

FOR PUBLICATION

PROPOSED DERBY AND DERBYSHIRE COMBINED AUTHORITY

MEETING: 1. COUNCIL
 2. CABINET
 3. LEADER AND EXECUTIVE MEMBER FOR
 REGENERATION

DATE: 1. 11 FEBRUARY, 2015
 2. 10 FEBRUARY, 2015
 3. 3 FEBRUARY, 2015

REPORT BY: DEVELOPMENT AND GROWTH MANAGER
 EXECUTIVE DIRECTOR
 CHIEF EXECUTIVE OFFICER

WARD: ALL

COMMUNITY FORUM: ALL

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:

- Derby and Derbyshire Combined Authority Review Document
- Draft Scheme for the establishment of a Combined Authority for Derby and Derbyshire Document
- Analysis of Public Engagement Results for the Proposed Derby and Derbyshire Combined Authority
- Parliamentary Briefing on Combined Authorities

1.0 **PURPOSE OF REPORT**

1.1 To enable Cabinet to make recommendations to Full Council on the case for the creation of a Combined Authority for Derby and Derbyshire to be established in accordance with the provisions of the Local Democracy Economic Development and Construction Act 2009.

2.0 **RECOMMENDATIONS**

- 2.1 That it be recommended to Full Council that it endorses the outcome of the Review exercise undertaken pursuant to section 108 of the Local Democracy Economic Development and Construction Act 2009, that a Combined Authority be created for Derby and Derbyshire. And, that Chesterfield Borough Council becomes a full constituent member of the proposed Derby and Derbyshire Combined Authority, subject to the outcomes of the statutory consultation process and contingent on our continuing to be able to participate fully in both the Derby and Derbyshire and Sheffield City Region Combined Authorities.
- 2.2 That it be recommended to Full Council that it supports the submission of the Scheme Document attached at Appendix 2 to the report to the Secretary of State in seeking the creation of a Combined Authority for Derby and Derbyshire.

3.0 **BACKGROUND**

- 3.1 Economic Development is highlighted in the Council's Corporate Plan 2014/15 as one of our top priorities to make Chesterfield a thriving Borough. Specific aims within that priority are to:

- To create jobs and safeguard existing ones
- To deliver regeneration projects that make the borough a better place
- To assist businesses to expand and attract new ones into the borough

- 3.2 The last five years have set economic development in a context of political change and global recession. There is a strong desire nationally to re-balance the economy, and develop new, forward-looking economies that support growth and prosperity. It is within this context that the UK's 39 Local Enterprise Partnerships (LEPs) were created to bring together private and public sector skills to help address the economic challenges and drive regional growth; the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) LEP is the relevant body for the Derby and Derbyshire (D2) area, and the Sheffield City Region (SCR) LEP is the relevant body for South Yorkshire and the Sheffield City Region. Chesterfield Borough Council falls within the boundaries of both Local Enterprise Partnerships – D2N2 and Sheffield City Region (SCR).
- 3.3 Recent Government policies and funding announcements have sought to advance 'localism' and devolve decision making to LEP areas and local economic geographies, recognising the 'importance of place' in successful economic development and the need for local, distinct solutions to tackle the challenges of economic growth.

- 3.4 Within this context, the Greater Manchester area has led the way in securing devolution and stronger local governance to drive economic growth; other metropolitan areas such as Sheffield City Region, West Yorkshire and the North East have followed, building on existing platforms of 'city deals' to target their efforts. There is now a significant opportunity for the D2 area and the wider D2N2 LEP region to put forward its own vision for growth and devolution which builds on the existing economic strengths and assets, maximises the latent potential for growth and ensures Derbyshire residents benefit from increased prosperity.
- 3.5 Sheffield City Region
The nine local authorities of Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield that make up the Sheffield City Region (SCR) have a long history of collaboration at a scale that reflects the natural economic geography of the region.
- 3.6 In 2011 the view was taken by the SCR Authorities that there was a need to strengthen the governance arrangements of the City Region. There was a general consensus that the SCR was beginning to outgrow its existing governance structures and arrangements, which have been based on informal, voluntary partnerships without independent legal status. This led to the undertaking of a formal governance review pursuant to the relevant provisions of the Local Democracy Economic Development and Construction Act 2009 (the 2009 Act) which led to a formation of a Combined Authority for the Sheffield City Region in 2013.
- 3.7 Chesterfield Borough Council has been a non-constituent voting member of the Sheffield City Region Combined Authority for nearly two years (Council, 28 February 2013). The Borough Council has a seat on both the SCR LEP Board (private sector led) and the SCR Combined Authority (local authorities). It participates actively and with influence in Sheffield City Region.
- 3.8 Partnership working through the SCR has already secured significant benefits for both Chesterfield and the wider area including: £32 million for businesses from Round 3 and 4 of the Regional Growth Fund (£1.7 million of which has so far been allocated to Chesterfield businesses); the inclusion of Markham Vale in the SCR Enterprise Zone; infrastructure funding for Chesterfield Waterside from the Growing Places Fund; provisional funding allocations for Markham Vale (£3.8m), Chesterfield Waterside (£2.7m) and Northern Gateway (£9m) from the SCR Investment Fund; and a City Region Deal programme including the opportunity of devolved powers for skills, business support, transport and a single investment fund.

3.9 Current Arrangements within the D2 Area

In September 2013, the Leaders of Derbyshire County Council, Derby City Council and the eight district and borough councils in D2 agreed to establish a Joint Economic Prosperity Committee (Joint Committee) to support more effective and collaborative working across a range of functions and issues. Formal approval from each individual authority to establish the D2 Joint Committee was secured between December 2013 and March 2014.

Working alongside a similar Joint Committee arrangement for the Nottingham/ Nottinghamshire (N2) area, the D2 Joint Committee supports the work of the wider D2N2 LEP and the work of the private sector led Derbyshire Economic Partnership (DEP).

3.10 D2N2 Review

In December 2013, the Derby and Derbyshire (D2) Joint Committee agreed to explore the options for better and stronger collaborative working around regeneration, transport and economic development; this involved undertaking a governance review to consider the benefits of creating either an economic prosperity board (EPB) or a combined authority (CA).

3.11 The review, with which the Leader and senior officers of the Council have been involved, was undertaken within the context of current policy and the aspirations of national government to devolve powers and resources to strong local governance structures; it was carried out under Section 108 of the Local Democracy, Economic Development and Construction Act, 2009 (LDEDC Act) and the Transport Act, 2008. Section 108 of the 2009 Act provides that local authorities within a defined area may undertake a review of the effectiveness and efficiency of arrangements to promote economic development, regeneration and transport within an area and test the scope for improving the economic conditions of the area; these are the key statutory tests required to be applied.

3.12 Work involved evaluating current economic performance and considering options for strengthening local governance which included:

- Leaving existing arrangements unchanged or slightly extended (i.e. through the current Joint Committee);
- Establishing an economic prosperity board (EPB)
- Establishing a combined authority (CA)

3.13 The review also sought to recommend which option was likely to be most beneficial to strengthening the overarching governance arrangements across the wider D2N2 LEP. Appendix 1 of this Cabinet report sets out the governance review in more detail and provides an account of the current

economic conditions across the D2 area, evaluates the existing Joint Committee and wider LEP governance arrangements and considers the potential options for improvement. The version of the review attached to this report is one that has been revised in light of the consultation exercise outlined in Section 6 below.

- 3.14 The Review concluded that a combined authority for Derby and Derbyshire presents 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”. This conclusion has been agreed in principle by all the ten local authorities: Amber Valley, Bolsover, Chesterfield, Derby City Council, Derbyshire County Council, Derbyshire Dales, Erewash, High Peak, North East Derbyshire and South Derbyshire.
- 3.15 This conclusion complements the findings of the current N2 review which together would ensure the wider D2N2 LEP would benefit from strengthened governance, attracting greater freedoms, flexibility and funding from Government.
- 3.16 N2 colleagues have also developed proposals for a combined authority. Work is developing and support is being provided as far as possible to ensure the two CAs progress together. Government has indicated strongly that it will accept 2 separate combined authorities for the D2N2 area, working closely with the LEP Board. However it will not consider a proposal for one of the combined authorities alone; it will only look at proposals for both D2 and N2 at the same time and as part of an overall approach that strengthens the governance of the D2N2 LEP.

4.0 THE PROPOSAL-The Proposed Derby and Derbyshire Combined Authority

- 4.1 A CA is an ‘accountable body’ in its own right; it is a legal and constitutional arrangement for the participating authorities and supports increased transparency and democratic accountability (over and above that provided by the Local Enterprise Partnerships) in relation to economic development, regeneration and transport.
- 4.2 The proposed Derby and Derbyshire (D2) Combined Authority will be constituted of a Board, made up of the 10 Leaders from the D2 local authorities (constituent members). It will form an essential element of overall LEP-wide governance and, in so doing, will help strengthen local accountability and ensure transparency of decision-making in the D2N2 LEP.

