

Extraordinary Cabinet

24 June 2013

Present: N Redfearn (Elected Mayor) (in the Chair),
Councillors EN Darke, F Lott CA Gambling, R Glindon,
I Grayson, JLL Harrison, CB Pickard, L Spillard and
JJ Stirling

In Attendance: P Hedley (Business Representative)
R Layton (JTUC)

CAB30/06/13 Apologies

Apologies were received from Councillor JM Allan, Councillor I Grayson and M Cushlow (NHS North of Tyne), L Gardiner (VODA), S Neill (Northumbria Police), I Sidney (Young Mayor) and D Titterton (Voluntary Sector)

CAB31/06/13 Declarations of Interest

Councillor F Lott – Disclosable Pecuniary Interest as a Member of the Tyne and Wear Integrated Transport Authority, from which he received an allowance.

CAB32/06/13 Minutes

Resolved that the Minutes of the meeting held on 20 May 2013 be confirmed as a correct record.

CAB33/06/13 Creation of a Combined Authority (All Wards)

(N.B. Councillor F Lott withdrew from the meeting for the duration of the discussion and voting on this item.)

Cabinet considered a report that detailed the outcome of an extensive area-wide review of governance arrangements undertaken in relation to local authority functions concerning economic growth, skills and transport across the seven North East Local Authority areas comprising: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

The leaders of the seven North East local authorities met as the LA7 Leadership Board (LA7LB) to discuss key issues affecting the area. The LA7LB shared an ambition to create the best possible conditions for growth in jobs, investment and living standards and to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure, and to enable all the people of the area to raise their skill levels and to benefit from economic growth long into the future.

With this ambition in mind, the LA7LB had tasked the Chief Executives of the 7 local authorities to lead a Governance Review to assess the existing governance arrangements across the LA7 local authorities' areas in relation to functions concerning economic growth, skills and transport. The review was undertaken to ascertain if the governance arrangements could be improved.

A Governance Review commenced in February 2013 and concluded in May 2013. The final Governance Review report was attached at Appendix A of the report.

The remit of the Governance Review was to:-

- evaluate the effectiveness and efficiency of existing governance arrangements for economic growth, skills and transport
- consider the options available for making changes to the governance structures and arrangements, including leaving the existing governance arrangements in place or strengthening or restructuring such arrangements
- consider the establishment of either an Economic Prosperity Board (EPB) that would make strategic decisions in relation to only economic growth and skills functions in the constituent authority areas, or a Combined Authority that would make strategic decisions not only in relation to economic growth functions but also transport in the area; and
- recommend which option is likely to be most beneficial to the constituent authority areas.

The key findings of the Governance Review were that:

- the evidence review of the economy set out a rationale to work collaboratively across the LA7 area, recognising strong and increasing integration across labour markets, housing markets and key sectors.
- there was scope for a joint approach to enable economic growth based on key sectors and place
- real opportunities existed for policy coordination and integration across different policy themes
- there was a need for 'institutional capacity' across the area to:
 - take on devolved powers and responsibilities;
 - provide the governance framework for a single approach to investment across the area; and
 - raise the profile of the area.
- there was a clear impetus to ensure the North East was maximising the use of new funds alongside local resources
- There was a need to simplify and strategically coordinate the skills system for employers, providers and learners
- The seven local authorities had been successful at attracting inward investment and there was further untapped potential, but the current approach lacked coordination
- There was a significant opportunity to take a joint and prioritised approach to transport investment within a coordinated strategic approach that was integrated with wider economic development objectives

The review therefore concluded that the existing governance arrangements could be improved and after consideration of alternative options, concluded that the formation of a Combined Authority made up of the 7 constituent local authorities (the 'constituent authorities') would be most beneficial. As a result a Scheme detailing the operational arrangements and constitutional makeup of the proposed Combined Authority had been drafted for consideration by the Secretary of State.

The LA7LB were confident that the findings of the Governance Review demonstrated that a Combined Authority would provide robust, joined-up decision making across the wider area that would in turn improve the economic wellbeing of the area and provide a stronger voice nationally and internationally.

