

REPORT OF THE LEADER OF THE COUNCIL**CONSULTATION ON THE SHEFFIELD CITY REGION COMBINED
AUTHORITY SCHEME – PROPOSED COUNTY COUNCIL RESPONSE****Purpose of the report**

1. To outline Nottinghamshire County Council's approach in responding to the consultation on proposals to create a Mayoral Combined Authority for the Sheffield City Region, with the inclusion of Bassetlaw District Council as a constituent member, and to seek delegated authority for the final response to be submitted by the Chief Executive, following consultation with Group Leaders.

Background

2. Bassetlaw District Council has decided to apply to become a constituent member of the Sheffield City Region Combined Authority (SCR CA). Chesterfield Borough Council has made a similar decision. The SCR CA has been working with Government to determine the process to establish both the new mayoral powers and functions and, at the same time, to extend its geographical boundaries. As a consequence, the SCR CA will submit a proposal which incorporates these changes to the Secretary of State. Appendices to this report contain details of the current and proposed arrangements for the SCR CA.
3. In order to meet the timelines required for a proposed mayoral election in May 2017, the SCR CA is now formally consulting on a proposed Scheme. The Scheme details how the new combined authority would work given the additional constituent members. Alongside the scheme, the SCR CA is also required to publish a Governance Review. This details the responsibilities of, and decision making process for, the Combined Authority and also has to demonstrate how the SCR CA proposal will satisfy the statutory tests as set out by the Government. The statutory tests require the proposed arrangements to bring about improvements to:
 - the exercise of statutory functions relating to economic development, regeneration and transport in the area;
 - the effectiveness and efficiency of transport in the area;
 - the economic conditions of the area;
 - In addition, the combined authority has to demonstrate that the new arrangements will have neutral or no impact on the identities and interests of local communities and that they will secure effective and convenient local government.

4. If Bassetlaw District Council's constituent membership of the SCR CA is confirmed by the Secretary of State, Nottinghamshire County Council will automatically become a constituent member with respect to certain powers and functions as they relate to the Bassetlaw area. The proposed scheme is attached as Appendix A which details all the powers and functions in question. Determining how this will work is complex, as it requires clarity regarding both the use of statutory powers and the extremely detailed budgetary arrangements, which could have a significant impact on the County Council.
5. As a consequence of the potential constituent member status of the County Council, the Leader, Chief Executive and officers have been actively engaged with the SCR CA to ensure the County Council's interests in relation to Bassetlaw are recognised and protected. Every effort is being made to ensure that, if the decision made by the Secretary of State is affirmative, the County Council will have a plan in place to manage the outcome. Derbyshire County Council is in a similar position with regard to Chesterfield. The County Council would wish to be a positive and active partner to the SCR CA if Bassetlaw's constituent membership is confirmed to ensure that the Bassetlaw area gains the best possible outcomes.
6. In terms of the process and timeline, the SCR CA launched its formal Scheme consultation on Friday 1st July with a closing date of Friday 12th August. The SCR CA will then, at its meeting on 12th September, consider the consultation responses and agree a summary submission to be made to the Secretary of State. It is anticipated that the Secretary of State will then make a decision and lay draft Orders in order to create the new combined authority (which will need to be ratified by both Houses of Parliament) in November, paving the way for a mayoral election on May 4th 2017.
7. The County Council intends to respond to the consultation to the SCR CA as well as directly to the Secretary of State. In its response to the consultation, it is recommended that the County Council should set out that it does not consider that the statutory tests have been adequately met by the combined authority proposal for the following reasons:
 - The Governance Review and Scheme set out complicated governance arrangements that are not reflective of, or appropriate for, a two-tier council area with split functions and responsibilities. Certain statutory functions relating to transport will be retained by the County Council, whereas others will be held either concurrently by the County Council and SCR CA or solely by the SCR CA, which will become the Local Transport Authority for the whole Sheffield City Region area. This could lead to confusion regarding responsibilities, accountability and effectiveness and could lead to inefficient service delivery. Policies and service provision vary between the County Council and SCR adding further confusion.
 - The County Council has prioritised the creation of an integrated transport network across the county, which brings together commercial and subsidised bus services with those provided for children with special educational needs and older adults. The County Council considers this to be the most effective, efficient and resilient way of delivering such transport services in the county and would challenge any change to these arrangements by the SCR CA or Mayor. This is particularly important given the high levels of public subsidy that transport services in Bassetlaw require; only 40% of bus services are commercially viable in the district;
 - Of principle concern to the County Council is how the public and businesses will be informed about the work of the Mayor and the combined authority and how confusion

or criticism about more complicated delivery arrangements will be mitigated. In its response, the County Council will set out examples (particularly related to highways) where there is a real risk of a lack of clarity regarding operational and democratic accountability for services under the proposed arrangements;

- Bassetlaw is intrinsically part of Nottinghamshire and its residents and communities have economic, social, cultural and family ties with the rest of the county. Bassetlaw District Council has rebranded its own place shaping and marketing activity under the 'North Nottinghamshire' name, emphasising the area's status as part of the wider county. Constituent membership of the SCR CA and in particular the notion of a Sheffield City Region Mayor having powers over Bassetlaw will, in the view of the County Council, have a detrimental impact on the identities and interests of local communities across Bassetlaw, particularly those that are away from the Worksop conurbation.
- In terms of securing 'effective and convenient local government', the County Council refutes the proposition that the Scheme delivers this objective. Residents of Bassetlaw will effectively experience a further two tiers of governance (the combined authority and the Mayor) implemented in their area, with associated financial implications (i.e. potential mayoral and transport precepts on Council Tax payers and a levy on the County Council as a constituent member of the SCR CA). It is difficult to see how this could be regarded as effective and convenient local government.