4.3 The D2 Combined Authority would have formal terms of reference, a constitution, standing orders and scope to create committees which will outline the way in which business is undertaken and decisions are made. Broadly, the following will apply:

In the full spirit of partnership working, every endeavour will be made to reach decisions by consensus such that the need for formal voting becomes academic. However, if formal voting is required the following decisions will require a unanimous vote in favour by all 10 constituent council members or substitutes:

- Adoption of any strategic local growth plan for the combined authority
- Approval of growth schemes set out in any adopted strategic local growth plan
- Approval of the combined authority's annual budget including decisions on any levies, precepts or other demands for financial contribution from constituent authorities
- Approval of borrowing limits, Treasury Management Strategy including reserves, Investment Strategy and Capital Budget of the combined authority
- Adoption of any Local Transport Plan under Section 108(3) Transport Act 2000
- Allocation of Local Transport Plan funding to individual constituent councils
- Approval of the combined authority's constitution and any changes thereto
- Adoption of any freedoms or flexibilities offered by Government
- Future expansion of the combined authority's functions

4.4 The D2 Combined Authority will have a chair and vice chair, to be appointed at the first meeting and to be taken from the CA's constituent membership. Each of the ten members will have one vote and quorum is proposed to be 6 members (as per the current Joint Committee). There is no casting vote proposed.

4.5 There is also a requirement to establish a joint Overview & Scrutiny Committee to exercise scrutiny over the D2 Combined Authority; a Combined Authority is treated as a local authority for the purpose of the scrutiny function and the relevant provisions of the LGA 2000 will apply. It is proposed that each constituent authority will appoint one elected member to the Committee (not to include a combined authority member) and that each member will have one vote - with no casting vote.

4.6 Further details of the overall arrangements and constitution of the D2 Combined Authority are set out in the Review in Appendix 1 and in the Draft

Scheme Document, attached at Appendix 2. The formal procedure for the creation of a Combined Authority under the 2009 Act is for those local authorities supporting its creation to submit a scheme document to the Secretary of State. This sets out how the Combined Authority is to function constitutionally and what powers are being sought to be given to the Combined Authority, by the Secretary of State. Following a period of consultation, the Secretary of State will decide whether or not to make an Order to bring the Combined Authority into effect.

- 4.7 The D2 Combined Authority will be a decision making and accountable body responsible for developing, agreeing, implementing and monitoring: D2-wide strategies; clear programmes of activity and funding; and specific delivery projects. Specific roles and responsibilities of the D2 CA in relation to programmes and funding will link to the LEP-wide Single Assurance Framework and the Combined Authority's role as the LEP's Accountable Body.
- 4.8 D2 Leaders have also made it clear that no local authority powers will be given away or "ceded" to the D2 Combined Authority. Constitutionally, a Combined Authority obtains its powers by means of a statutory order made by the Secretary of State which can either give specific local authority functions exclusively to the Combined Authority or provide for them to be exercised concurrently. In the case of the D2 Authority the decision is that all functions will be exercised concurrently, in practice this means the local authorities in the D2 Authority deciding what decisions will be taken at Combined Authority level and which are taken in each local authority.
- 4.9 It is proposed that the work programme of the D2 Combined Authority will be focused initially around four main ambitions:
- Jobs and employment: generating more and better quality jobs, supporting key economic sectors, strengthening the rural economy and growing new and existing businesses.
 - Skills: 'Developing a 21st Century Guildhall' which provides a step change in the way in which young and vulnerable people - and others - identify and secure education, employment and training opportunities, integrated with an approach that brings employers much closer to the available labour market.
 - Transport: 'Ways to Work' which will underpin the above proposal by delivering a single transport plan and improving access to employment, training and education – removing one of the key barriers to work.
 - Housing: developing a more co-ordinated and cohesive housing offer across the D2 area, encouraging more affordable housing and working creatively to bring forward stalled sites

A fifth area of work, 'Funding the Future', which remains to be fully defined, will include exploring more creative and innovative use of the general power of competence and other freedoms/ flexibilities to support the D2 economic development, regeneration and transport programmes.

