

SCRUTINY COMMISSION - 30 SEPTEMBER 2015

COMBINED AUTHORITY

REPORT OF THE CHIEF EXECUTIVE

Purpose of Report

1. The purpose of this report is to seek the views of the Scrutiny Commission on the draft proposal to establish a Combined Authority. This will 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.

Policy Framework and Previous Decisions

2. The nine local authorities in Leicester and Leicestershire submitted a bid to the Secretary of State for Communities and Local Government on 3 July 2015. This outlined the scope of a Combined Authority and has formed the basis of the proposals set out in this report.

Background

3. Combined Authorities were introduced under the Local Democracy, Economic Development and Construction Act 2009 to enable councils to integrate economic development and transport functions and decision-making across a functional economic area. A Combined Authority operates as a public body with its own legal personality.
4. It is important to note that Combined Authorities are not a merger of existing Local Authorities; they can only take on certain functions with a very specific remit. In addition, the legislation allows for flexibility in establishing Combined Authorities.
5. There is a rigorous legal process to follow in order to establish a Combined Authority that thus far has tended to take 12-18 months to complete. It involves the following steps:
 - (i) a governance review for the area;
 - (ii) preparation of a scheme that demonstrates that it meets the statutory conditions of the 2009 Act;
 - (iii) a Government consultation on whether the combined authority will fulfil the statutory obligations approval by Parliament. This will be undertaken by the

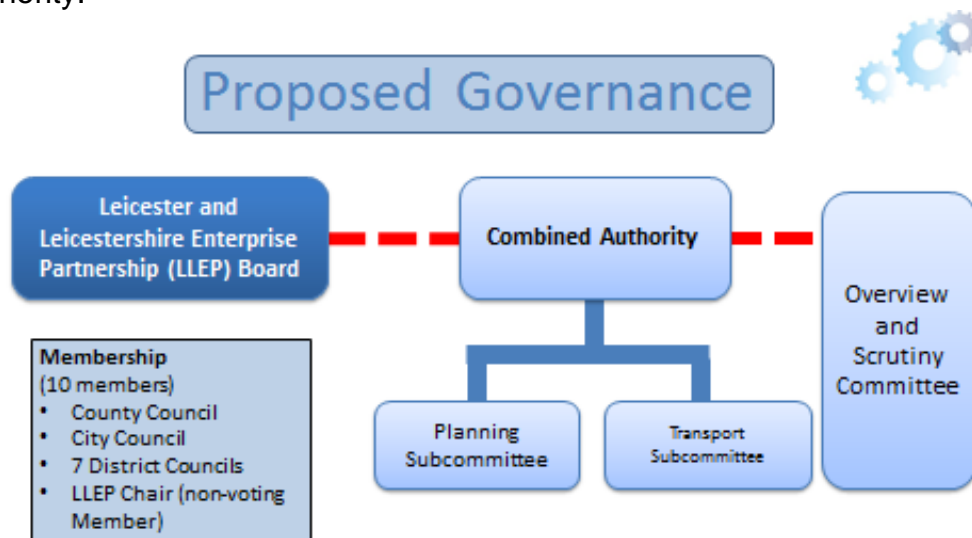
Department for Communities and Local Government and is separate to the engagement currently being undertaken by the local authorities in Leicester and Leicestershire.

6. In the governance review stage, councils are required to answer three questions:
 - (i) Does the area covered by the councils proposing to come together properly be seen as constituting a functional economic area?
 - (ii) Are the existing governance arrangements for economic development, regeneration and transport in the area effective or would they benefit from changes?
 - (iii) What are the alternative options available and in relation to each option, to evaluate the likely improvement in: the exercise of statutory functions relating to economic development, regeneration and transport in the area; the effectiveness and efficiency of transport in the area; and the economic conditions in the area.
7. The legislation does not currently permit authorities that are not geographically contiguous or only part of a county to be part of a Combined Authority. It is possible for councils to leave or for new councils to join, but Government agreement is required to amend or dissolve the combined authority. If a local authority wished to leave the combined authority a new review of governance arrangements would have to take place, and a revised scheme would need to be published, before the Statutory Order could be amended.

Proposals/Options

8. The draft Governance Review is attached as Appendix 1 to this report. The preliminary findings of the review suggest that the best governance model to enable economic and transport improvements in the local area is a Combined Authority.
9. There are alternatives to having a Combined Authority. For example, councils could continue to work together as they are, or set up a joint committee, or an economic prosperity board. However, none of these options give the full benefits of a Combined Authority and that is why a number of areas are applying to set up combined authorities. The options outlined in this paragraph are all analysed in the Governance Review.
10. 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 Scheme clarifies arrangements relating to membership, voting and scrutiny. It is proposed that a new Overview and Scrutiny Committee will be established, with membership comprising the nine constituent councils. The Scheme is based on a concurrent powers model with no transferring of existing powers. No constituent council is ceding existing functions to the Combined Authority. This is consistent with established and emerging Combined Authorities.

11. The diagram below sets out a proposed Governance Model for the Combined Authority:-



12. Part 2 of the draft scheme sets out the proposed functions of the Combined Authority. 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:** driving improvements in skills and training, to give local people the chance to get better qualifications and employment.

Consultation

13. Stakeholder and public engagement is being undertaken between 21 September and 20 October to establish the level of support for the Scheme and findings of the Governance Review. The consultation document is attached as Appendix 3 to this report. The outcome of the engagement will be taken into account when finalising the Scheme and Governance Review.
14. Stakeholders include the Leicester and Leicestershire Enterprise Partnership, who it is proposed will become a non-voting member of the Combined Authority, and representatives of the Business Sector, Transport organisations, Health Services, Emergency Services, Education, the voluntary sector, Parish Councils and neighbouring Local Authorities.

Resource Implications

15. 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.
16. The Combined Authority will agree an annual budget for the purpose of this expenditure.

Timetable for Decisions

17. The nine local authorities will be asked to approve the Scheme and Governance Review during December to enable it to be submitted to the Secretary of State for Communities and Local Government on 1 January 2016. For Leicestershire County Council, this means that the scheme will be submitted to the Cabinet on 18 November and full Council on 2 December.
18. It is hoped that the Order will be issued by the Secretary of State in October 2016.

Conclusions

19. The views of the Scrutiny Commission are sought on the proposals for the establishment of a Combined Authority as set out in this report.

Background Papers

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

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List of Appendices

Appendix 1 – Draft Governance Review

Appendix 2 – Draft Scheme for the establishment of a Leicester and Leicestershire Combined Authority

Appendix 3 – Consultation Document

Relevant Impact Assessments

Equality and Human Rights Impact Assessment

20. 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

21. All nine 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.

22. The nine local authorities of Leicester and Leicestershire firmly believe that they can build upon their successes by strengthening and formalising partnership arrangements through the creation of a Combined Authority. In particular, this would allow them to work more closely together with Government and the Leicester and Leicestershire Economic Partnership to enhance their collective impact on economic growth.