



DEBATE PACK

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Debate Pack: North East Devolution Deal

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Summary

This Debate Pack has been compiled ahead of the debate on the *North East Devolution Deal* to be held on Thursday 26 November 2015 at 1.30pm in Westminster Hall. The Member in charge of the debate is Mr Nicholas Brown. The subject for debate was determined by the Backbench Business Committee.

On 10 November, when requesting that the Backbench Business Committee allocate time for this debate, Mr Brown said that the North East Devolution Deal is “probably the largest single issue for the north-east of England”.

It is controversial and Members of Parliament differ in their views. It is a territorial debate, focused of course on the north-east, but the principles that underpin the detail will be of interest to [those] who want to raise broader questions about the northern powerhouse, the shape of these deals and the relationship of the constituencies, particularly in urban areas, that they represent to the way in which the Government approach such matters.

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1. Background

At the time of writing the Government has signed 'devolution deals' with eight areas in England: Greater Manchester, Sheffield, West Yorkshire, Liverpool, West Midlands, North-East, Tees Valley and Cornwall.

The [North-East devolution deal](#) was published on 23 October 2015. The area covered by the deal consists of the boroughs of Newcastle-upon-Tyne, Sunderland, Gateshead, North Tyneside and South Tyneside, and the counties of Northumberland and Durham. A separate [deal for the Tees Valley area](#) (Middlesbrough, Stockton-on-Tees, Hartlepool, Darlington, and Redcar & Cleveland) was published on the same day.

Under the devolution deal, a number of additional powers and budgets will be passed to the North-East Combined Authority (NECA). These include:

- Devolution of adult skills funding by 2018-19
- Powers to take forward franchising of bus services;
- Devolution of business support services from 2017 plus joint arrangements with UK Trade and Investment;
- The power to create a development plan and to use compulsory purchase orders;
- Powers to allocate EU structural funds.

The NECA was originally established on 8 April 2014. The seven local authorities noted above are members, with one vote each.

The NECA will also be required to establish a directly-elected mayor. The mayor will chair the combined authority and the leaders of the member local authorities will form the mayor's cabinet. Some powers will be passed to the NECA and some powers to the office of mayor. The Government anticipates that the first election for the directly-elected mayor will take place in May 2017.

The *Cities and Local Government Devolution Bill* would provide the legal authority for the mayoralty to be created and for statutory powers to be passed to the NECA. It is expected that, if and when the Bill becomes law, an Order will be passed for each area which has negotiated a devolution deal.

After the signing of the North-East agreement, the leader of Durham Council, Simon Henig, announced that a referendum would be held on the deal (in Durham only) in early 2016.

2. Press Articles

2.1 National Press

Independent

John Prescott: The north needs a regional devolved authority covering the whole area if the dream of a northern powerhouse is to be achieved

15 November 2015

Lord Prescott

<http://www.independent.co.uk/voices/john-prescott-the-north-needs-a-regional-devolved-authority-covering-the-whole-area-if-the-dream-of-a6735421.html>

The Guardian

Cities must scale up their ambitions for devolution to work; The first devolution deals are a good start, but they have been too tentative. It's time for cities to step on the gas

13 November 2015

Mike Emmerich

<http://www.theguardian.com/public-leaders-network/2015/nov/13/devolution-cities-local-government-george-osborne>

Financial Times (subscription required)

Bus franchising scheme 'not value for money'

3 November 2015

Chris Tighe

<http://www.ft.com/cms/s/0/24e1c748-8249-11e5-8095-ed1a37d1e096.html#axzz3sOtTBNR8>

Financial Times (subscription required)

Durham council to poll voters on devolution deal

30 October 2015

Chris Tighe

<http://www.ft.com/cms/s/0/63faffda-7e57-11e5-98fb-5a6d4728f74e.html#axzz3sOtTBNR8>

Financial Times (subscription required)

North-east secures £1.35bn in devolution deals

24 October 2015

Chris Tighe

<http://www.ft.com/cms/s/0/4e5fd2e4-7985-11e5-933d-efcdc3c11c89.html#axzz3sOtTBNR8>

