



Derby City Council

COUNCIL CABINET
11 November 2015

ITEM 2

Report of the Cabinet Member for Strategy and Policy

East Midlands Devolution Agreement

SUMMARY

- 1.1 To update members on the current position on the devolution deal negotiations with Government.
- 1.2 To delegate authority to the Chief Executive in consultation with the Leader of the Council to continue negotiating with Government and to enter into an “in principle” agreement.
- 1.3 To note that final ratification of the devolution deal will need the approval of full Council as well as changes in legislation currently included in the Cities and Local Government Devolution Bill.

RECOMMENDATION

- 2.1 To note the progress towards a devolution deal for Derbyshire and Nottinghamshire;
- 2.2 To delegate authority to the Chief Executive in consultation with the Leader of the Council to continue negotiations and to sign the proposed devolution deal, which will be subject to ratification by Full Council in due course.
- 2.3 To request a further report be brought back to Cabinet following the expected announcement on 25 November updating members on the position.
- 2.4 To request a report seeking ratification of the deal is brought to Full Council after the necessary changes in legislation.

REASONS FOR RECOMMENDATION

- 3.1 To allow a deal to continue to be negotiated subject to ratification at a later stage by full Council.



Derby City Council

COUNCIL CABINET 11 November 2015

Report of the Acting Strategic Director for Communities and Place

SUPPORTING INFORMATION

- 4.1 On 4 September 2015, a joint bid on behalf of all 19 local authorities and the Local Enterprise Partnership in the D2N2 area was submitted to Government for the devolution of more economic powers and resources or to secure closer Government involvement where it would mean we could better meet our local ambitions. This followed on from discussions over the previous 12 months about the formation of Combined Authorities in Nottinghamshire and Derbyshire.
- 4.2 Negotiations with Government on a devolution deal for D2N2 have now reached an advanced state with discussions on the detail of what would be devolved. A delegation of senior Members and Officers met with Government Ministers on 19 October 2015.
- 4.3 Devolution deals have already been announced for the Greater Manchester and South Yorkshire Combined Authorities and most recently North East and Tees Valley Combined Authority; all of these require directly elected Mayors with elections scheduled for May 2017. All devolution deals and the powers and funding attached to them will be subject to the Comprehensive Spending Review, consultation with residents in the area on the deal proposal and the agreement of all the Local Authorities the subject of the devolution proposals. Final Deals will also be subject to enactment of enabling legislation, including the Cities and Local Government Devolution Bill and the appointment of a directly elected Mayor to head the new Combined Authority.
- 4.4 It is expected that those deals currently subject to extensive negotiations, such as the D2N2 deal, will be announced in time for the Comprehensive Spending Review on 25 November 2015.
- 4.5 **What would a Devolution Deal deliver?**
The D2N2 devolution prospectus, which was first submitted to Central Government in March 2015, 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. The five themes of the prospectus are Skills to Employment, Built Environment, Transport, SMART infrastructure and Enterprise. The March 2015, prospectus was reviewed with further information and refined proposals were negotiated and agreed across the 19 Local Authorities by Leaders and Chief Executives. It was then submitted to Central Government in September 2015. The prospectus and September 2015, submission are available as background papers.
- 4.6 In addition to the five themes, and in line with proposals being developed in other parts of the country, public sector reform was added as a further theme for negotiation

as part of the D2N2 September 2015 submission. There are no details in relation to these reforms and any reforms will be subject to further detailed negotiations. The deal is likely to simply state that these are possible options for future discussions. However early decisions will be required on the Police and Crime Commissioner responsibilities. If these are to be devolved to any newly created Mayoral role, it is likely that Government will postpone the 2016 PCC elections as a result.

- 4.7 Negotiations are continuing at pace with Central Government and details of the draft deal will be available in the coming days.
- 4.8 **Governance**
Central Government has explicitly stated that significant powers would only be devolved if a directly elected Mayor is created as they are of the view that this ensures clear accountability over powers, functions and funding that is devolved from national government to the local level.
- 4.9 It is proposed that the directly elected Mayor would act as Chair to a single devolved authority for the area. The Mayor, in conjunction with the devolved authority, would exercise the powers and functions devolved from Central Government. The earliest a Mayoral election could take place is May 2017.
- 4.10 There is no intention to transfer existing powers from Local Authorities to the new devolved authority. Combined Authority legislation allows for powers to be held concurrently by local councils and the Combined Authority and this is the preferred model for local Councils across Derbyshire and Nottinghamshire.
- 4.11 The Mayor and the devolved authority will be held to account by an Overview and Scrutiny Committee. It is proposed that the Mayor will be required to consult the devolved authority on their plans, which the devolved authority could reject if two-thirds of its members vote against the proposals. The devolved authority would also examine the Mayor's spending plans and could amend these if two-thirds or more of its Members agree to do so.
- 4.12 Proposals for decision by the devolved authority could be put forward by the Mayor or any Member of the devolved authority. The Mayor would have one vote as would other voting members.
- 4.13 **Geography**
The electorate for the areas of the constituent councils of the devolved authority would elect the Mayor.
- 4.14 The constituent members of the devolved authority are:
- Amber Valley Borough Council
 - Ashfield District Council
 - Bassetlaw District Council
 - Bolsover District Council
 - Broxtowe Borough Council
 - Chesterfield Borough Council
 - Derby City Council
 - Derbyshire County Council

- Derbyshire Dales District Council
- Erewash Borough Council
- Gedling Borough Council
- High Peak Borough Council
- Mansfield District Council
- Newark and Sherwood District Council
- North East Derbyshire District Council
- Nottingham City Council
- Nottinghamshire County Council
- Rushcliffe Borough Council
- South Derbyshire District Council

4.15 **Timetable – next steps**

The draft deal documentation is expected the week beginning 2 November 2015, and an announcement on the proposed deal, if it is agreed, is expected to be made in line with the Comprehensive Spending Review on 25 November 2015.

