

**North East Combined Authority:
Devolution Deal**

**Report of Corporate Management Team
Report of Lorraine O'Donnell, Assistant Chief Executive
Councillor Simon Henig, Leader of the Council**

Purpose of the Report

1. To provide Cabinet with a progress report on the North East Combined Authority poll and to outline the decision making process for this Authority.

Background

2. The North East Combined Authority (NECA) was established in April 2014 as a new body that brings together the seven Councils which serves County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.
3. Its ambition is to create the best possible conditions for growth in jobs, investment and living standards, making the North East an excellent location for business and enabling residents to develop high-level skills so they can benefit long into the future.
4. It has responsibility for strategic transport for all seven local authorities. Members of this Council have been appointed to various key roles within the combined authority with Councillor Simon Henig (Leader of this Council) chairing the NECA and together with the five other Leaders and Mayor for North Tyneside form its central leadership board.
5. NECA was formed after a public consultation which described its constitutional arrangements and the functions that that were proposed for transfer from its constituent Councils.
6. Following the 2015 General Election, the Government launched its 'Northern Powerhouse' Programme and the Chancellor of the Exchequer announced the availability of devolved powers including potential funding devolution to combined authorities.
7. For several months, the NECA Leadership Board were in intensive negotiations to achieve the best possible deal for the region and have signed a proposed agreement, subject to final agreement being conditional upon:
 - The outcome of the Spending Review on 25 November 2015
 - The legislative process
 - Further public consultation
 - Formal endorsement by the Leadership Board and Ministers early in 2016/17.

Devolution Issues for Durham County Council

8. The devolution offer for NECA and its development going forward was acknowledged as a significant issue for County Durham because of boundary issues, some of which are unique to Durham compared to the other NECA constituent authorities. For example:
 - Durham and Northumberland were never part of the of the Tyne/Wear integrated transport authority and have rural transport issues that are unique to largely rural counties
 - The footprint for the service of health needs are different with significant patient flows in the south of the County
 - Our 'blue light' service areas (police and fire) are different from the Tyne/Wear with both its police area and fire authority having the same footprint in County Durham and Darlington.
9. An issue which was controversial for all the constituent authorities was the Chancellor's stated condition that any deal must involve an Elected Mayor for the Combined Authority with effect from May 2017.
10. The significance of these proposals led to a recommendation to Council on the 9 December 2015 that, having regard to the Council's strong record in public engagement there should be a poll of the residents of County Durham subject to Council agreeing to the funding of a poll from the Council's Revenue Contingency Budget. Council agreed to the funding of the poll on the basis of the timetable and questions, prepared by Durham University and tabled at Council and also upon the basis that this consultative poll would be of those electors whose names were on the Electoral Register at its publication on the 1 December 2015.
11. During week commencing 11 January, the Electoral Reform Society (ERS) began sending polling packs to residents. The deadline for responses was 8 February and the results are currently being analysed by ERS in readiness for a report on the results to Council at its meeting of 24 February 2016.

Consultation in the NECA Area and the Legislative Process

12. Extensive consultation has taken place at various stages. Prior to entering into the proposed Agreement in October 2015 with the Chancellor and Commercial Secretary, NECA undertook a number of consultation "road shows" in each of the constituent authority areas setting out clearly the proposed powers and responsibilities that the NECA intended to seek from Government.
13. Since the conclusion of the proposed Agreement further public consultation has taken place including:
 - 6 public events across the NECA area in November 2015 where participants received a presentation on the proposals, then participated in round table discussions followed by a question and answer session.
 - The consultation exercise and local events were publicised through press releases, individual local authority websites and on social media gaining interest from local and national media and helping to raise

awareness of both the North East Combined Authority and the devolution proposals. Over 370 people signed in at the local events and others submitted written responses through the NECA website or completed an online feedback form.

- Views of the NECA Overview and Scrutiny Committee were sought at their meeting in December.
- Dedicated sessions are also arranged for January and February 2016 with representatives of the voluntary, community and social enterprise sector, the regional business sector and also with trade union representatives.
- At a local authority level, constituent authorities have gathered views from a range of local stakeholders to complement the activity being coordinated centrally by NECA.

Legislative Process

14. The Cities and Local Government Devolution Bill has progressed through the parliamentary processes and is due to receive the Royal Assent imminently. This legislation provides for the creation of Mayoral Combined Authorities, and the move to such an authority by the NECA is an integral element of the proposed Agreement.
15. 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.
16. Should any Constituent Authorities not consent to the creation of the Mayoral Combined Authority and provided the Combined Authority still wish to proceed, the non-consenting Constituent Authorities will be removed from the Combined Authority through the Parliamentary process that provides for a new Mayor.
17. Subject to the necessary consents being provided during February and March it is expected that the requisite legislation will commence Parliamentary processes in May/June 2016 and provide for mayoral elections in May 2017.
18. 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 funding of the NECA and to make further provision for the operation of Overview and Scrutiny, Audit and budget setting processes.
19. 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.

The Decision - Making Process for this Council

20. The NECA Leadership Board is planning to make its decision on the Devolution agreement by 24 March 2016 and an essential component of that decision making are the views of the constituent authorities.
21. The final decision on whether to agree to the deal is an executive and not a Council one and Cabinet should therefore decide this issue at its meeting of 16 March. The Leader expressed his intention to report on the results of the poll to Council on 24 February 2016 so that Council's view on the devolution deal can be taken having regard to the outcome of the poll.
22. It is therefore recommended that Cabinet agree to the presentation of a report on NECA and an analysis of the poll to Council on 24 February 2016 so that Council can provide its views on the issue taking into account the outcome of the poll. Cabinet will in turn take these views into account when deciding whether to agree to the Devolution Deal at its meeting on the 16 March 2016.

Recommendations and Reason

23. Cabinet is asked to agree to the presentation of a report on NECA and an analysis of the poll to Council on 24 February 2016 so that Council can provide its views on the issue taking into account the outcome of the poll before Cabinet makes its final decision at its meeting on the 16 March 2016.

Background Papers

- Report to the Council "North East Combined Authority: Devolution Deal" dated 9 December 2015

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Appendix 1: Implications

Finance – None Specific in this report.

Staffing – None specific in this report.

Risk – None specific in this report.

Equality and Diversity / Public Sector Equality Duty- None specific in this report.

Accommodation – None specific with this report.

Crime and Disorder - None specific with this report

Human Rights – None specific with this report

Consultation – The purpose of the poll is that of wide consultation.

Procurement – None specific in this report.

Legal Implications - The Law:

There are a number of powers enabling councils to conduct local polls:-

The most recent of these is Section 116 of the Local Government Act 2003, which enables an authority to hold polls in order to ascertain the views on any matter relating to its services, expenditure on those services or its power to promote well-being in its area. As one of the stated purposes for becoming a constituent authority was to promote the well-being of the wider area including County Durham, a poll on the issue of the governance of that body could be carried out under this legislation.

The Local Government Act 1972 gives county and unitary councils the power to conduct or assist in the conducting of investigations into and the collection of information relating to any matters concerning the authority or any part of it.

In either case there is freedom to the authority to decide:-

- Who to poll; and
- How such a poll is to be conducted.

The result of the poll is not binding on the authority.

As the poll is a function of the Council, the Electoral Register may be used. Contractual arrangements with printers will require the register to be used strictly in accordance with the Electoral Registration Officer's requirements and those companies expressing an interest in the work are established electoral printers.