

North Tyneside Council

Report to Cabinet

Date: 8 April 2013

Item 6(e)

Title: Review of
Governance
Arrangements –
Combined Authority

Portfolio(s): Elected Mayor

Cabinet Member(s):
Mrs Linda Arkley

Report from Directorate: Chief Executive's Office

Report Author: Viv Geary,
Head of Law and Governance (Tel 643 5339)

Paul Buie,
Head of Business and Economic
Development (Tel 643 6091)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to advise cabinet of a region wide review of governance arrangements which is underway by this authority, Newcastle City Council, Sunderland City Council, Gateshead Council, South Tyneside Council, Northumberland County Council and Durham County Council in relation to functions that relate to economic development, regeneration and transport. This review is to assess if the existing governance arrangements could be improved upon with the formation of a combined authority made up of the 7 constituent authorities.

1.2 Recommendation(s):

It is recommended that Cabinet note that the governance review is underway and that a further report will be submitted to Cabinet and subsequently Council in July 2013 to enable any scheme developed through the governance review process to be considered.

1.3 Forward plan:

This matter appears on the Forward Plan published on 27 March 2013.

1.4 Council plan and policy framework

This report does relates to priorities identified in the Council Plan 2012-15 including Priority 2 - Maintaining excellent education, training and employment opportunities, including apprenticeships and working in collaboration with partners and Priority 5 – The regeneration of the north bank of the Tyne. The report also relates to core issues identified in the Sustainable Community Strategy 2010-2013.

1.5 Information:

- 1.5.1 The Local Democracy, Economic Development and Construction Act 2009 created the legal framework for the formation of a combined authority. A combined authority can have delegated to it by its constituent local authorities functions that relate to economic development, regeneration and if considered appropriate, transport. These functions can be operated concurrently with the combined authority or delegated to the combined authority.
- 1.5.2 Any combined authority will have its own legal identity and is able to employ its own staff and will control its own assets. Any combined authority must have a constitution and the policy of any such authority will be determined by elected members appointed by each constituent authority to be a member of the combined authority. It is possible for non-local authority members to be appointed to a combined authority but such members must be in the minority.
- 1.5.3 There are three stages to the creation of a combined authority. First there is the review of the existing governance arrangements referred to above which is currently underway across the 7 local authority areas. Second, if the review demonstrates that a combined authority would improve the delivery of economic development, regeneration and transport in the region then a scheme is drawn up showing the operational arrangement and constitutional makeup of the proposed combined authority. Third, the agreed scheme is submitted to the Secretary of State who after consultation with each of the authorities (and the Integrated Transport Authority) and any other persons considered appropriate, submits an Order to parliament.
- 1.5.4 The Secretary of State will only place an Order before parliament if he considers that the Order is likely to improve:-
- The exercise of statutory functions relating to economic development and regeneration in the area or areas to which the Order relates, or
 - The economic conditions in the area or those areas.
- 1.5.5 The leadership board of the 7 local authorities comprising the Elected Mayor and each Council Leader have tasked the Chief Executives with establishing a governance review project team to look in depth at the scope of the governance review and to identify stakeholders across the region who would be consulted in relation to the possibility of establishing a combined authority. It has been identified that this review would include consideration of the transport functions currently undertaken by the Tyne & Wear Integrated Transport Authority and the similar functions currently undertaken by Northumberland County Council and Durham County Council as authority functions. The project team currently meets each week and is responsible for taking the project forward.
- 1.5.6 The timetable for the governance review process is as follows (although this may liable to change):-
- March 2013 to May 2013 governance review
 - May 2013 to June 2013 draft scheme prepared
 - 6 June 2013 final draft of scheme to LA7 Chief Executives
 - 18 June 2013 final draft of scheme to LA7 leadership board
 - July 2013 each of the 7 local authorities approve the draft scheme

- 31 July 2013 scheme submitted to the Secretary of State
- November 2013 – January 2014 Order before Parliament
- 1 April 2014 if Order made by Parliament, the date the combined authority would come into existence.

