



Council	Tuesday, 08 December 2015	Matter for Decision
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Title: **Combined Authority for Leicester and Leicestershire**

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1. Introduction

- 1.1 This report seeks Members' approval to establish a Combined Authority for Leicester and Leicestershire.

2. Recommendations

That this Council:

- 2.1 Approve the Scheme for the Combined Authority ('the Scheme');
- 2.2 Approve the Governance Review in relation to the Combined Authority;
- 2.3 Authorise the publication of the Scheme and Governance Review and its submission to the Department for Communities and Local Government;
- 2.4 Authorise the Chief Executive, following consultation with the Leader, to make any final amendments to the Scheme and Governance Review prior to their submission to the Department for Communities and Local Government in December 2015 or January 2016;
- 2.5 Authorise the Chief Executive, following consultation with the Leader, to enter into discussions with the Department for Communities and Local Government and such other Government departments and other persons as are considered necessary by the Chief Executive to agree the terms of the Order establishing the Combined Authority and to approve the final form of the Order on behalf of the Council;
- 2.6 Authorise the Chief Executive, following consultation with the Leader:
- 2.7 To negotiate, agree and execute all ancillary documents in support of the operation of the Combined Authority, including (without limitation) the constitution of the Combined Authority; and
- 2.8 To take all decisions and actions necessary to enable the establishment of the Combined Authority.

3. Background

- 3.1 The drive for economic growth continues to be the long standing and overriding focus both locally and nationally. In order to achieve this at a local level the Government is actively encouraging Councils throughout the country to join together at a strategic level to form Combined Authorities. The most notable of these is Greater Manchester which is now commonly referred to as the “Northern Powerhouse”.
- 3.2 The nine councils which make up Leicestershire and Leicester firmly believe they can build upon their own successes of working together and with other organisations by strengthening and formalising partnership arrangements through the creation of a Combined Authority for this area. In particular, this would allow more opportunity to work closely together with Government and the Leicester and Leicestershire Enterprise Partnership (LLEP) to enhance the collective impact on economic growth in the area.
- 3.3 In order to do this the nine Councils in Leicester and Leicestershire (the “Constituent Councils”) submitted an initial proposal to the Secretary of State for Communities and Local Government on 3 July 2015 to start the process of creating a Combined Authority for this area. This outlined the scope of the Combined Authority and has formed the basis of the actions taken since, as set out in this report.
- 3.4 All nine Councils are considering similar versions of this report during November and December 2015. If all Councils support the proposals then a formal bid to become a Combined Authority will be submitted to the Government in January 2016. The bid will only be considered by the Government if all the Councils in a particular area are prepared to approve and sign it.

4. Legal Position

The Local Democracy, Economic Development & Construction Act 2009 (the “2009 Act”)

- 4.1 The 2009 Act sets out the statutory process for the creation of a Combined Authority. A Combined Authority is a public body with its own legal entity created by existing local authorities in an area, but is not a merger of those authorities. Each of the nine Councils will still continue to retain their own individual sovereignty as they do now.
- 4.2 The reason for creating and the benefits of a Combined Authority include the provision of a simple means of fully aligning and coordinating transport planning and wider economic development and regeneration, including strategic planning, across the county and city. This would enable economic development, regeneration and transport initiatives to be aligned, coordinated, and delivered swiftly and efficiently by a single body.
- 4.3 In addition the creation of a Combined Authority will also be the most effective way of demonstrating that the “Duty to Co- operate” as set out in the Localism Act 2011 is being fulfilled by each Council. The absence of

having this in place at the moment will increasingly pose a major threat to the adoption of each Council's Local Development Framework and therefore its ability to control and direct growth and development in its own area.

- 4.4 The Combined Authority will also enable a shared understanding about Leicester and Leicestershire as a single economic area across the Constituent Councils and will create a strategic framework for economic development and transport which will improve consistency in local decision making. It will also increase the control and influence of the Constituent Councils across the key drivers of economic growth.
- 4.5 A Combined Authority Order can only be made for an area which meets the following conditions:
- (i) it consists of the whole of two or more council areas in England;
 - (ii) no part of the area is separated from the rest of the Combined Authority by a non constituent council (e.g. Leicester and Leicestershire could not be a combined authority area with Nottingham City because Nottinghamshire would be between the two areas);
 - (iii) the Combined Authority area does not surround a non-constituent council (e.g. Leicestershire could not form a combined authority without Leicester);
 - (iv) no part of the area is part of another combined authority, economic prosperity board or integrated transport area (this does not apply to non-constituent membership of another combined authority);
 - (v) all parts of the area were included in the scheme prepared and published;
 - (vi) all Councils in the area must consent (including two-tier area, where the County and Districts must agree).
- 4.6 Prior to submitting a proposal to the Secretary of State, Councils must conduct a *governance review* of their area, prepare a *draft scheme* meeting the conditions set out in the 2009 Act and then publish and *consult* on the proposals. These tasks have all been completed and are considered in Sections 5 and 6 of this report.

