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| REPORT TO: | COUNCIL | AGENDA ITEM: 10 |
| DATE OF MEETING: | 29 FEBRUARY 2016 | CATEGORY: RECOMMENDED |
| REPORT FROM: | CHIEF EXECUTIVE | OPEN |
| MEMBERS' CONTACT POINT: | FRANK McARDLE 01283 595702 frank.mcardle@south-derbys.gov.uk | DOC: |
| SUBJECT: | COMBINED AUTHORITY AND DEVOLUTION DEAL | REF: |
| WARD(S) AFFECTED: | ALL | TERMS OF REFERENCE: |

1.0 Recommendations

- 1.1 Members consider the report and resolve as to the Council's position in relation to the proposed Combined Authority and Devolution Deal.

2.0 Purpose of Report

- 2.1 The Government is understood to be close to finalising the content of a North Midlands Devolution Agreement. The current draft is available at ANNEXE C (Draft: Version 26). Discussions are ongoing and it is anticipated that the final version of this document will be available on 2 March 2016. The Draft North Midlands Combined Authority Governance Review and Scheme is expected to be published on 15 March.
- 2.2 Confirmation of the District Council's position has been sought in advance of receipt of the final versions of these documents by the D2N2 Leaders & Chief Executives Group at the request of Government. It is understood that this is in order to meet the timescales for an Order to be laid before Parliament in October 2016, potentially followed by Mayoral elections in May 2017 (Indicative timescales can be found at ANNEXE D).
- 2.3 At this time, their request is for an agreement in principle from South Derbyshire District Council to be part of the geography of a proposed Mayoral Combined Authority for the North Midlands.

3.0 Detail

- 3.1 At the Environmental & Development Services Committee on 30 January 2014, Members supported the establishment of a Derby & Derbyshire (D2) Joint Committee for Economic Prosperity. The Joint Committee undertook a Governance Review which concluded that a Combined Authority presented the

best option for “positively impacting on the economic conditions of the D2 area, and also in providing the best opportunities for improved efficiency and effectiveness of delivery in transport and economic development”. At Council on 9 February 2015, Members agreed in principle to support the establishment of a Derby & Derbyshire (D2) Combined Authority (Ref ANNEXE A).

- 3.2 A devolution prospectus was submitted to Government in March 2015 on behalf of all nineteen local authorities and the Local Enterprise Partnership in the D2N2 area (Derby, Derbyshire, Nottingham and Nottinghamshire). This outlined the type of powers and funding streams that D2N2 partners would wish to be devolved in a ‘Deal’ in order to significantly improve economic growth. In the course of the resultant discussion a number of significant changes to the previously envisaged proposals emerged including: The Combined Authority was likely to extend beyond Derby & Derbyshire, with the name changed to reflect this; Significant powers will only be devolved by Government if a directly elected Mayor was created; and, the scope of the Devolution Deal discussions with Government became broader and now included, for example, public sector reform.
- 3.3 To reflect these revised expectations with respect to the likely outcome, on 5 November 2015 Members authorised the Chief Executive in consultation with the Leader to continue to engage in discussions with the Government and to bring back to the Council any proposals put forward by the Government for a Combined Authority and Devolution Deal for the D2N2 area (Derby, Derbyshire, Nottingham and Nottinghamshire) (Ref ANNEXE B).

Cities and Local Government Devolution Act 2016

- 3.4 In January 2016, the Cities and Local Government Act received Royal Assent. The Act is intended to support delivery of the Government’s manifesto commitment to “devolve powers and budgets to boost local growth in England”, in particular to, “devolve far reaching powers over economic development, transport and social care to large cities which choose to have elected Mayors”. The Act takes forward a number of reforms which are intended to allow for the implementation of devolution agreements with Combined Authority areas and with other areas. It is enabling legislation which provides a legislative framework which can be applied flexibly to different areas by secondary legislation. The Act includes generic provisions (to be applied to individual areas agreeing Deals by secondary legislation) which will:
- a. remove the current statutory limitation on functions that can be conferred on a Combined Authority (currently economic development, regeneration and transport);
 - b. enable local governance to be streamlined as agreed by Councils;
 - c. provide for fast track structural and boundary changes to non-unitary local authority areas;
 - d. enable public authority functions to be conferred on a Combined Authority or local authority;

