

## **Report to Cabinet**

**Subject:** Establishment of the City of Nottingham and Nottinghamshire Economic Prosperity Committee

**Date:** 19 December 2013

**Author:** Chief Executive

### **Wards Affected**

All.

### **Purpose**

To establish a Joint Committee of local authorities in the City of Nottingham and Nottinghamshire, (the Economic Prosperity Committee or EPC) to drive future investment in growth and jobs within their areas.

### **Key Decision**

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough.

#### **1. Background**

- 1.1 Councils across Nottinghamshire have recognised that there is an opportunity to strengthen joint working and decision making by establishing an Economic Prosperity Committee. In July 2013 the council Leaders and Mayor across Nottingham and Nottinghamshire made a commitment to work more closely together to drive future investment in growth and jobs.
- 1.2 The EPC will improve joint working and decision making, with better links to the D2N2 Local Enterprise Partnership (LEP), and in doing so maximise access to European and Government funding for growth, for the benefit of citizens and business. In parallel, Derby and Derbyshire councils are establishing similar arrangements.
- 1.3 The role and responsibilities of LEPs have grown since their inception. Over the next few months, Local Growth Deals will be negotiated with all LEPs. These are the successor to City Deals, enabling access to

investment and new powers. The Government will consider a range of factors when negotiating Deals, including the strength of local partnerships such as Joint Committees and the strength and alignment of local plans. LEPs have also been invited to develop their approaches for the European Structural and Investment Funds (SIF) for 2014-2020 - D2N2 is currently consulting on how to prioritise its notional allocation in excess of £210m.

- 1.4 The new governance arrangements will support the LEP in the following ways:
  - Enable full engagement with all district councils, strengthening the LEP's democratic mandate;
  - Ensure that growth plans realise the LEPs strategy for growth and its vision of creating a more prosperous, better connected, increasingly resilient and competitive economy;
  - Demonstrate how local strategies and plans are aligned to maximise impact and fulfil Government funding criteria;
  - Recommend priorities for investment of some LEP funds (at present the single Local Growth Fund and the European Structural Investment Funds) based on local knowledge;
  - Help simplify the local government landscape for business because important investment decisions will be made in one place.
- 1.5 The LEP has endorsed this approach. Support to the LEP will be maximised by having such arrangements in both Nottingham/Nottinghamshire and Derby/Derbyshire.
- 1.6 Further consideration will be given to a work programme for the EPC (and how that work programme will be supported), as Government policy evolves. An example of such a consideration is how the EPC's work will link to wider activity on the skills agenda.
- 1.7 D2N2 recommended this approach with its Board on 3 September. The Nottinghamshire Leaders / Mayor were consulted on the formation of a joint committee on 6 September, following the Nottinghamshire Chief Executives being consulted on this approach on 23 August. Information was made available to all the relevant Legal and Democratic teams via a working group between 24 September and 8 November 2013.
- 1.8 The Leader has been consulted on this report. The Chief Executive and relevant officers from Legal Services have been actively involved in the development of these proposals. All of the constituent local authorities within the LEP are progressing the proposal through their individual governance structures and have contributed to the development of the terms of reference and constitution for the EPC. The D2N2 LEP Board have also discussed and approved the proposals to create a Joint Committee.

## **2. Proposal**

- 2.1 It is proposed that Cabinet agrees to the establishment of the Economic Prosperity Committee as set out in this report.

## **3. Alternative Options**

- 3.1 Do nothing. The LEP could maintain its current governance structure which has functioned effectively to date. However, more formal arrangements will ensure that decisions are made in a more co-ordinated way that achieves maximum benefit for the economic area. Also, it is clear from Government Guidance that: the LEP is less likely to be successful in any bid to the single Local Growth Fund without enhanced governance; and that it would be less able to negotiate a Growth Deal; and that its governance arrangements would not be seen as robust when taking decisions over significant levels of funding.
- 3.2 Alternative governance models such as a Combined Authority or a Prosperity Board have been considered, but at this stage a Joint Committee is regarded by the constituent authorities as the most appropriate option. It is the only option deliverable within the necessary timescales.

## **4. Financial Implications**

- 4.1 The Joint Committee provides a mechanism through which its constituent authorities can engage with the LEP on investment priorities across the Nottinghamshire area. This will provide a mechanism for accessing funds earmarked for Nottinghamshire by the D2N2 LEP including £213.4m of EU growth funding and an amount yet to be received by D2N2 under the single Local Growth Fund element of the D2N2's Local Growth Deal.
- 4.2 It is proposed that the Joint Committee's secretarial, legal and financial support services will be provided Nottingham City Council with the resultant costs being shared equally between the member authorities. It is estimated that such services will cost approximately £30,000 leading to a cost per authority of around £3,300 per annum. Any expenditure commitments arising in 2013/14 can be accommodated in the approved base budget and will be reported to Cabinet in the usual budget monitoring report. For future years the £3,300 will be included in the base budget proposals for 2014/15. Travel and subsistence costs relating to the Joint Committee will be the responsibility of individual constituent authorities and Gedling's expenses will be accommodated within existing base budgets.
- 4.3 It should be noted that these costs do not include any allowance for

technical advice and support which, if provided on a central basis for the Joint Committee, would lead to additional costs being incurred. As the Joint Committee develops, it will need to be determined whether such costs will also be shared equally between the constituent authorities or whether an alternate model, such as a management charge levied against individual schemes, would need to be introduced.

