

## **North East Leadership Board – Joint response to consultation on the proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear**

The seven local authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland as the North East Leadership Board, welcome the opportunity to formally respond to the Secretary of State's consultation on the proposals to form a Combined Authority for the area. This response has been agreed by each Local Authority Cabinet/Executive and focuses on how the CA will improve the economic conditions in the North East through strengthened partnership arrangements and the evidence of local support from residents, businesses, partners and the voluntary sector.

### **Strong partnership that supports economic growth**

The seven north east local authorities have a pivotal role in stimulating economic growth and are committed to achieving this together. There is a history of successful joint working in the North East and a shared strength of ambition and desire to bring about a step change in the prosperity of the area. The ambition articulated by the Leaders and Elected Mayor, and endorsed by the North East Independent Economic Review, is to create the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to raise their skill levels and to benefit from economic growth long into the future. In the North East, a combined authority offers an opportunity to achieve this vision through stronger local governance and infrastructure that will deliver economic growth and development.

Proposals for improving economic governance in the area have been developed from the bottom up by the local authorities themselves with the support of the area's stakeholders and business community and represent the commitment to a shared vision for economic growth. As recognised by the Heseltine Review, with a detailed understanding of local areas, their opportunities and challenges, the seven local authorities, acting collectively as a Leadership Board, are uniquely placed to shape the strategic direction as well as support delivery of the key interventions that will deliver growth and prosperity.

Significant changes to the economic development landscape and funding regimes in recent years have reduced institutional capacity in the North East to coordinate and align investment around wider economic priorities. At the same time areas such as London and Manchester and the devolved administrations in Scotland, Wales and Northern Ireland have strengthened governance arrangements offering the necessary stability and longevity to access more powers, flexibilities and resources. A combined authority for the North East would create such a stable and accountable platform for devolution of resources and powers from central government.

It would ensure that current institutions work better together and that these arrangements are strengthened for the long term future. Support among the business community and other stakeholders demonstrates that there is both the appetite and the need for local leadership and local determination of policy. The establishment of a combined authority will ensure more efficient and effective governance arrangements for the functional economic area underpinned by long-term stability. It will formalise an active and transparent role for the private sector in decision making, reinforced by greater democratic legitimacy secured through local government leadership within a coherent governance framework.

Working through an integrated governance model the North East Leadership Board and the North East LEP board will provide a unified and influential voice when interacting with government and national agencies in the development of local growth policy. In partnership they will ensure full, meaningful involvement of political and business leaders in the development of strategic interventions and will bring collective expertise and resources to

bear on advancing the interests of the area and its people. The seamless nature of the relationship is underlined by the integration at board level and the position of the combined authority as the accountable body for the LEP. The leaders and elected mayor of all seven local authorities are members of the NELEP Board, one of the few LEP boards with full local political representation, and the North East Local Enterprise Partnership will be a non-constituent member of the Combined Authority. The business board members of the North East LEP Board view the Combined Authority as an exciting step forward for the North East. The North East LEP supports the view that the formation of a contiguous Combined Authority should lead to improved outcomes in public service delivery and will be fundamental to the economic success of the area.

The integrated governance model is a significant step forward for the North East LEP and the Combined Authority in the integration of their complementary but distinct roles under a coherent approach in the determined pursuit of growth.

### **A clear scope for the North East Leadership Board**

The current arrangements for collaboration across the seven local authority area are based on a strong but informal partnership between the local authorities. Establishing the North East Leadership Board was an important step in formalising these arrangements, however recent experience of establishing the Local Transport Body has illustrated their limitation. Economic data, the recent North East Independent Economic Review (NEIER) and the Government's response to the Heseltine Report provide a strong evidence base in support of the case for, and scope of, a single, co-ordinated strategic approach through a combined authority.

The NEIER report was published in April 2013 and offers an agenda for NELEP and its partners with a strong emphasis on the commitment of the seven Local Authorities to strengthen collaborative working arrangements and strategic decision making across the area. The NEIER, reflecting on the evidence that underpins the review, stresses that formal structures and arrangements are required to manage and direct the available resources to deliver economic growth. In particular the proposed Combined Authority was highlighted as a major step towards strengthening local capacity to drive economic growth and seen as an essential component to achieve the objective of 'more and better jobs'.

The Independent Economic Review Team strongly support the establishment of a Combined Authority, with responsibility for transport and economic development and working with the NELEP on skills and exporting and internationalisation. Specifically the review recommended that the Combined Authority, as a collective body set up by the seven local authorities, each represented with a democratic mandate by its Leader and supported by the LEP, should take on 4 critical area-wide functions which are poorly undertaken at the moment because of the absence of such an institution: namely transport, skills, economic development, and providing a strong voice and champion for the region at large. The Combined Authority will create a stronger institutional structure and a single voice to promote the NELEP area and, over time, secure a greater share of national resources. The devolution of funding would enable locally devised interventions that are planned and delivered in a coherent manner, maximising the benefit for the local area.

The Governance Review undertaken by the seven local authorities also concluded that establishing a combined authority for the area offers significant opportunities to accelerate the economic development and effectiveness of the North East and is the optimal arrangement to do so. There is a strong case, as set out in the Governance Review, that co-ordinated action to deliver the proposed functions of the combined authority in the context of agreed priorities across the area will bring improvements. This is particularly the case when the public and private sectors work together in design and implementation. The key findings of the Governance Review were that:

- The evidence review of the economy sets out a rationale to work collaboratively across the LA7 area, recognising strong and increasing integration across labour markets, housing markets and key sectors.
- There is scope for a joint approach to enable economic growth based on key sectors and place.
- Real opportunities exist for policy coordination and integration across different policy themes.
- There is 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 is a clear impetus to ensure the North East is maximising the use of new funds alongside local resources.
- There is a need to simplify and strategically coordinate the skills system for employers, providers and learners.
- The seven local authorities have been successful at attracting inward investment and there is further untapped potential, but the current approach lacks coordination.
- There is a significant opportunity to take a joint and prioritised approach to transport investment within a coordinated strategic approach that is integrated with wider economic development objectives.

Both the North East Independent Economic Review and the Governance Review recognise the issues and challenges facing the areas but also draw attention to the significant assets and opportunities which can be built on. The Newcastle City Deal and the emerging Sunderland City Deal and Rural Deal are also highlighting the key areas of activity to support growth. In providing the right conditions for growth - skills and transport come through as clear priorities. In addition inward investment is of key importance to the North East Economy as a whole and the area has been successful in attracting both foreign and UK based inward investment over recent years. There is currently a lack of coordination and a variable quality of provision and level of service across the area, leading to potential confusion for the client and missing of opportunities. This is clearly something the Combined Authority can resolve and as well as projecting strong leadership and identity nationally and internationally. The creation of a Combined Authority will allow the area to demonstrate its capacity to take on more functions and responsibilities; establish a single approach to investment supporting economic growth; and provide the governance framework which enhances decisions and information at a strategic level.

The combined authority proposals detailing this clear scope for the new body have been endorsed by each local authority through their full council. This decision was based on the clear case that has been established that new statutory arrangements, will provide the opportunity to coordinate activity and resources on transport, skills and economic growth, complementing local authority functions and enhancing the effectiveness of the way they are discharged. Local authorities will continue to deliver local services and represent the interests of local communities within this context.

### **Local Support for the establishment of a Combined Authority for the North East**

A process of local consultation and engagement was undertaken as part of the governance review and the proposal to establish a combined authority received overwhelming support from regional and local stakeholders.

The Governance Review and Draft scheme to establish a combined authority was submitted to the Secretary of State for Communities and Local Government at the end of July 2013

after each Local Authority endorsed the proposal through their executive arrangements and also full Council.

The seven local authorities have consulted locally with residents, businesses, partners and the voluntary sector on the proposals to inform both the Governance Review and their joint response to the Government's consultation. The outcome of both consultation exercises demonstrates the strength of local support for a proposal to strengthen co-ordination between the seven local authorities on transport, skills and economic growth through a combined authority.

Support across the business community and other stakeholders has been further confirmed in the consultation that the LEP team are leading around the European Structural and Investment Funds Strategy. An extensive programme involving on-line consultation, thematic and sectorally-based workshops, that has drawn together representatives from the public, private and voluntary and community sectors, has seen a strong, common narrative around the importance of structured partnership working at the LEP-CA geography to ensure that activities, initiatives and interventions are delivered to maximum effect and with maximum efficiency.

A report is attached as an appendix to this response detailing the process undertaken to consult on the proposals and the outcome. *[Consultation report to be circulated on Monday 16 December following completion of consultation activity]*

### **Comments on the Annex to the Consultation Document**

The North East Leadership Board has reviewed the Annex to the consultation document and would make the following comments.

#### Paragraph 1

**Name of the Combined Authority** - There is a clear desire across the constituent authorities and its key stakeholders for the use of 'North East' to appear in the name of the Combined Authority. Government has already approved the use of the '**North East** Local Enterprise Partnership' (NELEP) as well as '**North East** Local Transport Body' (NELTB). It is essential to ensure clarity for external organisations on the geography of the Combined Authority, which is coterminous with both the NELEP and NELTB areas, that the Combined Authority is called the North East Leadership Board. It is noted that the Secretary of State has adopted a localist approach in exercising his powers under the statute and within this context it is requested that the name of the combined authority reflects the strong sense of shared identity and interests of the local communities within the combined area who identify with the term 'North East'.

#### Paragraph 2.

When it is stated that the Tyne and Wear Integrated Transport Authority will be dissolved and its functions, property rights and liabilities including those that relate to contracts of employment will be transferred to the Combined Authority, it is understood that the reference to rights and liabilities relating to contracts of employment includes continuity specifically in relation to the Local Government Pension Scheme but this requires confirmation.

It is also understood that on the dissolution of the Integrated Transport Authority that the Tyne and Wear Passenger Transport Executive will continue during the transitional phase so that it continues as the Executive body for the Combined Authority and fulfils the same responsibilities and functions as when it was the Executive body for the Tyne and Wear Integrated Transport Authority.

### Paragraph 3

We assume that reference to one elected member from each constituent authority means one member of the Executive of each constituent authority and in particular the Leader of each Authority and for the Authority with a Mayoral system this means the Elected Mayor.

### Paragraph 4

As with paragraph 3 above reference to an elected member being appointed as a substitute member we take to mean that a member of the Executive will be appointed as a substitute member.

### Paragraph 5

By reference to 'expectation' that each Authority will appoint its Leader or Elected Mayor to the Combined Authority we assume that you mean there will be a requirement for each Authority to appoint its Leader or Elected Mayor to the Combined Authority.

### Paragraph 13

To clarify, the costs of the Combined Authority in relation to economic development are to be determined by apportioning the costs of the Combined Authority between the Constituent Authorities in such proportions as they agree, or in default of such agreement, equally between the Constituent Authorities.

### Paragraph 14

It should be made clear that the differing needs of Durham and Northumberland in relation to transport costs relate not only to historic debt, but also to current and any future debt that has, or will, be incurred by the delivery of the transport functions for the Tyne and Wear Authorities that previously operated within the Tyne and Wear Integrated Transport Authority area.

### Paragraph 27

As highlighted above, there is an expectation that the Tyne and Wear Passenger Transport Executive will continue during the transitional phase so that the dissolution of the Integrated Transport Authority and the establishment of the Combined Authority will have no effect on the continuity of the Executive and the statutory functions undertaken by the Executive and it will discharge those functions on behalf of the combined authority in the same manner as it has up to this point undertaken on behalf of the Tyne and Wear Integrated Transport Authority.