

Cabinet

19 December 2013

**Proposed Creation of a Combined Authority for Durham,
Northumberland and Tyne and Wear**

Report of the Chief Executive

As indicated in the main report to Cabinet, the Secretary of State requires each of the LA7 Authorities to obtain the views of local residents, businesses and the voluntary sector as part of the consultation process.

Using the same questions, each council conducted an on-line consultation exercise via their website (closing at 5pm on 11 December 2013) and undertook a range of focus groups in their area between 4 and 12 December 2013. The Chamber of Commerce Sunderland Committee also considered the matter at their meeting on 9 December 2013.

In Sunderland, the same on-line consultation questions were circulated to attendees at the State of the City event on 3 December 2013.

Independent market research company Populus were commissioned by the city council to conduct discussions with a range of groups and individuals on the proposal to create a Combined Authority. These discussions took place on 10 and 11 December 2013 and considered the key factors and implications for the city. The following groups and individuals were consulted:

- Sunderland Partnership Board Members
- 'Citizens' Panel' Representatives
- Representatives from the city's Health and Wellbeing Board, Education Leadership Board and Economic Leadership Board (including any sub groups of these bodies)
- Sunderland Innovation and Improvement Group (Sunderland Partnership)

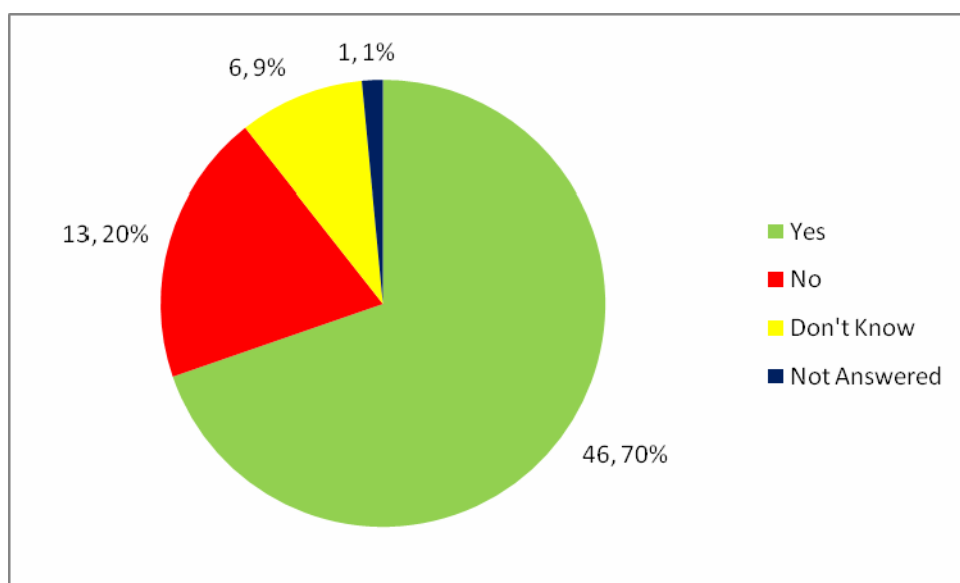
The attached report provides the results of the focus group discussions integrated with feedback from the Chamber of Commerce meeting, followed by the results of the questionnaire and online survey exercises at Appendix 1.

Working Together in the North East

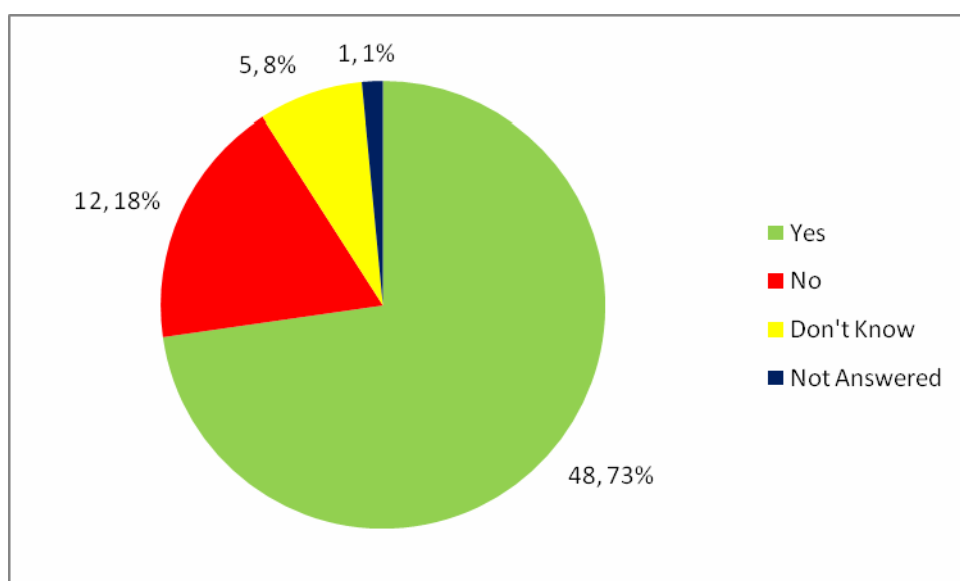
Consultation Survey Results

A total of 43 surveys were completed online on the Council's website and 23 surveys were completed at the Council's State of the City Event. The 66 answers to the questions were as follows and are displayed as **number of replies then percentage of total** in the pie charts below.

