

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC  
PROSPERITY COMMITTEE – 26 SEPTEMBER 2014**

<b>Subject:</b>	<b>Combined Authority</b>		
<b>Presenting authority / representative):</b>	Allen Graham Chief Executive of Rushcliffe Borough Council		
<b>Report author and contact details:</b>	Andrew Muter, Chief Executive, Newark & Sherwood District Council <a href="mailto:andrew.muter@nsdc.info">andrew.muter@nsdc.info</a>		
<b>Key Decision</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Value of decision:</b> £0	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Authorities affected:</b> All	<b>Date of consultation with relevant authorities:</b> 12/09/2014		
<b>Summary of issues (including benefits to citizens/constituent authorities):</b>			
a) This report sets out the steps required to establish a Combined Authority and seeks approval of the Joint Committee to develop the proposals further.			
<b>Exempt information:</b> None			
<b>Recommendation(s):</b>			
<ol style="list-style-type: none"> <li>1. That work is undertaken to develop a vision and aspirations for the long term economic vitality of the N2 area and that specific powers are identified which could be exercised by a Combined Authority for the N2 area</li> <li>2. That work to carry out a scheme and a governance review for the N2 area, working in parallel with the D2 area to cover common issues including LEP governance is undertaken</li> <li>3. That the timetable set out in Paragraph 1.11 is agreed in principle and subject to further guidance from DCLG.</li> </ol>			

**1 REASONS FOR RECOMMENDATIONS**

1.1 The Committee agreed at its meeting on 20 June 2014 to maintain awareness with respect to Combined Authorities and particularly their significance to N2 and the progress being made on a combined authority for Derbyshire. The Committee then received an informal presentation from Derbyshire colleagues before its meeting on 25 July 2014, following which further work was requested to set out the steps necessary to establish a combined authority.

1.2 Following the decision of the Economic Prosperity Committee on 20 June 2014, the following progress has been made.

1.3 The Committee members met informally on 25 July 2014 with colleagues from Derbyshire to understand their proposals around the formation of a combined authority and asked me to lead some further work to set out the steps necessary to

form a combined authority and the potential benefits of a combined authority.

1.4 Chief Executives (or their representatives) have met twice in August and early September. The D2N2 Chief Executives group have also discussed the development of combined authorities.

1.5 I met with Wes Lumley, Chief Executive of North East Derbyshire and Bolsover Councils, who is leading the Derbyshire work on combined authorities. I also met DCLG, Cabinet Office and BIS civil servants along with Derbyshire colleagues to discuss combined authority arrangements and how they might relate to the D2N2 Local Enterprise Partnership.

1.6 As a result of all of these discussions I have prepared advice about the approach we could take and the possible timescale for developing a combined authority. This is set out in the next section.

1.7 It is clear from the advice received from civil servants that Government expects a combined authority proposal to set out a clear ambition for the area which goes beyond simply delivering current priorities. It will therefore be important to agree our long term ambitions and to demonstrate that we have considered why a combined authority arrangement is necessary to achieve them. The Chief Executives therefore recommend that we take some time to work on our vision for the N2 area in the long-term, including creating some space for blue-sky thinking which can help to stretch our ambitions and building on the work we have already commenced around growth hubs. This work needs to be well-informed by our understanding of the economy and should involve officer and member inputs.

1.8 Chief Executives also consider that the powers which we expect the combined authority to exercise, including powers we seek from government, need some careful consideration. It would be easy, in the process of establishing a combined authority, to replicate what other areas have sought in terms of delegated powers. However, the powers we seek ought to reflect the vision we develop and we might wish to consider requests which other areas have not made.

1.9 Work to undertake the necessary governance review has started and Chief Executives are currently working on the development of a draft. Parallel work is taking place in Derbyshire and it is therefore sensible to share our approaches so that both governance reviews take a consistent approach to the cross D2N2 issues in relation to the Local Enterprise Partnership. Our aim is therefore to produce a governance review which is specific to the N2 area but compatible with the D2 review in respect of the whole LEP area.