4.10 Overall, it is considered the proposals will meet the statutory tests of the Local Democracy, Economic Development and Construction Act, 2009 and 2008 Transport Act by:

- Providing more effective and accountable decision making for D2, by bringing together the democratically elected leaders from all ten councils in a single formal body which is able to take decisions jointly.
- Strengthening the existing governance arrangements of the D2N2 LEP to deliver the wider ambitions of the Strategic Economic Plan, working alongside the N2 local authorities.
- Ensuring strong and effective working relationships with local private sector businesses and the voluntary and community sector.
- Attracting more freedoms and flexibilities from central Government – and ultimately more funding – to ensure the ambitions of, and improvements to, the D2 economy can be delivered.
- Ensuring delivery of economic development, transport and regeneration activity will be more effective and efficient through a single, formal combined authority than 10 individual local authorities operating in an informal environment.
- Providing significant scope for reducing duplication in the work of the ten individual authorities.
- Ensuring the D2 area is able to collaborate and compete effectively with neighbouring areas that also have created combined authorities (e.g. Sheffield City Region and Greater Manchester).

4.11 Overlapping Areas

Alongside Chesterfield Borough Council, three of the Combined Authority's proposed constituent members (North East Derbyshire District Council, Bolsover District Council and Derbyshire Dales District Council) are also currently non-constituent members of the Sheffield City Region Combined Authority (SCR CA). This membership brings significant benefits to all four authorities and it is considered crucial that this relationship with the SCR Combined Authority continues, supported by a strong protocol of joint working with the D2 Combined Authority.

4.12 Protocols for collaborative working are also planned with Greater Manchester (in particular recognition of the strong relationship with High Peak Borough Council) and the proposed N2 Combined Authority (in recognition of the number of Derbyshire districts with very strong links into Nottinghamshire). Non-constituent membership of the D2 Combined Authority is proposed to be offered to the D2N2 LEP to ensure strengthened

governance and relationship management and observer status to the Peak District National Park Authority.

- 4.13 As part of the new governance arrangements, it is also proposed to create a 'stakeholder forum' which will facilitate strong, strategic dialogue with the private and third sectors focused around driving the ambitions and priorities of the Combined Authority; the forum will be a successor organisation to the current Derbyshire Economic Partnership (DEP). The Chair of this forum will be invited as an observer to the Combined Authority Board.
- 4.14 Finally, a new Joint Leaders Forum constituted of all 19 elected leaders from across the local authorities of D2 and N2 is also proposed as part of the wider LEP arrangements and will help ensure strong collaboration and local government leadership around key areas of mutual concern and potential opportunity.
- 4.15 Timescales
Once the respective local authorities formally approve the outcome of the review exercise, the Scheme Document will be submitted to the Secretary of State, this is anticipated by the end of February 2015. This timeline will enable formal consultation to be undertaken by the Secretary of State prior to May 2015. This could lead to the making of a Statutory Order in Autumn 2015 so that the D2 Combined Authority can operate from April 2016.
- 4.16 Being able to submit the Review and Scheme Document to Government in February would also allow LEP partners the opportunity to talk with Government about a potential devolution deal, in the knowledge that the governance across the D2N2 LEP is in the process of being strengthened.

5.0 THE OPTIONS FOR CHESTERFIELD

5.1 The Recommendation

The recommendation within this report is for Chesterfield Borough Council to become a full constituent member of the proposed Derby and Derbyshire Combined Authority, subject to the outcomes of the statutory consultation process and contingent on our continuing to be able to participate fully in both the Derby and Derbyshire and Sheffield City Region Combined Authorities.

- 5.2 One of the anticipated significant benefits of the proposed Combined Authority, as we have witnessed through our membership of the Sheffield City Region Combined Authority, is that it will enable the D2N2 LEP to attract further, devolved funding from Government with more local determination of priorities and alignment of resources. It should also enable the flexibility of 'programme funding' which is significantly different from the

current project-by-project funding model offered to the D2N2 LEP. These current arrangements provide little or no flexibility for aligning and re-aligning resources based on need or changing local circumstances.

