

Norfolk County Council

Date: **Monday 11 April 2016**

Time: **10.00 a.m**

Venue: **Council Chamber, County Hall, Norwich**

SUPPLEMENTARY AGENDA

6 Recommendations from Service Committees

Policy & Resources Committee Meeting of 21 March 2016

Paragraph 1 – Managing Director’s Strategic Update:
Devolution for East Anglia

The report of the Managing Director to the Policy and Resources Committee is attached as appendix 1B, setting out in Section 3 the next steps that Council is being asked to endorse in paragraph 1.4 of the Committee’s report to Council (Page 15)

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Policy and Resources Committee

Item No 7

Report title:	Managing Director's Strategic Update: Devolution for the East Anglia
Date of meeting:	21 March 2016
Responsible Chief Officer:	Dr Wendy Thomson, Managing Director
Strategic impact	
<p>The Cities and Local Government Devolution Act brought into legislation on January 28th 2016 the Government's commitment to devolve more power and resources from central government to the cities and regions and England. Greater autonomy over such strategic issues as transport, economic development, housing, flood defence, skills and strategic planning is seen to be a critical lever for boosting economic growth.</p> <p>Norfolk and Suffolk, and latterly Cambridgeshire and Peterborough are working together towards a devolution deal to gain the maximum benefit possible for the area. For Norfolk, a successful deal would, support the achievement of the Council's ambitions.</p>	

1. Executive summary

<p>In the Chancellor's budget statement on March 16th 2016, a devolution deal for East Anglia was announced, with a potential value of £30m a year for 30 years (£900 million), with an additional £175m for the first five years to support housing delivery.</p> <p>The draft devolution agreement provides for the transfer of significant resources and powers from central government to the region including for infrastructure, housing, economic development, and employment and skills, which will positively impact on the lives of residents by helping create more jobs, more housing, improving the skills and employment prospects of residents and boosting the productivity of East Anglia.</p> <p>The announcement followed a period of intense discussions involving 23 councils across Norfolk, Suffolk, Cambridgeshire and Peterborough, the two Local Enterprise Councils, senior civil servants and Government Ministers.</p> <p>This report provides further background and summarises the draft agreement. It sets out the next steps and highlights the requirement for the agreement to be taken to each council for debate, and for subsequent consultation with relevant local stakeholders.</p> <p>The report also asks Members to agree the establishment of a project budget to provide the necessary capacity to ensure Norfolk can fully participate in and shape the detailed work to secure robust governance arrangements.</p> <p>Recommendations:</p> <p>Policy and Resources is asked to:</p> <ul style="list-style-type: none"> • Recommend that Full Council considers the draft Devolution agreement for East
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Anglia (attached as Appendix 1), and endorses the next steps as set out in section 3.

- Authorise the Leader, with key officers, to continue to represent Norfolk's best interests in the next stages of the process of designing a scheme of governance and business plan.

2. Proposal (or options)

- 2.1. As previously reported, Norfolk and Suffolk have been working collectively on a devolution proposal since early Autumn which culminated in a draft submission to government in November. The devolution submission has previously been presented to Policy and Resources Committee on 30 November 2015 and Extraordinary County Council on 8 October 2015. The submission document has formed the basis of subsequent negotiations.
- 2.2. Discussions with the Government have continued since November. A key development since that last update followed a meeting between Leaders, the Secretary of State for Communities and Local Government and Lord Heseltine on Monday 15th February 2016. An outcome of this meeting was that Cambridgeshire, Norfolk, Peterborough and Suffolk should develop their collective 'big and ambitious asks' of government for a single combined devolution deal.
- 2.3. Work in support of this has drawn on that already undertaken by Norfolk and Suffolk, and by Cambridgeshire/Peterborough working independently. The Government has taken a much more active role in this process with, in particular, Lord Heseltine undertaking activity as a 'critical friend'. The Commercial Secretary to the Treasury, Lord O'Neill, as with other deals, has been a leading figure in negotiations. Meetings have been held locally with Lord O'Neill on 26 February and 8 March 2016.
- 2.4. All of the above culminated in the draft Devolution Deal for East Anglia being announced by the Chancellor in his budget statement on 16 March 2016. The deal document is attached as Appendix 1. It is important to note the opening statement "*The agreement below sets out the current devolution proposal which it is agreed that leaders will take to each council for full debate and consultation with relevant local stakeholders*".
- 2.5. The deal provides for the transfer of significant resources and powers from central government to the region including for infrastructure, housing, economic development, and employment and skills, which will positively impact on the lives of residents by helping create more jobs, improving the skills and employment prospects of residents and boosting the productivity of East. In summary:
- 2.6. The draft deal will establish a Combined Authority and introduce a directly elected Mayor, with the first elections in May 2017. The new Mayor will act as Chair to the East Combined Authority and will exercise the following powers and functions devolved from central government:
 - Responsibility for a multi-year, consolidated and, devolved local transport budget
 - Responsibility for a new Key Route Network of local authority roads that will be managed and maintained by the Combined Authority on behalf of the Mayor

- Powers over strategic planning and housing, including £175m ring fenced funding to deliver an ambitious target of new homes, the responsibility to create a non-statutory spatial framework for the East and to develop with government a Land Commission and to chair the East Joint Assets Board for economic assets
- 2.7 The new East Anglia Combined Authority, working with the Mayor, will receive the following powers:
- Control of a new additional £30 million a year funding allocation over 30 years, to be invested to the East Single Investment Fund, to boost growth
 - Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
 - Joint responsibility with the government to co-design the new National Work and Health Programme designed to focus on those with a health condition or disability and the very long term unemployed.

