

Report to Council

Subject: Creation of a combined authority for Nottingham and Nottinghamshire

Date: 21 January 2015

Author: Chief Executive

Purpose

- 1.1 To seek approval for Gedling Borough Council to formally join the Nottingham and Nottinghamshire Combined Authority once it is established and for Council to consider and comment on the draft Governance Review and draft Scheme for the establishment of the Nottingham and Nottinghamshire Combined Authority.

Background

- 2.1 At its meeting on 19 December 2014, the Nottingham and Nottinghamshire Economic Prosperity Committee agreed to *“recommend to its Constituent Councils that they pursue a Combined Authority under the relevant provisions of the Local Democracy, Economic Development and Construction Act 2009 (and other such provisions as are necessary to ensure the authority has a range of functions to match expectations)”*.
- 2.2 Following this decision, the statutory consultation of partners and interested parties on the proposals for the Combined Authority was launched. Copies of the consultation versions of the Governance Review and Scheme are attached to this report as appendices 1 and 2.
- 2.3 The Governance Review and Scheme are the statutory documents that will form the basis of the constituent partners’ application to the Government for Combined Authority status and it is important to note that there will be further changes to the documents as details are worked through and consultation responses included.
- 2.4 The consultation period ends on 6 February 2015. Consultation feedback will be considered by the Economic Prosperity Committee and final versions of the Governance Review and Scheme will be prepared. It is currently proposed that the Nottingham and Nottinghamshire Combined Authority Governance Review and Scheme will be submitted to the Secretary of State for Communities and Local Government by mid February 2015.

- 2.5 Discussions with the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills (BIS) about a Nottinghamshire and Nottingham Combined Authority have been positive. An indication has been given that provided the necessary consultation has taken place and the Governance Review and Scheme demonstrate how the Combined Authority will positively benefit the area, it is possible that a Combined Authority may be created by Statutory Instrument in September 2015. A copy of the draft order which the Secretary of State will be asked to consider is attached as Appendix 3.
- 2.6 Members should note that the formal establishment of the Nottingham and Nottinghamshire Combined Authority will not bring about an immediate change to governance or operational arrangements. Negotiations with the Government will need to take place over the powers and functions that will be vested in the Combined Authority and local negotiations will take place to establish operating protocols across the constituent partners.
- 2.7 In view of tight timescales and the high likelihood of changes being required to the statutory documents, Council is asked to delegate sign off of the final Governance Review and Scheme to the Chief Executive in consultation with the Leader of the Council and Opposition Group Leaders.

Powers of the Combined Authority

- 3.1 The prime purpose of the Combined Authority is to improve the exercise of statutory functions in relation to economic development, regeneration and transport.
- 3.2 The full list of powers is set out in section 2 of Appendix 2 and includes:-
- Setting an economic and investment strategy
 - Coordinating inward investment activity
 - Functions in respect of the funding and provision of housing
 - Functions of a local transport authority
- 3.3 The powers of the Combined Authority will be supplemented by operating “protocols” agreed locally by the Combined Authority and councils. These protocols will include recognition of the strategic role of the Combined Authority and safeguards to ensure that it does not unnecessarily interfere with local decision making and delivery. As detailed in the Governance Review document, councils may, in time, choose to delegate additional powers to the Combined Authority by virtue of Section 101 of the Local Government Act 1972. In all cases, the delegation of such powers would require a decision from each local authority concerned.

Rationale for creating a Combined Authority

- 4.1 The current arrangements, with two joint committees reporting into the N2D2 Local Enterprise Partnership have secured some successes – in relation to development of the Enterprise Zone, developing a shared view on the development of key business sectors across the N2 area; working collaboratively on projects which have been funded through the growth deal and through other funding schemes.
- 4.2 However, it is recognised that:-
- Decision making about economic development is not always well co-ordinated and well aligned
 - The LEP is not always considered to be transparent or accountable
 - A single, democratically accountable body established as a permanent feature of local government would be able to take a strategic and long term view about economic growth, infrastructure and transport.
- 4.3 The main governance options that could be considered in Nottingham and Nottinghamshire are:
- a) Maintain the current Joint Committees
 - b) Improve the existing Joint Committee arrangements
 - c) Establish an Economy Prosperity board
 - d) Establish a Combined Authority

The merits of these options are more fully considered in the governance review in appendix 1 and the favoured option which has emerged is the option of a Combined Authority. This is thought preferable because:

- Decisions will be made in one place by democratically elected leaders
- The Combined Authority option gives greater formality to existing partnership working
- The Combined Authority solution gives greater transparency and accountability
- The Combined Authority option represents the best chance of attracting further devolution of powers and funding from central government.

Financial Implications

- 5.1 Under the current Economic Prosperity Committee arrangement, each of the constituent councils contributes £3,500 per year towards the secretariat costs. The proposals for the Nottingham and Nottinghamshire Combined Authority have not yet been costed. However the latest version of the scheme proposes that:

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) shall be met by the constituent councils. Such costs shall be apportioned between the nine councils on a per capita basis, with county and district authorities apportioning their share of costs on a 75:25 basis. The Combined Authority will agree an annual budget for the purpose of this expenditure.

Implications for Gedling Borough Council

- 6.1 In as much as the powers referred to above relate to economic development, these are already exercised within the context of the Joint Committee.
- 6.2 The powers relating to transport and education are not currently powers that Gedling possesses. Therefore by joining a Combined Authority, Gedling will have the opportunity to influence these sorts of decisions in future in more powerful ways than are possible at present.
- 6.3 In as much as the powers relate to Housing, it is thought that by working within a Combined Authority, the funding and decision making of the Homes and Communities Agency (HCA) could be devolved to the Combined Authority. Housing powers would, however, still be exercisable concurrently so this does not represent a “loss” to Gedling – instead it may represent a greater opportunity.
- 6.4 The powers relating to securing wellbeing and the power of general competence is a wide statutory power which could be used to benefit local areas. Again, the powers would be exercisable concurrently with individual authorities.
- 6.5 In conclusion, therefore, there seems much to be gained for Gedling and little to lose in entering into this arrangement for a Combined Authority. There would be more to lose by staying outside of it, since authorities which remain outside the new structure cannot be assured of any influence or funding streams.

Recommendations

- 7.1 It is recommended that Council:
- a. Agrees that a submission be made to the Secretary of State for Communities and Local Government for the establishment of a Combined Authority for Nottingham and Nottinghamshire;

- b. Approves Gedling Borough Council formally joining the Nottingham and Nottinghamshire Combined Authority once this is established;
- c. Comments on the draft Governance Review and Scheme to inform the final drafting of these documents;
- d. Delegates authority for the signing off of the final Governance Review and Scheme to the Chief Executive in consultation with the Leader, and Opposition Group Leaders.