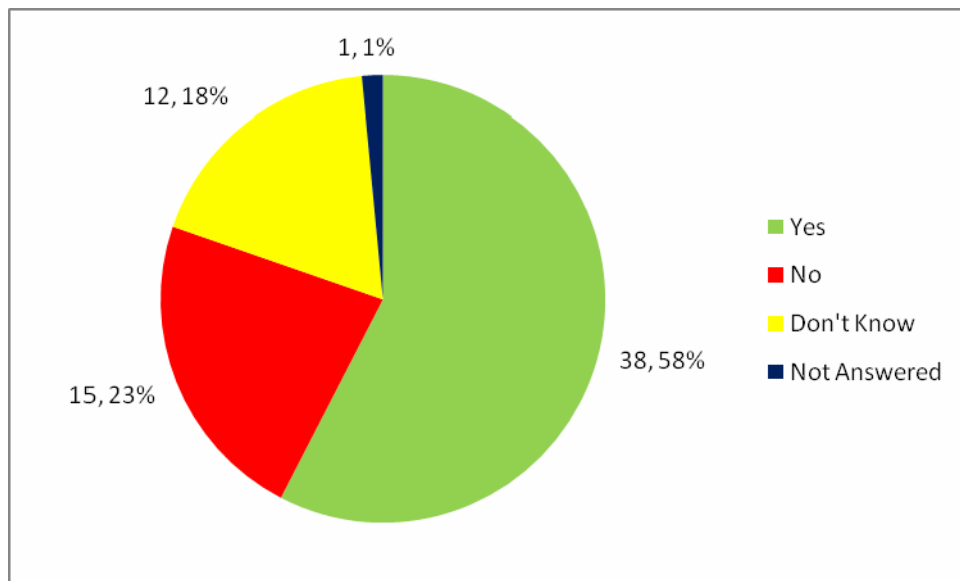
1a. Do you agree that a more co-ordinated approach will help to improve the provision of economic development and regeneration?



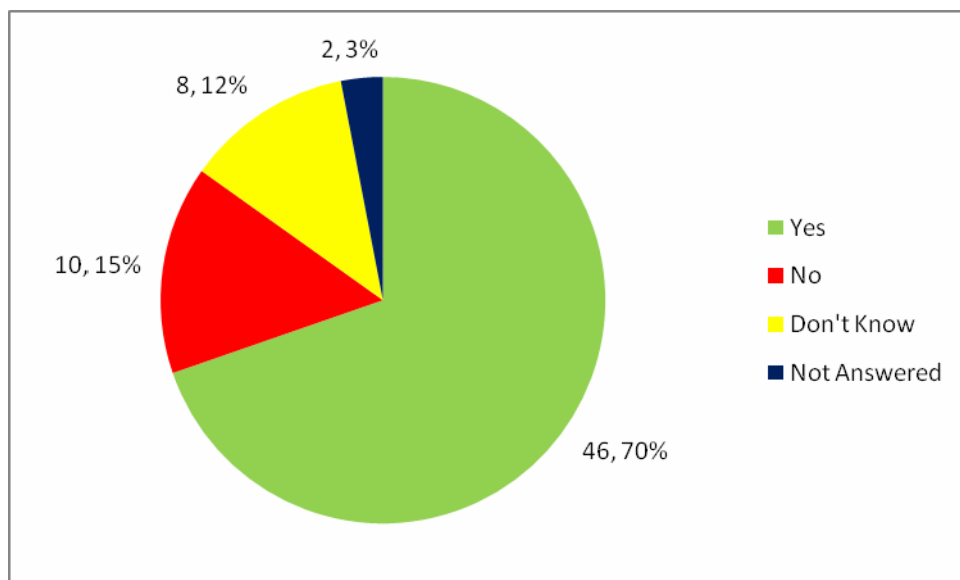
1b. Do you agree that a more co-ordinated approach will help to improve the effectiveness and efficiency of transport?



1c. Do you agree that a more co-ordinated approach will help to improve the overall economic conditions?



