

North Tyneside Council

Report to Cabinet

Date: 30 October 2023

North East Devolution

Portfolio(s): Elected Mayor

Cabinet Member(s): Dame Norma Redfearn DBE

Responsible Officer: Paul Hanson, Chief Executive

Tel: (0191) 643 7001

Wards affected: All

PART 1

1.1 Executive Summary:

On 28 December 2022 HM Government announced a “minded to” devolution deal with the seven Councils across the North East (namely, Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).

To implement the deal, it will be necessary to establish a new Mayoral Combined Authority which covers the area of the seven Councils and replaces the two existing Combined Authorities in the region, namely, the North East Combined Authority (NECA) (which includes the areas of Durham, Gateshead, South Tyneside and Sunderland) and the North of Tyne Combined Authority (NTCA) (which includes the areas of Newcastle, North Tyneside and Northumberland).

The Councils have consulted on these changes and the Secretary of State has prepared a draft of the statutory order which is required to implement these proposals. This report requests authority to provide the Council’s consent to the making of that statutory order.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) consider the content of this report ;
- (2) agree in principle that the Council should consent to the making of the order;
- (3) authorise the Chief Executive, in consultation with the Elected Mayor, to issue the Council's formal consent to the Secretary of State when requested;
- (4) authorise the Chief Executive, in consultation with the Elected Mayor, to finalise the terms of the side agreement regarding the support arrangements associated with these proposals;
- (5) authorise the Chief Executive to take all other steps necessary to implement these proposals; and
- (6) agree to the priorities for the Council's work with the new Mayoral Combined Authority to deliver the agreed 'Our North Tyneside Plan' as set out in paragraph 1.7 of the report.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 8 September 2023.

1.4 Council Plan and Policy Framework

All aspects of the 2021/25 'Our North Tyneside' Council Plan and in particular a 'Thriving North Tyneside', a 'Secure North Tyneside', and a 'Green North Tyneside' are engaged by this report.

1.5 Information:

Background

- 1.5.1 The "minded to" devolution deal would see a significant shift of powers, funding and responsibility which would enable the Councils across the North East to pursue their ambitions for inclusive growth. In total, it is expected to provide £4.2 billion of additional investment to the region over 30 years, including a £1.4bn investment fund alongside significant funding for transport, education and skills, housing and regeneration. This would enable investment into projects which reflect local needs and opportunities, making a real difference for our residents, communities, and the local economy. It would

support every aspect of the delivery of the Council's priorities through the devolution of increased funding and powers.

- 1.5.2 The deal requires the Councils to establish a new Mayoral Combined Authority. This will be dependent on the Secretary of State making a statutory order under the Local Democracy, Economic Development and Construction Act 2009 to deliver the following proposals:
- a. the abolition of the two existing Combined Authorities, namely, NTCA and NECA; and
 - b. the creation of a new Mayoral Combined Authority which covers the area of all seven Councils, which will be called the North East Mayoral Combined Authority (NEMCA).

It should be noted that the changes above would also entail the abolition of the Joint Transport Committee as NEMCA would be responsible for the exercise of transport functions across the region in the future.

- 1.5.3 As the first stage of the statutory process, the Councils undertook a Governance Review regarding the proposals set out in paragraph 1.5.2 above. The results of the Governance Review were reported to Cabinet on 16 January 2023. On the basis of the Governance Review, Cabinet concluded that the proposals were likely to improve the exercise of statutory functions in accordance with sections 108 and 111 of the 2009 Act. Cabinet therefore agreed that the Councils should progress to the next stage of the statutory process by publishing a Scheme relating to the proposals and then carrying out a public consultation exercise.
- 1.5.4 The public consultation began on 26 January 2023 and closed on 23 March 2023. A report on the consultation process was considered by Cabinet at its meeting on 1 June 2023. As set out in that report, the public consultation was considered to be extensive, and overall, the responses to the consultation were supportive. On this basis, Cabinet was satisfied that the consultation had been sufficient for the purposes of the legislation and that the statutory criteria above had been met. Cabinet therefore agreed to submit to the Secretary of State a summary of consultation responses together with a formal request that the Secretary of State make the necessary statutory order to abolish NECA and NTCA and establish the new Mayoral Combined Authority, NEMCA.
- 1.5.5 Similar decisions were made by the other Councils in the area and so on 23 June 2023 all seven Councils jointly submitted the Consultation Summary and formal request to the Secretary of State to make the order.

