

Scrutiny Committee

30 September 2016

Norfolk and Suffolk Devolution

Summary

1. Government introduced the Cities and Local Government Devolution Bill to Parliament on 28 May 2015 which became legislation in January 2016. In September Suffolk public sector leaders submitted an Expression of Interest to develop devolution arrangements to Government.
2. Following Government feedback Suffolk and Norfolk worked with Government to develop a devolution proposal across the two counties. In 2016 this was expanded to include Cambridgeshire and Peterborough local authorities.
3. In March 2016 the Chancellor announced a devolution deal for East Anglia covering Cambridgeshire, Norfolk, Peterborough and Suffolk.
4. Following that announcement Cambridgeshire and Peterborough and Norfolk and Suffolk agreed to negotiate two deals with two governance arrangements (of a directly elected mayor and Combined Authority).
5. The Norfolk and Suffolk devolution deal, governance review and draft governance scheme were debated by all Norfolk and Suffolk Councils in June. Suffolk County Council agreed to endorse the deal and begin consultation on the proposed devolution arrangements including the governance. The consultation closed on 23 August and a summary of results has been submitted to the Secretary of State.

Objective of Scrutiny

6. The objective of this item is to provide the Scrutiny Committee with an opportunity to consider and comment upon the Norfolk and Suffolk devolution proposals and consultation arrangements as part of the devolution process, prior to consent being sought to a draft Order to create a Mayoral Combined Authority, under the current timetable of November 2016.

Scrutiny Focus

7. The scope of this scrutiny has been developed to provide the Committee with information to come to a view on the following key questions:
 - a) What further developments have taken place since Cabinet agreed the Norfolk and Suffolk devolution proposals on 30 June 2016?
 - b) How has the public consultation on devolution been conducted and what does early analysis of the results show?

- c) In light of the significant national disparity in per capita funding for deals, identified in the recent report by the Public Accounts Committee, how does the Norfolk and Suffolk deal compare?
- d) What analysis has taken place of the implications for devolution of changes in the national political landscape since the EU referendum, and what implications have been identified?
- e) How will the public be assured of the transparency of decision-making about how the devolved funding is used?
- f) What benchmark for costs of a combined authority is available based on devolution deals in other areas?
- g) How will the costs of the combined authority be audited/scrutinised?
- h) What do we know about opportunities for taking on further devolved powers, based on what has happened in other areas?
- i) How will success be measured?
- j) Following the Scrutiny Committee recommendations of 10 February 2016, what further work has taken place to consider “subsidiarity” under devolved arrangements?

How does this relate to County Council priorities?

8. This scrutiny is linked to the County Council’s corporate priorities as indicated below. All scrutiny items should consider how well they are delivering against the County Council priorities and Suffolk’s Community Strategy.

| Suffolk County Council’s Corporate Priorities | Link to this Scrutiny |
|--|------------------------------|
| Raise educational attainment and skill levels | ✓ |
| Support the Local Enterprise Partnerships (LEPs) to increase economic growth | ✓ |
| Maintain roads and developing Suffolk’s infrastructure | ✓ |
| Support those most vulnerable in our communities | ✓ |
| Empower local communities | ✓ |

9. Having considered the information, the Committee may wish to:
- a) make recommendations to the Leader of Suffolk County Council;
 - b) identify topics which may warrant further scrutiny;
 - c) request further information.

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Background

1. Government introduced the Cities and Local Government Devolution Bill to Parliament on 28 May 2015. Since then, the County Council has been working with partners to explore the potential for devolved arrangements in Suffolk.
2. In September 2015 (17 September County Council and 15 September Cabinet) it was agreed to pursue devolution negotiations with Government on the basis of the Expression of Interest developed with public sector partners in Suffolk.
3. Following feedback from Government, Suffolk and Norfolk agreed to work together to develop a devolution deal and began negotiation with central Government along those lines. The Scrutiny Committee considered a report on work taking place to develop a robust proposal for devolution at its meeting on 10 February 2016. Details of the evidence received by the Committee and its conclusions and recommendations can be found by following the links under the Supporting Information section at the end of this report.
4. Following Ministerial feedback, and recognition amongst local leaders of the economic links between Norfolk, Suffolk, Cambridgeshire and Peterborough, a devolution deal for East Anglia was developed, and formally announced by the Chancellor in the March 2016 budget.
5. Following further consideration of the most effective way to drive growth through an East Anglia deal, discussion with Ministers and reflection on what would be best for local people, it was decided to pursue two distinct devolution deals – one for Norfolk and Suffolk and one for Cambridgeshire and Peterborough. This approach is intended to provide opportunity for strategic join up between the two deals, for example on infrastructure, transport and skills, but retains local economic geographies.
6. The Norfolk and Suffolk Devolution Deal Agreement was presented for debate and agreement by Suffolk County Council on 30 June 2016 and the recommendations (as amended by Council), were put before the Cabinet and agreed at a further meeting on the same date. As part of the process, the councils covered by the proposal were required to undertake a Governance Review and publish a Draft Governance Scheme explaining how a mayoral combined authority for the area would work for statutory public consultation and these documents were presented to Council and Cabinet alongside the Deal Agreement. The reports presented to Council and Cabinet, and the minutes of the meetings, can be found by following the links under the Supporting Information section of this report.
7. The proposed Norfolk/Suffolk deal has now been endorsed by all of the councils in Suffolk, along with Norfolk County Council, Broadland District Council, the Borough of King's Lynn and West Norfolk, South Norfolk Council and the New Anglia Local Enterprise Partnership (LEP). Breckland Council, Great Yarmouth Borough Council, North Norfolk District Council and Norwich City Council have decided not to go ahead with a combined authority at this stage.
8. In summary, the deal includes:
 - a) £25 million a year of new money for the next 30 years (£750 million) to support economic growth, development of local infrastructure and jobs;

