

North Tyneside Council Report to Cabinet Date: 19 December 2013

Item 3
Creation of a
Combined Authority –
Consultation
Response

Portfolio(s): LA7/Combined Authority

Cabinet Member(s): Mrs N Redfearn –
Elected Mayor

Report from Directorate: Chief Executive's Office

Report Author: Viv Geary
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Wards affected: All

PART 1

1.1 Purpose:

1.1.1 The purpose of this report is to afford Cabinet an opportunity to consider the proposed response to the Secretary of State's statutory consultation currently being undertaken by him in relation to the creation of the Combined Authority for the Durham, Northumberland and Tyne and Wear area and to agree the response to be forwarded to the Secretary of State on behalf of the Authority.

1.1.2 The proposed response is attached to this Report at **Appendix 1**.

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Endorse the response attached to the Report at **Appendix 1** and
- (b) Note the summary of responses from across the Combined Area to the consultation. (This will be included in a supplemental report)
- (c) Authorise the Chief Executive in consultation with The Elected Mayor, Head of Law and Governance and Head of Finance and Commercial Services to finalise the response at **Appendix 1** as appropriate and submit the final response to the Secretary of State by the consultation response deadline of 2 January 2014.

1.3 Forward Plan:

1.4 This matter appears on the Forward Plan published on 27 November 2013

1.5 Council plan and policy framework

1.5.1 The report relates to priorities identified in the Council Plan 2014-18 'Our North Tyneside Plan' Our People will: Be listened to; that our economy will grow by having the right conditions to support investment and create new jobs; that we will be successful if we can increase existing and new businesses and inward investment and create new jobs and regeneration.

1.6 Information

- 1.6.1 On 24 June 2013 Cabinet endorsed the findings of the Governance Review undertaken in April/May 2013 including specifically the finding that the creation of a Combined Authority covering the Authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland (the LA7) would improve the discharge of functions relating to transport, skills and economic development across the region. All of the LA7 Cabinets considered that a Combined Authority would strengthen collaboration between the seven local authorities and enable strategic decision-making on economic growth and transport to be taken.
- 1.6.2 On 27 June 2013 Council endorsed the decision of Cabinet. The Councils of the other LA 7 Authorities in turn endorsed the decision of their respective Cabinets.
- 1.6.3 The Scheme and Governance Review documents were submitted to the Secretary of State in August 2013, after a period of consultation had been undertaken with regional and local stakeholders, inviting him to consider making an Order that would establish a Combined Authority across the LA7 area. There was support for the creation of a Combined Authority from all stakeholders.
- 1.6.4 The Secretary of State before deciding whether or not to place an Order before Parliament is legally obliged to consult on the establishment of a Combined Authority. Such consultation commenced on 7 November 2013 and ends on 2 January 2014. He must consult with all of the LA7 Authorities as well as the Tyne and Wear Integrated Transport Authority. The Secretary of State also has discretion to consult with anyone else that he considers appropriate.
- 1.6.5 In addition to the consultation referred to above, the Secretary of State has decided it is appropriate to consult with the North East Local Enterprise Partnership as well as the Local Authorities that neighbour the Combined Authority area. Those Authorities include Eden District Council, Carlisle City Council, Cumbria County Council, Darlington Borough Council, Hartlepool Borough Council, North Yorkshire County Council, Richmondshire District Council and Stockton on Tees Borough Council. He has also chosen to consult the Northumberland National Park Authority.
- 1.6.6 The consultation document and draft Order published by DCLG are appended to this report at **Appendix 2**
- 1.6.7 The consultation document specifically requests the LA7 Authorities "to actively seek through such means as they consider appropriate the views of their residents, local businesses, and the voluntary sector with a view to providing the necessary evidence

for Government to be satisfied about the degree of local support there is for a combined authority.”

- 1.6.8 The consultation document makes specific reference to the referendum that took place in November 2004 in relation to the creation of a North East Regional Assembly. Whereas the Secretary of State in the consultation document accepts that there are substantial differences between a Regional Assembly and a Combined Authority, the document states “the Government believes that it is right that before any decision on a combined authority for this “North East Local Enterprise Partnership” area is taken, there is clear and compelling evidence that the past opposition of electors within the local area to governance changes in that area does not continue to any new proposal for a combined authority. Accordingly, it will be important that this consultation yields the evidence necessary for Government to reach a conclusion on this issue”.
- 1.6.9 With the need to obtain the views of local residents as well as local businesses and the voluntary sector before 2 January 2014 made clear by the Secretary of State, each of the LA7 Authorities have undertaken consultation in their areas as considered appropriate by them. All of the LA7 Authorities established an on-line consultation exercise via their websites. This provided full information on what the Combined Authority would mean for them and for the region as a whole and also sought views on the questions therein. As well as the on line consultation activity, the local consultation in each of the LA7 areas has included face to face discussions with residents and other key stakeholders within business as well as the public and community/voluntary sectors. The meetings with residents and businesses across the LA7 area will take place between 4th and 12th December 2013. Full information has been provided to businesses across North Tyneside via the Business Forum and the group of the largest employers in the Borough and they have been invited to take part in the Government’s consultation exercise.

1.7 Decision Options

The following decision options are available for consideration by Cabinet:-

- a) Endorse the formal response attached to the Report at **Appendix 1** and agree to it being forwarded to the Secretary of State; or
- b) Refuse to endorse the response to the Secretary of State attached to the Report at **Appendix 1** and to refuse to forward the response to the Secretary of State.
- c) Decline to authorise the Chief Executive to submit the consultation response to the Secretary of State.
- c) Amend the response to be forwarded to the Secretary of State.

1.8 Reasons for recommended option:

- 1.8.1 It is recommended that Cabinet take the steps set out in paragraph 1.2 and endorse the response at **Appendix 1** and agree to it being forwarded to the Secretary of State. The response has been drafted having regard to the consultation responses received from local businesses, the voluntary sector and residents across the LA7 area.

1.8.2 The response is to be endorsed by the Cabinets of all of the LA7 Authorities as it is a joint response from the Authorities, albeit with additional responses from individual LA7 Authorities after engaging in their local consultation exercise.

1.9 Appendices:

Appendix 1 - The formal Response to the Secretary of State's Consultation
Appendix 2 - Draft Order and consultation document

A Summary of the Consultation Responses across the combined area will be annexed to the supplemental report.

1.10 Contact officers:

Viv Geary – Head of Law and Governance – Tel 643 5339
Vicki Dixon - Senior Manager, Commercial Finance and Major Contracts – Tel 6435723
John Barton – Lawyer – Tel 643 5354
Jackie Laughton – Strategic Manager, Strategic Services – Tel 0191 643 7070

1.11 Background information:

- [The Local Democracy Economic Development and Construction Act 2009](#)
- [Transport Act 1968](#)
- [Local Transport Act 2008](#)
- [Economic Prosperity Boards and Combined Authorities - Consultation on Draft Statutory Guidance \(Never Finalised\)](#)
- [LA7 - Creating the Right Governance for Growth](#)
- [North East Independent Economic Review Report](#)
- [The Governance Review Document and Scheme Submitted to the Secretary of State](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 There are no additional financial implications specifically associated with submitting the consultation response.

2.1.2 The establishment of a Combined Authority will have financial implications for each council.

2.1.3 The core principles are:

- for transport costs, the total contribution from each authority for the year does not exceed the equivalent cost as it would have been calculated under previous arrangements.
- any other costs incurred in establishing new arrangements would be offset by efficiency gains achieved through the new body and met through existing resources and utilising the skills and capacity that already exist within the LA7 local authorities. Staffing requirements will be fulfilled by existing staff across the 7 local authorities wherever possible.

Transport funding

- 2.1.4 As the Combined Authority will become the Local Transport Authority for the LA7 area, it will become a levying body with respect to transport. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The solution proposed following discussion with DCLG and DfT, is that the Combined Authority would issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear.
- 2.1.5 On the abolition of TWITA its property, rights, assets and liabilities will be transferred to the Combined Authority. These would be ring-fenced to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

Combined Authority costs

- 2.1.6 The costs of the Combined Authority that are reasonably attributable to the exercise of its functions (including start up costs) will be met by the LA7 authorities. The amount payable by each LA7 Authority is to be determined by apportioning the costs of the Combined Authority between the LA7 Authorities in such proportions as they may agree or in default of such agreement equally between the LA7 Authorities. The Combined Authority will agree an annual budget for the purpose of expenditure.
- 2.1.7 Any change in the contributions would need to be agreed by the new Combined Authority in consultation with its member authorities and in time for the contribution to be built into Council Budgets in future years.

2.2 Legal

- 2.2.1 The Governance Review and the preparation of a Scheme for submission to the Secretary of State as required by the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) has triggered the consultation exercise now being undertaken by the Secretary of State as referred to in this report. The Secretary of State is consulting with those that he is obliged to consult with by virtue of the 2009 Act as well as using his discretion to consult with others such as the NELEP and neighbouring Local Authorities.

In making any Order, the Secretary of State must have regard to the need to reflect the identities and interests of local communities and to secure effective and convenient local government. The consultation responses will assist the Secretary of State in determining whether or not to make an Order establishing the Combined Authority.

2.3 Consultation/community engagement

- 2.3.1 A formal consultation exercise was carried out over a 3-week period between 22 May and 11 June 2013 in relation to the governance review. A copy of the draft governance review report and draft scheme was sent to key stakeholders and published on all 7 local authorities' websites. Views of key stakeholders were obtained through a series of meetings and one to one discussions as well as two stakeholder events hosted by the Leaders and Elected Mayor. In addition, each LA7 authority engaged with the stakeholders in their local area. There is overwhelming support from stakeholders in favour of creating a Combined Authority for the North East. Stakeholders are welcoming of the agreement by the seven local authorities to strengthen collaborative arrangements

and set up a stable and long term governance structure for the wider area which is democratically accountable and has a clear focus on enabling economic growth.

- 2.3.2 The Secretary of State is now undertaking statutory consultation as he is required to do by the legislation. The consultation period runs for eight weeks. The responses received during the consultation period will inform the Secretary of States' decision on whether or not to place the Order establishing the Combined Authority before parliament and thereafter whether he will make the Order.
- 2.3.3 The Secretary of state has specifically requested the LA7 Authorities consult with local residents. This was done by each LA7 Authority posting extensive information regarding the Combined Authority on their respective websites along with a questionnaire for individuals, businesses and voluntary sector representatives to complete and submit to the LA7 Authorities should they wish to do so or submit a consultation direct to DCLG.
- 2.3.4 Each LA7 Authority discussed the Combined Authority with local residents at either focus groups or resident forums between 4th and 12th December 2013. In North Tyneside the consultation process was as outlined in 1.6 of the report.
- 2.3.5 A letter was sent to regional and local stakeholders advising them of the consultation exercise and directing them to the DCLG website so that they can consider the consultation document and draft Order and submit any response direct to the Secretary of State.
- 2.3.6 There have also been articles in the local press explaining that the public are being asked to give a view on the creation of a Combined Authority and a link given to the DCLG website so that the consultation document and Order can be viewed.
- 2.3.7 On 29 October 2013 representatives from the LA7 Authorities attended parliament to engage with local MPs and Lords to explain the advantages of creating a Combined Authority in the North East and to answer their questions. The MPs and Lords were very supportive of the creation of the Combined Authority in the North East of England.
- 2.3.8 The summary of the further responses that is not available at the time of the preparation of this report will be dealt with in the supplemental report.

2.4 Human rights

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

2.5 Equalities and diversity

- 2.5.1 There are no equality and diversity issues arising directly from this report. The equality and diversity implications will be kept under review as further work is undertaken to develop more detail in relation to the outline proposals.

2.6 Risk management

- 2.6.1 There has been engagement with representatives from the Department for Communities and Local Government and the Department for Transport at an early stage and the timescales for the creation of a North East Combined Authority discussed in detail. The Combined Authority is to be in place by 1 April 2014 subject to the Order being made. The LA7LB is aware of the timescales and the project board meet on a weekly basis to ensure that everything is in place by 1 April 2014.

2.7 Crime and disorder

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

2.8 Environment and sustainability

2.8.1 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 North East wide approach to transport then environmental issues could be dealt with at this level. In terms of sustainability the main reason for considering the establishment of a combined authority is to improve the economic climate of the area and to promote sustainable economic growth.

PART 3 - SIGN OFF

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