

Devolution to the North East Consultation and Engagement Report – February 2016

1. Introduction

In establishing the North East Combined Authority a key driver underpinning the move to strengthened governance arrangements was to position the North East to take on significant devolved powers and resources from central government. Following the Scottish referendum and the negotiation of the Greater Manchester deal in 2014, the Chancellor of the Exchequer issued a challenge to other city-regions to come forward with proposals, demonstrating strong leadership to boost their economy.

In January 2015, the North East Combined Authority agreed initial proposals for devolution in order to accelerate economic growth in the North East. The outline proposals were endorsed as the basis for the Combined Authority to engage with government ministers and other stakeholders, in securing greater devolution of funding, powers and responsibilities.

A series of meetings with local and regional stakeholders as well as MPs and House of Lords members took place in March 2015 to test the initial proposals. The overarching message from responses indicated strong support for devolution to the North East from communities, businesses and partners and broad agreement with the proposed priorities.

The feedback from the initial consultation exercise was used to inform the development of the NECA Statement of Intent, submitted to Government in September 2015 as an expression of interest in the devolution of powers, responsibilities and resources from central Government to the North East.

On 23 October the North East Combined Authority (NECA) Leadership Board signed a proposed agreement for devolution to the North East with the Chancellor and Commercial Secretary. The proposed agreement provides for the transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from central government to the North East. It also paves the way for further devolution over time, and for the reform of public services, including health and social care, to be led by the North East. Final agreement to the devolution proposals is conditional on a range of factors set out in the proposed agreement: the legislative process, the Spending Review, further public consultation, agreement by the constituent councils, and formal endorsement by the Leadership Board and Ministers.

Following publication of the proposed agreement, further public consultation on the proposals took place with a further series of meetings organised across the NECA area between November 2015 and January 2016, to continue the conversation about devolution and capture the views of partners, stakeholders and residents on key issues within the proposals. This report summarises the consultation and

engagement activity that has taken place in relation to the devolution proposals and the key messages emerging from the feedback.

2. Approach to consultation

Consultation on the proposals took place in two phases – in March 2015 on the initial proposals, then between November 2015 and January 2016 on the proposed devolution agreement. A range of methods has been used to gather views, including local events across the NECA area where participants received a presentation on the proposals, then participated in round table discussions followed by a question and answer session. Participants at these sessions were also provided with individual feedback forms, with an online version also available for completion via the NECA website.

In each phase of activity the consultation exercise and local events were publicised through press releases, individual local authority websites and on social media gaining interest from local and national media and helping to raise awareness of the both the North East Combined Authority and the devolution proposals.

The full range of opportunities to gather views included:

- a) A series of local facilitated events across the NECA area
- b) A regional stakeholders event
- c) A trade union event
- d) A Voluntary, Community and Social Enterprise Sector event
- e) Meetings of the NECA Overview and Scrutiny Committee
- f) A meeting of North East MPs and Lords at Westminster
- g) The opportunity to submit comments via the NECA website through an online questionnaire

As well as the public meetings coordinated centrally by NECA, the constituent authorities are continuing to gather views locally from residents and stakeholders in their area and Leaders and the Elected Mayor were also invited to an event hosted by the regional business sector on 3 February 2016 to consider the opportunities presented by the devolution proposals.

The full range of activity enabled engagement with over 750 stakeholders including residents, political representatives, business representatives and members of the voluntary and community sector.

3. Responses

3.1 Consultation on initial proposals – March 2015

Publication of the devolution proposals and the subsequent consultation activity generated a significant level of interest and debate including local and national media interest. 290 people signed in at the local events and others submitted written responses through the NECA website or completed an online feedback form. In addition to the local events, a meeting was held with regional stakeholders in

addition to separate meetings at Westminster with North East MPs and members of the House of Lords.

Overall the feedback demonstrated strong support among a wide range of stakeholders from communities, businesses and partners for the principle of devolution to the North East. Respondents felt that the North East loses out under current arrangements and there was broad positive agreement with the 12 individual proposals. Stakeholders were keen that the devolution ask of government should be ambitious and set out the potential for North East growth within the context of supporting national growth.

Further engagement of stakeholders on an ongoing basis was a key theme emerging from each event and a commitment was made to feedback on the outcome of the exercise after the election as well as providing regular updates and further opportunities for discussion. The consultation feedback was shared with stakeholders that attended the events or submitted a written response and was made available on the NECA website. The outcome was also detailed in a report considered by the NECA Leadership Board in June 2015. An overview of the outcomes from the March consultation activity is included in Annex A.

3.2 Consultation on Proposed Devolution Agreement – November 2015 – January 2016

Six local facilitated events across the NECA area

The second phase of consultation on the devolution proposals commenced in November 2015 with a series of six local events attended by 374 people. Four key questions formed the consultation; however the discussion was cross cutting and the feedback below therefore highlights the key emerging themes, including views on the proposals, suggestions for additionality and some issues to be considered further.

- a) **Governance:** There was wide discussion on governance issues at all events across the region (25 tables). In particular, 20 tables queried the power of the mayor and future governance arrangements of the Combined Authority. Discussions stressed the need for clarity regarding scrutiny and monitoring, the balance of power and decision making both within the Combined Authority and between NECA and the constituent authorities. This also included ensuring that local authorities do not lose powers in the future.

