

**REPORT OF THE LEADER OF THE COUNCIL****ESTABLISHMENT OF THE NOTTINGHAM AND NOTTINGHAMSHIRE  
COMBINED AUTHORITY****Purpose of the report**

1. To seek approval for Nottinghamshire County 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.
2. To approve the submission of responses to two current consultations on Combined Authorities: firstly, the Government's consultation on proposed changes to the legislation on Combined Authorities and secondly, Derby and Derbyshire Councils' consultation on the establishment of a Combined Authority in their area.

**Information and advice**

3. In September 2014 Policy Committee considered the work of the Nottingham and Nottinghamshire Economic Prosperity Committee which referenced the potential for a new Combined Authority. Since then, significant progress has been made towards the formal establishment of a Nottingham and Nottinghamshire Combined Authority through the Economic Prosperity Committee and a working group chaired by the Chief Executive of Newark and Sherwood District Council. This Council's Economic Development Committee considered a further update on the proposed Combined Authority at its meeting in November 2014 and this was followed by a joint briefing session for Members of the Economic Development and Transport and Highways Committees and Opposition Group Leaders in December 2014.
4. At its meeting on 19<sup>th</sup> 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)*. 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. In addition a Frequently Asked Questions document on Combined Authorities is attached as appendix 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. It is important to note that there will be further changes to the Governance Review and Scheme as details are worked through and consultation responses included.

5. The consultation period ends on 6<sup>th</sup> 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.
6. Discussions with the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills (BIS) about a Combined Authority for the geographic county of Nottinghamshire 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.
7. 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. Local negotiations will take place to establish operating protocols across the constituent partners. These will determine when and how the Combined Authority will assume powers that it will share with the constituent partners. There will be a lengthy transition period before any significant changes to decision making powers are enacted.
8. In light of the timescales and the high likelihood of required changes 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, Opposition Group Leaders and the Chairs of the Economic Development and Transport and Highways Committees.

## **Vision and ambition**

9. One of the key Government tests in considering applications for the establishment of Combined Authorities is the ability of the constituent councils to demonstrate ambition for the area and articulate how a Combined Authority will improve outcomes in economic growth and transport, in particular. Nottinghamshire's Leaders and Chief Executives have agreed a high level vision and ambitions as follows:
  - a. A Combined Authority should enable its member local authorities to address the transport, economic development and regeneration challenges of its communities in a more effective and efficient manner. The immediate context for these challenges is well understood and documented in our Growth Plans and the D2N2 Strategic Economic Plan;
  - b. Our central location in the UK and transport links are important assets which supported the development of our historic industrial strengths and will continue to provide us with an important competitive advantage. Traditional strengths in manufacturing and strong universities with global connections provide us with strong foundations for the development of innovative manufacturing industries;

- c. A Combined Authority should therefore be founded on a vision which harnesses the potential around our location, strengths, knowledge and connections so that Nottingham and Nottinghamshire realise the potential to become a key part of the Midlands economy and a strong contributor to the UK and global economy;
- d. A number of key ambitions have been identified as critical for the future vision for Nottingham and Nottinghamshire. These are:
- **Transport** – create a fully integrated transport system across Nottinghamshire that connects into neighbouring and national networks
  - **Skills and work** – raise skills levels, connect people with work, harness our knowledge and help businesses to grow so that we have a high skill / low unemployment economy
  - **Space to live** – build the number and type of homes that complements our economic needs and enhances our quality of life
  - **Space for industry and enterprise** – plan for and deliver the land, property and infrastructure and quality town and city centres that a strong economy needs
  - **Environment** – reinforce our excellent quality of life through effective management of the environment and waste and through the development of low carbon industries
10. Devolution of powers and funds from central Government to the local area is a further driver for establishing a Combined Authority. Recent deals with established Combined Authorities in Greater Manchester and Sheffield City Region demonstrate that the Government is willing to devolve important powers (e.g. over skills funding, transport policy) and funds (e.g. for business support activity) to areas that have a clear vision and the governance to support their ambitions.
11. In terms of the relationship with the D2N2 Local Enterprise Partnership (LEP), it is intended that the D2N2 LEP will be a lead advisory body to the Combined Authority, bringing private sector voices and providing leadership of particular Combined Authority projects and work-streams. It is recognised that the Combined Authority will need to coordinate its work closely with the equivalent Combined Authority arrangements in Derbyshire in order to ensure that effective governance arrangements can operate across the whole of the D2N2 LEP area. It is therefore proposed that the Combined Authority and its equivalent in Derbyshire will enter into arrangements to achieve this, which are currently being explored.

## **Powers of the Combined Authority**

12. The Combined Authority will have powers relating to the strategic economic development and regeneration of Nottingham and Nottinghamshire. The draft Governance Review and Scheme propose that these powers will be held concurrently with the constituent partners. As noted in paragraph 7 above, there will be no immediate transfer of powers away from the constituent partners to the Combined Authority.
13. The Combined Authority will have the benefit of a General Power of Competence to provide for maximum flexibility in being able to deal with economic development and regeneration issues. The Combined Authority shall exercise any function of the Secretary of State delegated to the Nottingham and Nottinghamshire Combined Authority by the order of the Secretary of State pursuant to Section 86 LTA2008, Section 104(1)(b), LDEDCA and

sections 15 to 19 of the Localism Act 2011. Such functions shall be exercised subject to any condition imposed by the order.

