

18th November 2014**Agenda Item: 5****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****PROPOSALS FOR A NOTTINGHAM AND NOTTINGHAMSHIRE
COMBINED AUTHORITY****Purpose of the Report**

1. To update Committee on proposals being developed for a Nottingham and Nottinghamshire Combined Authority.

Information and advice

2. Members will recall that Nottinghamshire County Council, Nottingham City Council and the seven Borough and District Councils in Nottinghamshire have formed an Economic Prosperity Committee. Full Council approved the County Council's engagement in this new Committee at its meeting in January 2014, and the Economic Prosperity Committee (EPC) met for the first time in February 2014. An update on the work of the EPC was presented to Policy Committee in September 2014.
3. The EPC was established to strengthen joint-working and decision-making amongst Nottinghamshire's local authority partners. It forms a major part of the governance of the D2N2 Local Enterprise Partnership and a similar arrangement has been put into place in Derby and Derbyshire. In recent months, the EPC has been considering the potential for a Combined Authority model to be developed and implemented across the city and county and a positive statement of intent in this regard was agreed by the Leaders of all of Nottinghamshire's councils in September 2014.
4. The Chair and Chief Executive of the D2N2 LEP are also keen to see the development of Combined Authorities in the area. In the recent Growth Deal, governance across D2N2 was flagged as a weakness by the Government and the LEP was not given some of the freedoms and flexibilities offered to other areas. These included financial flexibilities to manage programme, rather than project level, budgets.
5. All of the main political parties have indicated their support for further devolution of powers in relation to economic development and growth after the General Election next May. Whilst there will be differences in the pace and scope of further devolution, all of the three main parties have expressed support for the model offered by Combined Authorities.

Background to Combined Authorities

6. Combined Authorities are legally discrete public authorities established by groups of Councils to bring greater collaboration and impact to the regeneration, growth and transport ambitions of the areas that they cover. The legislation to enable Combined Authorities to be established is contained in the Local Transport Act (2008) and the Local Democracy, Economic Development and Construction Act (2009). The establishment of a Combined Authority is dictated by a formal process which includes:
 - A formal review of governance in the area concerned, which is then published for formal public consultation;
 - The publication of a 'scheme' which must also be consulted on;
 - The submission of a final 'scheme' to the Secretary of State for Communities and Local Government;
 - The publication of an Order (if approved) by the Secretary of State to legally establish and recognise the new Combined Authority

Government advice is that this process should take a minimum of twelve months and that most of the Combined Authorities schemes established to date have taken eighteen months to prepare.

7. Combined Authorities can be delegated functions related to economic development and growth by their constituent local authorities (if there is consensus to do so) and by the Secretary of State. Transport powers and functions can be transferred to Combined Authorities under the provisions of the Local Transport Act (2008). It is up to the constituent authorities to design and agree the scale and detailed nature of the Combined Authority's powers and remit and there is no single model for a Combined Authority. To date, the five established Combined Authorities are all in single-tier metropolitan areas that had pre-existing Passenger Transport Executives (PTEs). It is likely that Combined Authorities in two-tier areas will look and feel quite different to those in metropolitan areas.
8. Councils need to set out what could be included across the range of economic development and transport functions that could form part of a new Combined Authority. There is an expectation from the Government that Combined Authorities will have ambitious visions and goals but they must also clearly demonstrate what will be different from existing arrangements and what strategic issues will be more effectively tackled as a result of establishing a Combined Authority.
9. A Combined Authority is a separate legal entity and can therefore act directly on its own behalf, hold money and assets and make its own decisions. It can also raise levies from its constituent authorities. Constituent authorities can continue to hold their own range of economic development and transport powers and functions concurrently with the Combined Authority, although there is little evidence of what added value would be derived from an arrangement where this were the case.

10. A clear advantage of Combined Authorities is that they can attract certain additional functions and powers in their own right. The Localism Act (2011) allows Ministers to transfer any other public function to Combined Authorities which could include, for example, responsibility for further education and adult skills and / or welfare to work programmes and the ability to set variable business rates or raise taxes locally. The transfer of powers and functions is not necessarily restricted to economic development and transport, and different Combined Authorities are making a variety of different 'asks' of the Government.
11. Better co-operation across the area should deliver improvements to the public transport network, including opportunities to address congestion on the local road network and deliver a step change in information and ticketing provision for the public. Establishing a Combined Authority presents a significant opportunity to improve local services as well as making them more efficient. There is also the potential for strategic assets such as rail stations to be transferred to Combined Authorities.
12. In terms of remit, some examples of powers, functions and resources that could form part of a Combined Authority are offered below:

Skills and employment

Potential powers / resources for further education provision / apprenticeships / careers advice and guidance / employment programmes. Combined Authority could be given control over budgets for further education in the local area. It could design and manage a commissioning framework for resources devolved from the Skills Funding Agency and / or the Department for Work and Pensions, and act as the Accountable body. The Greater Manchester Combined Authority is to receive control over welfare to work funding, which would mean it being responsible for the majority of skills and employment funding and commissioning in its area.