Questions were raised about the selection and election of the mayor (13 tables) as well as future cost of the mayor and administrative office (five tables).

It was suggested by 12 tables at four events that governance should be discussed in more detail at future events.

- b) **Finance and Funding:** 20 tables across four events questioned the impact that the £30m per annum funding for 30 years covering seven local authority areas would have. The impact of the comprehensive spending review was raised by four tables.

Suggestions for discussion with government in the future included:

- Tax raising powers (six tables)
- The equity of central government funding to the north east compared to other regions (three tables)

It was suggested that future events should discuss resources and fair funding in more detail.

c) **Business:** Discussions by eight tables stressed the need to focus on economic growth including encouraging enterprise, inward investment and innovation. 12 tables across four events also discussed the need to have a clear relationship with the LEP.

d) **Employment, skills and education:** 35 tables across the region raised specific issues around: the skills shortage, job creation and ensuring a range of employment opportunities exist across the area.

The need to review and reorganise post-16 education and apprenticeships to broaden opportunities was highlighted by four tables. The need to link with pre-16 education providers to ensure they feed into the range of opportunities available was also highlighted (six tables).

d) **Health and Social Care:** 29 tables across all events discussed the importance of health and social care, stressing a need for further information particularly in relation to government funding and sustainability. The governance of the proposed Commission for Health and Social Care was discussed including how the various partners will be able to influence and shape the direction and decisions.

The question of how the inclusion of health and social care in the proposals would improve the quality of health care was raised including how this would be measured.

e) **Engagement:** 30 tables across all events discussed communications and engagement and stressed the need to raise awareness of the North East Combined Authority amongst the public. It was emphasised that there should be a continued dialogue and messages should be clear, simple and impartial. Suggestions included themed events and reaching out to communities. There was particular emphasis on the need to involve the following groups:

- The voluntary and community sector (19 groups). The need to understand the voluntary sector was stressed to ensure the sector is able to contribute to delivering the proposals.
- Parish and Town Councils (five groups)
- Young people (three groups)

f) **Transport:** There was strong support for the inclusion of an integrated transport infrastructure including rural areas and single ticketing with a regional coordinating body. The key link between the transport network and access to work and training was also highlighted.

- g) Boundaries and Geographical issues:** The boundaries of the Combined Authority were discussed, including the size and diverse needs of the area as well as the urban and rural mix. The fact that the combined authority boundary is not coterminous with organisational boundaries such as Fire and Police was highlighted as a particular issue for consideration.
- h) European Funding** The most significant issue raised was in relation to accountability.
- i) Additional Areas:** Participants were asked to identify additional areas to consider in future discussions with Government on extending devolved powers. The key areas identified were culture and tourism, which it was stressed should feature as an element in the current agreement given its key economic role. There were also suggestions that the environment and housing should be included as key themes.
- j) Stakeholder engagement –** Stakeholders were asked what they saw as their role in the implementation of the proposals. A range of issues about engagement, communications and future governance emerged.
- The need for community engagement
 - The role of the voluntary sector, trade unions and partners such as health, police, fire service, universities.
 - Links to Town and Parish Councils
 - The importance of clear and ongoing communication messages using existing networks

Regional online consultation and comments

92 people used the opportunity to respond to the questions posed at the events through a regional online questionnaire on the NECA website.

The responses were diverse, however strong themes emerged which reflect similar outcomes of the other consultation methods. These include:

- A strong agreement that the proposal could encourage inward investment, enterprise and innovation to support growth
- The need to look at an integrated transport infrastructure including rural areas and single ticketing with a regional coordinating body
- The additional areas suggested for future consideration were culture and tourism as well as the environment.

In relation to governance, there was significant support for ensuring robust scrutiny and monitoring. Also mentioned was the need to clarify the relationships with other levels of government such as local authorities, parish or town councils and central government.

The importance of grass roots bottom up engagement was stressed as well as the importance of local consultations.

Overview and Scrutiny Committee – 1 December 2015

The NECA Overview and Scrutiny Committee discussed the proposed agreement with a number of Leaders and the Elected Mayor at their meeting on 1 December 2015. Governance arrangements under a Mayoral CA were highlighted as a key issue in moving forwards including the ongoing role of Overview and Scrutiny in the new arrangements. Members also emphasised the importance of fiscal devolution to accompany new powers and responsibilities and the need to fully understand the potential implications of the proposals on business rates. A summary of the committee's discussion is attached at Annex B.

Meeting with Trade Unions – 11 January 2016

A positive meeting was held with Trade Union representatives on 11 January 2016, indicating a keen interest for unions to be involved in developments as they progressed and the importance of their relationship with NECA. Key issues covered by the discussion included the need for accountability and transparency moving forwards, the proposed governance arrangements, and finance and funding issues. Concerns were raised around how the proposals could affect national pay bargaining, and the need to protect local services under new arrangements.

Voluntary, community and social enterprise sector – 18 January 2016

An event facilitated by VONNE was held on 18 January 2016, with 62 delegates representing voluntary organisations and groups from across the region. Delegates felt that the proposed agreement covered the issues, barriers and challenges to economic growth facing the north east but that it was difficult to visualise what the interventions and changes would look like. It was recognised that working collaboratively could counter balance budget reductions.

