

Cabinet

Item No:

Report Title: Consideration of a County Deal for Norfolk

Date of Meeting: 4 December 2023

Responsible Cabinet Member: Cllr Kay Mason Billig (Leader and Cabinet Member for Strategy & Governance)

Responsible Director:

Tom McCabe, Chief Executive Officer

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Caroline Clarke, Returning Officer

Executive Summary

On 8 December 2022, Norfolk County Council ('the Council') signed an 'in-principle' Level 3 devolution County Deal for Norfolk which, if agreed, will provide Norfolk with new powers, devolved funding and additional investment to help us boost our economy through jobs, training and development, improve our transport network and support our environment.

One of the first of its kind, Norfolk's County Deal will bring greater independence to local decision-making and priority setting. The Investment Fund, available through a Level 3 deal, will bring an additional £600m over 30 years.

The 'in-principle' Deal has been subject to public consultation. Overall, 57% of respondents agreed with the principle of devolution as outlined in the deal and the benefits it brings to Norfolk, while 24% disagreed and a further 17% did not know or were unsure.

The Government and the Council recognise that devolution is a journey, not a one-off event and the Council has continued to negotiate enhancements to the Deal. This includes the opportunity to immediately start negotiations on further devolution of powers and funding (subject to the Level 3 deal being agreed).

To secure a Level 3 Deal, the Council must change its governance model from a 'Leader and Cabinet model' to a 'Directly Elected Leader and Cabinet model'. Key elements of the Deal such as the Investment Fund, the Brownfield Housing Fund, the Integrated Transport Settlement and negotiated enhancements are only available at Level 3.

The Deal text confirmed that this governance change was to take place by resolution of the Council on 12 December 2023, in preparation for the election of a Directly Elected Leader in May 2024. Following discussions with Government, the Council has successfully negotiated the option to defer the election for a Directly Elected Leader, until May 2025, should this be preferred. This option has not previously been available to the Council or other areas negotiating devolution deals.

Recommendations

The Cabinet, recognising that the change in governance would be a matter for the Full Council, recommends one of the options below:

Recommendation Option 1

- a) recognises the work carried out during 2023 to consult with the public, inform Members and prepare plans in relation to the ‘in-principle’ County Deal brought to Council in January this year.
- b) commends the work undertaken by the Leader and Officers to secure additional benefits for the Norfolk County Deal and resolves that the Deal should be accepted.
- c) resolves to change the Norfolk County Council’s governance to an Elected Mayor (Directly Elected Leader) and Cabinet model at this meeting 12th December 2023.
- d) Requests officers to undertake the preparation needed, including publication of the statutory public notice (Appendix A), constitutional change and preparations to allow for a May 2024 election of a Directly Elected Leader.
- e) resolves to change the title by which the elected mayor of the authority is to be known to the alternative title of Elected Leader, as the Council agrees that this clearly connects the role of the elected leader to that of the County Council, and to distinguish this deal from other areas.
- f) Requests officers to send notice of the alternative title to the Secretary of State and to include that notice within the Statutory Notice, to be published on the website and made available at the Councils principal office.

Recommendation option 2

- a) recognises the work carried out during 2023 to consult with the public, inform Members and prepare plans in relation to the ‘in-principle’ County Deal brought to Council in January this year.
- b) commends the work undertaken by the Leader and Officers to secure additional benefits for the Norfolk County Deal and resolves that the Deal should be accepted.
- c) resolves that the election for the Directly Elected Leader should be held alongside the county council elections in May 2025 to enable the widest possible engagement with the electorate.
- d) agrees that the resolution adopting the new governance arrangements must be passed by the Full Council Meeting on 23 July 2024 to facilitate that election date.

- e) agrees on that same date to resolve to change the title by which the elected mayor of the authority is to be known to the alternative title of Elected Leader as the Council agrees that this better represents the role and expectations of an individual regarding the proper leadership of the County.

Recommendation option 3

- a) Resolves to request that the Executive go back to central government and negotiate a Level 2 Deal for Norfolk.

Recommendation option 4

- a) Resolves that Norfolk County Council determine that devolution is not a route that it wishes to pursue at the current time.

1. Background and Purpose

- 1.1. 'County Deals' are part of the Government's levelling up agenda (as set out in the [2022 Levelling Up White Paper](#)) "to spread opportunity equally across the UK" through greater devolution of powers and funding.
- 1.2. The County Deals offer a significant opportunity to unlock long-term funding and gain greater freedom to decide how best to support businesses to grow, meet local needs and create new opportunities for the people who live and work in Norfolk.
- 1.3. On 8 December 2022, the Secretary of State for Levelling Up, Housing and Communities announced that the Government was "minded to" enter into a County Deal for Norfolk, under which the County would benefit from £600m of new Government investment over the next 30 years and an additional £12.9m during the current Spending Review period to fund local priorities to produce growth. In addition, the Deal will also devolve a number of powers, as well as provide the Council with an additional £1.632m capacity funding over 2023/24 and 2024/25 to support implementation.
- 1.4. The Government and Norfolk County Council both recognise that devolution is a journey, not a one-off event. This agreement would be the first step in a process of further devolution and will pave the way for future conversations as part of an ongoing dialogue; with the experience from other devolution areas showing that initial deals can open the door to receiving further powers, funding and influence.
- 1.5. The Deal has required that:
- the content of the 'in-principle' Deal be subject of a formal consultation with other public sector partners – including district, borough and city councils – communities and business.
 - as a Level 3 deal, the Full Council resolves to change its governance model to that of a Directly Elected Leader which will unlock all elements of the 'in-principle' deal (with the Investment Fund, Brownfield Housing Fund, Integrated Transport Settlement and the additional negotiated enhancements only available at Level 3).

- the Secretary of State for the Levelling Up, Housing and Communities be satisfied that the required statutory requirements have been met, and parliamentary approval of the required secondary legislation.
- 1.6. This report summarises the key elements of the Deal (including further enhancements to the Deal negotiated during 2023) and sets out the options for taking forward the Deal for Norfolk.

2. Key elements of the Deal for Norfolk

- 2.1 The Deal contains substantial new and devolved powers and funding for Norfolk and represents an opportunity to gain greater autonomy and agility for local people and leaders to make the right decisions for the County. It will enable us to deliver the ambitions of *Better Together, For Norfolk 2021-2025*; to “pursue the prize of a deal with Government, to leverage more money and powers into the county, for the benefit of the county” and “ensuring that Norfolk claims its fair share of investment to drive growth, prosperity and higher skills so we are not left behind”.
- 2.2 It will allow us to invest in areas such as better transport, skills, job opportunities, housing and regeneration, tailored to the specific needs of local people, and will ensure that the County is not disadvantaged as other areas acquire their own devolution deals. As one of the first “rural” devolution deals, it gives recognition to both the contribution that County geographies make to the UK economy and the challenges they continue to face.
- 2.3 The Deal for Norfolk includes:
- Control of a **new investment fund of £20m per year for 30 years** (40% capital and 60% revenue), to drive growth and take forward priorities over the long term. The revenue secured gives the investment fund a strong multiplier effect, allowing the opportunity to leverage additional private funding. (Level 3 only)
 - Almost **£7m capital funding for the building of new homes on brownfield land** in 2024/25 helping to ease the viability issues that brownfield projects face, alongside supporting wider interventions aimed at economic development. For future spending reviews, Norfolk would be treated the same as other devolved areas. (Level 3 only)
 - **£5.9m of capital funding**, received in this Spending Review period, which has supported the further development of the Operations & Maintenance Campus in Great Yarmouth, the Nar Ouse Business Park in King’s Lynn, and the East Norwich Regeneration Project.
 - New powers to drive the regeneration of the area and to build more affordable homes, including **Homes England compulsory purchase powers** and the ability to establish **Mayoral Development Corporations**, with the consent of the relevant planning authority/ies. (Level 3 only).
 - New powers to shape local skills provision to address challenges, maximise the impact of funding and better meet the needs of the local economy and local people, including the **devolution of the core Adult**

Education Budget (approximately £12m pa) from 2025/26 and development of a Strategic Skills Plan with partners.

- **An integrated transport settlement** c.£40m starting in 2024/25, which will provide greater control in how these budgets are directed locally to better meet our needs and priorities, and **£500,000 in revenue funding** over two years to accelerate the review of Transport plans and implement quantifiable carbon reductions. Government will work with Norfolk to agree an integrated multi-year transport settlement at the next Spending Review, at which point opportunities for expanding the integrated transport settlement offer will also be explored. (Level 3 only)
- A commitment to explore **a local partnership with Great British Railways** so that the County Council can help to shape and improve local rail services.

2.4 The Council will **plan and deliver the UK Shared Prosperity Fund (UKSPF) from 2025/26 engaging district, borough and city authorities on delivery**, and building on projects and initiatives funded in the first two years of the programme. Since the Chancellor's Spring Budget on 15 March 2023, the integration of all Local Enterprise Partnerships forms part of Government policy, and therefore, the integration of the New Anglia LEP functions into the County Council is no longer tied to or dependent on the County Deal.

