

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 17 NOVEMBER 2015

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| Title of report | PROPOSED LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY |
| Contacts | Councillor Richard Blunt 01530 454510 richard.blunt@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk |
| Purpose of report | To seek Council's approval to support the County-wide proposal to create a Combined Authority for Leicester and Leicestershire and delegate authority to the Chief Executive in consultation with the Leader to agree ancillary matters to bring this into effect. |
| Council Priorities | Business and Jobs Homes and Communities |
| Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government | The costs of the Combined Authority shall be met by the Constituent Authorities. Further work on the budget for the Combined Authority will be undertaken in consultation with the Section 151 Officers of the Constituent Authorities. None The body of the report addresses the risks associated with the proposed Combined Authority. Not completed No discernible impact By working together with the other Leicestershire authorities, we will secure more robust strategic decision making on important cross border issues and will be better positioned to take advantage of future devolution opportunities. |
| Comments of Head of Paid Service | The report is satisfactory. |

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| Comments of Deputy Section 151 Officer | The report is satisfactory. |
| Comments of Monitoring Officer | The report is satisfactory. |
| Consultees | <p>A public consultation has been conducted by Leicestershire County Council, the results are summarised in this report.</p> <p>Economic Growth Board – 5th November 2015</p> <p>Cabinet – 10th November 2015</p> |
| Background papers | <p>Initial Combined Authority proposal submitted to the Secretary of State on 3 July 2015</p> <p>Report to Cabinet – 10 November 2015</p> <p>Local Democracy, Economic Development and Construction Act 2009</p> <p>Cities and Local Government Devolution Bill</p> |
| Recommendations | <p>THAT COUNCIL:</p> <ol style="list-style-type: none"> 1. APPROVES THE SCHEME FOR THE COMBINED AUTHORITY; 2. APPROVES THE GOVERNANCE REVIEW; 3. AUTHORISES THE PUBLICATION OF THE SCHEME AND ITS SUBMISSION TO THE DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT; 4. AUTHORISES THE CHIEF EXECUTIVE, FOLLOWING CONSULTATION WITH THE LEADER, 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; 5. AUTHORISES THE CHIEF EXECUTIVE, FOLLOWING CONSULTATION WITH THE LEADER, 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 |

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| | <p>CHIEF EXECUTIVE TO AGREE THE TERMS OF THE ORDER ESTABLISHING THE COMBINED AUTHORITY AND TO APPROVE THE FINAL FORM OF THE ORDER ON BEHALF OF THE DISTRICT COUNCIL; AND</p> <p>6. AUTHORISES THE CHIEF EXECUTIVE, FOLLOWING CONSULTATION WITH THE LEADER:</p> <p>(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</p> <p>(II) TO TAKE ALL DECISIONS AND ACTIONS NECESSARY TO ENABLE THE ESTABLISHMENT OF THE COMBINED AUTHORITY.</p> |
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1.0 BACKGROUND

- 1.1 All nine councils in Leicester and Leicestershire have a strong record of working together and with business and other partner organisations to deliver economic growth. There are numerous examples of effective partnership working, particularly through the Leicester and Leicestershire Enterprise Partnership which has a positive track record of delivery.
- 1.2 The nine councils firmly believe they can build upon their successes by strengthening and formalising partnership arrangements through the creation of a Leicester and Leicestershire Combined Authority. In particular, this would allow more opportunity to work closely with government and the Leicester and Leicestershire Enterprise Partnership to enhance their collective impact on economic growth in the area.
- 1.3 The nine Councils in Leicester and Leicestershire (the “Constituent Councils”) submitted a proposal to the Secretary of State for Communities and Local Government on 3 July 2015. This outlined the scope of the Combined Authority and has formed the basis of the actions taken since, outlined below.
- 1.4 All Executives and full Councils of the Constituent Councils are considering similar versions of this report. On the 10 November 2015, North West Leicester District Council’s Cabinet agreed to refer the above recommendations to Council for approval.

2.0 CURRENT ARRANGEMENTS

- 2.1 The Constituent Councils have a strong commitment to joint working and working with business and other partner organisations to deliver economic growth. The Governance Review explores the details of current arrangements and their successes.
- 2.2 Notwithstanding the positive outcomes from the current informal arrangements, the lack of formal, cohesive decision making between all the Constituent Councils on matters of strategic importance exposes the potential for growth to risks. Primarily, the current arrangements are not sufficient for the ambitions of the area in terms of long term funding commitments for transport investment and devolution of funding. Nor do they provide for the ability to commission skills programmes locally and manage growth within the area by demonstrating a stronger level of agreement (i.e. the Duty to Co-operate under the Localism Act 2011).