2. Do you support the proposal to establish a more co-ordinated approach as described in the introductory text?

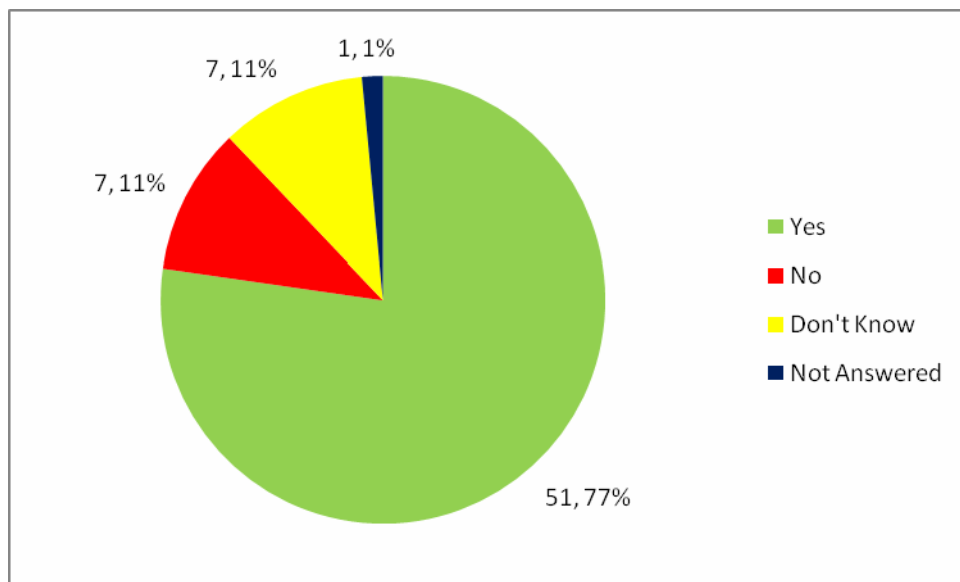


Popular comments submitted as part of the 'Please tell us why' request to those who answered 'Don't Know' are summarised as follows:

- Working together as a region has got to be better than LAs in our region constantly being in competition with each other
- There is more power together rather than as separate authorities

- Previous experience of a North East approach has led to a domination of Newcastle and its surrounding areas to the detriment of Durham and Sunderland
- More co-ordination between the councils of this relatively small and closely connected area will mean less duplication of effort in promoting the region and improve the opportunities for local business to thrive
- It just seems like a creation of another level of bureaucracy that would drain council funds that could be used elsewhere
- The electorate of Sunderland have already democratically voted a resounding 'no' to this type of coordination (NE Assembly). It will create a new layer of bureaucracy, associated administrators and associated costs. This is simply a sneaky way to get the North East Assembly Sunderland City Council wants
- Greater co-ordination will give the opportunity of obtaining a greater benefit from resources than that which could be achieved with individual actions at council area level provided the strength of working arrangements is good
- Will it cost more for Sunderland? How will we know if it is fair and that Sunderland's interests are protected? I remember the metro - paying for a Tyne and Wear metro system without any benefit to Sunderland
- This new approach seems potentially excellent, yet there is a strong feeling that Sunderland is overlooked and not included, especially when it comes to economics. The concern is that the feeling of "here we go again" might overshadow what could be beneficial for us as a city

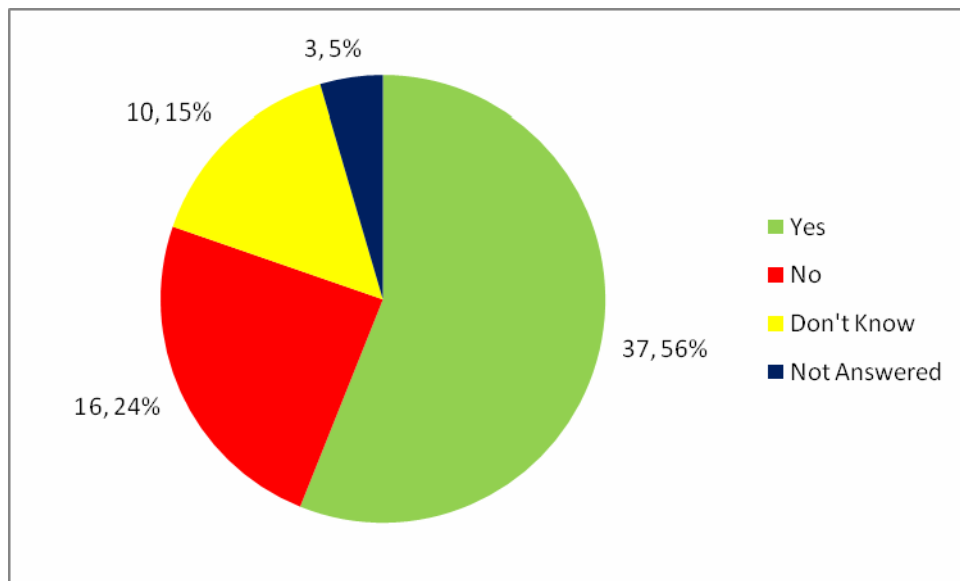
3. Do you agree that the local authority areas involved in this approach should be made up of Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland? (Please note: This would be the same as the North East Local Enterprise Partnership Area.)