3. Additional elements of a Deal for Norfolk

3.1. Since signing the 'in-principle' Level 3 Deal, Norfolk County Council has continued to strengthen its relationships with Norfolk's MPs and influence with key government departments, which has included discussions with senior officials and Ministers, and a face-to-face meeting between the Leader of the County Council and the Rt Hon Michael Gove MP, the Secretary of State for Levelling Up, Housing and Communities. Building on that, over the past 6 months, the County Council has also continued to explore additional areas of opportunity to enhance the existing deal. This activity has led to a number of successes:

- Flexibility, unavailable previously, to **allow for the election of the Directly Elected Leader in 2025** (as opposed to 2024) to coincide with the County Council elections.
- Successfully influencing the agreement of the County Council's **outline business case for the Norwich Western Link**, a critical scheme to enhance transport connectivity in our County by connecting existing road infrastructure with the A47.
- Working closely with our MPs and using strengthened connections with Government, contributing to West Norfolk's **Queen Elizabeth Hospital** being added to the Government's New Hospital Programme, with the funding to build a new hospital on the site by 2030.
- Convening meetings of key stakeholders, such as National Grid, UK Power Networks (UKPN), District Councils, the Sub-National Transport Body and offshore wind promoters, since September to understand the

challenges, opportunities and priorities relating to energy, with a view to creating a **Norfolk Energy Plan**, in partnership with the Norfolk Climate Change Partnership.

- Working with the Department for Levelling Up, Housing and Communities (DLUHC), National Grid and UKPN to contribute data, such as housing and jobs growth, to **inform their investment strategies**. Furthermore, the Council is exploring opportunities to increase electricity capacity in constrained areas, supporting the Energy Systems Operator **to develop reforms**, and becoming part of the National Grid Electricity Transmission East Anglia cluster.
- Following discussions with the Department for Levelling Up, Housing and Communities we have put forward a number of **business cases** in support of key projects to deliver jobs and growth (such as community hubs, enterprise parks and other infrastructure improvements), totalling **£9.4m of capital funding**, and which were developed in partnership with our district councils. These are currently under consideration.

4. Level 4 devolution

4.1 In line with past commitments from Government to strengthen and deepen devolution in England, the Chancellor, the Rt Hon. Jeremy Hunt MP, announced a new [‘Level 4’ of the devolution framework](#) in the [Autumn Statement](#) held on 22 November 2023. This framework reflects the progress in devolving decisions and functions. Devolved institutions with a directly elected leader will be able to draw down from this framework, which delivers deeper powers including:

- From the next spending review, a “single pot” consolidated budget from the Department for Levelling Up, Housing and Communities covering devolved funding. The benefit of this are that devolved institutions will be able to plan more effectively longer term and increase its spending power.
- Opportunity for devolution of retrofit funding, subject to the outcome of the existing pilots in Greater Manchester and the West Midlands. The benefit of this is that the local area is guaranteed funding rather than having to submit costly competitive bids.
- Single local transport funding settlement, avoiding the need to bid competitively and providing greater confidence around the delivery of local schemes , enabling savings to be made on delivery.
- Further devolution of adult education, including full devolution of Free Courses for Jobs funding, full flexibility over Skills Bootcamps funding and central convening of careers provision. This builds on existing devolution of adult education, and gives institutions even more control over the local skills landscape.
- Support from the Office of Investment to maximise inward investment and the development of an investment plan. The benefit of this is increased opportunity to focus on local priority sites and key sectors.

- Development of a strategic partnership with the Department for Culture, Media and Sport, and arms-length bodies covering culture, sport, communities and the visitor economy. This will maximise the impact of funding and decisions of these institutions in the local area. Removal of gateway reviews for those institutions which have passed the first gateway and meet the criteria relating to local evaluation frameworks, local transparency and accountability.
- 4.2 The framework published is not exhaustive and can extend to powers already devolved to other areas. All Level 4 powers are optional, and an institution can choose the powers in the framework that are most relevant and meet local needs.
- 4.3 Level 4 of the devolution framework will be available to combined authorities, combined county authorities and local authorities with an implemented Level 3 deal including a directly elected leader in post. Subject to agreement to a Level 3 Deal and a directly elected leader in post, Norfolk will also have the opportunity to submit an expression of interest to the Secretary of State, to start negotiations for “deeper devolution” of further powers and funding through a new ‘Level 4’ Deal.

5. Governance

- 5.1. The Government’s 2022 Levelling Up White Paper placed a strong emphasis on the importance of high profile, directly elected local leadership, strong local governance to deliver joined up public services and better local outcomes, as well as a focal point for innovation and collaboration.
- 5.2. The governance model for the Deal will form the foundation of an Assurance Framework, as required by Government, that will set out the arrangements for Norfolk County Council, as accountable body for the Deal.
- 5.3. **‘Directly Elected Leader and Cabinet Model and constitutional changes**
- 5.3.1. The Level 3 Deal for Norfolk is contingent upon a County Council resolution to change the current leader and cabinet executive governance model to an ‘Directly Elected Leader and Cabinet’ governance model.
- 5.3.2. The Directly Elected Leader will provide overall leadership of the Council and will be vested with all its executive powers, as per current arrangements with the Leader. Committees continue to exist as they are currently, and Full Council retains full discretion over the Committees they have.
- 5.3.3. The Levelling Up and Regeneration Act 2023 provides for the County Council to determine the title by which the Directly Elected Leader of the authority will be known. Technical amendments to the constitution are required to change the title of ‘Leader’ to ‘Directly Elected Leader’, however, these changes are minimal. Other areas of potential change that have been discussed with members are:
- Additions to the policy framework to ensure a clear, full Council mandated direction to the Executive.