It was emphasised that whilst the proposals must have an economic focus, any economic strategy must be underpinned by a locally focused social strategy. It was highlighted that the VCSE sector could be a conduit to making devolution real for people in communities, helping people to have a voice and co-design/co-produce interventions recognising the assets in communities to design own solutions. The need for continued dialogue, ongoing communications and simple and clear messages was also highlighted. A summary of the feedback is attached at Annex C.

Engagement with the business sector

The NECA Leadership Board has committed to work with business leaders to determine arrangements for a strengthened role for business within the region, which would reflect any new responsibilities for the combined authority and ensure the private sector is able to influence and advise decision-making in the region. Leaders and the Elected Mayor were invited to an event hosted by the regional business sector on 3 February to consider this further. Whilst formal feedback from the session is still awaited, initial soundings indicate that discussions at the event were extremely positive with attendees supportive of the proposals, eager that the North East takes advantage of the opportunities presented by the devolution agenda and keen that the business community remains involved on an ongoing basis.

4. Conclusions

The North East Combined Authority has undertaken a wide range of consultation and engagement activity over the last year to obtain views on the devolution proposals. This has generated over 750 responses from across a variety of sources including a wide range of public and private sector stakeholders, the voluntary and community sector and members of the public, in addition to consultation activity undertaken at local level.

Responses across the full range of stakeholders have been positive overall, welcoming the opportunities offered by the devolution agenda and the progress made on key areas of priority. Support has been expressed for the issues identified as areas of priority in the outline proposals as they have been translated into the specific proposals in the proposed devolution agreement, with clear views expressed around extending the scope to consider culture, tourism and the environment in any future discussions with Government. Respondents have been keen to obtain more detailed information on the individual proposals as they develop and are particularly interested in how the new governance arrangements will operate in practice following the introduction of an elected mayor.

The consultation process generated a high level of interest across the North East and a clear message across all stakeholders that they want to remain involved as further progress is made. The detailed comments, suggestions and concerns raised in responses will be noted as activity moves towards implementation should the proposed agreement be formally agreed.

ANNEX A - Consultation on initial proposals – March 2015

The following questions were used to seek their views on the proposed prospectus and to help to identify the areas of focus in discussions with Government.

- Do you think the NECA proposals are the right areas to concentrate on?
- Are there any other areas or themes that should also be included?
- How would you like to be involved in the work of the NECA in future?

The key messages emerging from the engagement exercise are set out below.

Support for the Devolution Proposals

There is strong support for the broad principle of devolution from communities, businesses and partners.

- During facilitated discussions, 37 groups (97%) recorded support for the devolution proposal.
- Participants, in particular businesses, commented that the devolution request to the government needs to be ambitious and clearly set out the potential for growth in the North East that will ultimately support the economic growth of the entire country.
- There is a feeling demonstrated by 18 groups (47%) that an overarching vision should be developed which clearly reflects the ambition for the North East.

Support for the 12 Priorities and comments received

The consultation identified broad positive support for the 12 proposals or 'asks'.

- 27 groups, (71%) agreed that the proposals were correct for the area.
- 17 groups (45%) suggested that that NECA should initially focus only on the 12 priorities, in order to achieve quick wins and demonstrate the ability and capacity to deliver.

Additional Comments regarding the 12 proposed priorities

Although there was broad support for including all 12 proposals, specific priorities were identified as being of particular significance. It was stressed that some of these are key priorities, underpinning the others. Detailed comments about specific proposals are included in Appendix Six, however repeated comments included;

- Proposal 5, 'Investment in our major transport infrastructure' was highlighted across the region as being of key importance as it underpins progress towards the achievement of other growth ambitions. The particular importance of ports was stressed and it was felt that there should be a strong emphasis on ports and rivers as these are a major asset to the North East. There was a suggestion by 6 groups (16%) that ports should be included as a separate priority.
- Proposal 9, 'Devolution of skills funding' was also highlighted across the region as being of key importance. It was thought that skills training must reflect the needs of the region and local business to allow the North East to progress. The importance of appropriate local careers advice and apprenticeships was also stressed.
- Proposal 1, 'A North East Investment fund' was also stressed as being of central importance. A suggestion that there should be a regional bank was highlighted in both the facilitated discussions and written responses.

Additional Priorities

Analysis shows despite receiving suggestions from 6 groups (16%) that we should concentrate on the 12 priorities or even phase or combine them; when prompted, all groups went on to suggest additional priorities.

In terms of additional priorities for NECA to include or consider in future, a range of suggestions were recorded as follows:

○ Health, social care and wellbeing	27 groups (71%)
○ Education and Universities	18 groups (47%)
○ Housing	14 groups (37%)
○ Community Safety, including police and fire	9 groups (23%)
○ Climate change and environmental issues	9 groups (23%)
○ Business Rates	9 groups (23%)
○ Technology, communications and infrastructure	7 groups (18%)
○ Strategic and spatial planning and land use	4 groups (10%)
○ Public sector spending and uniformity	3 groups (8%)
○ Job creation for the region	3 groups (8%)
○ Welfare	1 group (3%)
○ Sport	1 group (3%)
○ Early Years	1 group (3%)

Development Needs and Future Considerations

- Issues of governance were raised frequently across the region by 22 groups (58%) with additional more specific comments about the need to consider and develop;