- 5.3 Due to our functioning economic geography looking both to Sheffield and the Midlands, the needs of Chesterfield Borough Council are best served by the Borough Council's full participation in both Derbyshire and Sheffield City Region. On the basis of current and proposed legislative arrangements, Chesterfield Borough Council can remain a (voting) non-constituent member of the Sheffield City Region Combined Authority whilst becoming a (voting) constituent member of a Derby and Derbyshire Combined Authority.
- 5.4 Chesterfield Borough Council has separately called on central government to change the legislation to allow full constituent membership in more than one Combined Authority, however this is unlikely to happen and therefore the council's approach to a D2 Combined Authority assumes the legislation remains unchanged in this regard.
- 5.5 As has already been said, it is absolutely crucial that those districts overlapping both Combined Authorities continue to be able to participate fully in both, and that is why the recommendation is for the Council's support for the proposals to be contingent on this. We also believe it is vital that the proposed Combined Authority does its utmost to support and maintain relationships with Sheffield City Region. These relationships should be vigorously pursued at all levels. Due to Chesterfield's geographic location and its existing relationships, it will play a key role in forging relationships between D2 and SCR, enabling future collaboration.
- 5.6 It is important to note that a Combined Authority is not a merger or a takeover of Chesterfield's existing local authority functions. Rather it is intended to complement existing local authority functions and to align political decision making at a strategic level with particular reference to transport and economic development.
- 5.7 There are additional resources pressures on members and officers with regard to Chesterfield Borough Council continuing to participate effectively in two Combined Authorities. The benefits participating in both will bring justifies this commitment, the Council is currently looking at how responsibilities are shared, internal co-ordination improved and protocols are in place to ensure we realise the benefits and that we reduce the potential negative impacts of any confusion or competition arising from being a member of two LEPs.
- 5.8 The Option to Defer
The Council could opt to defer a decision on joining the new D2 Combined Authority until there is more reassurance around the protocols and funding

allocations with regard to local authorities within overlap areas. The risks of this option would be on the timetable for the adoption of a Combined Authority for Derby and Derbyshire which would have implications for any devolution deal with Government and funding for the D2N2 LEP area. By making our support conditional it would have the impact of mitigating the risk and removing the need to delay.

5.9 The Option to Opt-Out

The Council could opt not to become a member of the D2 Combined Authority. However, this is not recommended due to the risks of becoming isolated from decisions on strategic economic development and transport investment in the sub-region. This option would not deliver the improvements in governance across the D2N2 LEP and also have an impact on relationships with other local authorities within the D2N2 LEP.

5.10 The Option to support unconditionally

The final alternative option for Chesterfield Borough Council would be to unconditionally support the formation of the D2 Combined Authority, without a condition that Chesterfield can continue to participate in both SCR and D2 Combined Authorities. As demonstrated in this report, in paragraph 3.8, being a member of the SCR Combined Authority and participating as an effective partner in the SCR LEP has brought significant benefits for the borough. This option is not recommended as it does not provide sufficient assurance that the current dual membership would continue.

6.0 **PUBLIC CONSULTATION**

6.1 As part of the governance review, the D2 Joint Committee has undertaken a process of engagement with key stakeholders from across, and outside, the area. A major consultation exercise was undertaken between 2 January 2015 and 23 January 2015 to test local support on the proposal to create a D2 Combined Authority and also on the four main ambitions outlined above at paragraph 4.11.

6.2 In preparation for public consultation, a stakeholder 'map' of the different types of interests was developed and each of the ten local authorities were asked to send out information to specific agencies and organisations in their area. All council employees, elected members and parish councils have also been canvassed for views via an on-line questionnaire.

6.3 Information published to support the consultation exercise was specifically designed for different stakeholder groups to enable easier engagement with the process. The website was advertised through professional magazines,

local newsletters, radio and social media and members of the two citizens' panels for Derbyshire and Derby City were also invited to participate.

- 6.4 In addition to an on-line survey, face to face sessions and workshops have been held to add qualitative content to the consultation process. This has included: direct discussion with the Chamber of Commerce (DNLCC); workshops with education and training providers on the skills ambition; facilitated discussion with the Derbyshire Economic Partnership and D2N2 Local Transport Board; provision of a D2N2 LEP Board drop-in session for private sector members; and briefing session for MPs (attended by nine MPs from across the D2N2 area).
- 6.5 A total of 758 responses have been received to the online questionnaire, along with a number of individual letters and responses, mostly from parish councils, MPs and other public sector bodies such as the Fire Authority, Derbyshire, Nottinghamshire and Leicestershire Chamber of Commerce and adjoining combined authority or local authority areas.
- 6.6 Analysis of the consultation and a summary of the consultee groups is at Appendix 3. The consultation process demonstrated strong and wide ranging support for the proposal to create a Derby and Derbyshire Combined Authority. The response of the Joint Committee to the issues raised was identified, along with actions to refine and reshape specific proposals.
- 6.7 In relation to the ambitions, there was similar strong support for the proposals, with at least half of the respondents agreeing or strongly agreeing to all five (jobs, skills, transport, homes and investment); notably, 72% and 69% respondents expressed support for the transport and investment ambitions respectively.

