

**CABINET MEETING – 10 FEBRUARY 2016**

**EXECUTIVE SUMMARY SHEET – PART 1**

**Title of Report:**

NORTH EAST COMBINED AUTHORITY – PROPOSED DEVOLUTION AGREEMENT AND ELECTED REGIONAL MAYOR

**Author(s):**

INTERIM HEAD OF PAID SERVICE

**Purpose of Report:**

The purpose of this report is to apprise Cabinet of the current position in relation to the devolution proposals for the region, and to seek approval to consult with Council upon the proposal that the North East Combined Authority (NECA) becomes a Mayoral Combined Authority.

**Description of Decision:**

Cabinet is requested to:-

- (a) Note the devolution proposals for NECA, including the proposal for an Elected Mayor for the NECA area, and the consultation undertaken to date.
- (b) Agree that this report be submitted to Council (to its meeting scheduled for 2<sup>nd</sup> March 2016) in order to outline the devolution proposals contained in the Devolution Agreement (attached as Appendix 1), to detail the consultation exercise undertaken on the proposed Agreement (which will be updated with information following a consultation exercise to be undertaken in February 2016) and to invite the views of Council.

**Is the decision consistent with the Budget/Policy Framework?**

**\*Yes**

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reasons) for Decision:-**

The Devolution Agreement entered into between NECA and the Chancellor was conditional upon a number of actions being taken by each party. NECA is required to undertake further public consultation on the devolution proposals and that consultation is ongoing.

Within the Constituent Authorities, the decision as to whether or not the NECA should become a Mayoral Combined Authority is an executive function. It is recommended that Cabinet appraises full Council of the Devolution Agreement, and seeks its views before Cabinet considers a further, final report upon the proposed creation of a Mayoral Combined Authority.

**Alternative options to be considered and recommended to be rejected:-**

An alternative option would be not to refer the report to Council. That option is not recommended as the opportunity to provide Council with information and ascertain its views would be missed.

**Impacts analysed:**

Equality  Privacy  Sustainability  Crime and Disorder

**Is the Decision consistent with the Council's co-operative values?      Yes**

**Is this a "Key Decision" as defined in the Constitution?      Yes**

**Is it included in the 28 day Notice of Decisions?      Yes**

## **CABINET – 10<sup>TH</sup> FEBRUARY 2016**

### **NORTH EAST COMBINED AUTHORITY – PROPOSED DEVOLUTION AGREEMENT AND ELECTED REGIONAL MAYOR**

#### **Report of the Interim Head of Paid Service**

#### **1. Purpose of the Report**

The purpose of this report is to apprise Cabinet of the current position in relation to the devolution proposals for the region, and to seek approval to consult with Council upon the proposal that the North East Combined Authority (NECA) becomes a Mayoral Combined Authority.

#### **2. Description of Decision (Recommendations)**

Cabinet is requested to:-

- (a) Note the devolution proposals for NECA, including the proposal for an Elected Mayor for the NECA area, and the consultation undertaken to date.
- (b) Agree that this report be submitted to Council (to its meeting scheduled for 2<sup>nd</sup> March 2016) in order to outline the devolution proposals contained in the Devolution Agreement (attached as Appendix 1), to detail the consultation exercise undertaken on the proposed Agreement (which will be updated with information following a consultation exercise to be undertaken in February 2016) and to invite the views of Council.

#### **3. Introduction/Background**

- 3.1 On 23<sup>rd</sup> October 2015 the NECA Leadership Board signed a proposed Devolution Agreement (the proposed Agreement) with the Chancellor of the Exchequer and Commercial Secretary setting out the proposed transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from Central Government to NECA. The proposed Agreement also paves the way for further devolution in the future and for the reform of public services including health and social care.
- 3.2 The proposed Agreement is expressed as being “conditional on the legislative process, the Spending Review, further public consultation, agreement by the Constituent Authorities, and the formal endorsement by the Leadership Board and Ministers”.
- 3.3 Included in the proposed Agreement is a proposal that NECA becomes a Mayoral Combined Authority. This proposal is subject to the formal consent of NECA, the Constituent Authorities and the agreement of Ministers.