Popular comments submitted as part of the 'Please tell us why' request to those who answered 'Don't Know' are summarised as follows:

- Geographically we are all neighbours so this would make sense
- With the proviso that there is not a Newcastle domination of representation and focus
- This seems to be a sensible and sizeable span of authorities
- Why not the whole of the North East?

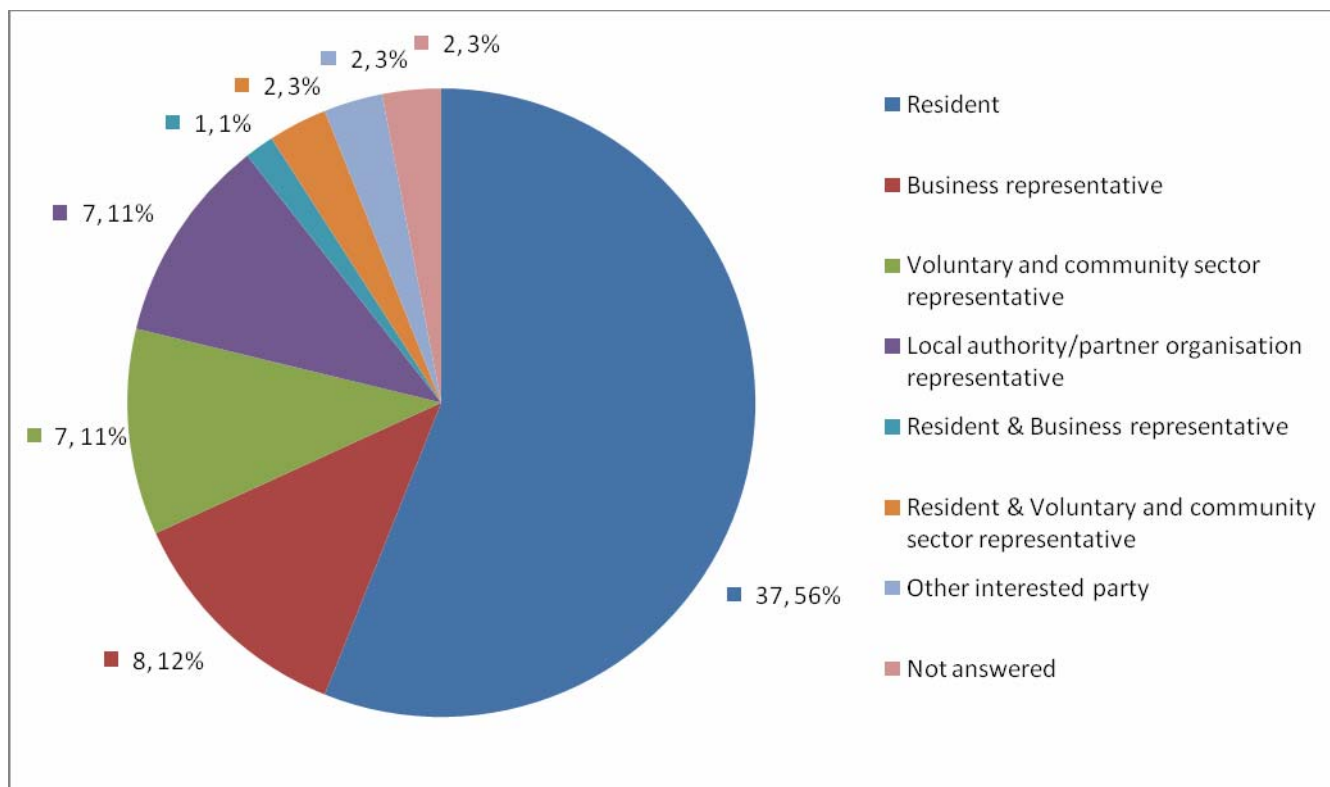
4. Do you agree that the focus of a more co-ordinated approach should initially be transport, skills and economic growth only?



Popular comments submitted as part of the 'Please tell us why' request to those who answered 'Don't Know' are summarised as follows:

- These areas would appear to be a good starting point for working together for me. If this is successful there is no reason why the collaboration could not include other things
- Transport is a must to link up all areas for travel to work where some areas could be dismissed if people cannot have easy access to work and leisure
- You have to start somewhere and the initial three projects appear to be a great place to start. All three have their problems but massive implications to the area if they are nurtured
- These are the obvious areas where a joint approach would benefit all involved. If it works, then look at what else could be done on a joint basis
- Steady build up: see whether the arrangement works effectively and then expand the range of functions
- To many areas being tackled will lead to no area being successfully improved
- I do not think this region can afford to wait any longer for a more coordinated approach in other areas, given its economic circumstances
- Will all resources and priorities focus on the Newcastle-Gateshead area as in past regeneration initiatives?
- Not sure if this approach would benefit Sunderland

The consultation replies were received from:



Sunderland City Council Combined Authority Consultation Populus research findings December 2013

This report summarises the findings of group and individual discussions held between 10 and 12 December 2013 regarding the proposed North East Leadership Board – a combined authority.

