

Scrutiny Committee

30 September 2016

Norfolk and Suffolk Devolution

Information in this report was produced on behalf of:	
Director or Assistant Director:	Chris Bally, Assistant Chief Executive, Tel: 01473 264953 chris.bally@suffolk.gov.uk
By:	Caroline Davison, Head of Policy, Tel: 01473 264400
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Introduction

1. This evidence set provides further detail on progress with devolution in Norfolk and Suffolk.

What further developments have taken place since Cabinet agreed the Norfolk and Suffolk devolution proposals on 30 June 2016?

2. In June all councils across Norfolk and Suffolk debated whether to endorse the deal and to consult the public and other stakeholders on the devolution proposals that include establishing a Combined Authority and directly elected Mayor. All Suffolk local authorities and four Norfolk local authorities (Broadland, District Council, King's Lynn and West Norfolk Borough Council, Norfolk County Council and South Norfolk District Council) endorsed the proposals and agreed to go to consultation. Breckland District Council, Great Yarmouth Borough Council, North Norfolk District Council and Norwich City Council did not endorse the proposals and therefore, are no longer part of the process to establish the Mayoral Combined Authority.
3. The consultation forms part of the statutory process to establish a Combined Authority. It is evidence that the Secretary of State will consider when deciding whether the governance proposals meet the statutory test, which is to: "*improve the exercise of statutory functions in the area*". (Cities and Local Government Devolution Act 2016 section 14 8) (1))
4. The consultation closed on 23 August and a summary of the results was returned to the Secretary of State on 9 September. This summary and accompanying data are available on the East Anglia devolution web site: (<https://www.eastangliadevo.co.uk/>).

5. If the Secretary of State decides that the statutory test has been met, the Department for Communities and Local Government (DCLG) will draft statutory orders to create a Combined Authority and directly elected Mayor for Norfolk and Suffolk. Each participating local authority will then need to give consent to these orders. Consequently, there will be a further round of Full Council discussions in late October and early November.
6. All participating local authorities need to give consent and if that happens, the draft orders will then be laid before Parliament. The latest that the orders can be laid before Parliament and still allow for a Mayoral election at the same time as the County Council elections on 4 May 2017 is 4 November 2016.

How has the public consultation on devolution been conducted and what does early analysis of the results show?

7. During the Summer a representative telephone survey was undertaken by Ipsos Mori which consisted of a 10 minute phone survey of 6,080 residents aged 18+ across Norfolk and Suffolk. The interviews were carried out between 13 July and 22 August 2016. To ensure statistical robustness residents were selected from different age ranges, gender, employment status, ethnicity, tenure and disability.
8. There were a total of 6,080 responses. This included those Norfolk areas that did not endorse the Deal in order to give a representative sample across the whole area. Below is a summary overview of the results:
 - a) 53% supported the principle of devolution while 16% opposed.
 - b) There was strong support for more decisions to be taken locally across a range of issues with most support being shown for decisions about roads maintenance (85%), a new housing strategy (82%), creating a transport plan (77%) and development of new homes (75%).
 - c) There was 52% support for a Mayor and 58% support for councils to come together as a Combined Authority.
 - d) 9% opposed election of a Mayor and 25% opposed establishing a Combined Authority.
9. There was also an online survey accessible from the East Anglia devolution web site. The questions in the online survey mirrored the telephone survey for consistency; however, as it is a self-selecting sample, the responses are not as representative as the telephone survey. 2,925 responses were received. A summary of the results is below:
 - a) 50.9% supported the principle of devolution while 38.7% expressed they opposed this.
 - b) There was strong support for more decisions to be taken locally across a range of issues with most support being shown for decisions about roads maintenance (74.6%), developing a new housing strategy (71%), development of new homes (69.7%) and creating a transport plan (65%).
 - c) There was 26.7% support for a Mayor and 34.9 % support for councils to come together as a Combined Authority.
 - d) 62% opposed election of a Mayor and 54.2% opposed establishing a Combined Authority.