#### **4. Current Position**

##### **Consultation**

- 4.1 Various consultation activities have been undertaken at the NECA level, and within the individual local authority areas, since the Combined Authority began to develop devolution proposals in early 2015.
- 4.2 Stakeholder events were held in each of the seven areas, including Sunderland, in the Spring 2015, when the original devolution 'asks' were developed. Since then, the proposals have been revised and developed into the headlines contained in the Agreement signed in October 2015, and consultation is being undertaken in the city as follows:
- Special edition of Community News delivered to every household in early February with survey questions requesting residents' views (attached at Appendix 2)
  - Information about the Agreement (and link to Agreement document) on Council website along with survey questions which can be answered online
  - Sessions at the five Area VCS Forums – January/February
  - Session with key businesses representatives – 12 February
  - Presentation to Council Scrutiny Committee – 11 February
  - Session with trades unions

At the NECA level, sessions are also being held with representatives of the voluntary, community and social enterprise sector, the regional business sector and also with trade union representatives.

- 4.3 As part of the ongoing consultation exercise, Cabinet is invited to consult with full Council on the proposals that NECA become a Mayoral Combined Authority prior to any formal decision by Cabinet on the creation of the Mayoral Combined Authority.

### **Legislative Process**

- 4.4 In terms of the legislative process, the Cities and Local Government Devolution Act 2016 received Royal Assent on 28<sup>th</sup> January 2016. This legislation provides for the creation of Mayoral Combined Authorities, and the move to becoming such an authority by the NECA is an integral element of the proposed Agreement.
- 4.5 The legislation provides for the creation of a Mayoral Combined Authority if at least two Constituent Authorities as well as the Combined Authority affected consent. Should any Constituent Authority not consent to the creation of the Mayoral Combined Authority and provided the Combined Authority still wish to proceed, the non-consenting Constituent Authority/Authorities would be removed from the Combined Authority through the Parliamentary process that provides for a new Mayor. Subject to the necessary consents being provided during February and March 2016 it is expected that the requisite legislation will commence Parliamentary processes in May/June 2016 and provide for mayoral elections in May 2017.

- 4.6 In due course further legislation will be required to devolve from Government specific powers to the NECA and also to allocate specific powers to the Mayor, to provide for the election process for a Mayor, to make any necessary amendments to the existing NECA Order including those provisions relating to funding of the NECA, and to make further provision for the operation of NECA's Overview and Scrutiny, Audit and budget setting processes. The legislation will comprise general provisions affecting all Combined Authorities moving to a Mayoral model – there are currently 6 Combined Authorities considering this change including the NECA – as well as bespoke legislation which would bring into effect the specific requirements of the NECA should the creation of a Mayor proceed.

## **5. Reasons for the Decision**

- 5.1 The Devolution Agreement entered into between NECA and the Chancellor was conditional upon a number of actions being taken by each party. NECA is required to undertake further public consultation on the devolution proposals and that consultation is ongoing as outlined above.
- 5.2 Within the Constituent Authorities, the decision as to whether or not the NECA should become a Mayoral Combined Authority is an executive function. It is recommended that Cabinet apprise full Council of the Devolution Agreement and seeks its views before Cabinet considers a further, final report upon the proposed creation of a Mayoral Combined Authority.

## **6. Alternative Options**

- 6.1 An alternative option would be not to refer the report to Council. That option is not recommended as the opportunity to provide Council with information and ascertain its views would be missed.

## **7. Relevant Considerations/Consultations**

### **7.1 Financial Implications**

The recommendations set out in this report can be delivered from existing budgets. If approved, the Devolution Agreement will bring considerable additional resources from 2016/17 onwards to the NECA area. These additional resources will be administered by the NECA rather than the individual local authorities. The use of these resources will be determined by the Leadership Board following consultation.

### **7.2 Legal Implications**

The Cities and Local Government Devolution Act 2016 amends the Local Democracy, Economic Development and Construction Act 2009 by introducing new sections 107A and 107B in to the 2009 Act.

- 7.3 Section 107A gives the Secretary of State the power to provide for the election of a Mayor for a Combined Authority area by making an appropriate Order.

The Mayor will be elected by the local government electors across the whole of the NECA area.

- 7.4 Section 107B sets out the requirements that have to be met before an Order providing for the election of a Mayor for a combined authority area can be made. In the case of existing Combined Authority areas, such as NECA, it is proposed that the consent of NECA and at least two Constituent Authorities is required.

## **8. List of Appendices**

- (i) Appendix 1 – NECA Devolution Agreement
- (ii) Appendix 2 – Community News Special Edition (February 2016)

## **9. Background Papers**

- (i) Autumn Spending Review