○ Terms of reference	22 groups (58%)
○ Structures to ensure shared approaches and ownership	20 groups (52%)
○ A clear decision making process	19 groups (50%)
○ Leadership	14 groups (37%)
○ A clear communications plan	12 groups (32%)
○ Underpinning principles	10 groups (26%)
○ Processes to monitor and evidence achievements	4 groups (10%)
○ Clarity of roles	4 groups (10%)
- It was suggested that the Combined Authority should focus initially on those areas where we can build on the successful partnership working in the region such as sustainable energy, given our pioneering work in this field and potential to do more.
- Some groups felt that the approach is worth pursuing if the area will benefit from inward investment to help make the area more sustainable and maximise funds to a fuller potential. 10 groups (26%)

Future Involvement and Consultation

- The principle of engaging a broad range of stakeholders in the development and continued work of the Combined Authority was discussed by participants and suggested by 19 groups (50%).
- Reference was made by all groups to working with existing partnerships and networks, local businesses and the voluntary sector, including;

- Existing consultation and engagement mechanisms including partnerships and working groups 23 groups (61%)
 - The voluntary sector (local and regional) 19 groups (50%)
 - Local businesses and the business sector 10 groups (26%)
 - Town and Parish Councils 5 groups (13%)
 - Young people and youth organisations 4 groups (10%)
 - Organisations representing protected characteristics 2 groups (5%)
- 18 groups (47%) expressed the need to ensure that that the wider community are kept aware of NECA activities, the devolution proposals and progress, and to be provided with opportunities to have their say and shape proposals in order to ensure buy in at local, area and regional levels.
- The consultation identified a range of considerations and methods for informing, engaging and consulting with communities including;
 - Use of social media, website and emails 11 groups (29%)
 - Clear communications policy and mechanisms 10 groups (26%)
 - Regular update meetings 6 groups (16%)
 - Stakeholder and thematic groups 7 groups (18%)
 - Promotion and marketing to raise awareness 2 groups (5%)
 - Clear and easy to use web site 2 groups (5%)
 - Leaflet drops, bulletins and door knocking 2 groups (5%)
 - Be innovative 1 group (3%)

Areas for consideration

Analysis shows that there were some recurring issues raised during the consultation process that need further consideration, including;

- Although there was general support for devolution, 13 groups (34%) felt that care must be taken to avoid creating bureaucracy. Associated issues that need to be considered include additional costs, staff resources, local access and local influence. Whilst 7 groups (18%) felt that it would be sensible for NECA to have dedicated resources including staff, finance to enable it to achieve these priorities.
- It is necessary to engage and consult on a local and regional basis, it is also important to consider how NECA will engage and work with regional organisations covering a wider geographic and administrative area.
- There was an indication that some areas of work are best planned and delivered at a wider regional level, an example being health care. This did however include a strong feeling that NECA should have a role in ensuring that relevant local needs are met and recognised at both regional and national level.
- The need for the relationship between the NELEP and the Combined Authority to be considered and clearly set out was raised by 7 groups (18%).

- Concern was raised by 9 groups (24%) about the Government's ongoing and future commitment to devolution due to political uncertainty and change linked to the forthcoming election.
- The need to ensure that the work of NECA addresses the whole of the area equally whether urban, rural or those on the peripheries and to consider the unique issues when planning and delivering on priorities was stressed by 24 groups (63%) across the area.
- It was recognised that Tees Valley is not included in NECA area; however it was raised by 15 groups (39%) that we need to ensure that we work with the Tees Valley area and beyond (Cumbria) to create a stronger voice for the region.
- Some indicated that they would like to see both Combined Authorities come together into one combined authority in the future - 3 groups (8%).
- 4 groups (11%) suggested that we should observe and learn from the experiences of Greater Manchester Combined Authority.

Feedback from the MPs and Lords meetings – 18 March 2015

In addition to the local and regional stakeholder events, meetings were also held with North East MPs and Lords to discuss the proposals and direction of travel. 15 MPs and Lords from the area participated in very positive discussions at each meeting and the Combined Authority was congratulated on its achievements so far.

In each session, all participants were supportive of the broad principle of devolution to the North East and felt there was a need for NECA to be ambitious in its proposals and demonstrate an ability to deliver.

There was strong support for the work of NECA and clear recognition of the importance of maintaining close links with neighbouring areas, including working with the emerging combined authority in Tees Valley and the area's Local Enterprise Partnership. The potential for working with Scotland and Cumbria was also highlighted as an important area for exploration. The need to recognise the diversity of the NECA area was emphasised and in particular ensuring rural issues are addressed within the wider agenda.

The approach to inward investment was also discussed including consideration of how the NECA works with UKTI. The skills agenda was identified as an area of priority with local control and influence of skills provision viewed as essential. It was also felt that more emphasis was needed on joining-up schools, colleges and businesses.

Suggestions for consideration alongside the initial proposals included looking at any opportunities for the North East to maximise the benefit from surplus government-owned land and assets in the area. It was also suggested that NECA seek greater influence over the distribution of the energy networks in the region. This was felt to be a key factor in attracting foreign investment to particular sites.

The capacity to deliver on such an ambitious agenda was discussed and emphasis placed on the need to be able to prioritise investment across the NECA area through a strategic plan. Both groups were keen to assist and champion the proposals and to maintain an ongoing dialogue with NECA as it enters negotiations with government.