14. In addition to the above, the Combined Authority will have the following specific powers. These are viewed as complementary to the broader powers to address economic development identified above:
- a. The power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities)
  - b. The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A (1) (b), of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age)
  - c. The duty under section 4 (1) of the Local Government Act 2000 (duty to prepare a strategy for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the United Kingdom) and the power under section 4 (2) of the Local Government Act 2000 (power to modify their sustainable communities strategy)
  - d. The duty under section 69 of the 2009 Act (duty to prepare an assessment of economic conditions).
15. These powers 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.
16. The Combined Authority will not have any specific planning-related powers. However, using general economic development powers, the Combined Authority may take actions which support, enhance and provide cohesion to local planning frameworks.

## **Current consultations**

17. There are two current consultations relating to Combined Authorities that Nottinghamshire County Council has been invited to respond to. The first is a UK Government consultation proposing final changes to legislation surrounding Combined Authorities following an earlier consultation in the spring of 2014. The proposed changes are to enable a more flexible approach to the creation and operation of Combined Authorities, including enabling areas that are not directly contiguous to join a Combined Authority and relaxing the requirements for statutory reviews if the functions and operations of a Combined Authority are to change. The closing date for consultation responses is 26<sup>th</sup> January 2015 and the Council’s proposed response is attached to this report at appendix 4.
18. Secondly, as Members will be aware, a similar exercise in terms of establishing a Combined Authority is being undertaken in Derby and Derbyshire. The Government has stated that it will only consider Combined Authority proposals for the D2N2 area simultaneously. Statutory consultation on the Derby and Derbyshire Governance Review and Scheme closes

on 23<sup>rd</sup> January 2015. Nottinghamshire County Council's proposed response to this consultation is attached as appendix 5.

## **Other Options Considered**

19. Retain the existing Economic Prosperity Committee model. This option was discounted as the Government (and main opposition parties) have expressed a clear preference for more formal joint governance around economic development and transport in the form of Combined Authorities. Feedback from the recent D2N2 Growth Deal process confirmed that the D2N2 area fared comparatively poorly due to perceived weaknesses in local authority governance.

## **Reason/s for Recommendation/s**

20. The Leaders of Nottinghamshire's local authorities have recommended, through the Economic Prosperity Committee, that individual councils pursue a Combined Authority for Nottingham and Nottinghamshire under the relevant statutory provisions. It has also been agreed that an application for Combined Authority status be submitted to the Secretary of State for Communities and Local Government in February 2015, in line with the application from Derby and Derbyshire. Given the cross-cutting implications of establishing a Combined Authority, Council consideration of this proposal is required.

## **Statutory and Policy Implications**

21. 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 in the body of the report.

## **Financial Implications**

22. 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.*

## **RECOMMENDATIONS**

23. It is recommended that Council:

- a. Approves Nottinghamshire County Council formally joining the Nottingham and Nottinghamshire Combined Authority once this is established;
- b. Comments on the draft Governance Review and Scheme to inform the final drafting of these documents;
- c. Delegates authority for the signing off of the final Governance Review and Scheme to the Chief Executive in consultation with the Leader, Opposition Group Leaders and the Chairs of the Economic Development and Transport and Highways Committees;
- d. Approves the submission of consultation responses to the Government consultation and Derby and Derbyshire Councils' consultation as appended (4 and 5)

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### **Constitutional Comments (HD 06.01.2015)**

24. Council has the authority to agree the recommendations.

### **Financial Comments (SEM 06.01.2015)**

25. The financial implications are set out in the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

*Establishment of the Nottingham and Nottinghamshire Economic Prosperity Committee*; report to Full Council, 16<sup>th</sup> January 2014, published.

*Consultation response: proposal to amend legislation relating to Combined Authorities and Economic Prosperity Boards*; report to Policy Committee, 4<sup>th</sup> June 2014, published.

*Economic Development Update*: report to Policy Committee, 10<sup>th</sup> September 2014, published.

*Proposals for a Nottingham and Nottinghamshire Combined Authority*; report to Economic Development Committee, 18<sup>th</sup> November 2014, published.

All published reports to the Nottingham and Nottinghamshire Economic Prosperity Committee are available here: <http://committee.nottinghamcity.gov.uk/mgCommitteeDetails.aspx?ID=416>.

Government consultation on final changes to Combined Authority legislation is available here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/389658/141219\\_LRO\\_Con\\_Doc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389658/141219_LRO_Con_Doc.pdf)

Derby and Derbyshire consultation on the establishment of a Combined Authority: <http://derbyshire.gov.uk/council/partnerships/combined-authority/default.asp?VD=ca>

### **Electoral Division(s) and Member(s) Affected**

All