

Report to Council
28 June 2016
Report of Executive head of regeneration and development
Subject The devolution of powers and resources to East Anglia

Item
3

Purpose

1. This report sets out Norfolk and Suffolk's ambition for and approach to devolution based on the East Anglia Devolution Deal announced by the Chancellor in the Budget on 16 March 2016. It builds on Government commitment to enhance local autonomy through devolution, reflected in the *Cities and Local Government Devolution Act*.
2. The report updates Council on the progress made in the Devolution proposal by the sixteen local authorities in the Norfolk and Suffolk area and details the process for the next stages in the devolution programme. It includes the latest elements of the devolution proposal and requires council to consider the approach for moving to the next stages of the devolution process.

Recommendation

Having regard to the Norfolk and Suffolk devolution agreement (Appendix A), the governance review (Appendix B), the scheme of governance (Appendix C) and the equality assessment (Appendix D);

Council considers the right decision for Cabinet is:

- a) To endorse the signing of the Norfolk and Suffolk devolution agreement by the Leader of the council and the associated recommendations set out in paragraph 19 of the report

OR

- b) Not to continue to support the process leading to the establishment of an elected mayor and combined authority for the East Anglia region

Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city

Financial implications

The resource implications are dependent on the next stages of the development of the devolution process. Most will involve the use of existing officer time and resources.

If it is agreed to move to the next stage of the process all council leaders have agreed that the administration costs of setting up the mayoral combined authority will be kept to a minimum, using existing resources within their councils

Ward/s: All Wards

Cabinet member: Councillor Waters - Leader

Contact officers

Dave Moorcroft :Executive head of regeneration and development

01603 212225

Background documents

Report

Background

1. On 7 October 2015, Cabinet received a report outlining the expression of interest from partners across Norfolk and Suffolk to develop a proposal aimed at opening dialogue with Government about devolved powers and the appropriate governance arrangements needed to deliver a future devolution deal. This work was undertaken in response to the Chancellor's announcement in the summer Budget on 8 July 2015, that 'significant' devolution deals would need to be submitted to the government by 4 September 2015 if they were to inform the Spending Review in November. The Cabinet supported the approach for developing the deal and agreed that Norwich should continue work on the initial expression of interest undertaken with partners across the Norfolk and Suffolk area to maximise the opportunity presented by the Government's commitment to devolution
2. Work on developing the deal continued during the autumn of 2015. Following Ministerial feedback, including a 'Challenge Session' with Lord Heseltine in November 2015, and recognition amongst local leaders of the economic links between Norfolk, Suffolk, Cambridgeshire and Peterborough, a devolution deal for East Anglia was agreed at a very accelerated pace and announced by the Chancellor in the Budget statement of March 2016.
3. In recent weeks partners have agreed to modify the single deal approach for East Anglia. This followed further consideration of the most effective way to drive growth across the region, discussion with Ministers and reflection on what would be best for local people. The preferred approach was to pursue two distinct devolution deals, one for Norfolk and Suffolk and one for Cambridgeshire and Peterborough. This approach provides opportunity for strategic join up between the two deals for example, on infrastructure, transport and skills but retains local economic geographies.

Current Position

4. The council has been fully engaged in the detailed negotiation process to formulate the Norfolk / Suffolk devolution deal and has positively supported the principle of devolution as a means of securing future economic growth for the area.
5. The following criteria have been identified to assist the council in considering whether it wishes and on what terms it is prepared to be part of a combined authority:-

a) Governance

Throughout the negotiation process the Council has continued to highlight that there is an alternative to the elected mayoral model that is favoured by government for delivering devolution deals. It is considered that the mayoral model is a relatively untested form of governance that is more suited to larger "metro" city – areas. The Norfolk-Suffolk area is less suited to this model given the diverse communities, complex internal geographies and varied urban and rural hubs. An alternative model based on a "strong chair" appointed from among the council leaders representing each of the constituent authorities has been submitted to government during the early phase of the negotiation process.

b) Housing

Housing has been a key issue throughout the negotiation process particularly for those councils with a retained housing stock (council homes). It is considered

that the provision of a mix of different housing tenures including investment in council housing is vital to tackle the affordability crisis and grow the economy.