1.10 A scheme for a Combined Authority also needs to be drawn up and a draft is being prepared. However, the scheme must be clear about the extent of powers exercised by the Combined Authority and therefore a final draft would need to reflect the outcomes on the visioning work set out in paragraph 1.7.

1.11 A timetable to carry out the work set out above and (assuming it was agreed) establish a Combined Authority *could* therefore be:

**October – November 2014** Carry out further work to explore an ambitious vision and identify future powers necessary to deliver that vision. Continue to prepare a draft governance review and a draft scheme. Further consultation with D2 partners, DCLG, BIS and Cabinet Office.

**19 December 2014** Economic Prosperity Committee considers recommendations for a vision and considers proposals to go to each constituent council on the formation of a Combined Authority

**January 2015** Consult locally on proposed vision, draft governance review, and draft scheme. Decisions in principle to proceed by each constituent authority.

**20 February 2015** Consideration by EPC of outcomes of consultation and decisions by constituent authorities and, if appropriate, decision to submit Combined Authority proposals to Secretary of State.

**March to August 2015** Consideration by Secretary of State and formal consultation.

**September 2015** Parliamentary Order

**April 2016** Formation of Combined Authority\*

\*A Combined Authority does not have to commence at the start of the financial year so Secretary of State approval to commence could be earlier.

1.12 It may well be that the Secretary of State considers that Combined Authority proposals for both N2 and D2 should be considered in parallel in which case a similar timetable would apply to both areas. National elections in May 2015 are likely to lead to some delays in any decision-making process.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 Combined authorities are legal structures that may be set up by local authorities in England, following a governance review under Section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and Section 82 of the Local Transport Act 2008. They may be set up by two or more local authorities. The combined authority must include membership from all local authorities in its area. A combined authority may take on transport and economic development functions. They have a power of general competence and can be passed functions by the Secretary of State under the general power to pass functions down in the Localism Act 2011.

2.2 In practical terms, the first step in forming a combined authority is achieved by undertaking a governance review (including consulting key stakeholders) which:

i) looks at existing governance arrangements for economic development, regeneration and transport across the area

ii) considers options for changes in governance arrangements

iii) recommends an option for future governance which would lead to improvements in the way the statutory powers are exercised and would lead to an improvement in the economic conditions and performance of the area.

2.3 In addition to carrying out a governance review, a scheme must be prepared which effectively sets out the terms of reference for a combined authority including the powers it exercises, matters relating to funding and its decision-making structures.

2.4 Following a governance review and preparation of a scheme, the Secretary of State must consider the proposals and carry out formal consultation with relevant parties.

2.5 Finally, a draft Order to Parliament must be approved by both Houses before a combined authority comes into being.

2.6 A draft timetable which might apply to the development of a combined authority for Nottingham and Nottinghamshire is set out above to illustrate the possible timescale for formation of a combined authority.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 Not to agree the timescale to carry out the necessary work. This option was discounted as work to undertake the necessary governance review has started and Chief Executives are currently working on the development of a draft. Parallel work is taking place in Derbyshire and it is therefore sensible to share our approaches so that both governance reviews take a consistent approach to the cross D2N2 issues in relation to the Local Enterprise Partnership.

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 At this stage the financial implications are restricted to the cost of any preparatory work and consultation and it is anticipated that these costs can be contained within existing budgets of constituent authorities.

4.2 If a Combined Authority is established it will operate as a separate legal entity and an accountable body and is likely to receive substantial 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 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 The report sets out the constitutional and legal considerations which will need to be taken into account. Each constituent authority will need to consider implications for its current arrangements in the event that a Combined Authority is formed.

### **6 SOCIAL VALUE CONSIDERATIONS**

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

### **7 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

- (b) No  
(c) Yes – Equality Impact Assessment attached



7.1 The requirement for an Equality Impact Assessment will need to be considered in the event that a Combined Authority is progressed.

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

8.1 None

**9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

- Local Democracy, Economic Development and Construction Act 2009 (LDEDCA)
- Local Transport Act 2008
- Localism Act 2011

**Andrew Muter  
Chief Executive  
Newark & Sherwood District Council**