

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 26 JULY 2016**

Title of report	<b>LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Richard Blunt 01530 454510 <a href="mailto:richard.blunt@nwleicestershire.gov.uk">richard.blunt@nwleicestershire.gov.uk</a>  Chief Executive 01530 454500 <a href="mailto:christine.fisher@nwleicestershire.gov.uk">christine.fisher@nwleicestershire.gov.uk</a>
Purpose of report	To update Cabinet on the progress of the Leicester and Leicestershire Combined Authority and the Leicestershire Devolution Deal.
Reason for Decision	To inform Cabinet of the development which has been made in respect of the creation of the Leicester and Leicestershire Combined Authority and the progress of the Leicestershire Devolution Deal to date.
Council Priorities	Business and Jobs Homes and Communities
Implications:	
Financial/Staff	The costs of the Combined Authority shall be met initially by the Constituent Councils. Further work on the budget for the Combined Authority is being undertaken in consultation with the Section 151 Officers of the Constituent Councils.
Link to relevant CAT	None
Risk Management	Legal have been instructed to consider the documents of the Combined Authority and regularly update the Chief Executive and take instructions accordingly.
Equalities Impact Screening	Not completed
Human Rights	No discernible impact

Transformational Government	By working together with the other Leicestershire authorities, we will secure more robust strategic decision making on important issues within the area, and in developing cross border strategic alliances be better positioned to take advantage of devolution opportunities.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None
Background papers	<a href="#">Report to Council "Proposed Leicester and Leicestershire Combined Authority" of 17 November 2015</a> <a href="#">Minutes of the Council Meeting of 17 November 2015</a> <a href="#">Report to Cabinet "Leicester and Leicestershire Combined Authority" of 14 June 2016</a>
Recommendations	<b>THAT CABINET NOTE THIS UPDATE AND ENDORSE THE APPROACH OF THE CHIEF EXECUTIVE</b>

## 1. BACKGROUND AND UPDATE

- 1.1 On 17 November 2015, this Authority resolved to approve the proposed Scheme and Governance Review for the Leicester and Leicestershire Combined Authority (the "LLCA"). Both documents have since been sent to the Secretary of State for Communities and Local Government (the "Secretary of State") for approval.
- 1.2 We are now awaiting the draft Order from the Secretary of State which will provide confirmation as to what powers and functions are intended to be delegated from central government to the LLCA. At the time of writing this report, the Council has been informed by central government that the draft Order will be made available for consideration by the local authorities which are to be part of the LLCA (the "Constituent Councils") this month. It will then be for the Constituent Councils to make any comments on the draft and negotiate the wording of the draft Order with central government but it is anticipated that the draft Order will reflect the Scheme. The Constituent Councils are then to individually approve the draft Order through their own internal governance procedures. Once the draft Order is agreed then the final Order will be taken through Parliament and the Secretary of State will then make the Order which creates the LLCA.

- 1.3 In respect of this Authority and its internal processes for approval, at the Council meeting on 17 November 2015, the Chief Executive was delegated power, following consultation with the Leader, to agree the Constitution, the Order and any ancillary documents supporting the operation of the LLCA. Delegated powers were initially requested as it was envisaged that some decisions may need to be taken with some urgency.
- 1.4 The timetable for laying the draft Order before Parliament has now been delayed and will not take place until after their summer recess. Given that we now have more time than we originally anticipated, the Chief Executive considers it important to continue the engagement of Cabinet and Council on these matters and the Constitution and ancillary documents.
- 1.5 It is anticipated that the LLCA Constitution will be in an agreed version by September at the latest and therefore it is envisaged that this is when the document shall be taken through the internal governance process for each Constituent Council to obtain their approval. Unfortunately the date for this Authority's Council meeting is 13 September which comes before the Cabinet meeting which is on 20 September. As a consequence it will not be possible to take the Constitution to Cabinet requesting a recommendation to Council to approve is made, as was originally envisaged. The intention of the Chief Executive, therefore, is to take a report to Council on 13 September requesting approval of the Constitution. The Leader and the leader of the Labour group will both be kept updated by the Chief Executive on the progress of the Constitution up until that meeting of Council in September in the same way they have been to date.

## **2 LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY CORE DOCUMENTS**

- 2.1 In a report to Cabinet on 14 June 2016, the process through which the LLCA will be created was summarised and detail was provided on the proposed documents which will be required to govern the functioning of the LLCA once it has been created. Those documents include the Constitution, an operating agreement and there is now a secondment agreement. Cabinet were informed that the Chief Executive and other officers have been focused on the negotiation of matters which are subject to local choice, as opposed to those issues which are governed by the law and cannot be changed, and trying to get the best position for this authority. These matters have included the number and make-up of committees, the scheme of delegation, meetings of the LLCA and financial matters.

### **CONSTITUTION**

- 2.2 The Constitution is now in its final stages of negotiation and the main outstanding points to be resolved were in relation to the number of committees and the number of members on each committee. A meeting of the Economic Growth Board, acting as the shadow LLCA until its creation, was held on 4 July and an agreed position has been reached in relation to these points. The Constitution, which will need approval by each Constituent Council, is to contain the following regarding the committees of the LLCA, there will be a:
- Transport committee – 1 County member, 1 City member and 1 member from each of the districts
  - Planning committee - 1 County member, 1 City member and 1 member from each of the districts

- Governance committee (covering audit matters as well) – 3 LLCA members, 2 Overview and Scrutiny committee members, 2 independent members
- Overview and Scrutiny committee – 15 members, representation is not prescribed in the Constitution as members on this committee will need to form political balance and therefore membership of this committee is subject to change.