7.0 **CORPORATE ISSUES**

7.1 In preparing this report consideration has been given to the following key corporate issues:-

- risk management and equalities
- capital or revenue financial implications
- legal considerations

7.2 These issues are dealt with below.

7.3 Risk Management

<u>Description of the Risk</u>	<u>Impact</u>	<u>Likelihood</u>	<u>Mitigating Action</u>
The Council determines not to be a member of the D2 Combined Authority - potential negative impact on future economic development funding and regeneration of the Borough	Medium/ High	Low	Council formally agrees that Chesterfield Borough Council should be part of the D2 Combined Authority Authority.
Loss of local authority powers on economic development to the D2 Combined Authority	Medium/ High	Low	D2 Combined Authority scheme states that no powers have been 'ceded' to the D2 Combined Authority from its members but instead it will have strategic economic development powers and will focus on a small number of issues that are best delivered at the county-wide or LEP scale.
Formalising the relationship within D2 Combined Authority could potentially impact on future working with SCR	Medium/ High	Medium/ High	The Council would participate in the D2 CA on the basis that it can continue its current relationship within SCR CA.
Potential over time for Central Government funding to be allocated to Combined Authorities where the local authorities are fully constituent members rather than the current arrangement of a 50/50 split of any potential	Medium/ High	Medium	Central Government are encouraged to change legislation to allow dual constituent membership and the strength of protocols on funding allocation between the two Combined Authorities. We will also continue to demonstrate

<u>Description of the Risk</u>	<u>Impact</u>	<u>Likelihood</u>	<u>Mitigating Action</u>
funding for projects in Chesterfield between the two LEPs and Combined Authorities			to Government that the current arrangements are working effectively and to alter them would threaten the delivery of core LEP outcomes.

7.4 Legal Considerations

The power to create a combined authority is contained in Section 108 of the Local Democracy, Economic Development and Construction Act, 2009 (LDEDC Act) and Sections 84, 91 and 93 of the Local Transport Act, 2008. The formal legal arrangements would be drafted following the Order of the Secretary of State.

7.5 Although Draft Statutory Guidance indicated an intention to amend the law to require a decision to support a Combined Authority to be a matter for local authorities' councils rather than cabinets, the current law requires this to be a decision of Cabinet. However, it is felt that the importance of the decision for Chesterfield requires the consideration by, and final approval of full Council.

7.6 The power to make changes to the boundaries of a Combined Authority's area, or to remove a local government area from an existing Combined Authority are contained in the Local Democracy, Economic Development and Construction Act, 2009 and would be exercised by the Secretary of State with agreement of the Councils to whom the order applied.

8.0 FINANCIAL IMPLICATIONS

8.1 It is anticipated the administrative costs of the D2 Combined Authority will not be any greater than those currently incurred in supporting the Joint Committee and D2N2 LEP arrangements.

8.2 Both financial and 'in kind' equivalent costs have been identified in relation to existing activity and these will continue to be directed towards the work of the LEP and D2 Joint Committee/ proposed Combined Authority to support the work and ambitions set out in this report and are confirmed as:

- Financial contribution from upper tier and unitary authorities (Derbyshire County Council and Derby City Council) to D2N2 LEP, currently part of core funding: **total £125,000 per annum**

- Financial support currently directed to facilitating and delivering work of Derbyshire Economic Partnership-related activity (including secretariat activity): £15,000 per each of 10 authorities: **total £150,000 per annum** (commitment to this arrangement has been extended through Derby City's recent agreement to provide funding in recognition of the importance of this activity).
- Financial support currently directed to facilitating D2 Employment and Skills Board: upper tier and unitary authority (Derbyshire County Council and Derby City Council) financial contribution of £12,500 each to match fund LEP contribution of £25,000: **total £50,000 per annum**
- In kind contribution of key officers (excluding travel time and costs of officers, time equivalent of elected members and chief officers) currently directed at supporting wider D2N2 governance architecture (primarily LEP and aspects of D2 Joint Committee): **total equivalent financial contribution in kind of £550,120 per annum.**

Total value of existing financial and in-kind contribution is £875,120 per annum

Chesterfield Borough Council contributions are already accounted for in 2015/16 budgets.