3.0 LEGAL BACKGROUND

The Local Democracy, Economic Development & Construction Act 2009 (the “2009 Act”)

- 3.1 The 2009 Act sets out the statutory process for the creation of a Combined Authority. A Combined Authority is a public body with its own legal personality created by existing local authorities in an area, but is not a merger of those authorities.
- 3.2 A Combined Authority Order can be made for an area which 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 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;
 - (vi) all Councils in the area must consent (including two-tier area, where the County and Districts must agree).
- 3.3 Prior to submitting a proposal to the Secretary of State, Councils must conduct a governance review of their area, prepare a draft scheme meeting the conditions set out in the 2009 Act and then publish and consult on the proposals.

The Cities and Local Government Devolution Bill (the “Bill”)

- 3.4 If passed, the Bill proposes to broaden the scope of powers that it is possible to confer on a combined authority, beyond those related to economic development, strategic planning 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 a combined authority. In addition, the Secretary of State will have power to confer on a combined authority the general power of competence, which the Council enjoys under the Localism Act 2011.
- 3.5 The Bill makes changes to governance structures for combined authorities by enabling the Secretary of State to make a statutory order to 'provide for there to be a mayor for the area of a combined authority'. However, the Minister has explained that this will not be used by the Secretary of State as a condition for agreeing to the transfer of local authority or public authority functions.
- 3.6 At present it is not known what the final changes to the 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, rather than the Bill.

4.0 GOVERNANCE REVIEW AND SCHEME

Governance Review

- 4.1 The Governance Review is an assessment of:
- (i) the effectiveness and efficiency of transport within the review area; and
 - (ii) the effectiveness and efficiency of arrangements to promote economic development and regeneration within the review area.
- 4.2 The Governance Review, attached as Appendix 1 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.
- 4.3 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.
- 4.4 The Combined Authority will also enable a shared understanding about Leicester and Leicestershire as a single economic area across the Constituent Councils 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.
- 4.5 The Governance Review considered alternatives to having a combined authority; for example that the Constituent Councils could continue to work together as they are, or form

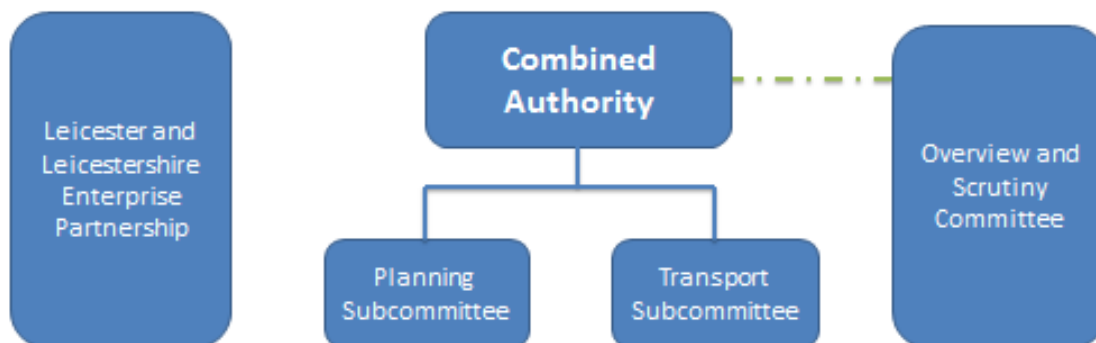
a joint committee, or an economic prosperity board. However, as analysed in the Governance Review, none of these options would give the full benefits of a combined authority. This is shown in the table below:-

| Option | Evaluation |
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| 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. |

Draft Scheme

- 4.6 The Scheme is attached as Appendix 2 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.
- 4.7 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.

4.8 The diagram below sets out a proposed governance model for the Combined Authority:-



As the Combined Authority will be a form of local authority in its own right, it will be able to form committees and subcommittees in the same way a Constituent Council would, but could only delegate decisions which the Combined Authority itself could make. The above is a proposed model only and the number and purpose any subcommittees would be subject to agreement between the Constituent Authorities and included in the Combined Authority's Constitution.

4.9 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.

4.10 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.

4.11 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.

4.12 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:

- (i) **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.
- (ii) **Transport:** focussing on long-term investment in road, rail and other public transport infrastructure.

(iii) **Skills:** setting the strategic direction for making improvements in skills and training, to give local people the chance to get better qualifications and employment.

4.13 Following consultation, part 2 of the Scheme has been updated to remove skills devolution from central Government. This is part of the devolution bid that has been submitted and will be pursued separately to the establishment of the Combined Authority.

5.0 CONSULTATION

5.1 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.

5.2 260 responses were received through the Combined Authority consultation. An analysis of the responses is attached as Appendix 3 to this report.

5.3 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.

5.4 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 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.

5.5 The supportive nature of the responses to the consultation enables the 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.

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

5.7 Cabinet considered a similar version of this report on 10 November. Draft minutes of that meeting will be circulated to Members prior to this meeting of Council.

6.0 BENEFITS OF A COMBINED AUTHORITY FOR NORTH WEST LEICESTERSHIRE

6.1 In summary, it is officers' view that the following represents the economic case for North West Leicestershire pursuing a Combined Authority:

- (i) The District has prospered in recent times as a result of strong demand for employment land and new housing;
- (ii) The District lies within the 'golden triangle', with exceptional juxtaposition of road, rail and air facilities, making the area very attractive to businesses, particularly in logistics and distribution; and
- (iii) The area is at the heart of the National Forest and provides an exceptional quality of life.

6.2 However:

- (i) Local businesses are struggling to find the right number of employees with the right skills;
- (ii) Local employees are finding it difficult to physically access new jobs;
- (iii) Major economic growth planning is not done most sensibly at district level: the market economy does not respect district boundaries; and
- (iv) National policies and funding are failing to address local skills needs: the system is too slow and does not reflect local need.

6.3 What could a Combined Authority offer to North West Leicestershire?

- (i) Aligned with the Strategic Economic Plan and statutory Local Plans the Strategic Growth Plan will provide certainty over planning and delivery;
- (ii) There would be more coordination and co-operation on the planning of land use, transportation and skills development within a clear decision-making framework;
- (iii) Speaking with a strong, single, collective voice will demonstrate strength and confidence, supporting applications for central government funding;
- (iv) Decisions taken within the Combined Authority would be binding (stronger than the partnership model in place now);
- (v) There will be a formal framework which will assist the assessment of major development proposals – one point of call, one response;
- (vi) Genuinely strategic decision-making which understands 'the bigger picture' and the role of Leicester and Leicestershire within a national and global context;
- (vii) Understanding the bigger picture will allow us to identify the need for a plan for major infrastructure projects;
- (viii) Local business will be able to benefit from consistent support across the wider area and benefit from accelerated growth in the local economy;

- (ix) Environmental assets will be conserved and enhanced creating the 'soft' conditions for high skills, high GVA employment opportunities;
- (x) Understanding demographics across a wider field will help to identify potential new growth sectors (e.g. ageing population and the care industry); matching skills, housing and jobs;
- (xi) Some actions (e.g. major infrastructure) cannot be planned at the local level;
- (xii) We can build skills for the future: target skills funding at growth sectors, the highest value jobs, and at sections of the population that can become more economically active, e.g. women; and
- (xiii) The authority veto would mean that decisions are not made if they are not supported by the 'host' district.

7.0 RESOURCES

- 7.1 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.
- 7.2 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.
- 7.3 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;
 - (v) a long term investment strategy for the Combined Authority area; and
 - (vi) a growth deal framework.
- 7.4 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.
- 7.5 The staffing and servicing arrangements for the Combined Authority will need to be agreed between the Constituent Councils, which will be supported by a number of supporting contractual arrangements between those parties. These will need to be negotiated and agreed while the DCLG is considering the draft Scheme and preparing the Order.

8.0 NEXT STEPS

- 8.1 All Councils in Leicester and Leicestershire are passing a similar form of report through the Executives and full Councils during November and December. The Leicester and Leicestershire Enterprise Partnership Board will be considering the Combined Authority at its meeting on 26 November 2015.
- 8.2 If all Constituent Councils agree, the Governance Review and Scheme will be submitted to the DCLG in December 2015 or January 2016. The DCLG will consider the Scheme and if approved will conduct a second period of consultation and draft an Order to create the Combined Authority, before laying this before Parliament. It is hoped that the Order will be made law in October 2016. Officers will work with the DCLG throughout this process.
- 8.3 In the meantime, officers of the Constituent Councils will work together to agree the practical, legal and operational arrangements for the Combined Authority, expanding upon the governance principles outlined in the Scheme. The documentation will include a full Constitution and Standing Orders for the Combined Authority, agreements between the Constituent Councils in relation to resourcing the Combined Authority and any other necessary arrangements.