

Extraordinary Council



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Norfolk and Suffolk Devolution Agreement	
Report No:	COU/SE/16/019	
Report to and date:	Extraordinary Council	21 November 2016
Portfolio holder:	Cllr John Griffiths Leader of the Council Tel: 01284 757001 Email: John.Griffiths@stedsbc.gov.uk	
Lead officer:	Ian Gallin Chief Executive Tel: 01284 757001 Email: ian.gallin@westsuffolk.gov.uk	
Purpose of report:	<ol style="list-style-type: none">1. This report follows discussion at Council on 28 June 2016 of the report: 'East Anglia Devolution: Norfolk and Suffolk Devolution Proposal'. The minutes of that meeting highlight that Council decided to: "endorse signing of the Norfolk and Suffolk Devolution Agreement by the Leader and support the publication of a draft Scheme to create a Norfolk and Suffolk Mayoral Combined Authority for consultation." This decision was subsequently endorsed and agreed by Cabinet.2. It provides: a summary of the consultation responses; updates on the devolution process and a summary of a draft statutory order to establish a Mayoral Combined Authority for Norfolk and Suffolk with the content of the draft order attached at Appendix A for the Council's consideration. The actual Statutory Instrument which will be laid before Parliament by the Secretary of State, which creates the Combined Authority and sets out the legal functions, in legal terms, that will be devolved is still being finalised by Government lawyers. We anticipate this will be available to circulate to members on Tuesday 15 November 2016.	

	<p>3. In order to realise the benefits associated with Norfolk and Suffolk Devolution Deal and maximise potential for future devolution deals, this report asks the Council to consent to being included in an Order that will be laid before Parliament by the Secretary of State for Communities and Local Government, to create a Norfolk and Suffolk Mayoral Combined Authority that will receive devolved powers and funding. As this is an Executive Decision, the recommendations of Council will be formally agreed by Cabinet immediately following the Council meeting.</p>
<p>Recommendations:</p>	<p>It is <u>RECOMMENDED</u> that:</p> <p>(1) on the basis of the earlier Governance Review (Appendix B to Council Report No: COU/SE/16/010 (28 June 2016)), Equalities Impact Assessment (EqIA) and the results of the consultation, the Authority continues to conclude that the establishment of a Mayoral Combined Authority for Norfolk and Suffolk is the option which most fully permits the effective discharge of the functions that Government is prepared to devolve to this area.</p> <p>(2) The Council authorises the Chief Executive to consent to the Council being included in an Order that will be laid before Parliament by the Secretary of State for Communities and Local Government to create the Norfolk and Suffolk Combined Authority, such Order to:</p> <ul style="list-style-type: none"> • establish a Norfolk and Suffolk Combined Authority and specify the high level constitutional arrangements; • confer functions on the Norfolk and Suffolk Combined Authority; and • specify those functions exercisable by the Mayor. <p>(3) In the event that any minor drafting changes are required to reflect legislative requirements and the contents of the Deal Agreement, authority is delegated to the Chief Executive, in consultation with the Leader and agreement with the other Chief Executives/Managing Directors of the Constituent Councils across Norfolk and Suffolk to make the necessary changes to the Order.</p> <p>(4) Further reports are presented to the Authority, as appropriate, as the Devolution process progresses.</p>

<p>Note for Recommendations:</p>	<p>1. In order to create a Mayoral Combined Authority for Norfolk and Suffolk, there is a legislative requirement for Authorities proposing to participate in that Mayoral Combined Authority to consent to being included an Order to be laid before Parliament for the establishment of the Mayoral Combined Authority.</p> <p>2. The Secretary of State has indicated his preliminary view that the creation of a Mayoral Combined Authority for Norfolk and Suffolk meets the statutory test to: "improve the exercise of the statutory functions in the area". In addition, the Secretary of State will have considered the evidence in the Governance Review (discussed as part of the June council debates) that the proposed areas of Norfolk and Suffolk represent a functional economic area as well as the outputs from the consultation and any other representations.</p> <p>3. If the Authorities do not consent to the Order, it will not be laid before Parliament, the Mayoral Combined Authority will not be established and the Norfolk and Suffolk Devolution Deal will no longer stand. The opportunities to: develop the benefits of the devolution process, access additional funding offered in the Deal and establish greater local determination over policy and spending priorities will no longer be available.</p>
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input checked="" type="checkbox"/></p> <p>No, it is not a Key Decision - <input type="checkbox"/></p> <p>(a) A key decision means an executive decision which, pending any further guidance from the Secretary of State, is likely to:</p> <p>(i) be significant in terms of its effects on communities living or working in an area in the Borough/District; or</p> <p>(ii) result in any new expenditure, income or savings of more than £50,000 in relation to the Council's revenue budget or capital programme;</p> <p>(iii) comprise or include the making, approval or publication of a draft or final scheme which may require, either directly or in the event of objections, the approval of a Minister of the Crown.</p>

