

## For Publication

### **Devolution Deal – Proposal for an East Midlands Mayoral Combined County Authority (LC000)**

<b>Meeting:</b>	Council
<b>Date:</b>	14 December 2022
<b>Cabinet portfolio:</b>	Leader
<b>Directorate:</b>	Corporate

#### **1.0 Purpose of the report**

- 1.1 To inform Council of the scope and nature of the devolution deal signed on 30 August 2022 by Derbyshire County Council, Derby City Council, Nottinghamshire County Council and Nottingham City Council (“the four upper tier councils”) with the Government.
- 1.2 To update Council on the steps currently being taken by the four upper tier councils to establish an East Midlands Combined County Authority to enable implementation of the devolution deal.

#### **2.0 Recommendations**

- 2.1 That Chesterfield Borough Council notes the devolution deal and the steps currently being taken by the four upper tier councils to establish an East Midlands Combined County Authority.

#### **3.0 Reasons for recommendations**

- 3.1 To enable Chesterfield Borough Council, its members, and officers, to debate the proposals that the four upper tier councils have put forward to establish an East Midlands Combined County Authority and consider the opportunities presented by the devolution deal, as signed, to progress the Council’s priority action of ... ‘making Chesterfield a thriving borough’ ... for the benefit of the borough’s residents and businesses.

## **4.0 Report details**

### Background

- 4.1 In February 2022, the Government published its White Paper on Levelling Up. The White Paper included a range of proposals which aim to address geographical disparities in funding, productivity, and growth across England.
- 4.2 One of the proposals (which is subject to the safe passage of the enabling draft legislation – the Levelling-up and Regeneration Bill – through Parliament and Royal Assent) allows for the creation of new Mayoral Combined County Authorities, the establishment of which only requires the agreement of the upper-tier councils that operate within a particular geography.
- 4.3 In response to a Government call for expressions of interest, the four upper tier councils came together through the Spring and Summer of 2022 and agreed to cooperate at pace on the development of a devolution deal for the Derbyshire, Derby, Nottinghamshire, Nottingham (D2N2) area; and on 30 August 2022, a £1.14 billion deal was signed with the Government. For ease of reference, a copy of the East Midlands Devolution Deal is attached at Appendix 1.
- 4.4 To access the benefits of the devolution deal, the four upper tier councils have since drafted a proposal document ('the Proposal') that recommends the establishment of an East Midlands Mayoral Combined County Authority (EMCCA).
- 4.5 To comply with the provisions of the Levelling-up and Regeneration Bill, the four upper tier councils are required to consult with the public and other stakeholders on the Proposal. In this regard, the consultation went live on Monday 14 November 2022 and will run until Monday 9 January 2023.
- 4.6 The four upper tier councils will then need to submit a final version of the Proposal to the Government, taking account of the outcomes of the consultation, and, if appropriate, formally proposing the establishment of an EMCCA. Ahead of this, each upper tier council will need the consent of their respective Councils to the final version of the Proposal; these meetings are planned to be held in March 2023.
- 4.7 In parallel to the above process, the Government will need to take the Levelling-up and Regeneration Bill through Parliament and enshrine its provisions in primary and secondary legislation.

### The Proposal

4.8

The Proposal, which is attached at Appendix 2, sets out the context, vision, and priorities for the new EMCCA ... *"Our vision is for the 2.2 million people who live and work here to enjoy better health, greater prosperity, and an increased sense of wellbeing through the opportunities available to them within an inclusive and competitive CCA Area at the heart of the country"*.

There are then four priorities; these are homes, skills, transport, and net zero (reducing carbon emissions).

4.9 The Proposal also references the value of the devolution deal to the area, in terms of access to new Government funding and the devolution of powers currently vested in Government departments ...

- Control of a £38 million per year allocation of funding over 30 years (50% capital, 50% revenue), to be invested by the EMCCA to drive growth and take forward its priorities
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising, and control appropriate local transport functions, e.g., local transport plans, and the area's Key Route Network
- Control of an integrated and consolidated transport funding settlement for the area, starting in 2024/25
- A commitment to explore the advancement of a local partnership with Great British Railways so that the Mayor and the EMCCA can help to shape and improve the area's rail offer
- New powers to better shape local skills provision to meet the needs of the local economy, including devolution of the core adult education budget, as well as input into the development of the new Local Skills Improvement Plans
- New powers to drive the regeneration of the area and to build more affordable homes including compulsory purchase powers and the ability to establish Mayoral Development Corporations
- Over £17 million capital funding for the building of new homes on brownfield land in 2024/25
- £18 million capital funding in the current Spending Review period (up to 2024/25) to support the delivery of new homes and drive Net Zero ambitions
- A key role in planning and delivering the area's allocation of UK Shared Prosperity Fund (UKSPF) funding, from 2025/26
- Through the integration of the D2N2 Local Enterprise Partnership, its' roles and responsibilities, into the EMCCA, the latter will continue to deliver several functions on behalf of Government departments.
- A commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation between the EMCCA and the Police and Crime Commissioners (PCCs) for Derbyshire and Nottinghamshire

- A commitment from the Government to work with the EMMCA to explore initiatives that improve delivery of public services in collaboration with the four upper tier councils e.g., how best to support residents with multiple, complex needs
  - A key leadership role for the Mayor in local resilience and civil contingency planning, preparation, and delivery.
- 4.10 As has been already referenced, it is proposed that the Combined County Authority (CCA) will be known as the East Midlands Combined County Authority, and that its geographical scope will cover the administrative areas of Derbyshire County, Derby City, Nottinghamshire County and Nottingham City Councils, which together form the 'constituent' councils of the CCA.
- 4.11 With specific reference to the proposed governance arrangements, the Proposal stipulates that the EMCCA will have up to 17 members in total, comprising of ...
- A directly elected Mayor
  - 8 constituent members (members appointed by the four upper tier councils, with each constituent council appointing 2 members)
  - 4 non-constituent members nominated by the district and borough councils within the area (with 2 non-constituent members to be nominated by Derbyshire district and borough councils, and 2 non-constituent members to be nominated by Nottinghamshire district and borough councils)
  - A key area of focus for the CCA will be economy, industry, and business. The Government are clear that an independent business voice for the area must be given sufficient prominence in governance arrangements. As a result, consideration is being given to appointing either a non-constituent or associate member who can represent the views of business on the CCA
  - Up to three further non-constituent or associate members – appointments to these roles will not be made immediately. It will be for the CCA to determine these appointments in due course and what interests the appointees would represent on the CCA.
- 4.12 The CCA will have a directly elected Mayor who will be elected by eligible voters within the CCA area, including voters in Chesterfield borough. The Mayor will be a member of the EMCCA, but will also have devolved to them powers and functions that they will be able to execute independently of the CCA.
- 4.13 Subject to the satisfactory completion of the process set out at paragraphs 4.5 to 4.7, Mayoral elections will be held in May 2024.
- 4.14 The Proposal also references the need for the CCA to have at least one Overview and Scrutiny Committee. To accord with the Levelling-up and

Regeneration Bill, the Committee's membership must involve different individuals than those who are members of the CCA. It is therefore proposed that each of the four upper tier councils nominates at least one member to serve on the Overview and Scrutiny Committee and that Derbyshire's and Nottinghamshire's district and borough councils be invited to nominate at least four members to represent the interests of the lower tier councils. The Committee will also need to be politically balanced to reflect the political balance of the CCA area.

- 4.15 Finally, the Proposal stipulates the need for the CCA to establish an Audit Committee to ensure that the Mayor's and CCA's decision making are sound from both a finance and governance perspective. The Chair must be an independent person and the CCA must also look to appoint the right people to ensure effective oversight of the CCA's overall assurance arrangements.

#### Consultation

- 4.16 All four upper tier councils resolved at meetings of their respective Councils late October / early November to subject the Proposal to public consultation and, as has been previously referenced, the consultation went live on Monday 14 November 2022 and will run until Monday 9 January 2023.
- 4.17 Further information about the devolution deal and how to respond to the consultation is available at: [www.eastmidlandsdevolution.co.uk](http://www.eastmidlandsdevolution.co.uk)
- 4.18 It is not proposed to develop and submit a formal response from Chesterfield Borough Council to the consultation.
- 4.19 The Council operates in multiple partnership meeting environments alongside other Derbyshire councils, and the Leader of the Council, Chief Executive, and other senior officers have already taken every advantage of these opportunities to influence the development of both the devolution deal and the Proposal and will continue to do so. These meeting environments include the Derby and Derbyshire Joint Committee on Economic Prosperity, the Derbyshire Economic Partnership, and the Vision Derbyshire Joint Committee.
- 4.20 The Council's Chief Executive was also appointed early Summer to represent the views of Derbyshire district / borough councils in the many officer meeting environments that were convened by the four upper tier councils to help shape and negotiate the terms of the devolution deal, and in turn develop the Proposal. The Chief Executive has regularly sought the views of his Chief Executive counterparts and ensured that the voices of Derbyshire district / borough councils have been aired whenever and wherever practicable. The Chief Executive has also been involved in some of the deal negotiations with Government, especially those relating to the 'housing and land' theme.

## **5.0 Alternative options**

- 5.1 An alternative option would be for Chesterfield Borough Council to develop and submit a formal response to the consultation. However, members should be mindful that such a response will be one of many thousands that are likely to be submitted by the 9 January 2023 deadline, and whilst the Council is a key stakeholder, the view holds that there are more productive meeting environments where the opinions and concerns of Chesterfield Borough Council can be effectively played into discussions on the Proposal and next steps.
- 5.2 It is of course within the gift of individual members and / or political groups to separately engage with the consultation should they wish to do so.

## **6.0 Implications for consideration – Financial and value for money**

6.1 The establishment of the EMCCA will lead to substantial additional Government funding being made available for the CCA area, to be spent on a range of different projects and schemes that will help promote economic growth and improve outcomes for residents and businesses.

6.2 Chesterfield Borough Council has an enviable reputation for accessing such funding and the Council's officers will continue to develop shovel-ready schemes for submission to the EMCCA as and when grant and loan funding is made available for specific purposes.