3 Next steps

- 3.1 The announcement of the draft agreement is a significant achievement for all involved, and represents a strong vote of confidence in the East Anglian region.
- 3.2 However, the Chancellor's announcement is only the start of what will be a period of intense work and engagement to secure the necessary governance arrangements, the agreement of all parties involved, and the formal Order which has to be put to Parliament.
- 3.3 The current timetable, which may well be subject to change, would see the detailed governance arrangements for the new Combined Authority drafted by the Leaders between the end of March and the end of June. This would be brought to Full Council at the end of June to endorse the deal and governance schedule as a basis for public consultation.
- 3.4 It is expected that the period of public consultation would run over the summer; Full Council would then consider the outcome of consultation, and be asked to agree the final deal and governance arrangements at the end of September. This would allow for an Order to be laid before Parliament in October, and elections for a new Mayor would be timed for May 2017.
- 3.5 To support the development of an effective and sustainable governance scheme, the East Anglia group of councils, LEPs, with Government departments and agencies will draw up a comprehensive business plan for East Anglia. It will build on the diversity of assets across the East Anglian economic areas – ports, energy coastline, universities, research capacity, advanced manufacturing and ICT – to identify ways to grow the economy.
- 3.6 This intention is for the business plan to empower a directly elected mayor with the necessary resources, tools and powers to build a successful and dynamic economy, within the checks and balances of the Combined Authority's governance arrangements.
- 3.7 Members will be kept informed throughout the process and no decisions which bind this Authority will be made without a report being brought to Full Council for

approval. it is clear from the enacting of the Bill that no individual authority could prevent a Combined Authority being formed. This would also need to be detailed and fully understood prior to any decisions being made.

4 National Context

- 4.1 Following introduction of the Cities and Local Government Devolution Bill in May 2015, local areas were invited to submit proposals for devolution as part of central government's consultation on the Spending Review (that closed on 4 September 2015). Government received 38 submissions for devolution from local government that varied from detailed to high-level expressions of interest.
- 4.2 Since the announcement of the Greater Manchester Combined Authority devolution deal in the 2014 Autumn Statement, Government has announced completion of six additional deals, which are:
- Cornwall (16 July 2015).
 - Sheffield City Region (2 October 2015).
 - North East Combined Authority (23 October 2015).
 - Tees Valley (23 October 2015).
 - West Midlands (17 November 2015).
 - Liverpool City Region (17 November 2015).
- 4.3 The announced deals are similar in content, with a focus on economic growth. Cornwall is currently the only non-metropolitan area to have a deal announced.
- 4.4 The devolution deal documents published at the time of their announcement set out some specific agreements but also signal a direction of travel for further development and negotiation with Government. For example, Cornwall's deal includes the condition: ".partners will work together to...co-design a business plan to progressively move towards integration of health and social care resources".
- 4.5 In addition to those areas listed above that have formally been announced, the chancellor announced new deals for the West of England and Greater Lincolnshire in the budget on March 16th 2016.
- 4.6 Throughout the process government has argued that early mover advantage is key and that central policy attention and resources will move away from devolution after the budget.

5 Financial Implications

- 5.1 The Combined Authority will be in receipt of significant funds. The County Council as a member of the Combined Authority will have to satisfy itself that the appropriate governance and scrutiny is in place to manage the funds effectively.
- 5.2 The initial set-up costs of the new Combined Authority are at this stage being explored. To date the work of officers has been contained within existing budgets, however the extent of detailed work required and the pace at which the process will move may mean additional capacity and officer time is required.

6 Issues, risks and innovation

- 6.1 If the decision is ratified further work will need to be undertaken and the final governance arrangements for a Combined Authority of which Norfolk County

Council would be a member will be the subject of a formal governance review and statutory consultation.

6.2 A full risk analysis and Equality Impact Assessment will be undertaken as part of these processes once the detail is known.

7 Recommendations

Policy and Resources is asked to:

- Recommend that Full Council considers the draft Devolution agreement for East Anglia (attached as Appendix 1), and endorses the next steps as set out in section 3.
- Authorise the Leader, with key officers, to continue to represent Norfolk's best interests in the next stages of the process of designing a scheme of governance and business plan.

8 Background

8.1 The following papers relate to previous P&R Committees.

- Policy and Resources Committee, 28 September 2015, Item 11 - "Devolution Opportunities for Norfolk and Suffolk Councils - Update on Progress", Page 116. <http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/376/Committee/21/Default.aspx>
- Policy and Resources Committee, 30 November 2015, Item 14a - "Managing Director's Strategic Update: Devolution", Page 213. <http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/378/Committee/21/Default.aspx>

8.2 Extraordinary Full Council Meeting 8th October 2015. <http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/539/Committee/2/SelectedTab/Documents/Default.aspx>

8.3 The detail of the Cities and Local Government Devolution Act 2016 can be found here <http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm>.

8.4 The LGA resource hub can be accessed at <http://www.local.gov.uk/devolution>.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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