Regional Stakeholder Event held on 9th March 2015

Introduction

The regional event was held at the start of the consultation process and brought together partners from the public, private and voluntary sectors across the region, particularly those with a regional focus.

The format of the event mirrored that of the local events; however, participants suggested changes to the format of the facilitated table discussions which were implemented. Therefore it is not possible to align the outcomes from this event with the following local events.

The main points from the discussions groups were as follows:

- a) It was suggested that all the proposals are interlinked and none are more important than others. Therefore we need to take a holistic approach and through the consultation, ask if they are the right proposals rather than which are the top priorities.
- b) Participants commented that the devolution request to the government needs to be ambitious and focus on what we can achieve not just for the region but also for the UK with devolved powers.
- c) It was suggested that the Combined Authority should build on the successful partnership working in the region such as Rural Growth Network where we have exceeded targets in developing the rural economy by getting women into enterprise and sustainable energy; and potential to do more. This would demonstrate our track record as well as benefits of the critical mass and a bigger voice.
- d) Need to build trust and credibility locally and nationally by starting with some quick wins. We have to demonstrate that we have the capacity, resources and skills to deliver.
- e) In order to demonstrate identity and cohesion in the NE, it was suggested that clarity will be needed on roles and how organisations will interact in the future. For example Local Authorities, NECA, the NE LEP, the Tees Valley CA as well as the wider north of England.
- f) It was suggested that the issues of inequalities, deprivation and social inclusion need to remain at the forefront of the debate as it relates to how we present the case to Government.
- g) The proposals should demonstrate the 'social value' and wider benefit so that the general public can understand what they are being asked to support. For example, benefits for the long term unemployed or people with disabilities accessing work.
- h) We need to be mindful about building the evidence for the proposals and what they can achieve. We are very good at collecting information at a Local Authority level but not necessary at a NECA level.
- i) The current proposed powers should be left as they are and we should be asking if there is anything to add at a later date e.g. stage two.

- j) It was suggested that NECA should initially focus only on the 12 proposals, in order to achieve quick wins and demonstrate the ability and capacity to deliver and that any additional priorities should be built into a stage two set of devolution proposals.
- k) Other comments included;
- More detail will be required around the 12 proposals
 - We should observe and learn from the experiences of Greater Manchester Combined Authority.
 - Need clear leads for all the themes and sectors.
 - We need to identify what would have the largest impact and also what barriers stand in the way of achieving our ambition.
 - Longer term commitment is a priority and should be integral in the ask of Government
 - Need to build in democracy and accountability
- l) In terms of broad future engagement, regional stakeholders suggested the following methods;
- Meetings with business organisations
 - Flow of information
 - Ensure the man in the street can understand the proposals
 - Have detailed discussions to ensure the proposals are robust

NECA Overview and Scrutiny Committee – 24 March 2015

The NECA Overview and Scrutiny Committee were consulted on the Combined Authority's devolution proposals at their meeting on 24 March 2015. There was broad agreement from the Committee to the outline proposals and strong support for the overall principle of devolution.

Suggestions for consideration alongside the initial proposals included establishing a North East Investment Bank, following the example of existing institutions in Germany, and having a joined up approach to strategic planning across the Combined Authority area.

Concerns were expressed about the potential impact that any devolution of health and social care budgets could have at both national and local level, and in particular whether it could result in less provision at a local level. It was felt that there was a risk of the region becoming isolated if other areas pursue devolution deals with Government and the North East does not.

The Committee discussed the need to establish strong public support for the proposals and were concerned that the next iteration of the document must capture the public's imagination. They recognised that more detail was needed, and suggested including some key examples of the difference that having devolved powers and funding could mean within the region. They also discussed the need to address the outcome of the 2004 referendum - explaining how the new proposals differ from that offer - and to address the issue of governance models, including the potential for having an elected mayor.

ANNEX B

NECA Overview and Scrutiny Committee – 1 December 2015

The NECA Overview and Scrutiny Committee considered the proposed devolution agreement at their meeting on 1 December in discussion with three members of the NECA Leadership Board.

Following discussion on the consultation exercise itself and the different approaches taken by constituent local authorities, members then considered the detail of the proposals. With regard to accountability going forward, it was hoped that the scrutiny arrangements would remain as now. It was recognised that although the agreement was a significant milestone, there was much more work still to be done and the committee discussed the conditions set out in the proposed agreement that needed to be met before formally progressing to the next stage of devolved arrangements, as well as receiving an update on the progress of the Cities and Local Government Devolution Bill through Parliament.

The committee discussed the governance implications and potential views among residents in relation to the principle of self-determination through devolution, but noting that there was likely to be some division and significant concern on an elected mayoral system. The committee noted the position of Government on the inclusion of an Elected Mayor as a mandatory element of the package of devolution proposals and discussed how the Mayor would work with the Leaders of the 7 local authorities as a Cabinet with appropriate checks and balances in place. It was felt that an elected mayor would have a key role in preparing a vision for the North East that all residents could sign up to and that civil society had to play a part in shaping the mayoral vision.

Discussion emphasised the importance of fiscal devolution to help shape the future of the region particularly in relation to transport and potential investment in the Metro, buses, airports and ports.

