

Leicester
City Council

WARDS AFFECTED

All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Full Council
Economic Development, Transport and Tourism Scrutiny

26th November 2015
5th November 2015

Leicester & Leicestershire Combined Authority

Report of the Strategic Director for City Development, Neighbourhoods, Regeneration and Culture

1. PURPOSE OF REPORT

The purpose of this report is to seek Full Council approval to submit the proposal to establish a Combined Authority for Leicester and Leicestershire to the Department for Communities and Local Government.

The Economic Development, Transport & Tourism Scrutiny Commission are asked to consider the report and make any recommendations thereon to Council

2. SUMMARY

The City Council together with its eight neighbouring Leicestershire County, District and Borough Councils wish to establish a Combined Authority in order to secure closer co-working on key strategic priorities that affect Leicester and Leicestershire, and in time to attract devolved powers. The Council is required to approve the recommendations set out in section 3 in order to facilitate the establishment of the Combined Authority (CA) area. The Scheme and Governance Review documents are both requirements under the Local Democracy, Economic Development and Construction Act 2009 for any area wishing to establish a combined authority. Approval from all the constituent councils is required before the Government will consider making an Order to establish the Combined Authority.

The nine councils in Leicester and Leicestershire are considering the Scheme, Governance Review and outcome of the consultation during November and December 2015. It may be necessary to make some minor amendments to the Scheme or Governance Review as a result of this process

3. RECOMMENDATIONS (OR OPTIONS)

1. That the Economic Development, Transport & Tourism Scrutiny Commission consider the report and make any recommendations thereon to Council
2. That the City Council at its meeting on 26th November 2015 be recommended to:-
 - (a) approve the Scheme for the Combined Authority ('the Scheme');
 - (b) approve the Governance Review;
 - (c) authorise the publication of the Scheme and its submission to the Department for Communities and Local Government (DCLG);
 - (d) authorise the Chief Operating Officer, following consultation with the City Mayor, to make any final amendments to the Scheme and Governance Review prior to their submission to the DCLG in December 2015 or January 2016;
 - (e) authorise the Chief Operating Officer, following consultation with the City Mayor, to enter into discussions with the DCLG and such other Government departments and other persons as are considered necessary by the Chief Operating Officer to agree the terms of the Order establishing the Combined Authority and to approve the final form of the Order on behalf of the City Council;
 - (f) authorise the Chief Operating Officer, following consultation with the City Mayor:
 - (i) 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
 - (ii) to take all decisions and actions necessary to enable the establishment of the Combined Authority

4. REPORT

- 4.1 In its White Paper response to the Heseltine review, the Government set out a "view of a future where local authorities put economic development at the heart of all they do; collaborating, including with private sector partners across a functional economic area". Such collaboration by councils remains an important priority for Government.
- 4.2 Combined authorities are established under the Local Democracy, Economic Development and Construction Act 2009 ("2009 Act") by Order of the Secretary of State for Communities and Local Government. A combined authority operates as a public body with its own legal personality but it is not a merger of existing local authorities.
- 4.3 A Combined Authority Order can be made for an area that 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 in 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.

4.4 In addition for an area to be included in a combined authority area, all councils for that area must consent (in the case of a two-tier area, both the district councils and the county council must consent).

Procedure to Establish a Combined Authority

- 4.5 There is a rigorous legal process to follow in order to establish a combined authority. It involves the following steps:
- (i) completion of a governance review for the area;
 - (ii) preparation of a Scheme that demonstrates that it meets the statutory conditions set out in the 2009 Act;
 - (iii) engagement with stakeholders and the public to establish their views on the governance review and Scheme;
 - (iv) publication of the Scheme and submission to the Department for Communities and Local Government;
 - (v) preparation of a draft Order by the Department for Communities and Local Government;
 - (vi) a two month Government consultation on whether the combined authority will fulfil the statutory conditions. This will be undertaken by the DCLG and is separate to the engagement undertaken by the constituent councils in September and October 2015; and
 - (vii) the laying of the draft Order before Parliament for approval. It is currently anticipated that this will take place in Autumn 2016

Governance Review

- 4.6 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.
- 4.7 The Governance Review, attached as Appendix 3 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.
- 4.8 The benefits of the combined authority model include the provision of a simple means of fully aligning and coordinating transport planning and wider economic development and regeneration, including strategic planning, across a sub-region. This would enable economic development and regeneration and transport initiatives to be aligned, co-ordinated, and delivered swiftly and efficiently by a single body.
- 4.9 The Combined Authority will also enable a shared understanding about Leicester and Leicestershire as a single economic area across the nine local authorities and will create a strategic framework for economic development and transport which will ensure consistency in local decision making. It will also increase the control and influence of the constituent councils across the key drivers of economic growth.
- 4.10 The 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 in the table below:-

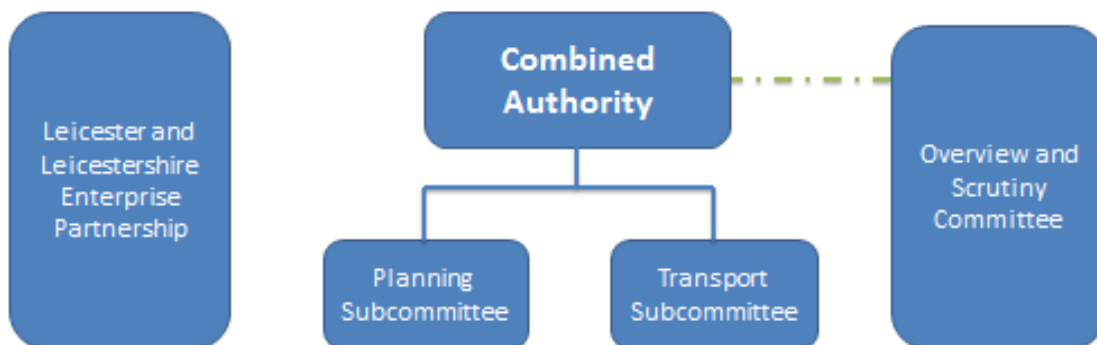
Option	Evaluation
Maintain the Status Quo	Maintaining the status quo would mean difficulties in accessing new funding and powers in line with the ambitions of the area. It would leave Leicester and Leicestershire behind other areas and would therefore be likely to have a detrimental impact on the economy 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.

