

FULL COUNCIL

16th DECEMBER 2015

REPORT OF THE CHIEF EXECUTIVE

PROPOSED LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY

1.0 PURPOSE OF REPORT

1.1 To seek approval of the countywide proposal to create a Combined Authority for Leicester and Leicestershire.

2.0 RECOMMENDATIONS

That Council is recommended to:

2.1 **Approve the Scheme for the Combined Authority (“the Scheme”);**

2.2 **Approve the Governance Review;**

2.3 **Authorise the publication of the Scheme and its submission to the Department for Communities and Local Government;**

2.4 **Authorise the Chief Executive following consultation with the Leader and the Leader of the Opposition to make any final amendments to the Scheme and Governance Review prior to their submission to the Department for Communities and Local Government in December 2015 or January 2016;**

2.5 **Authorise the Chief Executive following consultation with the Leader and the Leader of the Opposition , to enter into discussions with the Department for Communities and Local Government and such other Government departments and other persons as are considered necessary by the Chief Executive to agree the terms of Order (subject to 2.7 below) establishing the Combined Authority and to approve the final form of the Order on behalf of the Borough Council; and**

2.6 **Authorise the Chief Executive, following consultation with the Leader and the Leader of the Opposition :**

(i) **To negotiate, agree and execute all ancillary documents in support of the operation of the Combined Authority, including (without limitation) the constitution of the Combined Authority; and**

(ii) **To take all decisions and actions necessary to enable the establishment of the Combined Authority (subject 2.8 below)**

2.7 **If such discussions result in any proposed significant departure from or variation to the Scheme as approved by Council the terms and the final form of the Order will be referred to Council for a decision**

2.8 **The delegation in 2.6 above relates to any documents, decisions or actions required in accordance with the Council resolution 2.1, 2.2 and 2.3 set out above. Any significant departure will be referred to Council for a decision.**

3.0 KEY ISSUES

3.1 Combined authorities are established under the Local Democracy, Economic Development and Construction Act 2009 (“2009 Act”) by Order of the Secretary of State for Communities and Local Government. A combined authority operates as a public body with its own legal

personality but it is not a merger of existing local authorities.

- 3.2 A Combined Authority Order can be made for an area that meets the following conditions:
- (i) it consists of the whole of two or more council areas in England;
 - (ii) no part of the area is separated from the rest of the combined authority by a non-constituent council (e.g. Leicester and Leicestershire could not be in a combined authority area with Nottingham City because Nottinghamshire would be between the two areas);
 - (iii) the combined authority area does not surround a non-constituent council (e.g. Leicestershire could not form a combined authority without Leicester);
 - (iv) no part of the area is part of another combined authority, economic prosperity board or integrated transport area (this does not apply to non-constituent membership of another combined authority);
 - (v) all parts of the area were included in the scheme prepared and published.

In addition for an area to be included in a combined authority area, all councils for that area must consent (in the case of a two-tier area, both the district councils and the county council must consent).

Prior to submitting a proposal to the Secretary of State, Councils must conduct a governance review of their area, propose a draft scheme meeting the conditions set out in the 2009 Act and then publish and consult on the proposals.

3.3 Procedure to Establish a Combined Authority

There is a rigorous legal process to follow in order to establish a combined authority. It involves the following steps:

- (i) completion of a governance review for the area;
- (ii) preparation of a Scheme that demonstrates that it meets the statutory conditions set out in the 2009 Act;
- (iii) engagement with stakeholders and the public to establish their views on the governance review and Scheme;
- (iv) publication of the Scheme and submission to the Department for Communities and Local Government;
- (v) preparation of a draft Order by the Department for Communities and Local Government;
- (vi) a two month Government consultation on whether the combined authority will fulfil the statutory conditions. This will be undertaken by the Department for Communities and Local Government and is separate to the engagement undertaken by the constituent councils in September and October 2015; and
- (vii) the laying of the draft Order before Parliament for approval. It is currently anticipated that this will take place in Autumn 2016.