- e. enable an Elected Mayor for the Combined Authority's area who will exercise specified functions individually and chair the Authority;
- f. enable the Mayor to undertake the functions of a Police and Crime Commissioner for the area (in place of the Police and Crime Commissioner); and,
- g. where a Mayor is to have functions of a Police and Crime Commissioner, cancel Police and Crime Commissioner elections that would otherwise have taken place and allow the current Police and Crime Commissioner's term of office to be extended until the Mayor's first term begins (where appropriate).

North Midlands Devolution Agreement

- 3.5 The proposed Combined Authority and Devolution Agreement for Derby, Derbyshire, Nottingham and Nottinghamshire has been rebranded as 'North Midlands', replacing the previous 'D2N2' branding.
- 3.6 The Draft Devolution Agreement (Version 26) is subject to ongoing discussions but it is understood that the Government is close to finalising the content. The Agreement proposes the devolution of powers and responsibility from Government to a new Combined Authority and Elected Mayor, with possible further devolution anticipated in the future. The aim is that devolution will help the D2N2 Local Enterprise Partnership to deliver its Strategic Economic Plan. The current Draft Agreement can be found at ANNEXE C (Draft: Version 26).

North Midlands Combined Authority

- 3.7 The Draft North Midlands Combined Authority Governance Review and Scheme is expected to be published on 15 March. A Governance Review and Scheme had previously been prepared for the D2 (Derby and Derbyshire) area. A Combined Authority is a legal structure that may be established, via an Order issued by the Secretary of State, at the request of two or more local authorities; A Mayoral Combined Authority includes the establishment of a directly-elected Mayor. It is anticipated that consultation on the North Midlands Combined Authority proposals and scheme will commence in May this year. The current indicative timescales for the creation of a North Midlands Combined Authority and anticipated Devolution Political Structures can be found at ANNEXE D and ANNEXE E respectively.

4.0 Financial Implications

- 4.1 There are no financial implications for the District Council at this time beyond the transfer of the Council's current contribution to the Derbyshire Economic Partnership to the proposed Combined Authority. It is anticipated that in 2015/16 this contribution will be £15,000. However, a request for further expenditure is anticipated should matters proceed.

5.0 Corporate Implications

- 5.1 The activities of the proposed Combined Authority would contribute to the Corporate Plan's vision to 'make South Derbyshire a better place to work, live and visit'.

6.0 Community Implications

6.1 The activities of the proposed Combined Authority would contribute to the South Derbyshire Partnership's Sustainable Community Strategy vision of 'a dynamic South Derbyshire, able to seize opportunities to develop successful communities, whilst respecting and enhancing the varied character of our fast growing district'.

7.0 Conclusions

7.1 This report seeks to establish whether or not Members wish to instruct the Chief Executive, in consultation with the Leader, to enter into an agreement in principle to establish a North Midlands Combined Authority. This would lead to public consultation on the principle of a Mayoral Combined Authority which would require a further report to Members seeking formal ratification. If ratified, South Derbyshire District Council would become a constituent council of the proposed North Midlands Combined Authority.

8.0 Background Papers

8.1 South Derbyshire District Council report:

Environmental & Development Services (30 January 2014)
Derby & Derbyshire Joint Committee for Economic Prosperity

ANNEXE A: South Derbyshire District Council report:
Council (9 February 2015)
Derby & Derbyshire (D2) Combined Authority

ANNEXE B: South Derbyshire District Council report:
Council (5 November 2015)
Devolution Deal

Exempt Items

ANNEXE C: HM Treasury
Draft North Midlands Devolution Agreement – Version 26

ANNEXE D: Indicative Timescales

ANNEXE E: Anticipated Devolution Political Structures