	<p>(b) A decision taker may only make a key decision in accordance with the requirements of the Executive procedure rules set out in Part 4 of this [the] Constitution.</p> <p>(See Report No: CAB/SE/16/057 to Extraordinary Cabinet: 21 November 2016)</p>
<p><i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i></p>	
Consultation:	See main body of report.
Alternative option(s):	<p>1. That the Authority supports the recommendations in the report and gives consent to being included in the draft Order being laid before Parliament, triggering the Parliamentary process required for creating a Mayoral Combined Authority that is part of the Norfolk and Suffolk Devolution Deal.</p> <p>2. Alternatively, the Authority could decide not to give consent to the draft Order being laid before Parliament.</p>
Implications:	
Are there any financial implications? <i>If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Are there any equality implications? <i>If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Risk/opportunity assessment:	<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p> <p>Councils, organisations, residents and businesses in Suffolk and Norfolk will all be affected by the decision</p>
Ward(s) affected:	All

<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>	<p>Sources of further information:</p> <ol style="list-style-type: none"> 1. Report(s) to Council: <ul style="list-style-type: none"> • SEBC Extraordinary Council 16 September 2015 " Devolution in Suffolk" • SEBC Council 28 June 2016 "Norfolk & Suffolk Devolution Agreement" 2. Equality Assessment Phase 1 – Findings and Recommendations 3. The Norfolk and Suffolk Devolution Deal Agreement 4. The Norfolk and Suffolk Governance Review 5. The Norfolk and Suffolk Scheme of Governance 6. Cities and Local Government Devolution Act 7. https://eastangliadevo.co.uk/
<p>Documents attached:</p>	<p>Appendix A – Contents of Draft Norfolk and Suffolk Combined Authority Order</p> <p>Appendix B – Letter of support from businesses together with list of signatories</p>

1. Introduction

1.1 The Norfolk and Suffolk Deal

1.2 The Norfolk and Suffolk Devolution Deal is an ambitious first step in securing greater local autonomy, accountability and control over new and existing centrally held powers and funding. It offers the opportunity for a step change in the relationship with Government and having local certainty and control over resources that will help local people, places and businesses reach their full potential.

1.3 Key elements of the Norfolk and Suffolk Devolution Deal include:

- £25 million a year of new money for the next 30 years (£750 million) to support economic growth, development of local infrastructure & jobs. 40% (£10m) of this can be used to borrow in the order of £100 - £150 million to invest in growth, housing and jobs.
- £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 and Ipswich Borough, to meet its housing needs.
- A guaranteed £225 million annual transport budget until 2021.
- 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.
- 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.
- Greater control over who delivers transport services in Norfolk and Suffolk and how, rather than it being imposed on us by Central Government.
- More control and influence over investment in key roads across Norfolk and Suffolk, so that local priorities and concerns can be met.
- A commitment that relevant authorities and partners take a Norfolk and Suffolk wide approach to flood & coastal risk management to reflect local priorities, get more for our money and ensure problems aren't just shifted from one area to another.
- A commitment that local authorities work to improve the planning process for residents and businesses

1.4 The full Deal document was included in the papers of the 28 June 2016 full Council discussion and is also available on the East Anglia devolution website: <https://www.eastangliadevo.co.uk/>

- 1.5 This Deal is underpinned by the expectation that it is a beginning of an ongoing dialogue with Government and therefore, the first, economically focussed deal that lays the foundation for further negotiation. This is similar to the way that Greater Manchester has negotiated four devolution deals covering a wide range of issues including criminal justice and health and care.
- 1.6 In addition, the principle of subsidiarity (decisions being taken closest to where they have most effect) is embedded in the Deal. This is intended to ensure that the strategic focus of the Mayoral Combined Authority and Devolution Deal is grounded in local places and therefore, delivering what's best for local people.
- 1.7 It will be delivered through double devolution so that implementation on the ground is delivered by the relevant existing local authority and, given the connectivity across organisational boundaries in and beyond Norfolk and Suffolk, working with national and local partners as appropriate.
- 1.8 Not simply a 'top down' approach, double devolution means that as constituent members of the Mayoral Combined Authority, local leaders will influence and make decisions as part of the Authority; therefore, enabling local perspectives to be reflected at that strategic level.