- b) £100 million over five years of new money to support the building of new homes across Norfolk and Suffolk. Recognising the housing market conditions in Norwich and Ipswich, Government will also provide the Combined Authority with an additional £30 million over five years, split equally for Norwich City and Ipswich Borough, to meet its housing needs;
 - c) A guaranteed £225 million annual transport budget until 2021;
 - d) Control of an existing c£20 million a year adult skills funding to ensure the training offer matches the needs of local businesses and the local labour market;
 - e) Control of an existing c£2 million Apprenticeship Grant for Employers (AGE grant) to enable funding to better meet the needs of local Norfolk and Suffolk employers;
 - f) Greater control over who delivers transport services in Norfolk and Suffolk and how, rather than it being imposed on us by Central Government;
 - g) More control and influence over investment in key roads across Norfolk and Suffolk, so that local priorities and concerns can be met;
 - h) A commitment that relevant authorities and partners take a Norfolk and Suffolk wide approach to flood and coastal risk management to get more for our money and ensure problems are not just shifted from one area to another;
 - i) A commitment that local authorities work to improve the planning process for residents and businesses;
9. The Governance Review (<https://www.eastangliadevo.co.uk/uploads/Consultation-Governance-Review.compressed.pdf>) found that Norfolk and Suffolk operate as an integrated economic area and there is significant connectivity across Councils, as well as strong relationships with neighbouring areas. The review concluded that the functional economic area of Norfolk and Suffolk would be best served by the establishment of a Mayoral Combined Authority. Government has been clear that, without a Mayor, any devolution deal would be smaller in range and value.
10. The Scheme of Governance: sets out the plans for the scope of the combined authority and, at a high level, how the Mayor and Combined Authority would operate (see: <https://www.eastangliadevo.co.uk/uploads/Consultation-Governance-Scheme.pdf>). Detailed governance arrangements will need to be established in the Combined Authority's constitution. The Scheme also enshrines the principles about the costs of the Mayor and Combined Authority, which are:
- a) The Combined Authority costs will be met, as far as possible, from existing resources, with statutory officers and support provided by the Constituent Authorities; and
 - b) Any levy on the Constituent Authorities for Mayoral costs will be treated as a loan and repaid to the Constituent Authorities by the 3rd anniversary of the Mayoral election.
11. The devolution process requires that the public must be consulted on the proposed arrangements and the Secretary of State will then take the outcome of the consultation into account before further legislation can be taken forward. The statutory consultation ran from 4 July 2016 to 23 August 2016 in order that responses could be submitted to the Secretary of State by 9 September 2016.

However, a commitment has been made to extend the on-line consultation beyond this date and the additional results used to inform the next decision by Full Council on 2 November 2016.

