

REPORT OF THE CABINET

A. COMBINED AUTHORITY FOR LEICESTER AND LEICESTERSHIRE

Introduction

1. This report sets out the proposal to establish a Combined Authority for Leicester and Leicestershire to the County Council.

Background

2. 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.
3. 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. 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.

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

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 fulfill the statutory conditions. This will be undertaken by the Department for Communities and Local Government 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

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.
7. 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.
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.
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.
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

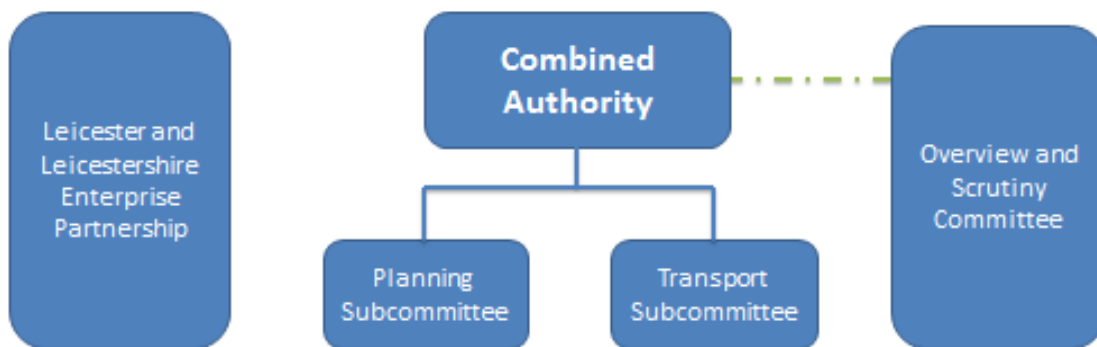
analysed in the Governance Review, none of these options would give the full benefits of a combined authority. This is shown in the table below:-

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

11. 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.
12. 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. Accordingly, the nine councils in Leicester and Leicestershire submitted a proposal to the Secretary of State for Communities and Local Government on 3 July 2015. This outlined the scope of the Combined Authority and has formed the basis of the draft Scheme.

13. 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. 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.
14. The diagram below sets out a proposed governance model for the Combined Authority:-



15. 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.
16. 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.
17. 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. The 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.
18. 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.
19. 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.
20. Part 2 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.

Consultation

21. The Scrutiny Commission considered the matter at its meeting on 30th September 2015 and supported the proposals for a Combined Authority. Its comments are set out in Appendix 3 to this report.
22. 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. 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.
23. 260 responses were received through the Combined Authority Consultation. An analysis of the responses is attached as Appendix 4 to this report.
24. 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.
25. 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 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.
26. The supportive nature of the responses to the consultation enables the nine 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.

27. The responses received through the consultation process will also feed into the work of the Combined Authority once established.

Resource Implications

28. 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.
29. 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;
 - (vi) a growth deal framework.

Legal Implications

30. 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.
31. 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.
32. 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.

Consideration by partner authorities

33. All constituent councils are following a similar process during November and December. The Leicester and Leicestershire Enterprise Partnership Board (LLEP) will be updated on the Combined Authority proposals at its meeting on 26th November. The proposals were supported by the Economic Growth Board, which comprises the Leaders of the nine constituent councils, on 5th November.

Decision of the Cabinet

34. The Cabinet considered this matter at its meeting on 18th November and its recommendation is set out in the motion below.

Next Steps

35. Subject to approval by all nine constituent authorities, the Scheme and Governance Review will be submitted to the Department for Communities and Local Government in December 2015 or January 2016. It is currently anticipated that the Order will be made by the Secretary of State in October 2016.
36. Officers of the nine councils will work together in the coming months to expand upon the governance principles outlined in the Scheme with a view to creating the full constitution of the Combined Authority and any other documents necessary for the operation of the Combined Authority. In addition, officers will engage with the Department for Communities and Local Government concerning the content of the Order establishing the Combined Authority. The proposed delegations to the Chief Executive will allow for this further engagement with central Government and the other councils and the creation of any required additional documentation.

(Motion to be moved:

- a) That the Scheme for the Combined Authority ('the Scheme') set out in Appendix 2 to the report of the Cabinet be approved;**
- b) That the Governance Review set out in Appendix 1 to the report of the Cabinet be approved;**
- c) That approval be given to the publication of the Scheme and its submission to the Department for Communities and Local Government;**
- d) That the Chief Executive be authorised, 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;**
- e) That the Chief Executive be authorised, 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 County Council;

- f) That the Chief Executive be authorised, following consultation with the Leader:**
- (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.**

18th November 2015

**Mr. N. J Rushton CC
Chairman**

Background Papers

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

Cabinet Report - 18th November – Combined Authority
<http://ow.ly/UQiJV>

Appendices

- Appendix 1 - Governance Review
- Appendix 2 - Scheme for the establishment of a Leicester and Leicestershire Combined Authority
- Appendix 3 - Comments of the Scrutiny Commission
- Appendix 4 - Analysis of consultation responses