependant on a shrinking pot of funding from central government.

'Our strategic role is to help create the right climate for growth and to put in place the right conditions to generate economic wealth. We can use our assets and resources, leadership, influence and intelligence to do this, supporting the private sector to do what they do best, creating wealth and jobs. Central to this strategic role is being able to work effectively at the right level, this can only happen by Government allowing the flexibility for us to be able to design and provide solutions to meet local needs.'
Cheshire West and Chester Council

"[L]ocal authorities are best placed to understand the needs of their economies, whose challenges and opportunities often cut across traditional administrative boundaries. Having control over the whole budget would enable local authorities to prioritise spending according to their needs; for example, an authority with a large rural population may choose to invest in transport links, whereas others may focus on skills and training."
Asda Stores Ltd

There are three elements to this. First, it makes no sense that decisions about similar things are made over very different geographical areas. The map needs tidying up: if elected councils, businesses and Local Enterprise Partnerships, the NHS and central government agencies are going to work together better, they should relate to similar areas and be rationalised.

Those areas should be anchored in how people live and how the economy works: the evidence we have seen tells us that there is enough understanding of so-called "functional economic areas" to allow such a debate to happen.

Secondly, lines of democratic accountability need to be clear, so that local electors know just what they are rewarding or punishing candidates for at the ballot box. Thirdly, governance needs to be cost-effective: taxpayers cannot afford and will not tolerate needless bureaucracy. Money wasted on red tape is money taken away from core services.

Local Enterprise Partnerships between local authorities and businesses could be even more of a driving force for economic resurgence under a devolved regional blueprint.

So far 39 LEPs have been created. LEPs were given the chance to apply to have an enterprise zone and 24 were awarded. These zones can take advantage of tax incentives and simplified local planning regulations.

CEDOS/ADEPT said in its submission that LEPs' contribution will be "critical" and that they must receive the freedoms to pursue their growth and investment objectives:

"Action by local authorities and local enterprise partnerships will continue to be critical to enabling the non-metropolitan areas to maximise their contribution to this country's economic recovery and growth for which it is essential that Government ensures that local authorities and their partners in the non-metropolitan areas have a level playing field on which to operate."

Funding and policies must be targeted on core weak spots in each particular area, they said. That required freeing up of powers and funding capabilities.

DCN cited skills and housing as two particular policy areas where LEPs could benefit from greater input. It believed funding should be devolved to local government who would then work with business and LEPs.

Marches LEP, which is a well-established business area with 28,000 businesses, contributing £10 billion to the UK, said it welcomed the opportunity for greater involvement but cautioned that slow moving bureaucracy could risk losing partners. They said:

> "We think that responsibility for economic growth should be devolved from central government to partnerships between local government and the private sector. We are aware that there had been frustration amongst some members of the private sector at the slow progress before the arrival of the Heseltine Pot and Growth Fund. We remain concerned at the limited devolution of funding to LEPs."

This response underscores the need for streamlining of local governance as well as improving funding for local development, which is addressed in the previous section.

In conclusion, the Commission proposes a bottom-up move towards groupings of councils and a serious consideration of the two-tier system where it continues to operate.

All major political parties have indicated in the run-up to the election that they favour advocating devolution only to groupings of councils.

English local governance structures need to take into account LEPs, health and wellbeing boards and Clinical Commissioning Groups (CCGs) and police. Finally, non-metropolitan authorities must understand the urgency of this issue and act accordingly to avoid a structural solution being imposed from above. They must move forward at pace to devise functional, relevant, and accountable arrangements. The Commission believes this should happen within the next two years.

A number of our submissions put the financial case for unitary authorities and savings to be made. But the Commission believes that reform should come from the bottom-up and there should be no "one size fits all" policy.

If any of this is to work, it will also require Government reform as well as efforts at localised levels.

Recommendation:

Strengthen future governance arrangements in non-metropolitan areas to reduce duplication, strip out any bureaucratic waste and length in decision making which can hold back growth and public service reform.

Governance arrangements must be relevant and appropriate to each area, one size will not fit all. It should be recognised that all three main political parties support combined authorities and stronger collaboration between groupings of councils. We would agree that greater devolution requires stronger collaboration and stronger governance. If two tier local government is not able to come forward with the proposals that will meet these requirements then it is possible that government will intervene with structural solutions.

In order to be effective this requires not just local government reform, but central government to examine the geography and structure of sub-regional delivery. Boundaries of LEPs, Police and Crime Commissioners as well as health and wellbeing boards must work in unison within a new local government geography.

Strengthened governance and geography should be used to forge greater links between health and wellbeing boards and the wider health economy in order that the commissioning and delivery of health and care services are truly integrated and reflect local community needs.

COMMISSIONERS

Sir John Peace

Sir John Peace chairs the Non-Metropolitan Commission. He is Chairman of Standard Chartered plc and Burberry Group plc and Lord Lieutenant of Nottinghamshire.

Penelope, Viscountess Cobham CBE

Lady Cobham became Chairman of VisitEngland in April 2009 and was reappointed by the Government to continue her role until 2017.

Stephen Gifford

Stephen assists the Commission as an independent economic adviser. He is Head of Economic Regulation at the Civil Aviation Authority, dealing with the regulation of airports, airlines and new runway capacity.

Sir Tony Hawkhead

Sir Tony is Chief Executive of Action for Children, a national charity that supports and speaks out on behalf of the most vulnerable and neglected children and young people throughout the UK.

Grainia Long

Grainia Long, Chief Executive of the Chartered Institute of Housing. The independent voice for housing and the home of professional standards – actively contributed to the work of the commission until her appointment as Chief Executive of the Irish Society for the Prevention of Cruelty to Children at the end of 2014 precluded further participation.

Professor Henry Overman

Henry Overman is Professor of Economic Geography in the department of Geography and Environment at the London School of Economics and director of the new What Works Centre for Local Economic Growth.

Jane Ramsey

Jane has been Chair of Cambridge University Hospitals NHS Foundation Trust since November 2012.

Lord Teverson

Robin Teverson is Liberal Democrat Spokesman for energy and climate change and chair of the Rural Coalition.

EVIDENCE SUBMITTED

The Commission is grateful to the following organisations and individuals for their contributions to their inquiry.

Allerdale Borough Council

ADEPT

Asda Stores Ltd

Ashford Borough Council

Babergh and Mid Suffolk District Councils

Basingstoke and Deane Borough Council

Bedford Borough Council

Buckinghamshire Business First

Buckinghamshire Thames Valley LEP

Burberry plc

Cambridgeshire County Council

Cancer UK

CEDOS/ADEPT (joint submission)

Cheshire West and Chester Council

Core Cities

County Councils' Network

District Councils' Network

De Montfort University

Defra Rural Communities Policy Unit

Derbyshire Dales District Council

Diageo plc

Diocese of Middlesbrough

District Councils' Network

Dorset LEP

Durham County Council

East Sussex County Council

Essex County Council

Exeter City Council

Gloucestershire County Council

Hampshire County Council

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Kent County Council

Lancashire County Council

National Parks England

National Housing Federation

Nottinghamshire County Council

Oxfordshire County Council

PwC

Rushcliffe District Council

Sarah Stannage

South Cambridgeshire District Council

South East England Councils with South East Strategic Leaders

South Norfolk District Council

St Albans City and District Council

Suffolk County Council

Surrey County Council

Test Valley Borough Council

Tesco plc

The Marches LEP

Trowbridge Parish Pouncil

TUC

Warwick District Council

Warwickshire County Council

West Sussex County Council

Wm Morrisons Supermarkets plc

Worcester City Council

Wyre Forest District Council

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