Whilst the latest deal has earmarked an additional £15m ring fenced for housing in Norwich, there have been no further concessions relating to a return of control over the Housing Revenue Account. The council is also still waiting to hear about the government's approach to the sale of 'High Value Voids' which is expected to further impact the housing revenue account beyond the current impacts of the forced rent reductions.

c) Capacity issues

Whilst the deal has earmarked a significant amount of additional resources and powers this has to be considered in the context of the reduction in resources across all Councils who would form part of the combined authority proposed for Norfolk and Suffolk. Additionally there is also a considerable degree of uncertainty over the future funding model for local councils that will be reliant on the generation of sufficient business rates income to withstand further austerity measures that are set to run to the end of the decade. In particular, it is unclear how the government will balance its desire to retain business rates locally with the need to support public services in the areas of greatest need.

d) Double Devolution

It is considered that a key principle of the devolution deal should be to strengthen Norwich and the Greater Norwich economy by building on the City Deal partnership and enhance the significant economic potential of Norwich as one of an arc of "fast growth cities alongside Cambridge, Milton Keynes, Oxford and Swindon. Norwich requires the devolution of the full range of resources and powers (not just housing), needed to strengthen the city's economy on whose success the region depends. For the city to function, there is a requirement to have a guarantee of political sovereignty and the necessary resources and powers through "double devolution" to deliver the full economic potential of the City of Norwich and the wider Greater Norwich area.

The Norfolk and Suffolk Devolution Deal Agreement

6. The Norfolk and Suffolk Devolution Deal Agreement is set out at Appendix A to this report. It is based on the East Anglia Devolution Agreement signed by the Chancellor, Secretary of State and Leaders from the Councils across Norfolk, Suffolk and Cambridgeshire in March 2016, but only applies to all Councils in Norfolk and Suffolk.

7. The deal provides for the transfer of new powers and funding to Norfolk and Suffolk from central government relating to infrastructure, housing, economic development, and employment and skills. These measures should help create more jobs, improve the skills and employment prospects of residents and boost the productivity of Norfolk and Suffolk.

8. The specific elements of the deal include:

- a) £25m a year of new money for the next 30 years (£750m) to support economic growth, development of local infrastructure & jobs
- b) £100m over five years of new money to support the building of new homes across Norfolk and Suffolk.

- c) Recognising the housing market conditions in Norwich and Ipswich, Government will also provide the Combined Authority with an additional £30m over five years, split equally for Norwich City and Ipswich Borough, to meet its housing needs. It is expected that the arrangements that will be carried out are those reflected in Appendix E but these are not incorporated in the agreement at present.
- d) A guaranteed £225m annual transport budget for the next five years
- e) Control of an existing c£20m a year Adult skills funding to ensure the training offer match the needs of local businesses and the local labour market
- f) Control of an existing c£2m Apprenticeship Grant for Employers (AGE grant) to enable funding to better meet the needs of local Norfolk and Suffolk employers
- g) Greater control over who delivers transport services in Norfolk and Suffolk, and how, rather than it being imposed on us by Central Government
- h) More control and influence over investment in key roads across Norfolk and Suffolk, so that local priorities and concerns can be met
- i) That relevant authorities and partners take a Norfolk and Suffolk wide approach to flood & coastal risk management to get more for our money and ensure problems aren't just shifted from one area to another
- j) That local authorities work to improve the planning process for residents and businesses

9. Government have been clear that without a Mayor any devolution deal would be much smaller in range and value and this would not deliver Norfolk and Suffolk's ambition.

10. It has also been made clear by Government that there is no opportunity to make amendments to the scope of the deal agreement as set out in appendix A.

The Norfolk and Suffolk Governance Review

11. The Cities and Local Devolution Act 2016 sets out clear statutory processes for establishing a mayoral combined authority and devolving appropriate powers from central government from May 2017. The terms of the governance review which will form the basis for the consultation exercise are set out in Appendix B.

12. The Norfolk and Suffolk deal is one of the first to be progressed under this legislation. It requires the councils covered by the proposal to carry out the following:

- a) undertake a governance review
- b) publish a Draft Governance scheme that explains how a mayoral combined authority would work
- c) undertake a statutory public consultation on the scheme and provide a summary of the consultation responses to the Secretary of State.

13. The governance review sets out the rationale for creating a Norfolk and Suffolk geographic/economic footprint and proposes options for governance. The governance review and the consultation on the draft scheme will enable the Secretary of State to

decide whether the statutory tests on improving the exercise of statutory functions are met and whether it is appropriate to make the order (if parliament approves) establishing the Mayoral Combined Authority. Before making such an order, consent needs to be sought from the constituent councils.

14. A key principle included in the review is that decisions should be taken closest to the level where they will have most impact (subsidiarity/double devolution).

15. The Governance Review recommends that the functional economic area of Norfolk and Suffolk will be best served by the establishment of a Mayoral Combined Authority.