The Sunday Telegraph

'Northern Powerhouse' a myth as region expected to lag behind south in 2025

3 October 2015

Szu Ping Chan

<http://www.telegraph.co.uk/finance/economics/11908663/Northern-Powerhouse-a-myth-as-region-expected-to-lag-behind-south-in-2025.html>

Financial Times (subscription required)

Business leaders back English devolution, poll shows

27 July 2015

Sarah Neville

<http://www.ft.com/cms/s/0/3a015d3e-337d-11e5-b05b-b01debd57852.html#axzz3sOtTBNR8>

The Guardian

Chancellor to unveil devolution deals for two more city regions

23 October 2015

Patrick Wintour

<http://www.theguardian.com/uk-news/2015/oct/23/chancellor-to-unveil-devolution-deals-for-two-more-city-regions>

The Observer

Powerhouse or poorhouse? Why the north-east fears devolution won't help; In Tyneside and Co Durham, braced for news of more cuts in Wednesday's budget, there is doubt the 'Devo Manc' model will make it across the Pennines

4 July 2015

Heather Stewart and Katie Allen

<http://www.theguardian.com/business/2015/jul/04/powerhouse-poorhouse-north-east-fears-devolution-wont-help>

The Telegraph

Why we can't afford to leave the North behind: The North has been written off before, but cities and regions are fighting back. We take a closer look at the ingredients required to make the "Northern Powerhouse" a success

23 May 2015

Szu Ping Chan

<http://www.telegraph.co.uk/finance/economics/11624521/Why-we-cant-afford-to-leave-the-North-behind.html>

2.2 Regional Press

The Journal

Chancellor George Osborne adds signature to North East devolution deal set to bring £1.3bn to region

23 October 2015

Will Metcalfe

<http://www.chroniclive.co.uk/news/north-east-news/chancellor-george-osborne-adds-signature-10323338>

The Chronicle

Businesses welcome North East devolution but fire warning over their involvement

23 October 2015

Graeme Whitfield

<http://www.chroniclive.co.uk/business/business-news/businesses-welcome-north-east-devolution-10318511>

The Chronicle

North East devolution deal: 'Be honest and admit you forced region to have mayor', say Labour MPs

22 October 2015

Jonathan Walker

<http://www.chroniclelive.co.uk/news/north-east-news/be-honest-admit-you-forced-10312698>

3. Press Releases

HM Treasury, Department for Communities and Local Government
Devolution deal signed with the North East Combined Authority
23 October 2015

Chancellor George Osborne hailed the 'unstoppable momentum' in the drive to strike devolution deals with cities and regions, as the North East today (23 October 2015) became the latest area to make a historic agreement with the government to take on new powers.

The agreement delivers another significant boost to the Northern Powerhouse as the Chancellor signed a deal with the North East Combined Authority.

Voters in the North East will now choose a directly elected Mayor in 2017, who will take on a raft of new powers as part of plans to take power out of Whitehall and hand it back to local people.

The deal presents a significant financial boost for the North East who will receive £30 million a year over the next 30 years, enabling the region to compete in international markets with a new Investment Fund being set up thanks to a guaranteed £900 million from the government.

The new Mayor in the North East will oversee a range of powers devolved from government and the Chancellor announced recently that Mayors will also have the power, if they have the support of the local business community, to raise business rates to help fund new infrastructure, enabling them to build for their city's future.

The North East deal, provides for the transfer of significant powers over transport, strategic planning, employment and skills from central government to the region and it paves the way for further devolution over time, and for the reform of public services, including potentially health and social care, to be led by the North East.

Today's announcement, alongside a similar deal also being announced in Tees Valley, brings the number of city regions across the north signing up to game-changing mayoral devolution deals to four, with Greater Manchester and Sheffield also creating powerful new metro Mayors.

The deal requires support from each of the local councils within the region, as was the case with previous deals to Sheffield and Greater Manchester.

Devolution deals underline the government's commitment to building a Northern Powerhouse to help rebalance the economy and ending the old model of running everything out of London.