The discussions tested awareness of the proposal, communicated key elements of a combined authority and aimed to gain the informed views of participants.

Executive summary

Knowledge of the combined authority proposal was very low – even among an audience that was more engaged with Sunderland City Council than ordinary residents. Many – particularly those from the Citizens’ Panel – complained of the lack of publicity and the lack of details but even council partners felt unsure of the exact nature of the proposal.

Partners and residents agreed that, in theory, greater cooperation between the seven local authorities meant great advantages for the region. In particular, it was pointed out that it would be beneficial to cooperate in order to increase power and influence nationally and internationally, and that there was the potential for increased spending power through cooperation.

Furthermore, the priorities identified for the proposed combined authority were regarded by most as the correct ones, although some suggested that these were all-encompassing or even vague.

However, considerable concerns remained and these frequently focussed on the operation of any possible combined authority. Participants in the consultation often asked for more detail. In particular, they queried where the funding would come from, whether Sunderland would have a get-out clause, whether there were any examples of definite benefits that could be shared, what the potential for gridlock was, and whether parochial concerns could be put to one side in favour of regional benefit. Few of these concerns were felt to be insurmountable, but many suggested that more time was needed to work through these issues.

Concerns also stemmed from a lack of trust, and this was generally a legacy of past regional projects – such as the metro – where it was believed Sunderland has lost out.

Overall, participants did not reject the proposal for the North East Leadership Board out of hand. In fact, many felt that such a combined authority would be of real benefit to the north east and particularly to the region's competitiveness. However, most respondents called for more information and more clarity before they took a "leap of faith". It was argued that only through a longer consultation would the required detail and clarity be delivered. Reassurance that Sunderland would get a fair deal was crucial.

Detailed findings

A lack of awareness and knowledge

Knowledge of the combined authority proposal varied among the different audiences, representing the different levels of engagement with the council. Some participants were aware of the nature of the proposal but many others – particularly residents and those who worked less closely with the council – complained that there had been a lack of publicity. All, whether they had previously heard of the proposal or not, felt unsure of the exact nature of the proposed combined authority and had few details of its actual operation.

"It's not well-published and not many people will be aware that the local consultation ends tomorrow and the national government's consultation ends at the beginning of January. Not many people have registered an opinion."

"We heard a snippet of this at last week's state of the city event."

"It hasn't been put out into the press or anything."

"I'm very vague about the purposes of this consultation and what it's actually about."

"There's just not enough information."

"It has shades of the EU because we're sending money away and we're not entirely sure what's being done with it."

Support for increased cooperation and, in theory, for the combined authority

Despite the lack of knowledge, most participants – whether they were residents or members of Sunderland Partnership boards – agreed that, in theory, greater cooperation between local authorities in the north east would bring benefits to the region.

"It's uncharted ground and I don't fully understand everything."

"We live in quite a parochial area and we're not big enough as a region to be parochial. We are unable to punch our weight as a north east economy well enough if we don't act more collaboratively."



“The principle – if it is about external funding opportunities, development and creating wealth in the north east – is a good thing.”

This support was frequently based on agreement that Sunderland was too small to continue to compete on its own with competitors around the UK and the rest of the world. It was argued, therefore, that it would be beneficial to cooperate in order to increase power and influence nationally and internationally. Not only would Sunderland and the rest of the north east see its influence increase but many also pointed out that cooperation and using regional leverage could increase spending power. In general, those with a business or commercial point of view were particularly positive about the proposal, though they were keen that the combined authority would include business voices.

“We’re too weak on our own.”

“There are some things that will work and will be beneficial because there are some things that we do need to do as a region.”

“We’ve been underserved by the disintegration of any regional structure that used to be in place. We’re a poorer region as a consequence of that and therefore, if the creation of the combined authority adds value, then I think we’d be all for it.”

“With a population of 2.5 million people, it may be that there’s a greater strength as one – politically and economically.”

“I’m all for collaboration. I think it’s a far better idea for one set of people doing something than seven doing it. However, how long will it take? Who’s responsible for what? The devil’s in the detail. But as a concept, I think it’s the right thing to do.”

“We can’t compete by ourselves. We don’t have the people.”

“If there are seven commissioning services, they are going to get a better deal. They need that buying power.”

Transport, skills and economic growth generally recognised as logical priorities

“Transport’s the obvious one because it’s literally joining up the north east.”

Generally, too, there was support for the three priorities identified as the proposed focus for the combined authority: transport; skills and economic growth. For most, it made sense for transport, in particular, to be a focus for the new body as this was demonstrably a regional issue. Respondents pointed out that improving transport links and removing bottlenecks – whatever local authority they were in – would improve the competitiveness of the north east and the lives of people living and working in the region.

“Nissan is a regional employer so it seems odd to not talk about regional links. Transport is about getting around the north east.”

“If you look at transport – getting around the region – the same people have the same problems and the same bottlenecks. If transport’s to be part of the business of the combined authority, I think more people would care about the successes that it would have in tackling the transport issues in getting around the north east rather than which local authority it was in.”



Skills and economic growth were also regarded as sensible priorities for a combined authority as these were seen to be crucial issues for the region. Some pointed out, however, that the proliferation of different organisations with responsibility for skills and economic growth – including the Local Enterprise Partnership (LEP), schools and colleges, local authorities, universities, and various other partnership bodies – complicated the situation. These respondents wanted more detail on how the combined authority would work with these bodies, and what responsibilities it would have.

“Skills muddies the water a little bit with the LEP. It’s yet to be worked through. There’s not a lot of detail.”

“You would have thought the issue of skills is a common one, but who’s responsible? Is it the LEP or is it the combined authority?”

A desire for a real world example

“In Manchester, there are some big ticket items, about which – when they are facing the rest of the world – they are singing off the same hymn sheet.”

Due to the apparent lack of clarity about the exact nature and operation of the proposed combined authority, many participants wanted to be shown an example of a similar authority in action. Some looked towards Greater Manchester as providing that example. While most agreed that it was not an exact model for how the North East Leadership Board would operate, this example was greeted with a mixed response. Some pointed out that the constituent authorities in Greater Manchester seemed to manage to agree on important issues and therefore attract funding and inward investment. These took comfort from that example.

“In Manchester, when it does matter, they don’t half all rally around the cause. And that helps their part of the world.”

“You would want to point to the likes of Manchester. I’m assuming they’ve reaped the rewards of the initial investment. They’ve pulled in lots of funding so it’s probably about presenting those sorts of examples.”

This comfort was not universal, however. It was suggested that the constituent authorities in Greater Manchester had not all benefitted equally, and that the danger was that Newcastle would reap the benefits that central Manchester had seen while Sunderland might struggle in the same way as Oldham and Rochdale.

“My argument with Manchester would be that it sucked the life out of Oldham and Rochdale.”

Greater Manchester was only regarded as a relevant comparison to a few participants, however. Many others argued that there was no relevant comparison. Merseyside and West Yorkshire, for example, were very rarely mentioned.



This lack of an examples of how a combined authority would work was a weakness of the proposal. Participants wanted to be reassured, but struggled to find that reassurance in real world examples.

“Is there another example of this elsewhere that we can look towards?”

“What is it there to do? With what funding? All the detail is vital, otherwise you can’t make an informed decision.”

Numerous concerns were raised – frequently focussing on the lack of clarity and lack of details

Other than the lack of real world examples, many other concerns were raised. These concerns frequently focussed on the operation of any possible combined authority and on the fact that few details seemed to have been confirmed. Respondents asked how they could determine whether or not they supported the proposal without knowing, for example, how the combined authority would be funded, or what the cost-benefit analysis for Sunderland was.

“People need to be aware not only of the governance arrangements but also the mandate that they have.”

“It’s unclear what it’ll do, and not thought through. What does it do for Sunderland? What are we not getting from our council and partners that we would get from this?”

Respondents called for more information, detail and clarity on a number of different areas. These included:

■ The get-out clause.

Respondents wanted to know what Sunderland would agree to and, if the combined authority did not succeed in Sunderland’s opinion, whether the city could pull out of the combined authority.

“What is the get-out clause? Can we serve notice?”

■ The ability for Sunderland’s voice to be heard.

Respondents asked if coalitions of other councils could force decisions upon Sunderland, whether Sunderland’s priorities would be heard at a regional level

“I trust Sunderland, but would other people be listening?”

“Do some councils always vote together and does that impact on Sunderland?”

“Is there an opportunity for two or three councils to manage the vote in their favour?”

“Newcastle and Gateshead align themselves very closely, and Newcastle also chairs the ITA too.”

■ The funding of the combined authority.

It was unclear to many how much the combined authority would cost, what funding it would receive, and whether it would be funded properly from devolved funding or from central government or whether local authorities have to fund it themselves. If a sizeable portion of the local authorities’ budget was to be used to set-up and operate the combined authority, there were fears that this would weaken Sunderland City Council’s ability to react to situations.



“How much will Sunderland lose from its everyday budget, and will government give more or will it just give the sum of its parts?”

“It needs more understanding of what finance is available.”

Additionally, there was real concern over the apparent lack of a cost-benefit analysis. This concern did not mean all felt cost should preclude the set-up of the combined authority – indeed some argued that long-term cost benefits would justify the decision. However, most agreed they did not have the details required to make that judgement.

“How much will it cost to set up?”

“If there was more additional money devolved to the region, it has to be a benefit.”

“If it was cost neutral and we were getting a whole lot from government, then that’s a different kettle of fish. That’s a sell and I don’t think we’ve had a sell. Nobody’s tried to properly sell this to me.”

“We don’t know if it’s going to be the same money, different money, new money.”

“Taking a chunk out of the local authority budget takes away some of the flexibility to act.”

“How much would it actually cost?”

“There might be some short term costs but if we attract more investment into the region it’s going to have that spin-off effect that will ultimately benefit them.”

“Does this release money from Whitehall for us to deal with in a regional approach? In which case, we’ve got a good track record. But if we’re just cutting our budgets, it limits our ability to respond to things in our own cities, then it’s not so good.”

■ The lack of confirmed benefits to the region.

Some respondents could foresee some benefits to the combined authority, though these were frequently based on assumptions and estimates rather than knowledge. For example, several respondents suggested it would be easier for the region to attract EU funding or devolved funding from Whitehall, but admitted they weren’t sure of this and had not seen any evidence. Others struggled to identify obvious benefits to the combined authority and so wanted a communication of what these would be.

“It’s like a business case with costs, but with no tangible benefits identified. We need to see the bigger picture.”

“Would it attract more EU development money as a bigger unit? It could well do.”

“How will we benefit?”

■ The potential for gridlock and for political disruption of long-term strategic planning.



Few respondents were aware, prior to the discussions, of the proposed voting structure. While some were reassured that some issues would be determined by unanimous votes – ensuring that Sunderland would not be forced into a budget it did not agree with – many others were concerned about the potential for gridlock. If one council did not agree with a crucial decision, these respondents feared that the combined authority would come to a halt. It was claimed that decisions requiring unanimity and long-term consensus could be disrupted by new council leaders –who potentially disagreed with the political viewpoint of the others on the combined authority’s board.

“You’ve got seven Labour controlled authorities. But what happens if the Liberal Democrats win back Newcastle? What if we come back with a Conservative mayor in North Tyneside? Is there a veto with this stuff? So many things that are vital to us all will just be stopped.”

“The naysayers will just say it’s another level of bureaucracy.”

■ The likelihood of public support for the proposal.

While many of the respondents had voiced their conditional support for the combined authority in theory, many also suggested that it could face more opposition from the public as a whole. This suggestion partly stemmed from the belief that the proposal had received little publicity or public attention so far. It also reflected the fear that it would be difficult to defend introducing what seemed to be “another tier” of local government in the context of spending cuts and the 2004 rejection of regional devolution.

“There’s a broad swathe of population who couldn’t give two hoots.”

“It would be difficult to argue for this sort of thing when I’m telling people how poor we are.”

“I would struggle to defend this.”

“There’s a lot of suspicion. The Tyne and Wear council was effectively another tier of councillors and departments and administration. Because of that suspicion and the history and experience, when it came to a proposal for regional government it was rejected completely so I’d say the electorate were suspicious of the whole idea. That’s not to say there aren’t benefits. It’s sensible to have shared services. But even in big companies there’s risk when you share services, because you create management and more senior chaps with obscene salaries and you end up with more costs.”

“After 2004, how different is this? Are people just going to say it’s the same thing over again? It’s got to be distinctive.”

“It’s another tier.”

“Shared services with less cost is a good idea but not another layer of local government because we’ve got enough.”

■ The membership of the proposed combined authority.



Few respondents felt strongly about the membership of the combined authority, though all assumed it would need to be big enough to represent a significant region that could increase its influence. However, some argued that it was difficult to understand why the combined authority would be formed of the seven named authorities rather than the twelve local authorities in the north east.

A combined authority with all the members of the Association of North East Councils (ANEC) would, it was felt by some, be a more influential body.

“It’s a concern to me that we’re not forming this with the 12. Only with that scale do we have something that is comparable to what Manchester, West Midlands or Merseyside have. The seven in the north east are minute in comparison.”

“ANEC is a much stronger body because it has 12 members and deals on a real regional base. ANEC has a better regional basis than seven.”

“I would worry that you have too many organisations. You would have this and you would have the LEP, and it might get confusing.”

■ The prevalence of other regional organisations.

As already mentioned above, some respondents had voiced concern over the possibility that the creation of a combined authority would confuse the skills and economic growth agendas that were being worked on by a number of other organisations in the north east. Linked with this was the more general fear that the combined authority would confuse rather than simplify the regional government picture. Respondents asked how the combined authority would work with the LEP, for example. Was there a danger that the two organisations would replicate or duplicate each other? And some also introduced City Deals and asked what impact the combined authority would have on these. Again, this area illustrated the lack of clarity among respondents.

“Anything that creates confusion with ERDF and stuff like that would not be helpful.”

“This is complicated further by the City Deals process.”

“What do we do with skills, in already an incredibly complicated landscape?”

“I think the issue that I don’t understand either is where does the LEP stop and start. That’s an unknown.”

■ The perceived loss of inward investment autonomy and fast decision-making.

Most respondents agreed that Sunderland had been successful in attracting inward investment in recent years, and so many voiced the fear that the city could lose out in a more regional approach. In particular, respondents wanted reassurance that Sunderland City Council and its partners would still be able to respond quickly to inward investment enquiries.



Another view shared by many respondents was the possibility that decisions would not be made quickly at a combined authority level. The fear was that decisions would take twice as long to be made if leaders had to reach a consensus at the combined authority level as well as at a local authority level.

“If an opportunity arises, you need to respond in a couple of weeks or a month to get maximum effect.”

“You’ve doubled the bureaucracy. The leader will have to bring it back to cabinet and take it to relevant groups to get the required agreement.”

An issue of trust

Although many of the concerns listed above represented significant hurdles to support for the proposed combined authority, most admitted they were willing to give the new body a chance if there was clarification on its mandate and the mechanics of its operation.

More fundamental concerns centred around trust. To many respondents, it was difficult to forget that Sunderland had been the “poor member of the family for years” and how Sunderland had lost out in regional projects like the metro in the past. Therefore, respondents pointed out that the combined authority would need more trust between the local authorities and that Sunderland residents, partners and businesses would need to be reassured that they would not lose out – again – to other parts of the north east.

“We’ve been the poor member of the family for years.”

“I think it’s a good idea if it’s all equal. But in so many cases, it’s not equal. Newcastle seems to get the main share and Sunderland gets the scraps.”

“That’s going to be the suspicion – that Newcastle is going to take over.”

“For years, people of Sunderland paid into the metro. Only recently is there one branch line that comes into Sunderland and it doesn’t do what we need it to do as a rapid transport system.”

“The trouble is you have this historical dislike and distrust between Newcastle and Sunderland.”

“There’s a massive trust issue. If you build the structure without building the relationships then it almost always fails.”

“With the Tyne and Wear metro, it was ten years before Sunderland got anything. We put a lot of money in and got nothing out.”

“Unanimous sounds alright, but majority voting doesn’t sound very good to me! Those old enough can remember the Tyne and Wear Development Corporation, and those living here could argue that it was very successful on the Tyne and the Wear didn’t benefit much at all. If it’s more of the same, we in Sunderland will be cheesed off again.”

“You remember the old days of Tyne and Wear and how Sunderland got shafted.”

“You can have everything in place, but if you don’t have the trust there then it’s going to be very difficult.”



Nevertheless, the proposal was supported in theory and with the proviso that time was taken to address concerns

Overall, participants did not reject the proposal for the North East Leadership Board out of hand. In fact, many felt that such a combined authority would be of real benefit to the north east and particularly to the region's competitiveness. It was a problem, however, that few were sure of exactly what form those benefits would take.

Therefore, respondents called for more information and more clarity for taking what many described as a "leap of faith". Indeed, it was argued that the detail and clarity required would stem from a longer consultation or from more experience of cooperation between the seven local authorities involved. Reassurance that Sunderland would get a fair deal was crucial.

"There's a big leap of faith to be made here. All partnership work is based on trust."

"If we're in a situation where an initial decision has to be made, then the answer's yes – subject to them having the ability to go and have all the conversations. There's further work to do, because people haven't had enough of an opportunity to explore how it will affect each organisation."

"It's vaguely a good idea."

"My suggestion would be that, if we establish this is what we want to buy into two years down the line, then we work towards it. In the meantime, have some sort of interim arrangement."

"We're being asked to make all these decisions without knowing the facts up front. And that's really difficult."

"Tell me what you're going to do. Give me the three or four big things that you want to achieve as this combined authority that is different to Sunderland as a city is trying to achieve. I haven't had these up to now."

"I think this needs to get out before you get some proper opinion. If this is going to the next stage, you need a more in-depth consultation with a reasonable amount of time. And advertise the fact that this could potentially happen."

"If we had a commitment that it'd work better together and some evidence of us working together in the shorter term, it might give us some proof as to whether we want to jump into a more formal strategic approach. I think we might regret it if we jump in too quick."

"We've got to give the leader of the council the ability to go and have further conversations. We've got to give him the ability to go and ask the sort of questions that are being asked in these sorts of forums. And then try to get the answers."