The Combined Authority would, subject to the making of the appropriate Order by parliament, come into existence on 1 April 2014. It would put on a statutory footing the long history of collaboration that had existed between the constituent authorities.

The Scheme was included as Appendix 1 of the Governance Review report (Appendix A). It set out the functions that would be undertaken by the Combined Authority. Those functions related to economic growth, skills and transport. At the conclusion of the Governance Review, the constituent authorities determined that some of the economic growth functions of each constituent authority would be shared with the Combined Authority. As those functions were to be exercised concurrently with the Combined Authority, the Council, along with the other constituent authorities, would not lose any of these powers. The transport functions unlike the economic growth functions would be discharged solely by the Combined Authority.

The Governance Review and draft scheme at Appendix A had been widely consulted on between 21 May 2013 and 11 June 2013.

The Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) had created the legal framework for the formation of a Combined Authority. A Combined Authority had powers and functions conferred on it by the Secretary of State by way of Order which established the Combined Authority. In addition, it could have delegated to it by its constituent local authorities other functions that related to economic growth and transport if they considered it appropriate. Similarly, the Combined Authority could delegate to the constituent authorities responsibility for delivery of functions relating to economic growth and transport.

Functions could be operated concurrently between the Combined Authority and the constituent authorities or operated solely by the Combined Authority. The Governance Review had concluded that the constituent authority functions relating to economic growth and skills should be operated concurrently between the constituent authorities and the Combined Authority. Specific transport functions would be discharged solely by the Combined Authority.

The Tyne and Wear Integrated Transport Authority (TWITA) would be dissolved when the Order creating the Combined Authority came into force. The Tyne & Wear transport functions previously undertaken by TWITA would be undertaken by the Combined Authority and the Combined Authority would fulfil the role of a Transport Authority for each of the seven local authorities. Individual authorities would continue to exercise some delivery functions, for example in respect of highways management, but would operate within an agreed framework and plan established through the Combined Authority. The Passenger Transport Executive would continue during a transition phase, working on behalf of the Tyne & Wear authorities, but within the context of the Combined Authority. Following the conclusion of a transition phase, delivery arrangements would be established which operated across the geography of the Combined Authority as a whole, recognising the distinctive needs of urban, suburban and rural communities.

On the abolition of TWITA its property, rights, assets and liabilities would be transferred to the Combined Authority. These would be ring-fenced under the terms of the Combined Authority agreement to the Tyne and Wear area and would not be the responsibility of Durham and Northumberland.

Local Transport Authority functions of Durham and Northumberland would be conferred on the Combined Authority upon its creation. However, to ensure continuity the existing delivery arrangements for operational transport functions would be delegated to Durham and Northumberland by the Combined Authority.

The Combined Authority would have its own legal identity and be able to employ its own staff and control its own assets.

It must have a constitution and there would also be an operational agreement entered into between the Combined Authority and the constituent authorities setting out the operational arrangements between the constituent authorities and the Combined Authority. Leadership of the combined authority would be provided by elected members appointed by each constituent authority to be a member of the Combined Authority. Those elected members would be the Leaders and Elected Mayor of each of the constituent authorities. It would be possible for non-local authority representatives to be co-opted to the Combined Authority but such representatives must be in the minority and would have no voting rights.

The Combined Authority would have the ability to make strategic decisions in relation to economic growth and strategic transport issues across the area of the Combined Authority.

In addition to having specific functions delegated to it, the Combined Authority would also have general powers given to it by section 113A of LDEDCA to do whatever was considered appropriate to undertake its functions relating to economic growth or anything incidental to those functions. This was in addition to the well-being powers that the combined authority would have in relation to transport functions under sections 99 and 102A of the Local Transport Act 2008.

The Combined Authority would have seven local authority members, Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

The remit of the Combined Authority would be economic growth, skills and transport. The Combined Authority will be responsible for high level strategic issues where it is beneficial for the constituent authorities to work together.