Chancellor George Osborne said:

“This announcement shows that our revolutionary plans for devolution are gathering an unstoppable momentum. The civic leaders of the North East have worked incredibly hard to reach this point and as a result today we are signing this historic agreement which will give the area significant new powers and investment.

“Once again the Northern Powerhouse is leading the way in our ambition to take power out of London and give it to the people who know their areas best.”

Northern Powerhouse Minister James Wharton said:

“Our long-term economic plan seeks to rebalance growth and build a Northern Powerhouse. By ending the ‘one size fits all’ approach of the past, we are giving local people the powers they need to boost jobs and skills.”

“Today’s deal means the North East is leading the way, with significant new powers and nearly £1 billion of government investment over the next three decades. This will enable the region to compete nationally and on the international stage. I look forward to seeing how a future Mayor and combined authority work with the business community to make their ambitions a reality.

Councillor Simon Henig, chair of the North East Combined Authority, said:

“Today’s signing of this proposed agreement marks the start of a new way of working in the North East.

“With devolved powers and responsibilities over both our urban and rural economies, transport, skills and investment and the creation of the new health commission, this brings new opportunities to make a difference to the lives of local people.

“Not only does this demonstrate the level of our ambition, it also underlines the key role the North East has to play in re-balancing the national economy.

“We welcome the opportunities which devolution presents and we will now begin further consultation with our partners, residents, business, trade unions and the voluntary and community sector so that everyone can be part of this process as we move forward.”

Simon Stevens, Chief Executive of NHS England, said:

“The NHS is ready willing and able to explore new partnerships in the North East - which already has some of the most innovative and high performing parts of the health service.”

4. Parliamentary Questions

Asked by: Lord Greaves

To ask Her Majesty's Government whether introducing an elected mayor will be a requirement of all future devolution deals with combined authorities.

Answered by: Baroness Williams of Trafford

Development of devolution deals is a bottom up process, in which areas bring us their proposals for the powers and budgets they want devolved to them. The accompanying governance arrangements they propose to support those powers and budgets must be commensurate with the scale of devolution they are seeking.

Elected mayors provide that strong, single point of accountability which is essential for any devolution deal of the scale and ambition of the deals we have announced for Greater Manchester, Sheffield City Region, Tees Valley and the North East.

10 Nov 2015 | House of Lords | HL3137

Asked by: Mr Nicholas Brown

To ask Mr Chancellor of the Exchequer, what the proposed membership is of the skills board for the North East overseeing a comprehensive review of post-16 education, skills and employment.

Answered by: Greg Hands

On 23 October the Government signed a historic devolution deal with the North East Combined Authority. As part of the deal, and subject to the passage of the Cities and Local Government Devolution Bill through parliament, a new directly-elected Mayor for the North East will be created. The Mayor will chair the existing North East Combined Authority. Powers and responsibilities will be devolved from central government to the Mayor and Combined Authority.

Full details of the deal are available at:

<https://www.gov.uk/government/publications/north-east-devolution-deal>

A detailed implementation plan will be agreed over the coming months between central government and the North East Combined Authority.

28 Oct 2015 | House of Commons | W12529

Asked by: John Pugh

To ask Mr Chancellor of the Exchequer, what the cost is to the Exchequer of the City Deals in each city region to date.

Answered by: Greg Hands

The Government has agreed mayoral devolution agreements worth £30m a year for 30 years with combined authorities in Greater Manchester, Sheffield City Region, The North East, and Liverpool City Region. The Government has also agreed a mayoral devolution agreement worth £15m a year for 30 years with Tees Valley and an agreement worth £36.5m a year in the West Midlands. These are all subject to 5-yearly gateway assessments to confirm the investment has contributed to growth.

These agreements are another significant step in the Government's ambition for the Northern Powerhouse and Midlands Engine respectively.

24 Nov 2015 | House of Commons | W16816

5. Further Reading

HM Treasury
[North East devolution agreement](#)
23 October 2015

HM Treasury
[Tees Valley region devolution agreement](#)
23 October 2015

House of Commons Library
[Devolution to Local Government in England](#)
4 September 2015

House of Commons Library
[Cities and Local Government Devolution Bill 2015-16 \[HL\]](#)
8 October 2015

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