

North East Derbyshire

Council

November 2022

East Midland County Combined Authority (EMCCA) Update

Report of the Leader of the Council

Classification: Public

Report By: Councillor Alex Dale, Leader of the Council

Contact Officer: Lee Hickin – Managing Director

PURPOSE / SUMMARY

To provide an update on the D2N2 Devolution Deal and the establishment of an East Midlands Mayoral County Combined Authority and to allow members the opportunity to have their say as part of the consultation.

RECOMMENDATIONS

1. That Council note:
 - 1.1 The details of the draft Devolution Deal that was signed on 30 August 2022.
 - 1.2 The process for establishing the East Midlands Mayoral County Combined Authority, which is currently undergoing consultation.
- 2 That Council responds to the currently live consultation on the draft Devolution Deal by submitting a copy of the section of the minutes of today's meeting on this item, thereby allowing all members who wish to speak in the debate on this paper to have their views taken into consideration and represented in the consultation.

Approved by the Portfolio Holder – Leader of the Council

IMPLICATIONS

Finance and Risk: Yes No

Details:

There are no direct revenue or capital implications at this time.

On Behalf of the Section 151 Officer

Legal (including Data Protection): **Yes** **No**

Details:

New legislation is underway for Combined Authorities – this is due to receive Royal Assent in spring 2023, however there are already a number in operation which provide some context – the legal basis for which is included in a number of Acts including; the Local Government Act 2000 (amended 2007), the Local Democracy, Economic Development and Construction Act 2009 and the Cities and Local Government Devolution Act 2016.

On Behalf of the Solicitor to the Council

Staffing: **Yes** **No**

Details:

There are no staffing matters to consider directly relating to this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input checked="" type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Click here to enter text.

Links to Council Plan priorities or Policy Framework, including Climate Change, Equalities, and Economics and Health implications.

All indirectly

REPORT DETAILS

1 Background and context

- 1.1 A key ambition of Government is to devolve powers closer to the areas they affect. In order to allow for such powers and finance to be devolved from central Government to a local level, it is recognised that local authorities must exist that are large enough to receive, administer and deliver them. Proposals seek to shift Government focus and resources to Britain's 'left behind communities'.
- 1.2 Many councils across the country have been exploring the potential offered by the Levelling-Up White Paper to secure a deal for their areas. It was considered that a devolution deal could result in significant additional investment in infrastructure, skills and transport in Derbyshire, among other things. In light of the continued pressure on public finances and the continuing impact of Covid19, rising cost of living and other factors, such investment could be of vital importance in supporting the local economy for the benefit of local people.

Potential for a County Deal

- 1.3 Late last year, Derbyshire County Council along with Derby City submitted a formal expression of interest requesting that Derbyshire be considered as a potential County Deal pilot area through the **Vision Derbyshire** model which could present a credible model to Government. The response back from the Secretary of State and DHLUC suggested the proposal met the conditions of being 'readily deliverable' and the letter noted 'innovative proposals' including recognition of the 'Vision Derbyshire' model and its ambitions towards non-structural reform and greater collaboration between the two tiers of local government.
- 1.4 Following this, the Government then formally announced that Derbyshire and Derby City were one of 9 areas invited to agree new county deals, extending devolution across England. Invitations to apply for a County Deal were also extended to Nottinghamshire and Leicestershire which provided the opportunity to pursue a wider Combined Authority (CA) deal at a regional level.
- 1.5 The Devolution Framework identified three levels/tiers that a 'deal' could be sought and agreed, each has a different requirement along with a different range of powers;
- Level 1 – Local Authorities working together across a functional economic area (FEA) or whole county area e.g. through a joint committee

- Level 2 – A single institution or County Council without a directly elected mayor (DEM) across a whole county area or FEA
- Level 3 – A single institution or County Council with a DEM across a FEA or whole county area

There are far greater powers and flexibilities on offer for level 3 (see Appendix A). To achieve the maximum powers provided through a Level 3 deal would require the need to progress governance through a DEM and a CA model.