It was highlighted that a directly elected mayor for the CA area would be a very different model to what was currently known; the role was about skills and investment in the region and it was therefore important to get the constitution right, with Overview and Scrutiny written into the checks and balances processes. The committee felt that NECA provided an opportunity to increase economic capacity and to operate on a global level and that decisions would be better made locally. Proposed changes to the business rates system were discussed along with the provisions of the Bill that covered a Mayoral precept.

The importance of ongoing consultation with all stakeholders was emphasised and the committee noted that an implementation plan was being developed including consideration of the appropriate capacity to progress the various workstreams related to the devolution agenda and the themes of the proposed agreement.

ANNEX C

NECA – Proposed Devolution Agreement – Consultation Events Analysis of VONNE Stakeholder Event held on 18th January 2016

Introduction

The event was held at MEA house with 62 delegates representing voluntary organisations and groups from across the region.

The event opened with a short introduction by Councillor Simon Henig on the aims of the North East Combined Authority, progress made so far, the Devolution Agreement and the next steps including further engagement and consultation with all stakeholders.

Adam Wilkinson – Acting Head of Paid Service then gave a short presentation on the Devolution Agreement followed by Jane Hartley – Chief Executive VONNE on devolution and the role of VONNE in the devolution proposals and delivery.

There was a short question and answers session with the panel and then delegates split into 6 groups to consider four set questions regarding the devolution agreement and the next steps to progress the debate/implementation of the agreement.

A summary of the main points from the discussion groups on each of the questions were as follows:

1. Does the proposed agreement focus on the right issues to drive growth in the North East?

- a) It was felt that the devolution statement covered the issues, barriers and challenges to economic growth facing the north east however, it was difficult to visualise what the interventions/and changes will look like. An action plan/ time line would assist
- b) The inclusion of the Human Capital strand was welcomed however, it was felt the statement overlooked the need to develop human capital at grass roots level There needed to be more emphasis on capacity building in communities and community development work using an asset based approach
- c) The theme of inequality across the Country; Region, within work force gender, race and age cut across all of the various agenda in the Devolution Statement cut across re was no mention of support for under 16s and it was felt early years intervention was needed to make step change in employment and skills. These had to be given a priority when moving the proposals forward
- d) The proposals currently have an economic focus rather than a VCSE focus. The reasons for this were understood but any economic strategy must be underpinned by a locally focussed Social Strategy
- e) There was a need to ensure that those outside of the job market e.g. young, old and those unable to work through mental or physical disability benefitted from the devolution agreement. Need to be in provision for structured approach to

apprenticeships not just the traditional focus on higher education for training of young people.

2. Devolution is not just about drawing down powers and responsibilities from central Government to the North East Combined Authority – we want to work in partnership with our stakeholders and local communities. What do you see as your role and the sector’s role in the implementation of the proposals?

- a) It was felt the VCSE sector could be a conduit to “making devolution real for people in communities” helping people to have a voice and co-design/co-produce interventions recognising the assets in communities to design own solutions (community resilience)
- b) VCSE sector organisations can be a key player in innovating new services – Co-production/Co-Design; sharing best practice – showcasing success through forums, networks and case studies
- c) VCSE representatives could play a pivotal role as a reference group for devolution initiatives using existing forums e.g. VONNE Health & Well Being and could be a core deliverer of services especially at grass roots level e.g. capacity building, pre employability work etc.
- d) VCSE involvement in the process could be held back due to lack of capacity and funding

3. Which areas of the proposed agreement do you want to discuss in more detail at future engagement events?

- a) The Health and Social Care Commission – more clarity required about what it is, its role, and principles.
- b) NECA structures and where VCSE sector fits in.
- c) The development of an action plan, timeline or road map to guide and communicate devolution developments.
- d) Resource Mapping across the area as a whole so that an overall view of the assets, talents, opportunities and strengths there are across the region
- e) Further discussions around Human Capital Theme with a focus on community capacity building and development with a shift in focus from Joint Strategic Needs Assessment to Asset Based Community Development
- f) Governance structures and how NECA will work with Tess Valley CA for the benefit of the whole region
- g) Resourcing, including impact of reduced resource allocation to the public sector and existing Local Councils, funding of projects and programmes across borders with adjoining councils and how resources will be allocated post devolution

4. Which areas of the proposed agreement do you want to discuss in more detail at future engagement events?

- a) Unified Procurement Mechanism – There are currently 7 different approaches to the implementation of the Social Value Act in procurement across the NECA Region.
- b) The development of a Community Engagement Plan ensuring hard to reach groups are brought in
- c) The Rural Dimension and Social Enterprise need to be considered and taken into account in future discussions and action planning.
- d) In order to demonstrate identity and cohesion in the NE, it was suggested that clarity will be needed on roles and how organisations will interact in the future. For example Local Authorities, NECA, the NE LEP, the Tees Valley CA as well as the wider north of England.
- e) It was suggested that the issues of inequalities, deprivation and social inclusion need to remain at the forefront of the debate as it relates to how we present the case to Government.

Creation of a Mayoral Combined Authority – Governance Issues

Introduction

This note provides information on the expected decision-making process and timeline towards creating a Mayoral Combined Authority and sets out anticipated decision-making arrangements once a new CA is established.