10. In addition, Ipsos MORI conducted a telephone survey of 252 businesses across Norfolk (124) and Suffolk (128). Interviews were conducted between 8 and 21 August 2016. In order for the sample to broadly reflect the business populations of Norfolk and Suffolk, loose quotas were set on business size (micro (1 to 10 employees) to large (over 250 employees)). The business sample also aimed to broadly reflect the makeup of industry sectors in Norfolk and Suffolk. A summary of results is below:
 - a) 54% supported the principle of devolution while 12% opposed it.
 - b) Strong support for more decisions to be taken locally across a range of issues with decisions relating to road maintenance funding coming out on top.
 - c) 59% supported councils joining together as a Combined Authority.
 - d) From the business telephone survey: 47% were supportive of a mayor, with 27% opposed.
11. These telephone and online surveys were also supplemented by a range of engagement with different interested parties such as: a business dinner hosted by the University of East Anglia, briefings at town and parish council meetings, briefings with Voluntary and Community Sector, Local Enterprise Partnership led briefings with MPs and briefings for councillors and local authority staff.
12. A fuller overview of the results is attached at Appendix A: 'Press release issued on behalf of Norfolk and Suffolk joint leaders (6 September). As highlighted in the response to question a), the summary and full set of data are also available on the East Anglia devolution web site: <https://www.eastangliadevo.co.uk/>.
13. In addition to question b), the Committee has asked the following supplementary questions:

What has been the means of promoting the consultation?
14. The Ipsos Mori telephone survey was conducted on behalf of Norfolk and Suffolk. The consultation document was made available in a variety of formats, such as paper copy, Large Print and Easy Read on request to make it accessible as widely as possible. Hard copies were also available at council sites across the area including libraries.
15. The online survey was available on the East Anglia devolution web site which has Norfolk and Suffolk and Cambridgeshire and Peterborough pages. The consultation followed a similar format to the telephone survey with the same ordering of questions. However, given the online methodology, there was more opportunity for people to answer open questions relating to their views on setting up a combined authority, decision-making and accountability.
16. The consultation and the methods of responding were promoted through a variety of mechanisms to maximise both the overall response rate and demographic range of the two counties. The promotion channels across Norfolk and Suffolk included:
 - e) County, District and Borough websites
 - f) Social Media – Twitter, Facebook
 - g) Press Releases to Suffolk and Norfolk Media
 - h) Voluntary Sector Organisations

- i) Town and Parish Councils
- j) Communications with staff and councillors
- k) Adverts in the Press
- l) Promotion through Libraries.

We understand a leaflet was sent to every household in Norfolk, did they also send to all business/commercial premises?

17. As part of the consultation process Norfolk County Council sent a Devolution Leaflet to all residents in the county. This leaflet went to 406,345 households during w/c 18 July. An additional 1,650 were sent to County Council outlets, including all libraries.

Why did Norfolk use this approach?

18. The Leader of Norfolk County Council wanted all Norfolk residents to be made aware of the devolution proposals and how to respond to the consultation. Initially, it was intended that the leaflet would be sent on behalf of all Norfolk local authorities; however, not all local authorities wanted to participate. Therefore, it was issued by Norfolk County Council.
19. At the County Council meeting on 27 June, councillors who had received an early draft of the leaflet, requested that a tear off slip be included to enable residents to provide feedback. The leaflet also signposted to the online consultation and information.

How many Norfolk residents responded to the leaflet?

20. In total 1,678 completed forms were received back by the close of the consultation period.

What did the people of Norfolk say about the proposal in the leaflet responses?

21. The leaflet comprised of information on the devolution proposals and links to further information. It also included a return form and one question: “*If you have any comments about the proposals for devolution in Norfolk and Suffolk outlined in this leaflet please write them in below.*” A free post address was provided to return completed leaflets. All returns received before 26 August were included in the results.
22. The table below provides a summary of the response themes. Further information is available on the Norfolk and Suffolk consultation page of the East Anglia devolution web site, which includes a short report analysing the leaflet response (under ‘find out more’): <https://www.eastangliadevo.co.uk/consultation>

Theme	% of Leaflets	Number of Leaflets
Don't want another layer of bureaucracy/cost issues	37.8%	635
Don't want devolution	12.8%	215
Don't see the need for a mayor/too costly	10.4%	175
Not a democratic decision/referendum needed	2.7%	45

Positive comments	12.5%	209
Area too large/too diverse/needs of 2 counties differ/would lose identity	5.4%	90
Spend money on existing services/authorities/NHS/unitary authority	4.4%	73
Local decision making better (districts/boroughs/towns/parishes)	3.2%	53
Concerns that councils not up to it	3.0%	51
Other	2.5%	42

Did Norfolk also run an online consultation and what were the response rates?