6.3 Funding has been secured as part of the devolution deal to cover the costs of running the Mayoral office and CCA in the financial years 2023/24 and 2024/25. In addition, the Mayor will have powers to issue a precept and impose a levy (though these powers are rarely exercised), and the CCA will have powers to borrow. In practice, it is however expected that the running costs of the EMCCA beyond 2024/25 will be met by continued Government support and / or funding from the four upper tier councils.

6.4 Whilst Chesterfield Borough Council has historically made a small annual funding contribution (£4,000) towards the running costs of the Sheffield City Region Mayoral Combined Authority, there is no expectation that Chesterfield Borough Council will be asked to commit funds on an annual basis towards the running costs of the EMCCA.

6.5 It is however to be acknowledged that a significant amount of senior officer time has already been invested and will continue to be invested in ensuring that Chesterfield Borough Council is optimally positioned to take full advantage of the funding and other opportunities that will arise from the establishment of the EMCCA to help drive forward the Council's ambitious Growth Strategy. Outside of the current direct allocation from Government of Town Deal, Levelling-up and UK Shared Prosperity Fund funding, there are currently no other available sources of grant or loan funding. The Council will therefore need to look to the EMMCA for such funding opportunities post its establishment.

## **7.0 Implications for consideration – Legal**

- 7.1 The Levelling-up and Regeneration Bill seeks to establish a new type of CCA distinct from the combined authorities that were created under the Local Democracy, Economic Development and Construction Act 2009. Of note is that the Bill prescribes that only the consent of the upper tier councils operating within a particular geography is needed to support the establishment of a CCA. There is no ability of one or more district / borough councils operating within the same geography to veto such a proposal.
- 7.2 Having said this, all four upper tier councils have been keen to engage the 15no. lower-tier councils that operate within Derbyshire and Nottinghamshire in both the development of the devolution deal and the Proposal. It is also encouraging that the four upper tier councils have taken cognisance of the strong representations made by the Leader of the Council and Chief Executive, alongside their counterparts, that 2no. district / borough council Leaders from each county area should have member status on the EMCCA (albeit non-constituent member status).

- 7.3 As has already been outlined in paragraphs 4.5 to 4.7, the establishment of the EMCCA however remains subject to the outcome of the current public consultation exercise, the passage and coming into force of the CCA provisions within the Levelling-up and Regeneration Bill, the further consent of all four upper tier councils, the submission of a final version of the Proposal to Government and approval of secondary legislation.

## **8.0 Implications for consideration – Human resources**

- 8.1 As has been previously referenced, the Council's Chief Executive has been representing the interests of the Derbyshire district / borough councils through the period of development of the devolution deal and Proposal, and it is anticipated that he will continue to fulfil this role for the foreseeable future. Other members of the Council's Corporate Leadership Team have also been involved in support of the Chief Executive and separately in helping shape the draft governance arrangements and emerging operating model for the EMCCA.
- 8.2 The Council's Chief Executive and elections team will also have a critical role to play in administration of the elections for an Elected Mayor for the East Midlands should the final version of the upper tier councils' Proposal be supported by the Government. This will be a key work stream for 2023/24 and into 2024/25.

## **9.0 Implications for consideration – Council Plan**

- 9.1 Chesterfield Borough Council is set to agree a new Council Plan for the period 2023 through 2027 at its meeting on 22 February 2023. There is



every chance that the Council's priorities will complement to varying degrees the four priorities of homes, skills, transport, and net zero (reducing carbon emissions) identified within the devolution deal. This alignment will help optimise the Council's ability to leverage additional funding and resources from the EMCCA.

## 10.0 Implications for consideration – Climate Change

10.1 If established, it is anticipated that the EMCCA will develop its own climate change strategies and plans to reduce carbon emissions which will be subject to the CCA's internal approval processes. The Government has already advanced £9m capital funding in the current Spending Review period (up to 2024/25) to drive the area's Net Zero ambitions. Approaching the issue of climate change from a wider strategic and geographic perspective may beneficially lead to the advancement of more consistent and measurable carbon reduction measures across the CCA's geography.

## 11.0 Implications for consideration – Equality and diversity

11.1 An initial draft equality impact assessment (EIA) has been developed by the four upper tier councils in respect of the Proposal. This is attached at Appendix 3. The EIA will continue to be evaluated and updated as necessary to reflect the outcomes of the public consultation exercise.

## 12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Relevant provisions of the Levelling-up and Regeneration Bill may be subject to change prior to Royal Assent.	M	M	The four upper tier councils will remain in close dialogue with the Government to understand the impact that any changes may have and ensure they are in the best position to make appropriate representations.	L	M

### Decision information

<b>Key decision number</b>	<b>1149</b>
<b>Wards affected</b>	<b>All</b>

## Document information

<b>Report authors</b>	
Chief Executive Service Director – Corporate	
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Levelling-up White Paper Levelling-up and Regeneration Bill	
<b>Appendices to the report</b>	
Appendix 1	East Midlands Devolution Deal
Appendix 2	EMCCA – draft Proposal
Appendix 3	Equality Impact Assessment