- 1.6 Although new legislation is underway to create Mayoral County Combined Authorities (MCCAs), there are already a number of Combined Authorities in operation which provide some context – the legal basis for which is included in a number of Acts including; the Local Government Act 2000 (amended 2007), the Local Democracy, Economic Development and Construction Act 2009 and the Cities and Local Government Devolution Act 2016.
- 1.7 The proposed combined authority models are made up of upper tier local authorities only. It is expressly said in the White Paper however that this is not to exclude Districts and Boroughs, which are seen as vital partners. The Government is clear that it expects the involvement of as many District and Borough Councils as possible. Government also suggest that it is for local Leaders to determine the level and extent of such involvement, including decision making.
- 1.8 During early 2022, NEDDC along with other Districts and Boroughs took part in a series of meetings convened by DCC and Derby City at which they provided an update on the latest position. At those meetings it was very clearly set out that any application or submission for a deal needed to be executed imminently.
- 1.9 At the end of March 2022, following discussions with government, the four D2N2 upper tier authorities submitted initial proposals for the establishment of an East Midlands Mayoral County Combined Authority (EMCCA), with a target agreement date of April 2023.
- 1.10 Subsequently, during summer 2022, the upper tier authorities were asked by government to accelerate the negotiations with a view to an agreement being reached on an East Midlands MCCA by late August/early September 2022. A consequence of this, is that whilst the broad terms of the deal and governance arrangements would be agreed, further more detailed arrangements on specific areas of devolution and governance would need to follow.
- 1.11 During the accelerated negotiations, the district councils were represented by the chief executives of Chesterfield Borough Council and Newark and Sherwood District Council, who provided regular updates and sought opinions from district colleagues.
- 1.12 During the summer, a number of progress briefings were provided by the upper tier authorities, as well as meetings of leader and chief executives from across

D2N2, where negotiation progress was discussed. In addition, Derbyshire County Council arranged a number of on-line briefing sessions open to all elected Members from across the county and specifically from Districts and Boroughs.

- 1.13 A draft agreement was reached during August 2022. Following departmental approval, the formal agreement was signed by the government and upper tier authorities at Rolls Royce in Derby on 30 August 2022.
- 1.14 If approved, and if the required legislation passes through parliament, the deal will establish the first ever Mayoral County Combined Authority in the country.

The Deal

- 1.15 It is worth making clear from the outset that the proposed Devolution Deal would not involve the District or Borough Councils ceding any of their powers or functions. The Deal would not involve any reorganisation of existing local government. Consequently, North East Derbyshire District Council and the other District & Borough Councils would remain exactly as they are, with the same powers and responsibilities and within their existing boundaries. This point is stressed within the appended Proposal document.
- 1.16 Given the pace and accelerated negotiations during the summer, whilst broad terms of the deal and governance arrangements could be agreed, further more detailed arrangements on specific areas of devolution and governance would need to follow. The following provides an overview;

Governance

- The two city and two county councils will be constituent authorities, who will each appoint two members to the combined authority – 8 members in total, plus the elected mayor.
- Each member of the upper tier authorities will have one vote each (8 votes in total), and the Mayor will have one vote. The MCCA has the discretion to allow other members to vote.
- There will also be up to 8 non-constituent members, including up to 4 representatives from district and borough councils. The government requires the two city and two county councils and the mayor to have a majority on the governing group.
- The government expect emergency services, health, and business to be represented.
- The MCCA can create committees which can include representatives from city, county, district, and borough councils, and other stakeholders.
- Audit and Scrutiny Committees will also be established.
- Some of the powers held by the MCCA and/or the mayor will be national government powers. Some will be powers already held by the city and county councils. There are no proposals to give the MCCA/mayor any district council powers.

- The D2N2 LEP will be integrated into the new MCCA.

Resources

- An East Midlands Fund, providing £38 million per year of capital/revenue funding over a 30-year period, totalling £1.14 billion.
- Capacity Funding of £500,000 in 2023/24 and £1 million in 2024/25 to support the MCCA in its early stages.
- Devolved Capital Funding of £16.8 million in 2024/5 to support the building of new homes on brownfield land, subject to sufficient projects being identified.
- Capacity funding of £918,000 across 2023/24 and 2024/25 to support the pipeline of housing sites.
- In year capital funding of up to £18 million to support the delivery of shorter-term housing and net zero priorities.
- Capacity funding to support the preparation of a Local Transport Plan.
- Responsible for devolved funding for projects within the Road Investment Strategy 2 (RIS2), Levelling-Up Fund (LUF) major capital programmes and UK Shared Prosperity Fund.
- Fully devolved Adult Education Budget.
- Power to borrow up to an agreed cap for non-transport functions.

