

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

9 September 2014

Report of the Strategic Director - Economy, Transport and Environment

**JOINT COMMITTEE FOR ECONOMIC GROWTH AND
PROSPERITY UPDATE ON GOVERNANCE REVIEW
(STRATEGIC POLICY AND BUDGET)**

(1) **Purpose of the Report** To provide Cabinet with an update on the progress and emerging findings of the governance review being undertaken by the D2 Joint Committee and set out the next steps to developing the proposed Combined Authority (CA).

(2) **Information and Analysis** In September 2013, the leaders of the County Council, Derby City Council and the eight district and borough councils in Derbyshire (D2) agreed to establish a Joint Committee to support more effective and collaborative working across a range of issues. Formal approval from each individual authority to establish the D2 Joint Committee was secured between December 2013 and March 2014.

The initial task of the Committee was to commission a working group of officers from across D2 to conduct a governance review to determine whether the existing arrangements for driving economic development, regeneration and transport in Derbyshire were effective or whether the arrangements would benefit from improvement.

At the time, it was anticipated the governance review would recommend the formation of an Economic Prosperity Board (EPB) and that the Joint Committee would act, in effect, as a 'shadow' EPB to pursue an economic regeneration strategy. This would involve the following activities:

- a) To act as the local, public sector decision making body for strategic economic development at D2 level (the geographical County of Derbyshire and all its constituent authorities).
- b) To develop and subsequently monitor investment plans utilising Government and EU funds for Derby and Derbyshire.
- c) To be the accountable body for decision making on Single Local Growth Fund and EU funding streams allocated to the Committee by the Derby,

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Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP).

- d) To own, monitor and review the Derby and Derbyshire Growth Plan and associated investment plans.
- e) To maintain an ongoing dialogue with the Derby and Derbyshire business community through the relevant Economic Advisory Boards (i.e. the Derbyshire Economic Partnership and the Derby Renaissance Board).
- f) To oversee the planning, alignment and performance of delivery partners and organisations in order to achieve more effective and efficient commissioning and ultimately better outcomes.
- g) To hold to account relevant bodies whose work impacts on the economic wellbeing of Derby and Derbyshire.
- h) To ensure a smooth transition of activities and functions from the Joint Committee to the EPB.

The Joint Committee has met four times between January and July and has been very well attended by the Leaders, or their nominated substitutes, of all the D2 authorities.

The work of the Committee has been varied and has included consideration and endorsement of the Derbyshire Economic Strategy Statement (DESS), the Local Economic Assessment, Thriving Families and Customer Segmentation, Digital Derbyshire and the economic impact of landscape character. Significant focus however, has been given to the governance review, with progress and emerging findings being reported at each meeting. An outline of the governance work undertaken to date is set out below.

Governance Review

The governance review has taken place over the last three months, supported by a working group of senior economic development officers from the D2 local authorities and led by the Chief Executive of Bolsover and North East Derbyshire district councils.

Work has involved mapping the range of economic development, regeneration and transport functions undertaken by these authorities to identify areas of duplication, areas of strength in good practice and opportunities for improving the way we work. A headline review of staffing and financial resources has also been undertaken.

Following the functional mapping exercise, an objective appraisal of the various delivery options available to local authorities under the Local Democracy, Economic Development and Construction Act, 2009 (LDEDC) was also completed (this Act sets the premise for economic prosperity boards and combined authorities).

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Work involved consideration of four options and an assessment of their ability to meet the statutory tests set out in the LDEDC. The Act broadly requires local authorities to demonstrate that any new governance arrangements:

- Secure the effective and efficient delivery of economic development, regeneration and transport functions
- Improve the economic conditions of the area.

The four delivery options considered by the D2 Working Group were:

- a) To remain as a Joint Committee for Economic Prosperity (no legal powers).
- b) To extend the role and functions covered by the existing Joint Committee beyond economic development into other related areas of shared work (as above).
- c) To develop an Economic Prosperity Board (EPB): a corporate, accountable body with functions that relate to economic development and regeneration.
- d) To develop a Combined Authority (CA): a corporate, accountable body with functions that relate to economic development, regeneration AND transport - and bring additional powers and flexibilities.

Throughout the governance review, discussions have taken place with the Department of Communities and Local Government (DCLG) to ensure progress and activity is in line with Government's expectation. Emerging from these discussions, and through recent policy announcements, it is clear there is an 'unwritten hierarchy' of governance models; combined authorities are clearly the Government's (and Opposition's) preferred model, being viewed as presenting a much stronger form of governance, providing greater confidence in delivery and therefore attracting more resources.

Indeed, the recent announcement of Growth Deals has confirmed a substantial programme of funding for those Local Economic Partnership (LEP) areas with a combined authority by allowing local flexibility over funding allocation - this compares favourably to those LEP areas without a combined authority (e.g. D2N2) which only received funding for a small, specified list of projects.

It is also clear that Government expects any combined authority to identify ambitions and priorities that go beyond those set out in the Strategic Economic Plan (SEP) i.e. to identify a number of 'big ticket' items that the CA can address as a collective body (that typically couldn't be addressed by a local authority acting alone).

Having regard to the above, the four governance options were considered by the Joint Committee at its meeting in May 2014. The Committee resolved to

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agree, in principle, to the establishment of a combined authority for the D2 area (the constituent authorities of Derby City Council, Derbyshire County Council and the eight district and borough councils within the county), subject to further work being undertaken to refine and clarify the detailed proposals.

Developing the Proposal

During the period June, July and August, the following work has been completed by the Joint Committee:

- A 'frequently asked questions' (FAQs) document has been prepared covering: an explanation of what a combined authority is/is not; implications on the legal powers and functions - for both the individual local authorities and the combined authority; the benefits of the model etc. This document confirms that it is not proposed to cede any local authority powers to the CA but to run them concurrently. To support clear understanding of the implications of moving to a CA, it is intended this document will form the basis of wider briefings and communication with the public and partners. A copy of the FAQs is being made available on the Joint Committee website.
- An assessment of potential 'big ticket' items for the combined authority which will form the basis of the promises and asks to Government. The issues were identified following an assessment of the recent D2 Local Economic Assessment and the priorities set out in the Strategic Economic Plan (SEP) the DESS and the Derby Economic Strategy (DES).
- Development of the promises and asks working closely with key stakeholders including local authorities, private sector partners (including local businesses and the Chamber), colleges and other public sector partners such as Department for Works and Pensions.
- Consideration and development of draft governance proposals (constitution, terms of reference, decision making etc).
- Initial preparation of an outline Scheme (documentation which will be submitted to Government)
- Preparation of a consultation programme with the general public, local businesses, the third sector and other key stakeholders such as local MPs.

Over the next few weeks, the D2 Working Group will be developing more detailed proposals around the following 'big ticket' items; these will be included in the final combined authority scheme which will be submitted to Government:

1. Skills and Employment: 'Developing a 21st Century Guildhall' which provides a step change in the way in which young and vulnerable people - and others - identify and secure education, employment and

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training opportunities, integrated with an approach that brings employers much closer to the available labour market.

2. Transport: 'Ways to Work' which is the collective, priority issue for D2 and will underpin the above proposal by delivering a single transport plan and improving access to employment, training and education – removing one of the key barriers to work.
3. Housing: developing a more co-ordinated and cohesive housing offer across the D2 area.
4. Governance: 'Funding the Future' which will include exploring more creative and innovative use of the power of competence and other freedoms/ flexibilities to support the D2 economic development, regeneration and transport programme.

Once the detailed proposals have been developed and shared with the Joint Committee, they will be issued for public consultation, alongside the draft governance Scheme. The information provided to the public and other stakeholders will include a description of the combined authority and what it will mean for the D2 area; how it will work to address the local economic conditions; how it will work with the D2N2 LEP and other neighbouring LEPs; its role and relationship with the private sector/ local businesses etc.

It is likely that consultation will take place during September, with a view to refining the proposals at the end of the month and into October, based on the feedback received.

Alongside the consultation programme, work will take place to identify the appropriate, relevant level of resources which will need to be redirected to support the combined authority (there is a presumption at this moment in time that the cost of delivering the CA will be no greater than those already incurred in supporting other existing arrangements across the Derbyshire Economic Partnership and the LEP)

Each local authority will then be required to take forward the final Combined Authority Scheme for approval at individual Council meetings prior to the Scheme being submitted to Government for consideration – probably in mid/ late Autumn.

(3) Financial Considerations The current administration costs of the Joint Committee, which are minimal, are being met by the County Council. The detailed financial implications of the proposal to establish a CA have yet to be finalised and would be subject to the appropriate considerations and processes in line with the Council's Constitution and Financial Regulations.

(4) Legal Considerations The power to create an EPB and CA is contained in Part 6 of the Local Democracy, Economic Development and

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Construction Act 2009. The process for creating these bodies is contained in draft statutory guidance issued by the DCLG in 2010.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(5) **Key Decision** No.

(6) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in this report? No.

(7) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details - Joe Battye, extension 36574.

(8) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 8.1 Notes the progress made to date regarding the governance review and the initial draft of proposals for inclusion in the draft Combined Authority Scheme.
- 8.2 Notes and agrees the next steps set out in section 2 of this report which will take place between September and October, including the proposed period of consultation and on-going refinement of the detailed proposals.
- 8.3 Notes that a further report will be presented to elected members at full Council for formal consideration and approval on completion of the negotiations and preparations of the Scheme, prior to submission to Government.

Mike Ashworth
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