- Consideration of the current scrutiny function, with input from the Centre for Governance and Scrutiny to draw on experience from across the country in respect of scrutiny for a directly elected leader model and consideration of Norfolk County Council governance arrangements when compared to the Local Accountability Framework for devolved areas.

5.3.4. Members have been engaged in discussion around these considerations and a full and final version of the constitution will be presented for agreement by Full Council, after going through the Corporate Select Committee, prior to any governance change taking place.

5.4. Election

5.4.1. The 'in-principle' Deal currently states that the Council will hold the first election of the Directly Elected Leader on 2 May 2024, coinciding with the county-wide Police & Crime Commissioner election. The Deal agreement specifies 12 December 2023 as the date on which a resolution to change the Council's executive arrangements is to be brought to Full Council. This date was selected as the first date that a change of governance can be resolved, following the previous change of governance in December 2018.

5.4.2. The Council has since negotiated for Government to allow the date of the election to be deferred to 2025, as an alternative option (the rationale for this is set out in section 7.3. 1). Should the Council choose to exercise the new flexibility and hold an election in 2025:

- The election of the Directly Elected Leader would coincide with the County Council elections minimising disruption and costs.
- The key elements of the Deal will remain unchanged in quantum, but with slight adjustments to the timescales (see section 8 for detail).

5.4.3. The first election of the Directly Elected Leader must take place on the first relevant¹ day of election after three months have passed following the decision to change Governance. If Council resolves to change governance on 12 December 2023, in line with recommendation option 1, the election will be held on 2 May 2024, which is the same date as the Police and Crime Commissioner election. If the election takes place that day, the Directly Elected Leader will take up office on the fourth day after the election, 6 May 2023.

5.4.4. Should Council resolve to change governance on 23 July 2024 instead, in line with recommendation option 2, the next relevant day of election (e.g. after three months following the decision) will be May 2025, and the Directly Elected Leader election would then take place alongside the County Council 'all out' elections on 1 May 2025.

5.4.5. Since the change to the Elections Act 2022, these elections will be held under the "first past the post" system.

5.4.6. The Levelling Up & Regeneration Act 2023 offers the ability to change the title of the Leader. The term 'Elected Leader' has been considered as appropriate

¹ the 'relevant' days of election are the first Thursday in May and the third Thursday in October.

as it connects back to the role of the Leader of the County Council and distinguishes this deal from other areas.

- 5.4.7. The Council must determine that title by resolution at a “relevant meeting of the authority” and include the particulars of that resolution in the notice of the meeting. The “relevant meeting” will be the same meeting at which any change of governance resolution is passed.

5.5. Stakeholder Governance

- 5.5.1. Whilst the County Deal is an agreement between Government and Norfolk County Council, the involvement of district councils, local businesses and other key partners, is pivotal to the success of the Deal. To continue to foster collaboration, and building on existing partnerships, a set of joint working principles has been developed, which includes:

- We work together for what’s in the best interest of Norfolk.
- We are ambitious for Norfolk.
- We build on our strong track record of respect, collaboration and delivery.
- We work on the basis of consensus, wherever possible.
- We focus on improving outcomes for our residents and on reducing inequalities.
- We are evidence-based, intelligence-led, and build on good practice.
- We commit to mutual oversight to ensure the best outcomes are delivered.

- 5.5.2. A governance structure will be established to engage partners as expert advisors to inform and steer decision-making. The above principles have shaped the structure, as described below, which has been developed and honed through several sessions with District Councils and other partners, and will include:

- **A Norfolk Leadership Board** – bringing together leaders from across the public, private and voluntary sector to consider issues of strategic importance to Norfolk where collectively we can have the greatest impact. The Board will promote the ongoing benefit to Norfolk from devolution, shaping recommendations on the development of future County Deal strategies and reviewing annual progress of the Deal.
- **A Norfolk Investment Board** – to include the Directly Elected Leader, an additional member from Norfolk County Council and all District Leaders. The Board will focus on shaping and endorsing the structure and criteria of the Norfolk Investment Fund and its funding streams, as well as assessing proposed projects and proposals to be funded through the Norfolk Investment Fund and recommending them to the Norfolk County Council Executive.
- **A Norfolk Business Board** – a partnership between business, education and local government to enable sustainable growth in Norfolk, focussed on the provision of business support, inward investment, innovation, sector and supply chain development. The Board is a requirement from Government as part of the LEP integration plan, which is separate from the implementation of the County Deal and will build on the successes of the existing LEP Business Board.

- **A Norfolk Employment and Skills Board** – a partnership of local government, the Department of Work and Pensions, voluntary sector, business, and educational provider representatives focussed on developing a portfolio of activity to strengthen skills levels, *shape the Adult Education landscape* and ensure businesses have the right skills to enable their growth.