12. The Public Accounts Committee (PAC) and the National Audit Office (NAO) have recently published related reports on how central government is negotiating and managing devolution deals with local areas in England. Both the PAC and NAO concluded that the devolution deals offer opportunities to stimulate economic growth and reform public services, however, both felt that government could do more to provide confidence that these deals will achieve the benefits intended, that is, there is still a need for the Government to:
- a) Be specific and clear about what it is trying to achieve by devolving services to local areas.
 - b) Be clearer with local areas what is and what is not on offer; and what is mandatory as part of devolution deals. Government should also listen to local areas about their particular needs to avoid a 'one size fits all' model being imposed.
 - c) Clarify for parliament and the public who will be responsible and accountable for devolved services and functions at all levels, making clear where it believes that outcomes are a matter for local leaders to decide and where centrally imposed targets are more appropriate.
 - d) Confirm how appropriate monitoring and evaluation arrangements will be developed – and when – so that the impact of devolution deals can be assessed in respect of their economic growth and public service reform objectives.
 - e) Ensure that new geographies being created by devolution deals, and those of other linked policies, take account of each other, to mitigate any risks of conflicting priorities (for example NHS Sustainability and Transformation footprints);
 - f) Ensure it identifies and takes account of the risks to devolution deals that arise from the ongoing challenges to the financial sustainability of local public services.
 - g) As the full financial implications of devolution deals emerge, government should ensure that they are presented transparently in a way that can be compared between areas, including on a per capita basis. (The PAC found considerable disparity between the sums agreed within the deals with many of the totals arrived at through local areas wanting equivalent funding to those deals previously agreed. Consequently, it found the per capita funding ranges from £11 a year in the Greater Manchester deal to £27 a year in the West of England deal).
 - h) Ensure that the timetable remains feasible and that it has clear contingency plans for potential delays in local areas or the legislative process.
 - i) Perform a structured assessment of local capacity at LEP and combined authority level.
 - j) Develop clear ideas of how devolution will impact on departments' staffing and skills requirements, feeding this into the upcoming Civil Service Workforce Strategy.

- k) Set out its plans for how it will ensure that local scrutiny of devolved functions and funding will be both robust and well supported.
13. Links to the full reports published by the PAC and the NAC can be found under the Supporting Information section of this report.
14. Under the current timetable for the devolution deal, consent to a draft Order from the Secretary of State will be sought from each authority in October/November 2016. This is because the latest date for laying the Order to create a Mayoral Combined Authority (in order to comply with Electoral Commission deadlines for notification of a mayoral election) is 4 November 2016. At that point, each authority will have to meet to decide whether to consent to the Order. The draft order is subject to consideration by both Houses of Parliament before it can be made.
15. This item provides an opportunity for Scrutiny Committee to consider and comment upon the Norfolk and Suffolk devolution proposals as part of the devolution process, and prior to final decisions being made.

Main body of evidence

Evidence Set 1 has been prepared by Officers of Suffolk County Council in response to the key areas of investigation set out in the Scrutiny Focus section above and is appended to this report.

Supporting information

Greater Manchester Combined Authority deals:

<https://www.gov.uk/government/publications/devolution-to-the-greater-manchester-combined-authority-and-transition-to-a-directly-elected-mayor>

East Anglia devolution web site link: <https://www.eastangliadevo.co.uk/>

Cities and Local Government Devolution Act 2016:

<http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted>

17 September 2015, Suffolk County Council, County Council meeting item 8: 'Developing Suffolk's devolution proposal' and item 8 appendix A: 'Expression of Interest'

http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=090027118190ec40&qry=c_committee%7e%7eCounty+Council

and

http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=090027118190ec41&qry=c_committee%7e%7eCounty+Council

Scrutiny Committee (10 February 2016); Development of Devolution Proposals Direction of Travel – Covering Report; Available from:

http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=0900271181ae1d1d&qry=c_committee%7e%7eScrutiny+Committee

Scrutiny Committee (10 February 2016); Devolution Evidence Set; Available from: http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=0900271181ae1d1e&qry=c_committee%7e%7eScrutiny+Committee

Minutes of Scrutiny Committee (10 February 2016) Available from: http://committeeminutes.suffolk.gov.uk/LoadDocument.aspx?rID=0900271181b62509&qry=c_committee%7e%7eScrutiny+Committee

County Council (30 June 2016); Agenda Item 3, East Anglian Devolution Norfolk and Suffolk; Available from: <http://committeeminutes.suffolk.gov.uk/meeting.aspx?d=30/Jun/2016&c=County%20Council%20-%20Extraordinary%20Meeting>

Cabinet (30 June 2016); Agenda Item 4 East Anglian Devolution Proposals; Available from: <http://committeeminutes.suffolk.gov.uk/meeting.aspx?d=30/Jun/2016&c=The%20Cabinet>

The Public Accounts Committee (PAC) (27 June 2016); Cities and Local Growth; Available from: <http://www.publications.parliament.uk/pa/cm201617/cmselect/cmpublicacc/296/29602.htm>

National Audit Office (NAO) (20 April 2016); English Devolution Deals: Available from: <https://www.nao.org.uk/report/english-devolution-deals/>

Glossary

AGE – Apprenticeship Grant for Employers
CCG – Clinical Commissioning Group
DCLG – Department for Communities and Local Government
GMCA – Greater Manchester Combined Authority
LEP – Local Enterprise Partnership
NAO – National Audit Office
NHS – National Health Service
PAC – Public Accounts Committee