The Draft Statutory Order

- 1.5.6 Discussions have taken place with the Department for Levelling Up, Housing and Communities (DLUHC) officials over a number of months regarding the content of the statutory order. The order will provide for the election of a Mayor for the new Combined Authority in May 2024 and for the new Combined Authority to come into existence when the Mayor is due to take office on 7 May 2024 (with the existing Combined Authorities being abolished at that point). The statutory order will also identify the powers and duties that the new Mayoral Combined Authority will have. It will set out how the new Combined Authority will operate and make decisions, including where decisions are to be made i.e. by the Cabinet or the Mayor. It also deals with the transitional arrangements which are required to ensure continuity when the existing Combined Authorities are abolished, and the new Combined Authority comes into being. This will include the transfer of existing staff from affected organisations to the new Combined Authority, so protecting their employment rights.
- 1.5.7 Whilst the order is still a draft at present and subject to some finalisation, the content of the order reflects what was agreed in the “minded to” devolution deal and the Scheme which was agreed by the seven Councils and included as part of the public consultation documents. A brief overview of the content of the order is attached as an Appendix to this report and the Scheme is listed as a background paper to this report (see the link in paragraph 1.10 below).
- 1.5.8 As set out in previous reports to Cabinet, the Secretary of State must be satisfied that the relevant statutory criteria in the Local Democracy Economic Development and Construction Act 2009 are met before making the statutory order. Furthermore, the Secretary of State can only make the order if the seven Councils (as well as NECA and NTCA, including its Mayor) consent to the order.
- 1.5.9 The Secretary of State has considered the Councils’ submission (referred to in paragraph 1.5.5 above) and has taken the view that the relevant statutory tests are met. This report therefore seeks Cabinet’s approval to confirm that the Council consents in principle to the making of the order and authorises the Chief Executive to issue the Council’s formal consent to the final order when requested to do by the Secretary of State.
- 1.5.10 As was the case in 2018 when NTCA was created, it is also proposed that a side agreement is put in place between the seven Councils to address certain operational arrangements. It is therefore recommended that the Chief

Executive, in consultation with the Elected Mayor is authorised to finalise these operational arrangements and the terms of the side agreement.

Timetable for implementation

1.5.11 It is anticipated that the Secretary of State will issue his request for the Councils and Combined Authorities to consent to the making of the order in December 2023 or January 2024. This will allow the Secretary of State to lay the order before Parliament and for it be made (i.e., take effect) by March 2024. This will then allow for the Mayoral election to be held in May 2024 and NEMCA to come into existence on 7 May 2024.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To agree the recommendations in paragraph 1.2 of this report.

Option 2

Not agree the recommendations in paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The Council has a strong track record of working as a constituent council of the NTCA and the successes of the NTCA demonstrates the Council's ability to work as a proactive and collaborative partner to secure real benefits for the residents of North Tyneside, some of which are set out below. There is clear strategic alignment through the 'Our North Tyneside' Council Plan and as a result the Council has been able to secure significant funding from the NTCA, leverage private sector investment, and deliver positive outcomes in the Borough.

There are also clear links between the Council Plan and the ambitions and objectives that are set out in the "minded to" devolution deal. The devolution deal and the establishment of a new North East Mayoral Combined Authority

provides an opportunity to build on strong foundations to deliver more benefits to residents, communities and businesses in the Borough and across the North East region as set out below.

Thriving North Tyneside

- Support the Tyne Taskforce to position and strengthen the Riverside as a key place for investment, employment growth and leisure
- Support for continued regeneration of town centres in North Shields, the ambitious plans for Wallsend and ideas for Whitley Bay as well as the Master Plan for the North West
- Increased opportunities to attract and support businesses to create more quality jobs
- Support to promote the Borough's natural assets and to grow the visitor economy
- Greater opportunities to expand skills development and clear pathways to work, in particular working to close the skills gap and promote good work in social care and the cultural, creative and tourism industries

Secure

- Greater opportunities to develop affordable housing and improvements in private rented housing

Family Friendly

- New ways to improve transport connectivity and the delivery of services for the North West of the Borough
- Increased focus on the Council's priority to tackle education inequalities in line with the Ambition for Education

Caring

- Increased opportunities to tackle poverty and to improve health, well-being and socio-economic inequalities in line with our Equally Well Strategy
- Improved ways to tackle continued support for community hubs

Green

- New ways to promote the decarbonisation of homes and industry
- Support the development of Net Zero infrastructure and encouraging supply chain innovation
- Strengthen active travel routes and opportunities, such as the sustainable sea front cycle way
- Link the green industrial revolution to skills pathways to create more employment opportunities for the future

In addition, it is considered that the creation of a new Mayoral Combined Authority for the North East would unlock the benefits of the “minded to” devolution deal and improve the exercise of statutory functions across the region.