3.4 Governance Review

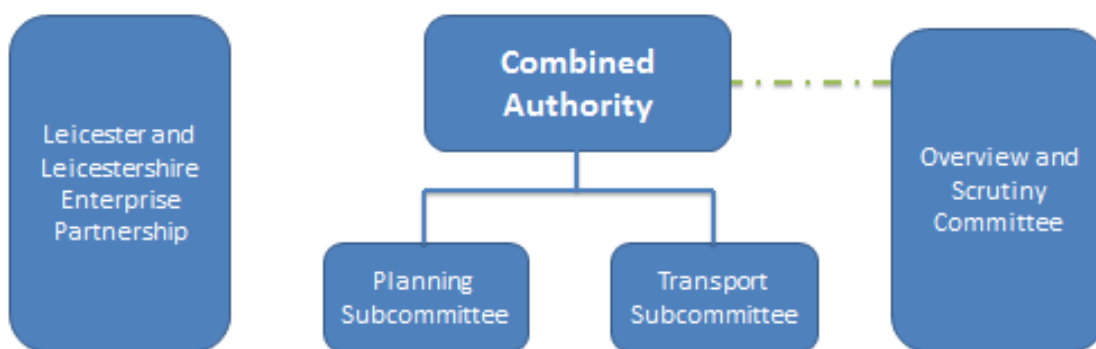
- (i) The governance review is an assessment of:
 - (a) the effectiveness and efficiency of transport within the review area; and

- (b) the effectiveness and efficiency of arrangements to promote economic development and regeneration within the review area.
- (ii) The Governance Review, attached as Appendix A to this report, was undertaken by the constituent Councils during August and September 2015. The findings of the review are clear that the best governance model to enable economic and transport improvements in the local area is a combined authority.
- The benefits of the combined authority model include the provision of a simple means of fully aligning and coordinating transport planning and wider economic development and regeneration, including strategic planning, across a sub-region. This would enable economic development and regeneration and transport initiatives to be aligned, co-ordinated, and delivered swiftly and efficiently by a single body.
- (iii) The Combined Authority will also enable a shared understanding about Leicester and Leicestershire as a single economic area across the nine local authorities and will create a strategic framework for economic development and transport which will ensure consistency in local decision making. It will also increase the control and influence of the constituent councils across the key drivers of economic growth.
- (iv) The Review considered alternatives to having a combined authority; for example that the constituent councils could continue to work together as they are, or form a joint committee, or an economic prosperity board. However, as analysed in the Governance Review, none of these options would give the full benefits of a combined authority. This is shown in the table below:-

Option	Evaluation
Maintain the Status Quo	Maintaining the status quo would mean difficulties in accessing new funding and powers in line with the ambitions of the area. It would leave Leicester and Leicestershire behind other areas and would therefore be likely to have a detrimental impact on the economy of the area in the future. It would not strengthen the governance processes which largely rely on informal arrangements.
Joint Committee	The establishment of a Joint Committee would strengthen the current partnership arrangements and place them on a more formal basis. However, there is a lack of stability and certainty which is unlikely to secure long term funding commitments. In addition, the lack of legal status and financial accountability means that the same difficulties in accessing new funding and powers presented by status quo are likely to be encountered.
Economic Prosperity Board	An Economic Prosperity Board would provide strategic direction and accountability for economic development and regeneration and would ensure that a single formal decision-making body was in place for this. However, strategic transport would not be included in these arrangements, thus greatly limiting the scope for increased effectiveness and efficiency.
Combined Authority	A Combined Authority with devolved funding would create a clear and effective platform for accelerating economic prosperity in Leicester and Leicestershire through the creation of integrated, strategic frameworks to enable the delivery of investment plans for planning, transport and skills.

3.5 Combined Authority Draft Scheme

- (i) The Scheme is attached as Appendix B to this report. It will form the basis for the Order made by the Secretary of State. Part 1 of the Scheme clarifies arrangements relating to membership, voting, and scrutiny. The Scheme is based on a concurrent powers model with no transfer of existing powers. No constituent council is ceding existing functions to the Combined Authority. This is consistent with established and emerging combined authorities.
- (ii) The diagram below sets out a proposed governance model for the Combined Authority:-