- 8.3 In addition to the above, and in line with statutory requirements for establishing a combined authority, the proposed D2 CA will nominate officers from the constituent authorities to undertake the following duties:
- D2 Combined Authority Head of Paid Service
 - D2 Combined Authority Monitoring Officer
 - D2 Combined Authority section 151 (finance) officer

It has been agreed through discussion at the D2 Joint Committee that nomination/ appointment to these posts will not incur any additional expenditure to the proposed Combined Authority.

- 8.4 As part of on-going work within each of the D2 authorities, the constituent authorities will continue to meet all costs reasonably attributable to the exercise of their own economic development, regeneration and transport functions.
- 8.5 The D2 Combined Authority will agree an annual budget for the purpose of managing the above range of expenditure; this expenditure is not expected to exceed that already incurred and will be apportioned appropriately across the ten constituent councils.

9.0 **EQUALITIES CONSIDERATIONS**

- 9.1 Equality, diversity and social inclusion have been considered by Derbyshire County Council. They consider there are no negative equalities impacts arising from the Council's proposed membership of the Derby and Derbyshire Combined Authority.
- 9.2 In depth consideration has been given to equality and diversity and the proposals contained in the Governance Review Report include actions and priorities which will address the current economic conditions of the D2 area and thereby will help tackle financial exclusion and deprivation within communities. The proposal also includes actions and priorities to address strategic issues around public transport and the reliability of the highways network as part of wider regeneration considerations.

10.0 **ALTERNATIVE OPTIONS**

- 10.1 Alternative options to the establishment of a Combined Authority were considered as part of the D2 Governance Review option appraisal (attached at Appendix 1 to this report). These options were to;
- Remain as a Joint Committee for Economic Prosperity
 - Extend the role and functions covered by the existing Joint Committee
 - Develop an Economic Prosperity Board
 - Develop a Combined Authority

It was concluded that the Combined Authority was the optimal solution to achieve the issues and opportunities present for in Derby and Derbyshire and meet the statutory tests to satisfy the Secretary of State and the legislation.

- 10.2 Alternative options for Chesterfield are considered in Section 5.0 of this report.

11.0 **RECOMMENDATIONS**

- 11.1 That it be recommended to Full Council that it endorses the outcome of the Review exercise undertaken pursuant to section 108 of the Local Democracy Economic Development and Construction Act 2009, that a Combined Authority be created for Derby and Derbyshire. And, that Chesterfield Borough Council becomes a full constituent member of the proposed Derby and Derbyshire Combined Authority, subject to the

outcomes of the statutory consultation process and contingent on our continuing to be able to participate fully in both the Derby and Derbyshire and Sheffield City Region Combined Authorities.

11.2 That it be recommended to Full Council that it supports the submission of the Scheme Document attached at Appendix 2 to the report to the Secretary of State in seeking the creation of a Combined Authority for Derby and Derbyshire.

12.0 **REASON FOR RECOMMENDATIONS**

12.1 To secure the Council's participation in the proposed Derby and Derbyshire Combined Authority and also the continued participation in the Sheffield City Region Combined Authority in order to benefit the future economic development of the borough of Chesterfield.

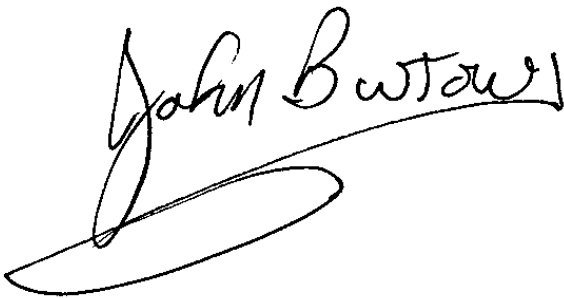
NEIL JOHNSON
DEVELOPMENT AND GROWTH MANAGER

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HUW BOWEN
CHIEF EXECUTIVE OFFICER

You can get more information about this report from Neil Johnson, tel 01246 345789, Michael Rich 01246 345461 or Huw Bowen 01246 345305.

Officer recommendation supported.

A handwritten signature in black ink, appearing to read 'John Bowen', with a large, sweeping underline that extends across the width of the signature.

Signed

Executive Member

Date 3.2.2015

Consultee Executive Member/Support Member comments (if applicable)/declaration of interests