

REPORT OF THE LEADER**CONSULTATION RESPONSE: PROPOSAL TO AMEND LEGISLATION
RELATING TO COMBINED AUTHORITIES AND ECONOMIC PROSPERITY
BOARDS****Purpose of the Report**

1. To seek approval to authorise the Corporate Director, Policy, Planning and Corporate Services in consultation with the Leader to submit a formal response to a Department for Communities and Local Government (DCLG) consultation on proposed amendments to the legislation on combined authorities and economic prosperity boards (EPBs).

Information and advice

2. On 30th April 2014 the Department for Communities and Local Government issued a consultation on proposals that the department is putting forward in relation to the legislation surrounding the establishment and operation of combined authorities and economic prosperity boards. The deadline for responses is 24th June 2014.
3. Combined authorities are formal and legally separate partnerships of local authorities. They are created in areas where they are considered likely to improve outcomes and impacts in relation to transport, economic development and regeneration. Combined authorities are created voluntarily and allow a group of local authorities to pool appropriate responsibility and resources and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area. For transport purposes combined authorities are able to borrow money and can levy constituent authorities.
4. Economic prosperity boards (EPBs) are similar in status and role to combined authorities, but without having the responsibilities for transport functions. Both combined authorities and EPBs have the power to exercise any function of their constituent councils that relates to economic development and regeneration.
5. Legislation relating to combined authorities and EPBs was introduced in the Local Democracy, Economic Development and Construction Act 2009. This is still the current legislation, and it contains technical parameters for the establishment of combined authorities and EPBs as follows:

- They must consist of two or more contiguous English local government areas;
 - Their creation is voluntary and all local authorities within the area must give their consent before they can be created;
 - It is not possible for only part of a county council area to become part of a combined authority or EPB;
 - A local authority may only belong to one combined authority / EPB
6. The amendments proposed to the 2009 legislation aim to address some of the geographical and structural anomalies that have been created since the introduction of the Local Enterprise Partnerships (LEPs) in 2011, some of which have overlapping areas. This is particularly pertinent in Nottinghamshire, where Bassetlaw District is part of both the D2N2 LEP and the Sheffield City Region LEP. The Sheffield City Region Combined Authority order was signed by the Secretary of State on 1st April 2014 but in its current form it does not cover Bassetlaw.
7. A copy of the consultation document is appended to this report (appendix 1). The consultation focuses on amendments to five areas of the existing legislation:
1. To allow councils with non-contiguous boundaries to join or form combined authorities or EPBs;
 2. To allow county councils to become part of a combined authority or EPB with respect to part of its area, that area being the same area as that of those district councils that wish to join or form an EPB or combined authority;
 3. To allow combined authorities and EPBs to exercise their functions on a patchwork basis across their area;
 4. To simplify the process for amending the functions, changing the boundaries of dissolving a combined authority or EPB;
 5. To require combined authorities and EPBs to have one or more overview and scrutiny committees constituted with a membership reflecting the political balance of the councils concerned

The proposed response from Nottinghamshire County Council

8. The deadline for responses to this consultation is 24th June. Work is ongoing with partner organisations and DCLG to understand some of the complexities of the proposed changes. It is proposed that the final response from the County Council will be approved by the Corporate Director, Policy, Planning and Corporate Services in consultation with the Chair of the Economic Development Committee.
9. We recognise that the current legislation created some restrictions to the development of combined authorities and EPBs which may be perceived as unhelpful, however the following points require more consideration before those restrictions are removed or relaxed:

- A failure of the consultation proposals to adequately reflect the full nature of two-tier local authority areas, of joint working and established relationships across these areas;
- The proposals around enabling non-contiguous areas to join combined authorities or EPBs appear to be at odds with the generally accepted notion and evidence base around what constitutes a single functional economic area;
- Functional economic areas are generally ill-defined but cannot necessarily be based on the consultation's stated lowest level of building block of a whole district

10. Clarification may also be sought on the following specific considerations:

- As noted in paragraph six above, governance arrangements in Nottinghamshire (and Derbyshire) are complicated by the 'overlap' of the D2N2 and Sheffield City Region Local Enterprise Partnerships. As it stands, the proposed changes to the legislation do not appear to resolve this issue and this could compromise future governance arrangements in Nottinghamshire;
- County councils that may consider their boundaries to be broadly consistent with functional economic areas could potentially lose the integrity and critical mass of their services. The proposals appear to enable district councils to join combined authorities or EPBs as constituent members, even without the participation of their county council;
- In a two-tier context the highways and transport operations are generally clear; they are the responsibility of the County Council. However, as non-statutory, discretionary functions, both the District and County Councils may operate economic development services. In this context, the impact of one authority (but not the other) deciding to join a combined authority or EPB requires clarification;
- In such a scenario, it is not clear how economic development delivered by county councils across their entire area would be affected, as the consultation suggests that transport related matters could be handled separately (see below) but that the combined authority or EPB would *'take over functions relating to economic development and regeneration which are held at a district level'*. The functional role and remit of a combined authority or EPB in this regard could usefully be made more explicit, recognising that there are varied models of delivery across two-tier areas;
- The proposed simplifications to the process for amending existing combined authority or EPB schemes might generally be welcomed, should the issues raised above about establishing them in the first place be effectively addressed and that any proposals for amending existing combined authorities or EPBs be the subject of guidance reinforcing the principle of securing consensus and limiting the numbers of changes within a County Council area to prevent over-fragmentation to a very small level;
- In terms of overview and scrutiny, Nottinghamshire County Council recognises its importance in terms of public accountability and democratic legitimacy. However as an authority that runs a Committee-

based governance system, this particular issue may carry less significance for the County Council. Related, the final response may also consider the implications from a democratic perspective should some aspects of the Council's services potentially be managed through a number of combined authorities or EPBs operating over the Council's area.

11. In addition to this Committee's consideration of the above, the consultation requires a further detailed review in the context of the established Nottingham and Nottinghamshire Economic Prosperity Committee, developments within the D2N2 and Sheffield City Region LEAs and how the outcome of the consultation may impact on the integrity of services delivered by the County Council. These will feature in the response, the final version of which will be shared with Policy Committee members upon its submission on 24th June.

Reason(s) for Recommendations

12. Responses to consultations are required to be approved by Committees of the Council. As this consultation could affect future governance arrangements in Nottinghamshire, Policy Committee approval to the response is required.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described in the report.

RECOMMENDATIONS

14. It is recommended that Committee authorises the Corporate Director, Policy, Planning and Corporate Service in consultation with the Leader to submit a formal response to a Department for Communities and Local Government (DCLG) consultation on proposed amendments to the legislation on combined authorities and economic prosperity boards (EPBs).
15. A copy of the response will be sent to all Policy Committee members for information and appended to the minutes of the Policy Committee meeting in July

Report of the Leader of the Council, Alan Rhodes

For any enquiries about this report please contact: Matt Lockley, 72446

Constitutional Comments [HD – 19/5/2014]

Policy Committee has the authority to determine the recommendations set out in the report.

Financial Comments [NR 21/05/2014]

There are no financial implications arising directly from the report.

Background Papers

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.

- None

Electoral Division(s) and Member(s) Affected

- All