2. The Devolution Process

- 2.1 There is a statutory process that needs to be followed to establish a Mayoral Combined Authority in accordance with the Cities and Local Government Devolution Act 2016.
- 2.2 Accordingly, the Devolution Deal, Governance Review and draft Governance Scheme for Norfolk and Suffolk were considered by authorities across Norfolk and Suffolk at their June Full Council meetings. Consequently, all councils across Norfolk and Suffolk debated whether to endorse the deal and consult the public and other stakeholders on the devolution proposals that include establishing a Combined Authority and directly elected Mayor.
- 2.3 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.
- 2.4 Discussions with the Secretary of State have confirmed that once the Combined Authority has been formally established these four districts are able to apply to join the Combined Authority should they so wish. In the event that this is agreed, it is open to the Combined Authority to admit one or more of these councils as 'non-constituent members' and although voting rights cannot be conferred by the Secretary of State through the Order, the Combined Authority can confer the right to fully participate as

voting members of the CA subject to agreeing to contribute to costs and to the other provisions agreed by the existing constituent authorities.

- 2.5 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)).
- 2.6 The Norfolk and Suffolk consultation closed on 23 August 2016 and a summary of the results was returned to the Secretary of State on 9 September 2016. This summary and accompanying data are available on the East Anglia devolution web site: (<https://www.eastangliadevo.co.uk/>). The presentation slides from the Ipsos mori survey and a video of the Ben Page presentation are also available on the web site. Further details on the outcomes of the consultation are covered in the 'Outcomes of consultation across Norfolk and Suffolk' section below.
- 2.7 During this time, as a result of the EU Referendum outcome, there were significant changes in Government with a new Prime Minister, Chancellor and Cabinet. Consequently, the Rt Hon. Sajid Javid MP replaced Rt Hon Greg Clark MP as the new Secretary of State for Communities and Local Government: The Secretary of State has visited Norfolk & Suffolk and met with the Council Leaders. Whilst in Norwich he emphasised that the Norfolk & Suffolk agreement is a very good deal and a first step with more to come (in subsequent 'deals'). However, he was also very clear in his view that in the event that the agreement is not endorsed by the Councils "the money will be switched to another part of the country and that there will be no second chance" (to come back to the table).
- 2.8 There has been no change in the advice from DCLG since the referendum and machinery of Government changes. Both officials and Ministers have clearly indicated continued support for devolution and enthusiasm to complete the Norfolk-Suffolk devolution deal. This is supported by the Prime Minister's answer to Suffolk MP James Cartlidge at a recent Prime Minister's Questions: *"The point about devolution deals is people coming together with that ambition for their local area to generate the transformative investment he talks about"* (Hansard 12 October 2016).
- 2.9 In early September a strong message was sent to the North East Combined Authority where a majority of members voted against the devolution deal and DCLG swiftly withdrew the devolution offer. Other devolution deals continue to progress with DCLG recently announcing the first transfer of £15 million to Tees Valley as part of the Deal signed in October 2015. The press release (29 September 2016) announcing the deal referenced the North East: *"Earlier this month council leaders in the North East walked away from a similar deal which would have brought significant benefits to local people."*

