

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC
PROSPERITY COMMITTEE– 19 DECEMBER 2014**

Subject:	COMBINED AUTHORITY		
Presenting authority / representative):	Andrew Muter, Chief Executive, Newark and Sherwood District Council		
Report author and contact details:	Andrew Muter, Chief Executive, Newark & Sherwood District Council andrew.muter@nsdc.info		
Key Decision <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Subject to call-in <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Value of decision: £N/A			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Authorities affected: All	Date of consultation with relevant authorities: 28 November 2014		
Summary of issues (including benefits to citizens/constituent authorities):			
This report seeks to make recommendations to constituent authorities to form a combined authority, including ancillary functions.			
Exempt information: None.			
Recommendation(s):			
This report seeks approval of the Economic Prosperity Committee to:			
<ul style="list-style-type: none"> (a) develop a vision and long term ambitions for a Nottingham and Nottinghamshire Combined Authority; (b) recommend to its Constituent Councils that they pursue a combined authority under the relevant provisions of the Local Democracy Economic Development and Construction Act 2009 (and other such provisions as are necessary to ensure the authority has a range of functions to match expectations); (c) consider a governance review of the effectiveness and efficiency of transport and arrangements to promote economic development and regeneration within the geographic county, including consultation on proposals for a combined authority and its range of functions. 			

1 REASONS FOR RECOMMENDATIONS

- 1.1 To ensure that any decision to form a Combined Authority is underpinned by a statement of vision and ambition shared by the nine constituent authorities.
- 1.2 To ensure that the constituent Councils of this Committee consider the proposal to create a Combined Authority and, in doing so, are informed by the proposed governance review and consultation exercise.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Consideration has been given to the long term ambitions and vision that might underpin a combined authority for Nottingham and Nottinghamshire. This report seeks the agreement of the Economic Prosperity Committee to a long term vision and ambitions for a combined authority.
- 2.2 The proposals draw on work undertaken by the nine local authority members of the Nottingham and Nottinghamshire Joint Economic Prosperity Committee including an informal meeting of Leaders which took place on 28 November 2014.

3 VISION AND AMBITION

- 3.1 A combined authority should enable its member local authorities to address the transport, economic development and regeneration challenges of its communities in a more effective and efficient manner. The immediate context for these challenges is well understood and documented in our Growth plans and the D2N2 Strategic Economic Plan.
- 3.2 Our central location in the UK and transport links are important assets which supported the development of our historic industrial strengths and will continue to provide us with an important competitive advantage. Traditional strengths in manufacturing and strong universities with global connections provide us with strong foundations for the development of innovative manufacturing industries.
- 3.3 A combined authority should therefore be founded on a vision which harnesses the potential around our location, strengths, knowledge and connections so that Nottingham and Nottinghamshire realise the potential to become a key part of a Midlands economy, and a strong contributor to the UK and global economy.
- 3.4 A number of key ambitions have been identified as critical for the future vision for Nottingham and Nottinghamshire. These are:

Transport—create a fully integrated transport system across Nottinghamshire and connecting into neighbouring and national networks.

Skills and work—raise skill levels, connect people with work, harness our knowledge and help business to grow so that we have a high skill/low unemployment economy.

Space to live—build the number and type of homes that complements our economic needs and enhances our quality of life.

Space for industry and enterprise—plan and deliver the land, property and infrastructure and quality city and town centres that a strong economy needs.

Environment—reinforce our excellent quality of life through effective management of the environment, waste and through the development of low carbon industries.

Devolution –ensure that we have the powers and resources to create a prosperous place by retaining local taxation for reinvestment, increasing our powers to borrow and seeking devolved responsibilities and resources from central government.

- 3.5 The key to developing our ambitions for a Combined Authority will be ensuring that our ambition stretches beyond what each constituent council can deliver on its own. So, for example, a fully integrated transport system could deliver effective planning and operation across different public transport modes (rail, bus and tram), smart ticketing, rail investment to shrink travel times within Nottingham and Nottinghamshire, influence on wider rail investment plans to connect Nottingham with eleven other cities in under 90 minutes, and leveraging the greatest economic benefit from HS2 investment.
- 3.6 Our skills and work ambitions should include a radical and permanent shift from our current economic dependence on low skill/low pay activity and could include stronger local control and strategic policy-making through the Combined Authority around skills commissioning and supporting people into work. We should connect our economy more effectively to the emerging knowledge and skills in our Universities and develop skills relating to emerging technologies.
- 3.7 Economic prosperity is dependent on our ability to ensure that we have the space for business to thrive and grow and that homes are available for our population. Through a Combined Authority, we can plan and commission the key infrastructure which is critical to ensure that places function properly, for example, by exercising powers at Combined Authority level that are currently exercised by government agencies such as the Homes and Communities Agency.
- 3.8 Our environmental ambitions could enable us to take more influence on the management of key environmental issues such as flood prevention, waste management and low carbon industries. Recognising that Quality of Life is a key strength for Nottingham and Nottinghamshire, a Combined Authority could ensure that our ambitions protect and enhance our quality of life as part of a long term strategy.
- 3.9 By developing each of our ambitions, the added value which a Combined Authority could bring will illustrate the scale of ambition for Nottingham and Nottinghamshire. This ambition will drive the future discussions we have with central government around the devolution of powers and resources. This might include greater control over and retention of business rates, local retention of an element of taxation, local control over land taxes, devolution of funds currently controlled at national level to the Combined Authority and greater powers to borrow or issue bonds.