1.5.7 The scheme and any subsequent Order will set out the functions that are to be delegated to the combined authority. It is up to the 7 local authorities to determine what functions they collectively agree to delegate to any combined authority. Any scheme and any then Order will deal with constitutional arrangements including voting rights and executive arrangements, including scrutiny, and the functions of any executive body. The funding arrangements for any combined authority will be set out in the scheme and the formula for calculating any contributions by the constituent authorities made clear. The scheme will also set out how any combined authority would interact with other organisations in the region.

1.6 **Decision Options**

There are no decision options. Cabinet is requested to note that the governance review is underway with a view to assessing whether a combined authority under the Local Democracy, Economic Development and Construction Act 2009 is appropriate.

1.7 **Reasons for recommended option:**

It is recommended that Cabinet note that the governance review is underway and that the possibility of a combined authority is being considered. A further report will be submitted in July 2013 for Cabinet to consider the outcome of the Review and any proposed Scheme required for the setting up of the new authority. If a combined authority is recommended this will require the agreement of Council and for the Councils of the constituent authorities to submit a proposed scheme to the Secretary of State.

1.8 **Appendices:**

None.

1.9 **Contact officers:**

Louise Watson – Manager Legal Services – Tel 643 5325

John Barton – Lawyer – Tel 643 5354

Vicki Dixon, Senior Manager, Financial Strategy and Planning – Tel 643 5723

1.10 **Background information:**

- The Local Democracy, Economic Development and Construction Act 2009
- The Greater Manchester Combined Authority Order 2011
- Economic prosperity boards and combined authorities: Consultation on draft statutory guidance, February 2010

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As the governance review is not yet concluded, there are no financial implications arising directly from this report. Each constituent authority would be expected to make a contribution to the funding of the combined authority. If transport functions are to be part of the combined authority then the authority will need to determine if it will levy for transport costs.

As the approval of any scheme formulated after the governance review will be a matter for both Cabinet and Council, full financial implications will be included in the subsequent report to Cabinet in July 2013 and in reports to Council.

2.2 Legal

If there is to be a combined authority for the North East of England then this can only arise after a thorough review of the governance arrangements in relation to the economic development, regeneration and transport functions undertaken by the 7 North East local authorities and the Integrated transport Authority. If that review demonstrates that those functions would be improved by the creation of a combined authority then a scheme is drafted and once approved by each of the constituent local authorities and ITA submitted to the Secretary of State. If the Secretary of State is satisfied that a combined authority would be likely to improve the exercise of such functions or improve the economic conditions of the region, the Secretary of State will recommend to parliament that an Order is made creating a combined authority for the region.

The approval of any scheme formulated after the governance review will be a matter for both Cabinet and Council as there is the potential for executive and council functions to be delegated to the combined authority.

2.3 Consultation/community engagement

The project board at its first meeting identified the stakeholders that will be consulted in relation to the governance review. Each local authority will engage with the stakeholders in their area. There is also a period of consultation that the Secretary of State will undertake before deciding whether or not it is appropriate to recommend the making of an Order creating a combined authority.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues arising directly from this report.

2.6 Risk management

There has been engagement with representatives from the Department for Communities and Local Government at an early stage and the timescales for the creation of a North East combined authority discussed in detail. The timescales are challenging if any combined authority is to be in place by 1 April 2014. The Leadership board of the 7 local authorities are aware of the timescales and the project board is meeting on a weekly basis to ensure so far as possible that the review process is driven forward.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are environmental and sustainability implications arising from this report. The issue of transport is closely linked to the environment and if there is to be a region wide position taken in relation to transport then environmental issues could be dealt with at a region wide level. In terms of sustainability the main reason for considering the establishment of a combined authority is to improve the economic climate of the region and to promote sustainable economic growth and regeneration for the region.

PART 3 - SIGN OFF

- Chief Executive X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager Policy, Partnerships, Performance and Communications X