3. Outcomes of consultation across Norfolk and Suffolk

- 3.1 As previously highlighted, in order to comply with the statutory process for establishing a Combined Authority it is necessary to consult on the draft Scheme of Governance (attached to the 28 June 2016 full Council papers). As this was the first opportunity to test support for the Norfolk and Suffolk devolution deal, there has been substantial engagement and consultation conducted across Norfolk and Suffolk to raise awareness and gather views from: statutory and non-statutory partners, the public and businesses. A number of mechanisms were used to gather views primarily:
- Telephone Survey
 - Online Consultation
 - Business Survey
 - Engagement with key stakeholders
 - Leaflet to all Norfolk residents
- 3.2 Further to Suffolk County Council's discussion on 30 June 2016, a question was added into the telephone and online surveys to include: "a clear and dedicated question to the consultees asking whether they support the establishment of a Directly Elected Mayor" (Suffolk County Council Confirmed minutes). The full results and supporting data are available on the East Anglia devolution website.
- 3.3 In accordance with the statutory process, the consultation forms part of the evidence, along with the Governance Review and draft Governance Scheme (Appendix B and Appendix C to the 28 June 2016 Council papers) for the Secretary of State's decision as to whether the proposal for a Norfolk and Suffolk Mayoral Combined Authority meets the statutory test to: "*improve the exercise of statutory functions in the area*" (Cities and Local Government Devolution Act 2016 section 105B 1) b)).
- 3.4 In addition, it provides local councillors with additional information on how devolution and the creation of a Norfolk and Suffolk Mayoral Combined Authority are viewed. There was overall support for more local control over decision making. Businesses were particularly supportive of the opportunities the Deal would offer to the local economy.
- 3.5 There were more mixed views on the proposed directly elected Mayor: 52% in favour and 16% opposed (telephone survey); 29% in favour and 62% opposed (online survey) and 47% in favour and 27% opposed (business survey). However, as highlighted in the report to Council in June, Government has been clear that without a Mayor any devolution deal would be much smaller in range and value and therefore, would not deliver the Norfolk and Suffolk's ambition. Paragraphs 3.8 – 3.11.2 provide a more detailed summary of the consultation results.
- 3.6 The content of the draft Order is attached as Appendix A and summarised in paragraphs 4.1 – 4.7 below. Taking into account that whilst many support devolution, there is also local concern at creating a directly elected Mayor for Norfolk and Suffolk, the Orders have been drafted to reflect this so that decision making is accountable and transparent.

3.7 An overview of the results from each consultation approach is described below and full data can be accessed on the East Anglia devolution website: <https://www.eastangliadevo.co.uk/>

3.8 Telephone Survey

3.8.1 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.

3.8.2 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, with: 1528 from Norfolk and 1392 from Suffolk A summary of the results is below:

- 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) 29% opposed election of a Mayor and 25% opposed establishing a Combined Authority.

3.9 Online Consultation

3.9.1 An online survey was 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 a statistically representative sample unlike the telephone survey. 2,925 responses were received. A summary of the results is below:

- a) 51% supported the principle of devolution while 39% 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 (75%), developing a new housing strategy (71%), development of new homes (70%) and creating a transport plan (65%).
- c) There was 27% support for a Mayor and 35% support for councils to come together as a Combined Authority.
- d) 62% opposed election of a Mayor and 54% opposed establishing a Combined Authority.

3.10 Business Survey

3.10.1 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.

3.10.2 In addition to the survey, there have been a number of engagements with the business community that signalled significant support. Over 80 businesses who together represent more than 80,000 employees with an annual turnover of £8bn, lent their support to a letter from the LEP and the Norfolk and Suffolk Chambers of Commerce to the chair of the East Anglia Leaders' Group. It included the following statement (for reference, the full letter is attached as Appendix B):

'The devolution deal will help us deliver many more of the crucial projects we need to support our economic growth, improving infrastructure from road and rail links to high speed broadband and mobile coverage, offering funding and advice to support business, and empowering the next generation with the skills to drive our economy'

3.10.3 In addition to this, individual letters of support have also been sent by business representative groups such as the Confederation of British Industry and Federation of Small Businesses as well as national businesses such as Persimmon Homes and PWC.

3.11 Engagement with key Stakeholders:

3.11.1 There was also engagement with stakeholder groups to raise awareness of the Devolution Deal and associated consultation. This included Town and Parish council meetings as well as events with Voluntary and Community Sector organisations. There were also expressions of support for devolution from: higher and further education institutions and representatives from health.

3.11.2 More recently (since the consultation closed), MPs from across Norfolk and Suffolk were co-signatories to an open letter to the media highlighting the

benefits and ambition associated with the Devolution Deal and supporting its implementation locally.