## **5. Legal Implications**

- 5.1 Section 101(5) Local Government Act 1972 enables two or more local authorities to discharge any of their functions jointly and arrange for the discharge of those functions by a Joint Committee.
- 5.2 Section 9EB of the 2000 Act enables the Secretary of State to make Regulations permitting arrangements under Section 101 (5) where any of the functions are the responsibility of the executive of the authority. The relevant regulations are the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012/1019.
- 5.3 Regulation 11 makes provision for joint arrangements to involve a joint committee under Section 101(5) of the 1972 Act. As all the functions being delegated to the EPC are executive functions, the Regulations and Council's constitution allow the decision to establish the EPC and determine the number of members to be appointed to the EPC and their terms of office to be made by the Leader or Executive Mayor or other relevant decision maker or body. The regulations also require that the members appointed to the EPC should be members of the Executive.
- 5.4 Regulation 12 covers membership of joint committees and confirms political balance would not apply. Where, as in the case of the EPC, all the powers that are being exercised are executive functions, the regulations do not allow for any co-option by the constituent authorities operating under executive arrangements (although that power exists for the constituent authorities where the governance is by committee). A pragmatic approach would therefore be not to permit co-option to the committee. Where it is considered beneficial for non-members, for example a representative of D2N2 to contribute to the proceedings of the EPC, the Chair of the Committee may however invite members of the public to attend and speak.
- 5.5 Any FoI requests received by the EPC should be directed to the relevant constituent authority for that to deal with in the usual way, taking account of the relevant legislation. Where the request relates to information held by 2 or more constituent authorities, they will liaise with each other before replying to the request. The host authority will co-ordinate responses to ensure that legislative deadlines are met.

5.6 As part of the process of making decisions and changing policy, the EPC will be required by law, under the public sector equality duty, to think about the need to:

- Eliminate unlawful discrimination, harassment and victimisation.
- Advance equality of opportunity between people who share protected characteristics (as defined by equalities legislation) and those who don't.
- Foster good relations between people who share protected characteristics and those who don't.

## **6. Equality Impact Assessment (EIA)**

6.1 An EIA is not needed as the report relates to an administrative decision rather than an issue of policy.

## **7. Appendices**

7.1 Appendix A – The draft Constitution for the City of Nottingham and Nottinghamshire Economic Prosperity Committee.

## **8. Background Papers**

8.1 None.

## **9. Published Documents Referred to in Compiling this Report**

9.1 BIS: Growth Deals, Initial Guidance for Local Enterprise Partnerships, July 2013

9.2 D2N2: DRAFT EU Structural and Investment Funds Strategy 2014-2020

## **10. Recommendations**

10.1 To agree the establishment of the Economic Prosperity Committee (EPC) as a joint committee of the following local authorities: Ashfield District Council, Bassetlaw District Council, Broxtowe Borough Council, Gedling Borough Council, Mansfield District Council, Newark and Sherwood District Council, Nottingham City Council, Nottinghamshire County Council and Rushcliffe Borough Council (“constituent authorities”);

10.2 To agree the Constitution (Terms of Reference, Membership and procedures) of the Economic Prosperity Committee as set out at Appendix

A;

- 10.3 To note that any relevant powers previously delegated by the Leader/Executive to individuals or bodies are not expressly withdrawn and will be held concurrently;
- 10.4 To appoint Councillor John Clarke, the Leader of the Council, as the Council's representative on the EPC and Councillor Michael Payne, the Deputy Leader, to act as substitute;
- 10.5 To agree to Nottingham City Council hosting the Committee and providing all necessary secretarial, legal and financial support services, (including S151 and Monitoring Officer roles) and the annual costs involved (estimated to be around £30,000), to be met in equal share by the constituent authorities, until such time as that this can be recovered in part or in whole from external funding streams;
- 10.6 To agree this Council's annual contribution to the cost of servicing the Committee in the estimated sum of £3,300 for inclusion in the 2014/15 base budget proposals with any sums due in 2013/14 to be accommodated within the current approved budget and that any expenses for subsistence or travel in relation to the attendance of councillors at meetings on EPC business be met by the individual authorities from existing budget provision for members' allowances;
- 10.7 To note that, in accordance with Section 9F of the Local Government Act 2000, constituent authorities who operate executive governance will need to make formal scrutiny arrangements to review or scrutinise decisions made in connection with the exercise of functions of the EPC and that the Council's existing scrutiny arrangements will apply;
- 10.8 To note that, for the reasons set out in the report, the Committee will have no powers to co-opt.

## **11. Reasons for Recommendations**

- 11.1 Proposals for the establishment of an EPC have been developed to further strengthen the current governance arrangements of the D2N2 LEP and provide the necessary democratic accountability for the management of LEP funding streams such as the single Local Growth Fund and for strategic decision making on investment in growth and jobs in the City and County. The proposal provides democratic decision making for the allocation of funds within the Nottingham and Nottinghamshire jurisdiction of the LEP.