

Economy and Enterprise Overview and Scrutiny Committee

29 October 2015



North East Combined Authority Update

Joint report of Lorraine O'Donnell, Assistant Chief Executive and Report of Ian Thompson, Corporate Director, Regeneration and Economic Development

Purpose of the Report

- 1 To inform Members of the Economy and Enterprise Overview and Scrutiny Committee of the North East Combined Authority's (NECA) key developments and activities prior to a presentation by the Strategy Manager, Regeneration and Economic Development

Background

- 2 The Economy and Enterprise Overview and Scrutiny Committee has received several updates highlighting the development of the North East Combined Authority (NECA) with the last update provided to the committee at the meeting on the 20 February 2015. At that meeting members received detail of: background to the development of the NECA; the role of NECA and structure; the North East Growth Deal; the role of the NECA in relation to transport, employability and inclusion, economic development and regeneration and the development of a devolution deal.
- 3 Arrangements have been made for the Strategy Manager, Regeneration and Economic Development to attend the meeting on the 29 October to provide a presentation focusing on:
 - National context and devolution journey.
 - What we want in the North East.
 - What deals other areas have.
 - NECA and devolution development process to date.
 - Statement of intent.
 - The proposed deal, ongoing discussions with Treasury.
 - Issues for Durham and the North East.
 - Next Steps

National Context and Devolution Journey

- 4 The UK is one of the most centralised countries within Europe and recent progress towards devolution started back in 2009 with an order to establish Combined Authorities and an emphasis on providing more local responsibilities for economic development in local areas. The presentation will provide detail of developments over recent years including further context provided by the Cities and Local Government Devolution Bill and governance within Combined Authorities.

What We Want in the North East

- 5 As a North East area we have set out clearly what we want within the North East Strategic Economic Plan (SEP), illustrating our high level ambition for more and better jobs. The proposals for devolution should help to deliver these ambitions and benefit the area through greater decision making within the region, greater control and flexibility, and targeted investment for what we want and what we can deliver.

What Other Areas Have

- 6 Over 38 areas submitted devolution proposals as part of the request by Government prior to the Comprehensive Spending Review deadline on the 4 September, 2015. A number of areas have already agreed Devolution Deals with Government and these differ greatly in terms of scale, ambition and resources, comparators include Manchester and Cornwall.

NECA and Devolution Process to Date

- 7 In 2014 the seven Local Authorities established the North East Leadership Board to create the North East Combined Authority. An overview of the developments towards a devolution ask will be provided within the presentation and will include outline proposals, public consultation, the initial devolution prospectus and submission of the Statement of Intent to Government for the Spending Review deadline on the 4 September, 2015.

Statement of Intent

- 8 NECA set out its North East International ambition with its objectives to achieve growth through exports and public service reform and set the 'asks' of Government for devolution through its Statement of Intent. There are seven main asks that illustrate the ideas for a devolution plan for the North East. These are centred on: human capital development; long term investment; more and better homes; export responsibilities – North East International; fiscal devolution; better connectivity and infrastructure regeneration; and regulatory devolution to Council's and local communities.

The Proposed Deal

- 9 NECA during September and October have continued to have conversations with Government to discuss and develop a devolution proposal for the North East. A proposed Deal has been received from the Treasury. NECA and Councils are considering the proposed agreement. All proposals are subject to approval by the Combined Authority, Councils, Ministers, legislative process, the Comprehensive Spending Review, further public consultation and a Mayor to be elected in 2017. Some of the main proposals within the Deal include capacity to fund borrowing of £500m to enable NECA to create an Investment Fund, Intermediate Body Status for European funding, creation of an Employment Skills Board and creation of the UK's first integrated transport system.

Issues for Durham and the North East

- 10 The Deal proposal continues to be discussed by the Councils and Combined Authority Leaders. There are a number of issues and implications to be considered for the North East and Durham including, changes in local government structures, public and stakeholder engagement to date, development of a Mayor/Combined Authority Model, resources and timescales.

Next Steps

- 11 The presentation provided to members at the meeting on the 29 October will outline the latest developments and associated timescales.

Recommendations

- 12 The Economy and Enterprise Overview and Scrutiny Committee is asked to note and comment upon the information provided within the report and the presentation.
- 13 That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the development of the NECA at a future meeting.

Background papers

North East Combined Authority Statement of Intent available at:
[Devolution | North East Combined Authority](#)

North East Leadership Board meeting papers available at:
<http://www.northeastca.gov.uk/committee-meetings/north-east-leadership-board-background-information-papers>

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Appendix 1: Implications

Finance: There are no direct implications arising from this report at this stage. As part of further discussions with Government, NECA and Leaders, the Council is considering the proposed Deal and the associated financial details and implications.

Risk: There are no direct implications arising from this report

Equality and Diversity/Public Sector Equality Duty: There are no direct implications arising from this report

Accommodation: There are no direct implications arising from this report

Crime and Disorder: There are no direct implications arising from this report

Human Rights: There are no direct implications arising from this report

Consultation: A wide ranging consultation exercise was undertaken with partners and wider stakeholders in March 2015 and further consultation is scheduled for autumn 2015 on the proposals for devolution.

Procurement: There are no direct implications arising from this report

Disability Issues: There are no direct implications arising from this report

Legal Implications: There are no direct implications arising from this report