4. Summary of the draft Order

- 3.1 The content of the draft Order is attached as Appendix A. This section provides an overview of the key principles underpinning the Norfolk and Suffolk approach to establishing a Mayoral Combined Authority that are reflected in the draft Order. As previously highlighted, the Order is part of the statutory process for establishing a Combined Authority and will be subject to Parliamentary process and scrutiny.
- 4.2 The Order reflects the draft Governance Scheme consulted on during the summer as well as the Norfolk and Suffolk Devolution Deal content. However, it will be for the Combined Authority locally, to agree its constitution, which will be included in the business of the Authority's first meeting when established in March 2017 and developed whilst the Combined Authority is in shadow form.
- 4.3 The Order specifies the constituent members of the Combined Authority (the twelve Norfolk and Suffolk authorities that consulted on the Scheme) and a non-constituent member, New Anglia Local Enterprise Partnership.
- 4.4 It sets out the specific functions to be devolved to the Mayor and the Combined Authority upon creation of the Combined Authority. Further powers will be conferred through subsequent orders if the Combined Authority and the Government agree.
- 4.5 Once elected, the Mayor will chair and be a voting Member of the Combined Authority but will not have a casting vote. There will be Mayoral elections every four years.
- 4.6 The following will require unanimous agreement of the Members of the Combined Authority:
 - Borrowing limits, treasury management, investment strategy
 - Constitution, standing orders and changes thereto
 - Establishment of committees/boards, Overview & Scrutiny Committee and Audit Committee, terms of reference and composition
 - Spatial plan
 - Proposals to Secretary of State for additional powers
 - Appointment and dismissal of statutory officers
 - Approval of the making of arrangements for the exercise of functions of the Combined Authority
 - Appointment of members drawn otherwise than from the elected members of the constituent councils or conferral of voting rights on such members; and
 - Review or changes the membership, geography, constitution, remit of the Combined Authority.

4.7 Paragraphs 4.1 – 4.6 highlight the principles and approach to decision making; however, more detail will be provided in the Combined Authority's constitution.

5. Resource Implications (Finances, Staffing, Property, IT)

5.1 Leaders have been clear that costs should be kept to a minimum. There will be upfront costs; although this will be superseded by the level of funding that the Devolution Deal will generate. The costs would be minimised by maximising existing resources, for example, use of existing buildings and 'back office' systems, with opportunity to minimise duplication across the authorities. Existing Combined Authorities have tended to evolve with staffing secured by a combination of:

- 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

5.2 For most Combined Authorities costs have been minimised by existing senior staff taking on the statutory posts required for a Combined Authority (Head of Paid Service, Monitoring Officer and Chief Finance Officer). Similarly, the Mayoral elections will be run on the same day as existing local elections in order to reduce the associated running costs.

5.3 Of the funding available in the Deal, the £25 million a year for 30 years single investment pot is entirely new and additional funding that would not otherwise be allocated to Norfolk and Suffolk.

5.4 The £30 million housing for Norwich and Ipswich Borough is also entirely new and as is the £100 million capital funding for housing across the Combined Authority area.

5.5 Control over the Adult Skills Budget is new; therefore, whilst some of that money would have been spent in the area all of that budget (approximately, £20 million) will be spent in Norfolk and Suffolk as considered most locally appropriate from 2018-19. The same rationale also applies to the Apprenticeship Grant for Employers (approximately, £2 million).

5.6 The strategic transport budget (approximately £225 million across Norfolk and Suffolk over four years) would normally be allocated on an annual basis to highways authorities. Therefore, although it is funding that is currently received by the area, the Deal provides longer term security over four years, enabling better planning for its use.

- 5.7 In terms of additional leverage, it will, for example, be possible for the Combined Authority to use £10 million of the £25 million to support borrowing of up to £150 million to invest in growth, housing and jobs.
- 5.8 Legally, the costs of the mayor are met by the Constituent Authorities. From 2018/19 these costs can be met from precepts issued by the Combined Authority. However, to minimise any call on the constituent authorities, the Combined Authority's draft Order states that in the first three years, the Mayoral costs may be met by a loan from each of the Constituent Authorities (pro rata to population) to the Combined Authority, that is repayable on the third anniversary of the Mayoral election.
- 5.9 It also establishes the expectation that the benefit derived from investment of the single investment pot will outweigh the Mayoral costs. It is clear that the Combined Authority is not permitted to dip into the single pot money directly to cover the mayoral budget (although some authorities have proposed using a share of the fund to help resource the Combined Authority). However, the financial benefits that will be generated by the Deal (such as the additional single investment pot) will be substantially greater than the mayoral costs.