- 4.16 A full implementation plan covering each policy set out in the Deal would need to be developed that would include the timing and proposed approach for monitoring and evaluation of each policy.
- 4.17 Elections for a Mayor could be held in May 2017 although this is subject to agreement and the implementation timetable.
- 4.18 As stated above a public consultation exercise will be required with residents of the D2N2 area proposed devolved authority before final confirmation of the deal.
- 4.19 It is important to note that whilst deals are on offer Central Government cannot deliver on the deal requirements until changes in legislation are made. The Cities and Local Government devolution bill is currently awaiting its third reading in the House of Commons.
- 4.20 At this stage therefore approval is sought for delegated authority to the Chief Executive in consultation with the Leader of the Council to continue to negotiate with Central Government to obtain the best deal possible for the D2N2 area proposed devolved authority and to sign any deal document prior to the expected 25 November 2015 announcements. It is important to note however that any such document will be “subject to ratification” by all 19 Authorities Full Councils as well as the required changes in legislation before it becomes binding on Authorities.

OTHER OPTIONS CONSIDERED

- 5.1 The 19 Authorities in proposed devolved authority area could decide not to proceed with negotiations for a devolution deal but that would place economic growth and regeneration in the East Midlands at significant risk as other areas surrounding the East Midlands would have local control over significant growth budgets.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry, Director of Governance Martyn Marples, Director of Finance Diane Sturdy, Acting Head of Service Organisational Development, Employee Relations and Pay and Reward Strategy Christine Durrant, Acting Strategic Director for Communities and Place Tim Clegg, Director of Strategic Partnerships, Planning and Streetpride
For more information contact: Background papers: List of appendices:	Verna Bayliss 01332 643034 verna.bayliss@derby.gov.uk • March 2015 Prospectus • 4 September 2015 Submission • Cabinet Report Proposed Derby and Derbyshire Combined Authority 3 September 2014 Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The future operating model for a single D2N2 Combined Authority and the introduction of an elected mayor and how it will be financed has yet to be determined and will be a key part of the work that will be required following any announcement of a Devolution Deal. This will be set out in further reports as indicated.
- 1.2 Up to this stage existing internal resources have been used to support the development of the devolution deal with partner authorities. Additional resources may be required to manage the workplan of the Combined Authority when the full details are established. A further report may be required to allocate further resources.

Legal

- 2.1 There are a substantial amount of legal, constitutional and electoral issues highlighted within this report; each of which will require careful consideration as and when they arise and will be detailed in future reports as necessary. The details of the Cities and Local Government Devolution Bill, which is currently subject to parliamentary amendment, will need to be reviewed once the Bill becomes law and receives the Royal Assent.
- 2.2 From a governance perspective, it is envisaged that the Combined devolved authority will require a fully compliant constitution to accommodate the decision making powers of a future directly elected Mayor and the role of each Member appointed to the devolved authority to ensure that possible conflict issues are addressed. The mayor, and the combined authority generally, will be subject to Overview and Scrutiny arrangements.
- 2.3 At present the Police and Crime Commissioner election is due to take place on 5th May 2016.

Personnel

- 3.1 The future operating model for a single D2N2 Combined Authority and the introduction of an elected mayor and how it will be serviced has yet to be determined and will be a key part of the work that will be required following any announcement of a Devolution Deal. This will be set out in further reports as indicated.
- 3.2 A review of any possible implications on staffing issues, will be undertaken once a model is proposed.

IT

4.1 None arising directly from this report.

Equalities Impact

5.1 As a statutory body, the Combined Authority will have to comply with the requirements of the Public Sector Equality Duty of the Equality Act and these will be taken into account when drawing up the terms of reference.

Health and Safety

6.1 None arising directly from this report.

Environmental Sustainability

7.1 None arising directly from this report.

Property and Asset Management

8.1 None arising directly from this report.

Risk Management

9.1 As currently proposed the Combined Authority would hold its powers concurrently with the Local Authorities and thus is likely to have governance arrangements which will make some matters subject to enhanced voting rights which may include the need for unanimity amongst members before a decision is passed by the Combined Authority.

9.2 The characteristics of mayoral powers and duties are the subject of several provisions in the Cities and Local Government Devolution Bill which are evolving.

Corporate objectives and priorities for change

10.1 The Devolution Deal will bring opportunities for the devolution of more economic powers and resources to the D2N2 area. The ambitions of the Devolution Deal will support our objectives for growth of our local economy and prosperity for our residents and enterprise.

10.2 A skilled and motivated workforce.