23. As with the representative telephone survey, the online survey was open across the whole of the Norfolk and Suffolk area. The response rate was 2,925.
24. This is comparable to other areas. For example, Greater Lincolnshire also consulted on establishing a directly elected Mayor and Combined Authority as part of their devolution deal over the summer. They did not undertake a telephone survey but focussed on an online survey that had 4,432 responses. Sheffield City Region also recently consulted on its devolution deal and expanding its Combined Authority this was mostly an online survey supplemented by hard copies that received 2,719 responses.

What has the exercise cost - the promotional activities, if any, and the leaflets?

25. The total cost of the leaflets was £32,019 (design: £720, print £7,216, Royal Mail distribution £24,083. Staff and councillors were made aware of the leaflets online; however, there was no further promotional activity.

What is the feeling about the response and take up?

26. The Ipsos Mori resident survey was a representative sample. The targets of 380 per district (achieved in all districts apart from Forest Heath due to the high numbers of American forces personnel resident in the area) and 380 per county were chosen to ensure there was a statistically acceptable confidence level of 95%. Further explanation on the methodology used can be found in the Ipsos Mori devolution research report on the Norfolk and Suffolk consultation page of the East Anglia devolution website:

https://www.eastangliadevo.co.uk/uploads/Mori_report.pdf

27. In terms of the results, as previously highlighted it was considered positive that from the residents and business telephone surveys:
 - 54% of residents supported the principle of devolution while 12% opposed it.
 - There was strong support for more decisions to be taken locally across a range of issues.
 - 59% supported councils joining together as a Combined Authority.

28. For the telephone survey 250 businesses were surveyed and these were aimed to broadly reflect the composition of industry sectors in Norfolk and Suffolk. It was also considered positive that: 47% supportive of a mayor, with 27% opposed.
29. Although the online survey was self-selecting and with a smaller number of responses, it is positive that 50.9% supported the principle of devolution while 38.7% expressed they opposed it and that there was strong support for more decisions to be taken locally across a range of issues, particularly: for decisions about roads maintenance (74.6%), developing a new housing strategy (71%), development of new homes (69.7%) and creating a transport plan (65%). However, it there was less support for a directly elected Mayor with 26.7% and 34.9 % supporting councils coming together as a Combined Authority. Overall, 62% opposed election of a Mayor and 54.2% opposed establishing a Combined Authority.

What is Norfolk's feeling about the consultation questions?

30. The consultation questions were designed by leading experts Ipsos Mori for the Norfolk and Suffolk telephone survey in order to ensure that they were consistent, robust and balanced to allow fair and open responses. This was why the online survey was also modelled on those questions.

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?

31. It is difficult to compare a per capita value between deals as, due to their bespoke nature, each deal contains different combinations of devolved funding and powers. For example, the current Norfolk/Suffolk devolution deal has been estimated at around £1 billion over 30 years, taking into account its single investment pot as well as funding for transport, skills and the ring fenced housing investment fund of £100 million until 2020-2021 along with an additional £30 million for Norwich and Ipswich. This of course, does not include the value of any future deals or the ability to increase, for example the devolved single pot by borrowing (as it is 40% revenue and 60% capital).
32. Due to the more prominent relationship with central Government there are also wider benefits to being a devolved area, for example, Norfolk and Suffolk have been invited to bid into a pilot status funding pot by Department of Work and Pensions to help develop the work and health programme. Similarly, Greater Manchester and Liverpool City Region have been invited to become pilots for Business Rates Retention.
33. Equally, the potential value of each deal to its area, for example to the local economy will be dependent on the nuances of local circumstances such as current business growth and employment levels.
34. Most of the city region devolution deals contain a single investment fund to boost growth. For Norfolk and Suffolk this is £25 million for 30 years. The table below provides a comparison of this funding pot only and therefore, does not represent the full value of the individual deals.

Combined Authority	Total 30 year fund (millions)	Per Capita (Mid-2015 Population Estimates for CA Constituent Authorities)	Total Population (Mid 2015 Population Estimates)
Norfolk & Suffolk*	£750	£463*	1,619,605
Cambridgeshire & Peterborough	£600	£713	841,218
Tees Valley	£450	£674	667,469
Liverpool City Region	£900	£590	1,524,558
Sheffield City Region	£900	£655	1,374,655
West Midlands	£1,095	£386	2,833,557
Greater Manchester	£900	£327	2,756,162

*This figure is across the whole population of Norfolk/Suffolk. It equates to £651 per capita over 30 years if non-participating areas are excluded.

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?