The Cities and Local Government Devolution Bill (the "Bill") – *not yet fully drafted*

- 4.7 If passed, the Bill proposes to broaden the scope of powers that it is possible to confer on a combined authority, beyond those related to economic development, strategic planning and transport. It will make it possible for the Secretary of State to transfer functions from an existing public authority (a Minister of the Crown or Government Department, but

not a County or District Council) to a combined authority. In addition, the Secretary of State will have power to confer on a combined authority the general power of competence, which the Council enjoys under the Localism Act 2011.

- 4.8 The Bill makes changes to governance structures for combined authorities by enabling the Secretary of State to make a statutory order to 'provide for there to be a mayor for the area of a combined authority'. However, the Minister has explained that this will not be used by the Secretary of State as a condition for agreeing to the transfer of local authority or public authority functions to a combined authority.
- 4.9 At present it is not known what the final changes to the Bill will be and when those changes will be brought into force, however the intention is that the Bill achieves Royal Assent by the end of 2015. The Leicester and Leicestershire Combined Authority Scheme and proposals set out in this report are therefore based on existing legislation, rather than the Bill.

5. The Governance Review and Draft Scheme

The Governance Review

- 5.1 The Governance Review is an assessment of:
- (i) the effectiveness and efficiency of transport within the review area; and
 - (ii) the effectiveness and efficiency of arrangements to promote economic development and regeneration within the review area.
- 5.2 The Governance Review, attached as Appendix 1 to this report, was undertaken by the Constituent Councils during August and September 2015. The findings of the review are clear that the best governance model to enable economic and transport improvements in the local area is a combined authority.
- 5.3 The Governance Review considered alternatives to having a combined authority; for example that the Constituent Councils could continue to work together as they are, or form a joint committee, or an economic prosperity board. However, as analysed in the Governance Review, none of these options would give the full benefits of a combined authority. This is shown below:-

Option Evaluation

Maintain the Status Quo

Maintaining the status quo would mean difficulties in accessing new funding and powers in line with the ambitions of the area. It would leave Leicester and Leicestershire behind other areas and would therefore be likely to have a detrimental impact on the economy of the area in the future. It would not

strengthen the governance processes which largely rely on informal arrangements.

Joint Committee

The establishment of a Joint Committee would strengthen the current partnership arrangements and place them on a more formal basis. However, there is a lack of stability and certainty which is unlikely to secure long term funding commitments. In addition, the lack of legal status and financial accountability means that the same difficulties in accessing new funding and powers presented by status quo are likely to be encountered.

Economic Prosperity Board

An Economic Prosperity Board would provide strategic direction and accountability for economic development and regeneration and would ensure that a single formal decision-making body was in place for this. However, strategic transport would not be included in these arrangements, thus greatly limiting the scope for increased effectiveness and efficiency.

Combined Authority

A Combined Authority with devolved funding would create a clear and effective platform for accelerating economic prosperity in Leicester and Leicestershire through the creation of integrated, strategic frameworks to enable the delivery of investment plans for planning, transport and skills.

The Draft Scheme

- 5.4 The Draft Scheme is attached as Appendix 2 to this report. It will form the basis for the Order made by the Secretary of State. Part 1 of the Draft Scheme clarifies arrangements relating to membership, voting, and scrutiny.
- 5.5 The Draft Scheme is based on a concurrent powers model with no transfer of existing powers. No Constituent Council is ceding existing functions to the Combined Authority. This is consistent with established and emerging combined authorities.
- 5.6 As the Combined Authority will be a form of local authority in its own right, it will be able to form committees and subcommittees in the same way a Constituent Council would, but could only delegate decisions which the Combined Authority itself could make.
- 5.7 Each of the nine Constituent Councils will appoint a full voting member of the Combined Authority, with the Chair of the LLEP being a non-voting Member.
- 5.8 Each Constituent Council will appoint elected members to the joint Overview and Scrutiny Committee as are required to achieve political balance across the area of the Combined Authority. Members of the

Overview and Scrutiny Committee cannot also be members of the Combined Authority itself, or a member of the Executive of a Constituent Council. Government advises that the Chairman of the Overview and Scrutiny Committee should not be a member of the major political party represented on the Combined Authority. This has been carried through into the current version of the Cities and Local Government Devolution Bill.