New devolved functions and powers of the mayor and MCCA

- Designation of a Mayoral Development Area, with consent of relevant District and Borough Councils.
- Housing and land acquisition powers, housing supply, land development and regeneration, commercial space, and infrastructure, working closely with Homes England. Relevant District and Borough Council consent also needed where Homes England compulsory purchase powers are being exercised.
- Business rate supplement and option of a Council Tax precept to fund Mayoral functions are part of the framework, but no plans to use the precept as can be avoided by capacity funding.
- Power to draw up a local integrated transport plan and strategies, as well as bus franchising.
- Transport functions, including setting up and coordinating a Key Route Network, smart integrated ticketing, may run enhanced concessionary fares schemes.
- Work with national government and Great British Railways to ensure Integrated Rail Plan, including HS2, Midland Main Line electrification etc. maximise regeneration impacts.
- Economic development and regeneration.

- Adult education and skills. Supporting development of Local Skills Improvement Plans (LSIP).
- Retrofit measures, clean heat coordination, and local energy plan, generating new jobs.
- Duty to take action to improve public health given to MCCA as well as constituent authorities.
- Work closely with Police and Crime Commissioners on public safety.
- Work with local partners on long-term governance model for fire and rescue services.
- Working with national government to explore initiatives to address homelessness, domestic abuse, community safety, social mobility, and support for young people.

The agreement can be found at the following link: [East Midlands devolution deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/east-midlands-devolution-deal)

- 1.16 The Levelling-up and Regeneration Bill requires the upper tier would-be members of the CA to develop a formal proposal to seek the establishment of a Mayoral County Combined Authority. This will then be consulted upon and updated to reflect the outcome of the consultation – if the upper tier councils agree and the legislation is passed, the proposal would be submitted to Government during March 2023 as the formal request for a Mayoral County Combined Authority.

Consultation

- 1.17 During early November 2022, the four upper tier authorities sought and gained approval of their respective Councils to proceed to consult on the proposal. The proposal document can be found at appendix B. Consultation will take place over 8 weeks, from 14th November 2022 to 9th January 2023. Methods will include; online; stakeholder engagement and; public events.

Key dates and stages

- 1.18 The following sets out the stages so far and those yet to happen;
- March 2022 - the four D2N2 upper tier authorities submitted initial proposals for the establishment of an East Midlands Mayoral County Combined Authority (EMCCA)
 - August 2022 - formal agreement was signed by the government and upper tier authorities
 - October 2022 – Proposal document reviewed by the four upper tier leaders
 - November 2022 - Proposal document approved for consultation by the four upper tier Councils
 - November 2022 to January 2023 – Proposal goes out for consultation
 - January 2023 – Proposal updated to reflect the outcome of the consultation
 - March 2023 - four upper tier Councils approve submission to

- Government (around this time legislation expected to be in place)
- April 2023 to May 2023 – detailed design of EMCCA operating model complete with shadow EMCCA being formed
- July 2023 to May 2024 – shadow EMCCA operating including recruitment of operational team
- May 2024 – Mayoral elections take place and transition from shadow to established EMCCA complete

NB The shadow EMCCA will not be a legally constituted body – individuals from existing bodies (largely constituent councils) will be selected. An ‘interim’ CEO will be appointed to oversee the creation of the EMCCA working with the political Leadership and CEO’s of the four constituent councils.

4 Reasons for Recommendations

- 4.1 To ensure that elected Members are aware of the details contained within the Devolution Deal along with the progress so far and next steps, as well as having the opportunity to feed in their views as part of the consultation. There clearly remains the need to understand also how District and Boroughs can be involved and engaged in both the further refinement of a deal (notwithstanding the fact that the deal will be done with the upper tier authorities) and how Districts and Boroughs will feature in the governance of the CA to ensure that the interests of the District are promoted and preserved.

5 Alternative Options and Reasons for Rejection

- 5.1 To NOT submit members’ views as part of the consultation on the draft devolution deal and the East Midlands County Combined Authority. This alternative option is rejected as it is important that the range of views of members of NEDDC are taken into account as part of the consultation. By submitting the minutes of this meeting, all members who wish to speak can have their views represented in NEDDC’s response to the consultation, in addition to submitting responses directly to the consultation as individual Councillors if they wish.

DOCUMENT INFORMATION

Appendix No	Title
1	Chart of powers available at different levels of a deal.
2	Proposal document for consultation.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
Click here to enter text.	
None	

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
Investment spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities