

NORTHUMBERLAND

Northumberland County Council

CABINET

19 MARCH 2018

Devolution to North of Tyne

Report of: Daljit Lally, Chief Executive

Cabinet Member: Councillor Peter Jackson, Leader of the Council

Purpose of report

Newcastle, North Tyneside and Northumberland Councils have agreed a “minded to” devolution deal with the Government which will unlock new powers and funding for the region.

To implement the deal the Councils need to withdraw from the existing North East Combined Authority (“NECA”) and establish a new North of Tyne mayoral combined authority. The North of Tyne Councils (“the NT Councils”) have consulted on these changes and the Secretary of State has prepared a draft of the statutory order which is required to implement these proposals.

This report requests authority to provide the Council’s consent to the making of that statutory order.

Recommendations

Cabinet is recommended to:

- (a) consider the content of this report;
- (b) agree in principle that the Council should consent to the making of the order;
- (c) authorise the Chief Executive, in consultation with the Leader of the Council, to issue the Council’s formal consent to the Secretary of State when requested;
- (d) authorise the Chief Executive, in consultation with the Leader of the Council, to finalise the terms of the side agreement with NECA regarding the support arrangements associated with these proposals; and

- (e) authorise the Chief Executive to take all other steps necessary to implement these proposals.

Key Issues

1. Cabinet is asked to agree that the Council should consent to the making of the statutory order (a) to withdraw Northumberland and the other NT Councils from NECA, (b) to create a North of Tyne mayoral combined authority, and (c) to establish a Joint Transport Committee to ensure continuity of the integrated transport arrangements across the existing NECA region.

Background

2. The NT Councils agreed a 'minded-to' devolution deal with Government in November 2017 for a significant shift of powers, funding and responsibility. The deal will enable the three authorities to pursue their ambitions for inclusive growth, providing £600M of additional investment for the region over 30 years and a range of opportunities to invest in skills development and labour market access across the NT area.
3. The deal requires the NT Councils to withdraw from NECA and establish a new mayoral combined authority. At its meeting on 12 December 2017 Cabinet considered a report regarding these proposals and the relevant statutory process. Cabinet agreed that the NT Councils should progress to the next stage of the statutory process by publishing a scheme relating to the proposals and then undertaking a public consultation exercise. The consultation exercise ran from 14 December 2017 to 5 February 2018. The results of that consultation exercise were reported to Cabinet on 20 February 2018. The consultation exercise demonstrated that the majority of respondents were in favour of the proposals. The three NT Councils therefore submitted a summary of consultation responses to the Secretary of State and formally requested that the Secretary of State make the necessary statutory order to remove the authorities from NECA, create the new NT combined authority and set up a joint committee to maintain the integrated transport arrangements which currently exist across the NECA region.
4. As set out in previous reports to Cabinet, the Secretary of State must be satisfied that the relevant statutory criteria in the Local Democracy Economic Development and Construction Act 2009 are met before making the statutory order to implement these changes. Furthermore, the Secretary of State can only make the order if NECA consents to the amendment of its boundaries and the three NT Councils consent to the creation of the new combined authority. The Secretary of State has prepared a draft of the statutory order to implement these changes and establish the joint committee for transport. This report seeks Cabinet's approval to confirm that the Council consents to the making of the order.

5. As set out in the December 2017 Cabinet report, the three NT Councils have an ambitious vision to enhance social and economic prosperity for communities across the region. Building upon the North of Tyne area's significant economic, educational and cultural assets, the authorities want to increase their contribution to both the North East and national economies and to improve the area's productivity through enhanced business growth, innovation delivery, skills and infrastructure. At the same time the authorities will work together to ensure that all residents have the ability and opportunity to benefit from and contribute to future growth. The implementation of the "minded to" devolution deal is dependent on the NT Councils withdrawing from NECA and establishing a mayoral combined authority for their area. This is in turn dependent on the Secretary of State making the statutory order to implement these governance changes.

Content of the order and arrangements for creation of NTCA

6. The scheme which the NT Councils published prior to the consultation exercise set out the basis on which they proposed that the governance changes should be undertaken. A copy of the scheme is attached as Appendix 1. The draft statutory order prepared by the Ministry of Housing, Communities and Local Government ("MHCLG") is based on the proposals set out in the scheme. The draft order is the subject of on-going discussions with NECA and the seven local authorities. In brief, there are three elements to the draft order:

- the amendment of NECA's boundaries to remove the NT Councils;
- the creation of the new North of Tyne mayoral combined authority and
- the creation of a joint transport committee between NECA and NTCA to ensure continuity of transport arrangements.

Amendment of NECA boundaries (section 1 of the scheme)

7. The order removes the three NT Councils and makes a number of consequential amendments to reflect the fact that NECA will in future comprise Durham, Gateshead, South Tyneside and Sunderland Councils. It is now proposed that the legal name of the authority (which is currently the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority) shall be the Durham, Gateshead, South Tyneside and Sunderland Combined Authority.

Creation of the North of Tyne mayoral combined authority (sections 2 to 9 of the scheme)

8. The order creates a new North of Tyne mayoral combined authority. It is now proposed that the legal name of is the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (although, as with NECA, the new authority can use a name such as the "North of Tyne Combined Authority" for everyday purposes). The order provides for a first mayoral election on 2 May 2019, and for an interim mayor to be appointed until this date.

9. The order also sets out the key principles of the governance arrangements for the new North of Tyne Combined Authority (“NTCA”). These include the following (see section 2 of the scheme):
- each constituent council will appoint two members as members of the NTCA Cabinet or Leadership Board, alongside the Mayor (or interim mayor) and a (non-voting) representative of the North East LEP;
 - each constituent council and the mayor will have one vote,
 - decisions of the Cabinet are generally made by majority with no casting votes and no mayoral veto (although there is provision for the mayor to request a review of a decision which he or she did not vote in support of);
 - certain “key strategic decisions” (see para 2.4.5 of the scheme) require the unanimous support of the constituent councils;
 - the mayor must prepare an annual budget for his/her functions which can be amended if 2/3 of the constituent councils require this;
 - there will be an overview and scrutiny committee comprising 3 members from each constituent council and an audit committee comprising 3 members from each constituent council (plus an independent person).
10. As agreed in the “minded to” devolution deal, the draft order devolves powers from central Government to the new NTCA to enable delivery of local priorities in economic growth and equality of opportunity, as well as allowing NTCA to exercise certain powers concurrently with the constituent councils to support these aims. The draft order sets out the powers which are exercisable by the mayor and those powers which are exercisable by the authority (ie by the Leadership Board/Cabinet).
11. The mayoral powers include the power to designate mayoral development areas and certain compulsory purchase powers; in both cases, these are subject to the agreement of the constituent council(s) in which the land is situated. The mayor also has the power to set a precept on council tax bills in relation to the funding of mayoral functions (such precept will be part of the annual mayoral budget).
12. The powers which are exercisable by the authority include a range of housing powers devolved from the HCA and others which are exercisable concurrently with the constituent councils, together with a number of education, skills and training powers to support NTCA’s role in respect of adult education.]

Joint Transport Committee (sections 10 and 11 of the scheme)

13. NTCA will become the Local Transport Authority for its area. However, as set out in previous reports, the aim is to ensure that transport across the current NECA region continues to be dealt with on an integrated basis. Therefore, the order provides that a statutory joint committee will be established between NECA and NTCA to replicate the existing transport governance arrangements as far as possible (see below). In support of this approach, the order also makes a number of other provisions in respect of transport:

- NECA and NTCA shall prepare a joint local transport plan for their combined area;
 - Nexus shall act as passenger transport executive for both combined authorities; and
 - all transport property, rights and liabilities which were transferred to NECA on the abolition of the Tyne and Wear Integrated transport Authority (“TWITA”) are to be held jointly by NECA and NTCA.
14. The joint committee will be made up of 4 representatives from NECA and 3 representatives from NTCA, one of whom will be the elected mayor unless or she declines. Decisions are generally to be made by a simple majority save that certain decisions require unanimity (in line with the existing NECA arrangements). The joint committee may provide for the delegation of certain functions to subcommittees or to the local authorities in whose area the functions are to be discharged. This will allow the joint committee to maintain the existing approach where each county council deals with certain operational transport matters in its area and a Tyne and Wear subcommittee deals with certain transport matters in that area. The joint committee will also be required to set separate transport levies for Durham, Northumberland and Tyne & Wear, as happens at present.

Supporting arrangements

15. The draft order has been circulated to NECA and the seven local authorities for their consideration and comment. Legal officers from the seven local authorities have met with officials from MHCLG to discuss the draft order and have identified a number of areas which require clarification in respect of the transport arrangements. These include:
- a proposed commencement date (for the amendment to NECA’s boundaries, creation of NTCA and establishment of the joint committee) of 1 July 2018 to ensure a smooth transition to the new arrangements;
 - a provision within the order to explicitly recognise that there should be a designated officer who would be responsible to the joint committee for providing advice on transport matters;
 - the quorum for the joint committee should be two members from each of NECA and NTCA (rather than one from each as was proposed in the scheme);
 - clarification of the matters which require a unanimous decision of the joint committee to ensure that these fully reflect the existing NECA arrangements.
16. At the same time, NT legal officers are reviewing the order to ensure the efficacy of the governance arrangements within the new NTCA and that the functions which are to be provided to NTCA are appropriate to enable it to achieve its objectives.
17. Furthermore, discussions have been on-going between NECA and the seven local authorities to reflect the operational arrangements which will need to be put in place to support the changes delivered by the order. The local authorities have agreed a joint policy note regarding these arrangements (see Appendix 2) and it is proposed to put in place a legal agreement between the relevant parties to deliver these arrangements. This will ensure that there is clarity as to the support the combined

authorities will provide to both the joint transport committee and also the North East LEP, which will continue to operate on a regional basis. These matters are in progress at the time of preparing this report. It is therefore recommended that the Chief Executive, in consultation with the Leader of Council, is authorised to provide the Council's consent to the order and to finalise these supporting arrangements.

Impact of the Proposals

18. If the Secretary of State decides to make the order to create the new North of Tyne combined authority, this will enable residents and businesses to access the benefits set out in the North of Tyne devolution deal. These include a £600M investment fund set to generate an additional £1.1bn for the local economy and over 10,000 new jobs; control over the £23M per year adult education budget, and new powers to improve housing supply, education attainment, skills provision, and labour market access across the area.
19. The order ensures that partnership arrangements across the current NECA will continue where this geography is most appropriate, including through joint working with the LEP on a Single Economic Plan and through the proposed new transport arrangements.
20. Establishing a mayoral combined authority also ensures Newcastle and the North of Tyne have a strong voice alongside other major conurbations such as Greater Manchester the West Midlands, Liverpool and Tees Valley. It also opens the door for further devolution of powers and funding in future.

Timetable

21. Subject to the Secretary of State being satisfied that the statutory criteria are met and all three NT Councils and NECA consenting to the making of the order, we anticipate that the order will be laid before Parliament in early summer and then come into effect on 1 July 2018. This would amend NECA's boundaries, create the new combined authority and establish the joint committee at that time.
22. The new combined authority would then need to appoint an interim mayor to hold office until the first mayoral election in May 2019.

IMPLICATIONS

Policy	This report is relevant to the Connecting, Learning and Thriving priorities included in the new NCC Corporate Plan 2017-2021
Finance and value for money	Implementing the devolution deal will enable NTCA to access £600M of additional funding over 30 years, together with control of the Adult Education Budget of around £23M. Over time the region would also expect to benefit from access to additional funding streams reserved for mayoral combined authorities.

	<p>Detailed discussions are taking place with NECA and the other constituent authorities regarding the financial arrangements associated with the transition. The general approach being taken to deal with the financial impact of the North of Tyne Authorities leaving the NECA is to find the most appropriate solution while also seeking to avoid detriment and unnecessary additional costs. In terms of the creation of the new arrangements for the North of Tyne Combined authority, the relevant authorities are working with Central Government to secure additional resources to fund such set up costs. Additional resources have previously been provided to those “devolution deals” already agreed. Current preparatory work that each of the North of Tyne Authorities is contributing to is being met from within each Authority’s existing budgets, and going forward we would expect that Northumberland’s existing contribution to the NECA budget would be redirected to the North of Tyne combined authority.</p>
Legal	<p>The Legal Services Manager is a joint author of this report and the legal implications are set out in the report and appendices.</p> <p>In developing these proposals, the NT Councils have taken account of their obligations under section 149 of the Equality Act 2010 (ie the public sector equality duty). It is not expected that the proposals described in this report will have any adverse impacts on people with protected characteristics. Indeed, the aim of promoting inclusive growth within the North of Tyne area is expected to boost the efforts of its constituent authorities to advance equality of opportunity and foster good relations between different groups. The NT Councils will continue to assess their responsibilities in this regard and ensure that the equality impact assessment will be reviewed throughout the process.</p>
Procurement	<p>There are no procurement implications to consider at this point. Full consideration will be given to appropriate procurement arrangements during the development of the new combined authority.</p>
Human Resources	n/a
Property	n/a
Equalities	<p>(Impact Assessment attached)</p> <p>Yes <input type="checkbox"/> No X N/A <input type="checkbox"/></p> <p>The NT Authorities in developing its strategy for the consultation of the Scheme took into account their obligations under section 149 of the Equality Act 2010 (i.e.</p>

	<p>the public sector equality duty) to ensure that all those who wanted to engage in the consultation process were able to do so.</p> <p>It is envisaged that Cabinet's decision to submit the summary of consultation responses set out in the Appendix will not directly impact on equality and diversity issues.</p> <p>The Equality Impact Assessment prepared on the consultation process for the Cabinet report on 12 December 2017 will be updated as appropriate as further decisions on the process of establishing a North of Tyne combined authority are taken.</p>
Risk Assessment	<p>As set out in the December report to Cabinet, it is considered that the failure to establish NTCA would risk Newcastle and the NT region falling behind other major city regions such as Greater Manchester, Liverpool City Region and Tees Valley, which have received new powers and funding.</p> <p>There is a risk that the Secretary of State may not consider that the statutory criteria for making the order have been met. This is a matter for the Secretary of State but, as set out in previous reports to Cabinet, the NT Councils consider that the criteria have been met and the public consultation demonstrated support for these proposals. There is also a risk that NECA will not consent to the order but, in this regard, the 7 local authorities have agreed the attached policy statement as to how they will continue to work together if the order is made.</p>
Crime & Disorder	There are no crime and disorder implications arising from this report
Customer Consideration	<p>The Scheme was published in December 2017 and was the subject of extensive public consultation across the whole of the NECA area between 14 December 2017 and 5 February 2018 as detailed in the Appendix.</p> <p>The consultation exercise highlighted issues pertaining to customer concerns and views.</p>
Carbon reduction	n/a
Wards	ALL

Background papers:

Please see Cabinet reports on 12 December 2017 and 20 February 2018

Report sign off

	initials
Finance Officer	n/a
Monitoring Officer/Legal	LH
Human Resources	n/a
Procurement	n/a
I.T.	n/a
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Appendices

- 1. North of Tyne Devolution Scheme**
- 2. Agreed Policy Note**