- 5.9 The role of the Overview and Scrutiny Committee will be to review and scrutinise decisions or other actions taken by the Combined Authority, through inviting the relevant members or officers to attend meetings and to make reports or recommendations to the Combined Authority. Further details are included in the Draft Scheme.
- 5.10 Part 2 of the Draft Scheme sets out the powers and duties of the proposed Combined Authority and gives examples of how it might utilise them. In summary, these are:
- (i) **Planning:** Councils working together to agree a clearer, long-term framework to meet future housing and employment needs for the whole area and identify future growth locations.
 - (ii) **Transport:** focussing on long-term investment in road, rail and other public transport infrastructure.
 - (iii) **Skills:** setting the strategic direction for making improvements in skills and training, to give local people the chance to get better qualifications and employment.
- 5.11 Following consultation, Part 2 of the Draft Scheme has been updated to remove skills devolution from central Government. This is part of the devolution bid that has been submitted and will be pursued separately to the establishment of the Combined Authority.

6. Consultation

- 6.1 Stakeholder and public engagement was undertaken between 21 September and 20 October 2015 to establish the level of support for the Draft Scheme and findings of the Governance Review. This involved a survey of residents, staff and stakeholders, but also included the invitation to submit views by letter or email. The survey was made available on the Council website from 21 September 2015. This was accompanied by supporting information which set out the proposals in more detail.
- 6.2 260 responses were received through the Combined Authority consultation. An analysis of the responses is attached as Appendix 3 to this report.
- 6.3 There was a high level of support for establishing a Combined Authority with 68.8% of respondents either 'strongly agreeing' or 'tending to agree' that, to enable economic and transport improvements, a combined authority is the best governance model for Leicester and Leicestershire, on the basis

that it would avoid duplication and provide value for money. They also commented that it would improve co-ordination between authorities. Those respondents that either 'tended to disagree' or 'strongly disagreed' with the statement expressed concerns about losing local accountability and highlighted the differences between the city and the county.

- 6.4 There was a similar level of support for the proposed functions of the Combined Authority with 71% of respondents either 'strongly agreeing' or 'tending to agree' that the proposed functions are appropriate, commenting that they are key issues affecting the whole of the Combined Authority area. Just over a fifth of respondents did not support the proposed functions, again expressing concerns that local accountability would be lost.
- 6.5 The supportive nature of the responses to the consultation enables the Constituent Councils to proceed on the basis set out at the start of the consultation period. However, it will be important for the constitution of the Combined Authority to ensure that local accountability is retained through the new structures. The constitution should also include a process for the resolution of disputes.
- 6.6 The responses received through the consultation period will also feed into the work of the Combined Authority once established.

7. Benefits of a Combined Authority to Oadby and Wigston

7.1 In summary the following represents the economic case for Oadby & Wigston pursuing a Combined Authority which will have a positive impact on all of the following:

- a. The Borough has prospered in recent times as a result of demand for land and new housing and should continue to do so;
- b. Town Centre Area Action Plans are approved and in place ready to encourage and manage controlled development when market conditions are right
- c. The three town centre continue to thrive with a healthy mixture of independent and national shops supported by the Council's commitment to free shoppers car parking
- d. The borough is an attractive and vibrant place on the outskirts of a thriving and diverse city. People want to live in the Borough.

However:

- e. Local businesses are struggling to find the right number of employees with the right skills
- f. Local people are finding it difficult to find new jobs in the borough for which they have the skills
- g. There is still significant potential for economic growth with a diverse range of commercial units sitting vacant and needing investment
- h. Major economic growth planning is not done most sensibly at district level as the market economy does not respect the borough boundaries

- i. The Council is coming under increasing and overwhelming pressure from developers who do not wish to develop in accordance with adopted and established plans. The Council needs to find a way to strengthen its Local Development Framework which is now due for renewal in order to manage and direct future growth.