35. As part of the support to progressing devolution for Norfolk and Suffolk, there is regular analysis of national policy and statements of intent. In addition, Leaders, officers and the Independent Chairman of the Norfolk-Suffolk Leaders are in regular contact with Ministers and officials in central Government.
36. There has been no change in the advice from DCLG since the referendum. Both officials and Ministers have clearly indicated continued support for devolution and enthusiasm to complete the Norfolk-Suffolk devolution deal.
37. Dr Andy Wood, the Independent Chairman, has also received personal assurance from the Right Honourable Sajid Javid MP, the new Secretary of State for Communities and Local Government of his commitment to the Norfolk-Suffolk devolution deal.

How will the public be assured of the transparency of decision-making about how the devolved funding is used?

38. A Combined Authority (CA) is a statutory body and therefore, subject to legislative duties similar to local authorities and other public bodies. The draft Governance Scheme for the Norfolk and Suffolk Combined Authority (Appendix C to the 30 June County Council papers) emphasises that it will be subject to Freedom of Information (p4) and Equalities duties (p27) as well as a Best Value authority (p4)
39. The CA will also have an Overview and Scrutiny Committee (comprised of elected members nominated by each of the CA members' authorities) and an Audit Committee that will include at least one independent member. Further detail on the remit of these Committees and the wider performance framework associated with the devolution deal are outlined in response to question f).

40. In addition to the governance, the Mayor that will chair the CA is directly elected and the rest of the CA will be elected members from each of the constituent authorities.
41. Moreover, in exercising its functions the CA will need to be well connected to local people and places. This is why subsidiarity is written as a principle in the Norfolk and Suffolk deal and why Leaders have pursued double devolution as a way of delivering against the CA's strategic ambition that reflects local characteristics.

What benchmark for costs of a Combined Authority is available, based on devolution deals in other areas?

42. The Norfolk and Suffolk draft Governance Scheme states:

"In relation to the costs of the Combined Authority the Constituent Authorities have agreed the principle that the Combined Authority's costs will be met as far as possible from existing resources. The statutory officers and support to the Combined Authority will be provided by the Constituent Authorities.

In relation to Mayoral costs the agreed intention of the Constituent Authorities is that the £25 million per annum funding allocation will be invested so as to leverage additional financial benefit for the Combined Authority which will, after an initial investment period, exceed the Mayoral costs arising from the creation of a Combined Authority."

Introduction of the Draft Governance Scheme for Norfolk and Suffolk (p5)

43. This is consistent with the way that existing Combined Authorities were established and compliant with the Government policy that the governance associated with devolution should be 'cost neutral' and not incur excessive bureaucracy.
44. The Combined Authority has three statutory posts: Head of Paid Service, Monitoring Officer and the officer with responsibility for the proper administration of the Combined Authority's financial affairs. In addition, they will need to be adequately supported to enable the Combined Authority to function effectively as well as efficiently. There are a number of ways that existing Combined Authorities have been resourced:
 - Recruitment to posts employed directly by the Combined Authority
 - Transfer to posts employed directly by the Combined Authority
 - Secondment (e.g. to directly-employed posts or to a team hosted by a lead authority)
 - Job share (e.g. to directly-employed posts or to a team hosted by a lead authority)
 - Service Level Agreement
 - Commissioning support from member authorities

How will the costs of the Combined Authority be audited/scrutinised?

45. As outlined in the response to question e), a Combined Authority is a statutory body and therefore, subject to similar accountabilities as local authorities. The draft Governance Scheme, published as part of the consultation documents, states (p12) that: “the Authority’s Audit Committee, would have the power to:
- Review and scrutinise the Office of the Mayor and Combined Authority’s financial affairs;
 - Review and assess the Mayor and Combined Authority’s risk management, internal control and corporate governance arrangements;
 - Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the Combined Authority’s functions and the Mayoral Functions;
 - Make reports and recommendations to the Combined Authority and/or the Mayor in relation to any reviews carried out in relation to the matters stated above;
 - Receive any external audit report; consider the report and make recommendations to the Combined Authority or the Mayor, as appropriate; and
 - Approve the annual accounts of the Combined Authority.”
46. In addition, the Authority’s Overview and Scrutiny Committee would also be able to scrutinise decisions or other actions taken by the Combined Authority.

What do we know about opportunities for taking on further devolved powers, based on what has happened in other areas?