4 COMBINED AUTHORITIES – STATUTORY BACKGROUND, PROCEDURE AND LOCAL TIMETABLE

- 4.1 The nine local authorities that make up the N2 area have a long history of informal collaboration on matters which impact on the economic success of the area and which contribute to the wider economic

geography across the D2N2 area (Derby, Derbyshire and Nottingham, Nottinghamshire).

- 4.2 This collaboration was formalised through the development of the N2 Joint Economic Prosperity Committee as well as continuing collaboration on a more informal basis through the Nottinghamshire Leaders Group. The tangible benefits of this collaboration can now be seen in the designation of the Nottingham Enterprise Zone, Nottingham's City Deal, and the recent D2N2 Growth Deal.
- 4.3 Whilst increased coordination and collaboration is positive and leads to tangible benefits, the governance structures of the N2 area need to be viewed in the context of new governance structures being developed across the country and the aspirations of national government to be able to devolve powers and resources to strong local governance structures.
- 4.4 Those authorities in the N2 area recognise the value of leading and shaping the debate on devolution. The N2 area will outgrow its existing governance structures and arrangements – which have traditionally been informal, voluntary partnerships with the recent addition of this Committee. Accordingly, N2 Leaders have recognised the opportunity to establish a more formal governance structure in the form of a Combined Authority.
- 4.5 A combined authority is a new type of local government institution introduced in England outside Greater London by the Local Democracy, Economic Development and Construction Act 2009. There are currently five such authorities, all including former metropolitan areas, with the Greater Manchester Combined Authority established on 1 April 2011, and four others established in April 2014. Combined authorities are created in areas where they are considered likely to improve transport, economic development and regeneration. Combined authorities are created voluntarily and allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area. Recently the government has shown it is also willing to use powers under the Localism Act 2011 to devolve further functions directly to combined authorities.
- 4.6 The combined authority is a separate legal entity able to exercise any functions delegated by its constituent councils that relate to economic development and regeneration, and any of the functions that are available to integrated transport authorities. For transport purposes combined authorities are able to borrow money and can levy constituent authorities. The Local Democracy, Economic Development and Construction Act 2009 also allowed for certain functions over transport to be delegated from central government. The Localism Act 2011 allowed for additional transfers of powers from the government and governmental agencies and gave combined authorities a general power of competence for ancillary purposes. The powers and functions to be shared are agreed by the constituent district councils, the County Council and the City Council.

- 4.7 There are three stages to the creation of a combined authority:
- (i) a review must be undertaken to establish the likelihood that a combined authority would improve:
“...the exercise of statutory functions relating to transport in the area, the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development and regeneration in the area, and economic conditions in the area”;
 - (ii) On completion of the review the local authorities produce and publish a proposed scheme of the combined authority to be created, including the area that will be covered, the constitution and functions, membership of the authority, remuneration and how meetings will be chaired and recorded;
 - (iii) Following a period of consultation and subject to the approval of the Secretary of State for Communities and Local Government, the combined authority is formally created by a statutory instrument.
- 4.8 Discussions with DCLG and BIS officials about a combined authority for the geographic county of Nottinghamshire have been positive. They are keen to see the councils being ambitious. An indication has been given that, provided steps (i) and (ii) in paragraph 4.7 above have been concluded and all relevant materials are delivered to DCLG by mid February 2015, there is a prospect that a combined authority may be created by Statutory Instrument in July 2015. The recommendations in this report reflect the pressures of this timetable.

5 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 5.1 At this stage the financial implications are restricted to the cost of developing the ambition and work priorities for a Combined Authority in more detail and it is anticipated that these costs can be contained within existing budgets of constituent authorities.
- 5.2 If a Combined Authority is established it may operate as an accountable body for additional funding streams from central government to support transport, economic development and regeneration. Constituent authorities will also need to consider the extent to which they intend to pool any resources or activities under the arrangements.
- 5.3 The Combined Authority, if agreed by all members, will be able to act collectively to utilise additional financial leverage through use of surpluses of finances within their collective control e.g. Surpluses of the NDR pool.

6 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 6.1 The report sets out proposals around ambitions and vision for a Combined Authority. Each constituent authority will need to consider implications for its current arrangements in the event that a Combined Authority is formed. Legal issues are addressed in section 4 above.

7 SOCIAL VALUE CONSIDERATIONS

7.1 A Combined Authority would need to take into account the requirements of the Public Services (Social Value) Act 2012.

8 EQUALITY IMPACT ASSESSMENT (EIA)

A Combined Authority would need to take into account the requirements of the Public Services (Social Value) Act 2012.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 Draft Scheme for the establishment of a Nottingham and Nottinghamshire Combined Authority
- 9.2 Draft Governance Review
- 9.3 Draft Statutory Instrument
- 9.4 Draft Consultation Plan
- 9.5 Nottingham Growth Plan
- 9.6 Nottinghamshire Growth Plan
- 9.7 D2N2 Strategic Economic Plan

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

None.