Subject to the views of Policy Committee, officers will work up a detailed response, with a robust evidence base, fleshing out the general position as outlined above.

8. Work continues between officers from the County Council, SCR CA, Bassetlaw and the Government with regular meetings on the broader governance issues, as well as on the specific areas and issues surrounding Highways and Transport. It has not been easy to gain clarity on how this will work, either from SCR CA or from Government. This is partly due to the fact that it is the first time this has been proposed. However, clarity over ongoing responsibilities for highway asset management (maintenance and liabilities), for transport provision and for commissioning of services is essential to ensure continuity of provision for residents.
9. The Governance Review maintains that Bassetlaw forms part of the Sheffield City Region 'functional economic area'. The County Council's response will challenge this assumption on the basis that there is a defined gap between urban areas of the Sheffield City Region and Bassetlaw district. In addition, the Worksop and Retford Travel to Work area (2011 census) is relatively self-contained, with only 16% of Bassetlaw residents travelling to work in the Sheffield City Region. 62% of Bassetlaw's workforce reside within the district and only 10% of Bassetlaw's workforce commute in to the district from the Sheffield City Region. Further work will be undertaken for the detailed submission to demonstrate the strong economic linkages between Bassetlaw and the rest of Nottinghamshire.

Voting arrangements

10. The Leader of the County Council and senior officers have made representations to the SCR CA about proposed voting arrangements within the scheme which, as drafted, currently give the County Council (and Bassetlaw District Council) one vote each, as opposed to the two votes each proposed for the metropolitan council members. The County Council's position is that constituent members should have equal voting rights. The County Council

will expand on its position in its response. Additionally, government officials have encouraged the County Council and the SCR CA to work together over the summer to seek to resolve this issue and propose suitable voting arrangements that protect the interests of all parties.

11. It is recommended that the County Council also confirms, in its response, that unanimous voting of all constituent members must be just that – unanimous. At present, neither County Council is included in statements in the Scheme regarding voting to determine the Combined Authority’s Single Pot budget. There is also no clarity about what other decisions might require unanimity and where, therefore, the County Council’s influence might be more limited.

Other options considered

12. None. The County Council is a statutory consultee to the Sheffield City Region Combined Authority consultation process. The County Council submitted a consultation response ahead of the existing Sheffield City Region Combined Authority being established in April 2014. Given the more direct implications of the latest proposals for a Mayoral Combined Authority and Bassetlaw’s request for constituent membership, it is considered that a County Council response is essential. It is proposed that a balanced response as set out in this report is further developed and submitted by the 12th August deadline.

Reason/s for Recommendation/s

13. To secure Policy Committee approval for delegated authority for the Chief Executive, in consultation with Group Leaders, to submit a response from the County Council to the Sheffield City Region Combined Authority consultation in line with the broad principles established in this report.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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

15. The County Council’s response to the consultation will need to consider the financial implications both for the County Council and, arguably more importantly, for residents of Bassetlaw. The combined authority will be a levying body under Section 74 of the Local Government Finance Act 1988 and as such will have the power to issue a levy to its constituent councils, in respect of the expenses and liabilities of the combined authority which are reasonably attributable to the exercise of its transport functions.

16. In addition, the Scheme states that other costs that are not raised by way of a levy, or through other devolved funds, will be met by the constituent and non-constituent councils. The Scheme states that apportionment of these costs is to be determined.
17. Finally, the Mayor will have the ability to raise finances for specific mayoral priorities through a precept on residents' Council Tax bills. Notwithstanding all of this, the SCR CA scheme does set out the principle that the implementation of the Scheme should not lead to an increase in Council Tax bills for residents, 'without a further explicit policy decision'.
18. There are potentially further financial implications with the creation of a single, consolidated local transport budget for the Sheffield City Region area. Latest advice from the Department for Transport suggests that this will include capital funding they allocate to Integrated Transport Measures, Highways Maintenance and Highways Incentive funding streams. How a split of this nature could work is not clear given that Highways are delivered through an essential mixture of local revenue funding, as well as DfT capital. Budget issues are also a major issue for transport. Officers are working through the detail of this as it might apply to Bassetlaw, with the SCR CA and Department for Transport. Once formal proposals are developed, the implications of these for Nottinghamshire County Council will be reported separately to Transport and Highways Committee.

RECOMMENDATIONS

It is recommended that:

1. Policy Committee delegates authority to approve the final response to the Sheffield City Region Combined Authority Scheme proposal to the Chief Executive, following consultation with the Group Leaders.
2. That a copy of the final response is provided to all members of the Policy Committee (and posted on the County Council's website)
3. That the Chief Executive and relevant officers are authorised to continue discussions with SCR CA officers to seek agreement to the inclusion of the amendments sought within the consultation response.
4. That a copy of the consultation response is also sent directly to the Secretary of State and the SCR Local Enterprise Partnership.

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Constitutional Comments [SLB 04/07/2016]

Policy Committee is the appropriate body to consider the contents of this report.

Financial Comments [RWK 04/07/2016]

The potential financial implications of the proposed SCA CA scheme are outlined in paragraphs 15 to 18. The detailed financial implications will not be known until further discussions regarding the proposed SCA CA and its implementation have taken place. The detailed financial implications will therefore be the subject of future reports to Committee.

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.

The Sheffield City Region Combined Authority Governance Review, Scheme and consultation questions are available here: <http://sheffieldcityregiondevolution.org.uk/>

Electoral Division(s) and Member(s) Affected

All