SECTION 1 - Decision-making arrangements within a Mayoral Combined Authority

The principles of decision-making processes in a NECA Mayoral Combined Authority described below are based on the Cities and Local Government Devolution Act 2016, the proposed Devolution Agreement, existing legislation and correspondence, meetings and discussions with DCLG. The proposed arrangements negotiated by the North East in the proposed agreement reflect the particular challenges facing the region:

- devolution is about drawing new powers and responsibilities for local functions down from central government not transferring them from local authorities – no powers can be transferred from a local authority to the mayor or combined authority without local authorities' consent
- The deal promotes an “embedded mayor” model in which the mayor will be required to consult with local leaders in relation to mayoral responsibilities and works with local leaders in relation to the NECA responsibilities.

The Cabinet and an embedded Mayor

The NECA Leadership Board would become the Cabinet of the Combined Authority, and would be chaired by the Mayor. Leadership Board members would become portfolio leads for the Combined Authority's responsibilities, building on the existing arrangements established within the Combined Authority and set out in its Constitution. Cabinet members would also be able to take on delegated powers for mayoral responsibilities as agreed with the Mayor. Any responsibility not specifically allocated to the Mayor under legislation would remain the responsibility of the Cabinet and the Mayor will not have a casting vote in decision-making. This section outlines decision-making processes and arrangements in three areas:

- a) Mayoral responsibilities
- b) Cabinet Responsibilities and
- c) Budget setting processes
- d) Mayoral plans and strategies
- e) Scrutiny

a) Functions Exercisable only by the Mayor

The Devolution Agreement identifies 4 specific areas which are to be the responsibility of the Mayor, and these will be reflected in the Order:

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the Spending Review
- Responsibility for franchised bus services and, through Rail North, franchised rail services, contributing to the delivery of smart and integrated ticketing across the North East.
- Powers over strategic planning, including the responsibility to create a North East Planning Development Framework and to chair a new North East Land Commission to release land for development.

Note – *this is not a regional spatial strategy, the intention is to create an overarching framework for development in the North East delivering the National Planning Policy Framework according to the specific needs of communities in the North East, supporting local development frameworks, and incorporating the duty to cooperate between the constituent local authorities.*

- Powers to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap.

Exercise of Mayoral powers:

- The Mayor will have the power to delegate any of their responsibilities to their Deputy, or a Cabinet Member or Officer of NECA and may consult Cabinet prior to exercising that decision making power. Provision for such consultation would be incorporated in the Constitution.
- Current proposals are that Mayoral decisions would be taken at Cabinet meetings with formal consultation with Cabinet being undertaken in that setting
- The precise Mayoral powers, responsibilities and funding streams will be settled with DCLG and work is underway to determine these.

b) Functions Exercisable by Cabinet

The Cabinet is responsible for **all NECA matters not otherwise specifically allocated to the Mayor** in the legislation.

Exercise of Cabinet powers:

- Decisions will be taken at Cabinet, or delegated to Committees or Officers
- The Mayor will be the Chair of Cabinet and each Cabinet Member (including the Mayor) has one vote - there is no casting vote for the Chair
- Decisions will be made on a simple majority basis unless specified otherwise in legislation
- There is no requirement for the Mayor to be in the majority (i.e. a 'Mayoral veto') as exists in some Combined Authorities. A process has been agreed with government officials to deal with the situation where a 'key strategic decision' is not supported by the Mayor. The Mayor may seek reconsideration of the matter by Cabinet, but ultimately the view of Cabinet will prevail.
- 'Key strategic decisions':
 - certain matters will be defined as 'key strategic decisions' requiring a greater than simple majority vote

- these will be defined in the Order and are yet to be agreed, however they are likely to cover the areas that require unanimous agreement under the existing NECA Order
- It is likely moving forward that these areas would move from a requirement for decisions to be unanimous as set out in the existing Order, to instead be made by a 2/3 majority
- Arrangements for budget setting are set out separately below

Note – Mayoral veto in other Combined Authorities in some CA areas it has been agreed that the vote of the Mayor must be part of the majority vote for a matter to be agreed by Cabinet, this amounts to a Mayoral veto and enables a Mayor to control not only areas of Mayoral responsibility but Cabinet responsibilities as well. For the NECA Agreement it states that: -

*“Decisions by the Combined Authority **should** have the support of the Mayor, unless set out otherwise in the Authority’s Constitution, or specifically delegated to Cabinet members”.*

c) Budget Setting processes

In a Mayoral CA the overall budget setting process for NECA will encompass separate arrangements for (1) NECA responsibilities and for (2) Mayoral responsibilities. The Mayoral portion of the NECA Budget may be ring-fenced similar to the HRA.

Setting the Mayoral Budget

The detailed process for setting the Mayoral budget will be laid down in new regulations but is expected to reflect the current approach to the budget setting in Mayoral local authorities:

1. **Preparation** of a Mayoral draft budget
2. **Scrutiny** of the Mayoral draft budget
3. **Mayor’s response** to scrutiny of budget
4. **Submission of the draft Mayoral Budget to Cabinet** and either:
 - approval (potentially on the basis of a 2/3 majority as a key strategic decision)
 or
 - the agreement (on the basis of a simple majority) of specific Objections (which will be in the form of a costed alternative budget proposal validated by the CFO) raised by Cabinet to the draft Budget with a requirement that the Mayor reconsider their draft budget in the light of the Cabinet Objection

In the case of an Objection - a further meeting of the Cabinet considers the Mayor’s response to the Objection and unless the Objection is agreed by 2/3 of the Constituent Authority representatives the Mayor’s proposed draft budget will prevail. If the 2/3 majority is achieved the Mayors budget will be changed to reflect the Cabinet’s alternative budget proposal. The fine detail will emerge in due course.

