

CITY COUNCIL - 26 JANUARY 2015

REPORT OF THE LEADER

THE ESTABLISHMENT OF A NOTTINGHAM AND NOTTINGHAMSHIRE COMBINED AUTHORITY

1 SUMMARY

- 1.1 This report proposes the establishment of a Combined Authority that would cover the local authority areas of Ashfield District Council, Bassetlaw District Council, Broxtowe Borough Council, Gedling Borough Council, Mansfield District Council, City of Nottingham Council, Newark & Sherwood District Council, Nottinghamshire County Council, Rushcliffe Borough Council.

2 RECOMMENDATIONS

- 2.1 **Subject to approval by Executive Board on 20 January 2015 in respect of executive matters, Council agrees to the making of a joint submission, with the other Nottinghamshire Councils, to the Secretary of State for Communities and Local Government requesting the establishment of a Combined Authority for Nottingham and Nottinghamshire 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).**
- 2.2 **To endorse the governance review, authorised by the Nottingham and Nottinghamshire Economic Prosperity Committee, into 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.**
- 2.3 **To approve the Combined Authority governance arrangements proposed in the scheme, including arrangements for the City Council holding some powers and functions concurrently with the Nottingham and Nottinghamshire Combined Authority.**
- 2.4 **To approve the City Council's share of the administration costs of the Combined Authority.**
- 2.5 **To delegate authority to the Director of Legal and Democratic Services, in consultation with the Deputy Leader of the Council, to make appropriate changes to the scheme and governance review prior to submission to Government, arising from the results of the public consultation process, the need for consistency across the Councils and generally.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that Council considers the proposal to create a Combined Authority and, in doing so, is informed by the governance review, and scheme, and that any conclusions drawn from the public consultation exercise are able to be reflected in the final proposals which are submitted to Government.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 Retain the current arrangements around the existing Nottingham and Nottinghamshire Economic Prosperity Committee – this option does not meet central government's expectations around the need for enhanced governance.
- 4.2 Enhance the existing Economic Prosperity Committee arrangements – this option did not deliver a statutory body.
- 4.3 Establish an Economic Prosperity Board – although this option would deliver a new statutory body this model is unproven and would not include transport matters which would limit the body's long term ability to grow the area's economy.
- 4.4 The Governance Review attached at appendix A sets out the other options considered in more detail, and the reasons for recommending the establishment of a Nottingham and Nottinghamshire Combined Authority.

5 BACKGROUND

- 5.1 The Nottingham and Nottinghamshire Economic Prosperity Committee agreed on 19 December 2014 to recommend to its constituent authorities that each Nottingham and Nottinghamshire Council formally moves to agree the establishment of a Nottingham and Nottinghamshire Combined Authority, and that the proposals to achieve this are submitted to Government in February 2015 for the Secretary of State's consideration.
- 5.2 The nine local authorities in the geographical county 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).
- 5.3 This collaboration was formalised through the development of the 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.
- 5.4 Whilst increased coordination and collaboration is positive and leads to tangible benefits, the governance structures in the county 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.
- 5.5 The Councils recognise the value of leading and shaping the debate on devolution and that the county will outgrow its existing joint governance structures and arrangements – which have traditionally been informal, voluntary partnerships with the recent addition of this Committee. Accordingly, the Leaders have recognised the opportunity to establish a more formal governance structure in the form of a Combined Authority.
- 5.6 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 and deregulation powers to devolve further functions directly to Combined Authorities.

- 5.7 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.
- 5.8 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.
- 5.9 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 5.8 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 and be in place in 2015. The recommendations in this report reflect the pressures of this timetable. The governance review document and the draft scheme form appendices A and B respectively.
- 5.10 Following the meeting and decision of the Economic Prosperity Committee on 19 December 2014 a period of public/stakeholder consultation commenced and will run to 6 February 2015. The Council will be advised of interim feedback at the meeting.
- 5.11 There are currently five Combined Authorities. Of those, Greater Manchester and Sheffield City Region have received significant new funding from central government as part of the Government's aim to devolve more functions to the local level. West Yorkshire is still in negotiation with Government over a further announcement. As part of the Government's Local Growth Deal announcements, those Local Enterprise

Partnerships (LEPs) that benefited from the enhanced local governance arrangements that Combined Authorities can bring, received greater flexibility over their Local Growth Fund monies than those LEPs that did not have Combined Authorities in their locality.

- 5.12 At its meeting on 20 January 2015, Executive Board will consider a report in similar terms to this but seeking authority in respect of executive functions to submit a request for a Combined Authority. The outcome will be reported to this meeting. This report seeks authority in relation to non-executive functions and also, general endorsements to the proposal.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 6.1 Under the current Economic Prosperity Committee arrangement, each of the constituent councils contributes £3,500 per year towards the secretariat costs. The proposals for the Nottingham and Nottinghamshire Combined Authority have not yet been costed. However the latest version of the scheme proposes that:
The costs of the Combined Authority that are reasonably attributable to the exercise of its functions relating to economic development and regeneration (and any start-up costs) shall be met by the constituent councils. Such costs shall be apportioned between the nine councils on a per capita basis, with county and district authorities apportioning their share of costs on a 75:25 basis. The Combined Authority will agree an annual budget for the purpose of this expenditure.
- 6.2 The future operating model for the Combined Authority and how it will be financed has yet to be determined and will be a key part of the work to be undertaken in 2015/16.
- 6.3 The City Council will consider any future financial commitments as part of the development of the budget for 2016/17. There are examples elsewhere of Central Government seeing combined authorities as the vehicle for some funding streams and grants and of this providing opportunities for increased flexibility. There are opportunities to benefit from joint working across the County through this mechanism and other areas have seen financial and policy objectives benefiting from a Combined Authority.
- 6.4 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.
- 6.5 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 for the districts.

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

- 7.1 As currently proposed, the Combined Authority would hold powers concurrently with the City Council. It is proposed that its governance arrangements will make some matters subject to enhanced voting rights, which may include the need for unanimity amongst members before a decision is passed by the Combined Authority. A memorandum of understanding will be agreed by members of the Combined Authority to ensure that decision making in key areas by the Combined Authority does not negatively impact upon individual member local authority areas.

7.2 Legal issues are addressed in section 5 above.

7.3 Council should note that the provisions in the 2009 Act enabling the creation of Combined Authorities are likely to be amended soon to introduce more flexibility in the types of authorities which can be created. This would not affect the pursuit of the current proposals by the Nottinghamshire Councils but, if the joint submission is not successful, the City Council's position may be reviewed in the light of new legislation.

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 As a new Local Authority, and once established, the Nottingham and Nottinghamshire Combined Authority will have a duty under the Equalities Act, and must give due regard to protected groups in its decision making, including appropriate equality impact assessments. The equality impact has therefore not yet been assessed.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Nottingham and Nottinghamshire Economic Prosperity Committee report, 19 December 2014 - Combined Authority.

10.2 Executive Board report, 20 January 2015 – Nottingham and Nottinghamshire Combined Authority.

**COUNCILLOR JON COLLINS
LEADER OF THE COUNCIL**