5.5.3. Norfolk County Council remains the accountable body for public expenditure that supports the Devolution Deal and ultimately decision-making around the delivery of the County Deal rests with Norfolk County Council.

5. Consultation and Engagement

5.1. Public consultation

5.1.1. Following the decision on 17 January 2023 at Cabinet to progress the Deal to the next stage, a six-week public consultation was launched in February 2023.

5.1.2. The County Council worked with representatives of DLUHC, to design and agree the approach and ensure it reflected the Government’s principles for consultation. The County Council also commissioned the Consultation Institute to conduct an independent analysis of all consultation responses, submissions and feedback received.

5.1.3. The content of the consultation covered:

- Each of the functions, powers and funding to be devolved.
- Why the devolution of each of the funding, powers and responsibilities to Norfolk is likely to improve their delivery and benefit Norfolk.
- Proposed changes in governance arrangements required for the Deal.

5.1.4. A total of 1,211 responses were received to the online survey, including hard copy input manually. Analysis of all responses showed that:

- Overall, 57% of respondents agreed with the principles of devolution and the benefits it brings to Norfolk, while 24% disagreed. Only 2% did not answer the question.
- When considering the proposal for a ‘directly elected leader and cabinet’ system of governance half (50%) “agreed” with the proposal (24% strongly agree and 26% agree), with 31% of respondents “disagreeing”.
- All questions in the survey had a majority of “agree” over those who “disagreed”, as well as over those who “didn’t know” or “neither agreed or disagreed”.

5.1.5. The findings of the consultation compare favourably with other areas. For example, in the public consultation for an East Midlands’ County Combined Authority devolution deal, 42% “agreed” with having an elected leader.

5.1.6. The findings of the consultation were agreed at [Cabinet on 5 June 2023](#), and have been shared with the Secretary of State for the Department for Levelling Up, Housing and Communities.

5.2. Member engagement

- 5.2.1. In January 2023, Cabinet agreed to set up a cross party Member Engagement Working Group (MEWG) to oversee the work around the implementation planning and assurance processes. It was also agreed that regular Member briefings and workshops would be held to ensure that all Members understood the devolution Deal and were fully briefed prior to consideration of a Council resolution in December 2023.
- 5.2.2. The Member Engagement Working Group has met on eleven occasions and considered a full programme of briefings and presentations, alongside numerous briefings sessions for all members and briefings for political groups (as requested). Details of this engagement is included as **Appendix C**. These have provided an overview of the County Deal, including proposed governance arrangements, and detailed consideration of each of the key workstreams.
- 5.2.3. Reports and presentations discussed at the working group have been made available to all Members via the Councillor Portal, along with answers to a range of frequently asked Member questions concerning the Deal.

5.3. District council engagement

- 5.3.1. The Council has engaged with the leadership of the seven Norfolk district councils through the Norfolk Leaders' Group and Norfolk Chief Executives' Group. Representatives of District Councils have been included in meetings with Government, proposals have been shared about key aspects of the Deal and with the opportunity to shape these. Over the past year the County Council has worked with both groups to shape and develop the stakeholder governance of the Deal. On Brownfield Funding, the County Council has worked directly with District Councils' Chief Executives and officers to identify the pipeline of potential sites across Norfolk.
- 5.3.2. The County Council engaged with every District Council and the Broads Authority ahead of and during the public consultation on the County Deal, with senior officers attending their full council meetings. Additional briefings were organised following the local elections in May 2023, with the aim of bringing newly elected members up to speed. Briefings on the outcome and findings of the public consultation were also provided to all local councils that requested one.
- 5.3.3. Furthermore, additional briefings were offered to all District Councils' Leaders and their Cabinets, with several meetings taking place in the period June to October 2023.

6. Impact of the Proposal

6.1. Legal and Governance

- 6.1.1. On 26 October 2023, the Levelling Up and Regeneration Bill received Royal Assent and became an Act, establishing formally the legal framework for Norfolk's devolution Deal.
- 6.1.2. A change of governance to a Directly Elected Leader model will mean changes in the way the council operates. Although largely the same as the current Leader and executive model, the constitution will need to be agreed prior to the election. Generally, this decision is taken at the last Council

meeting before the election. This would be on the 26th of March 2024 for a 2024 election.

6.1.3. The Directly Elected Leader will appoint a Cabinet of between 2 and 9 additional members from councillors of NCC, one of whom is required by law to be a deputy leader.

6.1.4. They will also be able to delegate all and any executive powers to their Cabinet members, a meeting of the Cabinet or a Committee of the Cabinet, apart from the power to create a Mayoral Development Corporation, which can be exercised by the Directly Elected Leader, but only with the consent of the local planning authority.

7. Alternative Options

7.1. These are set out as options within the recommendations to give clarification to the Cabinet's options in this area.

7.2. The Deal negotiated as part of the 'in-principle' Deal and outlined in this report is a Level 3 Deal and is subject to Norfolk County Council changing its governance to a 'directly elected leader and cabinet' model.