7.2 What could a Combined Authority offer to Oadby & Wigston?

- a. Aligned with the Strategic Economic Plan and statutory Local Plans the Strategic Growth Plan will provide certainty over planning and delivery;
- b. There would be more coordination and co-operation on the planning of land use, transportation and skills development within a clear decision-making framework;
- c. Speaking with a strong, single, collective voice will demonstrate strength and confidence, supporting applications for central government funding;
- d. Decisions taken within the Combined Authority would be binding (stronger than the partnership model in place now);
- e. There will be a formal framework which will assist the assessment of major development proposals – one point of call, one response;
- f. Genuinely strategic decision-making which understands ‘the bigger picture’ and the role of Leicester and Leicestershire within a national and global context;
- g. Understanding the bigger picture will allow the area to identify the need for a plan for major infrastructure projects;
- h. Local business will be able to benefit from consistent support across the wider area and benefit from accelerated growth in the local economy;
- i. Environmental assets will be conserved and enhanced creating the ‘soft’ conditions for high skills, high GVA employment opportunities;
- j. Understanding demographics across a wider field will help to identify potential new growth sectors (e.g. ageing population and the care industry); matching skills, housing and jobs;
- k. Some actions (e.g. major infrastructure) cannot be planned at the local level;
- l. The Combined Authority veto arrangement would mean that decisions are not made if they are not supported by the ‘host’ district.

8. Financial Implications

- 8.1 Over the last four years, there have been significant reductions in the Government’s funding of local authorities. Reductions in local government have been higher than in other parts of the public sector. There is no doubt that this will continue. It is therefore imperative that all future governance models are efficient and reduce duplication and waste wherever possible.
- 8.2 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) will be met by the Constituent Councils. These will be identified in more detail in due course. The costs will be split three ways

between the City Council, the County Council and the district and borough councils as one group. The cost falling to the district and borough councils will be further apportioned based on population. This arrangement means that Oadby & Wigston will contribute the minimum amount that it possibly can, yet will still benefit fully from the Combined Authority.

- 8.3 The Combined Authority will agree an annual budget for the purpose of this expenditure to enable it to develop and implement the following:
- (i) a joint economic vision for the area of the Combined Authority;
 - (ii) a strategic growth plan looking to 2050 for the area of the Combined Authority;
 - (iii) a strategic asset management plan;
 - (iv) a single strategic transport master plan for the area of the Combined Authority and associated transport infrastructure investment strategy;
 - (v) a long term investment strategy for the Combined Authority area; and
 - (vi) a growth deal framework.
- 8.4 The costs relating to the Combined Authority shall be met by the Constituent Councils. The budget for the Combined Authority will be the subject of further detailed work in consultation with the Section 151 Officers from the Constituent Councils.
- 8.5 The staffing and servicing arrangements for the Combined Authority will need to be agreed between the Constituent Councils, which will be supported by a number of supporting contractual arrangements between those parties. These will need to be negotiated and agreed while the DCLG is considering the draft Scheme and preparing the Order.

9. Next Steps

- 9.1 All Councils in Leicester and Leicestershire are following a similar process during November and December to decide if they wish to form a Combined Authority. Members will be updated at Council regarding this.
- 9.2 If all Constituent Councils agree, the Governance Review and Scheme will be submitted to the DCLG in December 2015 or January 2016. The DCLG will consider the Scheme and if approved will conduct a second period of consultation and draft an Order to create the Combined Authority, before laying this before Parliament. The Order is then likely to be made law in October 2016. Officers from the constituent councils will work with the DCLG throughout this process and period to ensure Leicestershire gets the best deal it can.
- 9.3 In the meantime, officers of the Constituent Councils will work together to agree the practical, legal and operational arrangements for the Combined Authority, expanding upon the governance principles outlined in the Scheme. The documentation will include a full Constitution and Standing Orders for the Combined Authority, agreements between the Constituent

Councils in relation to resourcing the Combined Authority and any other necessary arrangements.

- 9.4 If approved, Council will receive further reports as the process evolves and if and when it is required to make any policy decisions.

10. Equalities

- 10.1 An Equality Impact Assessment has been carried out to ensure that the Council is meeting its responsibilities under the Equalities Act 2010, and at this stage there are no identified negative impacts or barriers on any of the protected characteristics. The Combined Authority will carry out Equality Impact Assessments on any policy proposals it may consider if and when it is established.