- (iii) As the Combined Authority will be a form of local authority in its own right, it will be able to form committees/subcommittees in the same way a constituent council would, but could only delegate decisions to such committees which the Combined Authority itself could make. The above is a proposed model only and the number and purpose of any such committees would be subject to agreement between the constituent councils and included in the Combined Authority's constitution.
- (iv) Each of the nine constituent councils will appoint a full voting member of the Combined Authority, with the Chair of the LLEP being a non-voting Member.
- (v) Each constituent council will appoint elected members to the joint Overview and Scrutiny Committee as are required to achieve political balance across the area of the Combined Authority. Members of the Overview and Scrutiny Committee cannot also be members of the Combined Authority itself, or a member of the Executive of a constituent council. Government advises that the Chairman of the Overview and Scrutiny Committee should not be a member of the major political party represented on the Combined Authority. This has been carried through into the current version of the Cities and Local Government Devolution Bill.
- (vi) The role of the Overview and Scrutiny Committee will be to review and scrutinise decisions or other actions taken by the Combined Authority, through inviting the relevant members or officers to attend meetings and to make reports or recommendations to the Combined Authority. Further details are included in the Scheme.
- (vii) Part 2 of the Scheme sets out the powers and duties of the proposed Combined Authority and gives examples of how it might utilise them. In summary, these are:
 - (a) **Planning:** councils working together to agree a clearer, long-term framework to meet future housing and employment needs for the whole area and identify future growth locations.
 - (b) **Transport:** focussing on long-term investment in road, rail and other public transport infrastructure.

- (c) **Skills:** setting the strategic direction for making improvements in skills and training, to give local people the chance to get better qualifications and employment.
- (viii) Part 2 has been updated to remove skills devolution from central Government. Following consultation this is part of the devolution bid that has been submitted and will be pursued separately to the establishment of the Combined Authority.

4.0 **POLICY AND CORPORATE IMPLICATIONS**

- 4.1 The Combined Authority will provide a formal structure for joint working on strategic planning and dealing with strategic growth throughout the county. This will help to ensure that Melton Borough Council has an opportunity to influence the growth agenda and will assist when it comes to submitting statutory plans such as the Local Plan. It also provides a stable mechanism for long term strategic decision making through a single body representing the needs of Leicester and Leicestershire. Decisions taken within the Combined Authority would be stronger than the current partnership agreements and will consequently be more able to withstand challenge. The formal framework will assist the assessment of major development proposals and will help to plan for major infrastructure projects.
- 4.2 The Combined Authority will be able to apply for funding and can borrow to fund transport infrastructure. Whilst some of the funding benefits have yet to be clarified it is likely that the Combined Authority will benefit from accessing funding sources that may not be available to Melton Borough Council. It will also enable a strong, single, collective position to be reached which will demonstrate strength and confidence, supporting applications for central government funding.
- 4.3 The vehicle for delivering any devolved powers from the national government will be the Combined Authority and without this in place it will not be possible to seek those devolved powers. Whilst it is difficult to assess at this stage what these powers may be it is clear that issues such as funding for skills and learning could be resolved at a local level to provide a better service for residents. Understanding the demographics across a wider field will help identify potential new growth sectors and will enable matching of skills, housing and jobs.

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 Over the last four years, there have been significant reductions in the Government's funding of local authorities. Reductions in local government have been higher than in other parts of the public sector. It is therefore imperative that all future governance models are efficient and reduce duplication and waste wherever possible.
- 5.2 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) will be met by the constituent councils. These will be identified in more detail in due course.
- 5.3 The Combined Authority will agree an annual budget for the purpose of this expenditure to enable it to develop and implement the following:-
 - (i) a joint economic vision for the area of the Combined Authority;
 - (ii) a strategic growth plan looking to 2050 for the area of the Combined Authority;
 - (iii) a strategic asset management plan;
 - (iv) a single strategic transport master plan for the area of the Combined Authority and associated transport infrastructure investment strategy a long term investment strategy for the Combined Authority area;
a growth deal framework.

5.4 The costs relating to the Combined Authority shall be met by the Constituent Councils. The budget for the Combined Authority will be the subject of further detailed work in consultation with the Section 151 Officers from the Constituent Councils. It has been agreed that the total costs will be distributed on the basis of 1/3 to the city council, 1/3 the county and the remaining 1/3 to the districts. The districts share of the costs will then be distributed on the basis of population. An initial budget of £200k has been drawn up however this does not take into account any “in kind” contributions and costs. For illustrative purposes should a budget of £200k be set Melton’s share would be just over £5,000 based on the agreed apportionment and at this stage in the process a budget has been included in the 2016/17 estimates of this level.