47. The best example of where multiple additional devolution powers have been negotiated is Greater Manchester. The Greater Manchester Combined Authority (GMCA) was the first to successfully agree a devolution deal with the Chancellor in November 2014. Similar to subsequent deals elsewhere, this initial deal was focussed on policy areas associated with growth. GMCA is now on its fourth devolution deal and therefore, has a wide ranging portfolio of devolved policy areas as outlined below:
- Deal 1 (Nov 2014): transport, strategic planning skills & jobs;
 - Deal 2 (Jul 2015): £6 billion health & care budgets, pilot 100% Business Rates growth;
 - Deal 3 (Nov 2015): infrastructure, public service reform investment fund;
 - Deal 4 (Mar 2016): Troubled families, joint commissioning of offender management, absorbs joint waste disposal authority.
48. Norfolk and Suffolk, along with other areas with devolution deals, believe that the GMCA precedent of multiple, subsequent devolved powers and funding, highlights the potential for future deals covering a wider range of policy areas.

How will success be measured?

49. As highlighted in the Deal document, there are a number of ways that implementation of the Deal will be evaluated:

“The Combined Authority is accountable to local people for the successful implementation of the Devolution Deal; consequently, HM Government expects the Combined Authority to monitor and evaluate their Deal in order to demonstrate and report on progress.” (p22 Norfolk-Suffolk Devolution Deal)

50. In addition, Government will work with the Combined Authority on an evaluation framework that will be approved by the DCLG Accounting Officer and: *“meets local needs and helps to support future learning”* (p22 Norfolk-Suffolk Devolution Deal).

51. The single investment pot funding (£25 million a year for 30 years) and additional £30 million for housing in Norwich and Ipswich, are also subject to gateway assessment. The Deal states that:

“the Combined Authority and Government will jointly commission an independent assessment of the economic benefits and economic impact of the investments...including whether they have been delivered on time and to budget. This assessment will be funded by the Combined Authority, but agreed at the outset with Government, and will take place every five years. Subsequent five year tranches of funding will be unlocked if Government is satisfied that independent assessments demonstrate that the investments have met the objectives and contributed to national growth;” (p23 Norfolk-Suffolk Devolution Deal document)

52. There is further detail on the Government’s expectation in terms of evaluation and monitoring on pages 22, 23 and 24 of the Norfolk-Suffolk deal that include: a single local assurance framework for the single pot investment fund; an implementation plan that must be approved by the DCLG Accounting Officer and development of written agreements on and a process for managing local financial risk. Officers are currently working with Government officials to develop these.

53. Given the need for the strategic level Combined Authority to connect to local people and places for effective delivery, it will also need to be able to engage partners and local people in its work and demonstrate success.

Following the Scrutiny Committee recommendations of 10 February 2016, what further work has taken place to consider “subsidiarity” under devolved arrangements?

54. The principle of subsidiarity is embedded in the Norfolk-Suffolk Devolution Deal and a principle that it: *“should apply to the discharge of functions by the Mayor and Combined Authority and governance of this devolution deal”* (p8 Norfolk-Suffolk devolution deal) is within the Governance section of the Deal. In addition, double devolution is highlighted as one of the core initiatives that will help to deliver the Deal (p6 Norfolk-Suffolk Devolution Deal).

55. Evidence within the Governance Review (Appendix B to 30 June County Council papers) clearly demonstrates that functional economic geographies exist beyond organisational boundaries (eg, councils, CCGs, policing teams). Consequently, maximising the opportunities of the Norfolk- Suffolk Devolution Deal, will require working beyond existing organisational boundaries with a focus on outcomes and local places.

56. Subsidiarity also offers an important means to connect the strategic level Combined Authority to local people and places. Consequently, local places need to be able to influence upwards as well as, where relevant, having powers/functions/funding devolved to them.
57. Whilst there is consensus amongst Leaders on the principles and importance of double devolution, there is further work to be undertaken to develop specific models. However, they have agreed to explore a model of geographically based forums focussed on:
 - Delivering the functions set out in the Devolution Deal;
 - Ensuring local places and communities (their unique characteristics, assets, challenges and need) are reflected in the way that Combined Authority decisions are delivered on the ground;
 - Reflecting back to the strategic level the perspective of local places.
58. Rather than create an additional layer of bureaucracy, these forums would draw upon existing resources (for example across district/county councils and partners). These would operate similar to the Greater Norwich Growth Board and Greater Ipswich City Deal that could also be forums for double devolution in those areas rather than create new bodies.
59. Whilst this is an approach agreed by Leaders, it is very formative and requires further to work to test and define how it might work in practice.

Officer recommendations

60. Councillors are invited to consider the responses in this evidence set and to visit the East Anglia devolution web site in order to gain a more detailed view of the consultation responses.