The Combined Authority's economic responsibilities would include:

- setting the growth plan and investment strategy for the North East
- economic intelligence and analysis as a basis for strategic planning and coordination
- acting as the accountable body for a range of devolved funding e.g. local major transport schemes, Single Local Growth fund, EU Structural & Investment funds, Skills Funding Agency funding
- strategy and decision-making on the skills agenda across the North East
- coordinating inward investment activity through an 'Investment Gateway' working with local authority economic development teams

The economic growth functions that will be shared with the Combined Authority would be;

- duties and powers related to the provision of education and training for persons over school compulsory age
- power to encourage visitors and provide conference and other facilities
- duty to prepare an assessment of the economic conditions of an area and to revise that assessment

The strategic transport functions currently undertaken across Tyne & Wear and Northumberland and Durham would be undertaken by the Combined Authority.

The transport functions undertaken by the Combined Authority in relation to Tyne & Wear would be those previously undertaken by TWITA in accordance with the general functions contained in the Transport Act 1968 and subsequent legislation, such as the formulation of policies relating to public transport services.

The Combined Authority would have responsibility for the following transport functions, previously undertaken by Durham and Northumberland, to enable these matters to be considered across the entire LA7 Area:

- a) preparation of the Local Transport Plan
- b) preparation of a Bus Strategy
- c) powers to make a Quality Partnership Scheme or Quality Contract Scheme
- d) the making of joint and through Ticketing Schemes

The specific local transport and local passenger transport services functions that were to be operated either by the Combined Authority, jointly between the Combined Authority and Durham and Northumberland or by the local authorities in their own right were detailed in Appendix C of the report.

The following operational transport functions would be devolved to Northumberland and Durham to enable local delivery arrangements to continue during a period of transition:

- a) information Provision
- b) infrastructure Delivery
- c) commissioning/procurement of subsidised bus services
- d) concessionary Travel

The Combined Authority would have well-being powers in relation to its transport functions in addition to the general and ancillary powers given to it by LDEDCA. This meant that the Combined Authority would have broad powers to address economic and transport issues.

On the creation of the Combined Authority it would become a levying authority for transport functions. A core principle in relation to transport costs of the Combined Authority was that the total contribution from each authority for the year did not exceed the equivalent cost as it would have been calculated under previous arrangements. The Combined Authority would be responsible for the overall transport strategy and setting the transport budget across the Combined Authority's area.

The Combined Authority would have a Constitution that would deal with amongst other issues the delegation of functions within the Combined Authority, rules of procedure, (including decision making), scrutiny arrangements and financial procedures.

The LA7LB of the constituent authorities considered the options available at the conclusion of the Governance Review and formed the view that the creation of a Combined Authority was appropriate because it would improve the economic conditions of the Combined Authority area.

Alternative options were considered as part of the Governance Review. Those options included doing nothing, undertaking an informal restructure, strengthening existing arrangements for example by establishing a joint committee and establishing an Economic Prosperity Board (EPB) rather than a combined authority.

Doing nothing would be a missed opportunity in terms of improving the economic growth and transport functions across the area. If the opportunity was not taken now to improve the governance arrangements the area would not be able to access significant devolved funding which would significantly compromise the ambitions of the area.

An informal restructure had not been considered sufficient because the constituent authorities and TWITA were already stretching the boundaries as to what could be done on an informal non-statutory partnership basis. An independent corporate body such as a Combined Authority or EPB would enable a decision to be taken which was binding on

the constituent authorities and which would save the need for individual decisions to be taken in each of the constituent authorities.

An EPB would offer a short term solution but missed the opportunity to fully achieve real and transformative economic benefits as transport linkages are essential for the proper functioning of the economic area.

Having considered the options available, it was apparent from the evidence gathered that establishing a Combined Authority would be likely to improve the exercise of statutory functions in relation to economic growth, skills and transport that would in turn improve the economic conditions of the LA7 area. The key finding of the Governance Review was that the best way of achieving sustained economic growth in the region was to establish a Combined Authority.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.3 of the report, or alternatively to disagree with the proposals.