Transport

Some strategic transport functions currently held by Nottingham City Council and Nottinghamshire County Council could be transferred to the Combined Authority. This would have benefits in terms of providing leadership and a single consistent voice to Government and the Highways Agency on key transport issues such as rail, strategic road networks and airports. A single Local Transport Plan covering the area could be produced, which would ensure better alignment of district core strategies to strategic transport and infrastructure planning. The Greater Manchester Combined Authority is being offered full control over local bus services, which it has sought in order to implement an 'Oyster' style model across its area.

Place marketing

A Combined Authority could take on a remit around place marketing, including inward investment and the visitor economy. This could involve managing any pooled resources around the visitor economy and inward investment, commissioning place marketing services and delivering a seamless inward investment 'gateway' to the area. A Combined Authority could also manage a

product development programme linked to the key visitor assets in the area and any associated capital investment funds.

Housing and planning

A Combined Authority should have a role in terms of setting strategic objectives for housing and related issues in terms of land use and planning. This could result in a more coherent approach to housing (and related infrastructure) requirements in Nottingham and Nottinghamshire, as well as maximising, for example, the use of brownfield land to deliver housing and employment growth.

External funding

This could be a core function of a Combined Authority, providing a stronger route to Government and EU funding streams and possible local management of some of these, alongside a more coherent and consistent approach to other funding streams that could support the overall objectives of the Combined Authority. A programme management role could ensure that maximum benefit accrued to the area through allocated funding which would help to minimise the amount of funds potentially lost to the area through, for example, projects being unable to meet their spend profiles.

13. This is not an exhaustive list and the final remit and resourcing of a Combined Authority in Nottingham and Nottinghamshire would be the subject of negotiation and agreements between all of the constituent authorities.

Update on a Nottingham and Nottinghamshire Combined Authority

14. Central to the work programme of the Economic Prosperity Committee (EPC) has been consideration of options relating to a Combined Authority for Nottingham and Nottinghamshire. Papers relating to this were discussed at the EPC meeting in September 2014, with all partners agreeing to further detailed work on a Combined Authority for the area. An overview of this discussion and draft minutes are available here: <http://committee.nottinghamcity.gov.uk/mgAi.aspx?ID=3493>. In short, agreement was reached to:

- Undertake work to identify the benefits of a Combined Authority and develop a vision and aspirations for the long-term economic vitality of the N2 (Nottingham and Nottinghamshire) area;
- Identify the specific powers which could be exercised by a Combined Authority for the N2 area;
- Undertake work on a scheme and a governance review for the N2 area, working in parallel with the D2 (Derby and Derbyshire) area to cover common issues including LEP governance;
- Agree the timetable below in principle, subject to further guidance from the Department for Communities and Local Government (DCLG);
 - October / November 2014 – carry out visioning to inform the scope of the scheme; initiate a governance review;
 - December 2014 – report back to the Economic Prosperity Committee;

- January 2015 – each constituent authority to decide whether to form part of a combined authority. At the same time, consultation will take place with stakeholders and DCLG;
 - February – submit proposals to the Secretary of State;
 - September 2015 – decision by the Secretary of State and a Parliamentary Order made
15. The timetable outlined and agreed by partners is ambitious and will clearly be affected by the outcome of the General Election in 2015. However Council Leaders from across D2N2 have agreed to this timetable in order to demonstrate ambition and commitment to both the current and future Governments and to support the D2N2 LEP in its negotiations with Government for greater devolution of freedoms and flexibilities.
16. Further consideration of the Combined Authority proposals will take place at Economic Prosperity Committee meetings scheduled in November and December of this year. A report on the move towards a Combined Authority will be brought to Full Council in January 2015.
17. A joint briefing session has been organised for 11th December 2014 with Members of the Economic Development and Transport and Highways Committees along with senior officers, to discuss the Combined Authority proposals for Nottinghamshire. Opposition Group Leaders and senior Members will also be invited.

Reason(s) for Recommendations

18. Proposals for a Combined Authority for Nottingham and Nottinghamshire would have significant implications for the work of this Committee. Keeping Committee Members abreast of the latest developments is therefore considered appropriate.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

20. It is recommended that Economic Development Committee notes the positive progress towards the establishment of a Nottingham and Nottinghamshire Combined Authority.

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Constitutional Comments [SLB 07.11.2014]

This report is for noting only.

Financial Comments [SEM 06.11.2014]

There are no specific financial implications arising directly from this report.

Background Papers

Greater Manchester Agreement:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/369858/Greater_Manchester_Agreement_i.pdf

Report to Full Council, 16 January 2014: Establishment of the City of Nottingham and Nottinghamshire Economic Prosperity Committee

Report to Policy Committee, 4 June 2014: Consultation Response: proposal to amend legislation relating to combined authorities and economic prosperity boards

N2 Economic Prosperity Committee meeting papers and minutes:

<http://committee.nottinghamcity.gov.uk/mgCommitteeDetails.aspx?ID=416>

Electoral Division(s) and Member(s) Affected

All.