6. Issues and Risks

- 6.1 Devolving powers from central government to a new Combined Authority is not without potential negative implications and perspectives. These are summarised below with corresponding proposals to mitigate:
- 6.1.1 The Combined Authority will add an additional layer of bureaucracy. It will exist alongside County, District and Parish Councils.
- Councils are committed to ensuring that the Combined Authority makes use of existing staff and systems and decisions will be made by the existing council leaders working together with a mayor and the LEP. There will be no election of additional councillors to the combined authority and the principle of subsidiarity will mean that delivery occurs at the lowest possible level.
- 6.1.2 Higher overall cost of local government to the tax payer, through creating an additional local government organisation that will require staffing, premises, etc
- Councils are committed to ensuring that the running costs of the Combined Authority should not add to the cost of local government in Norfolk and Suffolk. Although there will be some transitional costs there are also efficiencies that are expected to be achieved.
- 6.1.3 The unsuitability of a mayoral model for a rural area because of multiple centres of economic activity, multiple identities and complex two-tier arrangements.

The government's pre-requisite for the devolution of significant new powers and taxpayers' money is for a corresponding increase in local accountability through a directly elected Mayor.

6.1.4 The loss of historic boundaries and roles

Existing councils and existing ceremonial roles, such as Lord Mayors, will continue unchanged.

An elected mayor is an appointed local government executive leader, directly elected by the people. A Lord Mayor or civic mayor is a ceremonial/civic representative with no formal powers. These are traditionally elected by a town, borough or city councils. These will not be replaced by the CA mayor.

6.1.5 The loss of individual council authority and power through ceding power to the Combined Authority

Individual councils will retain their own individuality and sovereignty. The services local councils provide will remain the same. For example if Broadland District Council is responsible for collecting your bins, Broadland District Council will continue to collect your bins. Furthermore if you pay your business rates to Ipswich Borough Council then you will continue to pay your business rates to Ipswich Borough Council.

Furthermore the elected leaders of each council will continue to fulfil their designated roles and will remain accountable in the normal democratic way, through local council elections.

6.1.6 A democratic deficit unrepresentative of the area as a whole because the Combined Authority is not required to be politically proportionate

Whilst the Board of the Combined Authority will comprise a member from each of the constituent councils, membership of the Overview and Scrutiny Committee does have to reflect representation across the whole of the area.

As the Norfolk and Suffolk CA is about collaborating on strategic policy the key is to be able to work together for the benefit across the region as a whole and this will require consensus.

7. Conclusion

7.1 Having considered the evidence of the Governance Review and the results of the consultation as well as the potential opportunities offered by the Norfolk and Suffolk Devolution Deal, the Secretary of State has decided that creating a Mayoral Combined Authority for Norfolk and Suffolk meets the statutory test to: "*improve the exercise of statutory functions in the area*".

7.2 Consequently, an Order has been drafted to enable creation of the Norfolk and Suffolk Mayoral Combined Authority, with the intention for it to begin

on 1 March 2017 with election for the directly elected Mayor on 4 May 2017 (to coincide with the County Council elections). This is summarised in the summary of the draft Order section and the content of which is attached at Appendix A.

- 7.3 The Norfolk and Suffolk Devolution Deal on offer is described as a *“generational opportunity to accelerate growth in the local and national economy whilst improving the life chances and quality of life for every resident in Norfolk and Suffolk”* (Norfolk and Suffolk Devolution Deal). Bold and ambitious, it is considered the start of an ongoing dialogue with Government for further devolution deals to gain greater local autonomy and support a thriving economy and thriving local people and places.
- 7.4 The Council is recommended to give consent to being included in the Order being laid before Parliament in order to create the Norfolk and Suffolk Mayoral Combined Authority and begin to realise the multiple benefits associated with the Norfolk and Suffolk Devolution Deal.
- 7.5 If the Council does not give consent, the Mayoral Combined Authority will not be established and the Norfolk and Suffolk Devolution Deal will no longer be available. The associated funding and local autonomy over decision making will be withdrawn. Government has suggested that the funding and flexibilities within the Norfolk and Suffolk Devolution Deal may be offered as part of negotiations that are ongoing with other areas in England.
- 7.6 As demonstrated with the proposed North East Deal, any councils wishing to continue to pursue a devolution deal would begin negotiations again from scratch.