- Resolved** that (1) the findings of the Governance Review document at Appendix A of the report, be endorsed and specifically that establishing a Combined Authority will improve the exercise of statutory functions in relation to economic growth, skills and transport in the Combined Authority's area, leading to an enhancement of the economic conditions and performance in the area;
- (2) the submission to Government of the Scheme for the establishment of a Combined Authority on the basis of the Scheme at Appendix 1 of the Governance Review report, be agreed, and the proposed transfer and sharing of the functions contained within the Scheme as detailed in paragraphs 1.8.3 to 1.8.9 of the report, be noted;
- (3) the report be submitted to Council for endorsement of Cabinet's decisions;
- (4) it be noted that Durham and Northumberland will be asked to agree to transfer their Local Transport Powers and Duties to the Combined Authority as detailed in Appendix C of the report.
- (5) the Chief Executive, in consultation with the Elected Mayor, be authorised to agree the terms of any documentation required to enable the Authority to become a constituent authority of the Combined Authority, including the constitutional arrangements and operating agreement in so far that this does not place additional financial commitments on the Council;
- (6) the Head of Law and Governance and the Strategic Director of Finance and Resources, be authorised to complete the relevant documentation and take all steps necessary to give effect to the above recommendations.
- (7) further reports be submitted, as and when necessary, once the full financial and governance arrangements have been finalised.

(Reason for decision – The detailed Governance Review concluded that a Combined Authority would improve the exercise of statutory functions in relation to economic growth, skills and transport across the North East. The proposal by the LA7LB to establish a combined authority was also endorsed in the findings of the North East Independent Economic Review led by Lord Adonis. If a Combined Authority is not established and joint working between the seven authorities continues on an informal and non-statutory basis, this will potentially have a detrimental impact on the future economic performance of the North East.

A Combined Authority as a corporate body will ensure more efficient strategic decision-making, enabling a decision to be taken at the LA7 Area level that will bind the 7 local authorities without the need for the 7 authorities to have to each make a decision in their own right.)

CAB34/06/13 Council Plan 2014 - 2018

Cabinet considered a report which sought approval for a proposed process, including key decision dates and engagement, for the development of the Council Plan 2014-2018 "Our North Tyneside" .

The purpose of the Council Plan was to set out the Authority's policy direction and strategic priorities. It would set out what the Authority would do to address the needs of the Borough. It would set the delivery priorities for the Financial Planning and Budget setting process for 2014-2018. It would also provide the framework for partnership working through the North Tyneside Strategic Partnership and as such would replace the current Sustainable Community Strategy which was due to be refreshed during the current year.

The proposed time line for developing the Council Plan 2014-2018 "Our North Tyneside" including arrangements for Scrutiny and engagement were detailed in the report.

With regard to engagement, the Authority and partners undertook engagement with residents and stakeholders throughout the year in a number of different ways. Examples included the Residents Panel, the 2012 State of the Area event and the recent NTSP neighbourhood conversations. Additional focused engagement would be undertaken to seek residents' views during the development of the 2014-2018 Council Plan "Our North Tyneside".

Engagement on the Council Plan would take account of the needs and best way of listening to residents from across North Tyneside. As specific plans were developed more targeted engagement may be needed to ensure that people affected by any developments knew how they could get involved.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals.

Resolved that the process for the development of the 2014-2018 Council Plan "Our North Tyneside" and the associated engagement, be approved.

(Reason for decision – this will enable the Council Plan 2014 – 2018 "Our North Tyneside" to be developed. The document would provide the policy direction and strategic priorities for the development of the 2014/15 Financial Planning and Budget Process.)

CAB35/06/13 Date and Time of Next Meeting

6.00pm on Monday 8 July 2013 (Ordinary Meeting)

Minutes published on Thursday 27 June 2013.

Decisions contained within these Minutes may be implemented (unless called in by 3 Non-Executive Members for consideration by the Overview and Scrutiny Committee) immediately following the expiry of the call-in period; ie 5.00pm on 4 July 2013.