

The 3SC case for devolution

The economy of East Sussex, West Sussex and Surrey (the 3SC area) is exceptionally strong. It has a combined GVA of £74 billion, which is bigger than Wales or Greater Manchester, and it makes a significant contribution to the national exchequer. It is crucial for UK that the 3SC area continues to flourish as an economy in its own right as well as supporting the success of London.

Yet the area's future economic performance, and the quality of life of local residents, is at risk because of creaking infrastructure and demand pressures on public services at a time of severe spending restraints on public services. We face a £5.9 billion infrastructure funding deficit to 2030. Businesses are feeling the pressures too, compounded by difficulties in recruiting and retaining staff. The councils in the 3SC area and our partners, crucially including the Local Enterprise Partnerships (LEPs), are committed to maintaining and enhancing its economic vibrancy, increasing productivity and enhancing residents' quality of life. We are seeking a devolution deal with government to enable us to grow our contribution to the national economy by:

- Agreeing a **long-term infrastructure strategy** to improve capacity on the rail and road networks and further develop the digital infrastructure;
- Taking action to **accelerate housebuilding and improve the range of housing**;
- Ensuring greater engagement with businesses, schools, colleges and other providers to ensure employers have access to the **skills** they need and address barriers to employment;
- Working with partners to deliver **public service transformation**.

We estimate that this would, for example, generate an additional £0.5bn PAYE income each year.

To take this action we require:

- Longer term funding certainty, while recognising the importance of fiscal neutrality;
- Mechanisms to enable us to share with Government the proceeds of increased economic growth in the area
- An ability to pool resources including some of the proceeds of growth, create revolving investment funds and determine investment priorities locally;
- New delivery vehicles and shared teams, with the powers to act, to enable us to accelerate development in the area.

The 3SC area, covering a population of 2.5m people, enables us to work at the scale needed to address our infrastructure and skills challenges. It also provides enormous scope for an ambitious programme of public service transformation, focussing initially on complex households, with an ability to test different approaches in different areas and quickly scale up where appropriate.

We are committed to working closely with Greater Brighton with its focus on enabling growth in the city region with a more concentrated geography. Joint work on strategic transport, digital and aspects of the skills agenda is underway. We are also working closely with our three LEPs each of which supports our devolution proposals. We are also committed to a parallel programme of double devolution between the county and district councils in each county area.

Core to our proposition is a commitment to greater collaboration across the 3SC area to enable us to make further, faster progress on infrastructure improvements, house building, skills development and public service transformation. Specifically we will:

- Collaborate together, and with national agencies such as Highways England and Network Rail, to develop a comprehensive **long term infrastructure strategy**;

- **Pool relevant resources** (financial and people) to deliver our ambition more effectively by:
 - Creating an investment pot for local infrastructure improvements;
 - Being able to pool public sector land and manage its release to support the right types of development in the area
 - Setting up special delivery vehicles and a high level delivery team with commercial acumen to accelerate development focussing on major and difficult sites;
- Explore **mechanisms for leveraging additional funding** from a range of sources including the private sector, European funding and pension funds;
- Operate a **mechanism for prioritising investment** across the 3SC area to ensure that we generate the best rate of return for devolved and local resources;
- Adopt more impactful forms of collaboration between ourselves, education providers, with businesses and with relevant national agencies to **address our skills gaps**;
- Pursue **public service transformation** at scale learning from previous transformation work and provide a template for other areas to adopt.

Government has an important part to play in enabling us to maintain and grow our contribution to the national economy through a devolution deal. In particular we are seeking:

- The **pooling of relevant national funding streams locally** to enable us to prioritise investment locally and leverage additional investment from other sources.
- An ability for us to **share the financial benefits of growth** including, for example retaining the £800m pa stamp duty generated in the area;
- Active government support to enable us to develop **new relationships with key national agencies** (including DWP, SFA, HCA, HE and NR) to enable joint planning, co-commissioning and aligned investment on the basis of a mutually agreed set of priorities;
- **Speedier release of public land** and **licensed exemptions from a number of regulations** to enable our proposed delivery vehicles and delivery teams to get real traction including a “use it or lose it” mechanism and a revised approach to utility regulation to enable utilities to invest upfront;
- Government involvement in the **co-design of public services**.

We share the Government’s insistence that governance arrangements are introduced which are fit for purpose in enabling local prioritisation and collaboration, providing a clear and transparent line of accountability and giving the Government the confidence to deliver powers and resources to us. We will engage residents in our governance review and are committed to: establishing a mechanism for collective binding decision making, including the prioritisation of investment, across the 3SC area; and creating a clear single point of accountability for the local delivery of our devolution deal. We also propose to establish a Sub-national Transport Body for the 3SC and Greater Brighton area to oversee the joint infrastructure plan, bus and rail strategy and identify investment priorities.

We are confident that, if we agree a devolution deal on this basis, in five years’ time we will deliver:

- At least 34,000 new homes;
- A firm programme for improving crucial transport corridors including the M23, rail capacity between London and the South Coast, our quadrant of the M25, the A27, the A21 and the A3 and M3;
- A reduction in hard to fill vacancies and skills gaps and an increase in the take-up of business-led training in our key sectors;
- A proven shift to preventative activity with a consequential reduction in costs.