5.5 The staffing and servicing for the Combined Authority will need to be agreed between the Constituent Councils, which will be supported by a number of contractual arrangements between those parties. The financial governance arrangements also need to be investigated further. These will need to be negotiated and agreed while the DCLG is considering the draft Scheme and preparing the Order.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 Cities and Local Government Devolution Bill proposes to broaden the scope of powers that it is possible to confer on a combined authority, beyond those relating to economic development, regeneration and transport. It will make it possible for the Secretary of State to transfer functions from an existing public authority (a Minister of the Crown or Government Department but not a County or District Council) to the Combined Authority. In addition, the Secretary of State will have power to confer on the combined authority the general power of competence under the Localism Act 2011.

6.2 The Bill makes changes to Governance structures for combined authorities by enabling the Secretary of State to make an order to ‘provide for there to be a mayor for the area of a combined authority’. The current version of the Bill provides that this cannot be used by the Secretary of State as a condition for agreeing to the transfer of local authority or public authority functions.

6.3 At present it is not known what the final changes to the Cities and Local Government Devolution Bill will be and when those changes will be brought into force, however the intention is that the Bill achieves Royal Assent by the end of 2015. The Leicester and Leicestershire Combined Authority Scheme and proposals set out in this report are therefore based on existing legislation (The Local Democracy, Economic Development & Construction Act 2009) rather than the Bill.

7.0 **COMMUNITY SAFETY**

7.1 None as far as this report is concerned.

8.0 **EQUALITIES**

8.1 The equality impact assessments will be completed for the key decisions of the combined authority.

9.0 **RISKS**

9.1 To consider and give any Risks related to this report and if there are risks to complete the tables below. If there are no risks identified, then delete the table

Probability
↓

Very High A				
High B				
Significant C				
Low D				
Very Low E				
Almost Impossible F				
	IV Negligible	III Marginal	II Critical	I Catastrophic

Impact
→

Risk No.	Description
1	Failure to approve the submission of a CA Scheme would mean that devolved powers could not be sought.

10.0 CLIMATE CHANGE

10.1 None as far as this report is concerned.

11.0 CONSULTATION

11.1 Stakeholder and public engagement was undertaken between 21 September and 20 October 2015 to establish the level of support for the Scheme and findings of the Governance Review. This involved a survey of residents, staff and stakeholders, but also included the invitation to submit views by letter or email. The survey was made available on the council website from 21 September 2015. This was accompanied by supporting information which set out the proposals in more detail.

11.2 260 responses were received through the Combined Authority Consultation. An analysis of the responses is attached as Appendix C to this report. A full set of the questions asked is set out in Appendix D attached to this report.

11.3 There was a high level of support for establishing a Combined Authority, with 68.8% of respondents either 'strongly agreeing' or 'tending to agree' that, to enable economic and transport improvements, a combined authority is the best governance model for Leicester and Leicestershire, on the basis that it would avoid duplication and provide value for money. They also commented that it would improve co-ordination between authorities. Those respondents that either 'tended to disagree' or 'strongly disagreed' with the statement expressed concerns about losing local accountability and highlighted the differences between the city and the county.

11.4 There was a similar level of support for the proposed functions of the combined authority, with 71% of respondents either 'strongly agreeing' or 'tending to agree' that that the proposed functions are appropriate, commenting that they are key issues affecting the whole of the combined authority area. Just over a fifth of respondents did not support the

proposed functions, again expressing concerns that local accountability would be lost.

11.5 The supportive nature of the responses to the consultation enables the nine constituent councils to proceed on the basis set out at the start of the consultation period. However, it will be important for the constitution of the combined authority to ensure that local accountability is retained through the new structures. The constitution should also include a process for the resolution of disputes.

11.6 The responses received through the consultation process will also feed into the work of the Combined Authority once established.

12.0 **WARDS AFFECTED**

12.1 All Wards

Contact Officer ?Name of Report Writer
Date: 4 December 2015

Appendices : Appendix A – Governance Review
 Appendix B – Draft Scheme for Combined Authority
 Appendix C – Consultation Summary Report
 Appendix D – Consultation Questionnaire

Background Papers: Initial Combined Authority proposals submitted to the Secretary of State 3 July 2015
 Local democracy, Economic Development and Construction Act 2009
 Cities and Local Government Devolution Bill

Reference : X : Committees\?