

North East Devolution – continuing the conversation

Why Devolution?

Economic growth **More and Better Jobs**

Longer-term **Transformational investment**

Better connections Quality public transport International recognition

Decision-making in the region Regeneration

More delivery Improved skills and employability

Better public services **Local Control**

More Business Sector Growth Opportunities for young people

Investment in technology and innovation **Housing growth**

Quicker decisions Targeted investment Flexibility

neca

north east combined authority

National Context and the Devolution Journey

- UK most centralised country in Europe for resources and decision-making
- Significant reductions in public spending
- Scottish Referendum – commitment to further devolution
- Nov 2014 - First devolution deal – Greater Manchester
- Feb 2015 - additional powers for Greater Manchester
- Post-election 2015 – commitment to radical devolution and strengthening the Northern Powerhouse
- Cities and Local Government Devolution Bill
- Spending Review – 25 November 2015

The North East and the Devolution Journey (1)

- April 2014 - NECA established - shared vision across North East to **create more and better jobs**
- Jan 2015 - Outline devolution proposals agreed
- March 2015 - Public and stakeholder consultation:
 - **strong support for devolution to the North East** from communities, businesses and partners and **broad agreement with the 12 proposed priorities**

The NECA Devolution Prospectus

1. A North East **Investment Fund**
2. Enhanced responsibilities for the delivery of **European Funding**
3. Government guarantee to deliver the existing **City Deals**
4. A **Housing Investment Fund** and **devolution of North East assets**
5. Investment in our major **transport infrastructure**
6. The creation of **Transport North East** - an integrated public transport system for the North East
7. Support to secure and enhance **international connectivity**
8. A fully devolved **Work Programme**
9. Devolution of **skills funding**
10. New powers to help **North East business** to grow
11. Powers and funding to support our vibrant **culture and visitor economy**
12. An integrated approach to **public service delivery**

What you told us

- Very positive buzz at all events
- **Strong support for broad principle of devolution** from all stakeholders
- Broad positive **agreement with the 12 proposed priorities**
- Need for an **overarching vision** to link the proposals and the ambition for the NE
- Devolution **ask of government should be ambitious** and set out the potential for North East growth within the context of supporting national growth
- Recognition that proposals on the **NEIF, transport infrastructure investment and control of skills funding are key drivers** of growth
- Need to ensure activity covers the full NECA area whether urban, rural or the periphery
- Recurring issue on **governance and the need for clarity** around current arrangements as well as a need to demonstrate our **ability to deliver**
- **Appetite to consider additional areas** alongside existing proposals across the **full range of public services** including health, social care, housing, education, police, fire services etc
- Clear appetite for **ongoing stakeholder involvement** and updates

The North East and the Devolution Journey (2)

- April onwards - Developing a prospectus
- July 2015 - Letter to Minister seeking detailed discussions
- Government invited devolution proposals by 4 Sept
- 4 Sept 2015:
 - NECA Leaders publish a Statement of Intent, informed by local consultation
 - Submission to Spending Review
- 38 proposals received, North East among the strongest (with Sheffield)
- 23 October – signing of Proposed Agreement – clear offer to North East subject to a number of conditions
- A key milestone - but not the end of the journey

Taking the next steps

Today – continuing the conversation:

- Outlining the detail of the proposed devolution agreement
- Your views on:
 - the detailed proposals
 - priorities for future focus to enable us to achieve our growth ambitions

Devolution for the North East – Proposed Agreement

The North East economy

Build on strengths and address challenges

- GVA – one of fastest growth rates in England
- Only region with a trade surplus
- Sectoral strengths
- Public services a major asset, but growing spending and demand pressures
- Significant natural and cultural assets
- Culture of making, trading and innovating
- Skill shortages & skill levels
- Underperforming education
- Need to raise ambition, aspiration and attainment
- Perception of public sector dependency
- Lack of confidence in place
- Patchy connectivity
- Economy still too small and too few private sector jobs

Proposed Agreement

- Sets out terms between NECA and Government to move forward with devolution of funding, powers and responsibilities
- Iterative process from our initial ask to proposed agreement
- Final agreement conditional on:
 - formal approval by Councils, NECA and Ministers
 - legislative processes
 - Spending Review
 - further public consultation
- Proposal similar to but broader than Sheffield or Manchester deal
- Mayor to be elected in 2017