7.3. Options around election timings

7.3.1. The Council has successfully negotiated with Government the option to hold the election in 2025, instead of 2024. The Council wishes this additional flexibility to be available to its elected Members on the basis that:

- This will be the first election of the Directly Elected Leader, and the option to hold the election in 2025 does provide more time for potential candidates to find out about the role, and for the electorate to become more aware about the new powers coming to the county.
- Elections to the office of the Police & Crime Commissioner have, to date, attracted lower levels of participation than Local Government elections. Data shows that 23.30% of electors voted in the 2016 Police and Crime Commissioner (PCC) elections. Covid-19 delayed the 2020 PCC elections which were instead held alongside the 2021 County Council elections where 32.9% of electors voted - nearly 10% more. It is therefore likely that turnout for the Directly Elected Leader election would be higher if the election were combined with the County Council elections in 2025, giving the new Leader an even stronger democratic mandate.
- The County Council elections in 2025 are already in the Council's budget so the addition of the election for the Directly Elected Leader would be a smaller pressure in 2025 than running a single county-wide election in 2024.
- Holding the Directly elected Leader election and whole council elections at the same time also responds to criticisms when the deal was originally agreed, namely the practical disruption of having a Directly Elected Leader in place for 1 year before potential changes to the wider council or available cabinet members.

7.3.2. In the event of a change of timing for an election, the Council would not be required to carry out another consultation.

7.3.3. Financial implications of the election timings are set out in section 8.3.

7.4. Options around a Level 2 or Level 3 Deal

7.4.1. If a Level 3 deal was to be rejected, the Council has the option to seek a Level 2 arrangement instead. Government has been explicit in its position that there is no automatic right to a L2 deal where a L3 is rejected, and such a deal would need to be negotiated afresh. This has been evidenced in practice elsewhere (i.e. Cornwall Council).

7.4.2. A level 2 arrangement does not require the County Council to change governance. If a Level 2 was sought, it would be worth approximately **£18.63m per year of devolved, existing funding** and include:

- the devolution of the core Adult Education **Budget (approximately £12m)** from the 2025/26 academic year, as well as input into the new Local Skills Improvement Plans.
- the **UK Shared Prosperity Fund from 2025/26 (presently some £6.63m)**, to boost skills, pride in place and support businesses.

7.4.3. The £20m per annum (over 30 years) Investment Fund, Brownfield Housing Fund, Integrated Transport Settlement and the additional negotiated enhancements are **only** available at Level 3. Future devolution of additional funding or powers will then only be once a Level 3 deal has been enacted.

8. Financial Implications

8.1. Key financial elements of the Deal

8.1.1. The key financial elements of the 'in-principle' Deal are outlined in section 2 of this report. Funding to Norfolk County Council as part of an agreed Deal includes capacity funding available to fund the set-up costs, governance costs and costs associated with delivering the commitments within the Deal.

8.1.2. On 22 February 2023, Council agreed to allocate £250,000 to support the mobilisation of the County Deal, including the costs of the public consultation and any additional resources required, prior to capacity funding becoming available once the Level 3 County Deal is approved.

8.1.3. Should the Council choose to exercise the new flexibility and hold an election in 2025, the key elements of the Deal remain unchanged in quantum, but with slight adjustments to the timescales as below:

New Funding to Norfolk County Council	2024 Election	2025 Election
Mayoral Capacity Fund - A total of £750,000 over three-years.	Starting in 2023/24	Starting in 2024/25
Brownfield Capacity Fund – A total of £382,000 over two years.	Starting in 2023/24	Starting in 2024/25

Local Transport Plan Capacity Fund – A total of £500,000 in revenue funding over two-years.	Starting in 2023/24	Starting in 2024/25
Adult Education Budget Implementation Funding £351,728	Starts in 2023/24	TBC - possibly 2024/25
Investment Fund - £20m per annum over 30 years	£20m after DEL election	£10m after change of governance
Brownfield Funding - £6.9m	Starting in 2023/24 after change of governance (on site by March 2025)	Starting in 2024/25 after change of governance (on site by March 2026)
Adult Education Budget c£12m	August 2025	
Consolidated Transport Budget c£40m	Not new funding	

8.1.4. Without a County Deal or with a Level 2 Deal only, there are concerns over the future of investment funding for Norfolk as there is no known ringfenced funding available beyond competitive bidding. The cost of future funding bids is a serious consideration for NCC, as it represents further pressures for the council. Recent LGA research estimated that the average cost to councils in pursuing each competitive grant was in the region of £30,000, costing each local authority roughly £2.25 million a year chasing down various pots of money across Whitehall². Historically, Norfolk, as a whole, has not been successful as a rural county in competing for funding against national metrics. This is further evidenced in the third round of Levelling Up Funding allocations, where only one of Norfolk's councils was successful in its bids.

8.2. Election costs

8.2.1 Based on data from 2016, a Directly Elected Leader election in 2024, held alongside the election of the Police and Crime Commissioner, would cost Norfolk County Council c.£850,000 at today's prices purely for the administration of the polls. This figure includes 50% of the staffing costs for the 643 polling stations across the county, 50% of the posting and return of 100,000 plus postal votes. This figure also covers the total cost of the additional polling cards, postal voting papers and ballot papers needed of c.£190,000.

8.2.2 A 2025 Election would cost the Council an additional c.£190,000 (as above) for the additional polling cards, postal voting papers and ballot papers. All other costs are accounted for as part of the four-year County Council Election cycle.

8.2.3 There will be no costs for a Level 2 or for no devolution deal.

² <https://www.local.gov.uk/parliament/briefings-and-responses/final-local-government-finance-settlement-202324-house-commons-8#:~:text=LGA%20research%20estimated%20that%20the,pots%20of%20money%20across%20Whitehall.>

8.3. Remuneration

- 8.3.1 The Independent Remuneration Panel, which makes recommendations to Council in relation to allowances paid to Members, was asked to provide a steer on the possible level of the allowance for the Directly Elected Leader.
- 8.3.2 The Panel reviewed the allowances paid to Mayors and Leaders in other authorities with similar populations or budgets and duties, and taking into account that the Directly Elected Leader role in Norfolk will be the first of its kind, decided that using a multiple of the Basic Allowance would ensure the Directly Elected Leader's Allowance would remain in line with other Councillor Allowances over time. The Panel indicated that they would recommend the Directly Elected Leader's Allowance should be in the region of five to six times the Basic Allowance.
- 8.3.3 A directly elected leader would be supported by the County Council's existing officers and systems. This contrasts with mayoral combined authorities, which have their own staff and running costs, separate from the local council and creating another layer of local government. Data obtained by the Local Government Chronicle in 2019, reported further in the House of Commons Library report on "Devolution to Local Government in England"³, found that the then seven MCAs employed 2,877 people in December 2018 with a total staffing budget of £144.2m⁴

9. Resource Implications

- 9.1. **Staff:** There is currently a small project team, within existing staff resources, that have and continue to work on the development of the County Deal
- 9.2. **Property:** None at present
- 9.3. **IT:** None at present

10. Other Implications

- 10.1. **Legal Implications:** It should be noted that a decision to change governance can only be taken once every 5 years. The effect of this is that once the decision is taken, it may not be rescinded, and an election must take place.
- 10.2. **Human Rights Implications:** None.
- 10.3. **Equality Impact Assessment (EqIA) (this must be included):**
- 10.3.1. A comprehensive range of evidence has been gathered and analysed, to enable the Council to develop a sound equality impact assessment about the likely impacts of the Deal on people with protected characteristics.
- 10.3.2. This has involved reviewing data about people and services that might be affected, contextual information and commissioned research about local areas and populations, and crucially, the findings of public consultation.

³ [House of Commons Library report "Devolution to Local Government in England" January 2023](#)

⁴ Data sourced by Sarah Calkin, "[Growth in combined authority workforces revealed](#)", Local Government Chronicle, 16 April 2019

10.3.3. The equality impact assessment, included in the [5 June Cabinet papers](#), identified that the Deal has the potential to significantly enhance access for disabled and older people in Norfolk - and equality of opportunity for people with other protected characteristics.

10.4. Data Protection Impact Assessments (DPIA): No direct DPIA implications arising from this report.

10.5. Health and Safety implications (where appropriate): None.

10.6. Sustainability implications (where appropriate): There are no direct sustainability implications arising from this report. The investment and powers within the proposed Deal have the potential to drive significant environmental benefits.

10.7. Any Other Implications:

11. Risk Implications / Assessment

11.1. One of the key concerns is that with Norfolk's neighbours negotiating or already in receipt of a Level 3 devolution deal, our county faces the very real possibility of Norfolk being left behind if a Level 3 Deal is rejected.

11.2. The General Election, which needs to take place by the end of January 2025, could potentially see changes in Devolution policy and how it applies to Norfolk. This would be a risk if there is a delay to an election or if a decision was taken to pursue a Level 2 as this is not yet negotiated.

11.3. There is a risk related to the set up and implementation costs expended should the Deal not be formally agreed by the County Council. If agreed, it provides capacity funding to cover these costs, in line with the amounts in section 8. There is a risk with 2025 however, as if a decision is made in December 2023 to proceed with a directly elected leader election in 2025, yet an alternative decision to not proceed in July 2024 is taken, Norfolk County Council would have proceeded at financial risk. This has a possible cost to the Council of approximately £500,000.

12. Select Committee Comments

12.1 Having offered thoughts and feedback on activity to date and proposed next steps, the Select Committee resolved to agree that further progress reports were presented to the Committee as appropriate.

12.2 The minutes of this meeting are available here:

[15 November 2023 Infrastructure and Development Select Committee](#)

13. Appendices

Appendix A (Draft) Public Notice Norfolk County Council Change in Governance Arrangements

Appendix B Deal Options Comparison Table

Appendix C Member Engagement Activity

Officer Contact

If you have any questions about matters contained within this paper, please get in touch with:

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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix A (Draft) PUBLIC NOTICE

NORFOLK COUNTY COUNCIL CHANGE IN GOVERNANCE ARRANGEMENTS

At the full Council meeting on 12 December 2023, Norfolk County Council resolved to make a change in its governance arrangements pursuant to Sections 9K, 9KC and 9L of the Local Government Act 2000 as inserted by the Localism Act 2011.

The Council resolved:

1. to adopt the 'Mayor (Directly Elected Leader) and Cabinet' form of governance, to be effective from the Annual Meeting of Council in May 2024; and
2. to approve the proposed structures and the approach to preparatory work as set out in the report to Council.

The report which sets out the proposed arrangements is available for viewing via the Council's website by accessing the agenda pack from the Council meeting held on the 12th December 2023. A copy is also available for inspection at the Council's principal office.

Council will move to a Mayor (Elected Leader) and Cabinet system to be finalised and in place to take effect from the Annual Council meeting in May 2024. The main character of the change is to remove the Leader and Executive form of governance that the Council has operated since 2019 and replace it with a 'Mayor (Elected Leader)' form of governance.

This new form of governance will result in most decisions on Council functions being dealt with by a Directly Elected Leader and Cabinet of elected members subject to the general oversight of the Scrutiny Committee with some decisions legally being reserved to full Council. The Cabinet will have decision making powers collectively and as individual portfolio holders.

The following Committees will also fulfil a role in the system:

- Scrutiny
- Select Committees
- Audit and Governance Committee
- Employment Committee
- Planning (Regulatory) Committee and Planning (Regulatory) Urgent Business Sub-Committee
- Pensions Committee

Over the next 4 months a new Constitution and further details of the structure for the new Directly Elected Leader form of governance will be published on the Council's website and will be made available at the Council's principal office, following input and approval from elected members. These documents will set out in further detail the provisions of the arrangements that will be put in place once the change takes effect in May 2024.

The address of the authority's principal office is: Norfolk County Council, County Hall, Martineau Lane, Norwich, Norfolk NR1 2DH

It should further be noted that at the same meeting the County Council resolved to change the title by which the elected mayor of the authority is to be known to the

alternative title of elected leader as the Council agrees that this better represents the role and expectations of an individual regarding the proper leadership of the County.

APPENDIX B - DEAL COMPARISON TABLE

	Option 1 Level 3 – 2024 DEL	Option 2 Level 3 – 2025 DEL	Option 3 Negotiate Level 2	Option 4 No Deal
Investment Fund (£600m)	✓	✓		
Brownfield Funding (£6.9m)	✓	✓		
Consolidated Transport Budget	✓	✓		
Adult Education Budget (£12m)	✓	✓	✓	
UKSPF (TBC- 2025)	✓	✓	✓	
Directly Elected Leader	✓	✓		
Possible Additionality	✓	✓		
Opportunity for Level 4 Powers	✓	✓		

Appendix C - County Deal Member Engagement Activities

Date	Activity	Topic
22.02.23	Members Engagement Working Group	Terms of Reference Work Plan Initial County Deal Briefing
20.03.23	Members Engagement Working Group	County Deal Update Comms Engagement Plan CD Legislation Framework Policy Framework Work Programme and Timeline
31.03.23	Members Engagement Working Group	County Deal Legislative Framework Policy Framework in Constitution Work Programme and Timeline
19.04.23	Members Engagement Working Group	County Deal Update LEP Governance Update Work Programme
15.05.23	Members Engagement Working Group	Consultation Response Highlights Powers of a DEL Constitution Member Training Update
22.05.23	Member Briefing Session	County Deal Overview
25.05.23	Member Briefing Session	DEL and Governance
01.06.23	Member Briefing Session	County Deal Overview
06.06.23	Members Engagement Working Group	Norfolk Investment Fund County Deal Work Programme
11.07.23	Members Engagement Working Group	English Devolution Developments Briefing
18.08.23	Members Engagement Working Group	Local Transport Plan Adult Education Budget
08.09.23	Members Engagement Working Group	County Deal Update English Devolution Accountability Framework and Scrutiny Protocol
12.09.23	Member Briefing Session	Governance
18.09.23	Member Briefing Session	Governance
21.09.23	Member Briefing Session	County Deal Funding Opportunities
06.10.23	Member Briefing Session	Governance
06.10.23	Member Briefing Session	Brownfield
11.10.23	Member Briefing Session	Local Transport Plan
19.10.23	Member Briefing Session	Adult Education Budget
27.10.23	Member Briefing Session	Investment Fund
01.11.23	Members Engagement Working Group	Update on County Deal Members Engagement Programme
21.11.23	Members Engagement Working Group	Full County Deal Workstream Update Economic Strategy
01.12.23	Member Briefing Session	Governance

