



**NORTH EAST COMBINED AUTHORITY – PROPOSED DEVOLUTION AGREEMENT
AND ELECTED REGIONAL MAYOR**

Mike Barker, Strategic Director, Corporate Services and Governance

EXECUTIVE SUMMARY

1. On 23 October 2015, the North East Combined Authority (NECA) signed a proposed Devolution Agreement (the proposed Agreement) with the Chancellor of the Exchequer and Commercial Secretary, setting out the proposed transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from central Government to the NECA. The proposed Agreement is intended to pave the way for further devolution in the future and for the reform of public services, including health and social care.
2. Included in the proposed Agreement set out in **Appendix 1** of the Report, is a proposal that the NECA becomes a Mayoral Combined Authority. This proposal, as with all aspects of the proposed Agreement, is subject to the formal consent of the NECA and its Constituent Authorities.
3. There has been extensive consultation with the public and business across the NECA area in relation to the proposed Agreement, including the proposal for of an Elected Mayor, to ascertain their views on the proposed Devolution Agreement. The extent of the consultation with the public and business and an update on the other conditional requirements of the proposed Agreement is set out in **Appendix 2** of the Report.
4. Notwithstanding the fact that all decisions relating to the proposed Agreement, including the proposal for an Elected Mayor for the NECA area, is a matter for the Cabinet of each of the Constituent Authorities, each of the Constituent Authorities Cabinets are to consult with their respective Councils so that the views of Council can be taken into account by each Cabinet when making a formal decision on whether or not to give consent to the proposed Agreement, including the proposal for an Elected Mayor.
5. On that basis, on 9 February 2016, Cabinet gave delegated authority to the Chief Executive, in consultation with the Leader and the Strategic Director, Corporate Services and Governance, to provide this report to Council outlining the proposals contained in the proposed Agreement and giving details of the consultation responses received by the NECA and the Constituent Authorities in relation to the proposed Agreement, along with any other relevant information.
6. The views of Council will be considered by Cabinet at a meeting in March 2016, when a formal decision is taken by it on whether or not to give consent to the proposed Agreement, including consent to the Secretary of State making an Order providing for the proposal for an Elected Mayor for the NECA.

RECOMMENDATIONS

7. Council is invited to:

- (i) Note the contents of the proposed Devolution Agreement at **Appendix 1**, including the proposal that the North East Combined Authority becomes a Mayoral Combined Authority;
- (ii) Note the report providing an update on the conditional requirements of the proposed Agreement at **Appendix 2**;
- (iii) Express its views to Cabinet on the proposed Devolution Agreement, including the creation of a Mayoral Combined Authority for the North East Combined authority area, so that Cabinet, at its meeting in March 2016, can have regard to the views expressed by Council when determining the question of consent to the proposed Devolution Agreement, including the proposal for an Elected Mayor for the North East Combined Authority.



HM Treasury



NORTH EAST DEVOLUTION AGREEMENT

DEVOLUTION AGREEMENT BETWEEN GOVERNMENT AND THE NORTH EAST

This document sets out the terms of a proposed agreement between the North East Combined Authority Leadership Board and the Government to move forward with a radical devolution of funding, powers and responsibilities. Final agreement is conditional on the legislative process, the Spending Review, further public consultation, agreement by the constituent councils, and formal endorsement by the Leadership Board and Ministers early in the New Year.

The document we have negotiated together, set out alongside this statement, 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 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.

Devolution must deliver new opportunities for the people of the North East, helping to meet our Strategic Economic Plan to create 100,000 jobs. By prioritising Human Capital development, we will create a radical new approach to enhancing employment and skills, with devolved responsibility for adult skills, co-design of employment support for harder-to-help claimants, and partnership arrangements to create opportunities for young people.

The deal would enable the Combined Authority to create an Investment Fund focused on supporting the North East to compete in international markets, worth up to £1.5 billion, with an initial allocation of revenue funding for capital financing of at least £30 million a year for 30 years. The incoming Mayor would also have the option, with business support, to raise up to a further £30 million a year through a business rate supplement. The North East would in addition benefit from access to Local Growth Funding, from new Enterprise Zones, through the current bidding round, and from local leadership over European funding. Further details would be set out at and following the spending review through a place-based settlement and a single capital programme, demonstrating fair funding.

A Mayor for the North East would be established, working as part of the Combined Authority and subject to local democratic scrutiny, and with a strong partnership with business. Elections would take place in 2017. We will together review the appropriate relationship between the mayor and the role of police and crime commissioners.

We believe we can deliver a deal which is good for the North East, good for our individual communities, and good for the UK. It demonstrates the central role that the North East plays in delivering the ambitions of the Northern Powerhouse. We will now move forward to champion the progressive devolution which the North East demands and expects, with radical reforms of the relationship between the region and central government. Above all, we will help create new opportunities for the people of the North East, more and better jobs, and a greater say over their communities and their future.



HM Treasury

neca

north east combined authority

The Rt Hon George Osborne
Chancellor of the Exchequer

Clr Simon Henig
Chair of the Combined
Authority and Leader of
Durham County Council

Clr Mick Henry
Vice Chair of the Combined
Authority and Leader of
Gateshead Council

Mayor Norma Redfearn
Vice Chair of the Combined
Authority and Elected Mayor
of North Tyneside

Clr Nick Forbes
Leader of Newcastle City
Council

Clr Grant Davey
Leader of Northumberland
County Council

Clr Iain Malcolm
Leader of South Tyneside
Council

Clr Paul Watson
Leader of Sunderland City
Council

Paul Woolston
Chair of the North East
Local Enterprise Partnership

Lord O'Neill
Commercial Secretary to
The Treasury

Governance

1. The proposal for a Mayoral Combined Authority is subject to the final formal consent of the Combined Authority (Leadership Board), the constituent councils, agreement of ministers, and to the Parliamentary process for the necessary primary legislation (The Cities and Local Government Devolution Bill and the proposed Buses Bill) and subsequent orders. This agreement is also conditional on the outcome of the Spending Review.
2. The Mayor will be the Chair and a Member of the North East Combined Authority and subject to the Authority's Constitution and associated procedures (to be amended in the light of the introduction of a Mayor). The powers contained in this deal document will be devolved from Government to the Mayoral Combined Authority. The Mayor will exercise certain powers with personal accountability to the electorate, devolved from central Government and set out in legislation:
 - 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.
 - 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.
3. The North East Combined Authority (NECA), working with the Mayor, will receive the following powers:
 - To create a North East Combined Authority Investment Fund, bringing together funding for devolved powers and used to deliver a 15 year programme of transformational investment in the region.
 - Control of a new £30 million a year funding allocation over 30 years, to be included in the NECA Investment Fund and invested to boost growth.
 - Joint responsibility for an Employment and Skills Board, that will undertake a comprehensive review and redesign of the post-16 education, skills and employment support system in the North East, delivered through the area-based review of post-16 provision, devolution of adult skills funding by 2018/19 and co-design by Government and NECA of employment support for harder-to-help claimants
 - Responsibility for a devolved approach to business support from 2017, including further responsibility for UKTI export advice services, to be developed in partnership with Government.
 - Joint responsibility for the rollout of broadband across the North East.
 - Increased devolved responsibility for rural growth.
4. Other members of the North East Combined Authority Leadership Board (to be renamed as a Cabinet) will become portfolio leads for the Combined Authority's responsibilities, on the basis to be set out in its Constitution, and take on delegated powers as agreed with the Mayor. Cabinet portfolios will be established for all leaders, building on the existing arrangements established within the Combined Authority.

5. The Mayor for the North East will be elected by the local government electors for the areas of the constituent councils of the North East Combined Authority. Subject to parliamentary time allowing for the passage of legislation through parliament, the first election will be held in May 2017.
6. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. All members including the Mayor will have one vote. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, unless otherwise set out in legislation. 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. The Cabinet will examine the Mayor's draft annual budget, plans and strategies and will be able to amend them if two-thirds of the members who have been appointed by the constituent authorities agree to do so.
7. The Overview and Scrutiny arrangements currently established for the Combined Authority will be retained, subject to any amendments required to reflect the introduction of the Mayor and any new statutory provisions.
8. Any transfer to the Combined Authority or Mayor of existing powers or resources currently held by the constituent authorities must be by agreement, unless set out in legislation.
9. The Combined Authority will work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.
10. Arrangements will be made to ensure a strengthened role for business working with the Mayor and Combined Authority.

Finance and Funding

11. Future funding outcomes under this agreement should take account of:
 - a. The scale of opportunities presented in the overall devolution portfolio.
 - b. Ensuring the North East is not disadvantaged in relation to the fiscal freedoms granted to the Scottish Government.
 - c. Ensuring the North East does not suffer disproportionately from future reductions in funding through a fair funding settlement.
 - d. The ability for the Combined Authority to bid into any additional resources that becomes available over the 15 year period, on a fair and equitable basis.
12. The North East Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions ("The North East Investment Fund"), accountable to the Combined Authority. The Fund will operate as a single programme, bringing together resources for economic growth, skills and employability, regeneration, transport and housing; including allocations from the Local Growth Fund

13. The Combined Authority will use the North East Investment Fund to deliver a 15 year programme (2016-2031) of transformational long-term investment. A minimum commitment of capital and revenue spending from Government will be set by agreement through the Spending Review.
14. As an initial allocation to the Investment Fund, an allocation of £30 million a year for 30 years (2016-46) in revenue funding for capital financing and other costs will be made, allowing the North East Combined Authority to create an investment fund up to £1.5 billion, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth. In addition, the Mayor will be given the power 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. In the North East this could provide up to an additional £30 million a year in revenue funding to double the size of the Fund.
15. In addition, the North East will bring forward a proposal for consideration by Government for a single allocation of the Local Growth Fund to support a programme of investment, including an element of flexible revenue funding, committed over a 5 year period, and devolved to the Combined Authority.
16. The costs of the Mayoral Combined Authority will be met from within the overall resources devolved to the Combined Authority.
17. Where functions are agreed to be devolved or to be jointly accountable, the Spending Review will identify a fair level of revenue funding for those functions over the Spending Review period, in the form of a place-based funding settlement for the North East Combined Authority.
18. Within its powers and resources, the Combined Authority will have full flexibility, without reference to government departments, to:
 - a. Make multi-year commitments to projects and programmes
 - b. Secure substantial private and public sector leverage
 - c. Vire resources between projects and programmes, and across financial years
 - d. Use capital receipts from asset sales as revenue funding for public service transformational initiatives.
19. The Cities and Local Government Devolution Bill currently in Parliament makes provision which will govern further prudential borrowing for Combined Authorities. Following Royal Assent, Central Government will work with the Combined Authority to determine how these powers could apply within a framework of fiscal responsibility and accountability to the Combined Authority and local authorities.
20. The North East will receive additional Enterprise Zones and/or extension of existing zones, subject to the current bidding round for further Enterprise Zones.
21. The Combined Authority and Government will pilot a scheme which will enable the Combined Authority to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial period of five years. Government and the Combined Authority will also discuss wider localisation of business rates.

22. The Government agrees to delegate to the North East Combined Authority project selection powers for the European Regional Development Fund and the European Social Fund. The Combined Authority will be granted Intermediate Body status to deliver these delegated powers. This will allow the North East to integrate and align investments with other aspects of the devolution deal, to select projects for investment, to improve performance and maximise economic impact. The Government will work with the Combined Authority to agree the detail of this delegation and, subject to agreement, it is expected to begin from April 2016.
23. Government will ensure fair funding for the constituent authorities, and the Combined Authority will publish an annual report setting out the overall extent of, and prospects for, public funding within its area.

Human Capital Development

24. The North East Combined Authority will create an integrated employment and skills system tailored to the specific needs of the area, and thereby raise labour market participation and skills at all levels, to increase productivity, improve the life chances of young people, help people into work and meet the skills shortages experienced by North East employers.
25. This process will be overseen by an Employment and Skills Board with dual accountability to both the North East Combined Authority and to Government. The Board will bring together relevant senior representation from the Combined Authority; the Department for Business, Innovation and Skills; Department for Education; Department for Work and Pensions; the Regional Schools Commissioner (with their agreement); appropriate representation from business; and, HM Treasury. The Board will be chaired by the Commercial Secretary to the Treasury, Lord O'Neill.
26. The Board will:
 - a. Undertake a comprehensive review and redesign of the post-16 education and skills system and employment support for harder-to-help claimants in the North East. This will encompass the current area-based review of post 16 education and training institutions. The Board will subsequently evaluate the strategic fit and effectiveness of this system in meeting the future needs and demands of the local labour market.
 - b. Facilitate the full devolution to the Combined Authority of the 19+ adult skills budget, at the latest by 2018, subject to agreement on readiness to take on these responsibilities.
 - c. Develop key local strategies and plans for post-16 learning provision.
 - d. Collaborate to maximise the opportunities within the North East presented by the introduction of the apprenticeship levy and any annual underspends within the national Employer Ownership of Skills pilot programme (subject to the Spending Review).
 - e. Actively stimulate, promote and champion initiatives that seek to strengthen and deepen partnerships between education and business to provide a focus upon economically-driven activity, such as vocational training (including 19+ apprenticeships and traineeships); experience of work; and, enterprise learning.

- f. Facilitate joint responsibility between Government and the Combined Authority to co-design the future employment support from April 2017 for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.
 - g. Examine the case for further devolution of employment and skills powers and budgets and bring forward proposals to government for potential transfer of accountability to the North East Combined Authority, in time to implement any resulting reforms by April 2019.
27. The Combined Authority will create a Service Transformation Fund, to support early intervention to support individuals and families with complex needs, to reduce high dependency on public services and support economic participation, supported by a data sharing agreement and other measures to promote the integration of local public services.

Supporting and Attracting Business and Innovation

28. The North East Combined Authority will simplify and strengthen the support available for business growth, innovation and global trade in the North East in order to create more and better jobs. To deliver this commitment:
- a. Working within the scope of existing contracts (2015/16 and 2016/17), the Government will work with the North East to align the Business Growth Service and other national services with local business support through its Growth Hub, to give businesses a joined-up, simplified service that meets their needs. The North East will take full responsibility for a devolved approach to business support from 2017 onwards.
 - b. The Government and North East Combined Authority will work to devolve further responsibility for UK Trade and Investment (UKTI) Export Advice services. This will include ring-fencing and a dual key approach to activities, and enhanced reporting on outputs and outcomes by UKTI.
 - c. Government and the Combined Authority will take joint responsibility for the delivery of inward investment into the region. There will be a strengthened partnership between locally delivered services and UKTI, with a quarterly board to follow-up on progress. The Government will consider the case for creating a Northern Powerhouse hub for foreign investment, in discussion with key partners including the North East. This approach will be focused on maximising high level jobs and long-term economic impact.
 - d. Government will offer the Combined Authority expert advice and support to put forward a strong proposal for a science and innovation audit. The audit would allow the Combined Authority to work with its universities and businesses to map the strengths of the North East. This would provide a new and powerful way to understand the region's strengths and how to maximise the economic impact from the UK's research and innovation investment nationally. The audit would, for example, provide Government with part of the evidence base on which to make decisions on any further catapults and could be used to explore the North East's potential in smart data.

29. Government and the Combined Authority will agree a joint programme to create the right environment to drive the commercial rollout of ultrafast broadband following successful testing and to ensure 4G services are available to at least 95% of the North East's population. Government will also support the Combined Authority to reinvest funds into creative solutions to supply superfast broadband to remaining premises. The Combined Authority will work with businesses and universities in the North East to develop applications for 5G technology.
30. The Combined Authority will commission a feasibility study into the establishment of a National Smart Data Institute in the North East.

Health and Social Care Integration

31. The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area, in order to improve outcomes and reduce health inequalities. It will report by Summer 2016. Terms of reference, agreed between the Combined Authority and NHS England, are attached.
32. The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution. The commission will build on best practice, including pioneer status, and the experience of integration in Northumberland.

More and Better Homes

33. The Combined Authority and its constituent authorities will support an ambitious target for the increase in new homes, and will report annually on progress against this target. To ensure delivery of this commitment, the Combined Authority and Government agree to:
- a. Establish a North East Land Board to review all land and property held by the public sector, and all suitable brownfield land, to identify surplus land in suitable locations for housing or economic development use.
 - b. Devolve statutory planning powers, including Compulsory Purchase Order powers and those powers available to the Homes and Communities Agency. These powers would be exercised, where needed, by the Mayor, with the consent of the Combined Authority and member(s) appointed to the Combined Authority by the relevant local authority in which the powers are exercised, to drive housing delivery and improvements in the stock of housing in the North East.
 - c. The creation of a North East Planning Development Framework (not a regional spatial strategy) led by the Mayor, to enable the constituent authorities to deliver on housing growth. This will 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.
 - d. Support effective close working between the Housing and Communities Agency and the Combined Authority to ensure a focus on delivering housing on growth sites within the region.

Transport

34. The Mayor and the Combined Authority, will create the UK's first fully integrated transport system, with the ambition to bring together responsibilities for rail, local highways, metro, buses and ferries, for both urban, sub-urban and rural communities. To achieve this ambition:
- a. The Government is bringing forward legislation, as part of the Cities and Local Government Devolution Bill, to allow for the devolution of transport powers and funding to the Combined Authority to be exercised by the Mayor.
 - b. Specific delivery arrangements will reflect the particular transport needs and challenges of areas within the region, including the option for the Mayor to delegate specific responsibilities to the Combined Authority or individual Cabinet members, for example over rural transport.
 - c. Government will devolve a consolidated local transport budget with a multi-year settlement to be agreed at the Spending Review, including all relevant local highways and sustainable travel funding.
 - d. Government will consider establishing and devolving a long-term funding programme to support investment in the Metro. This will include, :
 - a. Considering, through the spending review, setting a multi-year funding allocation for Metro reinvigoration phase 2, committed up to 2020-21,
 - b. The Combined Authority producing a business case, for consideration by Government, for investment in the Metro network to 2030, including the upgrade of the Metro fleet, potential expansion, and future integration of the Metro with the rail network.
 - e. Rail North will, in partnership with DfT, assume full responsibility for oversight of the Northern and TransPennine Express franchises from April 2016, with the aim of delivering further improvements in rolling stock quality, frequency and quality of services, and new connections. As part of this arrangement, the Mayor and Combined Authority, with Tees Valley, Cumbria and North Yorkshire, will oversee rail matters included within the North East Business Unit area. As part of this, the Combined Authority and Government will consider a business case for the re-establishment of passenger services on the Ashington, Blyth and Tyne line.
 - f. Longer-term, the Mayor and the Combined Authority, will bring forward a business case, for consideration by Government, for the unification and full devolution (beyond the forthcoming Northern franchise) of the management of rail and metro services within the North East, with the aim of creating the UK's first integrated regional rail network combining light and conventional rail.
 - g. The Mayor and the Combined Authority will deliver a fully multi-modal smart ticketing and transport information network across the North East, aligned with the plans of Transport for the North on the implementation of integrated smart ticketing across the North.

- h. The Combined Authority will take forward, in accordance with the quality contract process, its existing proposals for the franchising of bus services from 2017, with the ambition for further extension to communities in Durham and Northumberland. Government will work with the Combined Authority to support the delivery of effective bus services in the North East, with the option for the Mayor to use additional powers through the Buses Bill, subject to necessary legislation and local consultation.
- i. On strategic, inter-regional transport issues and investment, DfT, Network Rail, Highways England and HS2 will continue to work with the North East Combined Authority and Mayor through Transport for the North, which will be put on a statutory footing by 2017.
- j. To support better integration between local and national networks, the Government and the North East Combined Authority will enter into joint working with Highways England and Network Rail on operations, maintenance and local investment through a new joint agreement on the delivery of investment and operations, which will be established by 2016.

Rural Growth and Stewardship

- 35. Government will support the existing North East Rural Growth Network and approved LEADER programmes, and will work towards the devolution of rural growth programmes to the North East, including closer coordination of future stewardship and environmental programmes, to a timetable to be agreed by 2016.
- 36. The Government will explore with the Combined Authority and Northumberland National Park Authority the options to give the Park Authority greater commercial freedom.

Regulatory Powers

- 37. Government and the Combined Authority will review which regulatory and planning powers that are currently held by ministers and public authorities should be transferred to the Combined Authority, to be exercised with the agreement of, or following a proposal from, the constituent authority or authorities in which those powers are applied. The powers to be reviewed include those that:
 - a. support the Combined Authority's transport, regeneration and housing functions;
 - b. promote safe and high quality neighbourhoods and town centres;
 - c. support housing growth;
 - d. support improvements in the quality of housing and challenge poor quality landlords; and
 - e. promote public health by addressing obesity, smoking and substance misuse

Events

- 38. The Combined Authority will work with the Government to identify ways for the North East to play a major role in the UK's programme of business, cultural and sporting events.

Other areas

39. This deal represents a first step in a progressive process of devolution of funding, powers and responsibilities to the North East. As well as the areas set out in this deal, the Combined Authority and Government will consider further opportunities for devolution, including but not limited to:
- a. Business cases for the relocation of significant government functions from London to the North East;
 - b. Devolution of funding and assets held by central government which could be devolved to support faster housing and regeneration;
 - c. Devolution of climate change initiatives, support for investment in energy efficiency and technological development;
 - d. Measures to implement the Prime Minister's commitment to protect Newcastle Airport from the impact of devolution of Air Passenger Duty to Scotland;
 - e. Opportunities for joint initiatives between the North East and Scotland, in areas such as tourism, culture, transport and industrial collaboration.
 - f. Proposals for an appropriate relationship between the functions of a Mayor and future role of the Police and Crime Commissioners, including in relation to fire services, to be developed, subject to local consent and a business case developed jointly by PCCs and council leaders, and in consultation with the Fire and Rescue Authorities.

Delivery, Monitoring and Evaluation

40. The North East Combined Authority will work with the Government to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach for evaluating the impact of devolution.
41. The North East Combined Authority and Government will agree a process to manage local financial risk across local public bodies and will develop written agreements to agree accountability between local and national bodies on the basis of the principles set out in this document.
42. The provisions of this deal will be monitored by a Steering Group of senior officials from the Combined Authority and Government, meeting at least quarterly, with any issues of concern escalated to Ministers and Leaders to resolve, in keeping with the letter and spirit of this deal.

NE COMBINED AUTHORITY AND THE NHS

COMMISSION ON HEALTH AND SOCIAL CARE

TERMS OF REFERENCE

The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area¹, in order to improve outcomes and reduce health inequalities.

The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution.

Membership will be determined by agreement, and include representation from the Department of Health, NHS England, the Combined Authority, Clinical Commissioning Groups, the Voluntary and Community Sector, and Providers.

The Commission will produce a report, by Summer 2016, setting out the case for further devolution and integration, and the steps that would be required to deliver them, with a view to:

- Ensuring that the system is financially sustainable, with a clear and credible plan, by identifying areas for investment of the North East's fair share of the additional resources available for the NHS, demonstrating how efficiencies can be secured through integrated delivery of services and service transformation, and reinvesting savings to improve health outcomes.
- Establishing a mechanism for the North East to input into decisions about the use of NHS capital investment in the area.
- Advising on which additional services commissioned by NHS England might be suitable for either co-commissioning with CCGs or for devolution, driven by a principle of subsidiarity.
- Setting out a plan for improvement of public health outcomes across the North East, narrowing health inequalities within and beyond the region.

¹ "North East" in this context means the area covered by the North East Combined Authority (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).

- Establishing a close link with the Combined Authority's proposals for devolution of human capital development, in particular measures to address worklessness and inequality; assessing the feasibility of options for the devolution of powers to address public health challenges, including obesity, smoking and substance misuse; and linking to plans for innovation and economic growth.
- Proposing the most appropriate governance mechanism for devolution or joint accountability arrangements for any aspect of NHS spending, commissioning and performance management which the Commission recommends are devolved.
- Establishing the basis for democratic, legal and financial accountability to local leaders and communities and to NHS England, ministers and parliament.
- Developing an appropriate joint management regime between councils and NHS partners, effective operational and risk management arrangements, and a clear plan and timeline for transition.
- Ensuring that service delivery operates on the basis of subsidiarity, with local partnerships meeting the diverse needs of local communities on the basis of clear locality plans executed within an agreed framework.
- Recognising interdependencies and involving health and social partners in surrounding areas which would potentially be affected, or where there is potential benefit from delivering services in partnership.
- Identifying opportunities to accelerate progress in implementing the Five Year Forward View, building on existing initiatives.

In recognition of the progress already made towards integration and new models of care by particular areas in the North East, the Commission may make recommendations that allow for a faster pace of change in areas that have already made significant progress.

Any resulting devolution proposals will need to be formally agreed by the Combined Authority and either the NHS England Board (thereby ensuring consistency with NHS England's principles and criteria for devolution) or, depending on the nature of the proposal, the Department of Health.

CONDITIONAL REQUIREMENTS OF THE PROPOSED DEVOLUTION AGREEMENT

Background

The Proposed Agreement

1. The proposed Agreement is attached to this Report at **Appendix 1**. The proposed Agreement is clear that it is conditional on a number of factors, including the legislative process, outcome of the Spending Review, further public consultation, agreement of the Constituent Authorities and final formal consent of the NECA.
2. In relation to the proposal for an Elected Mayor, the proposed Agreement states that “A Mayor for the North East would be established, working as part of the Combined Authority and subject to local democratic scrutiny, and with a strong partnership with business. Elections will take place in 2017.” There is therefore a clear expectation from Government that the NECA will have an Elected Mayor by 2017. The devolution of powers is therefore conditional on the establishment of an Elected Mayor.
3. Each of the Combined Authority areas that entered into a proposed Devolution Agreement with the Government set out what powers it was envisaged the Elected Mayor would have. Insofar as the NECA is concerned it is proposed that the Mayor would have personal accountability for the following:-
 - 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.
 - 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.
4. The Leadership Board, made up of the Leaders and Elected Mayor of the Constituent Authorities would be renamed as the ‘Cabinet’ of the NECA (NECA Cabinet) and, working with the Elected Mayor, would have the following powers:-
 - To create a North East Combined Authority Investment Fund, bringing together funding for devolved powers and used to deliver a 15 year programme of transformational investment in the region.
 - Control of a new £30 million a year funding allocation over 30 years, to be included in the NECA Investment Fund and invested to boost growth.
 - Joint responsibility for an Employment and Skills Board, which will undertake a comprehensive review and redesign of the post-16 education, skills and employment support system in the North East, delivered through the area-

based review of post-16 provision, devolution of adult skills funding by 2018/19 and co-design by Government and the NECA of employment support for harder-to-help claimants.

- Responsibility for a devolved approach to business support from 2017, including further responsibility for UKTI export advice services, to be developed in partnership with Government.
- Joint responsibility for the rollout of broadband across the North East.
- Increased devolved responsibility for rural growth.

5. Although the Mayor would become the Chair and a member of the Cabinet, which would also include the Leaders and Elected Mayor of the Constituent Authorities, all elected Cabinet members would have the same voting rights with no casting vote for the Chair. Further detail in relation to proposed arrangements for future decision making within the NECA are set out in The Legal section below.
6. The NECA Cabinet will also be permitted to examine the Mayor's draft annual budget, plans and strategies and will be able to amend them if two-thirds of the members agree to do so.
7. The proposed Agreement then sets out in more detail the proposed powers to be devolved from central Government, either to the Elected Mayor or the NECA Cabinet.
8. Dealing with each of these conditional requirements set out on **paragraph 1** in turn:-

Final Formal Consent

9. The formal consent to the NECA becoming a Mayoral Combined Authority will be considered by Cabinet at a meeting in March 2016, taking into account the outcome of the consultation exercise and the views of Council. Ultimately however, the question of consent to the creation of a Mayoral Combined Authority is a matter for Cabinet alone. It will also be necessary for the NECA Leadership Board to give consent to the NECA becoming a Mayoral Combined Authority and to an Order being made providing for the proposal for an Elected Mayor for the NECA. This decision will be made following the decisions of each individual authority's Cabinet.
10. An Order providing for the NECA to have an Elected Mayor can only be made by the Secretary of State if the NECA and at least two Constituent Authorities consent to such an Order being made.
11. If the proposals proceed with a reduced number of Authorities, any non-consenting Constituent Authorities must be removed from the NECA by an Order of the Secretary of State.
12. Given the significance of the decision that Cabinet will take in March 2016, Cabinet has sought to ascertain the views of Council regarding the proposals.

Agreement of Ministers and to the Parliamentary Process for the necessary primary legislation

13. The Cities and Local Government Devolution Act received Royal Assent on 28 January 2016 and will be in force in late March 2016. This provides the power to the Secretary of State to establish Mayoral Combined Authorities provided the consent of the relevant authorities has been given.

New Secondary Legislation (“Orders”)

14. To bring into effect a new Mayoral Combined Authority, including provision for an election of a Mayor proposed for May 2017, the allocation of new powers and responsibilities to the NECA and the allocation of some of those responsibilities to a new Mayor, the extension of the powers of the Overview and Scrutiny Committee to provide for “Call-in” and any necessary amendments to the original NECA Order, new secondary legislation will be required. The Department of Communities and Local Government have advised that the legislation is proposed to be created in two phases, an initial Order providing for the change to a Mayoral Combined Authority and the timing of an election of a Mayor (and term of office) and subsequent Orders providing for the remaining matters outlined above. For the proposed timetables to be achieved, DCLG have advised that the initial Order must be in place by 4 November 2016 and so commence relevant Parliamentary processes in early May and be laid before Parliament prior to the summer recess. Subsequent Orders, which require additional public consultation before being made, must be in place early in 2017. The substance of the Orders would need to be agreed by the Authorities’ before they progress through Parliament.

Finance and other resources

15. The Devolution agreement includes the provision of a revenue grant of £30million a year for 30 years to help create a transformational North East Investment Fund. This extra grant of £900million is equivalent to an extra £997 per dwelling across the NECA area over 30 years. The ‘revenue’ nature of this grant provides the opportunity to significantly increase the level of investment that can be delivered over the initial 15 year period, with the grant received in the last 15 years helping to finance the upfront capital loan for investment, as well as funding some new investment over the last 15 years of the scheme.
16. Our proposed Agreement includes the flexible use of the grant to finance an accelerated capital investment programme and to provide an investment fund, to support business growth, while generating income that could be reinvested over the period. This approach could significantly increase the level of investment that can be actually delivered with this grant. It is estimated that this could be between £1,000million to £1,400million in the first 15 years; rising to between £1,600million to more than £1,800million over the whole 30 year period. The flexibility of this grant funding has the potential to boost the level of investment from the £900m cash receivable to the figures shown above, because of the ability and opportunity to recycle and reinvest some of the grant several times over the full 30 year period.
17. The range of potential investment reflects a level of uncertainty over the details of the gateway arrangement in future years and the level of recyclable investment that can actually be achieved. The level of additional investment that could be generated from the £30million a year extra grant does not include the substantial level of private or public sector investment that could also be generated.

18. This grant is subject to a gateway test every 5 years and NECA is working with the Government to ensure that the gateway test is reasonable to enable the maximum grant to be released over the period and to give the funding certainty needed to support prudential borrowing for capital investment purposes. A pipeline of potential capital projects and opportunities for Investment and Business Finance are currently being developed for consideration by the NECA Leadership Board later this year, with decisions for investment in future years being taken by the NECA Cabinet, which will include the Mayor.
19. This grant is also intended to fully cover the costs of the devolution agreement, including the cost of the capacity needed to achieve the devolution objectives; the cost of mayoral elections and the costs of the mayoral combined authority in the next two years. The legislation enables the Mayor to raise a council tax precept in the following years to fund the cost of the Mayor's budget. The earliest that this could occur is likely to be 2018/19. It is unclear what these cost will be, as this will be a decision to be made by the elected Mayor and the level of any precept is likely to be constrained by limits to be determined by the Government. To put this in context, a purely illustrative £1million budget could be funded by an average Band D council Tax precept of around £2 a year for every dwelling in the NECA area. This would be equivalent of a council tax increase of less than 0.2%.
20. The costs that will need to be incurred and funded from within the £30million annual grant over the first two years will be the cost of the Mayoral election (indicatively estimated at around £2million) and the cost of the capacity needed to develop and deliver the devolution agenda and the various work streams. This is indicatively estimated at between £1.5million and £2million a year, and will be subject to the activity that may be required following the Health and Social Care Commission report and the activity needed in 2017/18 in order to devolve skills funding from 2018/19.
21. The Mayor would also have the opportunity to raise a supplementary business rate from 2018/19 or in future years, with the support of business, to fund major infrastructure projects, within a cap set by the Government. There would be flexibility about the geographic area that this could cover and the types of businesses that would be asked to pay the supplement. The nature of any proposal would be a matter for the Mayor to decide, in consultation with the NECA Cabinet and the business community. The level of infrastructure investment that this could generate is potentially substantial, but would come from within the region and as the level of funding is uncertain, it has not been included in the additional investment figure.
22. The agreement enables NECA to submit a proposal for a 5 year Local Growth Fund grant. The multi-year nature of the grant would provide greater funding certainty and flexibility and greater local control over how the money is to be invested, which should help accelerate the delivery of high priority capital investment programmes. The national level of available funding is expected to be confirmed after the March 2016 Budget and the proposal that is being developed will seek to continue the region's success in securing an above average share of this resource, which could range from £120million to £260million over the next 5 years, subject to the level of national resource that is available.
23. Work is underway to secure a substantial place based delegated Transport Budget for 2016/17 onwards, including highway and transport capital and revenue grants.

The scale of this budget is expected to be announced shortly and this resource would also be included in the Investment Fund.

24. NECA will also receive 100% of business rates growth over the next five years, without any loss if business rates fall in some of the constituent authorities. At this stage it is not prudent to prejudge the level of growth that could be secured and it is likely that it will be relatively modest. Decisions on the use of any growth will be taken in future years once the income has been secured.

A Fair Funding Settlement

25. The Devolution agreement included a clause ensuring the North East does not suffer disproportionately from future reductions in funding through a “fair funding settlement”. The 2015 Spending Review made clear that austerity will continue for Local Government until at least 2020. The results of the Local Government Revenue Grant Settlement for 2016/17 did not change the fact that North East has been the hardest hit by the withdrawal of Government funding since 2010 and has had the largest cut in spending power, while facing above average cost pressures.
26. The provisional grant settlement for 2016/17 published in December 2015 was ‘fairer’ than in previous years, in that the average percentage cut in total Grant and Business Rate income funding for Councils in the NECA area was below the national average. However, the cut in ‘core spending power’, which includes the ability of councils to raise income from council tax is still showing a slightly higher cut than in other regions, although the difference is less than in previous years. However, the inclusion of an additional £150million of transitional grant and extra rural grant funding in the final settlement took no account of the ability of councils to raise council tax income, and as a result gave additional funding to some of the wealthiest areas of the country. This resulted in the NECA area receiving only £0.3million of the extra transitional grant funding while Surrey County Council alone received nearly £12million. This meant that the cut in grant and business rate income in the 2016/17 Final Local Government Settlement for the NECA area of -9.7% was slightly higher than the national average cut of -9.6%. The cut in ‘core spending power’ in 2016/17, which includes an assumed increase in council tax income, for the NECA area is -£61.7million, -£68/dwelling (-3.6%). This is higher than the national average cut in ‘core spending power’ of -£43/dwelling (-2.3%).
27. The indicative grant settlement information covering the next four years shows that the reduction in grant and estimated business rate income announced for the NECA area by 2019/20 is £196million, (-19.8%). This is proportionately less than the national average grant and business rate income cut, which is (-24.5%). This is an improvement on the previous four years, where grant cuts were disproportionately higher than the national average. When estimated council tax income is also included, DCLG’s indicative figures for core spending power in 2019/20, show a cut of £32m, which is a cut of £36 / dwelling (-1.9%). This is a higher cut than the estimated national average cut of £8 / dwelling (-0.4%). The estimated change in spending power for individual councils does vary across the area.
28. The region is expecting to face higher cost pressures, due to the higher demand on services in the region, which is no longer adequately taken into account in grant distribution. This would mean that the real gap between spending power and spending pressures would be even higher.
29. The improvement in the fairness of the grant distribution within core spending power is not directly linked to the Devolution agreement itself. The NECA area still faces

an above average reduction in its estimated core spending power, once the lower ability of councils to raise income from council tax and differences in spending pressures is properly taken into account. These are important issues and opportunities to further improve the fairness of the funding settlement will be the subject of future discussion with the Government as part of the consideration and consultation on changes to the Local Government funding arrangements.

30. There is no evidence that the NECA area has suffered disproportionately in other grant funding decisions.

Legal

31. All decisions relating to the proposed Devolution Agreement including formal consent on behalf of the Authority to the Agreement being implemented including the proposal for an Elected Mayor for the NECA are the responsibility of Cabinet.
32. The Cities and Local Government Devolution Act 2016, enables the creation of Mayoral Combined Authorities. A key principle of the legislation is that changes to the powers and responsibilities of the NECA (and therefore an elected Mayor) can only proceed with the agreement of the Constituent Authorities of which Gateshead Council is one, together with the Combined Authority itself. In addition, the introduction of an elected Mayor for a Combined Authority and the allocation of specific decision making responsibilities to a Mayor require the consent of the Constituent Authorities and the NECA. These responsibilities will then be established in legislation. Any responsibility which is not specifically allocated to the Mayor remains the responsibility of the Leadership Board which will be renamed the Cabinet.
33. The proposed devolution agreement provides that the Mayor will be the Chair of the Cabinet but the Mayor will not have a casting vote. Unless there is a contrary intention set out in the legislation, or NECA's Constitution, any decision taken by the NECA should have the support of Mayor. This does not mean that the Mayor has a veto regarding the NECA Cabinet matters, merely that it is expected that the Mayor will support such decisions. This will need to be enshrined in the Constitution. Decisions taken by the new Cabinet and decisions that are the responsibility of the Mayor are to be subject to "Call in" by the Overview and Scrutiny Committee. Where a Mayor is not supportive of decision taken by Cabinet, they will also have the power to ask for such a decision to be reconsidered but, if reconfirmed, the matter will proceed without Mayoral support. The current NECA Order provides for some decisions to be taken on a unanimous basis but such stipulations are proposed to be adjusted to require 2/3 majority under the proposed new arrangements.
34. Decisions in relation to the responsibilities of the NECA (Cabinet) may, like now, be taken by Committees, sub Committees and Officers if delegated. A Mayor would also have the option to delegate their decision making responsibilities.
35. The responsibilities of the Mayor not otherwise funded through government grants will be funded through a precept. The budget proposed by the Mayor for their responsibilities may be changed with the agreement of 2/3 of the Constituent Authorities' Leaders/Elected Mayor on the Cabinet. The budget for the remaining responsibilities of the NECA will be funded in accordance with the current

arrangements through by government grants, Constituent Authority contributions and appropriate levies.

Consultation and community engagement

Gateshead Consultation

36. Gateshead hosted a local facilitated event in November 2015, one of six taking place across the NECA area. In total 374 people attended these local events. This followed on from a local event in March 2015 which was part of the earlier consultation on the publication of the initial devolution proposals prior to the proposed devolution agreement.
37. Four key questions formed the basis of 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. In particular, queries on the power of the elected 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 the NECA and the constituent authorities. This also including ensuring that local authorities do not lose powers in the future.

Questions were raised about the selection and election of the elected mayor, as well as future cost of the mayor and administrative office. It was suggested that governance should be discussed in more detail at future events.

- b) **Finance and Funding:** Participants at 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 also raised.

Suggestions for discussion with government in the future included:

- Tax raising powers
- The equity of central government funding to the north east compared to other regions

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

- c) **Business:** Discussions stressed the need to focus on economic growth, including encouraging enterprise, inward investment and innovation. Participants at four events also discussed the need to have a clear relationship with the LEP.
- d) **Employment, skills and education:** Participants 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. The need to link with pre-16 education

providers to ensure they feed into the range of opportunities available was also highlighted.

- e) **Health and Social Care:** Participants 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.

- f) **Engagement:** Participants 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 - 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
- Young people.

- g) **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.

- h) **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.

- i) **European Funding** The most significant issue raised was in relation to accountability.

- j) **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.

- k) **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.

38. Gateshead undertook a survey on the consultation portal of Gateshead Council's website between 4 December and 30 January 2016. There were 81 responses submitted with 62% agreeing with the focus of the proposed agreement. 38% of respondents suggested other areas to consider as part of the devolution agreement. These ranged from a fairer share of funding for Gateshead and the North East, private landlords, economic planning, education and health. 90% of responses were from Gateshead residents, with the remainder coming from business and VCS sector. Feedback from the survey aligned with the results of the local consultation events outlined in paragraph 28. Other comments made included;
- Clarification on the role and responsibilities of an Elected Mayor
 - Questioning the need for further devolution in the region and references to the previous referendum.

External Consultation/Engagement

39. 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 using a variety of consultation methods across 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.
40. Consultation on the devolution 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 was used to gather views, including:
- 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.
41. As well as the public meetings coordinated centrally by the NECA, the constituent authorities have continued to gather views locally from residents and stakeholders in their area.
42. Members of the North East Leadership Board also attended a regional business sector event in February 2016.
43. 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.

44. 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. 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. The full results of the regional consultation exercise are detailed in the report attached at Appendix 3.

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 2015, 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:

- h) A series of local facilitated events across the NECA area
- i) A regional stakeholders event
- j) A trade union event
- k) A Voluntary, Community and Social Enterprise Sector event
- l) Meetings of the NECA Overview and Scrutiny Committee
- m) A meeting of North East MPs and Lords at Westminster
- n) 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.

- l) **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 including ensuring that local authorities do not lose powers the 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.

- m) **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.

- n) **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).

- o) **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.

- p) **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).
- q) **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.
- r) **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.
- s) **European Funding** The most significant issue raised was in relation to accountability.
- t) **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.
- u) **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 the following:

- 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 work streams 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 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.