Setting the budget for NECA Responsibilities

The budget for the NECA responsibilities will be subject to similar stages as the Mayoral budget subject to the following:

- Setting the budget would be a 'key strategic decision' and therefore subject to 2/3 majority when initially considered at Cabinet (subject to the changes to key strategic decisions referred to above)
- The Mayor could invoke the review process outlined above - the decision would be reconsidered and either confirmed on a simple majority or amended on a 2/3 majority.

d) Mayoral Plans and Strategies

The detailed process for agreeing these Plans and Strategies is expected to be laid down in new regulations but again is expected to reflect the current approach to the agreement of plans and strategies within the Policy Framework in Mayoral local authorities.

e) Overview and Scrutiny

The current arrangements for Overview and Scrutiny do not permit the Call in of decisions. The new legislation provides for Call in of decisions of the Mayor and Cabinet. It also provides for the Chair of the committee to either be an Independent Chair or a Member of a political party not in the same party as the Mayor.

SECTION 2 - The Creation of a Mayoral Combined Authority – timetable and legal process

The dates set out for each stage below are indicative and based on the latest discussions with Government.

Stage 1 – Consent to creation of a Mayoral Combined Authority (March)

- NECA and the Constituent Authorities must formally consent to the making of Orders bringing into effect Devolution.
- The decision whether or not to consent is made by the Executive of each Authority and the NECA Leadership Board
- Each local authority is considering the decision on whether to consent to creation of a Mayoral CA at meetings during February/March and the NECA Leadership Board will make its decision on 24 March.

Stage 2 - Order laid before Parliament (May)

- The initial Order to create the Mayoral CA is currently expected to be laid before Parliament before the summer recess 2016 in May, but this is under the control of DCLG
- This is effectively the point at which the NECA becomes committed to a change to a Mayoral Combined Authority
- The decision to agree the precise wording of the Order to be laid may be delegated to a Leader/Elected Mayor or a Chief Executive – therefore consent could be withdrawn or not proceeded with if a further decision of Cabinet/Leadership Board is taken to withdraw the original consent
- The Secretary of State must also consent to the making of the initial and all subsequent Order(s)

- The Order must be in place by 4 November to enable a Mayoral election to take place in May 2017. Any delay to progress of the Order would delay the election.

Note - *Any withdrawal of consent after the Order is laid before Parliament is likely to be more problematic and will depend on Parliamentary procedures.*

Stage 3 – Devolution of Powers through a second Order (October)

- The initial devolution of powers to the NECA and allocation of powers to a Mayor will be through a second Order which is expected to be laid in October
- Considerable preliminary work and public consultation will take place prior to that point – this will determine the precise content of the Order
- Again the Constituent Authorities and the NECA must consent to the making of this Order before it will be laid in Parliament
- If any of the Constituent Authorities do not consent to the making of this Order, provided there are at least 2 consenting Authorities, a further Order will be made excluding the non-consenting Authorities from the Combined Authority.

Note – if authorities fail to consent

- *Constituent Authorities may also withdraw from the devolution process and the NECA by failing to or withdrawing consent to this Order.*
- *Any non-consenting Authorities would be removed from NECA by the Secretary of State by a further Order. Devolution may continue provided 2 or more Authorities agree.*
- *There would however be significant reputational implications if consent was withdrawn.*

SECTION 3 – Other Issues

Further devolution of powers

- If new powers and responsibilities are proposed to be devolved in the longer-term to the NECA from other public bodies such as Health, DWP etc, a further Order will be required.
- NECA and the Constituent Authorities can only trigger the devolution of powers from other public bodies if they all consent to the submission of a proposal for the devolution of such powers to the Secretary of State.
- If further devolution is proposed which is contrary to the wishes of a Constituent Authority and the remaining Authorities wish to proceed, a governance review could be carried out with a view to the removal of the Constituent Authority not in agreement.
- A further Order would be requested from the Secretary of State to bring into effect any necessary changes to the geographical extent of the NECA.

Transitional Arrangements – 2016/17

- Devolved powers come into effect only when the Mayoral CA is established
- Discussions with DCLG suggest that if the process follows the indicative

timescales outlined above, the Mayoral CA would come into being on 1 April 2017 with transitional arrangements pending the election of a Mayor in May 2017

- Shadow arrangements could be put in place during 2016/17 enabling policy development and informing the approach under a Mayoral CA however this would be on an informal basis
- Current advice from DCLG suggests access to the £30m/year funding in advance of a Mayor being in place, is subject to 2 conditions:
 - The first Order to create a Mayoral CA being laid before Parliament (as this signifies the authorities' commitment to the creation of a Mayor)
 - An assurance framework must be agreed with DCLG

This means the funding could potentially be available in June 2016 when it is expected that the first Order is laid before Parliament, however this is based on initial discussions with DCLG and is not confirmed i.e. the best case scenario.