2.3 A further matter considered at the most recent Economic Growth Board was whether the LLEP should be awarded voting rights. There is a provision in the draft Constitution which allows the LLCA to unanimously resolve to award the LLEP full or partial voting rights (i.e. voting only on certain matters). Voting rights would not be able to be awarded until inaugural meeting of the LLCA at the earliest. It is proposed that the LLEP, if it were to be awarded voting rights, could not prevent a motion requiring unanimity or special majority being passed if the LLEP member dissented, this would include decisions on:

- Strategic Growth Plan, including joint economic vision for the area;
- Strategic Asset Management Plan;
- Long Term Investment Strategy;
- Treasury Management Strategy;
- Budget;
- Constitution;
- Delegation of functions.

All other matters are to be determined by a simply majority, which a LLEP vote could influence, and will include decisions on the following areas of business:

- Appoint members of Committees;
- Tourism;
- Development of the Devolution Deal;
- Skills;
- Growth Deal Framework and Local Economic Assessment.

It is also proposed that the LLEP would be a non-voting member of the Transport Committee but would not be a member of Planning (to protect the integrity of the LLCA and for issues of probity), Scrutiny or Governance committees.

2.4 The Constitution is to be taken to a meeting of the Economic Growth Board in the autumn where Members will be asked to approve the document. Before that meeting the Constituent Councils will have individually undertaken their own internal processes for approval. The document may be subject to some final subsequent tweaks after it has been approved to ensure it coincides with the wording of the final Order and it will then be approved and adopted by the LLCA at its inaugural meeting. The Chief Executive, therefore, proposes to request that Council approve the Constitution with delegation to her, in consultation with the Leader, to make any final amendments which may be required between that meeting of Council and the first meeting of the LLCA.

## **OPERATING AGREEMENT**

- 2.5 This agreement is still in its early stages of negotiation between the Constituent Councils and the contents of which were detailed in the report to Cabinet on 14 June. Depending on the progress of drafting this document, the Chief Executive will need to take a view whether she wishes to exercise her delegated powers or whether it is practicable to update Cabinet and Council further, in consultation with the Leader.

## **SECONDMENT AGREEMENT**

- 2.6 It has been decided that, at this stage, the LLCA will not be employing its own staff and it will be for the Constituent Councils to make officers available to the LLCA in order for it to function. To enable this arrangement to take place, a secondment agreement has been drafted and is still being considered and negotiated by the officers of the Constituent Councils. The Chief Executive, in consultation with the Leader, proposes to use her delegated powers to agree this document.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 A Cost Sharing Agreement was considered at the Economic Growth Board on the 5<sup>th</sup> November 2015. It was agreed that the annual costs of the Combined Authority would be shared on the following basis:

<b>Council</b>	<b>Share</b>
City Council	One third
County Council	One third
District Councils	One third, shared on the basis of population

The Leicestershire Treasurers' Group has considered the Financial Procedure Rules and the Operating Agreement; and is working on the detailed costs and the management of risk

## **4 DEVOLUTION DEAL**

- 4.1 The Devolution Deal is being negotiated and taken forwards by the Leader and the Chief Executive and is progressed through meetings of the Economic Growth Board ("EGB"), the most recent meeting of which was 4 July 2016.
- 4.2 The current timetable indicates the Devolution Deal document will be drafted in early September, following engagement with economists, local authority contacts in the Greater Lincolnshire Devolution Deal and civil servants. The Devolution Deal document will then be required to be endorsed by the LLCA once created and it will then be presented to central government for negotiations to commence. The timetable envisages the latter will take place in December 2016.
- 4.3 It was agreed at EGB that the Devolution Deal document to be drafted shall be take the following structure:

Section	Focus
Foreword by Leaders and the LLEP	<ul style="list-style-type: none"> <li>• Unique selling points of Leicester and Leicestershire including the historic positive partnership working in a two-tier multi party political environment</li> <li>• Commitment demonstrated in the establishment of the Combined Authority</li> <li>• Commitment to working with neighbours</li> </ul>
Strategic and Economic Business Case	<ul style="list-style-type: none"> <li>• Definition of the overarching key outcomes and a description of how the individual components of the deal collectively support these</li> <li>• Political, economic, social, technological, legal and environmental impacts of the Devolution Deal</li> <li>• Demonstration of the economic benefits and the (at worst) the 'fiscally neutral' nature of the deal</li> <li>• Inclusion of overarching finance asks such as business rate, Disables Facilities Grant, Council Tax retention, Enterprise Zones etc</li> </ul>
More and better paid Employment	<ul style="list-style-type: none"> <li>• Set out the key requested powers that support the creation of more and better paid employment</li> </ul>
The right homes in the right places	<ul style="list-style-type: none"> <li>• Set out the key requested powers that support the building of the right homes in the right places</li> </ul>
Healthier Individuals and safer communities	<ul style="list-style-type: none"> <li>• Set out the key requested powers that will result in the creation of healthier individuals and safer communities (accepting much of this sits in future waves of the Deal)</li> </ul>
Case Studies	<ul style="list-style-type: none"> <li>• To be included within the specific strands where possible to provide clear and specific examples of how devolution can either accelerate or increase the delivery of the agreed outcomes.</li> </ul>
Future waves	<ul style="list-style-type: none"> <li>• Set out the ambition to develop further aspects of the Devolution Deal referring to health integration, emergency services and the extension of the membership to include other partners including Rutland</li> </ul>