

REPORT OF THE LEADER OF THE COUNCIL**DEVOLUTION DEAL****Purpose of the Report**

1. To update members on the current position on the devolution deal negotiations with Government.
2. To delegate authority to the Chief Executive in consultation with the Leader of the Council to continue negotiating with Government and to enter into an “in principle” agreement ,
3. To note that final ratification of the devolution deal will need the approval of Full Council as well as changes in legislation currently included in the Cities and Local Government Devolution Bill.

Information and Advice

4. On 4 September, a joint bid on behalf of all 19 local authorities and the Local Enterprise Partnership in the D2N2 area was submitted to Government for the devolution of more economic powers and resources and greater control over our own affairs.
5. Negotiations with Government on a devolution deal for D2N2 have now reached an advanced state with more detailed discussions on the detail of the powers that would be devolved. A delegation of senior members and officers, including the Leader of Nottinghamshire met with ministers on 19th October.
6. Devolution deals have already been announced for the Greater Manchester and South Yorkshire Combined Authorities and most recently North East and Tees valley Combined Authority all these require directly elected mayors with elections scheduled for May 2017. All devolution deals and the powers and funding attached to them will be subject to the Comprehensive Spending Review, consultation with residents in the area on the deal proposal and agreement from the local authorities. Deals will also be subject to enactment of the necessary legislation, including the Cities and Local Government Devolution Bill.
7. It is expected that those deals currently subject to extensive negotiations, such as the D2N2 deal, will be announced in time for the Comprehensive Spending Review on 25 November.
8. During the negotiations Government have commented that the name D2N2 is confusing and does not readily identify the areas covered by the deal. As a result of those concerns the deal has been rebranded as “The East Midlands Deal” and all future publicity and correspondence on the deal will be carry this nomenclature

What would a Devolution Deal deliver?

9. The D2N2 devolution prospectus, which was submitted to Government in March, outlined the type of powers and funding streams that D2N2 partners would wish to be devolved in a deal in order to significantly improve economic growth. The five themes of the prospectus are Skills to Employment, Built Environment, Transport, SMART infrastructure and Enterprise. The March prospectus was reviewed and further detailed information and proposals have been negotiated and agreed across the 19 local authorities by leaders and Chief executives and included as part of the September submission. The prospectus and September submission are attached as background papers.
10. In addition to the five themes, and in line with proposals being developed in other parts of the country, public sector reform was added as a further theme for negotiation as part of the D2N2 September submission. There are no details in relation to these reforms and any reforms will be subject to further detailed negotiations. The deal is likely to simply state that these are possible options for future discussions. However early decisions will be required on the Police and Crime Commissioner responsibilities. If these are to be devolved to any newly created Mayoral role, it is likely that Government will postpone the 2016 PCC elections as a result.

Governance

11. The Government has explicitly stated that significant powers would only be devolved if a directly elected mayor is created as they are of the view that this ensures clear accountability over powers, functions and funding that is devolved from national government to the local level.
12. It is proposed that the directly elected mayor would act as chair to a single Combined Authority for the area. The mayor, in conjunction with the Combined Authority, would exercise the powers and functions devolved from Government. The earliest a mayoral election could take place is May 2017.
13. There is no intention to transfer existing powers from local authorities to the new Combined Authority. Combined Authority legislation allows for powers to be held concurrently by local councils and the Combined Authority and this is likely to be the preferred model for local councils across Derbyshire and Nottinghamshire.
14. Whilst each Combined Authority will negotiate its own arrangements for working with the Mayor, in the South Yorkshire model, the new mayor will chair the Combined Authority. The mayor and the Combined Authority will be held to account by an Overview and Scrutiny Committee. The mayor will be required to consult the Combined Authority on their plans, which the Combined Authority could reject if two-thirds of its members vote against the proposals. The Combined Authority would also examine the mayor's spending plans and could amend these if two-thirds or more of its members agree to do so.
15. Proposals for decision by the Combined Authority could be put forward by the mayor or any member of the Combined Authority. The mayor would have one vote as would other voting members.

Geography/Overlap issue

16. The electorate for the areas of the constituent councils of the D2N2 area would elect the mayor.
17. The constituent members of the D2N2 area are Amber Valley Borough Council, Ashfield District Council, Bassetlaw District Council, Bolsover District Council, Broxtowe Borough Council, Chesterfield Borough Council, Derby City Council, Derbyshire County Council, Derbyshire Dales District Council, Erewash Borough Council, Gedling Borough Council, High Peak Borough Council, Mansfield District Council, Newark and Sherwood District Council, North East Derbyshire District Council, Nottingham City Council, Nottinghamshire County Council, Rushcliffe Borough Council and South Derbyshire District Council.

Timetable – next steps

18. The draft deal documentation is expected the week beginning 2nd November and an announcement on the deal, if it is agreed, will be made in line with the Comprehensive Spending Review on 25 November.
19. A full implementation plan covering each policy agreed in the Deal would need to be developed that would include the timing and proposed approach for monitoring and evaluation of each policy.
20. Elections for a mayor could be held in May 2017 although this is subject to agreement and the implementation timetable.
21. As stated above a public consultation exercise will be required with residents of the D2N2 area before final confirmation of the deal.
22. It is important to note that whilst deals are on offer the Government cannot deliver on the deal requirements until changes in legislation are made. The Cities and Local Government devolution bill is currently awaiting its third reading in the House of Commons.
23. At this stage therefore approval is sought for delegated authority to the Chief Executive in consultation with the Leader of the Council to continue to negotiate with government to obtain the best deal possible for the D2N2 area and to sign any deal document prior to the expected 25th November announcements. It is important to note however that any such document will be “subject to ratification” by all 19 Authorities full council as well as the required changes in legislation before it becomes binding on Authorities.

Other Options Considered

24. The 19 Authorities in D2N2 could decide not to proceed with negotiations for a devolution deal but that would place economic growth and regeneration in the East Midlands at significant risk as other areas surrounding the East Midlands would have local control over significant growth budgets.

Reason/s for Recommendation/s

25. To allow a deal to continue to be negotiated subject to ratification at a later stage by Full Council.

Statutory and Policy Implications

26. 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 adults at risk, 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.

RECOMMENDATION/S

It is recommended that members:

- 1) Note the progress towards a devolution deal for Derbyshire and Nottinghamshire.
- 2) Delegate authority to the Chief Executive in consultation with the Leader of the Council to continue negotiations and to sign the devolution deal, subject to ratification of the deal by Full Council.
- 3) That a further report be brought back to Policy Committee following the expected announcement on 25th November updating members on the position.
- 4) That a report seeking ratification of the deal is brought to Full Council as soon as possible after the necessary changes in legislation.

Alan Rhodes
Leader of the Council

For any enquiries about this report please contact:
Matthew Lockley

Constitutional Comments (JFW – 28/10/15)

27. Policy Committee has the delegated authority to agree the recommendations.

Financial Comments (SES 03/11/15)

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

- 'Devolution prospectus
- Bid documentation

Electoral Division(s) and Member(s) Affected

- 'All'