Finance and Funding

- Context of the Spending Review – cuts to come
- NE Investment Fund (>£1.5 billion, funded by £30m per year for 30 years, revenue commitment from government)
- Additional / extended Enterprise Zones
- Long-term transport and economic development funding
- Decision-making on European Funds
- Capital receipts from asset sales to fund public service transformation
- Place-based funding for devolved functions
- Level playing field with Scotland for local businesses
- Business rate growth retention
- Costs of Mayoral CA met from devolved resources
- Fair funding for constituent authorities

Human Capital Development

- North East Employment and Skills Programme Board
- Brings together NECA, Government, Schools and Business reps to address key challenges:
 - Review and redesign post 16 education and training
 - Devolved responsibility for adult skills
 - Promote vocational training, apprenticeships and traineeships, work experience and business start ups
 - Co-design all future employment support from April 2017 for harder to help claimants (including Work Programme)
 - Examine further devolution to NECA from 2019
- Service Transformation Fund will support individuals and families with complex needs to access training and employment

Transport

- Devolved transport budget, including local highways and sustainable travel
- Long term investment in the Metro (network improvement, improved fleet, extensions to the rail network)
- Bus regulation
- Oversight of rail services and business case for Ashington, Blyth and Tyne line
- Delivery of smart ticketing
- Investment Agreements with Highways England and Network Rail

Health and Social Care Integration

- NECA / NHS joint Commission for Health and Social Care Integration in the North East – will report Summer 2016
- Integrated system for acute care, primary care, community services, mental health services, social care and public health
- Ensure the system is financially sustainable
- Invest a fair share of resources in the NE
- Improve health outcomes across the North East
- Ensure local democratic accountability

Business & Innovation

- Full devolution of Business Support from 2017
- Government and NECA to work to devolve further UKTI services
- New arrangements for partnership with business
- Innovation programmes (National Smart Data Institute, Broadband)
- Joint responsibility with Government for Inward Investment
- Science and Innovation Audit in partnership with NE universities
- Joint programme with Government to ensure 4G broadband to 95% of area, NECA to invest in remaining area

Housing, Rural Growth, and Regulatory Powers

- North East Land Board - review public sector, brownfield and surplus land for development and reinvestment
- Devolved CPO powers to drive housing delivery and stock improvements
- Create North East Planning Development Framework (not a spatial strategy), led by the Mayor
- Close working with Homes and Communities Agency to deliver housing growth in North East
- Work towards the devolution of rural growth programmes
- Regulatory devolution for public health (obesity, alcohol, smoking), housing and planning, private rented sector quality, transport

Other issues

- NE to host national business, sporting and cultural events
- Business cases for relocation of significant government functions to NE
- Airport Passenger Duty – protecting Newcastle Airport
- Proposals for an appropriate relationship between Mayor and PCCs, including in relation to Fire, to be developed jointly with PCCs and Fire and Rescue Authorities
- Joint monitoring of implementation with Government

Governance

- Government has made devolution conditional on the creation of a Mayor for the North East
- Powers devolved to Mayoral Combined Authority
- New powers come from Government - local authorities continue to deliver majority of local services
- An “embedded” Mayor – subject to checks and balances within the Combined Authority
- Mayor elected in 2017 and becomes chair and member of NECA
- Mayor exercises ‘certain powers’ autonomously and delivers their Mandate as Chair
- Leaders become cabinet with portfolios set out in constitution
- Overview and scrutiny continues
- NECA to work with partners across North of England
- Strengthened role for business working with the Mayor and Combined Authority

The 'do nothing' option

- Impact of Spending Review
- Devolved resources will be post-spending review levels (except for 'bonus' for early adopters)
- Decisions taken in London without local knowledge of priorities or need
- Missed opportunity to take responsibility for the future of the North East
- Less influence with Government on key issues
- Limited local accountability

Next steps

- Consultation with residents, business and other stakeholders
- Spending Review
- Developing an Implementation Plan
- Legislation in place
- Consideration by constituent councils

If the conditions are met:

- Endorsement by NECA Leadership Board and Government



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