The provision of the necessary consents to the making of the order will enable it to be laid before Parliament so that it can be made and thereby establish the Mayoral Combined Authority for the region, which will in turn provide access to the benefits of devolution across the region.

1.8 Appendices:

Appendix: Overview of the statutory order.

1.9 Contact officers:

Paul Hanson, Chief Executive – Tel. (0191) 643 7001

Jacqueline Laughton, Assistant Chief Executive – Tel. (0191) 643 5724

Claire Emmerson, Head of Finance (Deputy S151 Officer), Strategic Finance – Tel (0191) 643 643 8109

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John Barton, Manager, Regulatory Team, Legal Services – Tel. (0191) 643 5354

1.10 Background information:

The following background papers have been used in the compilation of this report:

(1) Cabinet Report with Appendices dated 16 January 2023

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MIId=962&Ver=4>

(2) Cabinet Report with Appendices dated 1 June 2023

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MIId=1072&Ver=4>

(3) Scheme Issued as Part of the Public Consultation

<https://my.northtyneside.gov.uk/sites/default/files/consultation/related-documents/North%20East%20Devolution%20Scheme.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Implementing the devolution deal would enable the region to access over £4bn of funding over a 30 year deal cycle, together with new powers to better shape local skills provisions to ensure these meet the needs of the local economy. This would include devolution of adult education functions and the core adult education budget, as well as input into the new local skills improvement plans. The “minded to” deal also secures significant investment in regional transport. Over time the region would also expect to benefit from access to additional funding streams reserved for Mayoral Combined Authorities. Detailed discussions will be progressed with the existing Combined Authorities and the other Councils regarding the financial arrangements associated with the transition to the new arrangements.

2.2 Legal

As set out in the report above, the establishment of a North East Mayoral Combined Authority can only be achieved at the conclusion of the statutory process set out in the Local Democracy, Economic Development and Construction Act 2009. The statutory process is now progressing to the final stages, which as stated in the report, subject to the Council’s formal consent to the making of an order, entails the Secretary of State laying an order before Parliament.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor and Deputy Mayor have played a full part in negotiating the “minded to” deal. Cabinet has been briefed in detail throughout and all members have been kept up to date with progress.

2.3.2 External Consultation/Engagement

As stated at paragraph 1.5.4 above, public consultation on the Scheme began on 26 January 2023 and closed on 23 March 2023. A Consultation Report setting out the consultation process and responses to the consultation were considered by Cabinet at its meeting on 1 June 2023. At that meeting Cabinet, along with the Cabinets of the Councils in the area agreed to submit the detailed Consultation Report to the Secretary of State on the basis that the consultation undertaken was sufficient for

the purposes of the legislation and that the findings set out in the Consultation Report demonstrated that the statutory criteria set out in the Local Democracy, Economic Development and Construction Act 2009 had been met.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

In developing these proposals, the Councils have taken account of their obligations under section 149 of the Equality Act 2010 (the public sector equality duty). It is not expected that the proposals described in this report will have any adverse impacts on people with protected characteristics. Indeed, the aim of promoting inclusive growth within the region is expected to boost the efforts of the Councils to advance equality of opportunity and foster good relations between different groups.

Throughout the public consultation of the Scheme referred to in paragraph 1.5.4 above, the Councils collected data on those who responded, including those who identified as having a protected characteristic and an Equality Impact Assessment was undertaken.

2.6 Risk management

As reported to Cabinet on 16 January 2023, it is considered that failure to establish the Mayoral Combined Authority would risk the region falling behind other major city regions such as Greater Manchester, Liverpool City Region and Tees Valley, which have received new powers and funding.

It is a matter for the Secretary of State to decide whether to make the necessary statutory order but, for the reasons set out above, it is considered that the evidence demonstrates that the relevant statutory criteria have been met.

2.7 Crime and disorder

There are no crime and disorder implications arising from this report. The responsibilities of the Police and Crime Commissioners will not be included in the new Mayoral Combined Authority although the “minded to” deal requires close working with both.

2.8 Environment and sustainability

The green agenda is a critical element of the minded to devolution deal and therefore the governance changes proposed in this report, if implemented, would help to deliver those initiatives identified in the “minded to” deal.

PART 3 – SIGN OFF

- Chief Executive X
- Director(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Assistant Chief Executive X