Combined Authority Scheme

4.11 The 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 Scheme clarifies arrangements relating to membership, voting, and scrutiny. The 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.

4.12 The diagram below sets out a proposed governance model for the Combined Authority:-



4.13 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.

4.14 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.

- 4.15 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 Scheme.
- 4.16 As the Combined Authority will be a form of local authority in its own right, it will be able to form committees/subcommittees in the same way a constituent council would, but could only delegate decisions to such committees which the Combined Authority itself could make. The above is a proposed model only and the number and purpose of any such committees would be subject to agreement between the constituent councils and included in the Combined Authority's Constitution
- 4.17 Part 2 of the 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.

Consultation

- 4.18 Stakeholder and public engagement was undertaken between 21 September and 20 October 2015 to establish the level of support for the Scheme and findings of the Governance Review.
- 4.19 260 responses were received through the Combined Authority Consultation. An analysis of the responses is attached as Appendix 4 to this report.
- 4.20 There was a high level of support for establishing a Combined Authority, with 68% 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.
- 4.21 There was a similar level of support for the proposed functions of the combined authority, with 73% of respondents either 'strongly agreeing' or 'tending to agree that that the proposed functions are appropriate'.

Conclusions

- 4.22 A Combined Authority is needed for Leicester and Leicestershire to act as 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. This view has been reinforced by the public consultation.

Timetable for Decisions (including Scrutiny)

- 4.23 It is proposed that the City Council will consider the documents relating to the Combined Authority at its meeting on 26th November 2015. All constituent councils are following a similar process during November and December. The Leicester and Leicestershire Enterprise Partnership Board (LLEP) will be briefed on the proposals for the Combined Authority at its meeting on 26th November. The proposals will also be presented to the Economic Growth Board, which comprises the Leaders of the nine constituent councils, on 5th November.
- 4.24 The Scheme and Governance Review will be submitted to the Department for Communities and Local Government in December 2015 or January 2016. It is hoped that the Order will be made by the Secretary of State in October 2016.
- 4.25 The Economic Development, Transport and Tourism Scrutiny Commission considered the Scheme and Governance Review at its meeting on 5th November 2015. The relevant Minute extract is set out in Appendix 1 to this report.

Appendices

- Appendix 1 – Relevant Minute extract from the EDTT Scrutiny Commission
- Appendix 2 – Scheme for the establishment of a Leicester and Leicestershire Combined Authority
- Appendix 3 – Governance Review
- Appendix 4 – Analysis of Consultation Responses

Relevant Impact Assessments

Equality and Human Rights Impact Assessment

- 4.26 An Equality and Human Rights Impact Assessment has not been carried out on the proposal to establish a Combined Authority as, at this point in the process, it does not have any impact on any of the protected characteristics. Equality and Human Rights Impact Assessments will be carried out on any policy proposals to be considered by the Combined Authority once established.

Partnership Working and Associated Issues

- 4.27 All nine constituent councils in Leicester and Leicestershire have an excellent record of working together and with business and other partner organisations to deliver economic growth. There are numerous examples of effective partnership working, particularly through the Leicester and Leicestershire Enterprise Partnership which has a strong track record of delivery.
- 4.28 The constituent councils firmly believe that they can build upon their successes by strengthening and formalising partnership arrangements through the creation of the Combined Authority. In particular, this would allow them to work more closely together with Government and the Leicester and Leicestershire Enterprise Partnership to enhance their collective impact on economic growth.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Legal Implications

The legal provisions pertaining to the establishment of a Combined Authority are set out in the Local Democracy, Economic Development and Construction Act 2009 and are discussed throughout that report and appendices.

The Government's proposals for devolving new powers to Combined Authorities are not yet law. The Cities and Local Government Devolution Bill proposes to broaden the scope of powers that it is possible to confer on a combined authority, beyond those relating to economic development, regeneration 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 the Combined Authority. In addition, the Secretary of State will have power to confer on the combined authority the general power of competence under the Localism Act 2011.

The Bill makes changes to Governance structures for combined authorities by enabling the Secretary of State to make an order to 'provide for there to be a mayor for the area of a combined authority'. The current version of the Bill provides that this cannot be used by the Secretary of State as a condition for agreeing to the transfer of local authority or public authority functions.

At present it is not known what the final changes to the Cities and Local Government Devolution 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.

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph Within the Report	References
Equal Opportunities	NO		
Policy	YES		
Sustainable and Environmental	NO		
Crime and Disorder	YES		
Human Rights Act	NO		
Elderly/People on Low Income	NO		
Corporate Parenting	NO		

7. BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

Initial Combined Authority Proposal submitted to the Secretary of State on 3 July 2015 - <http://www.leics.gov.uk/combinedauthority>

8. CONSULTATIONS

9. REPORT AUTHOR

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