Consultation process for the Norfolk and Suffolk Scheme of Governance

16. The Norfolk and Suffolk Scheme of Governance is set out at Appendix C. Legislation requires devolution deal areas to publish a scheme of governance setting out plans for the scope of the combined authority, the arrangements for local representation, and decision making. The public must be consulted on these arrangements, and the Secretary of State will then take the outcome of consultation into account before further legislation can be taken forward. The proposed form of consultation is shown in Appendix F.

Equality Impact Assessment

17. An initial equality impact assessment has been carried out for the two counties and is attached at appendix D. It is the start of a process and will be further developed by officers across the two counties. It is worth noting that three of the core initiatives proposed as part of the Deal – digital connectivity, infrastructure and transport – have particular potential to enhance access for disabled and older people, who form a large and increasing percentage of Norfolk and Suffolk's population.

The Decision

18. In taking its decision on the matters in this report there will be an opportunity for all members to debate the Deal Agreement, Review and Scheme. However there will not be an opportunity to move amendments (other than minor typographical or corrective changes) to the Deal Agreement, Review or Scheme. The timetable for publication of the Scheme, being no later than 4 July 2016, and the fact that the documents must pass through all 16 councils in Norfolk and Suffolk for agreement or otherwise, does not give a window for further negotiation.

Members will need to decide whether to endorse the Deal Agreement and support publication of the Scheme or reject it. However, they can feed in any comments on the Scheme as part of the consultation process.

If a council decides to reject the Scheme, appropriate changes will need to be made to the Deal Agreement and Scheme prior to publication.

Conclusion

19. After extensive negotiations between Government and the Norfolk and Suffolk Leaders a proposed Devolution Agreement has been developed. All constituent authorities are being asked to approve the following recommendations:

- a) That, on the basis of the Governance Review, and having regard to any impact on equalities explored in the Equalities Impact Assessment (EqIA) attached appendix D, the Authority concludes that the establishment of a Mayoral Combined Authority for Norfolk and Suffolk is the option which most fully permits the effective discharge of the functions that Government is prepared to devolve to this area.
- b) That the Authority endorses and supports the publication of the draft Scheme for a Norfolk and Suffolk Mayoral Combined Authority as attached to this report for consultation purposes, subject to such final revisions as may be approved by the Chief Executive in consultation with the Leader, and prior to the commencement of the formal consultation exercise. Such formal consultation, on the Scheme, to commence once all Norfolk and Suffolk Councils have considered the matters in this report and, in any event, no later than the 4 July 2016. In the event that a Constituent Authority named in the attached Scheme does not agree to endorse the Deal Agreement and/or the Scheme, the Authority authorises, through its Chief Executive the relevant changes to be made to the Deal Agreement, the Scheme and the Governance Review to reflect that Authority's non-participation.
- c) That the outcome of the consultation exercise is submitted to the Secretary of the State by the Chief Executive in consultation with the Leader, by 9 September.
- d) That council meets by 28 October 2016 to consider giving consent to an Order establishing a Mayoral Combined Authority for Norfolk and Suffolk.
- e) Insofar as any of the matters referred to in this report concern the discharge of functions ancillary to the endorsing and signing of the Norfolk and Suffolk Devolution Agreement and the publication of the Scheme, authority is delegated to the Chief Executive in consultation with the Leader, to take all necessary steps and actions to progress the recommendations detailed in this report.
- f) Negotiations on the Deal agreement have only recently been concluded and the Review and Scheme have been subject to last minute change. In the event that additional powers are required by the Combined Authority to deliver the Deal Agreement, authority is delegated to the Chief Executive in agreement with the other Chief Executives across Norfolk and Suffolk to make the necessary changes to the Scheme
- g) That further reports are presented to the Authority as appropriate as the Devolution process develops.

20. It is a decision for the cabinet to determine whether to endorse the Devolution Agreement and the associated recommendations set out in paragraph 16 above and

authorise the Leader to sign it or decide not to continue with the process leading to the establishment of an Elected Mayor and Combined Authority for East Anglia.

21. The council is also asked to consider the devolution agreement (Appendix A), the governance review (Appendix B), the publication of the Scheme of Governance (Appendix C) and the Impact Assessment (Appendix D). This will allow the cabinet to report to the Secretary of State such views to inform his decision on the Devolution Deal and the Scheme for the Mayoral Combined Authority.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	28/06/2016
Head of service:	Executive head of regeneration and development
Report subject:	The devolution of powers and resources to East Anglia
Date assessed:	16 th June 2016
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	It depends on the outcome of business rates retention, high value voids determination and further reductions in public expenditure.
Other departments and services e.g. office facilities, customer contact	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See above
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See above
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	X <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	X <input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues