

CABINET MEETING – 2 JUNE 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report: North East Devolution

Author(s): Chief Executive

Purpose of Report:

On 28 December 2022 HM Government announced a “minded to” devolution deal with the seven Councils across the North East (i.e. Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).

To implement the deal, it will be necessary to establish a new mayoral combined authority which covers the area of the seven Councils and replaces the two existing combined authorities in the region.

This report updates Cabinet on the public consultation which the Councils have undertaken in relation to these proposals and seeks Cabinet approval to submit the attached consultation report to the Secretary of State as the next step in the process of establishing the new mayoral combined authority.

Description of Decision

Cabinet is recommended to:

- i. consider the content of this report and the attached consultation report (Appendix 1);
- ii. agree that the consultation that has been undertaken is sufficient for the purposes of the legislation and that the findings set out in the consultation report demonstrate that the statutory criteria (referred to in paragraph 3.5 of this report) have been met;
- iii. agree that the consultation report should be submitted to the Secretary of State so that the Secretary of State can:
 - a. consider whether they are satisfied that the consultation has been sufficient and that the statutory criteria have been met; and
 - b. (if so satisfied) request Parliament to make an order to abolish the existing combined authorities and establish the North East Mayoral Combined Authority (NEMCA);
- iv. agree in principle to consent to the making of the necessary statutory order; and
- v. agree that the Chief Executive, in consultation with the Leader of Council, shall be authorised to take all steps necessary to implement the above

proposals, including (but not limited to) finalising the terms of the consultation report which is submitted to the Secretary of State.

Is the decision consistent with the Budget/Policy Framework? *Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

It is considered that the creation of a new mayoral combined authority for the North East would unlock the benefits of the “minded to” devolution deal and improve the exercise of statutory functions across the region.

As set out in section 5 of this report, it is considered that the findings of the consultation exercise demonstrate that the relevant statutory criteria have been met and therefore Cabinet is recommended to agree that the attached consultation report is submitted to the Secretary of State.

Alternative options to be considered and recommended to be rejected:

Not to submit the consultation report – that is recommended to be rejected as submission of the report to the Secretary of State is the next stage of the process of establishing a new mayoral combined authority.

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

Is the Decision consistent with the Council’s co-operative values? Yes

Is this a “Key Decision” as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

CABINET – 2 JUNE 2023

REPORT TITLE NORTH EAST DEVOLUTION

Report of the Chief Executive

1. Purpose of the Report

- 1.1 On 28 December 2022 HM Government announced a “minded to” devolution deal with the seven Councils across the North East (ie Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).
- 1.2 To implement the deal, it will be necessary to establish a new mayoral combined authority which covers the area of the seven Councils and replaces the two existing combined authorities in the region.
- 1.3 This report updates Cabinet on the public consultation which the Councils have undertaken in relation to these proposals and seeks Cabinet approval to submit the attached consultation report to the Secretary of State as the next step in the process of establishing the new mayoral combined authority.

2. Description of Decision (Recommendations)

Cabinet is recommended to:

- i. consider the content of this report and the attached consultation report (Appendix 1);
- ii. agree that the consultation that has been undertaken is sufficient for the purposes of the legislation and that the findings set out in the consultation report demonstrate that the statutory criteria (referred to in paragraph 3.5 of this report) have been met;
- iii. agree that the consultation report should be submitted to the Secretary of State so that the Secretary of State can:
 - a. consider whether they are satisfied that the consultation has been sufficient and that the statutory criteria have been met; and
 - b. (if so satisfied) request Parliament to make an order to abolish the existing combined authorities and establish NEMCA;
- iv. agree in principle to consent to the making of the necessary statutory order; and
- v. agree that the Chief Executive, in consultation with the Leader of Council, shall be authorised to take all steps necessary to implement the above proposals, including (but not limited to) finalising the terms of the consultation report which is submitted to the Secretary of State.

3. Introduction/Background

- 3.1 The “minded to” devolution deal would see a significant shift of powers, funding and responsibility which would enable the Councils to pursue their ambitions for inclusive growth. In total, it is expected to provide £4.2 billion of additional investment to the region over 30 years, including a £1.4bn investment fund alongside significant funding for transport, education and skills, housing and regeneration. This would enable investment into projects which reflect local needs and opportunities, making a real difference for our residents, communities, and the local economy. It would support the delivery of the Council’s priorities through the devolution of increased funding and powers.
- 3.2 The deal requires the Councils to establish a new mayoral combined authority. This will be dependent on the Secretary of State making a statutory order under the Local Democracy, Economic Development and Construction Act 2009 to deliver the following proposals:
- a. the abolition of the two existing combined authorities, i.e., NTCA (which covers the areas of Newcastle, North Tyneside and Northumberland) and NECA (which covers the areas of Durham, Gateshead, South Tyneside and Sunderland); and
 - b. the creation of a new mayoral combined authority which covers the area of all 7 Councils, which will be called the North East Mayoral Combined Authority (NEMCA).

(NB: the changes above would also entail the abolition of the Joint Transport Committee as NEMCA would be responsible for the exercise of transport functions across the regions in the future.)

- 3.3 As the first stage of the statutory process, the North East Councils undertook a governance review regarding the proposals set out in para 3.2 above. The results of the governance review were reported to Cabinet on 19th January 2023. On the basis of the governance review, Cabinet concluded that the proposals were likely to improve the exercise of statutory functions in accordance with sections 108 and 111 of the 2009 Act. Cabinet therefore agreed that the North East Councils should progress to the next stage of the statutory process by publishing a scheme relating to the proposals and then carrying out a public consultation exercise.
- 3.4 The public consultation began on 26 January 2023 and closed on 23 March 2023. A report setting out how the consultation was undertaken, a summary of the responses received and issues raised is attached at Appendix 1. The key findings of that report are highlighted at section 5 below.
- 3.5 Subject to Cabinet’s approval, the next stage of the statutory process is to submit the consultation report to the Secretary of State. The Secretary of State will then consider whether the consultation is sufficient before deciding whether the relevant criteria in the 2009 Act have been met. This means that the Secretary of State must be satisfied that making an order to abolish the existing combined authorities (NECA and NTCA) and create the new mayoral combined authority (NEMCA) will be likely to improve the exercise of statutory functions in the areas of the seven Councils. Furthermore, in considering whether to make the order, the Secretary of State must have regard to the need: (a) to reflect the identities and interests of local communities, and (b) to secure effective and convenient local government.

- 3.6 If the Secretary of State decides to make the order, then the authorities will be asked to provide their consent to the order. It is anticipated that this request will be made in the autumn ahead of the parliamentary process for the laying and making of the order. It is envisaged that the new mayoral combined authority would come into existence in May 2024 at the point at which the mayoral election will take place.

4. Overview of the Consultation process

- 4.1 As set out above, the public consultation began on 26 January 2023 and closed on 23 March 2023. It provided information about how the devolution deal would be implemented and the proposed changes to governance across the region and allowed residents, businesses and other stakeholders to comment on these proposals. Opportunities to take part in the consultation included the completion of surveys, attending an event or by submitting written comments. In total, around 3,235 people or organisations took part in the consultation process, with 2,579 opting to complete an on-line or paper survey.
- 4.2 The survey contained five closed-ended questions asking respondents whether they (i) agreed, (ii) neither agreed nor disagreed, or (iii) disagreed with the proposals in relation to the following five themes:
- changing how the seven councils work together (governance);
 - devolution of powers to create an integrated transport system for the area;
 - devolution of new housing and planning functions;
 - new finance and investment powers; and
 - devolution of matters relating to skills, employment and adult education.
- 4.3 In addition, the survey also included six open-ended questions which provided respondents with the opportunity to give more detailed views on the proposals if they wished to do so. As well as questions on the devolution proposals, both the online and paper survey questionnaires included nine demographic questions.
- 4.4 The online survey was available on each local authority's website and on both combined authorities' website. People were also able to submit their views by using a paper copy of the survey questionnaire, which was available in a range of public venues across the region. Finally, respondents could also submit their feedback via a letter or email.
- 4.5 Fifteen public events also took place across the area (with at least one event in each local authority area). These were mainly in-person sessions and allowed people to learn more about the proposed devolution deal and to ask questions. Paper copies of the consultation questionnaire, QR codes and links to the online consultation questionnaire were also provided at the events for those participants who wished to use them. The events were publicised on all of the local authority and both of the combined authorities' websites, social media and via the local media. In total, 357 people attended the public consultation events.

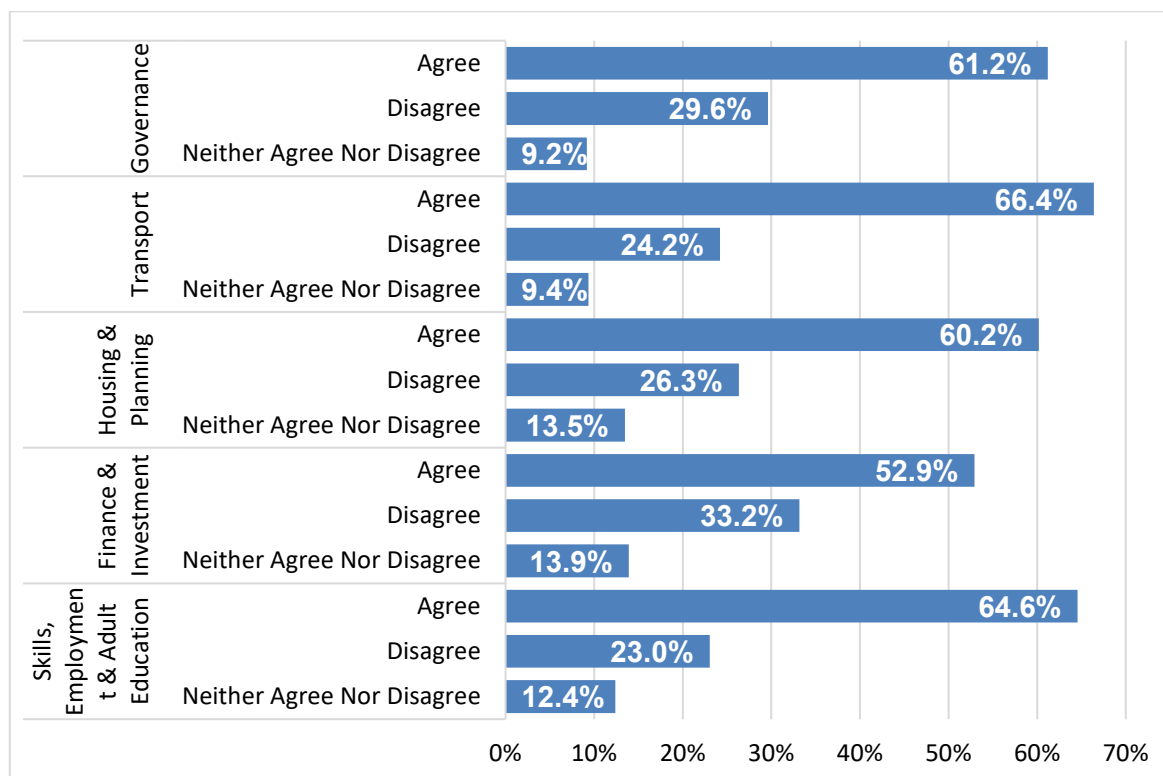
- 4.6 In addition to the public events, nine bespoke on-line briefing events were held with key stakeholders. In total 263 people took part. The events were:
- Regional Business Partners on-line event (27 January 2023)
 - Northumberland Energy Central Steering Group (27 January 2023)
 - Regional Education Partners on-line event (13 February 2023)
 - Voluntary And Community Partners event (15 February 2023)
 - Voluntary Sector Organisations' Network North East Employment on-line focus group (16 February 2023)
 - Transport event (17 February 2023)
 - North East Chamber County Meeting – Northumberland (8 March 2023)
 - Northumberland Association of Local Councils (representing Town and Parish Councils) briefing (9 March 2023)
 - Northumberland Youth Cabinet and Youth Parliament briefing (22 March 2023)

5. Key Findings of the Consultation Report

- 5.1 As set out above, it is proposed that the Councils submit the consultation report to the Secretary of State so that they can consider whether the consultation that has been undertaken is sufficient and whether the statutory criteria for the making the necessary legal order have been met. However, Cabinet will wish to consider whether there are any observations to be made on the responses received to the consultation. In this regard, it is felt possible to identify certain broad themes emerging from the consultation exercise. An overview of the consultation outcomes is set out below with the full detail contained in the report at Appendix 1.

Overall support for the proposals

- 5.2 The scope and breadth of the consultation has ensured that opportunities to take part have been varied to suit the different needs of both residents and local areas. This has resulted in a good response rate that has demonstrated support for the devolution proposals across the region.
- 5.3 The majority of responses from residents, businesses, the voluntary and community sector and other key stakeholder groups have been positive, and in agreement with the proposed governance changes as set out in the consultation. In addition, their comments have expressed strong support for the overall aims and objectives of the “minded to” devolution deal.
- 5.4 As set out below, the majority of responses have been positive for each of the five questions in the survey. There was particularly strong support for devolution around transport, skills, employment and adult education.



- 5.5 On governance, the responses have demonstrated support for increased regional power and local decision making through devolution together with the role of the Elected Mayor and the higher profile this will bring to the region as a whole.
- 5.6 On transport, there was strong support and respondents felt that it made sense for areas to work together under a regional transport strategy and with an integrated transport system. People felt that the proposals offered a real opportunity to improve transport, particularly public transport.
- 5.7 On housing and planning, respondents felt that housing decisions for the region are best decided by local people and that they could see great potential for housing improvements, in particular the development of new affordable and social housing. There was also support for the opportunity that devolution will create for improving environmental sustainability within housing.
- 5.8 On finance and investment, respondents felt that the proposals will create opportunities and improvement for the region as decisions can be made at a local level using local knowledge and appreciation of local need. There was support for devolution to attract strategic long-term investment that will improve the region.
- 5.9 On skills, employment and adult education there was strong support for the proposals with increased opportunities to work at a regional level to deliver on skills and training. Respondents felt that national delivery was too remote from local need and that local authority level potentially could miss out on opportunities to create synergies across different partnerships, whereas working together at a regional level would provide this. Some respondents suggested further opportunities for regional working in this area in relation to education.
- 5.10 In addition, Cabinet will also wish to note that, through the comments from key stakeholders, there was a recognised opportunity for the new Combined Authority and Elected Mayor to work closely together with others for the overall benefit of the region – for example with the Police and Crime Commissioners.

Areas of concern/objection

- 5.11 As reflected in the consultation report, a minority of respondents did not support the proposals. Their key concerns which they raised – together with responses to these concerns - are set out below:
- a perception by some that the governance proposals would lead to greater bureaucracy and cost for local residents– Cabinet will wish to note that, to some extent, this may be based on the view that there will be another layer of local government that might duplicate the role of individual local authorities which is not the case;
 - the role of the Elected Mayor – this was considered in the Governance Review and the benefits of the “minded to” deal are dependent on moving to a mayoral combined authority. The proposals in the scheme which was published as part of the consultation process set out clearly the role and powers of the Elected Mayor but it will be important that these aspects are very clearly communicated to the public and other stakeholders going forward, particularly in the context of the mayoral election;
 - some people have commented on the need for all areas (i.e. towns, cities and more rural areas) in the region to benefit from devolution - Cabinet will be aware that the “minded to” deal aims to achieve exactly that as it is intended to be a deal for the whole of the region;
 - a minority of people have commented that the public should have had an opportunity to express a view on the “minded to” deal itself rather than the governance proposals – on this point, the proposals have been progressed in accordance with the requirements of the 2009 Act and the consultation exercise allows members of the public to express their views on the proposals as a whole since the changes to governance are needed to allow the “minded to” deal to be implemented.
- 5.12 In conclusion, it is considered that none of the above issues represents a fundamental concern in terms of moving forward with the proposals but these issues will be taken into account when implementing the proposals and establishing the new Combined Authority. This will include the need for clear communication throughout with residents, businesses and other key stakeholders. In addition, it will be important to work effectively, efficiently and in partnership, with clear accountability demonstrated through the new Combined Authority’s Elected Mayor and Cabinet’s decision-making processes in line with the published scheme.

Summary

- 5.13 In terms of the statutory process, Cabinet agreed at its meeting in January with the findings of the governance review which concluded that the creation of a new mayoral combined authority would meet the necessary statutory criteria under the Local Democracy, Economic Development and Construction Act 2009, namely that it would improve the exercise of statutory functions across the region. It was on this basis that Cabinet agreed to publish a scheme for the delivery of these governance changes and carry out the consultation exercise described in this report.
- 5.14 As set out above and in the appended consultation report, the public consultation has been extensive and it is considered that the responses to that consultation support the view that the proposed governance changes would meet the statutory criteria mentioned above.

6. Reasons for the Decision

- 6.1 It is considered that the creation of a new mayoral combined authority for the North East would unlock the benefits of the minded to devolution deal and improve the exercise of statutory functions across the region.
- 6.2 As set out in section 5 of this report, it is considered that the findings of the consultation exercise demonstrate that the relevant statutory criteria have been met and therefore Cabinet is recommended to agree that the attached consultation report is submitted to the Secretary of State

7. Alternative Options

- 7.1 Not to submit the consultation report – that is recommended to be rejected as submission of the report to the Secretary of State is the next stage of the process of establishing a new mayoral combined authority.

8. Impact Analysis

Equalities – In developing these proposals, the Councils have taken account of their obligations under section 149 of the Equality Act 2010 (ie the public sector equality duty). It is not expected that the proposals described in this report will have any adverse impacts on people with protected characteristics. Indeed, the aim of promoting inclusive growth within the region is expected to boost the efforts of its constituent authorities to advance equality of opportunity and foster good relations between different groups. The Councils will continue to assess their responsibilities in this regard and ensure that the equality impact assessment will be reviewed throughout the process.

9. Other Relevant Considerations / Consultations

(i) Financial Implications

Implementing the devolution deal would enable the region to access over £4bn of funding over a 30-year deal cycle, together with new powers to better shape local skills provisions to ensure these meet the needs of the local economy. This would include devolution of adult education functions and the core adult education budget, as well as input into the new local skills improvement plans. Over time the region would also expect to benefit from access to additional funding streams reserved for mayoral combined authorities. Detailed discussions will be progressed with the existing combined authorities and the other constituent authorities regarding the financial arrangements associated with the transition to the new arrangements.

(ii) Risk Analysis

As reported to Cabinet in January, it is considered that the failure to establish the mayoral combined authority risks the region falling behind other major city regions such as Greater Manchester, Liverpool City Region and Tees Valley, which have received new powers and funding.

It is a matter for the Secretary of State to decide whether to make the necessary statutory order but, for the reasons set out above, it is considered

that the evidence demonstrates that the relevant statutory criteria have been met.

(iii) Legal Implications

The Assistant Director of Law and Governance has been consulted and the legal implications are set out within this report.

11. Appendices

Appendix 1 – Consultation Report.

12. Background Papers

Cabinet report – North East Devolution – 19 January 2023